

Evolving Marketing Strategies for Swiss ICT SMEs:  
A Marketing Strategy Canvas in the Light of Digital  
Transformation

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## **Abstract**

It is crucial that small and medium sized businesses in the ICT sector adopt strategies to enable them to exploit, capitalise upon, and respond to the digital transformation. SMEs will need to undergo profound and continuous changes, developing more strategic focused marketing thinking and business models to enable or find new markets while attaining and retaining competitive advantage.

SMEs have to fulfil the same marketing tasks as large companies, but under conditions characterised by smaller sales volumes and small market niches. The major difference for SMEs relates to the lower availability of resources, especially financial and human resources. This constraint makes it even more important to define an appropriate marketing strategy. SMEs need to adopt marketing strategies that build on their main advantages such as close proximity to customers, operational flexibility, flat hierarchies, short decision-making paths and rapid reaction times. The researcher addresses the research question: ‘How should Swiss SMEs in the ICT sector define their marketing strategy to benefit from digitalisation?’ by adopting a constructivist philosophy utilising a qualitative approach. Although this has been generally researched for large enterprises, SMEs with their specific characteristics should also be accounted for. A conceptual framework was formulated to inform the development of a marketing strategy for SMEs in the digital context. The research employed a mono methodological research design involving 14 case studies, conducted across businesses that have successfully transformed for the digital age. One marketing expert and two marketing agencies were additionally considered to strengthen the credibility and plausibility of the case studies.

The findings indicate that changes in the market situation and the rapid evolution of various modern media channels require new levels of personalisation and targeted campaigns that drive engagement and brand loyalty. The study contributes to the existing theoretical body by arguing that the current view of marketing strategy in the digital era needs to be reformed to emphasise on the customer journey and to add data-driven elements to the mix using key digital marketing metrics. Further, the study suggests that ICT SMEs can improve customer experience and gain competitive advantage by designing new customer touchpoints through content. The study makes a practical contribution by proposing a marketing strategy canvas with eleven dimensions as a tool to help SMEs strategise digitisation and marketing strategy.

To the memory of my aunt Azza

## Declaration Statement



### Research Thesis Submission

Name:	Mona Meyer		
School:	Edinburgh Business School Heriot Watt University		
Version: <small>(i.e. First, Resubmission, Final)</small>	Final	Degree Sought:	Doctorate of Business Administration

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## Glossary of Terms

**AB Test** – an online marketing tactic where different versions of a product are used to find out which one consumers prefer

**Accessible Technologies** – like social, mobile, analytics, Cloud, and Internet of Things (IoT)

**API (Application Programming Interface)** – a set of procedures and functions that enable the development of applications that access the data or features of an application, operating system, or other service

**AWS (Amazon Web Services)** – Amazon’s cloud platform offering fully-featured services from data centres

**B2B (Business-to-Business)** – business activity or trade that takes between different enterprises

**B2C (Business-to-Customer)** – describes or involves services/products directly to consumer, rather than to businesses

**Chatbot** – a computer program designed to have a conversation with a human being over the internet

**C-Level** – noting or relating to executives at the highest management level in an organization, usually having titles beginning with the letter C or the word Chief

**Content Marketing** – a strategic marketing approach used to drive profitable customer action through the creation and sharing of user-focused content to a specified audience

**Data-driven Marketing** – the strategy of using customer information for optimal and targeted media buying and creative messaging

**Digital Marketing** – the use of the internet, mobile devices, social media, search engines, and other channels to reach consumers

**Digitalisation or Digital Transformation** – describes the fundamental change of processes, products, services up to the transformation of complete business models by

using modern information and communication technologies with the aim of creating value effectively and efficiently

**EBIT (Earnings Before Interest and Taxes)** – an indicator of a company's profitability. One can calculate it as revenue minus expenses, excluding tax and interest. EBIT is also referred to as operating earnings, operating profit, and profit before interest and taxes

**ERP (Enterprise Resource Planning)** – a process used by companies to manage and integrate the important parts of their businesses. They help companies implement resource planning by integrating all the processes needed to run it with a single system. An ERP software system can also integrate planning, purchasing inventory, sales, marketing, finance, human resources, and more

**FHNW** – Fachhochschule Nordwestschweiz; University of Applied Sciences and Arts Northwestern Switzerland

**GAFAM** – an acronym for Google, Apple, Facebook, and Amazon and serves to identify the dominant companies as an entity controlling most of the tech industry market

**Gartner's Hype Cycle** – a graphical depiction of a common pattern that arises with each new technology or other innovation. The Hype Cycle has the five phases Technology Trigger, Peak of Inflated Expectations, Trough of Disillusionment, Slope of Enlightenment and Plateau of Productivity

**Generation Z** – the generation of people born in the late 1990s and early 2000s

**HubSpot** – an online platform that offers sales and marketing tools such as CRM, marketing-, sales-, and customer service software

**Inbound Marketing** – the process of attracting the attention of prospects, via content creation, before they are even ready to buy

**Industry 4.0** – The term Industry 4.0 encompasses a promise of a new industrial revolution - one that marries advanced manufacturing technique with the Internet of Things to create manufacturing systems that are not only interconnected but communicate, analyse, and use the information to drive further intelligent action back in the physical world

**Internet of Things – IoT** – the internet of things, or IoT, is a system of interrelated computing devices, mechanical and digital machines, objects, animals, or people that are provided with unique identifiers (UIDs) and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction

**Lead** – a piece of information that allows discovery to be made, customer or a solution to be found

**Mailchimp** – Mailchimp is an all-in-one marketing platform where people can manage and talk to their clients, customers, and other interested parties focusing on contact management practices, campaigns, and data analysis

**Prosumption / Prosumer** – involves a combination of production and consumption

**SaaS (Software as a Service)** – a distribution model in which a third-party provider hosts an application and makes them available to customers over the internet

**SECO** – State Secretariat for Economic Affairs

**Scrum** – a method used by people developing a new product in which a team is allowed to organise itself and make changes quickly as they are needed. It also involves having short meetings every day

**SEO (Search Engine Optimization)** – the methods used to boost the ranking or frequency of a website in results returned by a search engine, to maximize user traffic to the site

**Touchpoint** – a point of contact or interaction, especially between a business and its customers. Also, a touch-sensitive area on an electronic device

# Chapter One: Introduction

## 1.1 Background to the Research

Continuous and disruptive innovation is a feature of business life. Every era has seen new sectors created and new business models evolve, leading to clashes between the new and the old (Anderson and Vakulenko, 2014). In the 19<sup>th</sup> century, steam engines changed the world, and triggered the transition from agriculture to industrial society (Foster, 2014). Today, it is the digital economy that is causing profound changes in the economy and broader society (Heierli et al., 2019) and which is in the focus of public interest (Chhachhi et al., 2016). Whole industries have had to stand by and watch how business models become obsolete, almost overnight, swept away by the disruptive force of digital change (Berman, 2012; Ng, 2014; Westerman and Bonnet, 2015). At the same time, this current phase of development is associated with hopes of a broad impulse for overall economic growth, productivity and building competitive advantage (Gottlieb and Willmott, 2014; Zimmermann, 2018).

To capitalise on digital change, firms must adapt and adopt a digital orientation and undertake “the deliberate strategic positioning of an SME to take advantage of the opportunities presented by digital technologies” (Quinton et al., 2018:8) - a process that fundamentally impacts the activities in which organisations are engaged. This involves a full movement towards digital value creation (Bloching et al., 2015; Greif, Kühnis and Warnking, 2016). The next years will show who will be among the winners and who will be among the losers of this digital transformation (Gimpel and Röglinger, 2015; McKinsey Global Institute, 2016; Curran, Garrett and Puthiyamadham, 2017; Matzler et al., 2018). The development and implementation of change capabilities is crucial for firms to be resilient and sustainable (Ates and Bititci, 2011). Organisations must reinvent themselves, abandon their habits and ways of thinking, and adapt to the pressure of the new environment (Liu and Liang, 2015; McKinsey Global Institute, 2016).

Evidence suggests that the digital age is transforming the underlying business models on which entire industries are built. To put its business model to the test, its way of communicating with customers, its market understanding, and its work processes. A business model describes “the rationale of how an organisation creates, delivers, and captures value” (Osterwalder and Pigneur, 2010:14), and is one of the determinants of

business success. Basically, the business model is about how an organisation can address a (customers') need with an added value in a profitable way (Timmers, 2000; El Sawy and Pereira, 2013; Meyer and Tavic, 2015; Child et al., 2017; Fernandes, Reis, and Di Serio, 2017).

How do organisation redesign their business models, or adapt, to be able succeed in the presence of digital (global) competition? The evidence from the literature is suggestive of a systematic process, involving first a revision of the business strategy (Fernandes, Reis and Di Serio, 2017), followed by a realignment of the business model, and its constituent elements - activities, value proposition, resources, cost structure, customer relationship, customer segments, channels, and income (Osterwalder and Pigneur, 2010; Wirtz et al., 2016). Business strategy relates to the positioning in relation to external factors such as market competition, whereas a business model enables value-creation (Child et al., 2017). Hence, because of digitisation, the existing business model needs to be modified to include additional dimensions, components, or characteristics (El Sawy and Pereira, 2013; Leeflang et al., 2014; Remane, 2017).

This idea has been built upon by Leeflang et al. (2014). The digital revolution is threatening existing models and can either be embraced or ignored. Marketing, in one form or another, is required regardless. In the first case, an enterprise might develop its social media platforms or modify its cross-channel strategies. In the latter case, a company might, for example, focus its efforts on offline services (e.g., a brick-and-mortar store) (Leeflang et al., 2014). However, according to the authors (Leeflang et al., 2014), digital marketing has disruptive power that has a profound impact on the transformation or adaptation of business models. To cope with the challenges associated with new digital tools and technologies, it is necessary to integrate them into existing business models.

Leeflang et al. (2014) propose that marketers and marketing departments should be persuaded and managed cross-functionally. Those companies who involve their competitors, suppliers and customers in their business model move successfully in an integrated ecosystem. The key to future success therefore lies in the ability of the enterprise to find a balance of customer focus (Atiker, 2018), internal processes (Greif, Kühnis and Warnking, 2016) and organisational culture, and to align those with common objectives (Webster, 1992). A similar view is held by Kotler and Armstrong (2018) who argue that successful companies tend to be strongly customer-oriented and share a

dedication to satisfying customer needs in clearly defined target markets. Leaders motivate their employees to build lasting customer relationships based on generating added value (Kotler and Armstrong, 2018). However, in the digital era, as business models evolve, emerge, and dissipate, and firms serve new and novel industries, the parameters of markets may be fuzzier than ever before, making it difficult to clearly define them (Leeflang et al., 2014).

“A mixer of ingredients” is how Professor James Culliton (Borden, 1964:7) described marketing executives; an individual who identifies and mixes a range of different marketing practices to support the creation of a profitable venture. Some 70 years after offering that description, Pemberton (2018, online) agrees that the contemporary marketing professional, driven by technological change and developments is “a modern alchemist, competing on a mixture of programmatic advertising, conversational bots and dynamic pricing models executed by personal virtual agents”. In other words, technology is triggering another wave of disruption in the discipline and practice of marketing. Consumer behaviour, marketing techniques, the traditional marketing mix and entire marketing ecosystems are being influenced by emerging technologies (Pemberton, 2018). Marketers are challenged to understand the new environment and its related trends, and to develop an appropriate strategy for navigating the “wilderness of disruptive market dynamics” (Pemberton, 2018, online). Further, those in the communications and media industry indicate that new technologies are making marketing activities more important when it comes to overall business practice (Moorman, 2019).

The latest Swiss Marketing Leadership Study 2019 (Heierli et al., 2019) confirms this: Firm absorptive and collaborative capabilities represent an important competitive advantage. Enterprises also need a high degree of agility, enabling quick response to the ever-changing market conditions and business environment. To achieve this level of agility, the needs of customers must be brought to the fore, and firms must become customer orientated.

Of the enterprises surveyed in the Swiss Marketing Leadership Study ( $n = 400$ ), most (98.4%) see themselves affected by at least one driver from the field of digitalisation and technological change in connection with increasing complexity and dynamism (Heierli et al., 2019:13). Of the two mentioned drivers (i.e., of increased complexity and dynamism),



increased social digitalisation (48%), internet-based technologies (47%) and Big Data and advanced analytics (46%) were identified as crucial (Heierli et al., 2019:14).

## **1.2 Justification of the Study**

However, not all firms have embraced the digital age equally. Small and medium sized enterprises (SMEs) in particular have exhibited lower levels of digital-age readiness than other types of firms. Among those SMEs that have embraced the digital age, digital transformation seems to be most relevant for medium sized companies (39.8%), followed by micro enterprises (34.9%) and small businesses (31.4%) (ICC, 2018). At the same time, almost one third of surveyed participants in the ‘KMU-Transformation’ report (a survey conducted by the FHNW School of Business in 2017 providing insights about the drivers and action fields of digital transformation) belong to the ICT sector (Peter, 2017; ICC, 2018). Following this, the sectors in which the topic of digital transformation is most relevant or highest on the agenda are Education, Professional and Scientific industries, and the Financial and Insurance industry (ICC, 2018). Companies which take digitisation into consideration tend to show higher growth (ICC, 2018). Specifically, micro and small businesses in the ICT sector tend to outperform other industries in terms of growth, while this is not the case when examining medium and large enterprises (ICC, 2018). In addition, digital transformation projects/new technologies were more frequently completed/introduced or about to be introduced/planned in SMEs than in large companies (ICC, 2018).

For this study, the term SME is defined following the concept of SECO using the criterion of the number of employees: “Any commercial enterprise, regardless of its legal structure and activity, is considered to be an SME if it employs fewer than 250 people, i.e. between 1 and 249 employees” (SME Portal, 2018a).

The Swiss SME Portal (2018) divides SMEs into three subgroups. Micro-enterprises are firms with between 1 and 9 employees and make up the majority (89.75%) of all Swiss companies. Small enterprises (10 – 49 employees) account for 8.5% of the total, and medium-sized enterprises (50 – 249 employees) represent about 1.5% of all Swiss companies. The remaining 0.25% are accounted for by large companies (250+ employees). With over 99% of firms being classed as SMEs, these firms are the backbone of Switzerland’s economy and contribute more than two thirds of employment (SME Portal, 2018b). This corresponds with the ‘KMU-Transformation’ study where micro

enterprises represent the largest group of the sample (26 % out of a sample of 1,593), followed by small businesses and medium-sized companies (Peter, 2017). It has been established that the future success of the SME segment depends to a large extent upon the creation and implementation of their strategy (Knight, 2000; Miles and Snow, 2003; Langer, 2015).

In September 2020, the Swiss Federal Council adopted the strategy 'Digital Switzerland'. The aim of this strategy is to ensure that Switzerland will benefit from the digital transformation in the long-term and that prosperity can not only be secured but even increased (Federal Office of Communications, 2020). Since most Swiss companies are also SMEs (Bundesamt für Statistik, 2019), Switzerland has a special interest in supporting these companies in the digital transformation and creating the best possible framework conditions and pointing out concrete proposals for action (Federal Office of Communications, 2020).

Furthermore, marketing as a discipline has been studied predominantly in the context of large enterprises that have sufficient resources to drive change, and where digitalisation appears to be less of a challenge (Taiminen and Karjaluoto, 2015). Authors (Lei and Ki Moon, 2015; Möller, Stadler, Helbig et al., 2018; Kotler et al., 2020) highlight that large enterprises tend to assess market needs through surveys and customer research before a new service or product is developed. Contrary to large corporations, SMEs often begin with an idea, and then attempt to locate a market for it by talking to customers (Gilmore, Carson and Grant, 2001). Traditional marketing views rarely apply to SMEs, who tend to use informal, loose, and spontaneous methods in their strategies. Fust, Fueglistaller, Züger et al. (2019) note that SMEs exhibit significant differences from 'large companies' and require special treatment in many respects.

The urgency of investigating marketing strategy in SMEs in the digital age is now further justified by the arrival of the Covid-19 crisis, which has increased the importance of digital transformation. The spread of Covid-19 has forced organisations around the world to implement a remote work strategy wherever possible, to adopt new, predominantly digital, communication channels between all relevant stakeholders, and to start adding more value through digital technologies. Since the KMU-Transformation study (Peter, 2017) shows that in the ICT sector in particular the large enterprises, have changed their marketing positioning to a high extent due to digitalisation, but the impact on SMEs is

unclear and there is a need for focus on this sector. Finally, according to the authors Pradhan, Nigam and Tiwari (2018), it is necessary to update and review the existing marketing techniques and methods.

### **1.3 Significance of the Study in the Swiss SME Context**

Although 76% of existing SMEs expect their markets to be transformed through digitalisation, the majority are lacking the tools to proactively reconsider their business model as a way of harnessing its potential (Autio, 2017). Digitisation is thus not yet established in the mindset of Swiss SMEs. Their activities have, to date, primarily focused on digitising internal processes and developing websites and e-commerce solutions (Greif, Kühnis and Warnking, 2016). With its advanced education and the concentration of knowledge economy clusters, (e.g., the Research Institute for Artificial Intelligence) Switzerland is well positioned for digital transformation (Meyer, 2018). Possibly, Swiss SMEs are not courageous and proactive in addressing the digital transformation due to a lack of understanding about the fourth industrial revolution and the opportunities it offers (Erroi, 2019). Furthermore, priorities, strategies, cultural barriers, and general conditions are missing to successfully lead an organisation into the digital age (Erroi, 2019; HWZ, 2019). Most executives do not fully know what benefit digitisation can create in their business (Neumeier, 2017), and only 25% have a digital strategy for their entire company (HWZ, 2019). Executives recognise that current challenges presented by digitalisation are unmanageable with the previous models and organisational forms; new approaches are needed (Möller, Stadler, Helbig et al., 2018). This is an important point because leaders and other personnel are the ‘enablers’ and engines of the process of digitalisation (Meyer, 2018).

Although this research study has a specific focus on marketing strategies to support digital transformation among Swiss SMEs in the ICT industry, the conclusions will also have value for other SMEs in other sectors. Furthermore, small, and medium sized enterprises in other countries and industries could benefit from the canvas developed in redesigning their marketing strategy in the context of digitalisation with focus on customer-centricity.

### **1.4 Research Aim, Research Question and Sub-Questions**

Given the background established above, the aim of this research is to demonstrate how Swiss SMEs in the ICT industry can benefit from digitalisation in the fast-paced, highly

competitive, digital technology sector by redefining and redesigning their marketing strategy. By evaluating the enabling and constraining factors affecting the digitalisation of SMEs, the aim is to create a theoretically driven canvas to help SMEs who operate in highly competitive (often global), digital and fast-moving markets develop their marketing strategy. A canvas is a template which can help the user to visualise different elements of a business or marketing strategy. The intent is to publish the canvas in the form of a guide, a newsletter on platforms such as Journal of Technology Marketing, MarketingWeek, ICTswitzerland or Switzerland Global Enterprise or in academic journals. In this sense, this research contributes to the practice-based literature as discussed later in this thesis.

More specifically, the research question (RQ) being posed is as follows:

***How should Swiss SMEs in the ICT sector define their marketing strategy to benefit from digitalisation?***

This question is broken down into a set of sub questions formulated as:

After addressing the main research question of ‘How’, the first sub-question aims to clarify ‘Why’ SMEs in the ICT sector operating in dynamic, unpredictable markets (Switzerland Global Enterprise, 2019), now have to “market in a digital world” where interactions between businesses and consumers have become more important than ever (Stone and Woodcock, 2014:4).

***(A) Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?***

Digitalisation impacts business activities on multiple levels: product, process, and the underlying business model (Matzler et al., 2016). The pressure from the environment and the current ongoing challenge around Covid-19 has demonstrated to both small and large firms regardless of the sector, that they need to adapt and adopt a digital approach. This development is ultimately reflected in the marketing strategy.

***(B) To what extent did digitisation create (added) value?***

Executives recognise that current challenges presented by digitalisation are unmanageable using previous and current models and organisational policies (Möller, Stadler, Helbig et al., 2018), and therefore, new approaches are needed. Changes impact

organisational structures, encourage new ways of thinking, initiate innovative work cultures, and boost the adoption of new skills in media design and technology (Bojanova, 2014; Lembke and Honal, 2015; Atiker, 2018).

***(C) How can organisations successfully overcome the complexity of digitalisation and what procedures do they apply?***

The research will also explore two propositions (P), which are aligned to the research question:

The success factors of transformation include ensuring access to the customers as well as the ability to adapt to rapid environmental changes and to develop new sustainable business models (Bundesamt für Wirtschaft und Energie, 2020). In other words:

*(P1) Existing business models of companies need to be modified to suit the digital era.*

Through digitalisation, firms have the opportunity to proactively rethink their interactions with their stakeholders, to enhance their business processes, to benefit from image and brand development, and ultimately boost competitiveness (Autio, 2017; Joensuu-Salo et al., 2018). Stated as a proposition:

*(P2) There are commercial benefits for an organisation to redefine their marketing positioning in a digital world.*

Digitalisation can be realised as gains in customer experience and engagement (Fitzgerald et al., 2013), which eventually generates commercial value. This idea has been extended by Fronzetti Colladon (2018), who argues that improved customer loyalty and satisfaction create brand awareness and build the company reputation. Moreover, modern marketing suggests that tracking key metrics such as qualified leads, customer engagement, customer retention, or total amount of downloaded content can bring additional benefits and enable better decision making (Ritz, Wolf and McQuitty, 2019).

## **1.5 Research Objectives**

To answer the research questions, the following objectives are set:

- Determine the benefit (also called added value) created through digitisation in SMEs in the ICT sector.

- Illustrate organisational procedures that are necessary to successfully change the company's marketing strategy.
- Understand the commercial benefits of an organisation that successfully implements possible tools.
- Present the best practices, and recommend a model for the development of a successful marketing strategy for enterprises in the ICT sector.

These objectives are achieved by reviewing the relevant literature, and the collection of qualitative data through in-depths interviews. In the next section the approach and its limitations are outlined.

## **1.6 Approach and Limitations**

This study employs a case study strategy to examine the experiences of a small sample of Swiss SMEs in the information and communication technology (ICT) industry in the German-speaking part of Switzerland. The ICT industry contributes 5.6% to Swiss GDP overall, and ranks fourth in European comparison behind Sweden, Great Britain and Denmark (ICTswitzerland, 2019) and ranks at 4<sup>th</sup> place in the IMD digital world competitiveness ranking (IMD, 2019). According to the Federal Statistical Office (Bundesamt für Statistik, 2018), the average annual growth rate in the ICT industry is 19%. Due to linguistic diversity in other regions of Switzerland as well as the facts that 76% of Swiss SMEs are domiciled outside the Lake Geneva region and Ticino (Bundesamt für Statistik, 2018) and about 80% of these enterprises are active in the service sector (Bundesamt für Statistik, 2019), the Italian and French speaking regions are not included in the sampling frame. Therefore, the findings derived from this study are not expected to be completely generalisable and further research is likely to be required to examine the phenomenon. A more extensive discussion of the limitations is presented in section 3.3.

## **1.7 Scope and Structure**

The purpose of this opening chapter was to offer a general overview of the research study. It reflects on the topic of the digital ecosystem in Switzerland, drivers of digital transformation, business models, as well as strategic marketing processes through digitalisation. Given that the basic background has been clarified, the structure of the thesis is presented in Table 1.1:

**Table 1.1 Thesis Outline (Developed for Research)**

Chapter One	Introduction	Gives a brief background and introduction to signalling the problem statement, contribution, approaches, and limitations. It outlines the research question, sub-questions, and propositions that the investigation seeks to examine.
Chapter Two	Literature Review	Critically reviews and summarises the principal research carried out to date in the fields of SME in the service industry, marketing strategy, marketing digitalisation, models of innovation, and value proposition. Focuses on the main models that underpin a successful marketing strategy and presents theoretical framework.
Chapter Three	Methodology	Explains the paradigm of enquiry, outlines the research strategy used, explains the research design including the method applied for sampling, data collection and data analysis. Describes the ethical considerations, validity, and reliability of the study. Present results of pilot study and suggests improvements for the future field study.
Chapter Four	Results	Presents the results of the empirical research.
Chapter Five	Discussion	Discusses the research findings gained from the data collection, presents the answers to the research questions, and propositions and addresses the conceptional framework from the literature synthesis.
Chapter Six	Conclusions and Recommendations	Revisits the research questions and objectives, draws conclusions, and makes recommendations for theory/academic and practice, further research, and recommendations.

## **Chapter Two: Literature Review**

The goal of the literature review is to build the foundation of a theoretical framework that will begin to address the research question and sub-questions. The first section deals with the development of SMEs in the service industry (section 2.1) and the influence of innovation (section 2.2) as competitive advantage (section 2.3). The following sections 2.4 and 2.5 address marketing/ marketing transformation and strategic marketing in the context of digitalisation discussing the interlinkage of marketing strategy and digitalisation. Section 2.6 deals with the topic of digitalisation as well as the opportunities and challenges of digital transformation in organisations. The challenge of business model innovation in the face of uncertainty, unpredictability and fast environmental changes and possible strategies which can be applied are discussed in section 2.7 and 2.8. The critical literature review closes with the synthesis in section 2.9, and a graphical overview of the conceptional approach of the study in Figure 2.9.

A list with keywords was generated to conduct a detailed search of literature available in both German and English languages. The utilised databases were EBSCOhost® (Business), the Heriot-Watt University's library catalogue and the database of Swiss libraries (comprises 400 libraries) for books and journals. To ensure that scientifically valid materials were used, books were chosen based on the author's reputation, their relevance in the field or their citation in academic journals. At the same time, mostly scholarly (peer reviewed) journals were chosen. A total of 379 articles were identified, collected, and reviewed as part of the initial literature research.

The narrow scope of the literature review should be acknowledged. The literature review highlighted and analysed all relevant topics necessary to clarify the research question as well as its aims and objectives. Topics not reviewed in detail, but which could also impact SMEs strategy include Big Data, advanced analytics, Smart Data, social media, globalisation/internationalisation, and consumer behaviour. Future topics such as the IoT, which is mentioned in the Swiss Marketing Leadership Study 2019 (Heierli et al., 2019), are discussed as aspects for further research (section 6.8).



## 2.1 SMEs in the Service Industry

Provided in this section is a general overview of the ecosystem and the importance of SMEs in the service industry and in particular the ICT sector in Switzerland serves as the basis for the following discussion.

SMEs dominate the European landscape and account for almost 60% of total value added in the European Union (European Commission, 2012) where the service sector makes up a significant part of the economy (Habersaat, Schönenberger and Weber, 2000; McDermott and Prajogo, 2012). Given the ongoing wave of digitalisation, the ICT industry is an engine of the Swiss economy (Switzerland Global Enterprise, 2019), both in terms of added value and job creation (Braun-Dubler, 2019). The ICT landscape in Switzerland is characterised by owner-managed, cash-flow financed and highly specialised SMEs such as Abacus, Opacc and Netcetera (Switzerland Global Enterprise, 2018). Abacus is the Swiss market leader in ERP software - a highly integrated software with both e-business and e-commerce functions, specially designed to meet the needs of SMEs, municipalities, and factories (Abacus Research AG, 2019). Opacc is an owner-managed Swiss company. Its core business is the development and implementation of its own enterprise software Opacc applications as well as customer support (Opacc Software AG, 2019). As a leading Swiss software company, Netcetera supports its customers worldwide with innovative products and software packages that cover the entire IT life cycle, from strategy to implementation and operation (Netcetera, n.d.). But also, several international companies (e.g., Google and IBM) that employ highly ICT-skilled staff, have their headquarters in Switzerland (Swiss Global Enterprise, 2019). According to figures from the Swiss Federal Statistical Office (Bundesamt für Statistik, 2019), the ICT industry has a total of 292,800 full-time employees – comprising around 10% of all employees in the service sector.

As a cross-sectional function, the targeted use of ICT enables numerous sectors to increase their productivity (Baumann, Burkhardt, Feitknecht et al., 2011; Swiss Global Enterprise, 2019). For Switzerland, a highly developed ICT sector, also known as knowledge-intensive service sector (Eurostat, 2016), means increasing the efficiency of the whole economy.

During the last 35 years, the European economy has undergone a transition from being primarily production-oriented to service-oriented and knowledge-based (De Maeyer and

Bonne, 2015). It is their intangible nature that distinguishes services from products (Reichwald and Schaller, 2006). In a knowledge-based economy like Switzerland, the use of information and communication technologies (ICT) plays a key role in securing a competitive advantage through innovation (Arvanitis, Ley, Seliger et al., 2013). Meyer (cited in Corsten and Hilke, 1994:179), for example, defines services as “offered capabilities that are provided directly to external factors (people or their objects) with the aim of achieving desired effects (change or maintenance of existing conditions) on them”. An alternative view is that services are intangible, inseparable, perishable, and variable (Ruston and Carson cited in Constantinides, 2006) or as inseparable, variable, and perishable (Kotler et al., 2020). These constitutive characteristics have implications for the way in which service-based SMEs derive competitive advantages. Furthermore, changes in the broader business environment – especially advances in information communication technologies and heightened levels of competitive rivalry caused by deepening globalisation mean that for today’s service-focused SMEs, “innovations are going to be the principal means for competing” (Booms, Davis and Guseman cited in George and Marshall, 1983:23).

Building on from the idea that innovation is a competitive advantage, the next section will discuss the significance of innovation for Swiss SMEs.

## **2.2 Innovation**

Based on Christensen’s’ interpretation (see section 2.6.2), Gupta, Tesluk and Taylor (2007:886) define innovation as “the production or emergence of a new idea”. The term ‘idea’ should be interpreted loosely, and innovation is possible at the technological, product, process, marketing, organisational or strategic levels (Gupta, Tesluk and Taylor, 2007). In the extremely competitive global service market, innovation is now one of the most crucial differentiators for firms (Bowonder et al., 2010) and this focus has primarily been driven by consumers (Meyer, 2018). Accordingly, many noteworthy innovations have emerged, above all in the digital sector and especially in the business-to-consumer sector. In addition to Uber (section 0), digital players such as Apple, Google, Airbnb, and Netflix occupy the top positions (Grampp et al., 2018). With intensive application of advanced technologies and given the current speed of transformation, innovation is a crucial strategic component for the competitive advantage of the business (Kostic, 2018). As stated by Kostic (2018) innovators are mostly large, often global enterprises, that are

dominant players on the supply side in a particular market. Kostic's (2018) view conflicts with the view of Arvanitis et al. (2013) that innovation capabilities are dependent on the size of an enterprise.

According to Arvanitis et al. (2013), Swiss enterprises with fewer than 250 employees are generally more innovative than SMEs in all EU countries, an observation confirmed by Peter (2017). Medium-sized companies have the highest degree of innovativeness, followed by small-sized enterprises, and micro enterprises (ICC, 2018). In terms of innovation performance, Swiss SMEs have the necessary prerequisites (as elaborated in section 2.1) to be successful on the world market, through the provision of innovative, high-quality goods and services – mostly in niche markets (Arvanitis et al., 2013; Grampp et al., 2018). According to Gramm et al. (2018) innovativeness is measured by the three pillars of digital innovation capacity: talents, start-ups, and investments & patents. Grampp et al. (2018) see the following activities as critical for success: a) develop a clear and coherent digital strategy, b) promote the digital skills of employees and embed them also at management level, and c) create a corporate culture (more in section 2.6.4) that allows for experimentation, collaboration, and failure. This is supported by Lündendonk (2019) who argues that a change in the necessary skills, competences and mindsets of employees is necessary for digital innovation creation and acceptance. Thus, to improve its global ranking, the Swiss state must, on one hand, better embed digital skills in basic education and, on the other hand, create a stronger spill-over between education and business (Grampp et al., 2018). Once the framework conditions are in place, it is the responsibility of business enterprises to *apply* digital technologies – a spectrum that ranges from simple computers to data analytics, artificial intelligence, and robotics - effectively in order to bolster productivity (Grampp et al., 2018).

In this context, many firms are explicit about their strategies for innovation. According to Bowonder et al. (2010) strategic innovation is usually focused on one of the following three dimensions: (1) customer excitement, (2) competitive leadership, or (3) portfolio enrichment. Service co-creation (discussed in section 2.4) and business model innovation are two of the key frameworks used to enhance *customer excitement*. Another strategy is collaborative innovation. Strategic alliances help enterprises to synergise and leverage complementary resources which in turn improves their ability to meet customer needs (discussed in section 2.3). *Competitive leadership* refers to efforts to innovate in order to achieve a strategic edge. Engaging with customers and business partners not only

increases the quantity of innovative ideas but also increases the quality of design products/services, and product reliability (Swink, 2006). Finally, identifying new market segments and innovative consumer opportunities are strategies for enriching the *product portfolio* (Bowonder et al., 2010). These sources of business innovation can all be supported through the process of digitalisation (Hoerlsberger, 2019; Garzella et al., 2021). It seems clear that in a highly competitive environment, (digital) innovation in the service sector has become an essential differentiator.

### **2.3 Competitive Advantage**

Innovation enables businesses add value to their processes and offerings, and to differentiate themselves in competitive marketplaces. The mechanism through which competitive advantage is achieved is now described in further detail.

A competitive advantage is achieved when the targeted customer receives a higher added value and is offered more satisfaction than from the competition (Koch and Windsperger, 2017; Kotler et al., 2020). Chief Marketing Officers (CMO) use key customer experience (CX) metrics such as the Net Promoter Score and Lifetime Value to inform their marketing strategies (Pemberton, 2018). Long-term customer retention and loyalty is crucial to an organisation's profitability as loyal customers become more profitable over time (Walker and Mullins, 2014). Cravens and Shipp (1991) believe that a competitive advantage lies in the strategic use of alliances and partnerships. Likewise, Devlin and Bleackley (1988:18) argue that "Strategic alliances take place in the context of a company's long-term strategic plan and seek to improve [...] a company's competitive position". In their Swiss Marketing Leadership Study, Heierli et al., (2019) support this view, demonstrating that the ability of marketing departments to work with other departments within the organisation as well as with customers, and other stakeholders, is crucial to success. While Swiss enterprises rely heavily on internal collaboration, there is still a lot of catching up to do when it comes to cooperation with external partners (Heierli et al., 2019).

Varadarajan and Jayachandran (1999) conceive strategic alliances as a form of inter-organisational collaboration where skills and resources are bundled together to achieve a common goal. Through alliances across different industries, technologies and marketing systems can be accessed faster (Cravens and Shipp, 1991), and product and service values increase (Bharadwaj et al., 2013). As previously discussed, competitive advantage is

derived when a business demonstrates superior assets, abilities or performance in the areas of marketing capabilities, product technologies or brand reputation (Grant, 1991).

The above sections outlined the interrelation between degree of innovation, strategic competitive advantage, and collaboration with internal or external partners.

## **2.4 Marketing and Marketing Transformation**

After discussing the category innovation and competitive advantage the following sections firstly discusses marketing within the context of SMEs, secondly the traditional marketing mix, thirdly the marketing mix in the digital era, and finally digitalisation of marketing.

### ***2.4.1 SME Marketing in Practice***

There are myriad definitions of the concept and practice of marketing in the literature, and each differs in terms of its precise focus and emphasis. Nevertheless, popular definitions do share core ideas about the creation and delivery of value on behalf of customers. One definition, offered by the American Marketing Association (AMA), describes marketing as “an organisational function and a set of processes for [...] delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders” (American Marketing Association cited in Jones Ringold and Witz, 2007:258). In 2017, the AMA formally adopted the following definition: “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2019). The Chartered Institute of Marketing CIM (2015:3) calls marketing “the management process responsible for identifying, anticipating and satisfying customer requirements profitably”. This definition places emphasis on the customer focus and the way in which business units can coordinate to achieve profitability together. Lamb, Hair and McDaniel (2018:2) see marketing as a “philosophy, an attitude, a perspective, or a management orientation” that fulfils customer needs and expectations. These definitions present marketing as a process that helps deliver goods with a value that meets the costumers’ needs while simultaneously generating profit for the business, and this is the definition used in this thesis.

It has been argued by Pradhan, Nigam, and Tiwari (2018) that as the global digital age develops, SMEs will need to revisit, review, and refresh the existing techniques and methods they used for marketing. The authors suggest that SMEs should join forces in digital marketing to improve their skills and working methods to achieve business success. Similarly, Tadesse and Pettersson (2019) recommend cooperating with external, third parties (e.g., web designers) that can support the SMEs in their marketing activities to present and position themselves in the market without the need to invest significant amounts in their own processes and systems. Unlike their larger counterparts, SMEs tend to have a hierarchically flat organisational form comprised of short decision-making paths which enables them to easily introduce and implement innovative marketing approaches (Pradhan, Nigam, and Tiwari, 2018). Nevertheless, according to Pradhan, Nigam, and Tiwari (2018), enterprises need guidance in determining the digital marketing approach that best meets their needs.

The marketing reality for SMEs is very different from that of large enterprises and hence digitalisation is a greater challenge for them (Taiminen and Karjaluo, 2015). SME marketing is characterised differently from conventional marketing in large companies. Traditional marketing theories rarely apply to SMEs in their complete sense (Taiminen and Karjaluo, 2015). Möller, Stadler, Helbig et al. (2018:2) argue that the traditional marketing perspective, “which is still taught at many universities, no longer yields a coherent and holistic structure, let alone one that might inform our actions”. Gilmore, Carson and Grant (2001:6) describe it as “haphazard, informal, loose, unstructured, spontaneous, reactive [...]”. Relationship-driven and interactive marketing methods (more in section 2.4.2), including networking, are natural tools (Gilmore, Carson, and Grant, 2001). In the Swiss Marketing Leadership Study 2019, Heierli et al. (2019), present the three most important factors for creating customer proximity: capitalising on employee skills, empowering employees and making decision paths more straightforward.

Marketing within the context of SMEs is used to generate sales (O’Dwyer, Gilmore and Carson, 2009), and to create awareness of their products/services (Taiminen and Karjaluo, 2015) where the focus primary lies on the four ‘Is’ Information, Identification, Innovation and Interaction (Stokes, 2000). To strengthen and maintain competitive advantage in a specific market segment (Voelpel, Leibold and Tekie, 2004; O’Dwyer, Gilmore and Carson, 2009; Blankson et al., 2013), a company must constantly reposition

itself and redesign its existing offerings or launch novel or updated products (Lei and Ki Moon, 2015). A product's attractiveness can be viewed from a competitive position as well as from a brand equity position (Burke, 2011). A highly competitive positioning strength is achieved when the targeted consumers and other stakeholders understand and see the products' or services' unique value proposition and identify the difference to the competition (Burke, 2011; Blankson et al., 2013). Nylén and Holmström (2015) proposes that companies clearly must define the value proposition of each product and service. Finally, a strategic orientation can positively influence an SME's competitive advantage and performance (Grinstein, 2006; Lamb, Hair and McDaniel, 2018).

The definition proposed by the American Marketing Association (AMA) (American Marketing Association, 2019) which argues that marketing consists of the firm's activities undertaken to promote, advertise, sell, and deliver offerings with added value to consumers, underpins the traditional marketing perspective. The traditional marketing mix - which is currently undergoing a profound change - is examined in the next section. Special attention is paid to the promotional elements as customer communication and relationship gain importance in the context of digitalisation.

#### **2.4.2 Marketing Mix**

"Marketing is still an art" remarked Borden (1964:7), "and the marketing manager, as head chef, must creatively marshal all his marketing activities to advance the short- and long-term interests of his firm" (Borden, 1964:7). Taking this metaphor as a starting point, McCarthy (cited in Constantinides, 2006) developed the idea of a 'marketing mix' – four distinct elements (product, price, promotion, and place, or the '4Ps'), that if properly aligned, could help in the cultivation of a 'profitable business operation'.

The conventional version of the marketing mix contains no interactive elements and forms a production-oriented instead of a customer-oriented approach to marketing (Grönroos, 1994). Multiple reorientations and developments of the marketing concept led to the expansion of the marketing mix through new constituent elements in the form additional Ps (Kotler et al., 1999; Goi, 2009; Kumar, 2018; Quinton et al., 2018).

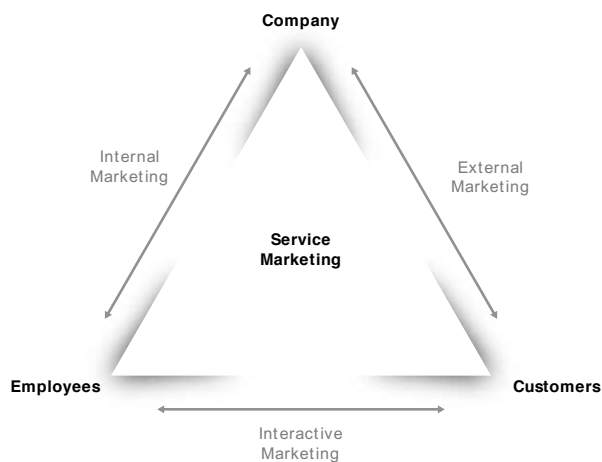
Beginning in the 1990s a more customer-focused, personalised and relationship-oriented approach emerged – a direct response to the growing competitiveness of increasingly

global markets, and the need to better understand and satisfy customer needs (Patterson and Ward, 2000; Healy et al., 2001; Constantinides, 2006).

Marketing has always been a dynamic discipline through its transmission role between the organisation, its customers, markets, and competitors, where new trends at an early stage (Schögel, 2015) in the market environment are reflected (Walker and Mullins, 2014). The shift towards individual marketing, also labelled as customised marketing and one-to-one marketing, reflects the trend in customer self-marketing, where individuals take more responsibility for their purchase (Kotler et al., 2020). Hardly any other decade has brought similar changes for the practice marketing as the current one. Kumar (2018) refers to the current phase of marketing, which should last for the next two decades, as the era of engaged customisation. Customers prefer personalised and close interactions with organisations (Jackson and Ahuja, 2016), who in turn have lost control over customers' purchasing processes and decision-making (Rund, 2018). Instead, each individual customer actively sets the direction and speed for his/her individual customer life cycle and selects the organisation that best responds to it (Schellhorn and Adler, 2015).

Organisations use relationship marketing, a concept that evolved in the area of service marketing (Grönroos, 1994), as a strategy to build partnerships with customers (Jackson and Ahuja, 2016; Lamb, Hair and McDaniel, 2018), and other stakeholders (Healy et al., 2001). Since service marketing differs from the marketing of physical products, Doyle (cited in Constantinides, 2006) replaces the two of the four Ps (promotion and place) through communication and distribution to address relationship marketing. The notion of marketing for intangibles or experiences asks for an extra dimension (Patterson and Ward, 2000). Kotler et al. (2020) stress the need for internal and interactive marketing as requirement for the service marketing (see Figure 2.1).





**Figure 2.1 Types of Service Marketing (Kotler et al., 2020:249)**

Internal marketing pertains to the intentional or strategic motivation, and active support, of the service staff to work as a team and be aligned in accomplishing customer satisfaction. Marketing professionals therefore need to be adept at getting the organisation to align and focus on the end user or customer. It is therefore appropriate for this internal marketing strategy to precede the external. Kotler et al. (2020) define interactive marketing as training staff in the art of interacting with customers to meet their needs.

Digitisation is helping to transform marketing towards a more personalised form. As digital technologies penetrate all areas of life, customer proximity is more important than ever (CIM, 2015). Technology nowadays offers exciting opportunities for marketers that helps them to measure, re-calibrate or adapt and respond to fluctuating conditions and defend the organisation’s competitive advantage (CIM, 2015; Kotler et al., 2020). To deliver personalisation to customers, whose behaviour and activity constantly changes (Constantinides, 2006; Rund, 2018), organisations use technology not only to develop and deliver world-class products and service but also to support higher-level brand building (Kumar, 2018) (see also section 2.4.3). In the battle for attention (Schlögel and Mrkwicka, 2014) and in the dynamic of a highly competitive landscape, a strong brand can increase success (Kumar and Christodouloupoulou, 2014). Kotler, Kartajaya and Setiawan (2017:48) characterise a brand as “a reservoir that stores all the value generated by the company’s brand campaigns”.

As has been shown, the traditional marketing mix is developed in isolation from customer and has no interactive components. Over the years the 4Ps framework has been replaced by other elements or have been expanded. However, in the last few years, authors describe shifts towards a more customer-oriented marketing. Enabled through digitalisation, the customer is not only receiving added values and personal benefit but is also involved in the business process by giving constant feedback to the enterprise. The role of digitalisation and the marketing mix is explored in the next section.

### ***2.4.3 Digitisation and the Marketing Mix***

Tadesse and Pettersson (2019) believe that through digital marketing, (e.g., social media management) the traditional marketing mix can also be implemented for small businesses. Digitisation, especially information-technology driven connections between company and customer, impacts every element of the marketing mix, note Stone and Woodcock (2014). Typically, the marketing mix starts with the product, which not only includes the tangible item, but also its brand name, packaging, customer satisfaction guarantee, after-sale service and customer value (Lamb, Hair and McDaniel, 2018). Branding (including a brand, brand name, symbol, design, or combination) is the most important instrument of differentiation used by marketing professionals with the main objectives of product identification, resale, and sale of new products (Lamb, Hair and McDaniel, 2018). Kotler, Kartajaya and Setiawan (2017:49) characterise branding as being “with the customer’s mind and hearts”. The aim of marketers is “to harmonize the perceived brand image with the intended brand identity” (Neudecker, Barczewski and Schuster, 2015:71). When consumers link their perception of a brand to a product, where Burke (2011) suggests that brand is an asset a company develops over time, then brand equity is used as concept. A successfully built brand becomes a foundation or platform for corporate strategy, as all activities of the enterprise are linked to the brand (Kotler, Kartajaya and Setiawan, 2017). Strong brands focus on strong beliefs and values, and appeal to customers’ emotions (Kotler et al., 2020). Kotler, Kartajaya and Setiawan (2017) argue that the digital economy places more importance on brand authenticity than ever before. In an initially transparent environment, authenticity is the most valuable asset for an enterprise. Uggla (2015) debates the historical roots of the discourse of brand positioning versus brand category extension of Ries and Trout (cited in Uggla, 2015), that a consequence of the positioning in the mind of the consumer, is that brands cannot be enhanced. It is crucial, that companies have not only to decide on product positioning, but also on product design

(Lei and Ki Moon, 2015). In order to make better decisions on product design, companies need to simultaneously address customer requirements and the strategy of their competitors (Lei and Ki Moon, 2015). Digital technologies allow companies to move closer to the consumer and deliver to their needs.

With the advent of the Internet of Things being linked to the Internet of Services (Clemons et al., 2017), businesses attract and involve their customers (Voelpel, Leibold and Tekie, 2004; Gijic, Dimitrijevic and Jovic-Bogdanovic, 2014) in the process of product design (e.g., running online design competitions with winning designs), before bringing those ideas to market (Kohli, 2017). Schlögel and Mrkwicka (2014) claim that the closer the brand is to the customer's environment and provide a personal benefit, the better organisations can exploit the potential of digital media, for example by acquiring consumer knowledge. Each of these consumers may bring value, connectivity, and brand loyalty in their multi-layered networks (Clemons et al., 2017) which will consequently lead to other (marketing) orientations (Leeflang et al., 2014).

Voelpel, Leibold and Tekie (2004) propose that companies should create a business infrastructure (cooperative network) where each stakeholder allocates its resources such as knowledge, expertise, and capital. By bringing together resources each participating member can successfully co-evolve in the ecosystem. This means that companies work both collaboratively as well as competitively to develop new offerings with the right level of quality, listen to customers and incorporate innovations to meet customer needs, foster future innovation (Moore, 1993; Bowonder et al., 2010), enable revenue growth (Gijic, Dimitrijevic and Jovic-Bogdanovic, 2014), and generate value (Kee and Yazdanifard, 2015; Kumar, 2015). According to Rowley, Kupiec-Teahan and Leeming (2007) co-creation is a style of innovation where new value is generated *in conjunction with* customers with greater satisfaction being achieved *through* their insight. Co-creation in the context of digitalisation occurs when online users look for a way to participate in generating consumer insight information for organisations (Kee and Yazdanifard, 2015). According to Kee and Yazdanifard (2015), co-creation derives from three areas: (1) digital technologies enable online users with similar interests to build their own communities worldwide and to share ideas about products/services, (2) organisations encourage consumers to participate in business operations, not just to gain a better understanding of them, but to create a sense of belonging in them, with some companies even using this opportunity to turn customers into partners and co-developers, and (3)

companies enable consumers to participate in brand operations. Collaboration and co-creation are the new logic of generating brand and branding because it strengthens consumer confidence and appeals to customers. Customers tend to have more confidence in firms that listen to their needs and ideas. Lundkvist and Yakhlef (2004) view customers as 'resources' and 'co-producers' involved in the input side of value creation, and therefore a valuable source of innovation. The focus of a company should lie in co-shaping and co-performance with other players (Voelpel, Leibold and Tekie, 2004; Sawhney, Verona and Prandelli, 2005); in other words, integrating external innovators in the process (Matzler et al., 2018).

The aim of a place (or distribution) strategy is to make products available to customers at certain locations in a usable condition (Lamb, Hair and McDaniel, 2018) at the right price, and time (CIM, 2015). Many services require constant interaction between the provider and the customer. Bruhn, Hepp and Hadwich (2015) concludes that as the development of a supplier-customer relationship into a partnership. Therefore, organisations can benefit from relationship marketing to win, develop, and maintain customer relationship (Lamb, Hair and McDaniel, 2018). This reflects the view of Healy et al. (2001) that relationships and networks are the future marketing paradigm. Yet the 4P framework does not consider the interaction or service quality in the service marketing mix (Constantinides, 2006). Patterson and Ward (2000) introducing a new domain, where customers perceive a 'virtual' form of relationship with the company. Using social media and other technologies, tools that marketers use to meet and interact with customers directly, enhances the culture of participation which finally might prove to be the fifth 'P' in the marketing-mix (Lamb, Hair and McDaniel, 2018), and increases overall firm performance (Fitzgerald et al., 2013). Those who do not seize and capitalize on innovation opportunities such as these will find themselves lagging behind competitors (Keuper et al., 2013; Garzella et al., 2021).

#### ***2.4.4 Marketing in the Context of Digitalisation***

As discussed in sections 2.4.2 and 2.4.3 in the context of digitalisation, the traditional marketing mix is undergoing a profound change, and as IT firms reconsider and reconfigure their marketing strategies, adaptation of the marketing mix will be required as per Patrutiu Baltes (2016). The customers' lifestyles and their interactions with companies are evolving. The customer is increasingly taking the central stage in the

relationship. Many scholars express an opinion that traditional marketing practices and theories need to be re-evaluated to adapt. For example, Kruse Brandao and Wolfram (2018) propose the use of the classic 4Ps marketing mix, but in an adapted form - the so-called 4 Es (Experience, Everyplace, Exchange, Evangelism) marketing mix, which place the customer, and not the *product*, at the centre of all marketing activities. Platschke (2017) also sees the 4Ps as outdated and recommends the use of the Relevance Methodology framework, which is based on current content marketing trends. Froböse and Thurm (2016), in turn, find the classic doctrine to be still relevant, but argue that the challenges of the increasing importance of networking thanks to digital communication channels, should be considered carefully.

Building on from the idea that customer-centricity becomes a priority, this section illustrates that greater customer participation is enabled with elements such as customer relationship management, digital communication tools, and other new media technologies.

Marketing 4.0 is usually discussed in the context of digitalisation and involves the combination of offline and online interactions between enterprises and customers (Kotler, Kartajaya and Setiawan, 2017). Drawing on the tools and technologies of the Internet and responding to the ubiquity and influence of social media, Marketing 4.0 involves a movement from the *selling paradigm* (in which producers develop products and then attempt to convince customers to buy them) to a customer-centric paradigm that values public relations and positive image building and maintenance. A core element of achieving this requires the content marketing to lead with value; creating content which is information-based, or entertainment-based has become a new guiding standard (Kotler, Kartajaya and Setiawan, 2017). Kotler, Kartajaya and Setiawan (2017) argue that in a connected world, digital interactions alone are no longer sufficient and need to be supplemented with offline touch points, where they become a differentiating feature.

The integration of a digital marketing strategy in a constantly evolving digital landscape represents a major challenge for many enterprises (Chaffey and Ellis-Chadwick, 2016). Chaffey and Ellis-Chadwick (2016) believe that businesses often view digital media and technology in isolation, instead of merging these competencies and their business departments to better navigate digital marketing. Small and medium sized IT organisations have the technical and material resources available to support a digitally-

focused marketing approach (Patruti Baltes, 2016). However, Ritz, Wolf and McQuitty (2019) point out that SME owners that manage digital marketing themselves often record sales losses. Although small enterprise owners operate under financial constraints, their engagement in *doing-it-themselves* results in a sense of excitement and self-development (Ritz, Wolf and McQuitty, 2019). SMEs invest time in building loyal customers through personalised experiences. A customer-friendly website or an e-commerce platform enables enterprises to use an efficient form of marketing, facilitating a mutually supportive relationship with current and potential customers (Ritz, Wolf and McQuitty, 2019). Peter's (2017) study also reports that SMEs benefit from digital access to customers through updated websites and higher focus on digital channels.

One such transformational activity is the revision of the company homepage with a focus on customer needs. In particular, there has been an upsurge in the use of personalised and interest-focused advertising resources (ICC, 2018). Automation and Big Data analytics can save costs and release internal human resources in order that they might be used more efficiently across the enterprise (Liisberg and Heitmann, 2017). For instance, Google Analytics measures the ratio of positive to negative customer recommendations and reviews, and therefore can be used to assess the effectiveness of digital marketing (Ritz, Wolf and McQuitty, 2019). This technique provides feedback that is useful for further improving value propositions, and hence customer satisfaction and loyalty. For example, as discussed in section 2.6.4, Google, Facebook and Amazon are leading by example in incorporating digital elements into their marketing approach for competitive advantage (Patruti Baltes, 2016). Kaufman and Horton (2014) suggest considering customer relationship management (CRM) as a strategic priority and an extension of the traditional 4Ps in the online environment. A digital marketing strategy requires a CRM system to win and retain customers, conduct market research, improve offerings, and create the conditions for a customer-centric digital marketing strategy. Others suggest using marketing automation tools for customer acquisition and relationship development (Chaffey and Ellis-Chadwick, 2016; Peter, 2017). Another example of the way in which customer acquisitions processes have been digitally transformed is the growing use of Cloud based CRM solutions for acquiring and retaining clients (ICC, 2018). Where companies see the CRM system as a fifth dimension of the digital marketing mix, marketing and CRM become more tightly aligned (Patruti Baltes, 2016). Quinton and Simkin (2017) encourage companies to look at customers as 'creators'. The promotion of

a collaborative marketing approach undertaken ‘*with*’ rather than ‘*for*’ consumers should be foregrounded (Quinton and Simkin, 2017).

Taking the minimum viable product approach, IT enterprises release digital products (such as software) in Beta version for customer testing; customer feedback supports refinement and optimisation of the product (Patruti Baltes, 2016). Through activities such as this, digital marketing yields next-to-constant customer feedback which adds value to the customer and helps satisfy their needs (Patruti Baltes, 2016). Kotler, Kartajaya and Setiawan (2017:50) believe that allowing customers to customise and personalise products/services creates “superior value propositions”. After a product launch, firms encourage customers to provide feedback on the purchase, then use these insights to support future product and service design (Mourtzis et al., 2018), and therefore improve the success rate of new services or products developed (Kotler, Kartajaya and Setiawan, 2017). For instance, Mourtzis et al. (2018) present a carefully designed questionnaire as a feedback gathering tool which the customer can access from a website or with a QR Code.

The promotional strategy (presented in section 2.4.2) plays a key role in the marketing mix and describes distribution of information from inside to outside the firm (Patruti Baltes, 2016). Tools such as websites, blogs, newsletters, social networks, webinars, YouTube, forums (Patruti Baltes, 2016:37) and chatbots are used in digital promotion. Although Tadesse and Pettersson (2019) describe the use of digital channels as a key aspect of the third element of the marketing mix, their effectiveness depends on the degree to which the enterprises are willing to spend on such tools. The use of digital channels by consumers and their social networks is perceived as beneficial to businesses. Furthermore, the increased spending on digital advertising by companies indicates its effectiveness in reaching target markets (Ritz, Wolf and McQuitty, 2019). Further advantages of digital over traditional communication include reduced costs, accessibility of the information independent of location, time and device, well targeted messages based on the customers interests and needs (with the support of services such as Google Analytics that allows a communication strategy targeted to the buyer profiles), and the ability to monitor the results of campaigns (Patruti Baltes, 2016). For SMEs in IT, digitised communication methods are fast becoming the most important form of business communication, helping them to enable fast engagement and a longer-term relationship with their clients, users, and prospects.

Modern internet and mobile technologies have and are continuing to transform the ways in which people engage and communicate with each other, with businesses and with their environments (Rakic and Rakic, 2014). While traditional media focuses on reach and achieving large numbers of consumers (Hanna, Rohm, and Crittenden, 2011), “digital technology allows the transformation of bystanders into active participants” (Rakic and Rakic, 2014:188). Tadesse and Pettersson (2019) highlight that (large) organisations previously used traditional media such as radio, TV, and newspaper to market their products and services, with there being a positive correlation between expenditure on those marketing channels and exposure to the market. This was, however, more difficult for small businesses with limited resources. According to the authors, with digitalisation even resource-constrained small businesses have the opportunity to participate and compete through digital marketing. Moreover, SMEs can get their audience involved (e.g., conducting competitions) by using social media marketing (Tadesse and Pettersson, 2019). While customer perceptions of the value of digital content and information content is volatile (Rowley, 2008), consumers do now increasingly expect active participation in the consultation process (Rakic and Rakic, 2014). The growth of social media witnessed in recent years enables customers to respond to (company’s) messages (Kotler, Kartajaya and Setiawan, 2017). This demands novel approaches to media strategy, including not only the media that replaces traditional formats, but also those which are employed for greater reach and engagement (Rakic and Rakic, 2014). Hanna, Rohm and Crittenden (2011) recommend that firms of all sizes and in all industries integrate social media into a company’s marketing strategy. Rowley’s (2008:522) description of digital content marketing is as “the management process responsible for identifying, anticipating, and satisfying customer requirements profitability in the context of digital content [...] distributed through electronic channels”. Kotler, Kartajaya and Setiawan (2017:121) define content marketing as “a marketing approach that involves creating, curating, distributing, and amplifying content that is interesting, relevant, and useful to a clearly defined audience group in order to create conversation about the content”. According to the KMU-Transformation report (Peter, 2017), most SMEs have not yet discovered the advantages of content marketing (in that study, content marketing was relevant to just 40.2% of small and medium sized firms compared to the 61.2% of large companies). Content marketing, especially that which involves social media marketing techniques, could contribute to the higher success rate of digital advertising (ICC, 2018).



Social media platforms such as YouTube, Twitter and Facebook are revolutionising marketing, advertising, and sales promotion practices (Hanna, Rohm, and Crittenden, 2011). Social media has helped the Internet evolve from an information-gathering tool (Misuraca, Scepi and Spano, 2019) into a robust resource for influence (Hanna, Rohm, and Crittenden, 2011). Customers are socially connected in groups of communities that they have formed by themselves within own defined boundaries (Kotler, Kartajaya and Setiawan, 2017). Web 2.0 facilitates real-time interactions (Misuraca, Scepi and Spano, 2019) and relationship management. Multichannel management is gaining importance not only to sharpen consumers profile, but also to support maximising cross-selling opportunities (Stone, Hobbs and Khaleeli, 2002). Pervasive, cross-channel marketing, or marketing 3.0, relies heavily on a connected customer experience powered by the right time with the right data (Lytics, 2019). Kotler, Kartajaya and Setiawan (2017) draw attention to the elimination of geographical and demographic barriers through social media. Through social media, customers can mobilise virtually in communities, such as in chat rooms (Sawhney, Verona and Prandelli, 2005) and proactively participate in dialogue (Rakic and Rakic, 2013) which firms can capitalise upon to sharpen consumers profiles (Corniani, 2006). As customers interact with retailers through different channels, it is necessary for enterprises to effectively manage the buyer's behaviour shaping customer decision making processes as well as the retailer's opportunity to bolster their competitive advantage (Ganesh, 2004) by communicating and innovating through collaboration (Kotler, Kartajaya and Setiawan, 2017).

According to Rakic and Rakic (2014), 'word of mouse-communications' become 'mouse to mouse' whereby recommendations, comments, reviews, and suggestions are communicated among consumers. Actors such as consumers become active participants and initiators of communication who generate marketing content – a process known as prosumption. CMOs strategically spend on social media platforms to cultivate brand fans that drive positive word of mouth and loyalty (Leeflang, Verhoef, Dahlström et al., 2014).

Published blog spots, online reviews, discussion groups or opinions from prosumers are examples of user-generated content (Leeflang, Verhoef, Dahlström et al., 2014; Ahani et al., 2019; Misuraca, Scepi and Spano, 2019) and constitute so-called Big Data (Ahani et al., 2019). Firms can strategically extract and analyse this information to produce insight (Misuraca, Scepi and Spano, 2019). Since texts published on social media are often barely sentence-like fragments, encoding, analysis following statistical reasoning, aiming at

finding trends and revealing patterns, poses several challenges (Misuraca, Scepi and Spano, 2019). However, some social media platforms are making changes that will help firms overcome such challenges; for example, Twitter introduced *Customer Feedback*, enabling customers to share their opinion with a service provider after a purchase (Misuraca, Scepi and Spano, 2019).

The actions and activities of Internet users can also be measured and analysed – for example the number of clicks and the time spent on the web page – in order to commercialise personalised marketing (Corniani, 2006), and enabling co-creation of unique value with customers (Rakic and Rakic, 2013). This means that through co-creation, consumers “have an active role in the creation of values” (Rakic and Rakic, 2013:449). Lytics (2019) present personalisation as a clear driver of business success, with big players such as Amazon, Netflix and Spotify illustrating the power of personalised services.

Overall, the literature suggests that the increased use of digital technologies enable companies to cultivate, collect and manage huge insightful consumer data and to develop their understanding in time (profiling) and invest in relationship management (Corniani, 2006). Fronzetti Colladon (2018) show that using social media strategically increases business value and revenues as well as customer loyalty and retention, improves customer satisfaction, creates brand awareness, and builds reputation. Pradhan, Nigam, and Tiwari (2018) also argue that the promotion of business development and brand equity as well as growth and improved visibility result from using digital marketing.

Following the authors, the researcher extends the traditional marketing mix as depicted in Figure 2.2 in line with the described evolution. Companies, regardless of size, develop the traditional marketing mix in isolation from the target group. Large enterprises typically start setting up their marketing mix with the product aspect, based on extensive market analysis, followed by price, place and promotion (Lamb, Hair and McDaniel, 2018). In contrast, SMEs tend to cooperate with their audience (Kohli, 2017) to ensure that they can meet their needs through the firm’s core competencies. Small and medium-sized IT enterprises usually have the necessary technical resources to focus on a digital marketing approach (Patruti Baltes, 2016) which allows them to implement a relationship-driven strategy through networking (Jackson and Ahuja, 2016) and other digital technologies, which enables them to improve customer proximity. Chaffey and

Ellis-Chadwick (2016) also argue that customer proximity is enhanced via two-way dialogue facilitated by web interaction tools like forums and surveys that help companies learn more about their customers.

In the current market environment, customers use digital tools to inform their purchase decisions and to influence their communities. With the power of the modern consumer, enterprises need to adopt new marketing strategies that put the customer at the centre. This way, the company can strengthen customer loyalty, continuously improve its services/products, turn customers – where desired - into co-developers, and can also gain a competitive advantage in the process.



**Figure 2.2 Marketing Mix in the Context of Digitalisation (Developed for Research)**

Many authors (e.g. Kotler, Kartajaya and Setiawan, 2017; Quinton and Simkin, 2017; Tadesse and Pettersson, 2019) view customers as a valuable resource in the value creation process. Firms that adopt this perspective put the consumer in the centre when testing and developing new offerings, generating content (e.g., blogs, social networks used in digital promotion), exploring digital promotional strategies, or entering attention-driven strategic alliances. In dialogue with end customers, service providers see a large source of knowledge and the opportunity to enhance customer orientation (Heierli et al., 2019). By exploiting digitalisation in the 4Ps, SMEs benefit from cost savings, achieved through online communications and web self-service (Chaffey and Ellis-Chadwick, 2016). Finally, enterprises can engage in community building which helps them extend their brand online by providing new offerings and experiences.

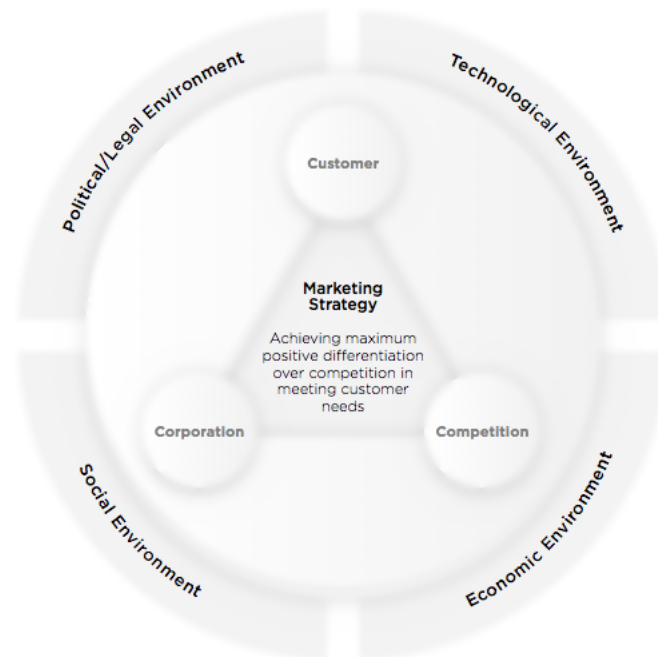
## **2.5 Marketing Strategy in the Light of Digitalisation**

Addressed in this section is the influence of digitalisation on marketing strategies, starting with the definitions of these strategies.

### **2.5.1 *Defining Marketing Strategy***

According to Knight (2000), a strategy can be understood as the activities that the firm undertakes in both shorter, and longer terms, to capitalise on opportunities, and mitigate the challenges emerging from the external environment. Jain (1999:24) describes marketing strategy in a narrowed scope: “An endeavour [...] to differentiate itself positively from its competitors, [...] to better satisfy customers in a given environmental setting”. Thereafter, a marketing strategy is taken to describe the interaction of three forces, so-called three Cs: customer, company, and competition within the environmental factors, and is designed at business unit level (Jain, 1999). Marketing strategies focus on how an organisation can effectively distinguish itself in the market from its peers by leveraging unique strengths to create and provide value to customers (Jain, 1999). In other words, an effective marketing strategy is represented by (a) a clearly defined market, (b) alignment between the organisation’s competencies and markets demand, and (c) an excellent performance compared to the competition in key areas of success (see Figure 2.3) (Jain, 1999). A continuous environmental analysis is necessary for a long-term strategic marketing orientation (Jain, 1999; Walker and Mullins, 2014).

## Key Elements of Marketing Strategy Formulation



**Figure 2.3 Jain’s Conceptualisation of Marketing Strategy (Jain, 1999:25)**

Marketing strategy is characterised as “a business’ crucial decisions concerning its planned pattern of behaviour in the marketplace to achieve [...] a competitive advantage, and thereby realise specific organisational objectives” (Varadarajan, 2018:16). Hence, marketing strategy addresses the questions relating to how an organisation can be competitive in the fast-paced evolving and digital data-rich business environment (Varadarajan, 2018). Slater and Olsen (2001:1056) provide the following definition: “Marketing strategy is concerned with decisions relating to market segmentation and targeting, and the development of a positioning strategy based on product, price, promotion and distribution decisions”. This aligns with Kotler et al.’s (2020) theory presented in section 2.4.2, that a strategy consists of the following four steps: market segmentation, market targeting, offering creation, and positioning.

Contrary to some definitions, Walker and Mullins (2014:10) conventionalise the importance of the allocating and coordinating of marketing resources: “The primary focus of marketing strategy is to effectively allocate and coordinate marketing resources and activities to accomplish the firm’s objectives within a specific product-market”. They identified the target market(s) for a specific offering as a critical issue.

Morgan et al. (2018:7) define marketing strategy as “encompassing the ‘what’ decision and actions and ‘how’ strategy-making and the realisation processes concerning a firm’s desired goals [...]”. According to Morgan et al. (2018) the development and execution of a marketing strategy are important for marketing practice. Strategic marketing addresses the question of how to select appropriate strategies to achieve results across competing priorities, and how to lead marketers in the development and implementation of strategies to increase customer focus and engagement (Morgan et al., 2018). This conflicts with the view held by Lamb, Hair and McDaniel (2018) that strategic marketing management answers the questions about the main activity of an organisation and how well the organisation will achieve its goals.

Chandler (1962) believes that changes in the environment, impacts an organisation’s strategy which calls for changes in the structure. In the first line a customer-driven marketing strategy goal is how an organisation creates value for the customer and how it maintains a sustainable relationship with its customers (Kotler et al., 2020) in both an effective and profitable way (Walker and Mullins, 2014). This is achieved by deciding which market segmentation and target marketing an organisation wants to serve, and by deciding how to serve it by differentiation, and market positioning (Kotler et al., 2020).

From these definitions it is clear that for some authors, marketing strategy is a practical process that ensures the right products to be served to the right markets, whilst others place it on a higher strategic level and consider that it is about achieving value, even having a specific role of providing a competitive advantage.

For this reason, the researcher has formulated the following definition of marketing strategy for the present study as follows:

*A customer-focused endeavour to create added value to targeted markets along the customer path by means of traditional and modern channels whilst considering corporate, data-based, and environmental factors in a highly competitive global ecosystem.*

Enterprises implement strategies not only to attract customers, but also to effectively manage a variety of environmental factors such as competition, suppliers, and resources (Knight, 2000). However, there are some indications from the literature that the approach used to develop marketing strategy in small and medium sized firms is somewhat

different. According to Tadesse and Pettersson (2019), small enterprises have customer-centricity as a primary marketing strategy. Further, they propose that SMEs should use their competencies/strengths to their advantage when creating their marketing strategy. At the same time, SMEs often operate in a dynamic, unpredictable environment in which customer needs, product market innovations and competitor strategies often change (Knight, 2000). Thus, strategy development in SMEs and among owner-managers of small firms may be more intuitive than analytical. Conversely, the customer orientation of Swiss enterprises is implemented through strategy, structure, and organisational culture (Heierli et al., 2019). By strategically transitioning to customer-orientation marketing strategies, companies enter a new era of innovative (digital) marketing practices that leverage primary marketing needs (Gibson, 2018).

Dess, Lumpkin and Covin (1997) suggest that the most successful implementation of a marketing strategy occurs when management has an 'entrepreneurial orientation'. Miller (1983:771) summarises an entrepreneurial enterprise as one which undertakes multiple activities including innovating on the product market, assuming certain risks, and being the first to produce proactive innovations that beat its competitors. Entrepreneurial enterprises differ from formalised enterprises, in terms of having more scarce resources (marketing knowledge, time and finances), scarcity of specialists, competency (Stokes, 2000), and generally have a minute impact in their respective markets (Gilmore, Carson and Grant, 2001). The focus lies primary on operating business and business priorities, and less on visionary plans. Lastly, "strategies are not explicitly or formally elaborated but reside as the implicit and often vague vision of the leaders" (Miller, 1983:773). Using an intuition-based feel of the market, rather than driven by the insights of personal planners and technocrats, the business owner strategically attempts to be responsive to current opportunities and their challenging environment (Miller, 1983; Stokes, 2000; Gilmore, Carson and Grant, 2001) especially clear in the area of market observation and building of personal relationships (Stokes, 2000). They often begin ideation, followed by an attempt to a product-market-fit, achieved by talking to customers with or networking, which they do not consider as marketing per se although they spend considerable time and resources (Stokes, 2000). Tadesse and Pettersson (2019) argue that although small enterprises do not follow an exact strategic marketing process and do not attach the same importance to each of the Ps, their approach does generally meet the needs of the 4Ps. Since small businesses are closer to their clients, they place great emphasis on personal

interactions so they can make them feel more welcome and engaged. However, while this approach may meet their day-to-day needs, it does not enable them to achieve strategic advantage.

The model demonstrated by large corporations emphasizes this. Larger firms assess market need before a new product or service is developed (Stokes, 2000) – as illustrated in Table 2.1. They operate more smoothly and efficiently, which is reflected in the structure of the organisation, especially in the leveraging of comprehensive enterprise planning systems, and through the presence of a powerful decision-making group of senior managers (Miller, 1983; Stokes, 2000). Chandler’s (cited in Whittington, 2008:270) mantra “structure follows strategy” and the aphorism “systems support structure” (Bartlett and Ghoshal, 1994:79) both summarise this well. Today’s leaders in large complex companies must shift from strategy, structure and systems to a concept built on purpose, process and people. Executives see themselves “as the designers of the strategy, the architects of the structure, and the managers of the systems” that run and control their firms (Bartlett and Ghoshal, 1994:79). Strategy development occurs at the corporate level and encompasses the range of activities necessary to implement the strategic mission and long-term goals and objectives of a firm (Knight, 2000; Dess, Lumpkin and Covin, 1997; Knight, 2000; Bartlett and Ghoshal, 1994; Whittington, 2008). The strategy developed reflects the position of the organisation in the market and is the method by which it remains competitive with its services and products. Thus, in order to develop competitive marketing strategies, Tadesse and Pettersson (2019) suggest that SMEs pursue a marketing strategy that offers customised services according to clients’ needs.

**Table 2.1 Traditional and Entrepreneurial Marketing (Stokes, 2000:13)**

<b>MARKETING PRINCIPLES</b>	<b>TRADITIONAL MARKETING</b>	<b>ENTREPRENEURIAL MARKETING</b>
<b>CONCEPT</b>	Customer-oriented: Market-driven, product development follows	Innovation-oriented: Idea-driven, intuitive assessment of market needs
<b>STRATEGY</b>	Top-down segmentation, targeting, and positioning	Bottom-up targeting of customers and other influence groups
<b>METHODS</b>	The marketing mix Four/Seven P's	Interactive marketing methods Word-of-mouth marketing
<b>MARKET INTELLIGENCE</b>	Formalised research and intelligence systems	Informal networking and information gathering



In contrast to large companies, small enterprises are more agile and feel the pulse of their customers better. Due to resource limitations, the absence of specialist in marketing department and a lack of expertise, SMEs use networking as an inherent tool in their marketing activities as an alternative approach (Stokes, 2000). However, networking does not need to be undertaken only by the owner-manager. It is important to activate internal resources. The know-how carriers are also located in production, logistics, finance, administration, and sales and should be consistently integrated into the concept development (Knutti and Steiner, 2010). External consultants such as customers (section 2.4), suppliers or other business partners, who know the enterprise for a long time and can assess it well, can also provide competent strategic inputs (Knutti and Steiner, 2010). Some small businesses hire a brand or communication agency to support them implement a marketing strategy (Knutti and Steiner, 2010).

### ***2.5.2 Digitalisation and Strategic Marketing***

Organisations plan a coherent marketing strategy by taking a “look at the social, political, economic, cultural and technological trends” that shape their market, their market position, and the resources they can employ to influence or shape the market (CIM, 2015:10). From a resource-based viewpoint, a company pursues the strategy that has the potential to yield the highest return on its resources without sacrificing competitive advantage (Ekeledo and Sivakumar, 2004). Kumar (2018:2) refers to this as transformative marketing, described as “the confluence of a firm’s marketing activities [...] in response to marketplace changes and future trends to leapfrog customers [...] in exchange for profits [...] and benefits to all stakeholders”. Transformative marketing’s purpose is to bring the customer toward the centre of the organisation, to reach the target group with a convincing offer that far surpasses the competition, and to strengthen the interaction between companies and their stakeholders (Kumar, 2018).

Hunt (2018) stresses the importance of strategic marketing since this field has been marginalised among other business disciplines accounting, finance, and management. The digital marketing landscape, which is developing rapidly, has far-reaching business and strategic effects (Quinn et al., 2016) so that marketing “must be an integral part of the organisation’s decision-making framework” (Kumar, 2015: 4). The most important changes in the marketing era are speed and growing interactivity (Stone and Woodcock, 2014). Interactive marketing demands a deeper knowledge of the end user, and their

behaviour and interactions with the organisation. Such awareness helps the firm to deliver personalised experiences that are valuable and appealing to the customer (Stone and Woodcock, 2014). Organisations are required to design their employee, processes and systems capabilities in such a way that they can engage and interact fluidly with the customer (Stone and Woodcock, 2014) in the changing consumer landscape (Kumar, 2018). The results of the Swiss Marketing Leadership Study 2019 (Heierli et al., 2019) show that the transformation of marketing/marketing organisations needs to focus on the creation of agile ‘digital’ teams that solve specific customer needs. These teams are characterised as follows: they use agile working methods, have a high understanding of new technologies, combine analytics and creativity, re-allocate budgets from offline to online activities, claim to measure the success of each action, and work collaboratively in interdisciplinary teams (Heierli et al., 2019).

Combined with increasing global competition, changes such as the growth and importance of the service industry, and the rapid development of new information and communication technologies will affect how marketing strategies are developed (Ekeledo and Sivakumar, 2004; Walker and Mullins, 2014). Information and communication technology help to open up new communication channels. ICTs also enable firms to build more collaborative and efficient relationships with providers and clients (Walker and Mullins, 2014). In the face of increasing competition, the nature of exchanges between organisations is changing where more and more organisations are trying to build mutually beneficial relationships and alliances (see sections 2.2 and 2.3). Accordingly, similar collaborative relationships emerge within organisations in the form of cross-functional teams who attract and serve customers effectively and efficiently (Walker and Mullins, 2014). To provide a seamless experience for the customer, marketing must be integrated into other disciplines in the organisations where employees share a common vision (De Swaan, Van den Driest and Weed, 2014). Marketing, as a holistic approach, has become critical that it should not be left to the marketing department alone (De Swaan, Van den Driest and Weed, 2014). It is further argued that in today’s interconnected world, it is key that every functional area in the firm should interact with customers, and that the new way of thinking is expressed through cross-organisational understanding of marketing and company-wide customer centricity (Koch and Windsperger, 2017; Gruia et al., 2020). Strategic marketing can have significant positive impact across the whole organisation when implemented cross-functionally and over the complete operational cycle. Both

traditional and digital marketing techniques have their place in the overall mix, depending on the specific activities of the firm.

According to Kotler, Kartajaya and Setiawan (2017), digital marketing should not replace traditional marketing. Instead, they should coexist to support the entire customer path. Whereas in the initial phases of customer-company engagement (such as during the start-up phase of business), traditional marketing performs a crucial function in raising awareness, in progressive stages as interaction deepens and customers demand closer relationships, digital marketing increases in importance (Kotler, Kartajaya and Setiawan, 2017).

These sections have shown that the main factors which impact upon strategic marketing for SMEs in the context of digitalisation are a continuous environmental analysis (Jain, 1999), a maintenance of customer relationship (Kotler et al., 2020) by involving all disciplines/resources with customer and value creation placed at the centre of strategic marketing discussions. Provided in the next section is a focused discussion of the nature of digitalisation.

## **2.6 Digitalisation**

Digitalisation expresses the digital transformation as an interface between the company (business model) and the customer (marketing strategy). Notably that its exploitation can lead to added value for customers. The main drivers, trends, challenges, and opportunities of the digitalisation process are explained in this section.

Saam et al. (2016) discusses the manifestations of digitalisation in small firms including the acquisition of improved hardware, new software, redesign a company's website, usage of new types of IT services such as cloud computing, and introduction of new IT concepts and applications as technological projects. However, investment in IT skills through learning and development initiatives are also part of digitalisation projects (Zimmermann, 2016). Yoo et al. (2010:6) describe digital innovation as "innovation enabled by digital technologies that leads to the creation of new forms of digitalisation". Digital innovation can take place through both objects (i.e. physical materiality) and improved digital capabilities in business infrastructure and processes (Hoerlsberger, 2019). Before presenting the literature on digital innovation in business, it is helpful to provide some historical context, and that is the focus of the next section.

### **2.6.1 Historical Context**

It has been argued that the 21<sup>st</sup> century represents the beginning of a fourth industrial revolution, emerging from the digital revolution that preceded it (Büst, Hille and Schestakow, 2015; Vogel-Heuser, Bauernhansl and ten Hompel, 2017). The fourth industrial revolution, also called Industry 4.0, is often used as a synonym for the emergence of the Internet of Things (IoT), and more broadly represents full digitisation and networking of the value chain for improved efficiency (Bertschek et al., 2015; Matzler et al., 2016). Some scholars, such as Perez (2010), call the age of information and telecommunications technologies the fifth technological revolution. Bloching et al. (2015) identify the core characteristics of the fourth industrial revolution as the industrial use of automation systems, the increasing dominance of cyber-physical systems and the networking of production units within manufacturing environments. The Bundesministerium für Wirtschaft und Energie (2020) adds that this revolution represents the transformation of entire business models. Lucas and Grover (2008:343) discuss what constitutes an IT-enabled transformation, defining transformation in the dictionary sense as: “an act, process, or instance of transforming or being transformed”, where transforming is “to change in composition or structure; to change the outward or appearance of; to change in character or condition”.

The latest technological revolution is characterised by, *inter alia*, information-intensity, knowledge as capital/intangible value, and segmentation of markets, and is characterised by the dominance of the Internet of Things and digital transformation (Perez, 2002; Schmidt and Drews, 2016).

### **2.6.2 Digital Transformation**

To avoid misunderstandings for the purpose of this research, it is worth spending a few words defining the terms digital transformation and digitalisation. First, note that the terms ‘digitalisation’ and ‘digitisation’ are used interchangeably in this study, as is common in the research literature. Employing the action form of the noun (i.e. digitalisation/digitisation) instead of the static ‘digital’ emphasises that the process of digital transformation is a dynamic and ongoing one (Hagberg, Sundstrom and Egels-Zandén, 2016).

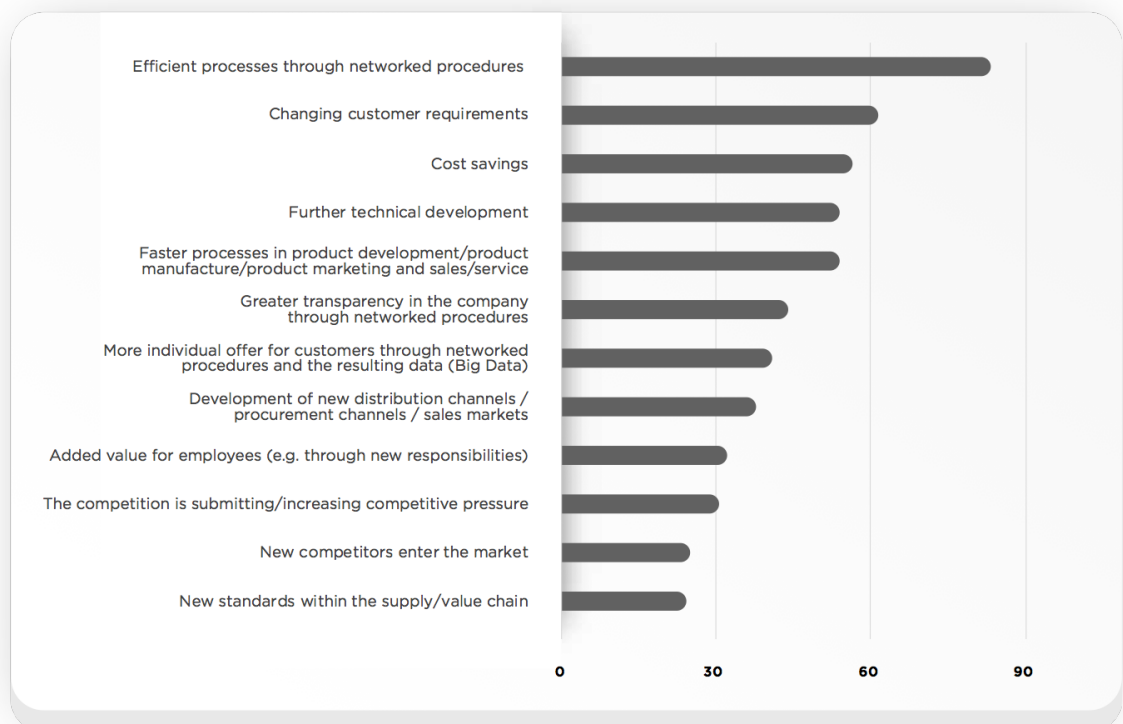
The extant literature reveals a lack of agreement with regards to the meaning of the term digital transformation. Bowersox, Closs and Drayer (2005) use the term digital business

transformation (DBT) to describe the activity of redefining a business, digitising processes, and bridging relationships over multiple areas of the value chain. It describes the way in which the close integration of industrial production with digital technologies is revolutionising the organisation of global value chains. Capgemini (2011:5) understands digital transformation (DT) as “the use of technology to radically improve performance or reach of enterprises”. Büst, Hille and Schestakow (2015:6; translated by Author) describe digital transformation as “the fundamental transformation of companies towards a fully networked digital organisation”. Based on new technologies and applications, more processes and process elements are being redesigned and adapted to meet the modern, high-speed, deeply connected, digitised marketplace. For Bundesministerium für Wirtschaft und Energie (2015), digitisation is the complete networking of all facets of commerce and society in addition to a capacity for gathering, analysing and transforming appropriate information into execution. It can be leveraged to allow organisations to develop innovative technologies and processes to enable them to respond more flexibly and dynamically to changing customers’ needs (Lanzolla and Anderson, 2008; Berman, 2012; Li et al., 2016; Matzler et al., 2018) and preferences (Reader and Trussell, 2014).

For Schrader (2018), digital transformation is about developing products that change customer’s behaviour in a sustainable way. Atiker (2018) characterises digital transformation as exploitation of new digital opportunities to add value for customers. The Fourth Industrial Revolution engenders a global marketplace where virtual and tangible systems interact with and support one another flexibly. This makes it possible to design products completely in line with customer wishes and to develop new business models (Herzog et al., 2017; Schwab, 2017; Matzler et al., 2018). The ever-greater differentiation of services and products and the increased transparency between customer and companies will likely transform the Swiss economic system (Herzog et al., 2017), and already, the initial positive effects of digitalisation on productivity are demonstrable (Grampp et al., 2018). In 2015, Langer stated that there is potential for substantial growth arising from digitalisation in Switzerland. Schrader (2018) sees digital transformation as first taking place with the customer, then the market and finally in the organisation.

One strand of the literature has sought to recognise the main drivers of digital transformation. In the largest survey conducted by the Swiss University of Applied Sciences and Arts Northwestern Switzerland, Peter (2017) argues that the most frequently

mentioned key drivers behind efforts towards digital transformation are efficiency (83%), changing customer requirements and cost savings (Figure 2.4). In addition, 61% of respondents named changing customer requirements, and 56% named cost savings as a key driver (ICC, 2018). Other common drivers were further technical development, faster processes in product development/product manufacture/product marketing and sales/service, greater transparency in the company through networked procedures, more individual offers for customers through networked procedures and the resulting data (Big Data), development of new distribution channels/ procurement channels/ sales markets and added value for employees (e.g., through new responsibilities). The lowest three ranked drivers were increasing competitive pressure, new competitors entering the market, and new standards within the supply/value chain (ICC, 2018).



**Figure 2.4 Drivers of Digital Transformation (Developed for Research)**

According to some researchers, customers are the key drivers of digital transformation (Gottlieb and Willmott, 2014; Büst, Hille and Schestakow, 2015). Matzler et al. (2016) count the Internet of Things, Big Data, robotics, and Cloud computing as the core drivers for digitisation. For Heierli et al. (2019) digitalisation and digital transformation are driven by technological (i.e., new international technologies), data-based (i.e. more

comprehensive data), market (i.e. declining market entry barriers), societal (i.e. increasing social digitalisation), and regulatory (i.e. control processes) changes. Bloching et al. (2015) have classified those drivers into four main types - the availability of digital data automation, growing connectivity and digital access to customers - as illustrated in Figure 2.5. Digital data describes the collection, processing and analysis of data that enables better predictions and decisions to be made. Automation is the augmenting of traditional technologies with artificial intelligence (AI), which increasingly leads to systems that operate autonomously. As a result, error rates are reduced, operating speeds are increased, and operational costs are lowered. Connectivity means networking the entire value chain in such a way that condenses production lead times as well as innovation cycles. Finally, direct digital customer access via (mobile) Internet enables new intermediaries to offer novel services and transparency (Bloching et al., 2015).

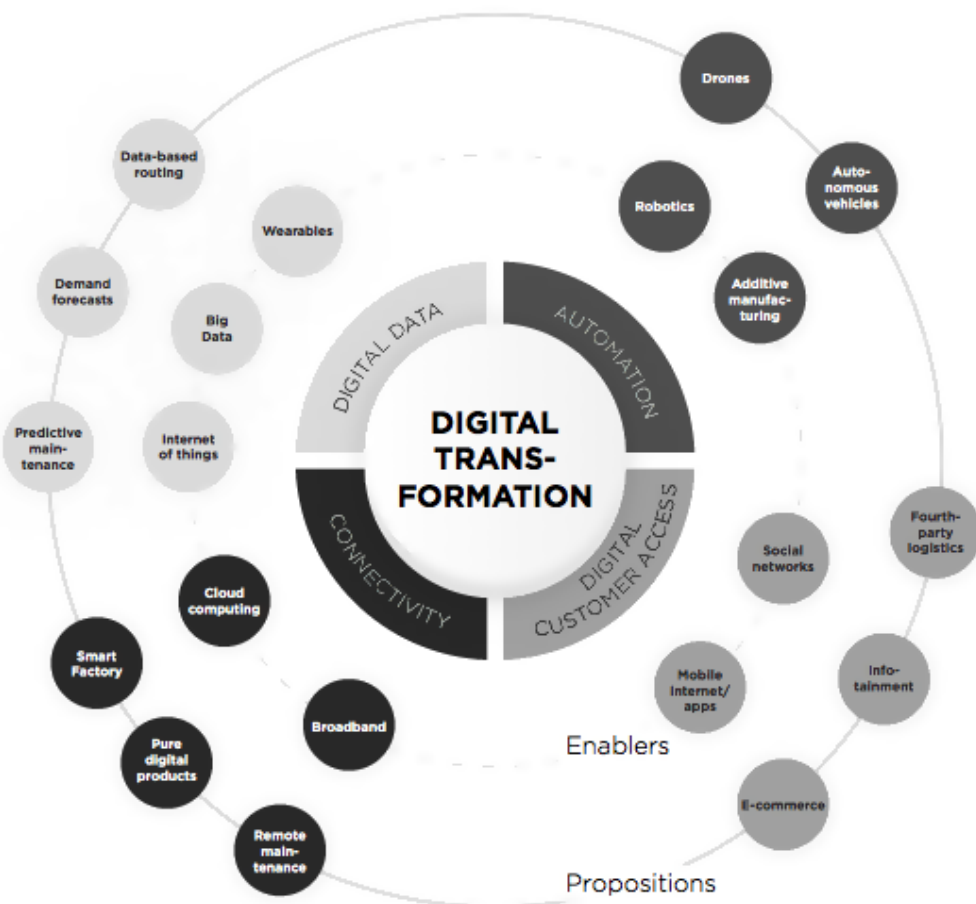


Figure 2.5 The Drivers of Digitisation (Bloching et al., 2015:20)

Rapid advances in digital technologies have triggered three key developments according to Fleisch, Weinberger and Wortmann (2014) – (1) a shift to a service orientation, as IT improves the ability of organisations to maintain fruitful customer relationships, (2) the integration of customers into the value chain, and (3) data analytics as a core competency where the collected and analysed data through transaction gain importance and is key capability for the design of product, price and distribution. Gottlieb and Willmott (2014) build on this by identifying six main trends: customers' digital engagement, digital innovation of products/operating model/business model, Big Data and advanced analytics, digital engagement of business partners, suppliers and employees, digital customer-lifecycle management, and automation.

For Berman (2012, building on Slywotzky and Morrison, 2001), the following four key areas should be the focus of the digitisation process:

1. Data-based decision-making: Traditional processes are often based on assumptions; Digital organisations have the appropriate data to produce what the customers want. This data can be used by the customer and can also be provided directly to the user's own decision making (e.g., by means of online tools).
2. Information Speed: Due to new technologies, digital organisations can collect, process, and use information faster. Accordingly, services and products can be provided more quickly.
3. Self-service: The existing service model is shifted to a self-service approach.
4. More productive processes: Employees become more productive and can work more customer-oriented by means of digital technologies.

Büst, Hille and Schestakow, (2015) agree that digital transformation is multidimensional and consists of technical, psychological-cultural, and operational components. Among several activity fields, a) optimised workflows and automation, b) new technologies, c) and new strategies and business models are identified as especially important new technologies are causing companies to examine existing competencies and offerings to digitise the value chain and offer new services. New platforms and channels are being exploited, and partnerships are entered into to develop innovative business models and revenue models (Peter, 2017) and to advance digitalisation (Graumann and Bertschek, 2017). In this context, the onus is on large and small organisations to evaluate the implications of novel technologies and to recognise novel areas in which to innovate



(Nylén and Holmström, 2015). However, there is some debate as to the specific industries and sectors of the economy that are being transformed. Büst, Hille and Schestakow (2015) argue that not every industry is impacted by the digital transformation with the same speed and force. Matzler et al. (2018), however, contend that every process, even in the most traditional industries, will eventually be digitalised. Regardless, increasing speed in digital transformation means that innovation must be proactive, dynamic, and continual (Hoerlsberger, 2019). This changes business models (Herzog et al., 2017) and reorganises entire industries (Bloching et al., 2015). The idea of enabling new business models has been taken further by Heierli et al. (2019) who concludes that digitalisation is not only a cause of complexity, but also supports management in the implementation of the challenges. Digitalisation is identified as part of the solution, as an enabler and catalyst, creating differentiators and services (Heierli et al., 2019).

Building on the idea of Heierli et al. (2019), that digitalisation is an enabler and a catalyst, the researcher has developed the following definition for the present study.

*Digital transformation/Digitalisation is an enabler of the adaption or creation of innovative business models with customer-centric benefits, achieved by enhancing transparency in a networked organisation with fast speed of action. With the introduction of modern digital technologies, operational processes and agile organisational structures can be developed, psycho-cultural components and various internal competencies can be enhanced, strategic business objectives can be achieved, and financial KPIs can be improved.*

### **2.6.3 Opportunities and Challenges of Digitisation**

Firms that do successfully embrace and capitalise upon digital transformation can expect to realise considerable benefits, according to the empirical literature. Fitzgerald et al. (2013) argue that firms that leverage digital technologies gain in the areas of (a) better customer experience and engagement, (b) efficient operations, and (c) new business models. Online advertising is the fastest growing area in terms of advertising spend (Rusted, 2017). Untapped sales and marketing channels enable SMEs to achieve significant improvements in their sales (ICC, 2018). Furthermore, through new marketing channels, enterprises reach their target audience in a more reliable manner, while also saving costs from advertising by using state-of-the-art tools. Further positive impacts of digital transformation become evident through in-depth insights over the precise *customer*

*needs* which should theoretically lead to better market segmentation and product/service market fit (ICC, 2018). However, the more digital channels are used, the higher the risk of digital overstimulation (SWA ASA, 2019).

Several authors have pointed to digital transformation helping firms to build better relationship with their customers and to deliver better customer experiences. It has been suggested that digitalisation can help firms to gain a better understanding of customers, to become closer to customers, and to improve customer experiences (Moeller, Stadler, Helbling et al., 2018). In Peter's (2017) study, ICT-SMEs describe how the quality and quantity of customer communication has measurably increased, how collaboration improved, and how they gained more proximity to their clients. Obviously, a close customer relationship is necessary when an organisation undergoes technological changes, because every completely positive change needs to be carefully introduced to the customer (ICC, 2018). In the competitive business environment, brands require a unique and clear profile, both online and offline, to create an emotional experience and to promote dialogue with, and value for customers (Kilian, 2010; Lembke and Honal, 2015). Walker and Mullins (2014) believe that organisations can benefit from optimisation (in measuring everything), building customer loyalty through personalisation and customisation, and offering greater value to customers by providing instantaneous 24/7 service. Autio (2017:8) adds that the digitalisation of marketing can "enhanc[e] the SME's reputation by exploiting digital channels and developing online reputations". As actions he proposes a) enhancing the website to drive brand strength, b) using targeted online marketing campaigns to reach new customer groups, c) developing an online presence in social media channels, and d) developing digital marketing materials for viral distribution in social channels (Autio, 2017:8). This is reflected in Peter's (2017) report, where SMEs outline increased *brand awareness* as a positive change of digitalisation through increased presence in traditional and digital media that subsequently resulted in consistent generation of new leads. The highest distinction is when the 'lead' develops into a 'customer' and then becomes a 'promoter' (Schlömer, 2017).

The innovators, investors, and shareholders who provide intellectual or physical capital are the big winners of the Fourth Industrial Revolution (Schwab, 2017). Digital businesses build networks that bring together buyers and sellers of a vast array of goods and services, whereby they increase economies of scale. The advantages for the consumer

are higher customer benefits, greater convenience, and lower costs (Schwab, 2017). Companies no longer deal with the question ‘Is our business affected by the disruption?’ but rather ‘How will the disruption affect our organisation?’. The IWWIWWIWI (I want what I want when I want it)-economy brings people, assets, and data together and cultivates new forms of consumer behaviour. Uber's business model exemplifies the disruptive nature of such technology-based platforms: Without its own taxi fleet, Uber is today the largest taxi company in the world. The unstoppable shift from the simple digitisation (the Third Industry) to the Fourth Industry forces companies to review their business operations. Looking at the time horizon, experts prefer to talk about evolution rather than revolution (Hamel, 2002; Vogel-Heuser, Bauernhansl and ten Hompel, 2017; Gomber et al., 2018). It is critical to consider, however, that technology can empower large enterprises as well which, in turn, may have a negative impact on the SMEs in the same value chain.

Many companies have recognised that digitisation has a decisive impact on their competitiveness (Gottlieb and Willmott, 2014; Neumeier, 2017) and innovation capabilities (Büst, Hille and Schestakow, 2015). According to Reader and Trussell (2014), the interaction of new tools and approaches such as social media, Cloud systems and gamification brings added value to firms. Technologies such as IT systems or channels in social networks can be used to respond quickly to customer needs, optimise proximity to the audience, and manage supply chains (Meyer, 2018). Through digitalisation, firms have the opportunity to proactively rethink their interactions with their stakeholders, to enhance their business processes, to benefit from image and brand development and ultimately, to boost competitiveness (Autio, 2017; Joensuu-Salo et al., 2018).

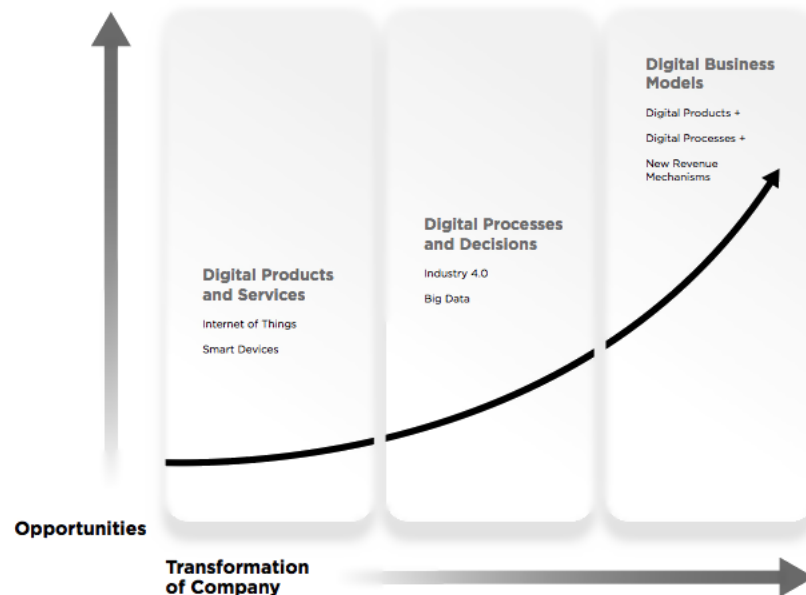
However, recognising the depth and implications of coming digital changes and capitalising on them is crucial for success (Büst, Hille and Schestakow, 2015). According to Matzler et al. (2018), however, organisations underestimate the dynamics, speed and range and impact of digitisation. The success or failure of a firm in the digital era will be decided by its strategy for transformation management (Neumeier, 2017), its mindset (Matzler et al., 2018; Lündendonk, 2019) and level of curiosity - attitudes and behaviours that can have a domino effect on others within the industry and beyond (Quinton et al., 2018). Business leaders need to understand their changing environment and continuously innovate their processes and products. The service economy is undergoing profound

change (Bundesministerium für Wirtschaft und Energie, 2019). Success factors include access to audience, the ability to adapt to fast environmental changes and develop new sustainable business models (Bundesministerium für Wirtschaft und Energie, 2020). Homburg, Workman and Jensen (2000:475) recognises that, “organisations should structure themselves in order to be more market-oriented and responsive to changing customer needs and market conditions”. Executives committed to the digital urgency will often experience success in their operations, customer relationships, and business models (Fitzgerald et al., 2013). Many firms, however, seem to be missing the point of digital transformation and are mainly focused on higher sales of new products and cost reduction (Bloching et al., 2015). This seem to be logical in the organisation’s view because it improves efficiency and lowers costs (Matzler et al., 2018). However, it neither transforms existing business models nor business processes, and it only serves to optimise existing ones (Schrader, 2018).

Walker and Mullins (2014) rightly discuss whether it is always the right way to focus on the needs and wishes of the clients. Consumers often do not know what is technically possible and what is not, and instead of market analysis, organisations would rather refine and innovate products/services, create a market for them and inform consumers about them (Walker and Mullins, 2014). Kern (2017) draws attention to the lack of digital masterminds/leaders in organisations to raise willingness to change. It remains questionable if Hilb’s (cited in Bürer, 2019) observation that the number of training programs focused on digital transformation addressed to board members has increased. This is mainly because SMEs, which (apart from public enterprises) have no board members, are the backbone of the Swiss economy (Bundesamt für Statistik, 2019). Almost all business processes and models are under scrutiny in the context of this change (Büst, Hille and Schestakow, 2015) as well as the individual attitude of the decision makers (Kern, 2017). This is also to do with having the courage to think and act outside the box (Hilb cited in Bürer, 2019).

For Matzler et al. (2018), the digitisation of physical products/services is a necessary but not sufficient step to ensure the competitiveness of an organisation in the future. Ekeledo and Sivakumar (2004) highlight a discrepancy between full and partial levels of digitisation of physical products/services. Digital services are characterised by features such as indestructible, transformable, and reproducible (Ekeledo and Sivakumar, 2004). Indestructible means a service that retains its form and quality, regardless of how often it

is used (i.e. application software). Transformable is a digital service that is easy to modify and thus adaptable. Whereas a reproducible digital service is characterised by a service that can be easily reproduced, stored and transmitted between users (Ekeledo and Sivakumar, 2004). True capitalisation of digital transformation involves threatening traditional business models while enabling the development of completely new digital ecosystems with considerable potential for increases in effectiveness and efficiency (Garzella et al., 2021). Because the benefits of digitising products/services are frequently short-lived, an organisation’s value creation lies in the conception of digitised business models (Matzler et al., 2018). The highest level of digital transformation involves monetising customer benefits in a new, innovative business model (Figure 2.6) (Matzler et al., 2018).



**Figure 2.6 The Levels of Digitalisation (Matzler et al., 2018:14)**

#### **2.6.4 Digital Strategies and Models**

Digital business models already determine to a large extent how successfully an economy operates on international markets. The IMD (2019), a prestigious business school in Lausanne, Switzerland, has developed an early warning system to visualise digital competitiveness and signal for action. The ranking list is made up of countries that are ahead in the digital transformation of their economies. Singapore, Hong Kong, and the

United States are the leaders, ahead of Switzerland in fourth place (IMD, 2019). Switzerland has shown strong commitments and adaptability to change in the past. Many Swiss SMEs compete in global markets and therefore need to be globally competitive. SMEs often have an advantage over larger enterprises, since agility and entrepreneurship are anchored in their DNA (Hilb cited in Bürer, 2019).

As noted earlier, much digital transformation is partially driven by consumer pressures and consumer needs. Consumers are better informed, more uncompromising when it comes to unpleasant service, and are less loyal than ever before (Heierli et al., 2019). Swiss enterprises also seem to feel this and expect it even more strongly in the future (Heierli et al., 2019). Since ‘today’s consumer wants what they want, when they want it’, firms must develop digital strategies for interfacing with customers (Reader and Trussell, 2014; Armitage, 2015; Büst, Hille and Schestakow, 2015). A digital strategy is an organisational strategy, stimulated by possibilities of potent, easily accessible technologies aiming to provide distinctive or evolved opportunities in a highly competitive, digital, and fast-moving (global) market (Sebastian et al., 2017).

Such changes will also have an impact on the underlying organisational structures whereas transformation in the business model serves as a basis for effective deployment of the new digital strategies (Berghaus, Back and Kaltenrieder, 2017; Reader and Trussell, 2014). Digitalisation will challenge organisations to redefine and improve their classic organisational structures (Reader and Trussell, 2014), encourage new ways of thinking (Bojanova, 2014), initiate innovative work cultures (Atiker, 2018), and prompt firms acquire new skill profiles in media design and media technology (Lembke and Honal, 2015) to enable agile innovation teams (Nylén and Holmström, 2015). Liisberg and Heitmann (2017) believe that with the digitalisation of collaborations and partnerships, a higher customer value is created.

Increased uncertainty among the workforce is one negative aspect of digitisation. Flat hierarchies, high transparency, and stringent communication can help to negate these effects (Lünendonk, 2019).

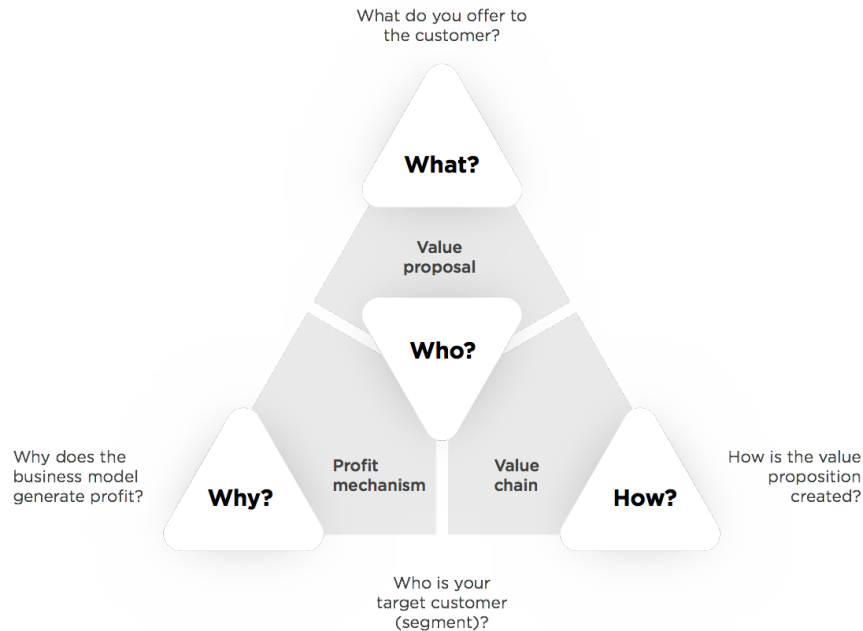
Digitisation therefore exerts an impact on multiple levels of business activity: the level of the product, the level of the process, and the underlying business model (Matzler et al., 2018). Conventional business models are threatened by disruptive developments (Lünendonk, 2019). Christensen and Overdorf (2000) point out that transformation of

business models is crucial to business success because, among of other things, the activity of digitisation has democratised the competitive environment, thereby dismantling barriers to entry to markets. As a consequence of greater access to knowledge, facilitated by, for instance, Big Data and the Internet of Things, new entrants into a market find it increasingly easy to mimic existing business models. Business model innovation should therefore be seen as an “underutilized source of future value”; it is more challenging for businesses to imitate at the level of a business model than at the level of a single product/process (Amit and Zott, 2012:37). Therefore, business model innovation that exploits digital transformation helps equally incumbents and novel market participants to leverage digital technologies to strategically distinguish themselves from their competitors (Christensen and Overdorf, 2000). Business model innovation as espoused by firms like Google, Facebook and Spotify is disruptive in that it is changing the economic environment by creating new industries and markets (Hedman, Sarker and Veit, 2016).

#### ***2.6.5 Defining Business Models***

In the extant literature, the term business model has been detailed as an architecture, a framework, a statement, a structural template, and a method (Zott, Amit and Massa, 2011). Wirz et al. (2016) suggest that business models can be understood from a technology-oriented, organisation-oriented, or strategy-oriented perspective. Taking a technology-oriented view, Zott and Amit (2008) see the business model as a structural template of a company. They define a business model as “a system of interconnected and interdependent activities that determines the way the company ‘does business’ with its customers, partners and vendors” (Amit and Zott, 2012:37). Scholars adopting a strategy-oriented perspective see the business model as a tool to communicate the situation in terms of competitiveness (Wirz et al., 2016). Schallmo, Reinahrt and Kuntz (2018:26; translated by Author) defines a business model as “the basic logic of a company that describes, among other things, which benefits are created for customers and partners in what way”. Iansiti and Lakhani (2014) offer a broader definition by describing it in terms of: (1) how an organisation creates value (the customer value proposition) and (2) how it captures created value (how it earns money). Rüegg-Stürm (2013) introduce a framework called the ‘Business Model Navigator’ which conceptualises organisations as a complex system comprised of multiple entities. The complexity arises from the versatile interaction, as well as the specific and dynamic relationship between the elements.

Dimensions included in the framework – ‘Product and Service Innovation’, ‘Process Innovation’, and ‘Business Model Innovation’ - are seen as main elements of the innovation process (Rüegg-Sturm, 2013).



**Figure 2.7 Elements of a Business Model (Gassmann, Frankenberger and Csik, 2017:9)**

The Business Model Navigator (as shown in Figure 2.7) is a comprehensive and process-oriented method to develop business models, consisting of four dimensions that support an understanding of customer segments, value proposition, value chain, and profit mechanisms (Gassmann, Frankenberger and Csik, 2017). Gassmann, Frankenberger and Csik (2017) describe the dimensions of a business model through a series of questions: *who* the customers are, *what* is the enterprise selling, *how* is the offering created, and *why* does the enterprise make profit. In the ‘who-what-how-why’ dimensions, the first two represent the external components and the latter two - the internal scope (Gassmann, Frankenberger and Csik, 2017).

El Sawy and Pereira (2013) introduce their digital model (called VISOR), composed of five categories: ‘Value proposition’, Interface’, ‘Service Platform’, Organising Model’ and ‘Revenue Model’. Thus, [...] “deliver the greatest value proposition [...] with the ability to minimise the real cost (tangible and intangible) [...] through the optimal mix of interface experience, service platforms, and the organising model” (El Sawy and Pereira,



2013:25). Berman, Korsten and Marshall (2016) and Remane et al. (2017) conclude that the VISOR model attempts to integrate elements such as the *user experience* and interface.

Teece (2010:172) describes a business model as “what customers want, how they want it, and how the enterprise can organise to best meet those needs, get paid for doing so, and make a profit”. Teece (2010) sees the business model as the conceptual architecture between the inputs to a business and the outcomes it delivers. According to Doz and Kosonen (2010) a business model is an interdependent operational structure of key stakeholders such as partners, suppliers and customers, and its relationship to its internal departments such as employees. The 7 Keys of the getLaunched® Model are represented by: clients, goods/services, competition, market entry, cash, person(s), and resources (Meyer and Tavic, 2015). An alternative perspective offered by Alt and Zimmermann (2001), characterises mission, process’s structure, legal issues, revenues, and technology as generic dimensions of a business model. According to Hamel (2002) a business model encapsulates core strategy, customer interface, strategic resources, and value network as major dimensions, and customer benefits, configurator, and company boundaries as bridge components.

According to Zott, Amit and Massa (2011), a business model depicts the architecture of a firm and its business network – which can include suppliers, partners, and other players - for generating and delivering value to its clients. In their view, a business model is customer-oriented value generation that describes the key elements of a company’s promise to its stakeholders, as well as the sources needed to create and deliver on that promise (see also Seddon et al., 2004). In addition to the environment and change, Afuah and Tucci (2003) see a business model as one of the key decisive factors in a company’s success. They define it as “the method by which a firm builds and uses its resources to offer its customer better value than its competitors and to make money doing so” (Afuah and Tucci, 2003:3). Further, the authors argue that a business model embodies the value a company proposes to the audience, the segment of these targeted consumers, the scope of delivered products and services, how the company generates revenue, the price requested for the value offered, the resources needed, and the extent to which the firm is able to sustain its competitive advantage. Competitive advantage drives customers to prefer a company to the competitors through either (1) cost advantages, (2) distinction

through product or service quality, or (3) occupation of a niche (Lamb, Hair and McDaniel, 2018).

While these definitions are disparate, it is possible to identify some areas of consensus when it comes to the core characteristics of a business model. They generally include the following elements: (1) the core value proposition of a company, (2) the target segmentation, (3) the structure of value delivery, (4) the value capture, and (5) the internal company tool that is used to link these elements together (Saebi, Lien and Foss, 2017). Having established the dimensions of a business model, the next section highlights where innovation can occur, especially in the context of digital transformation.

### ***2.6.6 Marketing Metrics***

Key performance indicators (KPIs) are used as metrics to track the performance of marketing activities that are most relevant to achieving the company's goals (Köster, 2012\_ as well as to improve the efficiency and effectiveness of business processes (Chaffey and Ellis-Chadwick, 2016). With the popularisation of digital marketing, the amount of data generated and gathered has increased immensely, thus giving rise to new KPIs that companies can track and monitor. Specific performance metrics relevant to digital marketing include growing sales through wider service/product range (Fronzetti Colladon, 2018; Pradhan, Nigam and Tiwari, 2018), adding value by e.g., customer self-service or blogs (Chaffey and Ellis-Chadwick, 2016), user web analytics (Ritz, Wolf and McQuitty, 2019), and offering interactive digital media and content (Kotler, Kartajaya and Setiawan, 2017; Quinton and Simkin, 2017; Tadesse and Pettersson, 2019).

Specific to digital marketing objectives, Chaffey and Ellis-Chadwick (2016) propose the measurement of traffic volume (through Google Analytics), conversion measures such as average time spent on page, pages per visit, conversion rates for lead acquisition and sales, value measures (goal value per visit, revenue per visit, page value) as well as cost measures (e.g. paid/owned/earned media costs) from Internet marketing. If SMEs want to measure and quantify their future performance, they might also use customer satisfaction ratings such as the Net Promoter Score (NPS) (Chaffey and Ellis-Chadwick, 2016), which can measure image and brand equity.

Traffic volume to the company website as well as the traffic generated by different web pages are some of the KPIs that modern businesses track to measure their digital

performance. Singh, Kushwaha and Kumari (2019) suggest that all digital marketing efforts should be focused on improving traffic volume, and that overall website traffic can be further broken down into several KPIs such as website visits per marketing channel, average session duration and number of page views. Understanding the source of the traffic and the acquisition approach for those visits helps marketers understand the effectiveness and performance of all digital marketing campaigns. Further, website sessions are measured every 30 minutes by Google and their duration indicates how long users spend on the website. These KPIs help marketers and designers understand visitor experience and website performance, which in turn can improve the quality of marketing activities. On the other hand, the *bounce rate* KPI measures the proportion of visitors that leave the website after viewing only one page. Each website visitor is indirectly bought through the company's investment into one or more digital marketing strategies and can therefore be attributed a cost. Depending on the actions the visitor takes, they can be counted simply as a click or as a lead. From there marketers get two of the most crucial KPIs – Cost Per Click and Cost Per Lead (Singh, Kushwaha and Kumari, 2019). Each website aims to convert visitors into customers, subscribers, or warm leads. The attributed conversion rate is one of the most important KPIs for digital strategies along with the associated Cost per Acquisition (Singh, Kushwaha and Kumari, 2019). By tracking various KPIs and optimizing all related campaigns and internal operations, marketers can unlock different benefits for their businesses. The measurement, planning, and optimization of the discussed KPIs is usually done through analytics tools, including software technologies that support marketers in collecting, analysing, and reporting the relevant metrics in order to build a sound digital strategy for the business (Cvitanovic, 2020).

Chaffey and Ellis-Chadwick (2016) distinguish between tangible and intangible benefits that can be converted into digital marketing objectives (see Table 2.2).

**Table 2.2 Tangible and Intangible Benefits of Internet Marketing (Chaffey and Ellis-Chadwick, 2016:199)**

Tangible Benefits	Intangible Benefits
<p>Increased sales from new sales leads giving:</p> <ul style="list-style-type: none"> <li>- New customers, new markets</li> <li>- Existing customers (repeat selling)</li> <li>- Existing customers (cross-selling)</li> </ul> <p>Cost reductions from:</p> <ul style="list-style-type: none"> <li>- Reduced time in customer service</li> <li>- Customer self-service online</li> <li>- Online sales</li> <li>- Reduced printing and distribution costs of marketing communications</li> </ul>	<p>Corporate image communication rises due to increased revenue from:</p> <ul style="list-style-type: none"> <li>- Enhanced brand</li> <li>- More rapid, more responsive marketing communications including PR</li> <li>- Improved customer service</li> <li>- Learning for the future</li> <li>- Meeting customer expectations to have a website</li> <li>- Identifying new partners, supporting existing partners better</li> <li>- Better management of marketing information and customer information</li> <li>- Feedback from customers on products</li> </ul>

The digital transformation within the company, hopefully firstly, frees up employee time that can be directed towards customer-facing activities. Secondly, through the increased availability of digital data, all marketing efforts can become far more personalised, which increases the perceived value of the service/product.

Several conclusions emerge from the above sections. Digital transformation is multidimensional and consists of technical, psychological-cultural, and operational components and is driven amongst other things by technological availability, efficiency, changing customer requirements and cost savings. By exploiting digital technologies, enterprises can gain in the areas of better customer experience and engagement, and finally new business models. To support close interaction with customers, digital marketing instruments are valuable sources. Challenges are often apparent in business leaders' lack of an appropriate mindset, propensity to adapt to new ways of thinking or an innovative work culture, and a lack of will to adapt or change.

## **2.7 Models of Innovation**

In this section, the role of business model innovation in the context of digital transformation and how the value created and delivered to the customer becomes a decisive factor for enterprise performance is analysed.

The broader literature on innovation depicts it as a form of disruption to the status quo (see, for example, Hutt, 2016). “[...] Disruption is a process and not an event” conclude Christensen and Raynor (2013:173), while for Matzler et al. (2016), disruption is a form of ‘creative destruction’: the old is destroyed, and the new -better or different – emerges. Disruptive innovation is a “type of innovation in which a specific process takes place” and where established organisations are disrupted by market participants (Cozzolino, Verona and Rothaermel, 2018:1169). For Markides (2006:19), they “create different kinds of markets, pose radically different challenges for established firms, and have radically different implications for managers”. In a further refinement, Christensen and Overdorf (2000) distinguish between *sustaining* and *disruptive* innovations; the former refers to improvements in existing products and the latter describes introducing new products in the mainstream market.

Innovation as a concept has also been repeatedly studied by authors through a systems lens. Granstrand (2020), for example, proposes an innovation ecosystems definition that considers innovation as an evolving collection of actors, activities, and artifacts as well as the institutions and relations that exist between the components to facilitate innovative performance. The key contribution of Granstrand’s (2020) work is the representation of innovation as a collaborative process with multiple intertwining actors and artifacts that increase performance when operationalised effectively.

Literature published in the last decade or so tends to distinguish between business model innovation and business model adaption (Saebi, Lien and Foss, 2017). Business model innovation, also called strategic innovation, is a process whereby “management actively innovates the business model to disrupt market conditions” (Saebi, Lien and Foss, 2017:569). In other words, it constitutes a form of innovation that disrupts established players in an industry through the development and implementation of new business models (Markides, 2006). Bouwman, Nikou and de Reuver’s (2019) findings confirm the widely accepted stance that a firm’s performance can benefit significantly from an increase in its innovation investments and their effective management. The authors extend their position by demonstrating a strong empirical relationship between a firm’s performance and its level of innovation. Further, Bouwman, Nikou and de Reuver (2019) argue that business model innovation is a key vehicle of innovation for firms that need to manage.

Markides (2006) argues that for a new business model to truly be an innovation, the model must ultimately increase the firm's turnover or market share. This can be achieved either by acquiring new users or by increasing the consumption of existing customers. Business model innovators - such as Amazon - redefine what the service is all about and the way in which the existing offering is delivered with a value proposition to the customer (Markides, 2006).

Now that business model innovation has been defined, it is important to understand how new business models are developed for SMEs. Two main approaches for firms to create or reinvent new business models dominate the extant literature:

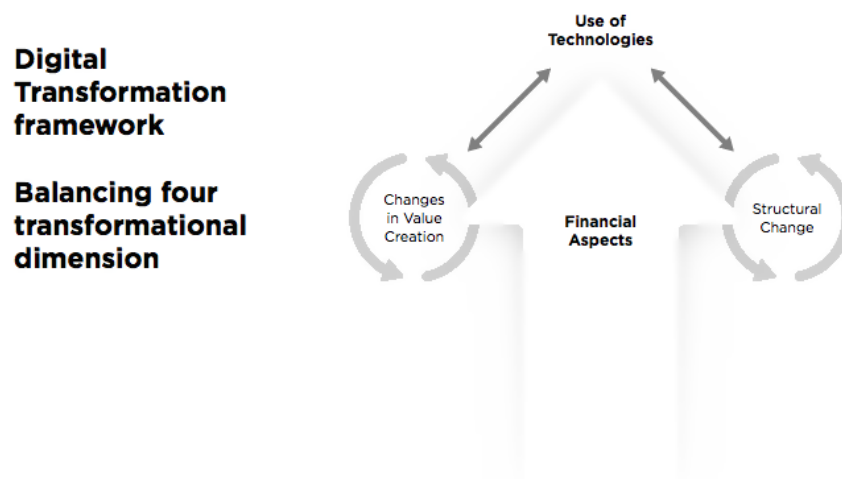
1. Redesigning the end-to-end value chain architecture; reinventing the concept of customer value; and acquiring new customer segments(s) (Govindarajan and Gupta, 2001).
2. Efficiently purchasing; offering complementary products or services; using lock-in system; and providing a unique selling proposition by creating an added value (Amit and Zott, 2001).

The central objective of both approaches is the creation of customer value, defined as the relationship between “benefits and the sacrifice necessary to obtain those benefits” (Lamb, Hair and McDaniel, 2018:7). Cozzolino, Verona and Rothaermel (2018:1170) use the term ‘disruptive business models’ to describe “business models that disrupt an established model or redefine what value creation and capture mean”. Development of a new business model demands the creation of a suitable organisational environment, including appropriate approaches to management and deployment of human capital (Voelpel, Leibold and Tekie, 2004; Krell, 2017). Human capital is a crucial factor in the digital economy (Engels cited in Eckert, 2019). Voelpel, Leibold and Tekie (2004) argue that developing a new business model also involves renewing socio-cultural system dynamics, reinventing customer value proposition(s), and reconfiguring the business network and value chain. Operationalising the dimensions of new model development and assessing the propositioned redesigned business models in terms of fast environmental changes in uncertain and unpredictable times are challenging (Voelpel, Leibold and Tekie, 2004; Chesbrough, 2006). Although the above-mentioned authors refer mainly to large enterprises, Peter (2017) established in his study that SMEs, specifically in the ICT sector, are generally more innovative than large enterprises.

Although definitions are distinct, business models focus on the added value generated. Explored in the next section is the idea that business models in the context of digitalisation should be considered on a strategic level.

## 2.8 Digital Transformation Strategies

According to Matt, Hess and Benlian (2015), digital transformation strategies, independent of the industry and the sectors or organisations, include the elements of exploitation of new technologies, changes in value creation, structural changes, and financial dimensions. The first dimension pertains to the strategic function of IT within a business and its future technological demands such as Next-Generation-Infrastructure. Such demands include Cloud computing, software-defined environments, and technologies to support the development culture (Büst, Hille and Schestakow, 2015). In economic terms, the (1) usage of new technologies often leads to changes in (2) value creation. In order to create a stable basis for the new organisational system, (3) structural changes are often necessary. A prerequisite for the three dimensions mentioned above, is the consideration of the (4) financial aspects and their transformation. A close alignment of the four dimensions is essential to ensure the successful launch of a digital transformation strategy (Matt, Hess and Benlian, 2015) as depicted in Figure 2.8.



**Figure 2.8 Digital Transformation Framework (Matt, Hess and Benlian, 2015:341)**

It is the IT function that plays a key role in steering and implementing all activities in the digital transformation process (Büst, Hille and Schestakow, 2015). While many SMEs do

not have a separate and specific IT department, the digital transformation strategy should be integrated and aligned with all other business strategies, in this case specifically - the marketing strategy.

Davenport and Redman (2020) hold a stance that digital transformation is largely dependent on the interplay of four categories of talent within an organisation. The authors suggest that first the technological requirements need to be fulfilled by the appropriate team of experts and technology leaders. Secondly, the effective utilisation of data plays a crucial role in the digital transformation process. Therefore, talent with significant breadth and depth of data-related capabilities is necessary. The third pillar is the successful management of the end-to-end process. Here the authors suggest that visionaries with a view over the complete process and the big digital picture are required to connect all moving parts. Lastly, Davenport and Redman (2020) emphasise on the importance of effective organisational change capabilities, including change leadership and change management. According to the authors, all four pillars need to come together into a well-oiled system - technology as the engine of digital transformation, data as fuel, process as the guidance system, and change management as the landing gear.

The digital transformation has a varying impact on organisations based on their size and digital maturity. According to some authors, SMEs are in a better position to successfully make the shift to digital due to their higher flexibility and ability to change internal processes quickly (Matt, Modrak and Zsifkovits, 2020). According to the authors, smaller enterprises can easily implement new digital technologies and develop digital products from scratch, while large organisations need to deal with complex legacy systems and much tougher regulatory frameworks. However, these authors fail to recognise that some SMEs may not understand digital technologies and their application.

As previously suggested, the spread of COVID-19 and associated shifts in business and society has played an important role in the global adoption of digital transformation. Fletcher and Griffiths (2020) argue that the lockdown has transformed digitalisation from a good-to-have option to an absolute necessity for the well-being of every business, regardless of size and industry. According to the authors, digital maturity has become a key determinant for the success of an enterprise during the pandemic. Further, Fletcher and Griffiths (2020) observe that organisations with low digital maturity levels are very fragile, while digitally mature enterprises are far more flexible and capable of coping with



the challenges associated with the lockdown. These factors amplify the importance of the conducted study and the consequences of an exogenous change highlight the need for all businesses to adopt anti-fragile strategies (Bendell, 2016).

## **2.9 Literature Synthesis and Critique**

The previous sections outlined the characteristics of strategic marketing in the context of digitalisation in relation to innovation, value creation and competitive advantage as reported in the existing literature. While insightful, one flaw in the extant literature is that it is predominantly focused on large enterprises. Authors often refer to well-known and large companies (e.g., Apple, Google), while SMEs (see section 2.1) tend to remain outside the spotlight of peer-reviewed journals. Despite their rarity, there still are some existing studies, examining SMEs and the effects of digitisation, however, as presented in Table 3.1, they tend to be either sector specific, e.g. air travel, consumer good manufacturing, petrochemical, financial services (Quinn et al., 2016), industrial manufacturing (Knight, 2000), banking (Liu et al., 2011) or wood production industry (Joensuu-Salo, 2018) and/or in countries other than Switzerland such as UK (Quinn et al., 2016), Taiwan (Liu et al., 2011), Finland (Järvinen et al., 2012; Joensuu-Salo, 2018), and US (Smith, 2011). One of the few existing studies in a similar field of research is Peter's (2017) transformation study which considers the drivers, barriers, and action fields in digital transformation, and is used as the basis of the practical model (section 6.2). Another study by Heierli et al. (2019) investigates the complexity and dynamics of marketing among 14 CMOs from diverse industries and enterprise sizes across Switzerland.

Another limitation of the literature is that it is mostly focused on large companies, while neglecting micro, small, and medium-sized enterprises, and their challenges in the intersectional aspects of marketing strategy, ICT, and digital transformation. Existing studies fail to acknowledge that SMEs pursue different goals with marketing and may go to market in an informal and reactive manner due to their limited resources, competencies, and capabilities. For instance, Tadesse and Pettersson (2019) argue that there is little need for SMEs to adopt a standard marketing structure. Studies such as these are perhaps of less applicability for the current study. In contrast, Pradhan, Nigam and Tiwari (2018) argue that marketing in SMEs needs a refreshment and a review of its existing methods and techniques, and that small and medium-sized enterprises need guidance in

implementing digital and marketing transformation that is fit to meet their needs. It is not contended in this critique that the traditional strategic approaches (e.g., Blue Ocean Strategy), frequently described as relevant for large enterprises be discarded when studying the SME sector, for they may still prove to be effective. However, it could be argued that they should be utilised in a combination with modern, agile methodologies to maximise the benefits to the business within the current dynamic market conditions. In the next sections, further critique of the key concepts, and their applicability to SMEs in the ICT sector are offered.

### **2.9.1 Value Creation**

There is a consensus in the marketing literature that an enterprise is successful when it creates *value* for its customers and other stakeholders. Sanchez-Gutierrez et al. (2019) explain how a firm not only improves its profitability and business model sustainability, but it also realises gains in its competitive position. Value creation results from continued exchange and sustained relationships with customers and other stakeholders (Vargo and Lusch, 2008; Grönroos, 2011; Sanchez-Gutierrez et al., 2019). Liisberg and Heitmann (2017) also claim that with the digitalisation of relationships, a higher customer value can be created. Developing a new product or service thanks to the improved customer relationship management is also considered a viable choice for adding value and realising economic benefits for the company. The same can be argued for the usage and sale of customer intelligence collected through the enterprises' improved customer relationship management practices. Any new product or service brought to market through the digitisation process should be underpinned by an understanding of the customers' needs, a full marketing analysis, and ultimately, a clear value proposition, which emerges from aligning the features and benefits of the product/service with the customer's need. Added value for customers can be facilitated and strengthened through digital transformation (Atiker, 2018).

Thus, in the extant literature, customer value creation is understood as a strategic management issue and a task with economic consequences for the enterprise. Given that there is a lack of dissent in the extant literature on these aspects, this assumption forms the basis of the researcher's understanding of one of the purposes of digitalisation in the current study.

The creators of the Blue Ocean strategy did not take competition as a benchmark, but followed a contrary logic, which is called value innovation (Kim and Mauborgne, 2005). Value innovation is the lynchpin of Blue Ocean's strategy. It is called value innovation because, instead of beating the competition, it focuses on increasing value for consumers and the enterprise itself, thus unzipping new and unchallenged market areas (Kim and Mauborgne, 2005). The aim is to increase the value for the customer while simultaneously decreasing the organisation's costs of communicating and delivering the value. Using the concept of the Blue Ocean strategy can improve customer acquisition, customer margin and customer retention (Yang and Yang, 2011).

As mentioned in section 2.2 on innovation, the example of Apple is repeatedly offered. In 2003, Apple launched the iTunes online music store with a legal, user-friendly, and flexible à la carte song download service (Kim and Mauborgne, 2005). By allowing consumers to buy individual songs, iTunes responded to a customer desire, namely the need to buy an entire CD even if they only wanted one or two songs on it. By making it easier for customers to achieve their goal by using the service, their perceived value moved from product-based value to the so called 'value in use' (Vargo and Lusch, 2004 cited in Yang and Yang, 2011). The improved sound quality, the intuitive navigation, as well as the search and browsing functions further increased the perceived 'value in use'. With the advance of digitalisation, Apple's iTunes opened a Blue Ocean strategy for digital music with the added benefit of increasing the appeal of its already existing purpose-specific product – the iPod player (Kim and Mauborgne, 2005). Apple created entirely new sources of value for its consumer and tapped into new demand within the music industry (Shukla and Gupta, 2011).

Another vivid example of effective Blue Ocean Strategy can be observed at Google. Although there are several instances when the innovation leader created a new uncontested market, perhaps the most relevant examples come with the launch of the 'Google Search Engine' and the renowned 'Ad Platform'. These services allowed Google to highly differentiate themselves in the classic Internet and search engine space (Shukla and Gupta, 2011). The previously unseen value was hidden in the simplicity of the search interface, and the innovative page ranking system used for finding information relevant to the specific user (Shukla and Gupta, 2011). Google's innovations essentially contributed to the 'value in use' perceived by their user base. These examples visualise

that today's exploited technological possibilities lead to added value by designing and capturing new demand or by creating unchallenged marketplace.

However, if the link to the competition is not established, in SMEs a comparable and measurable component to make added value tangible is missing and (online) services may generally more difficult to compare. Values of services/products might be perceived differently from customers and therefore difficult to grasp especially in the context of digitalisation. Given this limitation in the literature, in this study, it is deemed necessary to examine value creation from the perspective of SMEs to determine whether their experiences are similar to those of the larger organisations regularly referred to in the empirical literature (SQC).

For Voelpel, Leibold and Tekie (2004) the three elements of value proposition, value creation and leadership capabilities make up a business model. However, the authors fail to acknowledge the importance of competition, uniqueness, and resources. This is an oversight, because the latter three dimensions are crucial drivers of competitive advantage in the contemporary hectic and complex business landscape. Many authors state that creating value is part of defining a business model (Osterwalder and Pigneur, 2010; Zott, Amit and Massa, 2011; El Sawy and Pereira, 2013; Rüegg-Sturm, 2013; Iansiti and Lakhani, 2014), especially as an element to differentiate oneself from competition (Wirz et al., 2016; Lamb, Hair and McDaniel, 2018). This contrasts to the view held by Kim and Mauborgne (2005) and Shukla and Gupta (2011) where value for both the consumers and the company is created by applying the Blue Ocean Strategy that pursues to make the competition irrelevant. Yang and Yang (2011) argue that *value* is defined as a) a core element of a product/service, b) a psychosocial characteristic of customers when they understand the main characteristics of the product/service, or c) an economic characteristic of happy and/or devoted customers in relation to their economic potential for the supplier.

The researcher argues that the digital transformation has an impact on each of a segment of a business model – analysing customer needs (i.e. by including them in the value creation process), full marketing analysis (i.e. digital business models give us numerous ways of analysing every aspect of marketing), and determining the value proposition (i.e. there are more and more cases where technology itself becomes an incremental part of the value proposition).

Matt, Hess and Benlian (2015) explain the utilisation of new technologies and shifts in value creation as dimension of digital transformation. Yet, it is essential to realise that value creation is the *result* of digital transformation and not a dimension of it. Digitalisation can lead to added value within an organisation and for shareholders. When Büst, Hille and Schestakow (2015) explain that the use of new technologies can often lead to changes in value creation, we need to be clear that the use of technology *per se* does not provide an answer as to whether the product/service has gained added value and therefore increased the worth of the product or service.

It is argued that the adoption of digital transformation introduces changes to the value creation process, and often results in a measurable increase in the perceived value created. The researcher holds the view that technology alone introduces a change in the way value is created, communicated, and perceived, but it does not in itself present an increase in actual value. Only when combined with different business operations and product/service offerings, does it constitute a noticeable increase in actual and perceived value. For example, digitising all internal documentation within a company has no direct impact on the client-facing value of the firm's services or products. However, due to the measurable time savings and process streamlining internally, enterprise employees can spend more time dealing with customer-centric work, which is one of the main value drivers from the customer's perspective. Therefore, it can be concluded that an internal digital transformation confers to an indirect increase in value for customers and their clients.

Digital transformation makes it possible to design services/products completely in line with customer wishes – and changing preferences (Reader and Trussell, 2014). With the concept of focusing more on the customer rather than the service and creating a shared experience together with them, marketing organisations have moved from an approach dominated by goods to an approach dominated by services (Mathis et al., 2016), referred to as 'service logic' (Grönroos, 1994). This approach is closely linked to the value-in-use concept, where people interact to create value together (Vargo and Lusch, 2008). Grönroos (2011) defines value-in-use as the value created when the purchaser is actively involved in a value-adding business process. Meaning that "value is created *by* the user *for* the user" (Grönroos, 2011:288). Vargo and Lusch (2008:3) refer to this as "the customer is always a co-creator of value".

With the increased use of ICT, consumers become part of the value creation process, which changes the way enterprises innovate and create value. During an adoption of digital transformation within an organisation, benefits the enterprises and its customers, by giving the opportunity to the customer to contribute and take part in the development of services/products (digitally in a seamless manner). The researcher argues that co-creation improves a perceived image and brand due to implicit feeling that a company values its customer by listening to them. In this study, the intention will be to explore to what extent co-creation is established, any services/products that have been redesigned/refined in order to fulfil customer's wishes and the benefits yielded from image and brand equity.

When service-based enterprises try to mimic product-based companies in terms of value delivery to their customers they too focus on the integration of new technologies (Gustafsson, Kristensson, and Witell, 2012). Digitalisation also facilitates the development of new business models that have the ability responding flexibly and dynamically to the changing consumer landscape (Schwab, 2017; Kumar, 2018; Matzler et al., 2018). Enterprises that successfully adopt and exploit digital transformation can expect to realise advantages such in the areas of (a) better customer experience and engagement, (b) more efficient operations, and (c) new business models (Fitzgerald et al., 2013; Sanchez-Gutierrez et al., 2019).

It is concluded that the added value communicated to the customer is usually defined at product/service level. Value creation occurs where the feature of the service/product exceeds the needs of the customer. Conversely, according to Walker and Mullins (2014) customers often do not know what is technically possible and enterprises should rather focus on product/service innovation and create new markets. In the years since it was originally formulated, the definition of service innovation has continuously been developing. Gustafsson, Snyder and Witell (2020) proposed a definition built on three main pillars. First, service innovation must be focused on the outcome and not the development process, secondly, it must constitute a truly new service and not a development of an old one, and thirdly, it must create both economic and noneconomic value for the stakeholders. For example, the iPod where the use of technology led to the creation of solutions to needs that have not been realised by consumers yet.

However, in Switzerland's highly developed ICT market (Eurostat, 2016), there are mostly similar offers with specific benefits that are hardly recognisable. Enterprises are required to offer their customers added value outside the product/service level. The study will examine to what extent digitalisation creates benefit/added value for the customers. The researcher will extend existing views and definitions of added value in the context of digitisation in Swiss SMEs. The aim is to use innovative business models to introduce components and dimensions that make up the uniqueness and ultimately the unique selling proposition (USP) of a company. For competitors it is more difficult to imitate at the business model level than at the level of products or processes (Amit and Zott, 2012). Ultimately, involving customers, who bring insights (Fleisch, Weinberger and Wortmann, 2014; Sanchez-Gutierrez et al., 2019), connectivity and brand loyalty (Clemons et al., 2017) in co-shaping the company's processes, is a valuable source of innovation according to Lundkvist and Yakhlef (2004). Similarly, Fournier (2019) believes that working with customers offers the opportunity to uncover new market potential, to take branding and market exposure towards a different path or into new areas.

The researcher concludes that technology is incremental to the co-creation process, which constitutes a very cost-effective way of innovating while also improving the brand image and customer loyalty. For one thing, the study will analyse to what extent other disciplines/departments other than marketing are providing seamless experience for customers, and to what extent co-creation and relationship management are practiced. For another the study will further examine the benefit of image and brand equity through business model innovation.

The researcher believes that the value proposition of an enterprise should be more quantified for the customer. Customers justify their investment in a product/service by offsetting it against the savings/gains or improvement (i.e. reducing the time to market). The study investigates how added value for the customers is being measured. However, companies should not exaggerate when promising benefits. In the worst case, expectations may not be fulfilled, and credibility suffers. It makes sense to follow the mantra 'under-promise, overdeliver' to maintain long-term relationships, especially in B2B.

The researcher further believes that creating value on the level of the business model, corresponds to an inside view. The digitalisation of business models in the ICT sector

leads primarily to additional value created internally, which then often translates into value creation for the client as well. This study examines the added value for both the company and its customers. The researcher further investigates in the influence of digitalisation on business models used by SMEs. In the case where the business model is redesigned, the study examines its impact on the perceived value proposition of the customer's clients.

### **2.9.2 Marketing Strategy**

Enterprises now “market in a digital world” in which marketing involves interactions between businesses, brands, and consumers (Stone and Woodcock, 2014:4). To achieve this, enterprises need to establish or redesign or adapt processes and systems capabilities based on new technologies and applications from the digital economy. Fleisch, Weinberger and Wortmann (2014) emphasise the importance of integration of customers into the value chain. Real-time interactions with customers should be a strategic priority in the marketing strategy (Sanchez-Gutierrez et al., 2019) in addition to the traditional 4Ps of the marketing-mix (Lembke and Honal, 2015; Baltes, 2016).

Slater and Olsen (2001:1056) define marketing strategy as being “concerned with decisions relating to market segmentation and targeting, and the development of a positioning strategy based on product, price, promotion and distribution decisions”. An open-ended definition is given by Day, Weitz and Wensley (1990) who argue that marketing efforts and choices enables sustained competitive advantages. Jain (1999:24) gives a narrower definition of marketing strategy as: “An endeavour [...] to differentiate itself positively from its competitors, [...] to better satisfy customers in a given environmental setting”. Thereafter, Jain (1999) states that a marketing strategy is taken to describe the interaction of three forces, labelled three Cs: customer, company, and competition within the environmental factors, and is designed at business unit level. However, Ohmae (1982), Vignali and Davies (1994) share concerns about the lack of strategic orientation in the marketing mix, because as a planning tool, it disregards external environmental factors that strategically impacts the business. Ohmae (1982) proposes customers, competitors, and corporation as three Cs that shape a marketing strategy.

McCarthy (cited in Constantinides, 2006) argues that the marketing mix is comprised of operational, rather than strategic forces. If the 4Ps are properly aligned, they should drive



profitable business operations. So, for example, if the promotions element (which includes advertising and public relations) is designed to convince a segment of the advantages and value of a product (Lamb, Hair and McDaniel, 2018), it should be focused upon the operational, rather than strategic questions, such as why and how close the relationship to the customers is. It cannot be either allocated to the 4Cs, proposed by Lauerborn (1990) as a replacement for the 4Ps, or extended beyond the 4Ps, as proposed by Kotler et al. (2020). Doyle's (cited in Constantinides, 2006) alternative, which calls for replacing two of the four Ps (promotion and place) with communication and distribution as a means of properly addressing relationship marketing, is that it does not take customers wishes into account.

The argument made here is that the personalised, interactive marketing approach is inherently a strategic decision and should therefore be formulated in the marketing strategy and/or the digital marketing strategy. Marketing mix – regardless of how many Ps or Cs it consists of – is a mere planning tool; relationship or interactive marketing is a strategic means of implementing the value proposition offered to the customer. The goal of a concisely formulated marketing strategy is to express the objectives to be achieved through (digital) relationship marketing activities. In line with Armitage's (2015) and Sanchez-Gutierrez et al.'s (2019) approach, therefore, it is argued that a digital communication or marketing strategy based on customer's needs and preferences should be articulated which sets out the core target customers, the value proposition and the perceived benefits for customers.

A similar viewpoint is proposed by Nylén and Holmström (2015). Their view is limited, because a value proposition *per se* cannot be defined to the customer but is rather perceived by or transmitted to the customer. Varadarajan's (2018) argument that a marketing strategy answers the questions of how an organisation can be competitive in the fast-paced evolving and digital data-rich business environment, is also problematic because it only takes into account the perspective of the market (competition), ignoring that of the target customer (expected value proposition) and the product/service (unique selling proposition). The aim of transformative marketing is to place the customer at the centre of the organisation, to reach the target group with a convincing offer that far surpasses the competition, and to strengthen the interaction between companies and their stakeholders (Kumar, 2018). Kumar (2018) shows the connection between customer (centricity), competitors and company. But it neither explains nor highlights the

connecting components such as value proposition (customer - product) nor unique selling proposition (product – competition). Jain's conclusion seems to conflict with the view of Slater and Olsen (2001) and Day, Weitz and Wensley (1990), because the former definition considers only customer and competition and the latter only competition. An argument against Jain's (1999) definition is that a marketing strategy is defined at the corporate than on the business unit level. It is agreed, that for each business unit (product/service) different approaches may apply on the operational level, but the marketing strategy *per se* relates to the company.

A highly competitive positioning strength is achieved when targeted consumers and other stakeholders understand and see the product's or service's unique value proposition and can differentiate that from those offered by the competition (Burke, 2011; Blankson et al., 2013). A limitation of this statement is that it does not distinguish between the market and marketing view. Positioning occurs when a company has compared itself with its competitors and is aware of its relative strengths and weaknesses, and the USP. The value proposition is the connection between customer (and their wants and needs) and the benefits of the service/products (i.e. fulfilment of customer's needs). This requires that value creation is placed at the centre of strategic marketing as proposed by Thudium (2005). Equally, Matzler et al. (2018) elucidate that digital transformation involves monetising customer benefits in a new, innovative business model.

In the researcher's view, building a marketing campaign should consider the time period and should consider digitalisation as a key enabler of the strategy itself. An example from the German watch brand Slow shows how smart targeting was used in the social network to achieve double the conversion rate of other channels (Digital Training Academy, 2016). According to Agniezska, (2019) Slow follows the 'Slow life' trend of consuming less and living more slowly. The brand used the emerging social trend of Slow living to create a targeted marketing campaign on Twitter that focuses on demographic groups expected to be attracted by the trend, to raise awareness and attract potential customers (Digital Training Academy, 2016). Reaching the target audience with a convincing offering is achieved by placing the customer at the centre of the value creation process (Kumar, 2018). When an enterprise integrates customers into the value chain (Fleisch, Weinberger and Wortmann, 2014), the resulting interaction becomes a core strategic component of the marketing strategy (Lembke and Honal, 2015; Baltes, 2016). A personalised, interactive marketing approach is inherently a strategic decision and should

therefore be formulated in the marketing strategy (Doyle cited in Constantinides, 2006). However, more research is needed on how the dimensions of customers' benefits, and their integration in the organisation leads to more individualised targeted marketing, that in turn makes an enterprise differentiate itself from the competition and leads to commercial benefit. This study further investigates, in the context of SMEs, the reasons for a revised marketing strategy in a digital world (SQ A).

### ***2.9.3 Marketing in the Context of Digitalisation***

Digitalisation enables enterprises to develop innovative technologies and processes so they can respond more flexibly and dynamically to changing customers' needs and preferences (Lanzolla and Anderson, 2008; Berman, 2012; Reader and Trussell, 2014; Li et al., 2016; Matzler et al., 2018). For Heierli et al. (2019), digitalisation is an enabler and catalyst to tackle today's complexity and challenges. Through digitalisation, enterprises can improve their business processes by working closely with their customer and provide transparency and efficiency which will benefit from image and brand development of the company. Further, to linking brands to customer beliefs, values, and emotions Kotler, Kartajaya and Setiawan (2017) point out that brand authenticity is the most valuable asset for an organisation in the digital economy. Thus, in the context of digitisation, the individual (potential) customer is the focus of marketing (Gerdes, 2018).

With new media technologies, digital communication is necessary for businesses to establish lasting, well aligned connections with their customers (Gerdes, 2018). With the help of user feedback, enterprises can better refine their product and service offerings because they have a better understanding of customer wishes. The researcher argues that digital communication has become a necessity rather than an option. Even traditional offline businesses are investing in digital communication. The lack of such communication can be considered a competitive disadvantage rather than the presence of such – a competitive advantage. This being said, the researcher examines to what extent digitalisation influences the strategic marketing of the enterprises. In the optimal development and evolution of marketing strategies in the context of digitalisation, Ritz, Wolf and McQuitty (2019) propose the use of key performance metrics such as user web analytics. Modern analytical tools are software technologies that support CMOs and marketing managers in collecting, analysing, and documenting the relevant metrics to build a sound digital strategy for the business (Cvitanovic, 2020).

Consumer-to-business communications are also becoming more important. The information flow is now horizontal between consumers and business (Sawhney, Verona and Prandelli, 2005; Kotler, Kartajaya and Setiawan, 2017; Quinton and Simkin, 2017; Misuraca, Scepi and Spano, 2019; Sanchez-Gutierrez et al. 2019). Two-way communication through, for example, review-based communities are expressions of a desire on the part of customers to share information and experience (Ahani et al., 2019). Companies need a new framework when customers ask for a personalised (shopping) experience (Lytics, 2019). In this frame, customers are a source of innovation (Lundkvist and Yakhlef, 2004), and the growth of consumer-generated data on platforms (Sawhney, Verona and Prandelli, 2005), enable firms to use consumer insights and creativity to develop new products and concepts (Quinton and Simkin, 2017; Mourtzis et al., 2018; Sanchez-Gutierrez et al., 2019). Customer proximity can be achieved by utilising employees' skills, empowering employees, and simplifying decision-making routes (Heierli et al., 2019). Following this, enterprises empower clients to be prosumers (Lundkvist and Yakhlef, 2004; Kee and Yazdanifard, 2015; Misuraca, Scepi and Spano, 2019), through collaboration, co-creation, and co-shaping. According to Kee and Yazdanifard (2015), this results in customers placing more trust in companies that listen to their ideas. Consequently, customers become more participative in marketing and advances the marketing strategy of companies (Kotler, Kartajaya and Setiawan, 2017).

Since the new media technologies allow consumer-to-business communication, where customers share information and experience (Ahani et al., 2019) the researcher believes that customers are a source of creativity and innovation, and therefore, an asset for the enterprise. An enterprise can benefit from a) customers insights and experiences with the help of user feedback to improve existing offers (Ritz, Wolf and McQuitty, 2019), and b) consumer-generated data enabling to create personalised marketing and personalised experiences. Moreover, SMEs can get their audience involved (e.g. by conducting competitions) through social media marketing (Tadesse and Pettersson, 2019). Therefore, the concept of marketing needs to be extended by the component of *customer participation*. Finally, the researcher suggests as a preliminary step to create a customer-centric marketing strategy where enterprises should think from the customer perspective and focus on the customer journey.

#### ***2.9.4 Relationship Management and Customer Interaction in the Digital Era***

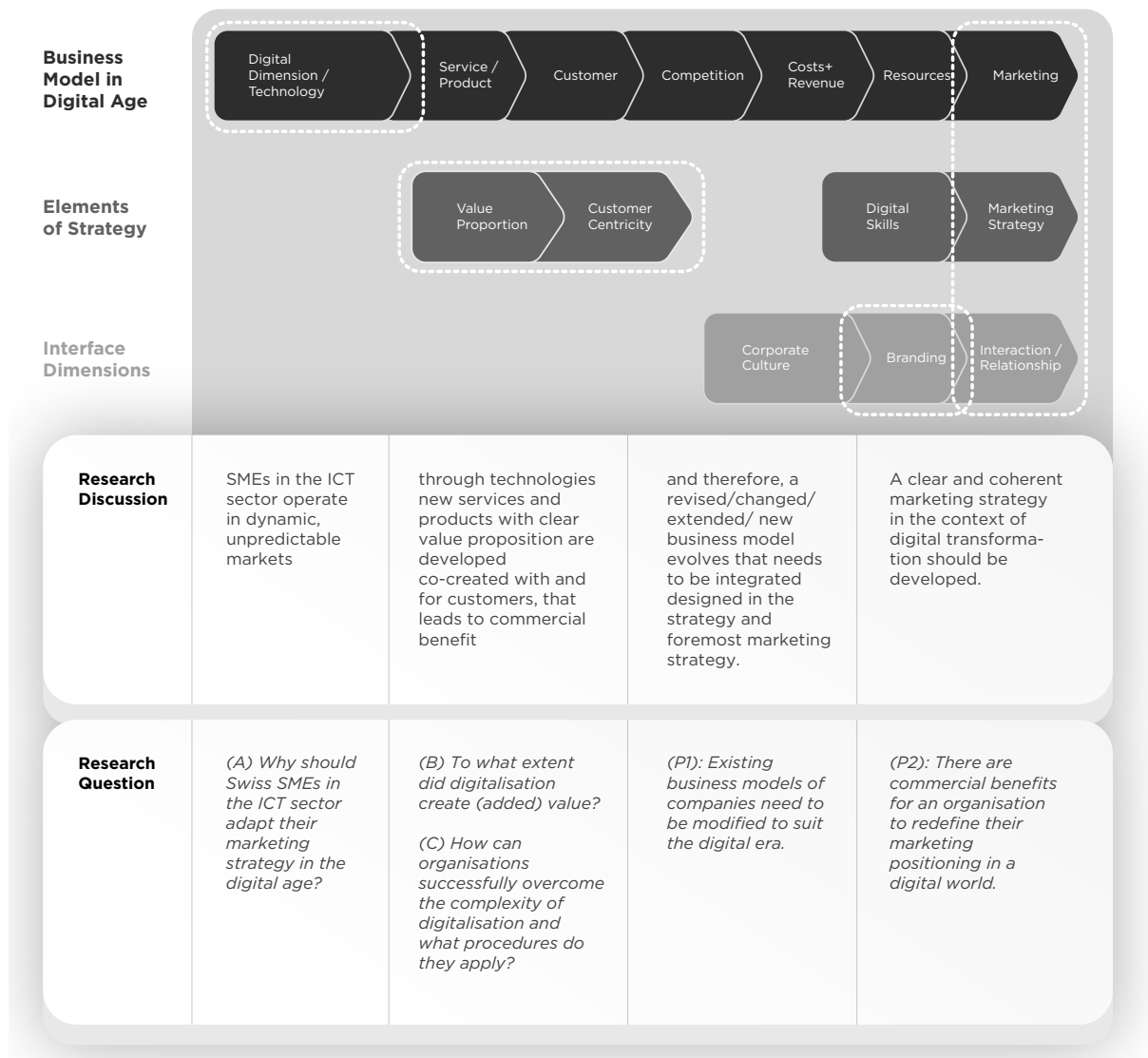
In order to win, develop, and maintain customers, relationship marketing needs to be in place (Lamb, Hair and McDaniel, 2018; Sanchez-Gutierrez et al., 2019) and according to Healy et al. (2001) relationship and networks are a core marketing paradigm. Social media and other technological tools, used for enhancing the culture of customer participation, are considered to be the building blocks of the fifth P in the marketing mix (Lamb, Hair and McDaniel, 2018). This is challenged by the researcher, who argues that participation is part of promotion (i.e. testimonial) and partially part of place (i.e. multi-channel) or communication and distribution as per Doyle (cited in Constantinides, 2006).

According to the researcher, maintaining customer relationship is the responsibility of the company's employees and not solely that of the marketing department. Customer relationship management should be considered as a strategic priority in marketing as well as in the overall business development strategy. As elaborated in the section above, allowing customers to co-create does not only lead to a competitive advantage and a more loyal community but also the possibility of discovering new business models or servicing new customer segments.

Involving customers in the marketing process can lead to competitive advantage (Jackson and Ahuja, 2016). Engagement conversations using new media technologies such as the Internet and social networking (Rakic and Rakic, 2014), allowing the customer to generate content, and strengthens the relationship (Jackson and Ahuja, 2016). The promotion of a collaborative marketing approach undertaken '*with*' rather than '*for*' consumers should be foregrounded (Quinton and Simkin, 2017). The example of Warby Parker (online, n.d.) visualises how customer loyalty and relationship, social media, brand reputation and customer co-creation are linked to each other. After the online eyewear retailer realised that their previously adopted tweeting approach was inadequate, they introduced a series of co-creation videos in which customers interacted with employees in an open Q&A style via video chat. The videos were well received and shared by satisfied customers. As a result, customers created marketing content where they felt part of a process and presented inputs to help the brand succeed (Long, 2019). According to Atiker (2018) and Greif, Kühnis and Warnik (2016) the key future success lies to find a *balance of customer focus, internal processes, and organisational culture*. Since small

businesses tend to be closer to their clients, they emphasise on personal interactions to make customers feel more welcome and engaged.

Depicted in Figure 2.9 is a condensed model consolidating the relevant literature in respect to the research objective, questions, and propositions from the literature review. Digital transformation is a change that affects both the economy and the society as a whole. Thus, digital transformation is to be regarded as a holistic and comprehensive change process. The current digital transformation movement is creating fundamentally new business models, products, and services. New technologies, and in particular - digital opportunities, are seen as the basis for updating existing business models and developing new ones. Digitisation enables enterprises to focus their business model on more customer-specific products and services, thereby adding value for customers and achieving a more differentiated position in the market (Kostic, 2018). By initiating, innovating, or developing new business models in the current fast changing business environment, companies can gain a new base for sustainable competitive advantage, increase revenue growth, and improve profit margins (Voelpel, Leibold and Tekie, 2004; Amit and Zott, 2012; Greif, Kühnis and Warnking, 2016; Kostic, 2018). This simplified representation of the areas of the discussed literature shows a connection to the research questions and proposition. The areas examined in this study are highlighted with dotted lines. The discussion of this section lays the foundation for the theoretical model depicted in Figure 2.10. Hence, the next chapter outlines the summarised research gaps, theoretical framework, and how the empirical analysis is pursued.



**Figure 2.9 Conceptual Approach: The Path to Marketing Strategy in the Context of Digital Transformation (Developed for Research)**

From the above, it is clear, that no single existing theoretical framework is sufficient for this study given its multi-dimensional focus. The link between digital transformation and marketing strategy is barely recognisable in SMEs and existing strategies are often not explicitly formulated. The research propositions 1 and 2 describe the need and the advantages of launching a marketing strategy model, fit for ICT-SMEs in the digital age. Presented in the next section is a discussion and integration of relevant models and theories in the field of business model innovation, value proposition, and strategic marketing in the context of digitalisation to establish a conceptual framework for empirical exploration.

## **2.10 Theoretical Framework of Marketing Strategy**

Having established the conceptual approach, examined in this section are the key elements necessary for the successful evolution of the marketing strategy in a digital context. The emphasis lies on answering the question of ‘How Swiss small- and medium-sized ICT companies can refine their marketing strategy in the digital era.’

While reviewing the literature, a limited number of studies addressed the intersection of the aspects of marketing strategy redesign in the ICT SMEs sector in the context of digitalisation. The current study focuses on ICT companies that operate in dynamic and unpredictable markets (Switzerland Global Enterprise, 2019), where existing business models and value propositions evolve quickly. For such enterprises the development of a clear and coherent marketing strategy is important.

### ***2.10.1 Digitalisation in the Swiss ICT Sector: The Need to Adapt to New Technology***

According to Davenport and Redman (2020:2), most enterprises “have enormous technical debt”. This so-called debt reflects the cost associated with additional necessary rework due to choosing an easier, often limited solution instead of a better approach that would take longer time but could be more effective. The authors propose that there is a need to strategically rethink the technology innovation within IT. Although SMEs place greater focus on social media platforms to implement or improve their inbound marketing strategy (ICC, 2018), Liisberg and Heitmann (2017) argue that any new technologies adopted should suit the client’s preference.

When it comes to the success of the implementation of digital projects, Swiss ICT SMEs report that more than one third of the projects are in completion, one fifth of the projects are in implementation, and about one seventh of the projects are in the planning phase whereas the remaining projects (a higher percentage than the projects in planning) show no activities (ICC, 2018). Most recorded completed digital transformation projects are in the area of process optimisation (ICC, 2018). Following this, small and medium-sized ICT Swiss enterprises show potential and the need to adapt new technologies in other fields such as marketing and sales, customer data management, platforms, and channels (ICC, 2018), as well as technologies like Blockchain, AI, and Machine Learning (Liisberg and Heitmann, 2017). The ICT industry employs 292,800 full-time equivalents, which is approximately 10% of the total service sector in Switzerland (Bundesamt für Statistik,



2019). Within this knowledge-intensive sector (Eurostat, 2016), enterprises are required to offer their audience added value outside the product or service level. The public endorsement by the Swiss Federal Council (Federal Office of Communications, 2020) for the so-called 'Digital Switzerland' strategy, has added additional pressure for Swiss ICT SMEs to adapt to the new normal and adopt a digital-first approach in their business practices. Switzerland has a special interest in supporting these enterprises along their digital transformation journey by creating the best possible framework conditions and making concrete proposals for action (Federal Office of Communications, 2020). Büst, Hill and Schestakow (2015) conclude that digital transformation is multidimensional and consists of technical, psychological-cultural, and operational components. According to Neumeier (2017) most executives do not know exactly what benefit digitalisation can offer their business. Although the landscape/ecosystem and technologies offer opportunities for the SMEs, the readiness to adapt and implement concepts only partially exist (Matt and Rauch, 2020). Therefore, new approaches (e.g., models and organisational forms) are needed to manage current challenges presented by the digitalisation according to (Möller, Stadler, Helbig et al., 2018).

The next section will discuss one of the main challenges that needs to be addressed – the industry-wide and country-wide pressure to innovate quickly and efficiently. Grampp et al. (2018) describe some of the effective approaches that can help organisations succeed through digitalisation. The authors argue that companies need to develop a clear digital strategy, promote digital skills across the organisation, and create a corporate culture that allows experimentation, collaboration, and failure. Further as suggested by Heierli et al. (2019), digitalisation is a part of the solution in its capacity of an enabler and a catalyst, creating differentiators and new services. Through new technologies and persistent innovation, companies can create new services and products with clearly defined value propositions.

### ***2.10.2 Innovation: The Need to Innovate***

The digital transformation requires enterprises to rethink and innovate their business models. However, SMEs have limited means (e.g., time, personnel, and financial resources) to experiment and implement new strategies (Bouwman, Nikou and de Reuver, 2019). According to these authors, enterprises that expand their innovation investments drive overall business performance. The authors extend their position by proving a link

between a firm's performance and its level of innovation. Booms, Davis and Guseman (cited in George and Marshall, 1983:23) express the view that "innovations are going to be the principal means for competing". This idea has been taken further by Bowonder et al. (2010) and Meyer (2018) who describe innovation as the key customer-driven differentiator for companies. According to Bowonder et al. (2010), strategic innovation is focused on customer excitement (e.g., co-creation and business model innovation), competitive leadership (e.g., engaging with partners and customers), and portfolio enrichment (e.g. new markets and innovative consumer opportunities). It has been proposed that changing the necessary skills, competencies and the company mindset are some of the main prerequisites for the creation and acceptance of digital innovation (Lündendonk, 2019).

### ***2.10.3 Competitiveness: The Need to Maintain Competitive Advantage in the Digital Context***

Not only do SMEs in the ICT sector operate in extremely dynamic markets, but they also experience pressures from the competition to focus on a unique proposition and generate added value for their customers. Atiker (2018) refers to digital transformation as the exploitation of new digital opportunities to add value for customers. Koch and Windsperger (2017) and Kotler and Armstrong (2020) hold the view that competitive advantage is achieved when the target customer group receives higher added value and is more satisfied compared to when they consume competitors' offerings. A similar stance is held by Burke (2011) and Blankson et al. (2013). Competitive strength is achieved when the targeted consumers and other relevant stakeholders understand and see the unique value proposition of the product or service and identify its difference to the competitive proposition. Similarly, Jackson and Ahuja (2016) argue that companies can gain competitive advantage by involving customers in the marketing process. It can be concluded that in contemporary dynamic markets, providing (new) value to the audience can *inter alia* be achieved by exploiting technologies and incorporating stakeholders (Granstrand and Holgersson, 2020).

Both competitiveness and the need for innovation have an influence on the business model, consequently - on the market positioning, and finally - on the marketing strategy (visualised in the middle of Figure 2.10).

#### ***2.10.4 Business Models in the Context of Digitalisation***

Through digitalisation, firms have the opportunity to proactively rethink their interactions with their stakeholders, to enhance their business processes, to benefit from image and brand development, and ultimately - to boost competitiveness (Autio, 2017; Joensuu-Salo et al., 2018). For organisations to be able to succeed in the presence of digital competition, both globally and locally, the literature suggests adopting systematic processes, involving a revision of the business strategy (Fernandes, Reis and Di Serio, 2017), followed by a realignment of the business model and its constituent elements such as activities, value proposition, resources, cost structure, customer relationship, customers, income, and channels (Osterwalder and Pigneur, 2010; Wirtz et al., 2016). Regardless, marketing, in one form or another, is required. In the first case, an enterprise can develop its social media platforms or modify its cross-channel strategies. In the latter case, a company can, for example, focus its efforts on offline services (Leeflang et al., 2014). However, according to the authors (Leeflang et al., 2014), digital marketing has disruptive power that has a profound impact on the transformation or adaptation of business models. To cope with the challenges associated with new digital tools and technologies, it is necessary to integrate these into existing business models.

#### ***2.10.5 Marketing Strategy in the Context of the Digital Age***

The new generation of technologies has an impact on marketing practices in the increasingly dynamic world. It has been suggested to re-examine and redesign marketing practices to maintain a competitive advantage (Musarra and Morgan, 2020). Pradhan, Nigam and Tiwari (2018) contend that SMEs' marketing understanding needs to be refreshed by reviewing its existing methods and techniques. According to the authors, small and medium-sized enterprises need guidance in successfully determining the digital and marketing transformation that meets their needs (Pradhan, Nigam and Tiwari, 2018). Marketing (strategy) within the context of SMEs is primarily used to generate sales/revenue by either repositioning and redesigning existing services/products or by launching new or improved services/products with a clearly defined value proposition (Kotler et al., 2020). Yet, the focus remains on the operational, rather than the strategic level. A clearly defined strategy rarely exists. Marketers are challenged to understand the new environment and its related trends, and to develop an appropriate strategy for navigating the "wilderness of disruptive market dynamics" (Pemberton, 2018, online). Marketing as a discipline has been studied predominantly in the context of large

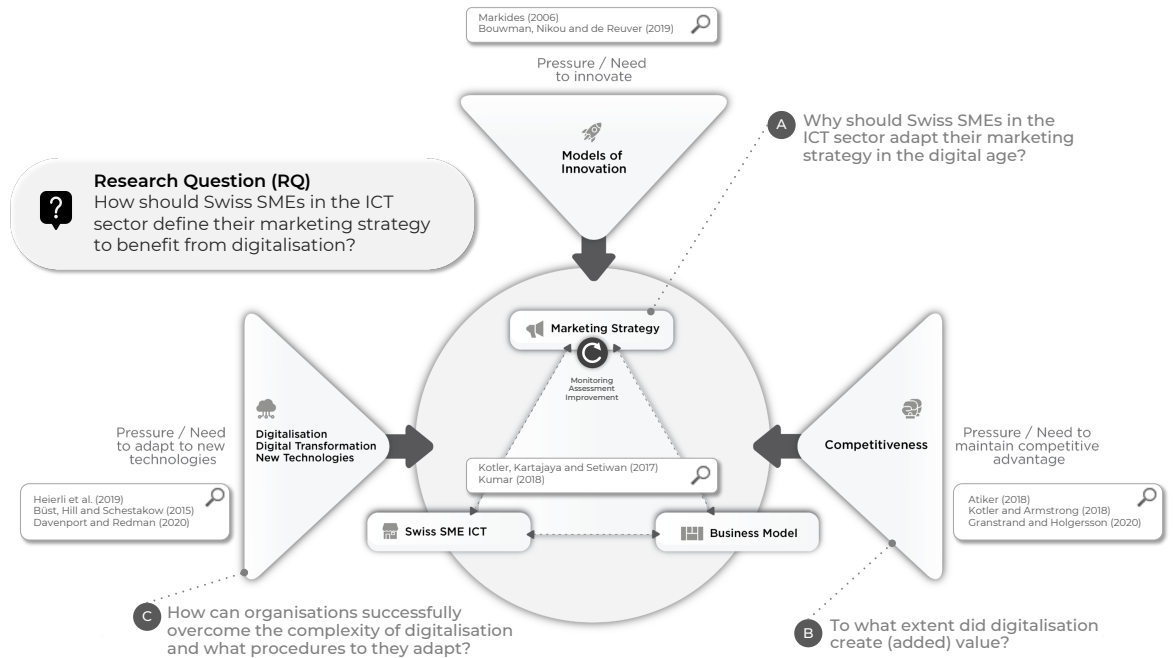
enterprises that have sufficient resources to drive change, and where digitalisation appears to be less of a challenge. The literature review shows that large enterprises tend to assess the market needs through surveys and customer research before a new service or product is developed. Contrary to large corporations, SMEs often begin with an idea, and then attempt to locate a market for it by talking to customers. Traditional marketing theories rarely apply to SMEs, who tend to use informal, loose, and spontaneous methods in their strategies.

Moreover, customer experience, communication, and interaction with customers as well as customer loyalty should be in the foreground. New technical possibilities could help enterprises to create a better customer experience, and therefore design a customer journey with ‘surprising-moments’. These activities can then be monitored, measured, and improved through the use of key performance indicators (Singh, Kushwaha and Kumari, 2019; Csinger and Korcsmaros, 2020). Digital marketers are challenged with building an effective digital strategy for the enterprise (Cvitanovic, 2020), in which the use of contemporary media is an integrated component of the marketing strategy (Moses, Peter and Peter, 2019). The overarching goal of a strategy in the digital era should be an agile and customer-oriented action, as well as the achievement of optimal value creation in such a way that enables the differentiated positioning of the firm in the market. The aim of marketing in the digital movement is to place the customer at the centre of the organisation and implement interactive processes. Customer centricity and customer experience are essential factors in why digital and data-driven business models of start-ups and GAFAs (Google, Amazon, Facebook, Apple) scale well (Zillmann, 2019).

Digital transformation enables quicker feedback loops which, in turn, helps enterprises align their value proposition with the exact customer needs and expectations. On the other hand, digital transformation also brings challenges for the internal value creation process, e.g. resistance towards learning new competencies/skills and change in general. From the perspective of marketing strategy, digital transformation is considered to be a driver when it comes to improving customer proximity. At the same time, the digital era gives more voice to all stakeholders and enterprises, making it harder to stand out and increase the customers’ expectations.

To be able to analyse the reasons behind the revised marketing strategies of SMEs in the digital environment, the researcher uses the following conceptual model - as depicted in

Figure 2.10 - to visualise the research area and questions. In the context of digitalisation, the marketing strategies of Swiss ICT SMEs and their business models remain in the foreground, as they operate in a dynamic, unpredictable, and highly competitive market.



**Figure 2.10 Theoretical Framework Derived from the Literature Review (Developed for Research)**

The conceptual framework will be tested empirically via case study research. The first stage allows questions about

1. the firm's marketing strategy in the context of digitalisation (SQ A: Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?),
2. the technology and processes used to overcome the complexity of digitalisation (SQ C: How can organisations successfully overcome the complexity of digitalisation and what procedures do they apply?).

The next stage pertains to the investigation of all elements in Figure 2.10. This stage is devoted special attention to the main research question (RQ) of 'How should Swiss SMEs in the ICT sector define their marketing strategy to benefit from digitalisation?'. Therefore, this stage was based on a case study approach that focuses on answering the

substantial question about the created customer value (SQ B): To what extent did digitalisation create added value?).

By answering the research question and drawing on the KMU-Transformation report (Peter, 2017) and case studies, this framework will be refined for practical insights that will help other SMEs in the ICT sector in Switzerland to navigate the process of digital transformation.

The research methodology used to conduct the empirical part of the study is developed and described in the next chapter.

## Chapter Three: Methodology

The specific paradigm of enquiry that informed the methodological framework is outlined in this chapter. The use of post-positivistic, constructivist, pragmatist and advocacy theory were considered. The analysis of different paradigms led to the conclusion that the constructivist approach that incorporates elements of interpretivism emerges as the most appropriate base for this study.

### 3.1 Philosophical Paradigm

Research philosophy can be characterised as “a system of beliefs and assumptions about the development of knowledge” (Saunders, Lewis and Thornhill, 2016:124). The core of research philosophies are paradigms, which are defined as “a way to summarise researcher’s beliefs about their effort to create knowledge” (Morgan, 2007:50). In other words, a research paradigm is a kind of worldview comprising the researchers’ basic beliefs, values and attitudes that influence the nature of their research (Creswell, 2014; Morgan, 2007; Shannon-Baker, 2016; Saunders, Lewis and Thornhill, 2016), or as Guba (1990:17) states, it is “a basic set of beliefs that guide action”.

Research philosophies are comprised of several elements, all of which should be aligned to create a holistic and consistent paradigmatic framework. Research *epistemology* refers to the research investigator’s assumptions and beliefs about the nature of knowledge, while ontological assumptions establish how knowledge can best be revealed to the investigator (Saunders, Lewis and Thornhill, 2016). Epistemological and ontological assumptions give rise to research *purposes* and help to delineate a general research approach and dominant *method* for gathering and analysing data.

The purpose of positivism, which has developed from the field of natural sciences, is to explain reality, and to cultivate knowledge that will enable the prediction of future scenarios (Goldkuhl, 2012; Saunders, Lewis and Thornhill, 2016). Based on the epistemological assumption that reality is universal, or experienced equally by all humans (Guba, 1990), the positivist calls for the adoption of an objectivist ontology, to derive laws that “provide the basis of explanation, permit the anticipation of phenomena, predict their occurrence and therefore allow them to be controlled” (Collis and Hussey, 2014:44). Positivists argue that knowledge can be revealed to scientists through the use of empirical

based methodologies and instruments supported by a hypothetico-deductivist approach to reasoning (Saunders, Lewis and Thornhill, 2016).

However, some social scientists criticised the positivist approach, arguing that its strategies and techniques (e.g. the experimental approach) were not applicable to real-life social conditions and environments. Critics have argued that the positivist paradigm is too static and inappropriate for examination of a phenomenon that is dynamic in nature. Chell (2008:15), for instance, argues that the dominance of the paradigm is surprising “given that entrepreneurial behaviour is fundamentally about change – across markets, industries and organizations – shifting positions and expectations as the new and the innovative displace the old and the outdated”. The author goes on to argue that because of the continuing possibility of transformation, small business activity “is about the social construction of reality through the envisioning of possible futures that are both social and economic” (Chell, 2008:16). Thus, a positivist approach would not be appropriate.

For this reason, a constructivist approach is employed in the current study. Constructivists believe “theory to be an act of generation” (Mir and Watson, 2001:1171); the individual sees reality itself “as a construction” (Mir and Watson, 2001:1171) and that construction depends upon the context in which individuals are embedded (Creswell, 2014).

While positivism is based on “observation and measurement of the objective reality that exists ‘out there’ in the world” (Creswell, 2014:7), the constructivist sees the world as “ambiguous, variable and multiple in its realities” (Mackenzie and Knipe, 2006:3) – what might constitute the truth for one individual or cultural group might not necessarily represent the ‘truth’ for another (O’Leary, 2004). Creswell (2014:5) adds that “individuals develop subjective meanings of their experiences. These meanings are varied and multiple, leading the researcher to look for the complexity of views rather than narrowing meanings into a few categories or ideas”. This makes this paradigm especially relevant for studies that are mixed and multi-methods in approach (Guba and Lincoln, 1994; Mackenzie and Knipe, 2006).

The study also incorporates elements of interpretivism - a paradigm that calls for understanding of the phenomenon of interest from the viewpoint of the research participants (Schlegel, 2015). Interpretivists question “the traditional notion of the absolute truth of knowledge” (Creswell, 2014:7) and recognise that the researcher cannot be objective about his/her entitlement of knowledge when observing and studying



individual behaviour (Saunders, Lewis and Thornhill, 2009; Creswell, 2014). Rather, the researcher must seek to understand how research participants interpret their world, and derive from these interpretations, an idea of reality. Experiences are contextual, fluid, and ever-changing, and it is expected that the participants (C-level executives of ICT-SMEs) perceive different changes in marketing strategy and business models as a consequence of the experience of undertaking digital transformation. It is therefore to be expected that there will be multiple perspectives on, and interpretations of, events and situations, including digital transformation. In addition, the researcher's Canadian-Swiss cultural, and historical background influences the interpretation of the study (Creswell, 2014). As proposed by Saunders, Lewis, and Thornhill (2009), qualitative research and in-depth investigation in the case of business and management research – as well as in this study - are associated with the interpretivist philosophy. Thus, for this qualitative research study an interpretive stance is taken (Goldkuhl, 2012).

### **3.2 Research Strategy**

A case study research approach has been selected as primary methodology for this study. This section outlines the research process, the procedure, and the purpose of collecting the strand of data and explains how this approach will contribute to the fulfilment of the research aims.

### **3.3 Research Design**

Researchers in the field of organisational studies tend to stick to the mono-method option, predominantly using qualitative techniques (Vizcarguenaga-Aguirre and Lopez-Robles, 2020). Accordingly, a mono-method, qualitative research design was employed. Creswell and Planko Clark (2007) propose several characteristics of primary qualitative research: the researcher collects data themselves, typically in the natural setting, builds own categories/patterns/themes from the bottom up, applies an inductive process, makes interpretations of what s/he hears and understands, and develops a holistic picture of the issue being studied. The authors Vizcarguenaga-Aguirre and Lopez-Robles (2020) confirm that the case study strategy is the most widely used because of its accessibility to organisational participants. For this purpose, selecting key stakeholders within the enterprise rather than mid-level participants, can contribute to more valuable insights into a case study (Yin, 2014). For the purposeful selection of participants (see Table 3.4), the researcher gained access to an existing database from the Institute of Competitiveness

and Communication (ICC) at the FHNW School of Business, which presented an opportunity to examine a range of micro, small, and medium-sized enterprises.

### *Case Study Design*

Primary data is data gathered specifically for the purpose of meeting the researcher's aims and objectives. The primary research strategy used here is the case study strategy. There is no conclusive definition for the term 'case study' (Benbasat, Goldstein and Mead, 1987). However, the definitions that exist usually place emphasis on the gathering and interweaving of multiple data sources. According to Benbasat, Goldstein and Mead (1987:370), for instance, a case study analyses "a phenomenon in its natural setting, employing multiple methods of data collection to gather information from one or a few entities (people, groups, or organisations". Case studies also have specific parameters with Alasuutari, Bickman and Brannen (2008:124) defining them as "the empirical investigation of a specified or bounded phenomenon". It is noted that case studies "have mostly studied phenomena that has already occurred, i.e., it has focused on existing reality" (Azhar, Ahmad and Sein, 2010:87), but their unique strength is the ability to address complex situations (Bennett and Elman, 2006) and focus on a "specific, unique, bounded system" (Jacelon and O'Dell, 2005:49). Case study method allows the researcher to gain a holistic view of a certain event or a series of events (Noor, 2008; Yin, 2014), including events undergoing transition, their social design, and their ways of working (Miles, Huberman, and Saldana, 2014). Accordingly, case studies are especially useful to improve understanding of organisational contexts (Cooper and Morgan, 2008; Noor, 2008; Baker, 2011; Yin, 2014; Bryman and Bell, 2015) by enabling researchers to answer "how" and "why" questions (Baxter and Jack, 2008; Robson, 2011; Yin, 2014). The enquirer's aim, then is to gain an in-depth view into a certain topic or unit of interest (e.g. organisations) and to understand and perhaps explain a specific set of circumstances, rather than to represent the total population (Zainal, 2007; Robson, 2011; Yin, 2014). Case study research facilitates the creation of new knowledge to understand certain, complex and unique situations which can be used for theory development and to provide guidelines for implementation of effective practices (Baxter and Jack, 2008).

Yin (2014) presents two variants of case study designs: single- and multiple-case studies. Multiple-case studies are less vulnerable than single-case studies, rigorous, and have the possibility of direct replication (Yin, 2014). With regard to the number of cases, Yin

(2014) recommends a minimum of two. Although Miles, Huberman and Saldana (2014) argument that there are no guidelines for the optimal number of cases, they recommend a minimum of five if the researcher has generalisability as a concern. However, Yin (2014) views a lack of generalisability of one of the characteristics of case study research. Regardless of the precise number, using more than one case will allow running cross-case analysis and therefore improve understanding of the phenomenon and a recognition of variability (see details in section 3.6).

When it comes to guidelines about the sources of case study evidence, Yin (2014) suggests relying on as many sources as possible to enhance data credibility. Documentation, site visits, multiple interviews with various person are used in this study. Using many different sources of evidence strengthens research findings in a process known as triangulation (Saunders, Lewis and Thornhill, 2009). When triangulating the data, and when using multiple sources, the study's findings will have been supported by more than one single source of evidence (Eisenhardt, 1989; Saunders, Lewis and Thornhill, 2009) which increases the reliability of the information. This allows an external observer "to follow the derivation of any evidence from initial research questions to case study conclusion" (Yin, 2014:127). The intention of triangulation is to strengthen research design, reduce the bias in data sources, and increase the validity (section 3.6.2) of the results (Hussey and Hussey, 1997).

In this study, the case study aspect primarily makes use of qualitative methods of data collection. Qualitative tend to yield more insight into the attitudes, appeals and intentions of participants in natural settings than quantitative studies which instead observe the presence of a phenomenon rather than describing its nature (Miles, Huberman and Saldana, 2014; Berg and Lune, 2017). The nature of the research question 'How should Swiss SMEs in the ICT [...] points in the direction of a qualitative approach. Furthermore, evaluating the current landscape of empirical work into marketing strategy and/or digitalisation reveals a predominance of qualitative studies (see Table 3.1 for examples). Quinn et al. (2016) conducted a qualitative research by interviewing 20 high-level marketers with the goal of answering the question 'How are strategic decisions being shaped and challenged in marketing practice?'. The researcher aimed to collect rich data information to find answers to the research question, sub-research questions, and the research propositions. The researcher had access to an existing databank, and therefore giving an opportunity to examine different organisations in the sectors of micro

enterprises, small enterprises, and medium-sized enterprises. Given that the topic of study demands the collection of business owner's/leaders' perceptions, attitudes and opinions, a qualitative case study approach seems to be appropriate.

**Table 3.1 Research Design of Selected Articles (Developed for Research)**

<b>Topic</b>	<b>Research Design</b>	<b>Sample size</b>	<b>Author</b>
Transformation of marketing in a digital world	Qualitative	20 interviews	Quinn et al., 2016
Entrepreneurship and Marketing Strategy	Mixed Method Interviews followed by Questionnaire	273 responses	Knight, 2000
Digital Transformation in banking industry	Qualitative: Case study	17 interviews	Liu, Chen and Chou, 2011
Digital and Social Media	Quantitative: Questionnaire	145	Järvinen et al., 2012
Digital Marketing Strategies	Quantitative: Questionnaire	571	Smith, 2011
Strategic Innovation in the IT, multimedia and communication field	Qualitative: Case study	20 interviews	Kodama, 2001
Change Process	Qualitative: Case study	232 interviews	Ates and Bititci, 2011
Digital Business in E-Commerce	Qualitative: Case study	2 organisations	Keen and Williams, 2013
Value creation and value capture with a digital multi-sided business model	Qualitative: Case study	2 organisations	Gandia and Parmentier, 2017
Branding in service SMEs	Qualitative: Case study	5 organisations	Horan, O'Dwyer and Tiernan, 2011
Navigating Digital Transformation	Qualitative: Interviews	25 interviews	Sebastian et al., 2017
Marketing challenges in a digital era	Quantitative and Qualitative: Interviews followed by Questionnaire	777 responses	Leeflang et al., 2014
SME performance in the digital economy	Interpretative Analysis	-	Quinton et al., 2018
What Drives Business Model Adaption?	Quantitative: Questionnaire	1,248 responses	Saebi, Lien and Foss, 2017
Interplay of Market Orientation, Marketing Capability and Digitalization	Quantitative: Questionnaire	101 responses	Joensuu-Salo et al., 2018

### 3.4 Data Collection and Analysis Process

Data from a large data set comprising of 2,590 participants was provided by the FHNW School of Business, Institute of Competitiveness and Communication, from a survey into the drivers, barriers, and action fields of the digital transformation (ICC, 2018). The full

raw data set in SPSS® was made available to the researcher. The dataset represents the Swiss company structure by size and delineates by twelve sectors (financial and insurance, energy supply, transport logistics, consultancy, hospitality, public administration, manufacturing, retail, healthcare, construction, education, and wholesale sectors). The following Table 3.2 provides information about data sources and return flow.

**Table 3.2 Sampling of Dataset (Developed for Research)**

<b>Period</b>	April and May 2017
<b>Target Population.</b>	319,388 invitations
<b>Limitation</b>	Only in German
<b>Response Rate</b>	1.3 % respectively 2,590 participants (completely answered questionnaires)
<b>Questionnaire</b>	56 questions
<b>Company Size Categories</b>	SMEs with 26%
<b>Industry</b>	ICT dominating with 25%

The characteristic of the sample is summarised in the following sections.

To obtain a general overview of the state of digital transformation, the factors relevance (proportion of companies where relevance is high) and project activity (proportion of companies in which projects were completed in the context of digital transformation) are presented in Table 3.3. Accordingly, the degree of digitalisation corresponds to the average value of these two factors.

**Table 3.3 Overview of Digital Transformation (Developed for Research)**

	Relevance <i>Digital Transformation</i>	Projects <i>Digital Transformation</i>	Digitalisation Degree	Innovativeness	Sales Growth <i>Historical (Last 3 Years)</i>	Sales Growth <i>In the Future (next 3 Years)</i>	Sample (n) <i>Total</i>
<b>All SMEs</b>	<b>73.1%</b>	<b>62.9%</b>	<b>68.0%</b>	<b>39.7%</b>	<b>61.9%</b>	<b>73.3%</b>	<b>1,593</b>
Micro Enterprise (1-9)	67.1%	58.7%	<b>62.9%</b>	41.1%	57.6%	68.7%	671
Small Business (10-49)	74.9%	63.9%	<b>69.4%</b>	38.1%	62.7%	76.3%	513
Medium Sized Companies (50-249)	80.9%	68.5%	<b>74.7%</b>	39.5%	68.7%	77.5%	409
Large Companies	91.7%	83.6%	<b>87.7%</b>	41.3%	66.7%	73.1%	997
Total	80.3%	80.5%	80.4%	40.4%	63.7%	73.3%	2,590

Together with the factors of innovation strength (proportion of companies that value their innovation strength as high), historical revenue growth (proportion of companies that had a positive sales performance in the last three years), and revenue growth in the future (proportions of companies that forecast positive sales development in the next three years), this data offers a summary of the state of digital transformation for each member of the sample.

The sectors in which the topic of digital transformation is most relevant or highest on the agenda are the ICT sectors (Mean=2.84), Education, Professional and Scientific industries, and the Financial and Insurance industry. The industries in the third economic sector also show a relatively high degree of digitalisation. With regards to innovation strength (similar to the degree of digitisation), it can be argued that it is easier for service providers (compared to businesses that supply products) to implement projects related to

digital transformation and new, innovative business models, products and services (Peter, 2017). According to Arvanitis et al. (2013) Swiss enterprises with fewer than 250 employees are generally more innovative than SMEs across all EU countries.

Although contact details for 199 business contacts were available, the total business population cannot be derived because multiple contacts were based at the same company. Nevertheless, scrutiny of the quantitative database revealed fourteen companies that had successfully transformed their business with a new market/marketing positioning, and these were selected as case study organisations for the next stage of the research. Thus, a purposive sampling framework was used. This is justified for several reasons. First, as noted earlier, case study approach does not require that the researcher make statistical inferences from the sample. Relatedly, the sample does not have to represent the entire population and generalisability is not required. Although Miles, Huberman and Saldana (2014) argue that there are no statistical guidelines for the optimal number of case studies, they recommend a minimum of five if the researcher is concerned about the breadth of analysis. While no recommendation for a maximum number of case studies is given (see more in section 0), the researcher examined each of the 4 micro enterprises, each of the 5 small enterprises as well as the remaining medium-sized companies. This method was adopted in order to extract possible insights within and across the subgroups and to strengthen the study's external validity (as elaborated in section 3.6), and robustness. It can be further argued that the number of interviews is relevant for the research objective. The authors Saunders, Lewis, Thornhill (2009), Marshall, and Rossman (2016) share recommendations ranging from 8 to 15 interviews. Based on these arguments, the necessary number of interviews is one per case which results in a total of sixteen interviews for the overall study.

Specifically, SMEs with 1 to 249 employees in the German-speaking part of Switzerland active in the information and communications (ICT) industry with different service or product offers were included in the sampling frame. The companies that took part in the existing survey were sorted by size, sector, and major regions (Peter, 2017). The selected cases are also weighted according to representation shown in completed Table 3.3). In a second step, background information on SMEs was researched using the Internet. Through additional research, an attempt was made to find out to what extent digitisation has impacted the company and the relevant stakeholders are invited to participate in the study primarily by e-mail. The invitation to the study referred to the stakeholders'

participation in ‘KMU-Transformation’ – a previous study conducted in 2017. The researcher used the participants’ confirmed willingness for a follow-up interview. The ICT industry was the focus because telecommunications service providers, IT service providers and media service providers are said to currently have the highest level of digitisation among SMEs (Gottlieb and Willmott, 2014; Bundesministerium für Wirtschaft und Energie, 2015; Greif, Kühnis and Warnking, 2016; Graumann and Bertschek, 2017; Zimmermann, 2018). Deloitte Digital GmbH and Heads! Executive Consultancy (2015) also argue that industries such as ICT and media will be affected first and experience the greatest impact of the coming wave of digitalisation.

Miles, Huberman and Saldana (2014) point out that the selection of cases is crucial in order to adequately understand the context of the study. The selection criteria employed are described in Table 3.4:

**Table 3.4 Case Selection Criteria (Developed for Research)**

Swiss Company	Founded in Switzerland or Swiss based headquarter
Size of Company	1 - 249 employees (micro enterprises, small businesses, medium-sized companies)
Service Sector	Information & Communication Technology (ICT)
Influence on the Business Model	Digitalisation has influence on part or the whole business model
Change in Marketing/Market Positioning	Partially or full
Major Regions	Zurich, Northwestern/Central Switzerland, Midlands
Selection of Contact Person	If voluntarily provided coordinates to be further contacted

Based on this selection criteria, the following cases are proposed and listed in Table 3.5.



**Table 3.5 Overview of Selected Cases, Anonymised (Developed for Research)**

Case #	Influence on the Business Model		Change in Marketing/ Market Position		Company Size
	Single Element	Full	Partially	Full	
01	X		X		36
02		X		X	2
03	X		X		9
04	X		X		39
05	X		X		42
06	X			X	1
07	X		X		15
08	X		X		60
09	X		X		180
10		X	X		4
11	X		X		35
12		X	X		245
13	X			X	200
14	X		X		150

To achieve a broader depth of analysis, and in particularly in order to address sub-question (A) regarding motivations for redesigning the marketing strategy in the era of digitalisation, one marketing expert, and two non-case related subject matter marketing agency providers are added to the study. The ultimate objective is to integrate profound experience-based expert knowledge (Meuser and Nagel, 2009) into the research. The selection criteria were based on extensive experience and knowledge in the field of strategic marketing in the context of digitalisation, customer proximity, and value creation for ICTs in Switzerland. The following Table 3.6 shows the three profiles.

**Table 3.6 Overview of Selected Marketing Agencies and Marketing Expert, Anonymised (Developed for Research)**

	Case #	Anonymised Name of Company	Profile	Role	Date	Time	Type and Duration of Interview
Marketing Agency	A	Marketing Agency A	Agency for brands and communication	CEO/Partner	15.07.19	1:00PM	face to face 36m
	C	Marketing Agency C	Agency for planning and implementation of digital marketing projects	Managing Director	15.04.20	5:00PM	call 33m
Marketing Expert	B	Marketing Expert R	School of Management	Head of Institute of Marketing Management	17.03.20	n/a	email

## *Interviews*

16 in-depth interviews from the fourteen selected organisations were conducted. There is no guidance in the qualitative research methods literature as to the optimum number of interviews that should be conducted for each case study (Yin, 2014). A target of around 1-2 participants from each case study organisation was established to obtain a range of views in a way that is manageable for the sole researcher. Although the results from the pilot study (see section 3.7.4) recommended holding group interviews with more than one participant from one enterprise simultaneously, only in one case this was possible, due to the small enterprise size and the participants' functions. Selection criterion included both practical and purposive elements. The interviewee should be an individual in a position to be able to understand how the business model and marketing strategies were developed. This restricted the sample to C-level executives - the key stakeholders able to implement the strategy findings of this study: CEOs, Chief Information Officer (CIO), Business Transformation Managers, Chief Digital Officer (CDO), Business Development Strategists, Digital Business Developers, and/or Innovation/Communication/Marketing Managers. Second, the interviewee should be able to conduct the interview in Swiss German, High German, or English. Cortazzi, Pilcher and Jin (2011) draw attention to the fact that conducting interviews in the first language of the participant yields richer information and gives the interviewee the opportunity to offer more detailed accounts of their experiences and beliefs. Although none of the participants were native English speakers, four were comfortable with holding the conversation in this language. Besides this, five conversations took place in Swiss German, and six in High German. The Mail questionnaire from case B was completed in in High German.

It was deemed important for the sample to have similar roles within the organisation to facilitate comparison across cases. Each interview lasted approximately forty-five minutes and took place in meeting rooms at the company facility or the premises of the University of Applied Sciences and Arts in Olten.

Semi-structured interviews – a widespread form in social sciences (Yin, 2014; Denzin and Lincoln, 2017), were chosen as data collection technique as this approach is highly-aligned with the interpretivist research philosophy. An interview in this regard is seen as an instrument to generate rich data for an analysis (Schultze and Avital, 2011). Griffiee (2005:36) refers to this method of gathering data as “*talking*, and talking is natural”. In

the view of Denzin and Lincoln (2017), an interview is a one-way dialogue where the descriptions and narratives are interpreted and described by the researcher. The interview differs from other research approaches in that the participants are directly involved in a conversation (Yin, 2014) with the researcher to produce contextual, nuanced, and authentic results about their experiences and their interpretations (Schultze and Avital, 2011). By adapting an interpretivist philosophy, it is important to understand the respondents' reason for their decisions, attitudes, and opinions (Saunders, Lewis, and Thornhill, 2009). To obtain relevant answers consistently from all participants and to minimise the researcher's influence on the data collection, Schultze and Avital (2011) propose the use of an interview guide. In semi-structured interviews, the researcher has a list of topics and questions to be addressed, regardless of the organisational context. The order of questions may also vary depending on the flow of the conversation (Saunders, Lewis and Thornhill, 2009). The benefit of the interviews lies in their flexibility and the fact that the interviewer can follow up on a subject that seems of high importance (Denzin and Lincoln, 2017) or relevance (Yin, 2014). Thus, the rigidity of the structured approach is avoided, as is the full imposition of the researchers' ideas about what constitutes knowledge upon the interviewees. For this study, the researcher is in the role of an active listener rather than making the conversation. The main study was based on the modified questionnaire from the pilot study (section 3.7.8).

Griffiee (2005) illuminates how the data can be collected during the interview, e.g. just listen, listen and make notes at the same time, listen and then take notes or record. The researcher decided to record the interview where the consent of the participants was given and at the same time to take notes using a laptop.

Where permission was given, the interviews were audio recorded on an iPhone, translated by the researcher from Swiss German to German, and finally translated to English using DeepL Pro (DeepL, 2019). Earlier researchers have employed the use of Artificial Intelligence (AI) in the translation of interview data but recommend that a sample of the transcripts are checked for accuracy (e.g., Abfalter, Mueller-Seeger and Raich, 2021). In line with these recommendations, the researcher, who is trilingual in Swiss German, German and English, compared evaluated 5% of the first three transcripts to check for accuracy. No issues were detected, and DeepL Pro was used for the remainder of the translations.

In contrast to quantitative data analysis, there are no clear rules for qualitative data analysis. One of the most common methods is analysis in a sequential manner, using a coding scheme to identify categories. *A priori* codes for an initial coding frame were derived from the sub-questions and propositions and contained keywords such as ICT, Swiss enterprises, innovation index, marketing strategy, business model, digitalisation, value creation, customer centricity, and customer relationship. To allow for flexibility, emergent codes were developed using the obtained data. Jointly, themes and topics were identified to achieve a structured overview of the collected data. To assist in the coding process, the specialist software NVivo could be used. However, due to the manageable number of interviewees, using the software-tool was not necessary, and the coding and analysis was done by hand by the researcher.

Data collection and content analysis was used to define best practices for successful implementation of a redefined marketing strategy in ICT-SMEs (sub-questions A, B, C, and validation of proposition 2). The topics covered the structure of this study, namely the organisational understanding and the drivers of digital transformation, the tools used to overcome its complexity, the changes in the enterprise marketing strategy, the process of value creation, the change and innovation in the business model, and the challenges during the undertaken digital transformation.

A summary of the interview partners is given in Table 3.7 which shows their belonging to the top management, and the specific timelines. The researcher conducted the interviews during the months of June to August 2019. Two of the interviewees did not consent to recording the conversation. A follow-up interview with Participant 14 was held in December but was also not recorded.

**Table 3.7 Overview of Interviewees of Cases, Anonymised (Developed for Research)**

	Anonymised Company	Case #	Anonymised Interview Partner	Role	Date	Time	Duration
Micro Enterprises	Enterprise 6	06	Respondent S	CEO/Partner	02.07.	10:30AM	36m
	Enterprise 2	02	Respondent L	CEO/Owner	26.06.	12:30PM	40m
	Enterprise 10	10	Respondent O	CEO/Founder	17.07.	12:00PM	43m
	Enterprise 3	03	Respondent T	CEO/Owner	26.06.	5:15PM	33m
Small Enterprises	Enterprise 7	07	Respondent R	Senior Consultant/Partner	03.07.	9:00AM	25m
	Enterprise 11	11	Respondent K	Member of the Executive Board	17.07.	3:45PM	34m
	Enterprise 1	01	Respondent M	Head Business Development	26.06.	10:15AM	46m
	Enterprise 5	05	Respondent G	Business Development Manager	01.07.	3:00PM	33m
	Enterprise 4	04	Respondent H	SVP Business Development	28.06.	11:00AM	51m
Medium-Sized Enterprises	Enterprise 8	08	Respondent F	Head of Marketing	05.07.	11:30AM	44m
	Enterprise 14	14	Respondent A	Head of Marketing & Communication	16.08.	2:45PM	52m
					18.12.	8:30AM	40m
	Enterprise 9	09	Respondent W	Head of Group Portfolio Manager	05.07.	3:00PM	57m
	Enterprise 13	13	Respondent C	Chief Digital Officer	02.08.	9:00AM	46m
			Respondent V	CEO	13.08.	10:00AM	29m
Enterprise 12	12	Respondent Z	CBD	24.07.	1:00PM	48m	
		Respondent N	CMO	-	N/A	Mail	

During the interviews, the researcher took notes of the keywords that were deemed core statements. After each interview session, the audio was transcribed either by hand from Swiss-German or from German and English recordings using the NVivo Software. The interviews provided a significant amount of information; in total 124 A4 pages of transcribed spoken interview material were produced. All original data was arranged into analytical categories, before it was simplified, reduced, and presented.

During one of the conducted interviews, the case participant faced an unexpected technical problem which prevented the researcher from recording the whole conversation. The researcher then used the written notes to expand the content of the interview from memory. An extract of how the data was coded, labelled, and analysed is given in Appendix 1.

### **3.5 Data Analysis**

The analysis strategy is based on Yin's (2018) pattern matching approach, which aims to compare empirical cases with predicted results. The cross-case synthesis strategy is similar to the case-based approach which seeks to preserve integrity of the entire case and then compare or synthesise all within-case patterns across the cases (Yin, 2018). High correspondence can help to strengthen the internal validity of the case study (Yin, 2018). A special type of pattern matching analysis is explanation building which uses a narrative form to investigate a phenomenon. Yin (2018) proposes this analytic technique to develop ideas for further studies. Logic models are another form of pattern matching that can be used to study a theory of change or evaluate an intervention (Yin, 2018). A key point to consider is that the analysis relies on argumentative interpretation which makes it crucial to develop strong and plausible arguments that are supported by data (Miles, Huberman, and Saldana, 2014; Yin, 2018).

Case studies benefit from having several sources of evidence such as interviews, direct observations, archival records, and other documents (Yin, 2014). It would have been desirable to have further sources besides the Internet (as elaborated above) and the interviewees. Since none of the analysed SMEs are publicly listed, the researcher had to forgo access to annual reports, statements depicting the marketing strategies (including the statements of the marketing objectives), any strategic plans or reports or any other marketing documents (e.g., promotional campaigns).

### **3.6 Ethics, Validity and Reliability**

The subsequent three research criteria aim to enhance the quality and transparency of this study.

#### **3.6.1 Ethics**

Ethics describes the rigor and honesty with which the study is carried out (Patton, 2015). Patton (2015) created a checklist of ethical criteria research (see Table 3.8) which was used to ensure that the study was conducted at the highest level of ethics at all stages of the research: formulating and refining the topic of research, designing the research strategy and gaining access to participants, data collection, data analysis and reporting of the findings.

Based on the principal of voluntary and informed participation, all participants' consent to take part in the study was obtained. The purpose of the study was disclosed to the participants in order to ensure that informed consent was met. The confidentiality and privacy of the interviewees and their companies were fully respected in this study. All participants were given the choice to remain anonymous and permission to record the interviews has been requested for approval. All interviewees were encouraged to speak freely. Participants were provided with a) sufficient information about the nature and objectives of the study to comply ethical principles and b) a consent form as evidence for voluntary participation (see Appendix 2 and Appendix 3).

Although complete objectivity in business research is impossible (Bryman and Bell, 2015), objectivity can and should be improved as much as possible and it is possible to reach a near-truth by removing the influence of (inter)personal perceptions, impressions, and biases (Noble and Smith, 2015). Some bias was avoided, as the researcher had not previously worked with any of the investigated enterprises, helping the researcher to remain objective throughout the process. The potential interview bias was limited by mainly asking open questions. In addition, by consulting three independent marketing experts, the researcher ensured that there was enough unbiased input to enrich the case studies from the ICT SMEs.

**Table 3.8 Ethical Principals in Research (Developed for Research)**

<i>Ethical principle</i>	<i>Explanation</i>	<i>Application in research study</i>
Explaining purpose	The researcher should explain the nature and purpose of the study and the methods used in an understandable way and provide sufficient information so that interviewees understand the implication of participation.	The researcher will inform the participants about the purpose, the methods and intended possible use of this study. Interviewees will be given the opportunity to decide whether or not to participate by signing a consent form.
Promises	The researcher should justify the participation of the interviewee in the study.	The researcher will not make promises to the interviewee (ex. promising a copy of the thesis or compensate) but will respect and honour his/her time and contribution to the study.
Confidentiality	The researcher adheres to reasonable confidentiality promises and knows the difference between confidentiality and anonymity.	The researcher will ensure that participants remain anonymous and respect their privacy and ensures to conform to Swiss data protection legislations. Should individuals and organisations remain anonymous, the researcher ensures that the data stays non-attributable.
Data access and ownership	The interviewee is explained who has access to the data and who owns it.	The researcher will seek participants' permission to audio-record and transcribe the interviews.
Data collection boundaries	Interviewees may determine how they will participate in the data collection process, including rights: not to answer any question, or set of questions; not to provide any data requested; to modify the nature of their consent; to withdraw from participation and possibly to withdraw data they have provided.	The participants will be given the choice to participate in the research study. Furthermore, they will be given the right to refuse to answer any questions and withdraw at any time.
Ethical versus legal	Ethical approval is gained from Heriot Watt University/Edinburgh Business School.	The researcher will act openly, will be truthful and promote accuracy. The researcher not knowingly engage in deception, dishonesty, misinterpretation, partiality, or reckless commitments.
Data storage	Data is stored so as to maintain the privacy and confidentiality of the participants.	Audio of the interviews and the transcripts themselves are stored in a password protected folder on computer that is only accessible to the researcher.

### 3.6.2 *Validity*

Distinctions are made between internal and external validity. Internal validity can be understood as credibility and is largely concerned with answering questions such as, “Do



the findings of the study make sense?” and “Are they credible to the people we study and our readers?” (Miles and Huberman, 1994:278). Internal validity also offers a measure of the extent to which the researcher’s observations fit the developed theoretical idea (Bryman and Bell, 2011). To bolster internal validity, a pilot study was undertaken. A pilot, or feasibility study is a small-scale, preliminary study used to test and facilitate modification of the research design before the actual investigation is done (McBurney and White, 2013; Thabane et al., 2010). It is “an opportunity to make adjustments and revisions in the main study” (Kim, 2010:191). According to Thabane et al. (2010:2) it “assist[s] in defining the research question or to test the feasibility, reliability and validity of the proposed study design”. Pilot studies also help the researcher “to generate an understanding of the concepts [...] held by the people you are studying” (Maxwell, 2012:227), provides novices with experience in interviewing (Marshall and Rossman, 2016) and helps them to detect anticipated issues (Doody and Doody, 2015). A well-designed and well-conducted pilot study is crucial to enable high quality study and thus a better outcome (Van Teijlingen and Hundley, 2002; McBurney and White, 2013; Doody and Doody, 2015).

The pilot study aided the researcher in testing the length of the interview, identifying unclear or ambiguous questions, identifying questions that might make respondents feel uncomfortable, obtaining interviewees’ opinion whether any topics are missing and/or needs to be added and ensuring that the data collected will enable the investigative questions to be answered.

External validity focuses on the need to find out “[...] whether the conclusions of a study have any larger import” (Miles and Huberman, 1994:278), and if the findings can be transferred to another social setting (Saunders, Lewis, and Thornhill, 2009) or another context (Bryman and Bell, 2011). This means, that external validity is concerned with whether results of an experiment can be generalised to other situations populations (McBurney and White, 2013). With the case study research, it is not a goal to provide a “generalizable description that is representative of most situations, but rather to describe a particular situation in enough depth that the full meaning of what occurs is made apparent” (Borrego, Douglas and Amelink, 2009:57). Qualitative research is not necessarily intended to be replicated because it will reflect the socially constructed interpretations of participants in a particular setting at the time it is conducted (Bryman

and Bell, 2015). As such, the concept of generalisability from quantitative studies is replaced by the term transferability in qualitative studies: “qualitative research seeks to generalise through thick description of specific context, allowing the reader to make connections between the study and his or her own situation” (Borrego, Douglas and Amelink, 2009:57). Noble and Smith (2015) uses the term ‘applicability’ for generalisability to describe whether the results can be transferred to other contexts, settings, or groups.

External validity is achieved by providing a full description of the research questions, design, context, findings, and interpretations the researcher provides the reader with the opportunity to judge the transferability of the study to another setting in which the reader is interested to research.

### ***3.6.3 Reliability***

Reliability captures whether the research results are consistent. Reliability is achieved by recording all changes to produce a dependable account of the emerging research focus (Saunders, Lewis, and Thornhill, 2009). Since qualitative research is affected by changing circumstances, the researcher transparently describes above the approach and the procedure regarding sampling, data collection and analysis. Nevertheless, a similar outcome cannot be guaranteed due to different circumstances, time, and participants.

The research methodology including the research design, research strategy, procedures for data collection and analysis, and steps taken to ensure that ethics, validity, and reliability have been described. The operation and findings from the pilot study are described in the next section.

## **3.7 Pilot Study**

The previous sections explained the research methodology and the specific methods that were chosen to collect the data needed to answer the main research question. The next section outlines the pilot study that was undertaken before the full qualitative data collection began.

### ***3.7.1 Introduction***

A pilot study, also known as a feasibility study, is a small-scale, preliminary study conducted prior to the main study (Van Teijlingen et al., 2001; Wray, Archibong and

Walton, 2017). Purposes vary from determining the feasibility of the main study, identifying problems in the research design, testing, and assessing the adequacy of instruments to be used in the main study, to trying out data analysis techniques (Prescott and Soeken, 1989; Burns and Grove, 1997; Van Ort cited in Brink and Wood, 1998). Primarily, the pilot study issued to test and provide insight enabling a modification of the research design and instruments before the actual data collection is undertaken (Van Teijlingen et al., 2001). Thabane et al. (2010:2) presents the following adapted definition of a pilot study: “A trial study carried out before a research design is finalised to assist in defining the research question or to test the feasibility, reliability and validity of the proposed study design”. Kim (2010:191) also summarises that the benefit of a feasibility study for a researcher as “an opportunity to make adjustments and revisions in the main study”. These definitions emphasise that the pilot study can make an important contribution to the preparation of successful data collection in the main study (McBurney and White, 2013; Yin, 2018).

There are other benefits associated with the use of the pilot study. It helps the researcher to be better understand how research participants comprehend the subject of the study. This is pointed out by Maxwell (2012:227) who argues that pilot studies are used “in qualitative research is to generate an understanding of the concepts [...] held by the people you are studying”. Pilot studies are also conducted to help researchers to practice and gain experience in interviewing (Marshall and Rossman, 2016) and to help them in detecting anticipated issues linked to the practice of interviewing (Doody and Doody, 2015). All in all, regardless of the type of methodology that researchers use, a well-designed and well-conducted pilot study is crucial in facilitating the collection of high quality, reliable and valid data (Van Teijlingen and Hundley, 2001; McBurney and White, 2013; Doody and Doody, 2015).

In case study research, pilot studies can be carried out with different objectives in mind (Yin, 2014). The researcher could either focus on (1) the testing of the methods or (2) the entire case study itself (Yin, 2014). The former approach might involve testing the interview guide (see Appendix 4) whereas the latter approach is more complex and requires access to additional research participants (i.e. firms) to facilitate a test of all of the chosen methods within the case study. For this study, the aim lay in testing the research instrument (Van Teijlingen and Hundley, 2001), (i.e. the interview template for

the case studies). There is little existing guidance regarding the sample size of pilot studies (Hertzog, 2008). However, Hertzog (2008) suggests using 10% of the complete study sample. Unlike in statistical studies, no clear recommendations are given for non-probability studies (Kim, 2010; Saunders, Lewis and Thornhill, 2019). O’Cathain et al. (2015:8) conclude that the sample size of a pilot study “will be dependent on the study”. Saunders, Lewis and Thornhill (2019) suggest that one or two case studies should suffice for the exploration of a particular phenomenon in case study research. In particular, they recommend asking an expert or a group of experts to comment on the suitability of the questions. According to Creswell (2015), one or two individuals should be piloted in qualitative research. Another recommendation provided by Patton (2015) is that the sample size of the pilot study is based on the research question/s and objectives. This approach has been extended by Saunders, Lewis and Thornhill (2019). Piloting the interview guide also depends on the time and financial resources, as well as the scope of the main research. Based on recommendations by Creswell (2015), Patton (2015), and Saunders, Lewis and Thornhill (2019), and since the main research includes 16 participants from 14 SMEs, the collection of data from three participants from one enterprise was deemed reasonable for the pilot study.

There are some concerns about the inclusion of participants from the pilot study in the main study. According to van Teijlingen and Hundley (2001) a flaw can occur in two ways. First, when data from the pilot study is integrated into the main results. Second, when pilot study participants are included in the main study, but new data is collected from them. A key drawback of including participants from the pilot study in the main study is that the pilot participants have experience of the research process.

For the present analysis, participants in the pilot study are also excluded due to the reason that the sample of the main study is large enough. Therefore, the findings of the pilot study are excluded from the contribution to the overall thesis discussion.

The extraction of data and characterisation serves as a pilot study for primary data analysis and assess the suitability of primary data. This can be used in answering question (B) and partially answers questions (A) and (D).

### ***3.7.2 Testing the Interview Guide***

The interview guide was developed in an iterative fashion, informed by the research questions (see section 1.4) and the findings from the literature review (see section 2.9 Literature Synthesis). A pilot study was undertaken to test the interview guide, with the primary objective of verifying whether the instrument is appropriate for collecting the intended data. Further reasons for conducting this pilot study are:

- To gain a greater sense of confidence as interviewer
- To examine the length of one interview session of approximately 45 - 60 minutes
- To identify questions that might not be unclear or ambiguous
- To identify questions that might make respondents feel uncomfortable
- To obtain the interviewees' opinion whether any major topic is missing or need to be added
- To ensure that the data collected will enable the investigative questions to be answered

Three interviews were conducted with personnel at the SME Enterprise P Ltd. The interviews were conducted with the following individuals with the verbal approval to be named:

- Member of the Management Board, Business Developer
- Member of the Management Board, Software Engineer
- Innovation & Business Developer (related to AI)

All interviews were arranged via email. The first and third interviews were conducted face-to-face at the company's premises in Zurich, while the second interview with Participant M was conducted via Skype due to availability issues. Each interview lasted between 15 and 60 minutes, with the first lasting 60, the second 35 and the third lasting 15 minutes. The different interview lengths are attributed to the different focus and content of each interview. For example, the third interview only lasted 15 minutes because the topic of discussion was focused only on marketing strategy (and not business model development). All interview partners were informed in both written and oral formats about the goals of the pilot study, the confidentiality of the study, procedures with regards to audio recording the interviews and data ownership. All participants agreed with the recording and disclosure of data and agreed that individual anonymised quotations can be

reproduced in publications. The transcriptions of all three interviews were done manually by the researcher without using a software-tool. Since the number of transcriptions was manageable, the analysis was done manually. The researcher believes that complex and information-rich data is easier to comprehend when examined holistically.

A follow-up call with a further Member of the Board/Business Developer contributed to clarity and verification.

### ***3.7.3 Case Study Structure and Company Background***

Enterprise P Ltd. was founded in 2005 by a group of friends. Fourteen years later, the company has almost 50 employees. Since then, the consistent application of lean and agile project methods and the objective of developing high-quality products has driven the company forward in the development of tailor-made web and mobile applications. Since its foundation, every employee has had a financial stake in the company. The firm's growth phase, characterised by professionalism in working practices as well as of the organisation itself, involved the creation of roles in specialised activities such as administration, financial control and marketing and communication. The goal is to enable working groups to be semi-autonomous, self-organised and self-directed. Each working group is responsible for customer acquisition, planning, development, sales and marketing activities and support. The Marketing & PR function has an annual budget at its disposal for activities that promote and support day-to-day operations.

### ***3.7.4 Reflection on the Pilot Interview***

The information gained from the interviews for the use of the case study is unexpected. Although the ICT companies should have the highest degree of digitisation and greatest impact, Enterprise P Ltd.'s response showed that no explicit marketing strategy has been formulated or exists yet in the context of the of the changed, digitally-driven business model. However, strategy is implicit in the area of customer relations, where the enterprise uses interactive forms of marketing.

During the individual interviews, the interviewer noticed that some questions were too complex or too long. This can be seen in the repetition of already asked questions in other words. It was also interesting to see that questions overlapped, i.e. that they had already been partially covered in earlier interviewee responses. Although the course of the conversation took on spontaneous characteristics, on reflection the original structure,

which is divided into subject areas, should be retained. The advantage of a semi-structured interview lies in its flexibility which allowed the interviewer and interviewee alter the course of the discussion depending on what has gone before.

Although it was the shortest in length, the final last interview contributed the most to improvements in the interview guide. The participant recommended that the interviewer send the complete guide to the interview partners approximately one to two weeks before the interview in order to prepare the interviewee. That interviewee also suggested that group interviews (involving up to 3 participants from one company) should be conducted in the future to facilitate debate and interaction between participants. The researcher takes a positive view of the procedure, although potential conflicts could arise. The interviewer could professionally counteract this with skilful moderation.

### ***3.7.5 Descriptive Findings of the Interviews***

The following are the major findings obtained during the pilot study:

- The interviewees primarily understood the term ‘digital transformation’ as a) a means and tool to improve the efficiency of the business model, b) as process optimisation, and c) as a partially automated processes that support people to work more efficiently in their function.
- The added value generated by digitisation for both the company and its customers lies in increasing efficiency and optimising processes. The company benefits from operating its business with little overhead. Customers - with whom there is a close relationship – benefit from efficient and faster communication as well as the transparency of the project development process.
- Additional and new revenue streams such as cloud services have emerged through new market capture as a consequence of digitalisation.
- Digitalisation influences the marketing strategy to the extent that Enterprise P Ltd. uses a Cloud CRM to coordinate its marketing and sales activities so they can communicate more effectively with their stakeholders.
- Enterprise P Ltd. answers the question why they should refine their marketing strategy in the digital era as follows: In our case to reach (potential) customers more efficiently than our competitors. We are primarily concerned here with process optimisation and not with the content of the marketing strategy.

- It is not digitalisation that has influenced the firm's marketing strategy, rather, contrary to expectations, digitalisation is anchored in Enterprise P Ltd.'s corporate strategy. As an IT company, Enterprise P Ltd. is certainly at the forefront of digital transformation by automating processes early on, for example managing clients' applications in the Cloud to support internal and external collaboration and increase efficiency. In this sense, no digital transformation has taken place, but digitalisation is to be seen as an interface between the company and their customer (creating transparency and efficiency). Given the importance of marketing, two part-time employees have been employed to push the B2C market.
- No particular challenges when undertaking the transition were identified. This is likely due to digitalisation having long been embedded in the corporate culture. Employees are prepared for the path to digital transformation by attending internal training courses, external training courses (for example participation in conference) or being credited with tie budgets to work on own (innovation) projects. However, it was mentioned that it is difficult to reach and acquire new customers using traditional marketing instruments and procedures.

### ***3.7.6 Analysis of Pilot Study***

Homburg, Workman and Jensen (2000:475) claim that, "organisations should structure themselves in order to be more market-oriented and responsive to changing customer needs and market conditions". Strategically, Enterprise P Ltd. deals with tomorrow's topics, which will also be important in the future, such as artificial intelligence (AI), augmented reality (AR), virtual reality (VR) and IoT, and also creates content for new cases in order to pick up their current and potential customers.

Schrader (2018) holds the view that the digital transformation takes first place with the customer, then the market and finally in the organisation since the highest added value is created at the benefit interface. This structure is not necessarily to be found at Enterprise P Ltd. At Enterprise P Ltd., digital transformation seems to be embedded within the firm's cultural fabric. In projects where the customer is involved, visibility and transparency are mapped with the help of tools such as GitLab. In line with the view of Fleisch, Weinberger and Wortmann (2014), integrating customers into processes and therefore the value chain, is viewed as a key capability for the successful design and implementation of product, pricing, and distribution strategies. Walker and Mullins (2014) believe that organisations



can benefit from optimisation (in measuring everything) and building customer loyalty through personalisation and customisation. Enterprise P Ltd. goes one step further than process optimisation and allows the customer to play a part through short and efficient communication channels. At Enterprise P Ltd., the customer accepts their role as a core part of the entire development process and therefore of digital transformation.

Büst, Hille and Schestakow (2015) argue that digital change has a decisive influence on corporate strategy. The question of how digitisation influences the marketing strategy cannot be conclusively answered based on the results of the pilot study. At Enterprise P Ltd., digitisation does have a primary impact on the business model. While the firm has been on the move digitally from the very beginning and has thus anchored digital transformation into its overall business strategy, it is above all, producing new products and services that demand novel forms of market entry. In general, their target segments are companies that are very difficult to reach and where traditional marketing tools and techniques are inappropriate. Potential new customers are acquired through interaction with the firm's existing ecosystem of Impact Hub (Impact Hub, online), talks/keynote speeches, AI-symposiums or otherwise through outreach campaigns (using Mailchimp) directed to existing and new customers.

### ***3.7.7 Paradigm of Enquiry***

The research was carried out under the constructivism paradigm incorporating elements of interpretivism of enquiry which takes a subjective view of reality but accepts that this reality cannot be fully known and will be affected by bias.

### ***3.7.8 Amended Interview Guide***

As a consequence of the pilot study some questions have been merged, simplified or deleted. In addition to the Reflection on the Pilot Interview, the order of the question areas has been changed. The introductory question area about drivers of digital transformation remains unchanged. Followed by tools used to overcome complexity, business strategy, and change of marketing strategy. The interviewer dropped the question area about value chain and shortened the question area about added value by three questions. The more important question areas were taken at the beginning. The adapted interview guide can be found in Appendix 5.

### **3.8 Conclusion of Pilot Study**

This pilot study answer the research question ‘Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?’ as follows: Designing an explicit marketing strategy for ICTs that are digital *per se* respectively were digital transformation is embedded within the company’s cultural fabric, results in offering higher added value to (potential) customers than their competitors, and better integration into the co-creation process in order to maintain long-term relationship.

Marketing in the context of SME is rather informal, unstructured, implicit, spontaneous, and reactive. Interactive marketing methods such as networking are used as an inherent tool in marketing strategy. These attributes of SMEs can be regarded as limitations and should be addressed in future interviews in order to provide a solid basis for the practitioner guide on how Swiss SMEs in the ICT sector can develop their marketing strategy in the course of digitalisation.

## **Chapter Four: Results**

The strategy to analyse the cases presented in this chapter is based on Yin's (2018) pattern matching approach, which aims to compare empirical cases with predicted results. Pattern matching is popular if the results, of the empirical case is matched with the predicted case. The cross-case synthesis strategy is similar to the case-based approach, where the goal is to preserve integrity of the entire case and then compare or synthesise all within-case patterns across the cases (Yin, 2018). High correspondence can help to strengthen the internal validity of the case study (Yin, 2018). A special type of pattern matching analysis is explanation building which uses a narrative form to investigate a phenomenon. Yin (2018) proposes this analytic technique to develop ideas for further studies. Logic models are another form of pattern matching that can be used as technique to study a theory of change or evaluate an intervention (Yin, 2018). A key point to consider is that the analysis relies on argumentative interpretation which makes it crucial to develop strong and plausible arguments that are supported by data (Miles, Huberman, and Saldana, 2014; Yin, 2018).

In the following section, the fourteen case study results are presented, drawing on the topics surveyed in the interviews, derived from the literature review, and ultimately based on the proposed conceptual framework (see Figure 2.10). The fourteen case studies are of different sizes and include different levels of detail. The analysis and in-depth discussion of one detailed case study is provided as an example in Appendix 6. The remaining case studies are accessible by contacting the researcher.

### **4.1 Results of Case Studies by Sub-Category**

Table 4.1 summarises the answers to the sub-questions of the study. In the next step, these are critically reviewed and presented in section 4.2.

**Table 4.1 Overview Answers of Sub-Questions (Developed for Research)***Micro Enterprises*

<b>Case #</b>	<b>Sub-Question A</b>	<b>Sub-Question B</b>	<b>Sub-Question C</b>
	<i>Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?</i>	<i>To what extent did digitalisation create (added) value to customers?</i>	<i>How can organisations successfully overcome the complexity of digitalisation and what tools do they apply?</i>
06	In addition to offline activities (such as direct conversation), storytelling, keywords and cost-effective online marketing are relevant for findability.	Clients benefit from increased throughput times with massively reduced transaction costs. Transparency, data transparency and speed in results.	Prioritisation of investments and the question of the need for digitalisation must be clarified. Cloud-based solutions are effective tools for a 'lean' approach.
02	Visibility and/or profiling on the market requires verifying business model and therefore a bottleneck-concentrated strategy is required.	The empowerment with consultation and the use of new technologies improves the way customers work.	Drawing awareness of the possibility in transformation and in digital era. Microsoft Teams and interactive displays/whiteboards are applied.
10	The variety and speed of digital media change in the favour of the users and the resources such as people, processes and technology are something that is worth keeping in mind.	Digitalisation creates added value for Enterprise 10's customer in product innovation on three levels: improvement of the turnover, improvement of the profit, and in new strategies or orientations, where AI plays a business-strategic role. At the bottom line, higher margins remain through process improvement.	Data privacy and security must be taken into account when transforming digitally. Google Cloud Platform offer great support.
03	Looking at the economic development, sooner or later the analogue potential will be exhausted.	Greater employer attractiveness (modern working methods), increased efficiency (modern tools) and flexible/plannable business model (elimination of investment costs with Cloud services).	The focus should be shifted away from the technical arguments towards the benefits of digitalisation. Tools available online in the browser with access from anywhere such as Slack, Microsoft Teams are applied.

## Small Enterprises

Case #	Sub-Question A	Sub-Question B	Sub-Question C
#	<i>Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?</i>	<i>To what extent did digitalisation create (added) value to customers?</i>	<i>How can organisations successfully overcome the complexity of digitalisation and what tools do they apply?</i>
07	Greater differentiation is needed to counteract greater comparability that digital possibilities offer.	Digitisation creates an improvement in efficiency for customers in the areas of cooperation, communication, project documentation, and transparency.	Training staff when introducing new tools acts against resistance. Mainly Slack, Monday.com, and LinkedIn are used as online tools.
11	Due to overstimulation, standing out on digital channels is essential. Precise and sharpened messages must be directed to customers in order to gain their attention.	Through offering knowledge/content, the customer gains added value before they even come to the company and helps the enterprise to differentiate itself from the competition.	Because Cloud services are used, data privacy must be ensured. Furthermore, interfaces to other companies are important for data exchange. AWS is used as a Cloud application.
01	Changing environmental factors (i.e. competitors) force companies to rethink their strategy.	Customers profit from project transparency and communication, both retrieved/viewed digitally at any time.	Keeping the balance between offline and online setups; physical boards and meetings with staff and initiating innovative new work culture. Tools such as Google Suite and Slack are used.
05	Modern marketing tools allow accompanying the client through the whole 'customer journey life-cycle' with fewer human resources and reaching better scalability. With customer data being gathered and analysed, business models can be shaped.	Since digitalisation is at an early stage, neither vendors (customers) nor end clients receive yet an added value.	Bringing employees on the journey of the transformation is necessary. But also creating and elaborating topics with employees are embraced.
04	Personalised marketing is relevant to find and address the right target groups at the right time with the right message and through the right media/channel. Further brand awareness is achieved via first touchpoint through a website.	Efficiency and simplicity are being achieved through application of customised product.	Educating /training staff is key during digital transformation. Transparency in communication and a digital workplace should be ensured. Creating content for employees and clients is equally important. Cloud based services with easy integration and access are implemented.

## Medium-Sized Enterprises

Case #	Sub-Question A	Sub-Question B	Sub-Question C
	<i>Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?</i>	<i>To what extent did digitalisation create (added) value to customers?</i>	<i>How can organisations successfully overcome the complexity of digitalisation and what tools do they apply?</i>
08	As a service provider a strong online presence is necessary. In addition to direct contact and relationship with existing customers, a pull-orientation is very important in the digital era.	Sharing knowhow through content (marketing) generates value to clients.	It needs to be explained to employees that marketing today is a 'service provider'. Benefit in using digital channels and modern communication tools should be explained to stakeholders. HubSpot is used to support marketing automatisation.
14	Using modern marketing instruments/possibilities helps reaching new clients, because the longer the more difficult is to get the attention of customers, since they are sprinkled with advertisement from everywhere and anywhere.	Creating personalised customer experience that is achieved via touchpoints is defined as added value.	Turning affected people into participants and involving employees in the transformational process/change is key. Flat hierarchies, high transparency, and stringent communication are helpful.
09	Addressing the target groups digitally and thus optimising usability and processes for the user are important, while customer centricity and involvement in product development is essential.	In future, customers may benefit from the Chatbot technology to get in touch with the company 24/7 from anywhere.	Digital transformation should be managed in an agile and interactive way, where transparency is key. Chatbot and other Human Assisted AI tools will support to optimise the offer for customers.
13	The 'value zone' has shifted to where the users of the technology are, therefore, marketing has to be done differently.	Clients benefit from more efficient processes, i.e. enabling them to do more with the same price or the same at a cheaper cost.	Offer training to employees and clawing on the <i>change agents</i> in the company helps generating positive feelings. Cloud and Microsoft solutions, but also strategic tools such as Value Proposition Design are important to advance digitalisation.
12	With one-to-one instead of a one-to-all approach to communication/advertising, organisations can successfully reach the right target group at the right time with the right message in the right tonality.	Added value is created in terms of efficiency gains.	Taking the employees along the transformation/journey and focusing on the 'fans' is essential.

## 4.2 Addressing the Research Questions

In the following section, the results of the primary research analysis are presented to address the research sub-questions which were outlined in section 1.4, and ultimately, the overarching research goal. Taken together, there is a degree of consensus about the need for small and medium sized enterprises to reorient their marketing strategy in the context of the digital age. All research sub-questions are addressed sequentially.

### 4.2.1 *Sub-Question A*

*Sub-Question A: Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?*

A key rationale for Swiss SMEs to adapt their marketing strategy for the digital age is the ability to capitalise on technological tools, and particularly the availability and promise of new media channels. One line of argument is that it is important to gain the attention of customers and prospective customers, to improve brand awareness and promote the firm's 'findability' online by boosting its online presence. The sensory overload and the flood of advertising that comes with the digital era demands that marketing strategies be redesigned to capture the attention of customers. It was also pointed out that the current market situation is more competitive than ever before, making visibility especially important. New, technological marketing tools facilitate the data analysis, efficiency, and scalability that engenders the creation of new, or the re-design of existing business models. Addressing target groups digitally and enabling optimising usability and processes for the user, this will allow customer centricity and client involvement in product development which are considered essential. In addition, the diversity and speed of modern digital media channels enables firms to use individualised and therefore targeted marketing to accompany clients through the whole *customer journey lifecycle*. Overall, the enterprises that participated in this study believe that digital channels make marketing budgets more traceable and measurable and help them to target the audience at the right time, and with the right message.

### 4.2.2 *Sub-Question B*

*Sub-Question B: To what extent did digitisation create (added) value for customers?*

The empirical evidence supports theorised ideas about the key drivers of digital transformation, as presented in Figure 2.4. Case study evidence indicates that the most

common drivers are changing customer requirements and the ability to realise cost savings. Added value for customers was also generated through increased transparency of the product/service offering, enabling sharing know-how (for example via blogs or white papers) with their prospects or clients. In another case, the cost savings were driven by improved profit and new strategies of customers. Only in one of the case studies (Enterprise 9) was digitalisation viewed as not yet creating added value for the users.

#### **4.2.3 Sub-Question C**

*Sub-Question C: How can organisations successfully overcome the complexity of digitalisation and what procedures do they apply?*

The procedures used by firms to overcome the complexities associated with digitalisation do appear to be identical, regardless of enterprise size. A lean and agile approach is proposed by many interviewees as a successful prerequisite for mastering the complexity of digitalisation. This can be supported by using Cloud-based storage solutions that guarantee data privacy and security. Other technological applications that have been introduced and have contributed to the digital transformation process include ERP systems, such as Abacus, Bexio, Sage and SAP, and different project and collaboration platforms, such as Jira and SharePoint. The integrated ERP systems support process development and automation, while the project management and collaboration platforms increase the efficiency of team workflows. Furthermore, in the marketing area, solutions like HubSpot are used to support customer orientation and optimisation.

Technical hurdles can be overcome by utilising browser-based tools like Microsoft Teams that support team members in collaborating on projects from anywhere. Equally important is directing organisation members' attention to the digital transformation, communicating to them the strategy and vision, and establishing the direction and route of change. This means bringing employees on the journey by informing them about the topics involved and turning affected people into *participants* which in turn requires promoting *mind change*. Despite the pervasiveness of digitalisation, organisations recommended keeping a balance between offline and online setups. In the case of Enterprise 13, the application of strategic tools like the 'value proposition design' was introduced to reduce complexity.

Aligned to the research question, two propositions (P) are also explored.



#### **4.2.4 Proposition 1**

*Proposition 1: Existing business models of companies need to be modified to suit the digital era.*

One source of modifying offers is changing customers' needs. Consequently, by designing services in line with customer wishes, a new/expanded business model can be developed. Digitalisation also influences business models in terms of shifting the focus of the business away from products, and towards services like strategy development, business development, and training and learning workshops. As digitalisation also creates new business needs, enterprises also began to partner with, and advise other companies on their own digitalisation efforts. Another level of modification of an existing business model in the digital era occurs when enterprises bypass distributors to approach their consumers directly (the B2C model). In addition, digitalisation creates new value which enables new/other clients to be reached. Interviewees at one case study organisation suggested that due to external developments the current business model will likely no longer exist in the current form in the future.

It can be concluded, therefore, that digitalisation has a direct impact on the business model if technology itself is seen as the catalyst/enabler of digitisation.

#### **4.2.5 Proposition 2**

*Proposition 2: There are commercial benefits for an organisation to redefine their market positioning in a digital world.*

Enterprise 1 benefited from image and brand equity through a new, innovative business model: As Participant M from that organisation states, *"If you manage to create a new value proposition in the market, that is very unique and that provides a huge value to the end client, then it will positively impact our brand and our image because a lot of marketing is word of mouth marketing"*. Thus, it seems that the company was able to secure competitive strength when targeted clients see the service's unique value proposition. New value creation generates additional revenue streams through cloud solutions, driven through expanded business models or new business units. Where classic IT services were offered, digitally driven services are also offered which transform the underlying business model. In these cases, however, transformed image and market positioning presents challenges because as the organisation evolves through digitalisation

existing; customers do not perceive the enterprise in the same way – perceptions may be better or worse, depending on whether the reoriented organisation is perceived as better meeting customer needs.

In other cases, the enterprises benefit from cost reductions, increased efficiency, shortened project lead times and simplified communication with clients. There are also commercial benefits in terms of increased market attraction and PR efforts. Specific factors that have positively influenced a few of the interviewed enterprises' visibility are the awards they have achieved in recent years.

#### **4.2.6 Main Research Question**

*Research Question: How should Swiss SMEs in the ICT sector define their marketing strategy to benefit from digitalisation?*

The findings suggest that by putting an emphasis on the customer journey and the corresponding data-driven elements, ICT SMEs can benefit from digitalisation when redesigning their marketing strategy. A step-by-step canvas will be developed to describe and conceptualise a customer-focused marketing strategy. This canvas will be presented in section 6.1.

### **4.3 Further Research Findings and Interpretation**

Further to the analysis of the research questions and propositions, the following sections evaluate the sampled case studies (see Appendix 7 for an overview) in the following categories: general understanding of enterprise digitalisation, motivation/key drivers behind digital transformation efforts, and involvement of customers in co-creation/interaction.

For Enterprise 6 and Enterprise 14 digital transformation is more than a tangible change; one that starts in *people's minds*. Respondent S argued that “it [digitisation] changes the way that key personnel think about the process of value creation”. This supports Kern's (2017) point that there is a lack of digital masterminds in organisations who exhibit willingness to change. Respondent A stressed the importance of “[...] including the people behind it, the mindset, and the culture”. Respondent G adds that “the underlying ‘human factor’ is very important”. Respondent G also clearly stated that “the core of digital transformation is how we, as humans, interact with technology, how we use

technology, and what we accelerate with it”. This partially reflects Büst, Hille and Schestakow’s (2015) view that digital transformation consists of a significant psychological-cultural component.

Intangible aspects are hardly mentioned in the definitions examined. At most, the term ‘society’ (Bundesamt für Wirtschaft und Energie, 2019; Heierli et al., 2019) is used. A more process-related view is described by Enterprise 10 and Enterprise 7, whereby the entire value chain can be accelerated, simplified, or improved in the interests of customers through digital technologies. Interestingly, Respondent O began explaining his general understanding of digital transformation of organisations with “I’ve asked myself the same question a few times”. He then adds “I think digital transformation is a general term used in the media to describe a company, I see it more on a process level [...]”. Respondent R concluded with “This can be summed up by the fact that the majority of business processes take place digitally and that certain workplaces, administrative and repetitive, are no longer required due to digitisation”. Bowersox, Closs and Drayer (2005:1) describe that as “reinventing [...] processes, [...] to full exploit information technology” meaning that digitising processes and extending relationships across multiple stages of the value chain that focus on maximising customer value. An even narrower definition is provided by Enterprise 11 and Enterprise 9 who focus their understanding on the digitalisation of internal processes. The manifestation of digitalisation in both these enterprises concurs with Saam et al.’s (2016) view about new software and the introduction of new IT concepts and applications. Respondent K exemplified the understanding of internal transformation as “This means that internal processes are now handled purely digitally i.e., no paper, all information is accessible via WebApp or MobileApp. Interfaces to customers, authorities and suppliers/partners are also built and used Digital First”. Enterprise 12 takes a similar stance, understanding digital transformation to mean internally introducing agile and lean principles. For Enterprise 9, this also means that people-driven processes are replaced by i.e., AI technologies. In contrast to Enterprise 12, Enterprise 9’s automated operations are regarded as a key driver of digital transformation (Bloching et al., 2015). Enterprise 1 focuses its definition on increasing efficiency and productivity. Respondent M argued further “But also, to speed up processes to make sure everyone has access to information”. Although Enterprise 1’s definition is narrow, it supports Peter’s (2017) and Berman’s (2012, building on Slywotzky and Morrison, 2001)

view where improved efficiency and productivity through digital technologies leads to greater customer-orientation.

Enterprise 3 offers a more comprehensive understanding of digital transformation of enterprises. Respondent T described it as the “adaptation of companies to market and environmental conditions in the current age of digitalisation”. Respondent T’s understanding coincides with the view of Bundesamt für Wirtschaft und Energie (2019) who see digitalisation as a comprehensive networking of economy and society. This aligns with Heierli et al.’s. (2019) idea that market and societal dimensions define digital transformation.

According to Respondent F (Enterprise 8) digital transformation not only considers “[...] get from offline to online” but is successfully completed when a new business model has been developed. Enterprise 13 agrees that through technology, an enterprise manages to integrate its customers in its processes which helps to cultivate new business models. Respondent C concluded his argument about optimising whole business models with “That’s the supreme discipline [...]”. Similarly, Respondent H argued: “[...] our strategy is clearly [...] focused on offering new business models”. Enterprise 8 and Enterprise 13’s understanding is reflected in Matzler et al.’s (2018) view that the highest-level digital transformation is created in a new, innovative business model. According to Amit and Zott (2012:37) business model innovation is an “underutilized source of future value”; it is more difficult for competitors to imitate at the level of a business model than at the level of a single product or process. Products that are designed completely in line with customer wishes and which bring about new business models are a characteristic of digitalisation (Herzog et al., 2017; Schwab, 2017; Matzler et al., 2018). Another view expressed by Keuper et al. (2013) is that true capitalisation of digital transformation involves threatening traditional business models while enabling the development of completely new digital ecosystems with considerable potential for increases in effectiveness and efficiency. Keuper et al.’s (2013) approach considers external dimensions as well as benefits of digital transformation.

Some of the expressed viewpoints support Peter’s (2017) dimensions of digital transformation illustrated in Figure 2.4. A surprising answer to the motivations behind the digital transformation comes from Enterprise 2’s Respondent L who suggests that *culture and new work models* are key drivers. A similar stance is taken by Respondent G

of Enterprise 5 who identified digital transformation as the evolution “towards a new work culture [...]”. The theories examined in this study do not take cultural factors into account, but some research does indicate that ‘new work cultures’ are an ‘added value for employees’ (Peter, 2017). Another view comes from Enterprise 4, whose main driver is advancing *user experience*. Respondent H elaborated the key driver as “I think that everything is about user experience [...]”. In the broadest sense, Enterprise 4’s view corresponds with those of other researchers who see customers as the key drivers of digital transformation (Gottlieb and Willmott, 2014; Büst, Hille and Schestakow, 2015).

Similarly, for Enterprise 13, the key driver digital transformation manifests in changing existing business models in order to drive service delivery (Schrader, 2019).

One significant finding is that Enterprise 7 did not mention any specific driver behind efforts towards digital transformation. Respondent R noted that “We already have a digital DNA. From the beginning there were no offline processes”. Unlike the other enterprises investigated, this appears to be an outlier, because much digital transformation is driven by consumer needs and pressure. Enterprises must develop digital strategies for interfacing with customers (Reader and Trussel, 2014). As per Reader and Trussel (2014), the path of digital transformation contains an initial phase a strategic context and a current state of digital maturity. Furthermore, digitalisation is considered throughout an entire organisation and has a decisive influence on corporate strategy (Büst, Hille and Schestakow, 2015).

Customer involvement in service/product development is not a key consideration for any of the examined enterprises. Respondent L, however, argues that “a strong integration of suppliers and customers is a matter of course”, Enterprise 2 claims to partner with competitors to better serve audiences instead. Enterprise 10 is working ambitiously to ensure that co-creation with the customer becomes the norm. For Enterprise 3, there is no customer involvement. For Enterprise 8, creating service or developing products together with customers (from their viewpoint) is not an issue, as they are a pure reseller enterprise. Enterprise 9 is convinced that customers should increasingly be involved in co-creation, and indeed be at the centre of the development process. In the cases of Enterprise 13, Enterprise 4, Enterprise 1 and Enterprise 14, co-creation does not take place at the development stage but only when new services/products are tested. Statements given are inter alia: “We are doing a complete agile cycle where we do hypothesis, where we may

implement AB test features” (Respondent H), or “it makes no sense to constantly take the end customer with you on the journey. However, it makes sense to develop a prototype with the customers and verify it with selected end customers (according to previously defined personas) using usability testing” (Respondent A). Thus, the enterprises investigated do not all fully recognise the importance and advantages of co-creation. According to Rowley, Kupiec-Teahan and Leeming (2007) co-creation is a mode of innovation through which value is created *in conjunction with* customers and greater satisfaction is achieved *through* their insight.

The following Table 4.2 shows the degree of consensus of answers to the sub-questions (see Appendix 8 for the full overview). The results among the micro enterprises are consistent with earlier observations (i.e. Erroi, 2019; Heierli et al., 2019; HWZ, 2019) and seem incomplete. One possible explanation for this flaw is the size and lack of inhouse competencies in the field of marketing. The researcher found that medium-sized companies demonstrate a broadened view and contribute to this study in a number of respects.

**Table 4.2 Degree of Consensus of Answers to the Research Questions (Developed for Research)**

Sub-Question	<b>Sub-Question A</b> Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?	<b>Sub-Question B</b> To what extent did digitalisation create (added) value to customers?	<b>Sub-Question C</b> How can organisations successfully overcome the complexity of digitalisation and what tools do they apply?
SME Size			
<b>Micro</b>	The concept of micro enterprises is limited to digitisation of advertising (e.g. SEO/Google Ads). However, this is a single dimension of the overall strategic marketing.	The results show similarity between the two types of enterprises. Both micro and small enterprises notice that their customers benefit from higher transparency, lower transaction costs, as well as higher productivity from the digitisation of their services.	Micro companies tackle complexity by raising awareness of digitalisation, and by exploring and exploiting possible technical tools such as Cloud platforms.
<b>Small</b>	The results of the small enterprises are built on the ones of the micro enterprises, where further to optimisation of SEO/SEA a broader use of social media channels such as LinkedIn and Xing are applied by the small enterprises. With Platforms such as LinkedIn, brand awareness is achieved by applying a Human-to-Human marketing approach.	Further to the added efficiency value at the micro and small companies, the clients at medium-sized enterprises benefit from the (mutually) generated content and the personal customer experience via touchpoints.	There is an important distinction between the micro and small and medium-sized enterprises in that they consider the human factor next to the technology component. In addition to the technical tools mentioned above, employees are motivated to become participants during the transformation/digitalisation process. Training on newly introduced tools and the interpretation of collected customer data (referred to sub-question A) are a matter of course in a hybrid-managed enterprise with flat hierarchies.
<b>Medium</b>	Compared with the two other types of enterprises, the medium-sized companies understand how to apply the approaches of the other type of companies as a basis for holistic strategic marketing. Online platforms like HubSpot or CRMs assist collecting customer data, that is used to approach the target groups with the right message (personalised advertising). The client is accompanied along the customer journey.		

## Chapter Five: Discussion

The purpose of this chapter is to weave together the empirical findings with the observations from the literature review to refine the conceptual framework formulated originally in section 2.9, and to tease out an understanding of how Swiss SME's have responded to digital transformation. Each of the research questions are addressed individually and insights from one marketing expert and two marketing agencies are also included.

### 5.1 Discussion of Micro Enterprises

#### 5.1.1 *Sub-Question A*

*Sub-Question A: Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?*

Micro enterprises have a similar understanding of how to refine the marketing strategy in the context of the digital era. When it comes to strategic marketing, the focus on customers is of minor importance. This conflicts with marketing expert R's view that customer focus and experience management is of great importance. For Enterprise 6, Enterprise 10 and Enterprise 3 it is primarily a matter of improving Internet findability various digital pathways, because social media channels are constantly changing. The use of new media, however, seems to be understood as a one-way means of communication. Agency A confirms that SMEs, especially digital migrants (those relatively new to digital technologies), see themselves as threatened by the Internet and ask themselves 'if there is any real competition at all?'. New media technologies, if properly exploited, establish long-term, well aligned relationships with clients (Geredes, 2018). Further, with the help of user feedback, enterprises can refine their offerings because they have a better understanding of customer wishes. Marketing expert R expresses that the marketing strategy must precede the digital transformation, and that the marketer or the overall marketing must be in the lead, if enterprises do not plan to digitalise past the customers' immediate needs.

Enterprise 2 takes a differentiated view and emphasises the necessity of refining the business model to ensure that revenue and profits are being made. The company's marketing strategy is shaped by the need "to differentiate itself positively from its



competitors, [...] to better satisfy customers in a given environmental setting” (Jain 1992:24). Agency C provides a coherent view to support Enterprise 2’s approach about business models and Jain’s (1999) approach about the influence of external factors. Approximately 20% of Agency C’s customers change their business model due to digitalisation. Those who do transform their business model, find a new audience, and meet new needs. In Agency C’s opinion, SMEs need to determine their marketing strategy for the long term to position and differentiate themselves from the larger companies on the market. Since the variety of possibilities has grown exponentially over the last 10 years, a strategy is necessary to evaluate and test the right measures. In the view of Agency C using resources and instruments effectively and beneficially to all stakeholders, including customers and SMEs, is not necessarily shared by all participants.

According to Lembke and Honal (2015) and Baltes (2016), real-time interactions with customers should be a core strategic priority in addition to the traditional 4Ps of the marketing-mix. The concept of ~~the~~ traditional marketing has advanced by enabling greater customer participation (Kotler, Kartajaya and Setiawan, 2017). This does not seem to be the case in the micro enterprises analysed here. Agency C observes that the few enterprises who innovate their business model tend to invite their clients to co-create and co-shape the services or products. Yet, the process requires people to think differently, which in turn makes employee mindset change necessary.

### **5.1.2 Sub-Question B**

*Sub-Question B: To what extent did digitalisation create (added) value for customers?*

Enterprise 6 generated added value in terms of increased throughput times and massively reduced transaction costs. The researcher assumes that these benefits are related to the fact that they maintain a close relationship with their customers and involve them in the co-creation of concepts and strategies, which helps them to know and respond to their needs. Relationship-driven or interactive marketing is a strategic means of implementing the value proposition offered to customers. Further, clients benefit from speed in the results (e.g. efficient throughput times), data transparency (e.g. in projects visibility and transparency are mapped out in tools), and the procurement of information (e.g. information flows through all systems and interfaces). An important element is the continuity of the processes through all affected systems or interfaces. Marketing expert R takes a similar stance, arguing that digitalisation should support the generation of added

value for customers through lower costs, faster processes, and new and more individualised products and services. These arguments are consistent with those of Agency C. In addition to making information accessible and transparent, companies can also communicate more effectively with their clients. This, in turn, allows enterprises to employ targeted marketing and thus become more valuable to their audience.

In the case of Enterprise 2, customers are not involved in development processes or collaborations. The enterprise provides two different types of added value. Firstly, since it sees accessibility of technology to customers as added value, it considers itself as an interface and enabler between the ICT world and systems providers. More exciting, however, is how the firm seeks to optimise customer value perception through know-how generation. Knowledgeable customers that understand the intricacies of the product or service are more likely to command a higher perceived value. Compared to the offerings of existing and potential competitors, this is a unique offering that is difficult to imitate and should therefore be considered a unique selling proposition (USP). If Enterprise 2 designed services/products completely in line with customers wishes and changing preferences (Reader and Trussell, 2014), the enterprise could achieve a more differentiated position in the market. The current study is not aiming to analyse competitors, but a future, interesting avenue of research that could examine how far Enterprise 2's know-how is unique.

Digitalisation in product innovation creates added value for Enterprise 10's customers on three levels: improvement in turnover, improvement in profits, and in new strategies or orientations, where AI plays a business-strategic role. Although co-creation is not a standard pursuit in this enterprise, several advantages are created through the exploitation of digital transformation. Understanding customers' processes and goals creates value for Enterprise 3's customers in terms of greater customer experience, increased efficiency, and predictability of expenditure such as for cloud services. The researcher proposes that Enterprise 6 and the other micro enterprises examined in this study could benefit from their customers as a source of innovation (Lundkvist and Yakhlef, 2004).

### **5.1.3 Sub-Question C**

*Sub-Question C: How can organisations successfully overcome the complexity of digitalisation and what procedures do they apply?*

The organisations that supplied research data employ different strategies for overcoming the complexities and challenges associated with digitalisation. Yet, the degree of success of their implementation of procedures and/or tools has not been analysed in this study. The marketing Agency A faced people-centric transformational challenges when working with Google AdWords and SEO. Google is the only relevant facilitator of these services in Switzerland but since Swiss enterprises do not like to work with monopolies, some of the Agency's clients showed strong resistance. Additionally, many of the clients showed little to no understanding of how to handle such marketing aspects. The success or failure of enterprises in the digital era will often be decided by its strategy for transformation, how it addresses challenges (Neumeier, 2017), its employees' mindset, (Matzler et al., 2018; Lündendonk, 2019) and its level of curiosity (Quinton et al., 2018). Enterprise 3 confirms that no real challenges in terms of employee and customer resistance were faced during the transition. Taking the employees on the journey, has been suggested by Enterprise 3 as a strategy for overcoming such a challenge. A similar recommendation was offered by Enterprise 2 to demonstrate awareness of the possibility of digital transformation towards customers. One additional factor mentioned by Enterprise 2 was the *mind change* of the executives. It was pointed out that people need guidance when it comes to digital transformation. At its heart, digital transformation is about people, about culture and about new working models.

Given these complexities, the greatest challenge facing the enterprise is to be able to carry out the 'mind change' and take the people along on this transformation journey. The management has the responsibility to draw attention to issues, to communicate a strategy and vision to employees, and to set the direction and route for change. This reflects the view of marketing expert R, that a change process always involves a lot of cultural resistance. A similar stance is taken by Agency C. Firstly, through digital transformation, Agency C understands that the mindset of employees needs to change. That change is primarily a person-related rather than a technology-related transformation. Secondly, when it comes to understanding technology/information technology, there is insufficient knowledge, and decision makers struggle to deal with complexity. Thirdly, the human component is often underestimated, meaning that while technologies advance exponentially, people do not grow as fast in terms of their understanding, empathy, mental state, and training. Navigating such a transformational process requires time, patience, persuasion, communication, and adequate change management efforts from leaders.

Agency C concludes that people are often not ready or sufficiently engaged in the change process.

In this context, Agency A mention the lack of know-how of their client base in transferring their business model online. The agency often observes rifts opening in the digital transformation process because the client's employees have already reached a certain age and there is significant absence of digital culture. On the other hand, according to Agency A, young start-ups who carry this digital culture in their DNA, are considered to be far more likely to overcome such challenges.

In contrast, micro sized enterprises largely overcome the complexities of digitalisation by deploying technologies to support internal processes and/or external communications with clients. In the latter case, an organisation may find that their customers do not have the technological capabilities to facilitate the use of digital tools. Activities such as sending an electronic invoice was mentioned as a specific challenge. The findings show that customers' and partners' systems are often lag behind the technology of the enterprise. Enterprise 6 overcomes that particular complexity by deploying Software as a Service (SaaS) in which Cloud-based solutions can be accessed and used from anywhere, without encountering major technical hurdles. Enterprise 10 points out that digital transformation necessitates implementing CPU-intensive procedures. Some customers accept this solution with reservations, and a key concern relating to the use of Cloud-based solutions is privacy. Cloud-based solutions guarantee security at a low price, while also providing the computing capacity to support the volume of new data collected. If customers are placed in the foreground, new technical possibilities could help micro enterprises to create a better customer experience, and therefore design a customer journey with surprising moments. Offering personalised services like a gluten-free almond cookie to an allergic client or issuing batches with individualised programs at events are examples of Enterprise 14's micro-moments.

#### ***5.1.4 Summary of the Discussion for Micro Enterprises***

To summarise, micro-sized businesses view marketing strategies in the context of digitalisation as a matter of improving visibility and findability of their company on the Internet. Customer focus proved to be of minor importance, contrary to the statements found in the literature. Digitalisation, however, generates added value to the enterprises as well as to their clients in different ways. Benefits are achieved in terms of efficiency,

transparency, faster processes, and reduced costs. The idea of providing know-how to current and future customers in the form of blog posts or white papers, for example, has been identified through the analysed cases. This aspect, however, was not covered in the reviewed literature. When it comes to overcoming the complexity of digital transformation, most companies agree that it is about people and culture, and that executives must firstly shift their own mindset, secondly, they need sufficient knowledge about change management, and thirdly, they need to guide the workforce through the transformation.

## **5.2 Discussion of Small Enterprises**

### **5.2.1 Sub-Question A**

*Sub-Question A: Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?*

Among the small enterprises investigated, three motives are deemed to be most important: 1) a need to capitalise on growing markets, 2) a competitive motivation, and 3) a need to address consumer demands for more personalised content. Enterprise 7 and Enterprise 1 justify the question of redesigning the marketing strategy in the digital world with (1) the growing markets, and (2) competitive market situation. New digital technologies and media enable enterprises to be more present in the market. Agency C provides a sound argument to support Enterprise 7's and Enterprise 1's approach that external factors influence strategic marketing in the context of digitisation. If SMEs want to compete with larger enterprises, they have to adjust their marketing strategy, otherwise strategic advantage will not be achieved. On the one hand, Enterprise 7's and Enterprise 1's procedure is partially in line with the view of CIM (2015) referring that a marketing strategy considers its social, political, economic, cultural, and technological perspectives paramount. Marketing expert R, on the other hand, suggests that the increased complexity and market dynamics should be considered as key elements.

The surveyed small enterprises recognise the importance of external environmental factors. However, due to the overdose of social media, Enterprise 11 finds in this context that companies should (3) focus more urgently on the user in which personalised content is delivered with help of AI in marketing. Agency A confirms that target groups have changed and therefore a strategy is necessary. Marketing expert R argues that

digitalisation forces companies to rethink everything. According to Kumar (2018) placing the customer at the centre of the organisation, to reach the target group with a convincing offer, is a goal of transformative marketing. In the context of digitisation, the individual (potential) customer is the focus of marketing (Gerdes, 2018). Marketing expert R agrees with Gerdes' (2018) view that marketing should be audience-oriented if companies aim to create value for their audience and deliver to their needs. Although Agency C takes a similar view about customer centricity, often this is not consistently applied and remains 'lip service'. What distinguishes the SMEs in the implementation of customer centricity are the three dimensions - thinking, doing, and internalising.

Because marketing instruments are available today that automate entire marketing processes, new customer experiences can be generated. Stone and Woodcock (2014) define the mediation of personalised experiences that are valuable and appealing to customers as interactive marketing. With the data gained from user journeys, Enterprise 5 suggests analysing these user data and start creating or shaping new business models as a result. Enterprise 4 takes the idea of personalised advertisement further and emphasis that redesigning the marketing strategy is also key when it comes to brand awareness, meaning getting attention is key, since usually the first contact is through the website/online, which today is digital. A similar view is held by the Agency A. They argue that the website is considered a top priority along with digital storytelling. In this case, the appearance of a client contains everything from brand image to logo, visuals, and content. This fits well with Autio's (2017) belief that enhancing an organisation's website to drive brand strength develops online reputation.

### **5.2.2 Sub-Question B**

*Sub-Question B: To what extent did digitalisation create (added) value for customers?*

Digitisation creates an improvement in efficiency for Enterprise 7's customers in the areas of cooperation, communication, project documentation, and transparency. Similar value is created for Enterprise 1's clients, who benefit from digitised workflows in that that communication and projects are transparent and can be retrieved and viewed digitally at any time. On the one hand, Enterprise 1's client benefits from faster problem solutions. On the other hand, the tools used (i.e. Slack) enable the client to receive direct messages from their own customers, which they can answer and normally solve easily. Enterprise 4's customers also benefit from efficiency by usage of their products that enables the

digital transformation for enterprises in achieving simplicity. The small enterprises are mainly focusing on improving efficiency, but this neither transforms existing business models nor business processes, and it only serves to optimise existing ones (Schrader, 2018). A similar position is taken by Agency C. Approximately 20% of the customers create added value for their client base which is based on benefits considerations and increased efficiency. This means that existing processes are initially improved. In the other cases, new business cases are created based on newly discovered needs.

The situation is different for Enterprise 11, which offers clients added value through the knowledge and content the website. By offering content, customers not only gain value before they even become purchasers of the enterprises' products, but this also helps Enterprise 11 to differentiate itself from the competition. Knowledge as intangible value can be regarded as unique from a client's perspective and as competitive advantage, yet it is not implemented in a profitable way. Enterprise 11's end customers of public administration (using the example of the federal government) benefit from an improvement in public service (i.e. away from counter opening hours and paper forms to 7x24 online services and electronic forms), an increased efficiency (i.e. digitisation takes work off the shoulders of civil servants), an increase of employer attractiveness (i.e. young job starters do not want to work with old-fashioned equipment and methods), and a consistent improvement of data quality (i.e. no media breaks between individual applications, no manual data entry). Improved efficiency as a resulting finding is congruent with the motives behind digital transformation (Peter, 2017; Matzler et al., 2018).

### **5.2.3 Sub-Question C**

*Sub-Question C: How can organisations successfully overcome the complexity of digitalisation and what procedures do they apply?*

Most of the small enterprises that have been examined focus on internal and external instruments and technical interfaces. Training and data security were mentioned separately as challenging factors associated with digitalisation. Only in the case of Enterprise 4 does the emphasis lie on the education of the employees to support transformation. Spending time in educating engineering and marketing teams to become more agile is challenging. Enterprise 4 invests in LinkedIn Learning platform, Udemy or internal courses. Further presentations, web calls and meetings with different departments

are held to explain the organisation's strategy/transformation. Agency C observes difficulties encountered during the transformation in two ways. Firstly, the level of understanding of information technologies is insufficient and decision makers have too little knowledge on how to deal with the complexity. Secondly, the human element in the whole process is often underestimated. While technology advances exponentially, people and their understanding, empathy, and mental preparedness for change do not grow at the same pace. Employees need training and leaders need to persuade, communicate, and motivate throughout the whole transformational process.

Enterprise 11 employee's encounter difficulties in the area of data storage and data privacy. Especially as the company is increasingly relying on cloud services, there are employees who are asking themselves what happens to their data.

For Enterprise 7, digital communication platforms like Slack or Monday.com are used and applied for entire project management with clients. In the area where digital intercompany to other companies have not been implemented yet both Enterprise 7 and Enterprise 11 use e-mail as communication tools. From the first client's first encounter with the company, Enterprise 1 tracks the stages from opportunity, lead, qualified lead, offering, to the after-sales-service digitally mostly with opensource tools. To overcome the complexity of digitalisation, Enterprise 4 uses modern marketing tools, meaning like using modern Cloud-based tools for processing data, and for analysing users' data. The enterprise has been focusing in implementing SaaS-based tools that have easy ways to integrate, access, and easy way to share the data across the other tools. In the case of the analysed small enterprises, employees are provided with processes and systems capabilities. However, it is not entirely clear to what extent these instruments contribute to customer relations and proximity. According to Heierli et al. (2019) customer proximity can be achieved by utilising employee's skill, among other things. Although Enterprise 4 encounters challenges, further training is perceived to be very important to the enterprise.

While Enterprise 5 focuses on the new work approach, the challenge lies in the employees' acceptance of new and modern platforms and solutions. This aligns with the view of marketing expert R, stating that enterprises often lack important capabilities or the necessary know-how to use the right tools. Since the enterprise is still in the process of going digital, other than SharePoint and Mailchimp (automating marketing activities),



tools remain far away from a comprising ‘comprehensive sound digital transformation plan’. Organisations can successfully overcome the complexity of digitalisation by making sure that they are equipped with the necessary skills to adapt to new trends and technologies, as in the case of Enterprise 1. Transparency in communicating to staff during the transformation process, and making them feel part of the journey, is essential. These insights were reported by both Enterprise 4 and Enterprise 5.

#### ***5.2.4 Summary of the Discussion for Small Enterprises***

To summarise, small enterprises consider external factors (e.g. growing markets, competitive market situation) to be a motive to adapt their marketing strategy for the digital age. In contrast to most cases involving micro businesses, small enterprises tend to also recognise the importance of greater customer-focus. In the context of digitalisation, businesses deliver personalised content to the user through the application of new technologies and modern social media channels. One small enterprise takes the idea of personalised advertisement further by emphasising that redefining marketing strategy is key when it comes to improving brand awareness and brand recognition. Regarding the benefits of digitalisation, the findings pertaining to small businesses are similar to the ones about micro sized enterprises – mainly an improvement in efficiency. Again, added value is generated by offering knowledge and content through websites or other digital channels. In addition to the points mentioned above (see section 5.1.4), the small enterprises mentioned that they are facing challenges related to data security (e.g. using and relying on cloud services).

### **5.3 Discussion of Medium-Sized Enterprises**

#### ***5.3.1 Sub-Question A***

*Sub-Question A: Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?*

For Enterprise 8, which is active in the B2B sector, it is important that the audience are equally approached with push and pull marketing measures in the digital era. In their view a strong online presence is indispensable. A similar stance is taken by Enterprise 14. Taking advantage of digital possibilities may support attracting end customer’s attention. This in return, offers the enterprise completely different opportunities in measuring the

marketing impact, optimising, and tracking marketing activities. Both Enterprise 8 and Enterprise 14 report the importance of implementing digitalisation in marketing.

Enterprise 9 suggests addressing targeting audience digitally and thus optimising usability and processes for the audience is essential when it comes to sharpening the marketing strategy in today's world.

In the example of Enterprise 13, the company recognises the benefits in digital transformation where marketing can be better traced and measured, so that target groups are addressed with the right channels and the right message.

Enterprise 12 supports the views of the medium sized enterprises but goes even further. Organisations should refine their marketing strategy in the digital era because it makes it possible to go for a one-to-one relationship, driving a customised strategy. In the context of digitisation, the individual (potential) customer is the focus of marketing (Gerdes, 2018). On the other hand, there is the classic approach of one-to-all, which is obsolete. With a one-to-one communication, enterprises can reach a successful conclusion at exactly the right time, with the right message and the right tonality. Marketing efficiency can be increased with digital instruments, and particularly so because customers' attention span is constantly decreasing. This leads to new investments being made and used in the long rather than in the short term.

Although medium-sized enterprises mention partially or fully the concept of the traditional marketing-mix in their strategic marketing approach, it lacks the greater emphasis on customer participation suggested by Kotler, Kartajaya and Setiawan (2017).

Aside from the example of Enterprise 9, marketing strategy do not consider the external factors (e.g. competitors) that impact businesses in their marketing strategy. This way of understanding strategic marketing is observed by Agency C, where their clients equate marketing strategy with the marketing-mix in a narrower sense. The 20% of customers who are also expanding their business model, are focused on strategic marketing. Where technology is seen as a tool, digitisation influences their attitude; sometimes more radically or less radically depending on how the marketing mix is implemented.

### **5.3.2 Sub-Question B**

*Sub-Question B: To what extent did digitalisation create (added) value for customers?*

In the case of Enterprise 9 (active in B2C) which is still undergoing digital transformation, digitalisation has not yet created added value for the users. Marketing expert R takes the stance that if digitalisation does not add value, enterprises should not undertake a digital transformation. He argues that there must be either added value or a benefit for the customers to make the change worthwhile. Many authors (Osterwalder and Pigneur, 2010; Rüegg-Sturm, 2013; Iansiti and Lakhani, 2014) agree that creating value is an incremental part of defining a business model. In the nearer future, Enterprise 9 plans to focus on the development of chatbot technology that is expected to benefit the users through a 24/7 customer service.

In the case of Enterprise 8, added value is primarily provided not through the product itself, but through the content/knowledge delivered to the audience. This is supported by Kotler, Kartajaya and Setiawan (2017) who claim that marketers should deliver useful and valuable content to enhance a product's value. A similar view is held by Enterprise 14. The company ensures greater customer experiences by creating micro-moments within the user journey via multiple touchpoints. Enterprise 14 agreed that it is not the service *per se* that creates value but the overall experience. This aligns with Rowley's (2008) view that satisfying customer requirements is possible and more effective through electronic channels. Enterprise 14's end customers, who are no longer bound on opening hours due to new digital services along the customer journey, benefit from many new touchpoints that can be accessed 24/7 enabling them a completely new experience. According to Fitzgerald et al. (2013) enterprises that successfully adopt and exploit digitalisation can expect better customer experience and engagement among other things. Enterprise 14's approach of exploiting technological possibilities results in added value by designing and capturing new demands or creating unchallenged marketspaces.

Through digitalisation, Enterprises 12 and 13 provide efficiency gains for customers. The degree to which increased efficiency can be described as value creation is important. The researcher understands that this is a clear value for customers, if their needs are met with a service/product that stands out from the competition. According to Koch and Windsperger (2017) and Kotler et al. (2020) competitive advantage is achieved when the targeted audience receives a higher added value and is offered more satisfaction than from competition.

### 5.3.3 *Sub-Question C*

*Sub-Question C: How can organisations successfully overcome the complexity of digitalisation and what procedures do they apply?*

Enterprises 9, 13 and 14 mention the high transparency and consistent communication resulting in greater employee trust as critical success factors. According to Lünendonk (2019), high transparency and stringent communication can help negate uncertainty among the workforce during transformation. Just as important, are the required skills/competencies of employees, that must be further developed with trainings. Showing the roadmap of the transformation/change to the employees and involving them in the journey can help lower the resistance.

Regarding challenges envisioned when undertaking the transition, the way of working at Enterprise 12 has changed fundamentally. Enterprise 12 started with simple things, like agile meetings, but the management did not walk the talk at this time. The management board is challenged to take employees along the transformation/journey. This is not only about people management, but also about change in values and culture – both are very sluggish and difficult to change. Ultimately, everyday operations should be kept running, growth should continue to be delivered, and shareholders must be satisfied. Agency C explains that the human element is often underestimated. For them, digital transformation means changing the mindset of employees, i.e. it must be perceived as a person-related and not a technology-related process. Another stance is taken by the Agency A. They argue that some enterprises do not carry a digital culture within them. This is in line with the view of expert R that the change process always involves a lot of cultural resistance. He further states that in addition to classic resistance to change, there is often a gap in competence, such as the ability to use the right tools.

In evaluating the challenges envisioned during transformation on the customers side at Enterprise 8, improvement can be done regarding the communication from/to their clientele. The industry itself is not used to digital channels yet, but also most of their consumers are aged 50 or over. Their customers do not yet see the added value in using those new media/channels. Challenges are also envisioned in Enterprise 8's employee resistance when it comes to ask the System Engineers for information to create content for the firm's customers. It is difficult to get their knowledge on topics because they do

not understand that marketing functions as a service provider and not only as the department who organises events. The understanding is not quite there yet.

To cope with the digital transformation, Enterprise 14 relies primarily on Microsoft tools. They use the whole range of tools provided in Microsoft Office 365 from Teams to Skype for Business, task management and scheduling. This software is useful where virtual collaboration is required such as in document exchange and video conferencing. This makes collaboration more pleasant since the software facilitates real time and synchronous work on documents. Utilising these Microsoft tools supports Enterprise 14 team members in working, designing, and developing projects together. From a technological point of view, the challenge is to make a conscious choice of tools, e.g., which information should flow through which channels. Challenges in implementing the adapted business model was in turning affected into participants, meaning to consciously involving employees at the right time in the transformation. Future challenges could come to Enterprise 14 in the context of flexible working governed by specific framework conditions and regulations.

Enterprise 9 faces internal system challenges that so far were developed inhouse and now are purchased externally. Although their previous philosophy was to develop the programs themselves, this leads to new impulses and the use of new modern tools. Enterprise 13 believes that the Cloud is the primary catalyst for digitisation and thus supports complexity. With cloud solutions, companies can start without large investments and then scale as needed. Furthermore, there are instruments that apply to the complexity at the business model level. There are strategy tools like the ‘value proposition design’ that Enterprise 13 employs.

Both Enterprise 13 and Enterprise 8 use HubSpot as a tool for marketing automation. Instruments used that support Enterprise 12 to overcome the complexity of digitalisation are industry developments, trend developments, customer proximity ERP, Surveys on features (UX), qualitative and quantitative surveys, and other research instruments. Further tools like SiteSpect, SurveyMonkey, Atlassian, Slack, G Suite, Travello, and Google BigQuery are in use.

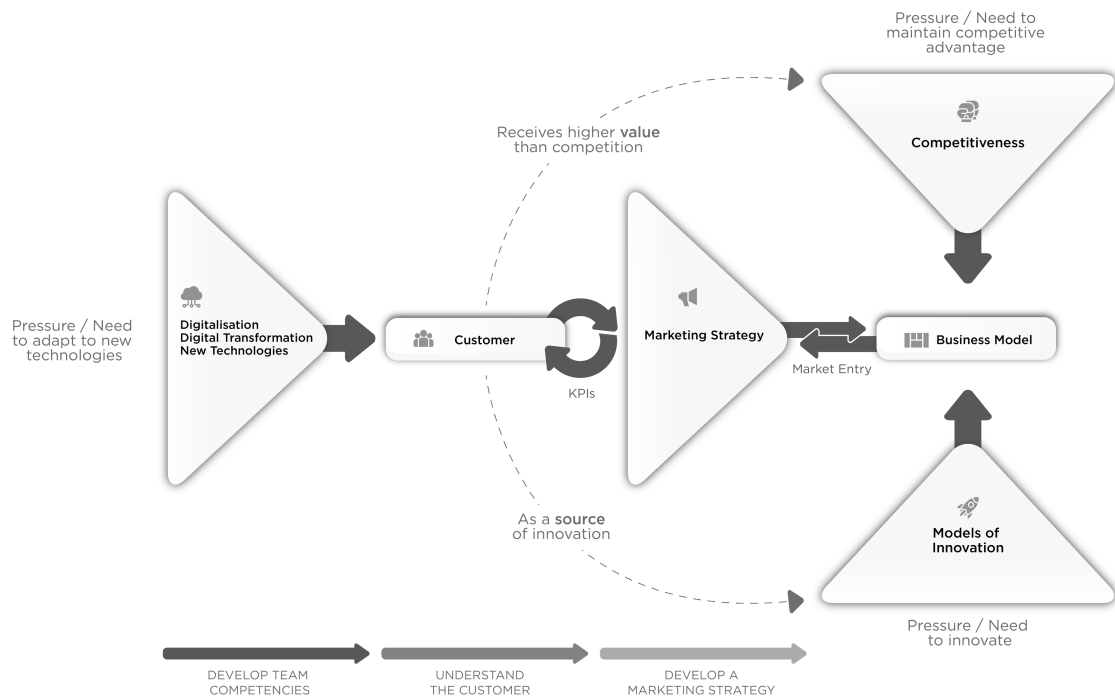
### ***5.3.4 Summary of the Discussion for Medium-Sized Enterprises***

To summarise, the findings pertaining to medium-sized enterprises have parallels with those relating to the other subgroups. Moreover, medium-sized enterprises tend to see the importance of implementing digital marketing to take advantage of modern possibilities and gain the attention of customers. In doing so, businesses can better trace and measure marketing campaigns, so that target groups are addressed with the right message through the right channels. Although medium-sized enterprises place the customer in the centre, some of the investigated organisations define marketing strategy in a narrower sense. This means that they limit their understanding of the marketing strategy to the dimensions of the traditional marketing-mix. Similar to the other two subgroups, added value is primarily provided through content/knowledge. In addition to the above-mentioned success factors in overcoming complexity of digitalisation, medium-sized enterprises use agile methods to manoeuvre through digital transformation and change.

## **5.4 Refining the Conceptual Framework**

Discussed in this section is the relationship between the framework developed from the literature and the empirical findings. Highlighted in Table 6.1 are the areas discussed in the literature synthesis and shows the theoretical contribution that resulted from the research findings on marketing strategy in the context of digitalisation.

In consideration of the theoretical framework and the findings of the case studies, ~~the~~ aspects of customer centricity and value creation have been shown to play a key role. As a result, the original framework (shown in Figure 2.10) has been slightly enhanced by focusing specifically on the customer. However, digitalisation, competitiveness, and business model innovation are still considered as essential influencing factors, as visualised in Figure 5.1. To achieve a better alignment with customer demands, SMEs should first develop their digital competencies internally (e.g., through training interventions). The use of modern technologies in serving the audience allows SMEs to collect and analyse data to support the achievement of KPIs which can be monitored through the use of key metrics and utilised to engage through re-targeting campaigns. Consequently, new product and service offerings that impact the current business model can emerge, triggered by new customer needs, higher competitive pressure, or further technological factors.



**Figure 5.1 Conclusive Conceptual Framework (Developed for Research)**

## **5.5 General Discussion of Analysed SMEs in the Context of Digital Transformation by Sub-Category**

### **5.5.1 Discussion of Micro Enterprises**

#### ***General Understanding and Drivers of Digital Transformation***

The leaders of the four micro enterprises reported a diverse general understanding of the term ‘digital transformation of enterprises’. At Enterprise 3, market, and environmental factors (such as society and politics) are in the foreground. This understanding largely corresponds with the Bundesministerium für Wirtschaft und Energie’s (2015) definition of digitalisation as the comprehensive networking of all areas of business and society. Even though Enterprise 3’s understanding focused on external factors, the researcher views this approach as a major limitation due to its restrictive nature. The researcher therefore offers an alternative view, arguing that environmental factors count as drivers of digital transformation. For Enterprise 10, digital transformation applied to internal components such as process improvements; meaning that with help of technologies, an entire value chain can be accelerated, simplified, and improved in the interest of clients.

According to Matzler et al. (2018) improving and digitalising processes is the preliminary stage of a full company transformation involving the creation of new and innovative business models. A similar position was taken by the marketing Agency A. The agency stated that the internal understanding of digital transformation had improved significantly in the broad sense, covering all important associated factors. However, Agency A also shared that their clients still predominantly view the implications of the digital age in a narrow sense, focusing on processes alone rather than the overall picture. In the view of Bertschek et al. (2015) and Matzler et al. (2016) the value chain leads to increased efficiency in the era of digitalisation.

A limitation of Enterprise 10's understanding of digital transformation was identified by observing that it does not include further components other than the technological one, although the improvement is carried out in the interest of the customer. Both observed cases indicated narrow understanding of digital transformation. The following two micro enterprises demonstrated additional shortcomings.

People, place and technology were the three components that comprise digital transformation in Enterprise 2's holistic approach. This view is partially aligned with Büst, Hille and Schestakow (2015) who agreed that digital transformation consists of technical, psychological-cultural, and operational components. According to Saam et al. (2016) the technological aspect is just one manifestation of digitalisation. Further, Enterprise 2 implicitly referred to Peter's (2017) seven fields of action in describing their understanding of digitalisation as definition; these are: digital business development, digital leadership & culture, process engineering, digital marketing, new technologies, Cloud and data, and customer centricity. A difference of Enterprise 2's understanding of digital transformation was that Peter (2017) refers to the 7 above-mentioned areas as points of action for enterprises, in the sense of a canvas rather than a definition. Enterprise 2 further described that digital transformation starts in people's minds where the entire enterprise including resources and personnel transforms, and everything becomes more accessible and readily available. A similar view about the understanding of digital transformation was held by the Agency C. Expert R expressed a need to *change the employees' mindset* and understood it as a personal rather than a technology-related endeavour. However, from Enterprise 2's definition, it is not clear to what degree the 'operational component' of Büst, Hille and Schestakow (2015) is covered. Enterprise 6's definition resulted in decreasing operating costs, with a closer and more-focused work-



relationship with clients as the key motivation behind this effort. Yet, the literature suggested that focusing on cost reduction (Bloching et al., 2015) only serves to optimise existing business models and does not transform existing businesses (Schrader, 2018). The second part of Enterprise 6's understanding can be interpreted as being that digital transformation is about developing services/products to meet customers' needs and preferences (Lanzolla and Anderson, 2008; Berman, 2012; Reader and Trussell, 2014; Matzler et al., 2018).

None of the micro enterprises emphasised developing or re-designing innovative business models as the highest level of digital transformation (Bundesministerium für Wirtschaft und Energie, 2015; Herzog et al., 2017; Matzler et al., 2018). From an overall perspective, there was no pattern identifiable which would have underlined the dissimilarity to the small enterprises in this respect. There was not only a lack of consensus with regards to the meaning of the term digital transformation in the literature, but also in practice, among SMEs. Marketing expert R offered arguably the most complete definition. For him, digital transformation includes the following elements: making a change in the company, building, and using infrastructure and applications, designing new business models, and creating new organisational concepts, philosophies, and project methods (such as Scrum, Holacracy, and other agile methods).

Most of the micro enterprises shed light on one or two dimensions of digital transformation but failed to take a holistic view. It is worth noting that digital transformation requires the alignment of competencies, cultures, and instruments in order to create unmistakable added value for the target audience through business model innovation. The researcher further interprets that an agile organisational development method is advantageous in a highly competitive fast-moving market.

The key drivers behind the micro sized enterprises' efforts towards digital transformation were a) a healthy market pressure, b) further technical improvements, implementations or interfaces with other business partners, c) technical components, and d) lean and agile processes. The findings of the cases coincide with the results (shown in Figure 2.4) of Peter's (2017) study. Marketing expert R provided a logical argument to support the research findings, arguing that the main motive is to ensure or increase competitiveness. Expert R claimed that enterprises use digitisation, above all, to become more customer oriented. Neither data-based nor societal changes were mentioned as key motives for

digital transformation as presented in the Swiss Marketing Leadership Study 2019 (Heierli et al., 2019). While the SME transformation study by Peter (2017) failed to examine the aspect of the mindset change (e.g. younger generation as a driver), the marketing Agency C successfully demonstrated the data-based view of transformation (e.g. increasing customer-centricity through increased data analysis). Interestingly, e) the growing *mindset change* was expressed as a motive in the case of Enterprise 6. This statement seems to confirm Kern's (2017) argument that organisations have an inappropriate mindset in organisations to drive digital transformation. Although micro enterprises considered the psychological/cultural component in their definition, Enterprise 6 recognised it as a key driver of digital transformation.

### ***Influence of the Digital Transformation on Corporate and Marketing Strategy***

Digitalisation has influenced business strategies in various ways. Enterprise 6 became leaner and more agile. In the case of Enterprise 2, the extension of the business model influenced the corporate strategy that it has managed to reposition itself from a product provider to a holistic solution provider in the field of work 4.0. Enterprise 3 is moving towards a recurring revenue strategy (i.e. a subscription model) and away from project-based business.

Similar to the definition of digital transformation, there were also differences between the micro enterprises in their understanding of a strategic marketing. Enterprise 6 characterised it as delivering quality to customers and encouraging the customer to recommend the organisation by word-of-mouth. This does not answer the question of how Enterprise 6 can be competitive in the fast-paced evolving and digital data-rich business environment as advocated by Varadarajan (2018). A marketing strategy that focuses on how an enterprise can effectively differentiate itself from the competition by leveraging its uniqueness to deliver value to its clients (Jain, 1999) is also not believed to be fully met with Enterprise 2 who positions itself as a solution rather than a technology provider. Similarly, Enterprise 3 referred to co-operating with selected partners (as referrals) with the aim of winning further leads. An equally narrow definition applied to Enterprise 10 whose marketing strategy consists primarily of maintaining customer relationships. Thus overall, the understanding of a marketing strategy expressed by the leaders of micro-sized enterprises was not consistent with the literature. Several authors (Jain, 1999; Walker and Mullins, 2014; Morgan et al., 2018; Varadarajan, 2018) refer to a) the customer and how

to deliver added value, increase customer focus and engagement, b) company and how to allocate marketing resources, and c) competition, where an environmental analysis is necessary to differentiate from others in their definitions. This is summarised by Jain's (1999) conceptualisation of marketing strategy: meeting customer needs through an evident and favourable distinction from the competition.

The analysed cases have shown that marketing strategy are perceived differently by individual organisations. It is also noticeable that the answers, according to the definition, did not correspond with the replies to the question of why the marketing strategy should be sharpened in the context of digitalisation. Firstly, micro-sized enterprises as well as the marketing Agency A interpreted strategic marketing in terms of referrals, and word of mouth/direct recommendation by focusing on the audience or potential clients. Secondly, the same enterprises considered the improvement of search engine findability and/or repositioning due to competition as a primary reason for adapting the marketing strategy in the context of digitalisation. While the focus on customer-centricity was of minor importance according to their definition, it was positioned in the foreground in terms of planned implementation. Expert R's definition of marketing (strategy) is noteworthy because he uses the terms *customer centricity* and *experience management*. He argued that marketing does not represent a department, but rather a common goal, which has an ~~integral~~ effect on several organisational units.

### ***Benefit for Enterprise***

Based on Jain's (1999) key elements of marketing strategy formulation, added value is created when a company's product or service offering meets customer needs with uniqueness over the competition (Gassmann, Frankenberger and Csik, 2017). Consistent with these authors, the Enterprise 2 case indicated that identifying the needs of the clients and designing a solution, empowers and creates added value for customers. Although for Enterprise 3 addressing customer needs are indispensable to generate customer benefit, the generated value which distinguishes the enterprise from potential competitors is hardly mentioned; rather, added value is provided solely through *customer experience*. According to Fitzgerald et al. (2013), enterprises that successfully adopt and exploit digitalisation can expect to realise advantages in better customer experience and engagement. At Enterprise 6, the company benefits from efficiency, reduced costs,

greater data transparency/transparency, whereas at Enterprise 10 involving process improvements showed no differentiated view.

In general, the micro-sized enterprises benefit from internal digital transformation. As outlined by marketing expert R, if digitalisation does not add value, enterprises should not do it. In the case of Enterprise 3, increasing value for the target audience lies in the foreground to enhance customer experience. This approach follows the Blue Ocean Strategy, where the aim is to increase the value for the customer while at the same time decreasing the company's costs of communicating and delivering that value. Applying the Blue Ocean Strategy concept has been shown to improve customer acquisition, customer margins, and customer retention (Yang and Yang, 2011); these are highlighted in the next section.

### ***Relationship-Marketing and Co-Creation***

Relationship marketing and customer proximity aims to establish and expand long-term customer relationships between the company and the brand or client. Across the analysed cases, there seems to be a similar level of emphasis placed on relationship management. Since micro-sized enterprises have fewer than ten employees and typically do not have a designated marketing department or marketer, marketing and accordingly relationship marketing is undertaken by almost every employee. Marketing expert R takes the view that all their own customers engage in relationship marketing, otherwise the companies would not exist. According to him, the benefit of CRM lies in the structured processing of acquiring new, enhancing satisfaction of existing and preventing migrating of clients. Expert R argued that marketing consists of three strategic building blocks: a) product and service strategy, b) branding strategy, and c) customer relationship strategy. Both Enterprise 10 and Enterprise 3 organise keynote speeches where clients and partners are invited. At Enterprise 6, a close customer relationship also involves co-creation of concepts and strategies - from idea to execution - with their customers. The integration of clients into the value chain is reflected in the approach of Fleisch, Weinberger and Wortmann (2014). Yet, many enterprises in the B2B sector understand co-creation as the actual integration of customers into business processes such as product development. What had not explicitly been mentioned in any of the micro-sized cases is the consumer-to-business communication/relationship. The researcher embraces the approach of

Misuraca, Scepi and Spano (2019) that the information flow is now horizontal between consumers and business.

Vargo and Lusch (2008:3) explain the process of interaction during value creation by arguing that “the customer is always a co-creator of value”. By applying methods about collaboration between enterprises and clients, where customers are a source of innovation (Lundkvist and Yakhlef, 2004; Rowley, Kupiec-Teahan and Leeming, 2007), increasing the value of products and services (Bharadwaj et al., 2013), it appeared that co-creation was applied in most cases. This concept was observed differently by the marketing Agency C, who expressed that for their client’s co-creation was rare. Empowering clients into prosumers (Lundkvist and Yakhlef, 2004; Kee and Yazdanifard, 2015; Misuraca, Scepi and Spano, 2019) through collaboration, co-creation, and co-shaping, customers place more trust in a company that listens to their ideas (Kee and Yazdanifard, 2015). The analysed case studies showed that some companies in the ICT industry do involve their customers in the value creation process but there is insufficient evidence to prove a positive outcome for the clients in terms of building trust.

### ***Influence on the Business Model***

To understand how digitalisation influences the business model vary across the cases of the micro-sized enterprises. Looking at the micro enterprises’ answers to the question 'to what extent the digital transformation already has an impact on the business model' of the study by Peter (2017), inconsistent statements were observed. The largest discrepancy was found at the company Enterprise 6, which answered positively in the KMU-Transformation report (Peter, 2017) with respect to individual business model elements but negatively answered the same questions during the interview. This suggests that this organisation experienced some challenges with business model transformation over time.

In the cases of Enterprise 2, Enterprise 10 and Enterprise 3, products and services have been transformed. This can be subsumed under the *What* of digital transformation in Gassmann, Frankenberger and Csik’s (2017) model. For these businesses, it remains unclear whether the change of offering services instead of products serves the same clientele or whether new customers have been gained. In contrast, Enterprise 6 expressed that their business model has not changed and has not been influenced, since the enterprise ‘is a pioneer’ and has already completed the transformation. This statement may represent the company’s narrow view of the business model concept since business models are

multidimensional in nature and thus, transformational opportunities can arise for every single building block of the model. A further argument is that with changes in the environment such as development of technologies and competitive positioning during the last two years, business models also adapt. As an example, the use of technology often leads to changes in value creation (Matt, Hess and Benlian, 2015). As Saebi, Lien and Foss (2017) emphasise, that organisations aim to adapt to the environment by sharpening their business models. Expert R takes the stance that not only an individual business model can be affected through digitalisation, but an entire value chain. It is important to point out that Markides (2006) argue that changing a business model innovatively is only achieved either by attracting new customers or by increasing existing clients' consumption.

The researcher believes that through digitalisation enterprises can not only innovate their business models and create additional value, but also use new technologies to effectively transmit their message to the audience to build or strengthen their brand, and ultimately, to bolster competitiveness. Further, Kotler, Kartajaya and Setiawan (2017) point out that brand authenticity has become the most valuable asset for an organisation in the digital economy.

### ***Benefit of Image and Brand Equity***

Among the sample of micro sized enterprises, there are divergent findings concerning image and brand equity. Both Enterprise 2 and Enterprise 10 benefit from image growth through their perceived 'new business model'. Enterprise 2 also attempted to attract potential employees through improved image value. Enterprise 6 does not consider the new business model as benefitting them in this way and mentions increased experiences as source of advantage. Ultimately, Enterprise 3 is struggling with its existing customers because in their view, they are still 'hard disk changers' – individuals who have not yet fully embraced the digital era. But the enterprise and the business model had changed considerably, presenting challenges to their image. In the view of the marketing agency C, increased value through better brand image is only achieved, if the company not only innovates successfully, but also communicates the achievement to the outside world. Some authors (e.g. Autio, 2017; Joensuu-Salo et al., 2018) suggest that through digitalisation, enterprises can benefit from image and brand development and boost competitiveness. In contrast to this, marketing expert R does not see a direct causality; in

his view digitalisation does not always have positive effect on the organisation. He observed that enterprises reinvent themselves and find a more modern positioning to remain competitive. In marketing expert R's view, this does not always have to do with a new business model. Kilian (2010) and Lembke and Honal (2015) take the idea of Autio (2017) and Joensuu-Salo et al. (2018) further and say that in the competitive business environment, brands require a unique and clear profile, both online and offline, to create an emotional experience, and value for customers. Leeflang, Verhoef, Dahlström et al. (2014) and Fronzetti Colladon (2018) suggest investing in social media to create brand awareness online.

The researcher concludes that through digitalisation business models can be adapted to the customer needs, by also aligning trends and other environmental dimensions. Business model innovation can be strengthened by involving customers in the value-creation process. This view is supported by Grönroos (2011:288) argument that "value is created by the user for the user". Finally, customers, prospects, and other stakeholders are likely to see an improvement in the enterprise brand and image.

### ***5.5.2 Discussion of Small Enterprises***

#### ***General Understanding and Drivers of Digital Transformation***

Enterprise 7 understands digital transformation of enterprises to involve business process improvements in areas such as communications, human resources, and sales. This emphasis on the technical dimensions of transformation stands in contrast to the view of Büst, Hille and Schestakow (2015) who also include psychological-cultural and operational factors in their conceptualisation of digital transformation. A limitation of Enterprise 7's understanding about digital transformation is that the company does not consider further dimensions other than the technological. For Enterprise 5, central to the concept of digital transformation was how *human beings* interact with technology, how technology was used and what was accelerated because of technology. According to the marketing Agency C, this idea requires that the employee's mindset changes, since digital transformation is rather people-centric and not so much technology-centric. Although Enterprise 5's understanding does not coincide with Büst, Hille and Schestakow's (2015) argument, that digital transformation is multidimensional, it matches with Atiker's (2018) view. Atiker's (2018) characterisation of digital transformation as the exploitation of new digital opportunities to provide customers with added value is equally relevant here.

Furthermore, Fitzgerald et al. (2013) claim that enterprises that leverage digital technologies gain in the areas of customer experience/engagement, operations efficiency, and business model innovation. However, it remains questionable as to what extent Enterprise 5 designs services/products in line with customer needs and wishes and develops new business models in the way suggested by several authors (Herzog et al., 2017; Schwab, 2017; Matzler et al., 2018). From the findings of Enterprise 5 that is moving from a B2B towards a B2C business model, that who practices informal relationship management, and has not implemented co-creation/shaping, the researcher draws the conclusion that customer-orientation is not the main focus. Agency A shares a similar view as the authors, that digital transformation has the power to completely change business models. But Agency A's clients, only understand the transformation in terms of processes and tools that can be offered digitally. The marketing Agency A illustrates this with the following example: "Digitalisation has rolled over like a tsunami over the last five years, and enterprises are overwhelmed."

Digital transformation is more all-encompassing at Enterprise 4 and is used in marketing to add value to customers and to solve their problems with the right service/product thus offering a huge opportunity to scale business. Enterprise 4's understanding supports the view of Homburg, Workman and Jensen (2000) who recommend that *inter alia* responses to clients' needs is key. Enterprise 4's approach considerably overlaps with Herzog et al.'s (2017), Schwab's (2017) as well as with Matzler et al.'s (2018) views of the need to design products/services completely in line with customer wishes through digital transformation. Furthermore, according to the authors, it is possible to develop new business models as a result of such a development. Schrader (2018) provides a coherent argument to support the belief that digital transformation begins with the focus on the customer. Following the above-mentioned understanding of Agency C, that describes value creation for the customer as a key driver for digital transformation, Enterprise 4 argued that it should take both internal and external factors into account instead. In this case, the researcher believes that the enterprise requires the appropriate competencies, culture, and instruments to generate unique added value to its customers.

With regards to the key drivers behind efforts towards digital transformation, the five cases revealed distinct motivations. For Enterprise 11 it was cost savings, which Peter (2017) argued is the third most cited motive (see Figure 2.4). The drivers mentioned by Enterprise 5 were partially consistent with the viewpoint offered by Heierli et al. (2019)



who suggests that digital transformation is driven by technological, data-based, market, societal, and regulatory changes. Enterprise 5's digital transformation was driven first by external market factors. This is because they operate as an IT channel and distribution company in a saturated market making it necessary to differentiate themselves from their competitors to sustain market relevance. Secondly, their activities were driven by internal factors, such as the development of new work perspectives and a new work culture. In comparison to Enterprise 11, Enterprise 5 demonstrated a more holistic approach towards digital transformation.

As suggested by Gottlieb and Willmott (2014) and by Büst, Hille and Schestakow (2015), Enterprise 4's main drivers are *user and customer experience*. Enterprise 4's view was confirmed by marketing expert R who asserts that the main driver of digital transformation essentially lies in becoming more customer-oriented. The marketing Agency C also confirmed that the focus should be on customer value creation as well as increased efficiency levels. Of the five case studies, Enterprise 7 stands apart by inferring that there is no specific drive towards further digital transformation, because it has had a 'digital DNA' since the inception of the organisation. In their case, there is no need for an explicit digital transformation since most of their processes had been digitally from the beginning. This understanding suggests that the company only considers the technological dimensions of digital transformation as pointed out by Heierli et al. (2019) where key aspects such as customer needs and added value (Atiker, 2018), or the need to develop new business models (Herzog et al., 2017; Schwab, 2017; Matzler et al., 2018) are ignored. In the researcher's view the main flaw of Enterprise 7's understanding is its highly restrictive nature. Because the small-sized enterprise offers digital services/products and has digitalised their processes internally, does not necessarily mean that external factors such as the shifting customer requirements or the increasing competitive pressure should be overlooked as drivers of transformation.

### ***Influence of the Digital Transformation on Corporate and Marketing Strategy***

Dess, Lumpkin and Covin (1997), suggest an 'entrepreneurial orientation' as a successful way of management, and indeed, Enterprise 4 gets inspiration for their SaaS-strategy from start-ups. Marketing expert R puts forward plausible ideas about agility in the context of digital transformation. In his view, digital transformation describes and includes new philosophies and project methods (e.g. Scrum as an agile management tool) among

others. Furthermore, operating in a dynamic environment in which customer needs, product market innovations and competitor strategies often change (Knight, 2000) are important in Enterprise 4's case. Similarly, Enterprise 1 and Enterprise 7 continually review and refine their business strategies due to changing market situations. Agency A agrees with the small-sized investigated enterprises, that strategies need to be redesigned because the marketing fields have become diverse, and the target groups have shifted. A similar view is held by marketing Agency C, who considers external factors (e.g., competition) as key influences on the marketing strategy. Enterprise 5 places special emphasis on customer focus and customer relationship as a dimension of the corporate strategy as mentioned by Morgen et al. (2018).

Enterprise 4's reported about the usage of multi-channel marketing strategy to drive brand awareness corroborates the findings by Stone, Hobbs and Khaleeli (2002) that multichannel management is increasingly important to sharpen consumers' profiles and maximise cross-selling opportunities. Enterprise 4's online and offline multi-channel marketing strategy also reflects Lytics's (2019) explanation that improving customer experience through cross-channel marketing is key. The idea that Marketing 4.0 involves both online and offline interactions between companies and their audience is substantiated by Kotler, Kartajaya and Setiawan (2017). Notwithstanding the fact that enterprises need to market in a digital world and a dynamic environment, the researcher suggests that all advertising operations and the respective channels need to be given even more careful selection to ensure the audience is appropriately targeted.

A common trait among the small-sized enterprises' understanding of marketing strategy is the inclusion of external environmental influences and higher customer focus. On the one hand, this is similar to the approach of marketing expert R where customer focus and experience management have an integral effect on several organisational units. Authors such as Jain (1999) and Walker and Mullins (2014) emphasise the importance of continuous environmental analysis to improve the company's long-term strategic marketing orientation.

Concerning the reason for redefining enterprises' marketing strategy in the digital era, both Enterprise 7 and Enterprise 4 argued that digital media enables a stronger differentiation, and a more impactful personalisation due to usage of artificial intelligence/algorithms and content generation, thus strengthening the company's brand.

In addition to increasing/ensuring competitiveness, marketing expert R emphasised that marketing should become a focus when enterprises aim to address customer needs through digitalisation. Delivering valuable personalised content (Kotler, Kartajaya and Setiawan, 2017; Lytics, 2019) can serve as a basis for strategy development. Enterprise 1 takes this idea further and sees the potential of digitalisation going beyond marketing and sales, namely creating new *customer experiences*. Agency C supported the idea that generating more benefits through new technologies should be done with the customer journey as a centrepiece. In the researcher's view, a marketing strategy should consider not only the dimension of digitalisation as an enabler but also the dimension of time. This concept was missing in the analysed cases. According to Lytics (2019) marketing relies heavily on a connected customer experience powered at the right time with the right data. Although the analysed enterprises show considerably different understanding of marketing in the digital age, the aspect of customer centricity remains less than obvious contrary to Kumar's (2018) view.

### ***Benefit for the Enterprise***

The benefit of the digital transformation for Enterprise 7 lies in many areas. First, the products/services the enterprise offers were created with the help of digitalisation. Enterprise 7 can offer various technological options to their clients. Second, considering product development, innovation is a driving factor. Furthermore, the simplification of processes in HR or purchasing can bring significant cost reductions. Finally, the simplification of customer communication is an added value for the enterprise. While cost reduction can be measured easily, e.g. through project profitability calculations, the benefit of product development can only be measured by how many new products and services were offered to customers over a period. The benefits experienced by Enterprise 7 correspond with the findings of the SME transformation study by Peter (2017) where faster product development, more efficient processes, and additional cost savings count as drivers of the digital transformation. Similar benefits are confirmed by Enterprise 1, that observed a more pragmatic and easy-going communication with their audience achieved by implementing innovative tools for better *customer experience*. According to Fitzgerald et al. (2013) enterprises leveraging digitisation create better customer experience, improve customer engagement, and increase their operational efficiency. Enterprise 1 believes that they were gaining a competitive advantage by demonstrating to its clients that their digital processes are much faster or more convenient, and that their

processes provide the end customer with higher added value. The insights provided by Enterprise 4 are consistent with Peter's (2017) findings that the time-saving aspect of using automated products and services is one of the main benefits of digital transformation. Finally, Agency C considered transparency (e.g. making information easily accessible) as an additional added value of digitisation.

Since digitalisation is still at an early stage, no particular added value was reported by Enterprise 5.

Irrespective of the level/order of the digital transformation, the associated competencies and the necessary technical resources are considered to be a prerequisite for successfully generating added value for the enterprise and its audience. Further, the researcher believes that an internal adaption of new technologies does not necessary constitute higher perceived value internally or externally.

### ***Relationship-Marketing and Co-Creation***

Enterprises 1, 4, 7 and 11 understand that interactive or relationship marketing requires a deeper understanding of the customer to deliver personalised experiences that are valuable and appealing to their audience. Kotler, Kartajaya and Setiawan (2017) argue that in a digital world, offline touch points are necessary. As per the marketing Agency C, relationship marketing is implemented in various forms (e.g. personal relationship), whereby the benefits for the enterprises can vary accordingly. Companies could benefit more by using new technologies and/or by discovering new markets. Unlike the mentioned four cases that practice relationship marketing, Enterprise 5 admitted to not be conducting formalised relationship marketing and is aware that some of its competitors have this in place. In the view of marketing expert R, the benefit of CRM lies in the structured processing of new, existing, and migrating clients.

Further, it is apparent that the idea of De Swaan, Van den Driest and Weed (2014) that marketing is integrated into other disciplines in the enterprise to provide a seamless experience for the clients is pursued in the cases of Enterprise 1, Enterprise 7, and Enterprise 11.

Co-creation is a mode of innovation in which value is created with customers and greater satisfaction is achieved through their insight (Rowley, Kupiec-Teahan and Leeming, 2007). In the cases of Enterprise 4 and Enterprise 11, involving the audience in the

development and testing of services, not only improves the offering but also results in more personalised services and products. Vargo and Lusch (2008:3) believe that “the customer is always a co-creator of value”. Enterprise 7 applied a similar approach and focuses on customer-centricity by inviting customers and stakeholders in their product development process. Although Enterprise 5 does not practice relationship marketing *per se*, it invites their vendors and partners to co-shape offerings in serving the market and its clientele better. In the view of marketing expert R, co-creation takes place regardless of the intent to do so because the customer is always integrated into the value-adding process, and they alone determine the intrinsic value of the product/service. Enterprise 7 merely offers it (i.e. service dominant logic). The service logic (Grönroos, 2011) describes the concept of focusing more on the audience and creating a shared experience together rather than creating a service or a product alone.

Enterprise 1’s approach goes beyond listening to their customers, since they sometimes do not even know what is possible with digitalisation. In this case, Enterprise 1 observes trends and other upcoming impactful technologies from published studies and other websites. In this context, Kumar (2018) argues that responding to future trends and developments in the marketplace is key to strategic transformative marketing.

### ***Influence on Business Model***

The extent to which digitalisation influences the business model appears to vary across the analysed cases. Marketing expert R claimed that a business model can also be affected by digitalisation and that it is, in fact, often the case. Marketing expert R provided an example of digitalisation of the construction industry. In their example, BIM (Building Information Modelling) not only changes its individual business model, but the entire value chain as well. In the cases of Enterprise 1, Enterprise 7 and Enterprise 11, elements of the products and services have been transformed. This is aligned with the *What* of Gassmann, Frankenberger and Csik’s (2017) model. Enterprise 11, for example, offered cloud services for their customers through which they generate an additional source of income. By aiming to adapt to the use of technology, for example, enterprises can also sharpen their business models (Saebi, Lien and Foss, 2017). Agency C observed the development of business models influenced by digitalisation at companies that identify and address new needs. With the advance of digitalisation, the example of Apple’s iTunes demonstrates how an entirely new source of value and demand can be created through

digital innovation (Shukla and Gupta, 2011). In the view of Matzler et al. (2018) the highest degree of digitisation and value creation for the customer does not take place on the product or process level but rather at the business model level. Because business models being difficult to imitate, the researcher suggests that an even stronger competitive advantage can be achieved through a high degree of digitalisation and exceptional customer centricity, which would allow the company to create a unique customer journey. A constant customer orientation can support the enterprise in satisfying the needs for each target group aligning with its own internal core competencies.

In the cases of Enterprise 5 and Enterprise 4, the *What* element is supplemented with the *Who*, as the enterprises move towards an end-to-customer instead of a B2B-business model. Marketing Agency A argued that digitisation has a minor impact on their customers' business models. They see the shift mainly among younger people in their client enterprises, who are often still exploring their core competencies. Agency A shared their observation that young entrepreneurs tend to start with a very broad offering, and they only start specialising at a later stage, which gives them the necessary flexibility to thrive in a changing environment. Fitzgerald et al. (2013) assert that enterprises who successfully adopt digital transformation can expect to gain advantages in the areas of business model innovation, operational efficiency, and customer engagement. Ultimately, according to Amit and Zott (2012) it is more difficult to imitate at the business model level than at the product/process level.

The researcher concludes that the answer to the main question of the SME digital transformation study by Peter (2017): "To what extent the digital transformation already has an impact on the business model," is that only elements of the business models were influenced individually.

### ***Benefit of Image and Brand Equity***

There were mixed findings relating to image and brand equity. Both Enterprise 7 and Enterprise 11 benefit from image growth through their perceived 'new business model'. Enterprise 5 and Enterprise 4 benefit from improved image and brand equity through their SaaS business model. In the case of Enterprise 1 which has been named Switzerland's most successful app agency three times in a row, image and brand equity were influenced positively through media presence. Marketing Agency C provided a strong argument in support of the belief that companies can improve their brand image and the associated

value by innovating their business model. If the innovation is undertaken, and communicated to the outside world, the enterprise can certainly benefit as depicted in the example by Enterprise 1. With the findings it becomes evident that through digitalisation, the small-sized enterprises can enhance their business processes and benefit from image and brand development (Autio, 2017; Joensuu-Salo et al., 2018). In contrast to this, marketing expert R does not see a direct causality between digitalisation and the previously mentioned positive effect on the organisation. He observes that enterprises often should find a more modern positioning to remain competitive.

A limitation of the findings is that they fail to highlight the concept of user-generated content in the context of customer relationship management, where consumers can become active contributors and brand ambassador that drive positive word of mouth recommendations.

### ***5.5.3 Discussion of Medium-Sized Enterprises***

#### ***General Understanding and Drivers of Digital Transformation***

Enterprise 13's understanding of digital transformation is fairly similar with the idea that characterises it as the exploitation of new technological opportunities, designing products/services based on customer wishes in a way that adds value (Atiker, 2018) which involves the creation of new business models (Herzog et al., 2017). Enterprise 13 further understands digital transformation to involve the integration of clients in the process of service/product development. Enterprise 13's comprehension, in that sense, appears to be almost holistic.

For Enterprise 14, the digital transformation includes *people*, their *mindset*, and *culture*. A similar view about the understanding of digital transformation is held by the Agency C. The owner of Agency C expressed a need to change the employees' mindset and understands it as a personal rather than a technology-related process. A similar view is confirmed through the reviewed literature. Kern (2017) stresses the importance of appropriate mindset in organisations to drive digital transformation. Enterprise 14's complete description of a digital transformation involves developing digital strategies and exploiting digital opportunities to develop new business models and achieve new prospects in the market. A sound argument to support Enterprise 14's belief, is provided by marketing expert R who offers a broad definition of the concept. For him, digital

transformation includes the following elements: making a change in the company, by building and using infrastructure and applications, designing new business models, and creating new organisational concepts, philosophies and project methods (such as Scrum, Holacracy, and other agile methods). Although in Enterprise 14's view the digital transformation corresponds to a more comprehensive definition (e.g. involving the buyer in product development or developing new business models), they actually focus more on the digitalisation of processes rather than the holistic view. It is conceivable that Enterprise 14 is oriented towards the inner world and fails to account for external factors such as society or audience, in contrast to the recommendation by the Bundesministerium für Wirtschaft und Energie (2015). Enterprise 14's understanding of digital transformation corresponds more closely with the view of Capgemini (2015) and Büst, Hille, and Schestakow (2015), where technology is used to improve a firm's performance.

Although Enterprise 8 narrow their definition down to 'moving from offline to online services', their overall view of the digital transformation of enterprises is fairly comprehensive and incorporates societal aspects as per Bundesministerium für Wirtschaft and Energie (2015) and Büst, Hille and Schestakow (2015), and agree that the ultimate aim of the transformation is the development of new business models as suggested by Herzog et al. (2017) and Peter (2017). Similar to Enterprise 14, Enterprise 8 focused on the technology-related transformation almost exclusively. The researcher argues that due to the B2B nature of Enterprise 8's business, the company might not have the necessary flexibility to disrupt its business model.

For Enterprise 9, digitising business processes and collecting and analysing user data with AI to offer personalised services is what digital transformation means. According to Matzler et al. (2018) improving and digitalising processes is the preliminary stage of a full transformation of a company involving the creation of new and innovative business models. In the case of Enterprise 9, the focus lies on the technical and less on the psychological-cultural and operational levels (Büst, Hille and Schestakow, 2015), the integration of customers into the value chain (Fleisch, Weinberger and Wortmann, 2014), or the development of innovative business models and revenue models (Peter, 2017). The approach taken by Enterprise 9 indicated that through the use of digital technologies, the personalisation of marketing campaigns can be improved. It has been repeatedly stated that through user data analysis, organisations can offer better customised products and



services, resulting in value optimisation and increased customer loyalty (Walker and Mullins, 2014).

A rather limited understanding of digital transformation of enterprises is reported by Enterprise 12, where the focus is almost exclusively on the introduction of agile and lean principles. In comparison to the other four medium-sized enterprises, Enterprise 12 demonstrated the narrowest understanding of digital transformation.

The researcher concludes that the findings about the understanding of digital transformation among the analysed enterprises are diverse. The definitions articulated by the medium-sized companies range from strongly one-sided and process-oriented to more holistic definitions with consideration of many different aspects including various external dimensions. The next section probes deeper the findings about drivers of digital transformation.

The medium sized businesses identified a number of key drivers behind the enterprise's efforts towards digital transformation. Aside from Enterprise 13, in the other cases, the rationale for undergoing digital transformation is beyond process optimisation and the need to realise cost savings (Peter, 2017). Enterprise 9 identified the opportunity to deliver individualised offers for customers through networked procedures and the resulting data (Big Data) which may ultimately result in greater profits (Peter, 2017). The findings from the analysis of Enterprise 13 and Enterprise 9 are represented in the digital transformation study by Peter (2017) in Figure 2.4. Interestingly, the same study puts less emphasis on the soft drivers as exemplified in the next cases. Enterprises 12 and 14 both touch on the 'soft' motivations such as the introduction of innovative new work cultures and a modern workplace as well as 'hard' factors such as greater efficiency and the ability to respond effectively to changing customer needs and competitive pressures. Marketing expert R provided a logical argument to support the above finding. He argued that the main motive for digital transformation is to ensure or increase competitiveness. Marketing expert R claimed that enterprises use digitisation, above all, to become more customer oriented. The ideas of Enterprise 12 and Enterprise 14 align with Büst, Hille and Schestakow's (2015) argument that digital transformation is multidimensional and includes a significant psychological-cultural dimension.

### ***Influence of the Digital Transformation on Corporate and Marketing Strategy***

Digitalisation has influenced these firms' business strategies (Büst, Hille and Schestakow, 2015) in various ways. For Enterprise 14, corporate strategy is primarily influenced by activity in the market. New services have been developed in response to clients' changing needs, which in turn has necessitated revisions to corporate goals. "Being hit as first by digitalisation as an IT company", is a simple answer, but ultimately, it is external and environmental factors that have influenced Enterprise 13's corporate strategy. In the case of Enterprise 12 the focus of corporate strategy lies in making their clients successful. There is common ground between these findings and the result of Peter's (2017) study about how far the market positioning of enterprises has changed in the last 24 months through digitalisation. The assessment of the investigated medium-sized enterprises showed that Enterprise 13 is the only one to state that it had changed its strategy completely (i.e., new business orientation, new products/services, new marketing). Furthermore, these findings were largely consistent with the results about the drivers of digital transformation presented in Figure 2.4. While the influencing factor of changing customer requirements is consistent with the study (Peter, 2017), the researcher notes that external factors (e.g., market situation) generally have an impact on the business and its marketing strategy as well.

Agency C characterised the first step of the marketing strategy as the selection of target audience and the description of the service that the organisation plans to provide. In the next step, the traditional marketing-mix is aligned with the selected target customer. In the researcher's view, the marketing Agency C's approach about strategic marketing lacks the focus on customer-centricity. The next analysed cases exemplify how the companies should remain the focus of strategic marketing.

The marketing strategy pursued by both Enterprise 14 and Enterprise 9 involves accompanying the customer on their journey. According to Fitzgerald et al. (2013), enterprises leveraging digital technologies are positioned to improve customer experience and engagement. Enterprise 8, that is still in the beginning of its transformation, aims to implement and optimise a data-driven marketing strategy. According to Fitzgerald et al. (2013), this approach could help the company provide superior customer experience.

In the view of marketing expert R, the impact of the digital era on enterprise marketing strategy is inherently multifaceted. Digitalisation forces enterprises to rethink everything.

Redefining the marketing strategy in the digital age is necessary for Enterprise 14 because the ability to place advertisements everywhere and anywhere creates new possibilities for securing customers' attention. A similar view was held by Enterprise 13, who concludes that it helps to make marketing more effective. Marketing Agency C confirmed that the variety of possibilities has increased exponentially compared to ten years ago. In their view, the right measures, instruments, and resources are needed to achieve the desired long-term effect. In addition, Enterprises 8, 9 and 12 are convinced about executing a more effective targeted or personalised marketing strategy employing digital channels. As a service provider, Enterprise 8 can only be consistently discovered if it has a strong online presence. That is why a pull strategy, in addition to constant direct contact and existing customer relationship management, are highly important in the digital era.

By exploiting digital channels (Autio, 2017), enterprises can not only benefit from optimising and measuring marketing activity, but also from building customer loyalty through individualised offering (Walker and Mullins, 2014; Kotler, Kartajaya and Setiawan, 2017). Enterprise 9 emphasised the importance of involving users by determining their needs, since in the context of digitalisation, the individual customer becomes the focus of marketing (Gerdes, 2018).

In the following section, the extent to which personalised and interactive marketing can be considered a strategic issue for the medium-sized enterprises is discussed.

### ***The Benefit for Enterprises***

As the examined enterprises have different levels of maturity in terms digital transformation, the benefits gained vary significantly. Even so, as outlined by marketing expert R, only if added value is generated through digital transformation, should businesses really do it.

Since Enterprise 8 is still undergoing the digital transformation and has not yet innovated their business model, new added value is only generated through the incoming number of new leads. When a prospect is interested in Enterprise 8's content, they must leave their address to get access to the desired data. The new lead's contact information will be transferred to an Account Manager or to the Sales Team who, in turn, will get in touch with them to follow up on their interest. While the lead generation example demonstrates how digitalisation can positively impact the flow of customers and the associated revenue, the following cases exemplify equally important effects on various internal aspects.

In the case of Enterprise 14, marketing budgets are used in a much more targeted way. Meaning that the enterprise can define the measures much more precisely, and above all, adjust them at any given time because they can see what works and what does not work relatively quickly. For example, the more accurate results from the undertaken activities can show whether the return on investment is sufficient. This enables the enterprise to focus on the right actions and to optimise investments for their next activities. Another example where digitalisation creates added value through marketing can be observed at Enterprise 13, where through digitalisation, more accurate measurements of marketing activities were also possible. In both companies - Enterprise 14 and Enterprise 13, it appears that by making marketing information available and traceable, the enterprises managed to increase their added value. Further, Enterprise 13 has become noticeably more efficient thanks to digitalisation. The company stated that they need to be certain about the positive effects of the recommendations towards their customers, and the digitalisation allows them to do this. From Enterprise 13's point of view, digitalisation creates a high added value for the company because 'technology is the catalyst for digitisation'. Digitalisation also creates added value for Enterprise 13 in terms of 'speed' of communication, e.g. issuing warnings to their customers on their blog within a few hours after a security incident. The marketing Agency C confirmed that through digitalisation, businesses can provide higher value thanks to the possibility for more precise communication. Finally, Enterprise 13 shared that they have noticed an increase in customer loyalty that is likely to continue in the medium- and long-term.

Although Enterprise 12 realises economical/commercial benefits from the digitised areas, the enterprise puts its customers and its future development before its own short-term benefits and their current source of income. The company launched an offensive strategic campaign that promises more services to its audience so that Enterprise 12 can remain relevant in the future. This approach follows the Blue Ocean Strategy, where the strategic focus is placed on increasing the value for the audience.

### ***Relationship-Marketing and Co-Creation***

All the medium-sized enterprises manage their customer relationships with equal intensity. Marketing expert R claimed that all businesses are involved in relationship marketing because otherwise they would not exist. These comprise more than 50

employees and typically have a dedicated marketing department or marketer, and accordingly the relationship marketing is integrated across other business units.

The case study findings show that mostly, the head of the marketing department is responsible for steering the direction of the company when it comes to marketing. These companies are people-focused, and relationship marketing plays an important role because the employees do not only represent the company but also carry out their expertise. At Enterprise 8, the Sales Team/Key Account Managers are the ones representing the enterprise at the clientele site and practicing a close relationship with customers. Customers and partners are often invited to regular events to maintain and bolster relationships. It is likely that customer centricity is a key focus in these analysed cases.

Principles of collaboration between enterprises and clients suggest that customers are a source of innovation (Lundkvist and Yakhlef, 2004; Rowley, Kupiec-Teahan and Leeming, 2007), that can contribute to the increased value of products and services (Bharadwaj et al., 2013), and in many of these cases, co-creation is pursued. This finding from the medium-sized enterprises stands in contrast with the statement of the marketing Agency C. Only a few of their clients report of having pursued collaborations with their customer base for the purpose of developing services/products together. The few customers that do incorporate a sort of co-creation, also appear to be implementing digital transformation in a broader sense, which has reportedly resulted in identifying a new customer need and the associated product/service innovation. According to marketing expert R, whose view is based on the approach of Vargo and Lusch (2008), co-creation always takes place regardless of intent because the customers are always integrated into the value creation process, and they alone determine the value while the enterprise only offers it to them (service dominant logic). In his view, however, many businesses understand co-creation as the actual integration of customers into business processes such as product development. This, in R's opinion, takes place almost everywhere in the B2B sector. For Enterprise 8, customer success stories are developed with the marketing department. In literature, where consumers become active participants in, and initiators of communication, they can generate marketing content – this process is known as prosumption (Rakic and Rakic, 2014). Creating services or products together with its customers and partners is not an issue at Enterprise 8, as they are a pure reseller enterprise. How stakeholders are involved in the company depends on the products/services offered.

In the case of Enterprise 9, for example, which is a comparison platform for consumers, the enterprise collaborates with its partners, rather than its users to support software development. Enterprise 13 follows the Design Thinking approach by testing products with customers. Enterprise 14 prefers usability testing at the beginning of their projects. When a firm empowers clients into prosumers and listens to their ideas (Lundkvist and Yakhlef, 2004; Kee and Yazdanifard, 2015; Misuraca, Scepi and Spano, 2019) through collaboration, co-creation, and co-shaping, customers place more trust in them (Kee and Yazdanifard, 2015). By means of various iterations, Enterprise 14 can improve the quality of the developed services/products right from the start of the process.

### ***Influence on Business Model***

The extent to which digitalisation influences the business model appears to partly vary across the analysed cases. Marketing expert R takes the stance that a business model can also be affected by the digital transformation. According to him, this is very often the case. According to the business model framework proposed by Gassmann, Frankenberger and Csik (2017), for Enterprise 14, the customer dimension (*Who*) has been extended by also serving clients outside the national border. In the cases of Enterprises 8, 9 and 13, the product/service dimension have been transformed. This can be referred to the *What* in Gassmann, Frankenberger and Csik's (2017) model. Since digital transformation is still in its infancy at Enterprise 8, the business model has not yet changed or developed.

As discussed, in the previous sections, digital transformation has mainly improved internal aspects of the enterprises. The findings from the ~~examined~~ medium-sized enterprises indicate that new technology is seen as an enabler of digital transformation. The conducted analysis demonstrates that companies tend to adjust their corporate/marketing strategy based on the current environmental dimensions. The researcher argues, however, that the same external conditions can often become a catalyst for change in the enterprise business model as well. In the view of the researcher, there is one discrepancy between Enterprise 12's answer in the KMU-Transformation report (Peter, 2017) and their answer to the interview question about 'the degree to which the digital transformation has had an impact on the business model'. Digitalisation has influenced their business model to the extent that the company switched from newspaper advertising to desktop/online advertising. The interview findings show that their business model is partially but not fully influenced by digitalisation. There is an argument that

changing a business model innovatively is only achieved either by attracting new customers or by increasing the existing clients' consumption (Markides, 2006).

### ***Benefit of Image and Brand Equity***

There are divergent findings when it comes to image and brand equity of the medium-sized enterprises. Both Enterprise 14 and Enterprise 13 benefit from image growth through their perceived 'adjusted business model', but ultimately also from received awards which are reported by the media. These findings are in line with the view of marketing Agency C, that an increased perceived value through better brand image is only achieved if the company not only innovates successfully, but also communicates the accomplishment to the outside world.

Enterprise 12 also benefits from image value through a more [perceived] innovative business model. The situation is different in the case of Enterprise 9, which does not believe in benefiting from image and brand equity through a revised or extended business model. With 80 million visits and 3.5 million comparisons in 2017, the website ranks as one of the leading online comparison platforms in Switzerland. In their view, media presence is much more important than launching a new product and getting the associated added value. As far as the brand is concerned, Enterprise 9 has the advantage that 80% of the Swiss population already knows their platform, and therefore the company does not have to invest significantly in strengthening their brand image. Although investment in building additional brand awareness is not a top priority for Enterprise 9, they have decided to launch some very effective guerrilla marketing campaigns such as the distribution of green apples (green is the colour of the corporate identity) at train stations throughout the country.

Regardless of the extent to which digitisation has an influence on the company image or brand, the examined enterprises appear to be highly present on the Swiss market. Whether it is through the awards they have won or the media presence they have been enjoying for years (e.g. Enterprise 9, Enterprise 12), the investigated companies do have a strong presence on the market. Moreover, their investment in social media additionally strengthens the enterprises' online brand image and recognition.

#### 5.5.4 *Summary of Discussion*

To summarise, the above discussion supports the enhanced conclusive conceptual framework (presented in Figure 5.1), where Swiss SMEs in the ICT sector should redefine their marketing strategy with consideration for internal and external aspects in the context of digitalisation. Following the structure of the areas evaluated in the case studies, several conclusions emerged:

- While the literature's (Bundesministerium für Wirtschaft und Energie, 2015; Herzog et al., 2017; Matzler et al., 2018) description of digital transformation proposes a high-level understanding of the development or the re-design of business models, the micro enterprises lack consensus in that regard. Similarly, small businesses draw less attention to psycho-cultural dimensions as otherwise suggested in the literature (Büst, Hille and Schestakow, 2015). Interestingly, the perception of digital transformation among the medium-sized companies ranges from strongly one-sided and process-oriented to a more holistic definition that includes external dimensions as also suggested in the literature (Bundesministerium für Wirtschaft and Energie, 2015).
- Both the literature (Jain, 1999; Morgan et al., 2018; Varadarajan, 2018) and the results of the research show different and often incomplete understanding of marketing strategy in the digital age. Among the micro-sized enterprises, companies in the ICT sector show a need for a more pragmatic approach to the holistically networked adaption to fully exploit the presented technological opportunities. On the other hand, small businesses do tend to consider external environmental factors and place more focus on the customer through their marketing strategy as suggested by Jain (1999). However, a couple of medium-sized companies pursue an even more customer-oriented approach to strategic marketing by accompanying the customer on their journey as described by Fitzgerald et al. (2013).
- In contrast to the reviewed literature that suggests that enterprises that successfully adapt and exploit digitalisation can benefit from better customer experience and engagement (Fitzgerald et al., 2013), only one medium-sized company from all examined, reported an increase of customer loyalty that is likely to continue in the medium- and long-term. In general, micro, small, and medium-sized enterprises indicated to have benefited from more efficient processes, cost reduction, and



greater data transparency/transparency which is consistent with Peter's (2017) findings.

- The findings regarding the concept of co-creation as described in the literature (Fleisch, Weinberger and Wortmann, 2014) vary among the examined cases and the views of the marketing agencies. Micro-sized enterprises seldomly empower their clients to participate as prosumers in the value chain. Meanwhile, small, and medium-sized businesses report improvements in their service/product offerings through personalisation when they seek collaboration with customer or other stakeholders.
- The results from the study on SMEs' digital transformation (Peter, 2017) as well as from the analysed case studies show that the business models of all investigated enterprises were affected by digitalisation in at least one dimension.
- Where findings concerning image and brand equity growth through innovated business models, have been affirmed, the analysed enterprises noticed tangible benefits from attracting potential employees and customers as suggested by the literature (Autio, 2017; Joensuu-Salo et al., 2018). In addition, several medium-sized companies realise benefits from their strong presence on the Swiss market thanks to winning awards and competitions or gaining high media presence.

## **Chapter Six: Conclusions and Recommendations**

The conclusion starts by revisiting and addressing the original research objectives (introduced in section 1.5). Data from the KMU-Transformation work (Peter, 2017) was considered in the recommendations and practical contribution sections. It then returns to the research question to see to what extent it has been answered. There is then a discussion of the results and attention is drawn to the limitations of the research, finally recommendations to academia and practice are made.

### **6.1 Conclusion of Research Questions**

#### ***6.1.1 Sub-Question A: Marketing Strategy in the Digital Era***

The literature increasingly refers to customer involvement and customer focus as key considerations for strategic marketing (Kotler et al., 2017).

The findings from Peter's (2017) study demonstrated some accordance with the qualitative part of the study. The motives behind digital transformation were the desire for efficient processes through networked procedures, responding to changing customer requirements, cost savings, greater transparency, and service/product customisation through (Big) data analytics and AI. A similar stance was taken by one of the examined marketing agencies interviewed in this study, whose target audience changed and therefore a revised marketing strategy became necessary.

It was mainly the micro-sized enterprises that demonstrated low customer-centricity in their strategic marketing. The findings showed that their understanding of redefining a marketing strategy in the digital age is primarily focused on improving findability on the Internet through various channels. New digital technologies and media enable enterprises to be more present on the market. Through the collection and analysis of user-data, personalised advertisement becomes possible and contributes to better brand awareness. Furthermore, given that initial contact now happens by digitally attracting customers' attention online is paramount to contemporary enterprises' marketing strategy. Very few medium-sized enterprises recognised the benefits of digital transformation related to better marketing measurability and traceability, which in turn, enables organisations to address their target audience on appropriate channels and with appropriate messages. In addition, this allows enterprises to measure and assess their marketing impact and to track and optimise the overall marketing performance.

Further, new marketing instruments can automate entire marketing processes, which allow marketers to build new customer experiences and improve user journeys. The use of new media, however, seems to be incorrectly understood as a one-way means of communication. Although the examined SMEs invested in creating content/knowledge for their audience, they neglected the idea of user-generated content strategy. Among the small enterprises investigated, three factors justified the question of redesigning the marketing strategy for the digital world. First - the growing markets, second - the competitive market situation, and third - the overdose of social media. Some of the surveyed small enterprises recognised the influence of external environmental factors on the marketing strategy in the context of digitisation.

The findings from the study revealed that customer centricity is often not consistently applied and is only give 'lip service' by many. A further limitation is found regarding the understanding of marketing strategy among several enterprises, where it equates with the marketing-mix in a narrow sense and omits focus on and participation of the audience. Different authors like Jain (1999), Slater and Olsen (2001), Kotler, Kartajaya and Setiawan (2017), Lamb, Hair and McDaniel (2018), Morgen et al. (2018), Varadarajan (2018), and Kotler et al. (2020) define and describe the term 'marketing strategy' in highly dissimilar ways.

While the literature offers different and non-conclusive definitions of strategic marketing, the situation is also similar among the investigated cases. The adopted definition of the term 'marketing strategy' is found relevant while companies try to redesign it in the context of digital transformation.

As stated above, the study has shown that a clear characterisation of marketing strategy beyond the traditional 4Ps is necessary, and even more so in the digital era. The following definition is therefore suggested: Marketing strategy is a process of creating added value for specifically targeted audiences along the customer journey whilst considering corporate, data-based, and environmental factors in a highly competitive global ecosystem.

### ***6.1.2 Sub-Question B: Added Value Creation for Customers***

This sub-question dealt with the degree to which customers perceived added value through digitalisation. While several authors provided definitions and descriptions of added value generation, findings from the cases contributed to the existing knowledge about value creation, particularly in the context of digitalisation. Surprisingly, the study of Neumeier (2017) confirms that most executives do not know exactly what benefit digitisation can create in their business. One view expressed by Atiker (2018) is that added value for customers can be facilitated and strengthened through digital transformation. The use of new technologies, as per the authors Büst, Hille and Schestakow (2015) can often lead to changes in the value creation process. Limitation of these views are, however, that the authors fail to give answers to the question of how added value is created through digitalisation, and - how digital transformation may create value. General views have been introduced for example, by Osterwalder and Pigneur (2010) where the creation, delivery, and capture of value is part of a business model. Timmers (2000), El Sawy and Pereira (2013), Meyer and Tavic (2015), Child et al. (2017) and Fernandes, Reis and Di Serio (2017) make reference to adding value in a profitable way by addressing customer needs as one element of the business model. An alternative perspective was offered by Gassmann, Frankenberger and Csik (2014) where a business model consists of four dimensions that support an understanding of customer segments, value proposition, value chain, and profit mechanism.

The findings from the case studies contribute to the existing theoretical knowledge base by confirming the approach that digital transformation influences value creation (Büst, Hille and Schestakow, 2015; Atiker, 2018). As key findings, the clients of the ICT SMEs experience added value through digitalisation related to faster processes/improvement of efficiency, information accessibility and transparency, cost reduction, turnover/profit improvement, and product/service innovation. Ultimately, the benefits generated allow enterprises to employ targeted marketing and thus, to become more valuable to their clients. Benefits, loosely related to technology, that bring added value in the context of digitalisation, are an increase of employer attractiveness, and greater customer experience. Further results related to the latter benefits pertain to the design of new touchpoints along the customer journey by exploiting digitalisation, which in turn, enable completely new customer experiences. Doing so has been proven to result in added value

through the identification and capture of new demand or the creation of unchallenged marketspaces.

Another line of thought on value creation has been presented by Kotler et al. (2020) who the link to competitive advantage. In their view, competitive advantage is achieved when the target buyer receives a higher added value and is better satisfied by the company in comparison to the competition. Similar description is proposed by Burke (2011) and Blankson et al. (2013) where a strong competitive positioning is achieved when the target consumer and other relevant stakeholders understand and see the product or service unique value proposition and identify the difference to the competition. The findings of this study indicated that a competitive advantage and therefore a visible value proposition is not necessarily offered with a product or service. By offering valuable content related to the product/service, customers not only gain knowledge and value, but also help the enterprise to differentiate themselves from competition. Although knowledge is considered an intangible value and it can be regarded as unique or perceived as a competitive advantage from a client's perspective, often it is not implemented in a profitable way.

### ***6.1.3 Sub-Question C: Overcoming Complexity of Digitalisation***

Ates and Bititci (2011) state that the development and implementation of change capabilities is key for the resilience of enterprises. Liu and Liang (2015) outline that organisations should abandon their old ways of thinking in a changing environment. A study by Autio (2017) revealed that although 76% of existing Swiss SMEs expect their market to be transformed through digitalisation, the majority lack the tools to overcome the complexity of the digital transformation. Equally surprising is that executives recognise that current challenges presented by digitalisation are unmanageable with previous instruments and that new approaches are needed (Möller, Stadler, Helbig et al., 2018). Consequently, leaders and other personnel become the enablers of the digitalisation process (Meyer, 2018). Grampp et al. (2018) recommends promoting the digital skills of employees and embedding them at the management level. Similarly, Lündendonk (2019) argues that a change in the required skills, competencies, and the mindset of employees is necessary for the development and acceptance of digital innovations. Kern (2017) also emphasise the importance of digital executives in organisations that need to nourish the willingness to change. Finally, the success or failure

of a company in the digital era will be decided by its strategy for transformation management (Neumeier, 2017), and its mindset (Matzler et al., 2018; Lündendonk, 2019).

While the literature provides a uniform picture of change management, the organisations that supplied research data employ a diverse range of strategies for overcoming the complexities and challenges associated with digitalisation. 3On the way towards digital transformation, the insights of a marketing agency revealed that many of their clients do not know how to handle the complexity. Given these complexities, the greatest challenge facing the enterprise is to be able to carry out the ‘mind change’ and take the employees along on this transformation journey. Founders and owners have the responsibility to draw attention to issues, to communicate a strategy and vision to employees, and to set the direction and route for change. A change process always involves a lot of cultural resistance. That change is primarily a person-related rather than a technology-related transformation. The other marketing agency named the missing mindset of employees, the insufficient knowledge about technology/information technology, and the struggle of decision makers dealing with complexity as flaws. Navigating such a transformational process requires time, patience, persuasion, communication, and adequate change management efforts from the leaders. People are often not ready or sufficiently engaged in the change process. Further findings from the case studies showed that the management did not walk the talk at that time. Within the discussion of people management, the research found that digital transformation is also about change in values and culture. The findings show, however, that both traits are very sluggish and difficult to change.

Depending on the degree of maturity of digitalisation, some of the examined enterprises pointed out that people need guidance when it comes to transformation. A mindset change among executives was mentioned as a prerequisite for a successful transformation.

Findings from the case studies, specifically ones regarding the technological aspects and procedures that enterprises employ to overcome the complexity of digitalisation, are in accordance with the results from the results of Peter’s (2017) study. For example, one transformational activity was the revision of the company homepage with a focus on customer needs. With HubSpot, a tool for marketing automation, personalised and interest-focused promotional activities were launched. In addition, the findings show that enterprises have placed greater focus on social media in the form of additional sales

channels (e.g. integrating Facebook, using chatbots, LinkedIn, Xing, and Sales Navigator).

In the area of process optimisation, systems and data management, and internal/external communication, tools such as NextCloud, Microsoft, SharePoint, Slack were mentioned as applications utilised to assist with the challenges of the digitalisation.

The findings from this research contribute to the existing theory base by demonstrating that some enterprises in some industries tend to lag with their utilisation of digital channels. For example, according to enterprise 8, elderly employees and customers demonstrate significant absence of digital culture (e.g. not seeing the added value of modern media/channels) as well as lack of the training and education necessary for successful transformation. Regardless of age, challenges generally lie in the employees' acceptance of new and modern platforms and solutions. Next to acceptance, enterprises as well as employees need to be equipped with capabilities or the necessary know-how to use the right tools. Finally, a lean and agile approach is proposed as a key prerequisite for mastering the complexity of digitalisation.

#### ***6.1.4 Proposition 1: Business Models Need to be Modified to Suit the Digital Era***

As the literature review found, the use of technology often leads to changes in the process of value creation as enterprises adapt to changes in the environment (Matt, Hess and Benlian, 2015; Saebi, Lien and Foss, 2017). While it may be more difficult to implement (Amit and Zott, 2012), according to Matzler et al. (2018), the highest degree of digitisation and value creation for the customer does not take place at the product or process level but instead at the business model level instead. Ultimately, Fitzgerald et al. (2013) assert that enterprises that successfully adopt digital transformation can expect to gain advantages in the areas of business model innovation, operational efficiency, and customer engagement.

Confirming these viewpoints, the current study found that enterprises should modify their existing business model in the context of digitalisation. First, customer needs change, and consequently, by designing services in line with their expectations, a new/improved business model is developed. Second, changes in the environment such as the development of technologies and the appearance of new market entrants, can also drive business model innovation. Third, digitalisation also influences business models in terms

of shifting the focus of the business away from products, and towards services like strategy development, business development, and training and learning workshops provided to the end client. Fourth, bypassing distributors to approach the audience directly (i.e. shifting from a B2B to a B2C model) can have a positive impact on the business model and the value chain by increasing gross margins. These findings contribute to the existing theory by confirming that enterprises need to adapt or innovate their business models to unlock new capabilities and deliver to the rising customer expectations in the context of the digital transformation.

One critical revision or expansion of the current discussion on Markides' (2006) view is suggested. Markides (2006) argues that changing a business model innovatively is only achieved either by attracting new customers or by increasing existing clients' consumption. This view is expanded by disrupting the existing value chain, introducing new channels (promotion) or implementing other growth strategies, next to customer acquisition and sales with the existing customer base.

#### ***6.1.5 Proposition 2: Commercial Benefit***

Proposition 1 established that the era of digitalisation demands new, innovative business models. With the discussion of Proposition 2, the researcher attempts to establish that the digitally driven changes to the business model are interrelated to a positive impact on the enterprise's brand equity. It can be concluded that by redefining the marketing strategy, respectively the market positioning, companies commercially benefit in terms of revenue growth but also brand equity. One interviewee argued that he does not believe that the enterprise would benefit from image and brand equity through a revised or extended business model, since "the company already had strong market and brand recognition". Another opposing view was introduced in terms of the measurability of the potential economic benefits associated with the digitalisation. The interviewee argued that the benefits could not yet be reliably estimated but would be measured over time by turnover and overall workload of the company.

The research found that by reaching new clients or creating additional value through digitalisation (e.g. via Google), new revenue streams were established. Others reported to have evolved their business model by adapting to the market and creating new services that lead to a different positioning on the market. In addition, the undertaken digitalisation reportedly powered a shift in the enterprise business model, transforming it towards a



more agile client-oriented organisation. One of the analysed organisations stated that by disrupting its own business model and starting to offer cloud solutions to a whole new customer segment, additional revenue was generated. Enterprises benefit from image and brand equity by innovating their business model. In addition, further economic benefits were realised thanks to improvements in brand awareness, achieved through word of mouth and by building an image of reliability in the customer base.

The internal digitalisation also brought commercial value by allowing possibilities for cost reductions, increased efficiency, and shortened project lead times, which could then be measured through project productivity and profitability calculations. In other cases, the economic benefits from different digitised areas were measured in terms of sales and profits. Similarly, the commercial advantages from the newly established business segments were measured by revenue, costs, contribution margin, and earnings before interest and taxes (EBIT).

By making use of the opportunities afforded by technologies such as the Internet and social media, and by developing new innovative business models, enterprises report growth in terms of their public image and their overall brand recognition. In other cases, the digital evolution of the company's positioning on the market (e.g. from a classic IT support business to a digital consultancy) sometimes created additional challenges since customer perceptions needed to be reoriented in line with the new value proposition.

Outcomes from Peter's (2017) report (outlined in section 3.4) are in accordance with some results of the case studies, particularly the interdependence of repositioning of a business and brand equity. For example, in the area of marketing and sales, increased conversion and revenue were anticipated. Further positive impacts of digital transformation become evident through in-depth insights gained into precise *customer needs*, which should theoretically help SMEs to better serve customers. Moreover, enterprises from the report (Peter, 2017) outlined increased *brand awareness* as a positive impact of digitalisation. For instance, an enterprise's presence in the traditional and digital media had reportedly increased significantly.

These findings correspond to some extent to the insights outlined in the literature review. To offer personalisation to customers, whose behaviour and activity constantly change (Constantinides, 2006; Rund, 2018), organisations use technology not only to develop and deliver world-class products and service but also to support higher-level brand

building (Kumar, 2018). Burke (2011) describes brand image as an asset that is developed over time. Thus, branding (including a brand, brand name, symbol, design, or a combination of those) is the most important instrument used by marketing professionals to differentiate their products from those of competitors with the main objectives of product identification, resale, and sale of new products (Lamb, Hair and McDaniel, 2018). Through digitalisation, it is argued that firms have the opportunity to enhance their business processes, to strengthen competitiveness, and ultimately, to benefit from image and brand development (Autio, 2017; Joensuu-Salo et al., 2018).

If enterprises adapt to a new market orientation (Leeflang et al., 2014), their audience may bring value, connectivity, and brand loyalty through their multi-layered networks (Clemons et al., 2017). Hence, CMOs invest in social media platforms to cultivate brand fans that drive positive word of mouth and loyalty (Leeflang, Verhoef, Dahlström et al., 2014). Research shows that using social media strategically, increases commercial value and revenue, improves customer loyalty, retention, and satisfaction, and helps the company build its brand and reputation (Fronzetti Colladon, 2018). A few results from the report (Peter, 2017) as well as of the case studies support Fronzetti Colladon's argument (2018) that through digitalisation in marketing, revenue growth can be achieved.

Further, the findings of this research contribute to the existing theoretical knowledge base by confirming the views of Autio (2017), Joensuu-Salo et al. (2018), and Kumar (2018) who all outline that by delivering services in accordance with the changing customer needs, enterprises benefit from image and brand development. The latter benefits are strengthened in the context of digital transformation. The research further proposes that by creating new services driven by market adaption, and therefore, by evolving the business model, companies are effectively changing their positioning on the market. Consequently, by making use of the opportunities offered by technologies (e.g. social media), marketers can adopt specific, personalised, and controlled marketing strategies, that improve brand awareness, and finally lead to sales increase.

#### **6.1.6 Main Research Question: Redefining Marketing Strategy in the Digital Era**

The findings of the study suggest *that Swiss SMEs in the ICT sector should (re)define their marketing strategy to benefit from digitalisation, from a customer-focused and -engagement perspective.*

In the battle for customer acquisition, disruptive business models, and globalisation in the digital age, customer proximity has become indispensable. Marketers have to rethink how to reach out or target their intended audience. This proximity not only relates to a customer-centric relationship management, but also requires the involvement of the customers throughout the entire value chain. The company's goal is to meet the agendas of its audience, while following its own business plan. Together with the customer, services/products are improved, and new ones developed, as the involved client forms a source of innovation. Also, communication is not one-sided (company to audience), but takes place on both sides up to the point where the consumer even generates content for the company (e.g. in blog posts, online forums, Tweets), and thus, evolves to a value creator. Content generation is one of the inbound marketing measures, which in turn can be part of a successful overall mid- to long-term marketing strategy.

Therefore, SMEs should define a marketing strategy with a focus on the customer's journey. This requires, a clear value proposition, personalised brand conversations and experiences, and the consideration of all relevant environmental and data-based (i.e. more comprehensive data) factors. Data generation, collection, and analysis not only recognises the changing customer needs, but it also supports enterprises in conceptualising personalised marketing activities.

Designing and capturing new demand or creating whole new marketplaces are two common approaches for SMEs that are more flexible and agile in comparison to some of their slower counterparts. These actions have been observed to drive the evolution of different enterprise business models.

With the advancement of digital marketing technologies, enterprises should, now more than ever before, make the conscious decision to utilise them for building brand awareness, generating demand, converting leads to sales, and fostering brand loyalty.

To benefit from the rich set of available digital and social tools, a long-term value-driven marketing strategy should contain the following components as presented in Figure 6.1:

# Marketing Strategy Canvas

**Define the Strategic Context**  
 What are our organisational priorities? Business plan? Strengths, weaknesses, opportunities, threats?










<p> <b>Adopt a Digital Mindset</b>                  How is a common understanding of Digital Transformation ensured across the organization?                  How are employees involved in the digital change?</p>	<p> <b>Map out Customer Journey</b>                  What marketing automation tools are implemented?                  How is the organization personalizing the customer experience?                  What kind of digital touchpoints are introduced to our customers?</p>	<p> <b>Adapt the Business Model</b>                  Which parts of the business model are driven by digital technologies? Which parts have been adapted to the digital age?                  How are digital technologies driving more sales?                  What efficiencies have been established by using more digital technologies?</p>
<p> <b>Build Interdisciplinary Teams</b>                  How are cross-functional teams built and deployed?                  What is being done to maintain an agile and collaboration-driven organization?                  How do we establish effective and timely digital communication across the organization?</p>	<p> <b>Access and Manage Consumer Networks</b>                  What consumer networks can we use to build brand loyalty?</p>	<p> <b>Empower Customer Co-Creation</b>                  How are customers adding value to our offering?                  How can we drive innovation, based on user input?</p>
<p> <b>Improve Technical Literacy</b>                  throughout the Company                  What additional training programs do we offer our employees?                  How is the organization staying on top of relevant technological trends?</p>	<p> <b>Collect and Analyse User Data</b>                  What comprehensive user data is collected?                  How is AI implemented to improve the effectiveness of data analytics?                  How is the analyzed data being used to increase Customer Lifetime Value (LTV)?</p>	<p> <b>Launch Personalised Campaigns</b>                  How is marketing automation applied to achieve greater personalization?                  What data points are used as a base for a personalized campaign?                  How are we ensuring the right message gets to the right audience?</p>

Figure 6.1 Marketing Strategy Canvas (Developed for Research)

The researcher has developed eleven fields that need to be examined when enterprises redefine their marketing strategy in the digital era. Each dimension is described in the following section.

## **6.2 Practical Outcomes**

The following section presents the output of the proposed framework, which is informed by the reviewed literature and the case studies. The case studies are further enriched by the interviewed marketing expert and marketing agencies. Each element is described in detail through the proposed marketing strategy canvas, and the practical implications for how small and medium sized enterprises might use the canvas are now explained in detail.

The researcher has the following recommendations to make for Swiss SMEs in the ICT sector and in general. Firstly, a *common understanding* of the terms marketing strategy and digital transformation should be established within the company. Secondly, a *corporate strategy* should exist as a starting point for the derivation of a marketing strategy. Thirdly, this study has shown that the *brand* is an instrument for differentiation that can create a competitive advantage and strengthen customer loyalty. In an increasingly commercialised world, brand value has to be precisely established and communicated. To achieve this, companies need to develop a detailed marketing and communication strategy. This strategy should include *interactive/networked communication* via traditional and modern channels, such as social media and other digital media tools.

Finally, the researcher recommends that enterprises develop a *relationship marketing* and *co-creation strategy* and seek to interact with their clients and prospects to build customer proximity and engagement. Customer value and loyalty should be at the centre of all corporate actions. Obviously, new media can play a huge part in this. SMEs will need to recognise content marketing as a cornerstone for digital inbound marketing and brand promotion.

### ***Digital Mindset***

Executives as well as employees are required to develop a digital mindset (a willingness to embrace digitalisation) if the digital transformation is not yet established in the mindset of Swiss SMEs. Current challenges presented by digitalisation are unmanageable with the previous approaches, models, and organisational forms. Therefore, new ways of thinking,

innovative work culture, and the willingness to change are proposed as key elements of the necessary digital mindset. Other values of a digital mindset that SMEs should incorporate include: a focus on innovative, disruptive, experimental, and flat-hierarchical leadership styles; adaptive, proactive, and agile forms of project management; analytical and data-driven methodologies; transparent and collaborative communication; and finally, a holistic and integrated understanding of the digital age.

Further, SME leaders have the responsibility to draw attention to issues, to communicate a strategy and vision to employees, and to set the direction and route for change. Managers are advised to follow a bottom-up strategy and involve all relevant staff members in the digital transformation. A change process always involves a lot of cultural resistance. It is primarily a person-related rather than technology-related transformation.

### ***Interdisciplinary Teams***

If the marketing strategy is integrated into several enterprise departments, a seamless experience for the clients can be provided and higher added value can be created. Achieving close customer proximity and effectively managing customer relationships are not responsibilities of a single department but rather the whole organisation. By following a digital mindset, building collaborative, diverse teams based on openness, flexibility, and interactivity, and by breaking the silos of departments (e.g. sales, IT, PR, marketing), small firms can improve their decision-making capabilities and their overall appearance towards stakeholders.

### ***Technical Literacy***

The digital era is here and is actively affecting businesses across all industry sectors. The study shows that companies need to be prepared for the transformation if they aim to preserve their competitive advantage. Before creating and implementing a digital strategy, all involved employees need to be given the tools necessary to succeed in this context. Building technical literacy within various organisational departments has become critical for the existence in a highly competitive environment. In addition to improving the technical skills of employees, it is also useful to monitor emerging digital trends and innovations to maintain competitiveness.

### ***Customer Journey***

If businesses want to establish a customer-centric marketing strategy, marketers should think from the perspective of the target consumer and their holistic experience with the brand. A customer journey map should be created to portray the story of a customer's experience - from initial contact, through the process of active engagement, communication, and involvement, to the establishment of a long-term relationship. To provide a holistic 360° view of individual consumers and their interest, affinities, and needs, businesses need to build a good understanding of their target audience. Organisations need to devise their internal and external strategies with the customer journey in mind. With the growth of online marketing and digital technologies in general, customers are becoming better informed, and therefore, tend to demand nothing less than a high-quality experience from businesses. Businesses will need to adopt a combination of modern and traditional tools to provide an exceptional customer journey that will result in brand loyalty and customer retention. One of the key success factors in building such a customer journey is the collection and utilisation of comprehensive user data.

### ***User Data***

Enterprises that have adopted a digital mindset and have embarked on the transformational journey have one very clear advantage over companies that stick to traditional approaches. Digitally enabled enterprises have access to a huge amount of user and market data that would have not been available during the analogue age. Modern businesses can gather actionable data points from various internal and external sources (e.g., CRM, marketing automation platforms, newsletter systems, social media etc.). The existence of this data, however, brings little to no value unless it is properly collated and analysed. One challenge is to bring this unstructured data into a suitable format to derive meaningful marketing insights from it. Once the information about the user is successfully analysed, companies can make improvements to their online marketing campaigns, optimise social media communication, and develop user-generated content. By using the enriched user data, enterprises can better predict customer needs and their responses to specific advertisements. Collecting and analysing user data with AI in order to facilitate offering customised services and a better customer journey could result in greater value creation and increased customer loyalty. By implementing and optimising a data-driven strategy, businesses can provide superior customer experience. Becoming

data-driven is a huge challenge, because companies often have legacy systems that do not support the necessary APIs. The adoption of a Customer Data Platform (CDP), however, can support marketers in understanding their customers' journeys and help them in reaching the audience at the right time with the right message in the right channel.

### ***Consumer Networks***

The traditional market segmentation process involves dividing a broad target audience to subgroups and should enable businesses to better target their services/products. In the modern digital age, however, businesses need to start building consumer networks of influencers and brand ambassadors. Greater access to data (as elaborated in the section above) sustainably supports this change. Not only consumers data, collected from search engines, websites, mobile devices, and social media networks, but also information like targeted mobile advertising, mobile applications, browsing data, user-generated reviews and comments, web content, and advertisement retargeting allow concrete profiling. While marketing was focused on a segmentation with high potential for conversion, marketing in the digital context aims to use the data generated to target networks of consumers/groups with common interests and values. A market segmentation strategy in the context of digitalisation is used to engage, inspire, and activate influencers in every targeted consumer network so that they can carry out the message to their own social communities. The maximum benefits from utilising consumer networks are achieved when customers transform from consumers to active participants and prosumers, eventually achieving the highest possible level of customer loyalty. One of today's modern approaches of attracting and retaining clients, is the use of live videos, which are proven to build greater user trust in a product, service, or a brand in general.

### ***Co-Creation***

Digital tools allow enterprises to better gauge the customers' expectations and needs. What is more, the digital era has enabled businesses to include the customer in the value creation process by establishing multiple touchpoints for a two-way communication. Customer collaboration and co-creation is becoming the new norm for building brand loyalty and customer retention in a highly cost-effective way. With the rising digital literacy and the increasing consumer power, co-creation is gradually becoming a necessity rather than a luxury experience. Therefore, businesses need to actively seek the implementation of co-creation in their marketing and business strategies.



### ***Brand Recognition & Loyalty***

Having established a consumer network (see section above), marketers should invest in social media platforms to cultivate brand enthusiasts who generate favourable social and online brand content and advocate for the brand through their multi-layered networks. This will both build awareness of the brand and build up customer loyalty. Businesses should invest in long-term customer retention and loyalty if they want to become more profitable and benefit from a strategic competitive advantage. Higher customer loyalty can be achieved in many ways, some of which were already discussed. Through personalisation, better customer journey, and customer involvement, a greater added value can be created and communicated to the right customer segments, eventually resulting in multi-faceted benefits for the whole brand.

### ***Content Strategy***

“Content is king” (Gates, 1996) has become a popular proverb in the business sector during the past few years. The impact that quality content can have on a company’s bottom line became clear with the widespread of digital technologies and the sophistication of Search Engine algorithms. However, normal content starts to gradually underperform with more and more focus is being shifted towards the audience. Thus, companies that have embarked on a digital transformation journey need to consider the trend of customer generated content. This is the type of content that can be created by consumers who feel part of the brand and who can strengthen the brand image. Published blog posts, online reviews, discussion groups or opinions from prosumers are examples of user-generated content. This type of content is considered one of the most cost-effective ways to promote a brand and company while building superior brand trust and loyalty. Nevertheless, content can still be generated by internal staff, who share their knowledge using new media technologies to reach the target audiences and deliver valuable insights. If SMEs utilise the advantages of content marketing as part of their digital marketing strategy, they can benefit from a higher return on their investment into digital advertising, especially by adopting and combining various social media marketing techniques.

### ***Personalised Campaigns***

Digital technologies and the ability to generate, collect, and analyse user data can help businesses transform their marketing strategy towards a more personalised form. The diversity and speed of modern digital media channels enables businesses to use individualised and therefore targeted marketing to accompany clients along the whole customer journey. By analysing the user data, companies can offer better customised services/products, resulting in value optimisation and increased customer loyalty. Ultimately, the personalisation of customer-facing campaigns is inherently a key strategic decision and should therefore be formulated in the marketing strategy and/or the digital marketing strategy. If companies approached their audience with personalised marketing, the target audience are more likely to choose to do business with the brand (also see section above). Hence, the marketing strategy should prioritise customer satisfaction and personalisation.

### ***Business Model***

Technological advances as well as changes in the environment often force companies to modify their business models. Scholars have argued that imitating at the business model level is more difficult than at the service/product/process level, which means that business model innovation often results in a unique competitive advantage. In this context, the focus is placed on the element of marketing strategy. Other dimensions of a business model such as competitors, products/services or key partners are not considered in detail here. It is recommended that the entire business model is viewed critically and transformed with a focus on the customer needs or service promise (value proposition), especially in the face of global digital competition. Hence, through digitalisation, the existing business model may benefit in different dimensions such as sustainable relationships and networks, digital culture, and automated data collection and analysis.

## **6.3 Conclusion of Research Objectives**

### ***6.3.1 Research Objective One***

*To determine the benefit/added value created through digitisation in companies.*

While the literature review and findings from Peter's (2017) report showed similar attributes, additional determinants of added value through digitalisation were examined in the case studies. Benefits for the enterprises such as an increase of employer

attractiveness and a greater customer experience were observed. Further benefits are realised in terms of higher operational efficiency through digitalisation, greater customer proximity through personalisation and digital media, and increased brand awareness through digital campaigns.

### **6.3.2 Research Objective Two**

*To illustrate organisational procedures that are necessary to successfully change the company's marketing strategy.*

The findings demonstrated the importance of data-based factors (e.g. collecting and analysing user data with AI) as well soft drivers such as establishing an innovative work culture and a modern workplace. To redefine a marketing strategy in the context of digitalisation, enterprises must break silo thinking and start working together within departments and with all relevant stakeholders. The customer can only be offered a seamless experience if all key players work together and pursue the same goal - to add value to the customer's life. In addition to the utilization of systems like CRM, it is also important that executives inform their workforce about the corporate and marketing strategy.

Ultimately, an agile and entrepreneurial approach is recommended in the age of digitalisation.

### **6.3.3 Research Objective Three**

*To understand the commercial benefits to an organisation that successfully implements possible tools.*

Reaching new clients via Google, for example, has shown to lead to new revenue streams. Further, by making use of modern technologies, marketers can adopt personalised and targeted marketing strategies, that results in improved brand awareness, and eventually an increase in sales. By disrupting the existing business model and starting to offer cloud solutions to customers, additional revenue was generated through the creation of a whole new market segment for the company. The improvement in brand awareness generated through word-of-mouth campaigns had a positive impact on brand equity, which in turn established an image of reliability and trust in the target audience.

Internal digitalisation projects, on the other hand, brought commercial value in the form of cost reductions and increased efficiency that is measurable through project productivity and profitability calculations.

#### **6.3.4 Research Objective Four**

*To present the best practices (case studies) and recommend a model for the development of a successful marketing strategy for enterprises in the ICT sector.*

From a total of fourteen available case studies, the case study of Enterprise 1 was presented in detail (Appendix 6). It was selected primarily because it provides in-depth insights into the discussed topics during the interview. As a practical result of this study, the researcher has designed a marketing strategy canvas model (presented in Figure 6.1) for SMEs, especially in the ICT sector, that operate in the context of digitalisation.

### **6.4 Theoretical Contribution**

The following section outlines the theoretical contribution from the most important study results of the researcher. Based on the conceptual framework of the marketing strategy in the context of digitalisation (presented in Figure 2.10), which was conducted in the previous chapters, the three research sub-questions and the two propositions are each analysed in detail. Table 6.1 presents a summary of the further contributions of this research to the theoretical background about marketing strategy in small and medium-sized ICT enterprises in the digital era.

First, this study has narrowed the research gaps in the intersectional subjects of *the need to adapt to new technologies/digital transformation in the ICT of SMEs* (e.g. *the pressure to innovate* (e.g. Lündendonk, 2019), *and the evolution of marketing strategy in the context of digitalisation* (e.g. Vardarajan, 2018). New elements were integrated into the greater understanding of digital transformation among Swiss ICT SMEs. This study has shown that in conformance with confirming the diverse definitions in the literature, (Bundesamt für Wirtschaft und Energie, 2015; Büst, Hill and Schestakow, 2015; Atiker, 2018; Matzler et al., 2018; Heierli et al., 2019) the participants in this case study also offer different understandings of the concept. For this reason, it is important to capture digital transformation in a holistic sense, as it goes beyond internal process optimisation or the use of social media channels. The researcher recommends the following definition, developed through this study:

*Digital transformation/Digitalisation is an enabler of the adaption or creation of innovative business models with customer-centric benefits, achieved by enhancing transparency in a networked organisation with fast speed of action. With the introduction of modern digital technologies, operational processes and agile organisational structures can be developed, psycho-cultural components and various internal competencies can be enhanced, strategic business objectives can be achieved, and financial KPIs can be improved.*

It is important that the same understanding exists among the whole organisation, because otherwise it would be challenging to break down the corporate strategy for the employees (e.g., management by objective) in the age of digitalisation. So, SMEs are recommended to use the canvas.

Second, the pressure and need for Swiss ICT small and medium-sized enterprises to adapt to new technologies/digital transformation has been explored. The study supports the view of Büst, Hill and Schestakow (2015) that the digital transformation is multidimensional. Building on the findings of Liisberg and Heitmann (2017), Peter (2017), and Heierli et al. (2019), this research contributes the argument that the ICT sector shows potential and the need to adapt new technologies in other fields than process optimisation – namely in marketing and sales, customer data management, platforms and channels, customer/self-service management, project management, and administrative management. Further, the results of this study confirm the viewpoints of Neumeier (2017), Davenport and Redman (2020), and Matt and Rauch (2020) that the executives' readiness and understanding of the potential benefit exists only partially.

Third, the research adds that innovating/adapting the existing business model can not only be beneficial for the business performance as per Bouwman, Nikou and de Reuver (2019), but can also lead to growth in brand perception. Although most analysed micro and small enterprises have limited resources, an adaption of one or more dimensions of the business model, led to the realisation of several commercial advantages, such as growth in brand image or an increase of employer attractiveness.

Fourth, several authors viewed customers as a source of innovation (Lundkvist and Yakhlef, 2004; Rowley, Kupiec-Teahan and Leeming, 2007). On the one hand, the findings from the analysed case studies showed that micro-sized enterprises seldomly empower their clients to participate as prosumers in the value chain. On the other hand, most of the medium-sized cases, co-creation/collaboration with clients is visibly pursued, where consumers are incentivised to become active participants. Thus, the idea of Vargo and Lusch (2008) and Grönroos (2011) that the client is *always* involved as a co-creator in the firm's value (chain), cannot be universally confirmed.

Fifth, this research disagrees with Markides' (2006) explanation of innovation, suggesting that for a new business model to truly be considered an innovation in itself, the model must ultimately increase the firm's turnover or the existing market share. According to the author, this can be achieved either by acquiring new users or by increasing the consumption of existing customers. This view is expanded in this study. The researcher argues that by disrupting the existing value chain, introducing new channels (promotion) or implementing other growth strategies besides customer acquisition and increased sales among the existing customer base, the enterprise can innovate successfully.

Sixth, the findings partially disagree with the belief of Tadesse and Pettersson (2019) that there is little need for SMEs to implement a standard marketing structure. The results show a different and often incomplete understanding of marketing strategy among SMEs in the digital context. Noteworthy, among the micro-sized enterprises, companies in the ICT sector show a need for a more pragmatic approach to the holistically networked adaption to exploit the technological opportunities. This outcome highlights that some guidance is needed. On the other hand, the authors Pradhan, Nigam, and Tiwari (2018) express the view that small and medium-sized enterprises need guidance in determining the digital and marketing transformation that can meet their needs.

Seventh, the current view of marketing strategy in the digital context has been reformed by adding emphasis on data-driven elements (e.g., collection and analysis of user-data) to support marketers in understanding and improving the customer journey and building new customer experiences. On the one hand, some of the analysed cases have shown that marketing strategy is understood in a narrow sense (e.g., improvement of findability on the Internet) while client focus was of minor importance. On the other hand, within small-

sized enterprises, common traits in the formulation of a marketing strategy were the inclusion of external environmental factors and a higher customer focus. Although the analysed enterprises show considerably different understanding of marketing in the digital age, the aspect of customer centricity remains less than obvious. This is contrary to Kumar's (2018) view that the purpose of transformative marketing is to bring the client to the centre of an organisation through a convincing offer that surpasses competition while strengthening the interaction between the company and stakeholders.

Eighth, as the existing literature (e.g., Jain, 1999; Kotler, Kartajaya and Setiawan, 2017; Lamb, Hair and McDaniel, 2018; Vardarajan, 2018) provides different definitions for strategic marketing as did the investigated cases. The study findings show that a clear characterisation of marketing strategy beyond the traditional 4Ps is necessary, and even more so in the digital context.

Finally, De Swaan, Van den Drist and Weed's (2014) idea that marketing is integrated into other disciplines in the enterprise to provide a seamless experience for clients is also observed in some of the investigated cases (such as E1, E7 and E11). When enterprises comprise of less than 50 employees, it is usually the cases that each member of staff cares about customers in some way. The situation is different with medium-sized enterprises that typically have a dedicated marketing department or a marketing expert; however, relationship marketing is also integrated across other business units.

**Table 6.1 Contribution to Theory (Developed for Research)**

<i>Theoretical Contribution</i>	<i>Current Research Contribution</i>	<i>Contribution from Thesis</i>
General understanding about digital transformation of companies	Bundesministerium für Wirtschaft und Energie (2020); Büst, Hille and Schestakow (2015); Peter (2017); Atiker (2018); Matzler et al. (2018); Heierli et al. (2019)	The researcher developed own holistic definition of digital transformation for the framework of the present study.
Drivers of digital transformation	Kern (2017); Peter (2017); Heierli et al. (2019)	The researcher recommends including the user, customer experience, and employee mindset to the main drivers of digital transformation.
Change of marketing strategy	Definition Jain (1999); Slater and Olsen (2001); Kotler, Kartajaya and Setiawan (2017); Lamb, Hair and	Definition Reformed current view of marketing strategy in the digital era by adding emphasis

<i><b>Theoretical Contribution</b></i>	<i><b>Current Research Contribution</b></i>	<i><b>Contribution from Thesis</b></i>
	McDaniel (2018); Morgen et al. (2018); Varadarajan (2018); Kotler et al. (2020)	on customer journey and data-driven elements.
	Customer Involvement/Relationship Marketing De Swaan, Van den Driest and Weed (2014); Leeflang et al. (2014); Kumar (2018)	Customer Involvement/Relationship Marketing Findings show that enterprises that integrate marketing into several disciplines across the organisation in order to provide a seamless experience for the clients, benefit from an improved and more efficient customer relationship management.
Value creation for customers	Added Value Büst, Hille and Schestakow (2015); Atiker (2018)	Added Value Less technology-based benefits are observed in terms of an improvement of employer branding, and a better customer experience through the design of new touchpoints across the customer journey.
	Competitive Advantage Burke (2011); Blankson et al. (2013); Jackson and Ahuja (2016); Kotler et al. (2020)	Competitive Advantage Offering content and knowledge can be regarded as an intangible added value; yet is often not implemented in a profitable way by the company.
Commercial benefit	Fitzgerald et al. (2013); Autio (2017); Peter (2017); Fronzetti Colladon, 2018; Joensuu-Salo et al. (2018)	Confirmation that organisations can benefit from digitalisation or marketing strategy redefinition through more efficient processes, additional cost savings, accessibility, and data transparency. Limited fulfilment due to the absence of reported improvement to customer experience and customer engagement as per Fitzgerald et al. (2013).
Influence on business model/impact on brand equity	Influence of Digitalisation on Business Model Markides (2006)	Influence of Digitalisation on Business Model The researcher adds to Markides' (2006) view that an innovative business model is



<i>Theoretical Contribution</i>	<i>Current Research Contribution</i>	<i>Contribution from Thesis</i>
		also achieved if different dimensions of promotion (e.g. distribution channels) have been disrupted/digitised.
	Image and Brand Equity Kee and Yazdanifard (2015); Autio (2017); Fronzetti Colladon (2018); Joensuu-Salo et al. (2018)	Image and Brand Equity Agreement that increased value through brand/image growth can be achieved through an adjusted business model and/or by investing in the presence on various digital channels. The research findings also claim that a better brand image is achieved successfully when enterprises communicate accomplishment/innovation actively to the outside world.
Challenges/Overcome complexity	Change Management Autio (2017); Grampp et al. (2018); Matzler et al. (2018); Möller, Stadler, Helbig et al. (2018); Lündendonk (2019)	Change Management Agreement that advancing and establishing a digital culture is necessary for a successful transformation. Findings suggest that a lean and agile approach is a key prerequisite for mastering the complexity of digitalisation.

## 6.5 Contribution to Practice

This section presents the contribution to the practice and continues the discussions in sections 6.2 and 6.3, and section 6.4 focusing on the theoretical significance.

The key finding of the research is the insufficient conception of strategic marketing among marketers of SMEs in the ICT sector. Often the marketing strategy is put on an equal footing with the traditional 4Ps. Marketing strategies not only have longer lifespans than an operational marketing plan, but also contain the firm's value proposition, branding strategy, and a customer relationship strategy. The findings of this research recommend the clear definition of a comprehensive and consistent marketing strategy across the organisation. Leaders/CMOs can formulate the organisational priorities - the organisational as well as the marketing strategy, as a first step in the Canvas template.

Second, the research has shown that customer focus is of high relevance in several contexts. Matzler et al. (2016), Kern (2017) and Heierli et al. (2019) include factors such as technology, market conditions, data and regulations as drivers for digitalisation. The findings of the research build on these existing studies and make several contributions as follows. First, the key driver of digital transformation are consumers and their experiences across the customer lifecycle. Second, the involvement of the audience in a co-creation process is an important facet, that needs to be explored. Third, customer focus is incremental to the value creation process and the evolution of enterprise business models. To deliver personalised offers and experiences that are valuable to the audience, companies are required to establish multiple touchpoints with their customers and properly understand their needs and expectations. To do this, practitioners can use the field named ‘Customer Journey’ in the Canvas. It is recommended to review the corporate strategy as well as the mission statement, ensuring that customer-centricity is considered extensively.

Third, the findings have advanced Peter’s (2017) SME transformational study by adding the aspect of the *mindset change* (e.g., younger generation as a driver for digital transformation). In terms of offering a contribution to practice, the researcher adds that employees should be supported in shifting their mindset and accepting the new digital strategy, which would in turn, boost the company’s transformation journey. This is linked to the Canvas field ‘Digital Mindset’.

Fourth, the study explored the topic of brand image improvement through an adjusted/new business model. While existing literature shows the connection between benefit in image/brand and digitalisation (Autio, 2017; Joensuu-Salo et al., 2018), the findings of this research add the connection that enterprises benefit from image growth through a new/adjusted business model. Companies attempt to attract potential employees through their improved employer image. Finally, the findings introduce the perspective that increased value through brand/image growth is achieved successfully when enterprises communicate innovations actively to the outside world. To address this topic, practitioners can use the field called “Brand Recognition & Loyalty” in the Marketing Strategy Canvas to develop an appropriate business model.

Fifth, additional consideration was introduced to the view of Matzler et al. (2018). The authors consider the highest degree of value creation and digitisation for the customer not

on the product or service level, but on the business model level instead, as it is more difficult for competitors to imitate. The findings of the study add the perspective that an even stronger competitive advantage can be achieved through a) a high degree of digitalisation and the creation of exceptional customer journey, and b) by offering content and knowledge as intangible added value. By designing the business model separately (right field in the Marketing Strategy Canvas), practitioners can emphasise on the generated added value.

Sixth, the findings of this research recommend that relationship management/marketing should not be left to the sales or marketing department alone but should rather be adopted by the organisation holistically to ensure a seamless customer experience and higher perceived value. If customer relationship management is executed appropriately, the purchaser later becomes a supporter or a brand ambassador, who then also promotes the product/service within their social network (refer to Consumer Networks in the Marketing Strategy Canvas). Taking this idea further by empowering consumers to become prosumers through collaboration or co-creation (see ‘Customer Co-Creation’ field in Marketing Strategy Canvas) customers begin placing more trust in the company because the company listens to and responds to their viewpoints. In both cases, each staff member is responsible for the well-being and the satisfaction of the individual customers.

Seventh, the findings of the study add the following elements to Peter’s (2017) report regarding effectively navigating the digital transformation and negating uncertainty among the workforce: high transparency and stringent communication equip employees with the necessary tools and skills to meet current and future challenges, and investment in training to ensure the firm’s future market presence and its preparedness to adapt to changes.

Further, the application of an agile approach in everyday operations can be advantageous in being proactive in handling obstacles (technology-related or personal-related resistance) or failures. Executives are also challenged to take their employees along the transformational journey by communicating the long-term goal and vision. This requires establishing an innovative work culture, people-integration management practices, as well as a company-wide digital mindset. The study findings recommend the implementation of a new leadership approach to effectively manage and navigate a complex change process such as digital transformation.

## **6.6 12 Summarised Recommendations for ICT-SMEs**

Based on the Practical Model (Figure 6.1) and the Practical Contribution (section 6.5), the researcher summarises the following 12 recommendations for Swiss SMEs in the ICT sector to benefit from digitalisation when redesigning their marketing strategy with a focus on customer centricity and engagement:

1. Ensure a common understanding of digital transformation across the whole organisation,
2. Build and deploy cross-functional teams,
3. Maintain an agile and collaboration-driven organisation,
4. Stay on top of relevant technological trends and involve employees in the digital change,
5. Regularly monitor external triggers (e.g., Gartner's Hype Circle) to endorse strategic changes,
6. Implement marketing automation tools to offer personalised customer experience,
7. Introduce digital and non-digital touchpoints to customers and potential customers,
8. Use new digital communication technologies to effectively transmit messages to customers and potential customers and increase customer loyalty,
9. Build brand loyalty by accessing consumer networks,
10. Collect comprehensive user data,
11. Drive innovation by promoting your clients to prosumers through collaboration or co-creation (also consumer engagement philosophy),
12. Implement user-generated content as part of your content strategy and offer content that provides knowledge as an intangible value.

## **6.7 Limitations of the Study**

The research could have been carried out with fewer cases. The collected data from the transcribed interviews is a large knowledge base. With so much collected data, it would be expected to arrive at in-depth insights for each of the cases, however, the final contribution turned out less clear than anticipated. In redefining a marketing strategy in the context of digitalisation, the notion economies of scale principle needs to be recognised as micro-sized and small enterprises do not necessarily have the resources/skills to set up a formal marketing strategy. Nevertheless, from the fourteen

cases the diversity amongst companies in responding to digitisation had been exposed. In addition, the study was limited to SMEs in the Information and Communication Technology (ICT) industry, which can be perceived as a limitation due to the specific nature of the ICT sector when it comes to digitalisation. According to Eurostat (2016), companies in the ICT sector place the topic of digital transformation the highest on their agenda in comparison to other industry sectors. Additionally, organisations in the SME sector have been reported to undertake digital transformation projects more frequently than large companies. The latter points can be considered as limiting factors to the generalisability of applicability of the research findings.

Furthermore, the study has not considered large companies, as SMEs with over 99% (SME Portal, 2018b) are the backbone of the Swiss economy. Neither SMEs in the French, nor the Italian speaking regions of Switzerland were considered in the research. The impact of culture was not considered when examining the different ways in which SMEs address and implement digitalisation.

As it has been previously established, B2B and B2C companies adopt very different strategies when it comes to marketing and customer relations. It should be, therefore, recognised that the conducted study analyses a mixture of both B2B and B2C companies, which could have had an influence on the outcome.

The conducted research and analysis took into consideration the technologies and digital strategies that were relevant at the time of the study. However, given the rapid pace of technological advancement, the findings could be expected to become redundant as new technologies appear and enable strategies that were previously unknown. Therefore, a limitation of the study is the need to redefine the insights in a relatively short time scale.

Although the chosen qualitative method of semi-structured interviews (justified in section 0) has proved its worth, a deeper, more differentiated, and more comprehensive view would have enriched the case studies. The study could also have been supported by a competitor analysis to verify each respondent's answers (e.g., their uniqueness compared to the competition). Sub-question C about the extent to which the service provided by the investigated enterprise has generated added value for their clients should have also been directed to the clients themselves to allow greater insights. Similarly, the findings regarding the applied procedures to overcome complexity (SQ C) give little about how successful the measures really are. Moreover, the usual limitations of analysis and

interpretation of qualitative data, such as the danger of interpretation bias and selective accounts given by the respondents are acknowledged.

The interviews were analysed in a contextual manner. It should be considered that a different approach, e.g., quantification of the content, might have yielded different results. Additionally, the use of qualitative and quantitative evidence as a tool to boost triangulation could have increased the validity of the data and the findings (Saunders, Lewis, and Thornhill, 2009). Nevertheless, multiple actions were taken to overcome the limitations. For example, to support the generalisability of the conclusion, more than five cases were used, enabling a cross-case analysis that can improve the understanding of the phenomenon (Yin, 2014). Further, the study included the views of three marketing experts, which has increased the credibility of the research through triangulation (Shoaib and Mujtaba, 2016). To enhance the study's data credibility, the research could have profited from a mixed research method, such as by conducting interviews with various people, by using audio-visual materials, or by distributing questionnaires to members of staff. Further research across other business sectors and different organisation sizes, or an expansion of the sample range would be necessary for higher validity and generalisability.

References made to the report of the 'KMU-Transformation' study (Peter, 2017) considered a different time period than the data gathered from the case studies in 2019. Given the rapid pace of digitalisation, the changing environmental conditions, and the presence of Covid-19, the participants' responses in this study could be substantially different.

## **6.8 Further Research**

Noting the recommendations outlined above, a number of recommendations can be made from this research. This study can be repeated for other industries, for different company sizes or by varying specific aspects of the adopted research conditions. As noted in the limitation section, the findings are bound to a specific industry segment in the German-speaking part of Switzerland. Further research may consider other industries and/or countries.

Further, data from the KMU-Transformation study ~~existing~~ (Peter, 2017) and from the case studies can be used to answer additional research questions or to prove other hypotheses in the fields of marketing strategy, marketing transformation, business model

innovation, and customer interaction in the context of digitalisation. It would be fruitful to consider the effects and challenges that companies in the Professional, Scientific and Technical, Construction, and Financial and Insurances industries have in changing their marketing/market position through digitalisation.

The study repeatedly refers to the implications of the digitalisation and its role as an interface between businesses and their customers. Although the research does examine the barriers to the successful adoption of digital technologies, it predominantly presents the positive impact on the business once the transformation has been completed. It would be useful to conduct further research into the possible negative implications of the digital transformation in terms of, for example customer acceptance, customer security and the danger of client manipulation.

Since digital transformation is an on-going evolutionary process, it would be interesting to see how new technologies impact the strategic and operative marketing approaches of SMEs in the ICT sector. In this respect, a pragmatic approach could be taken to examine the influence of the new market positioning achieved through the innovation of the enterprise business model. Furthermore, new technologies such as Augmented Reality (AR), Virtual Reality (VR), and Artificial Intelligence (AI) will likely have a wide impact on businesses, and especially in marketing. In addition, since personalised marketing is driven by the gathered and analysed user data, the transformative power of Internet of Things (IoT) and Big Data in the field of marketing for collection and analysis of huge datasets requires further exploration. This study has only briefly explored the area of digital marketing, and a logical extension of this research would be to explore the impact of digitalisation with regards to personalised marketing, such as messenger-based marketing. Following this, it could be interesting to examine the process of Generation Z fully entering the business ecosystem as a digital-first generation that is believed to have high intrinsic technological capabilities, shorter attention span, and extremely high expectations in terms of personalised brand experiences. As highlighted in section 2.6.4, the demand of the consumers is 'I want what I want when I want it', and with Generations Z taking an ever more significant share of the customer base, companies will face a greater challenge in meeting this demand.

The conducted research builds up on the idea of co-creation to generate perceived added value for the client by enabling the company to get a better understanding of the customer.

Examined studies show that customers tend to find it beneficial and enjoyable to co-create and co-develop with the brands that they choose to be involved with. However, existing studies as well as the research fail to analyse the negative implications of value co-creation, especially when considering customers that prefer to remain passive but are actively prompted to participate. It would be interesting to conduct future research into the potential drawbacks of co-creation caused by the customers' unwillingness to take part in the value creation process.

As the human interaction and the personalised customer experiences take a central role in modern marketing strategies, it could be argued that the world is entering a new Human-to-Human business age. With the sophistication of web-based social networks such as LinkedIn, business relations can be built and nurtured in a personal manner facilitated by technology, which can cause a shift in the way enterprises build their marketing and business strategies. The implications and the antecedents of this shift could be an interesting area for future research.

In addition, it would be fruitful to examine the same small and medium enterprises over time to analyse how their market positioning changed by redesigning their marketing strategy in the digital age. Furthermore, an in-depth analysis of the Digital Return on Investment (DROI), that helps brands to analyse the performance of traditional and digital tools in achieving company goals, is proposed.

Future research should examine the same enterprises from the analysed case studies after having applied the marketing strategy process/canvas (presented in Figure 6.1) that has been developed for this study. This could confirm and further enrich the proposed insights.

Finally, with the impact of the current COVID-19 situation, all industry sectors are undergoing fundamental strategic changes many of which involve incorporating digital solutions to ensure continued customer iterations. Companies across the whole business ecosystem are being forced to adopt transformational shifts in their business models, marketing strategies, and market positioning. All these necessary changes are driven and facilitated by digital technologies. Therefore, the impact and the driving forces of the current forced transformation would be areas, worthy for future investigation.



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## Appendix 1 Example of Content Analysis

Example Coding Scheme of Transcription of Interview, Case 1

Interview Date	<i>26 June 2019, 10:15 AM, 46 minutes recorded</i>
Interview Partner	<i>Respondent M</i>
Language of Interview	<i>English, analogous transcription with NVivo</i>
Audio Recorded	<i>Yes</i>
Declaration of Consent	<i>Signed</i>
Anonymised Names	<i>Respondent 1, Enterprise 1</i>

Construct	Question (Q)	Answer (A)	Comment (C)
Introduction	C1	It's the 26th of June and I'm sitting here with [name of respondent] at [name of enterprise] in Basel.	
	<b>Q1</b>	<b>Do you agree with the interview being voice recorded?</b>	
	A1	Yes. For me it's okay.	
	C2	Thank you.	
	<b>Q2</b>	<b>Let's start with the first question: What is your general understanding about digital transformation of organization?</b>	
	A2	<p>Digital transformation is a <b>very broad field</b> and <b>it usually starts from the society</b> I see. The society get products from tech companies around the world like is it Facebook or is it a new mobile phone or is it they were very new application or is it a new smart device or whatever</p> <p>And wearables. So, first as society transforms in a more and more digital world with all the gadgets and tools and phones and stuff like that.</p> <p>And then because the <b>society</b> uses these tools it <b>puts pressure to any business to follow these good examples</b> because after a while people start to expect also such digital tools from every company <b>even though they are not really tech companies</b>. For example, if I see a new banking app like Revolute, for example.</p> <p>And I see what's possible in mobile banking and then I expect from UBS or CS or PostFinance to provide me with a similar solution if they have not a similar solution, I'm kind of disappointed.</p> <p>And this I think <b>is the gap between the digital transformation of the society and digital transformation of the businesses</b>. So, <b>businesses who tried to follow society, to follow the needs and expectations, they will transform their processes their products their services where it makes sense, they will transform it with digital tools like with software, with gadgets, with IOT with AR and so on.</b></p> <p><b>This is the digital transformation for me;</b> is a part of everyday life. And it has to be also part of every business. not every business in the same mean or same matter.</p> <p><b>Some will just transform some processes.</b> let's say accounting processes. Which was on paper now and it will be digitalized soon, and some <b>others</b></p>	



		completely make new business models, new products, that are hundred percent digital.
Drivers of digital transformation	<b>Q3</b>	<b>Since transformation might be influenced by different drivers, what is the motivation or the key drivers behind your efforts in terms of digitization?</b>
	A3	Behind our efforts, it's to increase efficiency and productivity. In terms of reducing paper, so also help the environment. By using only digital for example. But also, to speed up processes to make sure everyone has access to information. When we for example use collaborative tools to work together on a paper, on a document for example and yes, it's first of all it's to reduce costs to make business more efficient. But on the other side if you can really succeed in digitalization you can make a difference compared to your competitors. So, it's also an image story for some companies. So, if we can show our clients that our digital processes are much faster or more convenient for them or giving them an added value when they work with us and then it can be also competitive advantage. Compared to our market.
	<b>Q4</b>	<b>So, I would like to go deeper into that you make a difference compared to other competitors in terms of given added value. Can you describe me what kind of added value the end customer or user will see and experience?</b>
	A4	I can give you two examples. One example is our service level agreements, so it's level process. Before we digitalized the whole process and automated it, people had to call us; to write an email to ask us 'hey we have a problem with the software'. And then they had to wait until the callback, or we answered them until we set up the process of we had to coordinate it often also manually like ask the developer by phone. Can you look what's the problem and so on. So, this process we have optimized and completely digitalized. If they send an email with an inquiry about a bug or anything about the software, it goes automatically in the system that the client receives directly a feedback that his case has this and this number and that it's going to be worked on. And it goes directly to the responsible person from this project. So, the whole process is faster. The client always knows where he stands in the process. And it's usually he gets the problem solved faster. So that's one at one point when we have digitalized this workflow of solving issues from the client. Another thing would be for example if we offer our clients that they receive the app reviews directly into their Slack channel for example. So, before that we didn't offer that. So, they always had to check online if they were apps which developed it does have some bad feedback, positive or negative feedback. App Store and the Slack channel of their desire. So, we can automate that whenever anyone is writing a review and the Apple App Store or Google Play store, it will automatically be pushed into the

		<p>Slack channel. So, the client knows about real time what's going on. If he receives good or bad feedback and he can react much faster.</p> <p>So, this is another point. And these two services I just described and sure not all our competitors have these offerings.</p> <p>So, it's a differentiation from us to the others. The client may say, okay the software development is about the same price for each the quality also. But these guys they have a very good process for solving my problems in the after sales service and also hey it's very cool I can hit my mobile I know about app previews because they push it directly my slacker channel or stuff like that. So, through this digitalization we can make a difference compared to other companies.</p>
	<b>Q5</b>	<b>So, you are talking about Slack channel. Do I understand it correctly we're talking about the application called Slack?</b>
	A5	Yes. So, in this way maybe you can also push the use to his email distributors or to whatever have come to mind.
Tools used to overcome complexity	<b>Q6</b>	<b>Talking about tools, such as software or applications. Which further tools help you also to overcome this complexity of digitization?</b>
	A6	<p>We use the Google Suite products like Google Docs, Google tables, Google presentations. They're perfectly to collaborate with people around the world. We use a lot also Google Hangout to call. But also, Skype to call with our developers who sit around the world, also clients as well. And we use social media network applications for marketing reasons to build up the community to communicate with our community to engage with our community on Twitter, Facebook, Instagram, LinkedIn and we have for example Survey Monkey for Mobile newsletter. We have of course a website that is completely mobile and optimized and even extended with some progressive web app features. And we have IOT tools inside our office for example, but this is probably also a little bit 'show effects' because we develop applications. So, we have a smart office app.</p> <p>Which shows us when the toilet is free or occupied which shows us which is the menu off today of the restaurants we go and has also all the mobile numbers of co-workers inside.</p> <p>And then as I said we use Slack as a kind of intranet so we don't have another intranet solution, we use Slack and it's like also we work with our clients and it being in subgroups for the projects and for reviews for example Redmine as a project management tool. It's a little bit like Gira. Gira is not not open source and costs a lot and Redmine is for free and we can develop our self to optimize this workflow during the projects, from requirements engineering to solving issues and tasks and also to actually log the hours we work and then export reports for the billing.</p> <p>Also, there is the connection to Harvest which is our offering tool. It's also a software platform as a service, harvest it's called. And I have also the Capsule, is more than a CRM tool. Yeah.</p> <p>So when clients first approach us with an idea with what he wants and offering it comes it's a direct connection with Gmail so I can directly import them to our capsule, create a kind of an opportunity for that and then it goes</p>

		<p>through different stages of opportunity; lead, qualified lead, offered and then shortlist and then won or lost.</p> <p>So, and by me it's one which goes further to our next tool to Redmine. Two-year-old approach to issues on there. So, the whole workflow actually from your first contact until after sales services are more or less digitalized with different tools mostly open source.</p> <p>Of course, there are a big tool that maybe include all these steps but they're very expensive then.</p>
Added Value	Q7	<p><b>Okay. So, when you mention the impact or creating added value to the customer in terms of efficiency, how do you measure this benefit?</b></p>
	A7	<p>We ask our clients every year with a customer survey. To ask them what is especially good with us. Little bit like questions you are having a Net Promoter Score. Survey so why they would recommend us or why they wouldn't recommend us. With what attributes they connect us and so on. So, we'd do surveys who tried to find out what makes us special or what makes us as what we are.</p> <p>So, and there we found out quite interestingly that already for many years they tell us that the communication with us makes a big difference. We are very uncomplicated they can call us. We call back you know like sometimes very basic stuff. You wouldn't imagine can make a difference. So, they say look, quality and price are about the same but you're just very straight, pragmatic, easygoing, stuff like that you know. So, they don't tell us OK it's because you're after sales service is digitalized or so. This is more that they [the customers] are more like telling us, that our after sales service is not so cool. And then we revolutionized it and made sure that it's better experience for them.</p> <p>So, it's not a pain for them anymore. It's now a good working efficient tool for them which makes them happy because the cases get solved faster.</p>
Change of marketing strategy	Q8	<p><b>Let's get into the topic of relationship to your customers since you are very close to them and get your feedback to make your processes better. To what extent do you practice a relationship marketing?</b></p>
	C3	Whit both existing and potential clients?
	C4	Yes
	A8	<p>To those [potential clients] I don't know yet. But what we offer them is a lot of know-how.</p> <p>We have a content strategy. So, what we do is we write and comment about whatever we have learned in this space where we are working. So, our blog is probably the biggest blog about app development in Switzerland.</p> <p>So, I don't know these clients yet, but I know what we offer, and I know when they look for what we offer. They would look for content that we provide. So that's my main marketing strategy, is to share know-how, to make sure whenever they look for such know how they get to us. It's a clear inbound strategy when they're at. I'd never do outbound activities like I've never ever called a cold call to anybody 'Hey do you like to have software right now or so'. So, because I think it's not my cup of tea.</p> <p>First of all, to make cold calls and I think the chance that you pick the right moment that exactly in this moment when you call them that they need to software's very small. So, it's much better if you let them come to you and then offer them a newsletter, offer them to protect you whenever and this is</p>

## Appendix 2 Declaration of Consent in German

### Declaration of Consent

#### Einwilligungserklärung zur Erhebung und Verarbeitung personenbezogener Interviewdaten im Rahmen einer Doktorarbeit

Projektleitung: Mona Meyer

Thema: Marketing Strategy in the Digital Age in the Swiss ICT-SMEs

Interviewerin: Mona Meyer

Interviewdatum: \_\_\_\_\_

Die Interviews werden mit einem Aufnahmegerät aufgezeichnet und sodann von der Projektleiterin in Schriftform gebracht. Die Aufnahme dient einer verbesserten Nachbearbeitung sowie genauere Wiedergabe.

In wissenschaftlichen Veröffentlichungen sollen Textpassagen als Prosa verfasst werden wobei wortwörtliche Zitate und Ausschnitte, die auf Personen zurückzuführen sind, zurückhaltend verwendet werden.

Die Teilnahme an den Interviews ist freiwillig. Sie haben zu jeder Zeit die Möglichkeit, ein Interview abubrechen, weitere Interviews abzulehnen und Ihr Einverständnis in eine Aufzeichnung und Niederschrift des/der Interviews zurückziehen, ohne dass Ihnen dadurch irgendwelche Nachteile entstehen.

Ich bin damit einverstanden, im Rahmen der Doktorarbeit an einem Interview/ an mehreren Interviews teilzunehmen und dass diese aufgezeichnet wird/werden.

ja    nein

\_\_\_\_\_  
Vorname, Nachname in Druckschrift

\_\_\_\_\_  
Ort, Datum / Unterschrift

## Appendix 3 Declaration of Consent (Translated in English)

### Declaration of Consent (own translation)

#### Declaration of consent to collection and processing personal interview data within the framework of a doctoral thesis

Researcher: Mona Meyer

Topic: Marketing Strategy in the Digital Age in the Swiss ICT-SMEs

Interviewer: Mona Meyer

Interview date: \_\_\_\_\_

The interviews are recorded with a tape recorder and then put in writing by the researcher. The recording is used for improved post-processing and accurate playback.

In scientific publications, text passages are to be written as prose, whereby literal quotations and excerpts that can be traced back to persons are to be used with restraint.

The participation in the survey is voluntary. You have the possibility at any time to break off an interview, refuse further interviews and withdraw your consent to a recording and transcription of the interview(s) without incurring any disadvantages.

I agree to take part in one or more interviews as part of the doctoral thesis and that it/they will be recorded.

yes    no

\_\_\_\_\_  
First name, last name in block letters

\_\_\_\_\_  
Place, Date / Signature

## Appendix 4 Interview Guide Pilot Study

Question Areas	Questions and comments	Reference to questions
Introduction	<ul style="list-style-type: none"> <li>- Introduction of Author</li> <li>- Short presentation of the research study</li> <li>- Presentation of criteria for chosen company for the particular pilot study</li> <li>- Aims and setting of the interview</li> <li>- Confidentiality</li> <li>- Agreement for recording</li> </ul>	
Introductory questions about the interview partner	<ul style="list-style-type: none"> <li>- Name and internal function (if consent)</li> <li>- General understanding about digital transformation</li> </ul>	
Drivers of digital transformation	<p>The digital transformation is influenced by different drivers. For example, cost savings, competitive advantage, more efficient processes or changing customer requirements.</p> <ul style="list-style-type: none"> <li>- What is your motivation/are the key drivers behind your efforts in terms of digital transformation?</li> </ul>	
Added Value	<ul style="list-style-type: none"> <li>- To what extent is digitisation (of above-mentioned areas) creating or adding value?</li> <li>- What value do you create for customers?</li> <li>- What is the benefit you gain from the market?</li> <li>- What benefit is created in the organisation?</li> <li>- How do/did you measure each of this benefit/added value?</li> </ul>	<i>To what extent did digitisation create (added) value?</i>
Commercial Benefit	<ul style="list-style-type: none"> <li>- Which commercial benefits did you gain from above-mentioned digitised areas? <i>Add an example</i></li> <li>- What (new or additional) revenue streams have resulted through new value creation and new capture during/after digitalisation?</li> <li>- To what extent is economical/commercial benefit created?</li> <li>- How do you measure this commercial benefit? [KPI]</li> <li>- How do you visualise it? [traceability]</li> </ul>	<i>There are commercial benefits for an organisation to redefine their market positioning in a digital world.</i>
Tools used to overcome complexity	<ul style="list-style-type: none"> <li>- Which tools help you to overcome the complexity of digitalisation/of above-mentioned area?</li> </ul>	<i>How can organisations successfully overcome the complexity of digitalisation and what tools do they apply?</i>
Change of business model	<ul style="list-style-type: none"> <li>- What products/services have you designed or refined in order to fulfil above-mentioned customer needs and wishes?</li> </ul>	<i>Existing business models of companies need to be</i>

	<ul style="list-style-type: none"> <li>- To what extent is/has digitalisation influence your business model?</li> <li>- To what extent is/has digitalisation influenced your corporate strategy? [entire organisation]</li> <li>- Does the company benefit from image and brand equity through a new, innovative business model?</li> </ul>	<i>modified to suit the digital era.</i>
Business/Digital Strategy	<ul style="list-style-type: none"> <li>- In the case that the business model is influenced (see above): What elements have influenced your revised model? And what is the order of importance of these?</li> </ul>	<i>Why/How should Swiss SMEs in the service industry define their marketing strategy to benefit from digitalisation?</i>
Value chain	<ul style="list-style-type: none"> <li>- What effect has/had redesigning (or creating a new) business model on reconfiguring the existing value chain?</li> </ul>	
Change of marketing strategy	<ul style="list-style-type: none"> <li>- <i>How does this (change of business model) influence your strategy?</i></li> <li>- To what extent do you practice relationship-marketing and what is your benefit when doing so?</li> <li>- To what extent is marketing integrated into other disciplines/departments in order to provide a seamless experience for your customer?</li> <li>- How does digitalisation influence your marketing strategy?</li> <li>- Why should you/your organisation refine the marketing strategy in the digital era?</li> </ul>	<i>Why/How should Swiss SMEs in the service industry define their marketing strategy to benefit from digitalisation?</i>
Challenges	<ul style="list-style-type: none"> <li>- What problems have you encountered/envisioned when undertaking the transition - in particular employee and customer resistance?</li> </ul>	

## Appendix 5 Interview Guide After Pilot Study

Question Areas	Questions and comments	Reference to questions
Introduction	<ul style="list-style-type: none"> <li>- Introduction of Author</li> <li>- Short presentation of the research study</li> <li>- Presentation of criteria for chosen company for the particular study</li> <li>- Pilot study was completed in April 2019</li> <li>- Aims and setting of the interview</li> <li>- Confidentiality</li> <li>- Agreement for recording (separate form to sign)</li> <li>- Interview is semi-structured, and discussions are highly desirable</li> <li>- Time for Interview</li> </ul>	
Introductory questions about the interview partner	<ul style="list-style-type: none"> <li>- Name and internal function (if consent)</li> <li>- General understanding about digital transformation</li> </ul>	
Drivers of digital transformation	<p>The digital transformation is influenced by different drivers. For example, cost savings, competitive advantage, more efficient processes or changing customer requirements.</p> <ul style="list-style-type: none"> <li>- What is your motivation/are the key drivers behind your efforts in terms of digital transformation?</li> </ul>	
Tools used to overcome complexity	<ul style="list-style-type: none"> <li>- Which tools help you to overcome the complexity of digitalisation/of above-mentioned area?</li> </ul>	<i>How can organisations successfully overcome the complexity of digitalisation and what tools do they apply?</i>
Change of marketing strategy	<ul style="list-style-type: none"> <li>- How does/did digitalisation influence your marketing strategy?</li> <li>- <i>What is your marketing strategy?</i></li> <li>- To what extent is marketing integrated into other disciplines/departments in order to provide a seamless experience for your customer?</li> <li>- To what extent do you practice relationship-marketing and what is your benefit when doing so?</li> <li>- Why should you/your organisation refine the marketing strategy in the digital era?</li> </ul>	<i>Why/How should Swiss SMEs in the service industry define their marketing strategy to benefit from digitalisation?</i>
Added Value	<ul style="list-style-type: none"> <li>- To what extent is digitisation (of above-mentioned areas) creating added value for your customers?</li> <li>- How do/did you measure each of this benefit/added value?</li> </ul>	<i>To what extent did digitisation create (added) value?</i>
Commercial Benefit	<ul style="list-style-type: none"> <li>- Which commercial benefits did you gain from above-mentioned digitised areas? <i>Add an example</i></li> </ul>	<i>There are commercial benefits for an organisation to redefine</i>



	<ul style="list-style-type: none"> <li>- What (new or additional) revenue streams have resulted through new value creation and new capture during/after digitalisation?</li> <li>- To what extent is economical/commercial benefit created?</li> <li>- How do you measure this commercial benefit? [KPI]</li> <li>- How do you visualise it? [traceability]</li> </ul>	<i>their market positioning in a digital world.</i>
Change of business model	<ul style="list-style-type: none"> <li>- What products/services have you designed or refined in order to fulfil above-mentioned customer needs and wishes?</li> <li>- To what extent is/has digitalisation influence your business model?</li> <li>- To what extent is/has digitalisation influenced your corporate strategy? [entire organisation]</li> <li>- Does the company benefit from image and brand equity through a new, innovative business model?</li> </ul>	<i>Existing business models of companies need to be modified to suit the digital era.</i>
Business/Digital Strategy	<ul style="list-style-type: none"> <li>- In the case that the business model is influenced (see above): What elements have influenced your revised model?</li> </ul>	<i>Why/How should Swiss SMEs in the service industry define their marketing strategy to benefit from digitalisation?</i>
Challenges	<ul style="list-style-type: none"> <li>- What problems have you encountered/envisioned when undertaking the transition - in particular employee and customer resistance?</li> </ul>	
Closing the interview	<ul style="list-style-type: none"> <li>- Is there a thought or piece of information you would like to share which we have not discussed yet?</li> </ul>	

# Appendix 6 Description and Analysis of Case 1

## *Enterprise 1*

### **Company Background – Enterprise 1**

Enterprise 1 specialises in the development of user-friendly digital products to make their user's daily life easier by providing tools for life and by finetuning the interplay of design, usability, and technology with great attention to detail. The company supports its clients from the initial idea through user research, concept, and design to technical development and marketing.

Enterprise 1 was founded in 2010 by the four founders T. K., B. H., S. K., and O.O.. Each brings with him expertise from a different industry – a key source of competitive advantage. The business was started in founder O's living room, but soon they moved to their first offices at the Kornhausplatz and later, to the Lorraine quarter in Bern. During that period, they underwent rapid growth and the increasing amount of bureaucracy as well as the recognition that they were not living up to their principles led to the decision to abolish classical hierarchy and management functions. Furthermore, one founding partner left the company. Instead, they preferred to reduce their reliance on lenders; to meet others at eye level, to place emphasis on respect, tolerance and co-determination and to design processes, structures and rules in a way to remain authentic and flexible. Today they have two offices, one in the Sulgen quarter in Bern with 30 employees and one in Basel with 6 employees. One-third of the employees are women. They achieved revenue of CHF 5 million in 2017, and in 2018 they decided to change the company from a limited liability company to a corporation. The only shareholders of the company are the founding partners and employees. Enterprise 1 has a multilayers incentive program: Each employee receives one share after three years tenure at the company, and another share after five years as a birthday present. In addition to the shares, employees can choose a gift they would like from a corporate 'wish list'. The three-year gift is worth around CHF 1,500 to 2,000, and the five-year gift is worth around half a monthly salary.

Products offered are event apps for conventions, festivals or trade fairs, and the Updraft mobile app which provides a cloud platform for continuous deployment of applications and user insights. Others are the Office Remote App that aims to optimise office workflows, and Animal Box, an app for children that combines drawing and learning. Projects the company worked for are, e.g. Go! Taxi, Helsana +, Fleisch Academy and Migros Play. With 200 uploads in the app-store and over 30 awards, Enterprise 1 is among the best app agencies in Switzerland. Among their clients, they count a number of well-known companies from a range of different industries such as SBB, Migros, Die Mobiliar, Fielmann or Helsana.

### **Strategic Perspective**

The strength of Enterprise 1 lies in the concept and design, or rather the user-friendliness of their digital products such as their applications, websites and platforms. Their company culture is one of their most important assets. This is in line with Grampp et al's. (2018) theory. These authors argue that building a corporate culture is necessary for a company's success. In line with this, Enterprise 1 have attempted to an authentic culture on equal footing, supported by respect, tolerance, and co-determination. The direction taken is determined by their own rules, procedures, processes, and structures to maintain flexibility and authenticity. Initiating innovative work cultures (Atiker, 2018) and setting up agile innovative teams (Nylén and Holmström, 2015) improves classic organisational structures (Reader and Trussel, 2014). The traditional bureaucratic structure has been replaced by ad hoc, weekly-held decision-making boards that gives all employees the opportunity to get involved in decision-making and to shape the company's future. Furthermore, there is a monthly culture board that aims to cultivate a strong company culture, where everybody respects and tolerates each other and participates. Enterprise 1 attempts to live up to the following guiding principles:

- Tools for life
- We love what we do
- We reach goals together
- Our thoughts revolve around the users
- We adopt a holistic approach; communication on an equal footing.

### **Digital Strategic Perspective**

Enterprise 1 provides a full service by following an interactive development process where the user, their requirements, their economic objectives, and technical possibilities are always at the centre of each project. Jackson and Ahuja (2016) believe that enterprises that focus on customer centricity benefit from the conversion of the consumer from a sole buyer to an evangelist, and ultimately to a business partner. Enterprise 1 services range from idea conceptualisation, user research, app development, programming and designing, usability testing and marketing. Furthermore, they offer consultations and workshops for companies with high practical relevance and the firm's experts lecture at several universities and technical colleges to share their expertise and know-how. That Enterprise 1 engages in these activities seems to undermine Grampp et al's (2018) view that it is the responsibility of Swiss state,

rather than private enterprises, to embed digital skills in the education system and take responsibility for creating a spillover between education and business. Enterprise 1 is taking a (pro)active stance by educating students and developing links with educational institutions.

### **Marketing Strategic Perspective**

The company has a strong online presence. In addition to their website, they are active on social media channels through profiles on Twitter, LinkedIn, Xing, Facebook, and Instagram. Such tools are used in digital promotion and play an important role in the marketing mix, as they ensure a constant flow of information between sender and receiver (Patrutiu Baltes, 2016). They post regularly about projects, events or office life and interact with their clientele and followers. Personalised and close interactions, also called engaged customisation (Kumar, 2018) is part of a customer-driven marketing strategy (Kotler and Armstrong, 2008). On their website there is a blog used to share knowledge on various topics, e.g. presenting tools and apps, tips for app development, events or employee stories. Keywords or hashtags used are, e.g. DigitalStrategy, UX, AppDevelopment. Founder K states that they are in the privileged position to choose the projects they think fit best to their company and do not need to work extensively on customer acquisition.

Enterprise 1 claims that they pursued a digitalised strategy from the moment that it was conceived. Their core products – computer and mobile phone applications - are all digital. Today's market is more mature than it was when the company was first started six years ago, but it is growing at a slowing pace, while the number of competitors continues to grow quickly. These issues have forced the company to refine its strategy, think carefully about where to invest its money, and look into ways to streamline processes. The enterprise recognises the need to build up the 'competencies of tomorrow'. Kumar (2018) argues that responding to future trends and developments in the marketplace is core to strategic, transformative marketing.

It seems that speed of processes is a key factor in the current era. Not only are social media channels growing in their numbers, but marketing is also becoming increasingly interactive. According to Stone and Woodcock (2014), interactive marketing involves the delivery of personalised experiences that are valuable and appealing to clients. It is not clear how far Enterprise 1 delivers such as personalised experience with their online appearance. At this point, the interviewee could have provided an example of prosumer or user-generated content. Also, the aspects of accessing and managing the actions and activities of clients on the social

media channels was not mentioned. For example, it was not mentioned by the interviewee, but by collecting data about number of clicks and times spent on the web page, Enterprise 1 could commercialise personalised marketing. Furthermore, while Enterprise 1 is now in a privileged position to choose projects, there remain questions over the extent to which Enterprise 1 considers the growth strategy of their competitors and how this impacts their marketing strategy.

In order to be able to respond to tomorrow's trends, Enterprise 1 has to train their employees. This primarily requires financial and human resources. Training should be integrated into the employee appraisal/evaluation.

### **General Understanding and Drivers of Digital Transformation**

Respondent M, the interviewee, understands digital transformation to be a very broad field which is societally driven. There is an argument that digital transformation takes first place with the customer, then the market and then finally within the organisation (Schrader, 2018). As an example, the interviewee says that society obtains goods like mobile phones, applications or smart devices (e.g. wearables) from tech companies around the world. He summarises this as "society transforms in an increasingly digital world with all the gadgets and tools offered" and as society uses these tools, "it puts pressure to any business to follow these good examples" because consumers increasingly expect digital or similar tools from even firms that are not tech-focused. A similar definition of digital transformation is held by Schrader (2018) and Atiker (2018). These authors describe it as developing products that change customer's behaviour in a sustainable way, and the exploitation of new digital opportunities to add value to users. This reflects the view of Gottlieb and Willmott (2014) and Büst, Hille and Schestakow (2015) expressing that customers are the key drivers of digital transformation. Derived from the interviewee's point of view, it seems that digital data that enables predictions and decisions to be made are the key drivers of digital transformation for the company.

The interviewee argues that this is the gap between the digital transformation of society and the digital transformation of business. Businesses who try to address the needs and expectations of society are the ones that will transform their processes, their products and their services with digital tools such as software, gadgets, Internet of Things or with Artificial Intelligence. In order to react more flexibly and dynamically to changing customer needs and preferences, organisations use digitisation (Lanzolla and Anderson, 2008; Berman, 2012; Li et al., 2016; Matzler et al., 2018). It is evident that Enterprise 1 follows a low level of

digitalisation, since the highest level of digital transformation involves not only IoT and smart devices, but also creating new business models. Respondent M agrees that not every business will transform in the same way, and that some businesses will transform only some of their processes, such as accounting processes. Others will create completely new business models or products.

According to Enterprise 1, digital transformation is increasing efficiency and productivity. In speeding up processes, and offering the use of collaborative tools, the enterprise increases access to information. Efficiency gains are also achieved through cost reduction. These motives coincide with the results of the existing study by Peter (2017) and indicate that digitalisation has an impact at two levels: efficiency of processes achieved through networked procedures, and the greater level of transparency achieved through networked procedures (Herzog, Wehrli, Hassler et al., 2017). Fitzgerald et al. (2013) argue that enterprises leveraging digitisation gain better customer experience and engagement, and efficient operations. The interviewee points out that if Enterprise 1 can succeed in digitalisation, they might also make a difference to their competitors' processes. Showing their clients that their digital processes are much faster or more convenient, and that their processes provide clients with added value is a source of competitive advantage. Current efforts driving digital transformation lie on the level of more individual offer for customers through networked procedures. The interviewee adds that digitalisation is nothing more than a way of improving image for some companies. It can be interpreted that competitive pressure might be a reasoning driver behind efforts of digitalisation. According to Walker and Mullins (2014), organisations can benefit from building customer loyalty and offering greater value to customers. In the competitive environment, brands are required to create an emotional experience and to promote value for customers (Kilian, 2010; Lembke and Honal, 2015).

#### **Change in Corporate and Marketing Strategy**

Due to different and new technologies, IT trends, and market needs, Enterprise 1 continually adapts its corporate strategy. Currently, this consists of providing employees with work that is both challenging and fun, and which enables workers to develop their skills and change their focus as they become interested in, and skilled at new technologies. Respondent M does not see the corporate strategy as something long-term; rather, he describes it as an ongoing 'corporate goal'. Enterprise 1 continues to invest in web technology competencies, which it believes will help them to achieve their goals both now and in five years.

Enterprise 1 has a comprehensive definition and application of its marketing strategy. Customer positioning and how the company can sustainably assert itself against the competition in order to satisfy customer needs by focusing on value creation, are only considered later. At this point, discussions of the marketing strategy focus only on the promotion element of the marketing mix, contrasting with theory that suggests that the marketing mix is derived from the marketing strategy (Kotler and Armstrong, 2008).

In addition to the own website, customers are addressed, and made aware of Enterprise 1's business model via many different channels. One channel, for example, is direct contact with potential and existing customers. This is achieved through presentations at universities of applied sciences, workshops, consulting services for small and large companies or the specially created *Thirsty Friday*, where Enterprise 1 invites their customers to exchange ideas at a relaxed get-together at its premises. Direct contact is one of the keys to Enterprise 1's success. Networking is a core tool of a relationship-driven marketing method (Grönoos, 1994; Jackson and Ahuja, 2016; Lamb, Hair and McDaniel, 2018). Access to customers is crucial to business success (Bundesministerium für Wirtschaft und Energie, 2015). Another aspect is their content marketing strategy through which they share know-how in the app development field via their blog or through education at universities. By communicating existing know-how, customer requirements are addressed, and they recognise the added value that Enterprise 1 can offer them. It seems that in the context of the promotion strategy, a constant flow of communication with existing and potential customers is important. This is mainly done through digital promotion tools. Digital communication appears to be an important tool, aiming to establish long-term relationships with Enterprise 1's customers and prospects.

Cultivating a valued customer experience and the transfer of knowledge through the content marketing strategy ultimately leads to 50% of new customers being acquired on the basis of recommendations and 40% on the basis of blogs. Enterprise 1 reaches the remaining 10% via social media. Five to six years ago, Enterprise 1 realised that the know-how they generated, and the experiences made, are very valuable in the educational market/field.

Digitalisation influences Enterprise 1's marketing strategy because it creates new offers depending on where in the current life cycle a business is in terms of digitalisation. As an example, Respondent M states that at the beginning Enterprise 1 only offered software applications, and that nowadays Enterprise 1 tends to offer consulting in poorly understood fields such as digital strategy and mobile strategy. The interviewee concluded that customers

often forget about their internal processes, which is one of the biggest aspects of digitalisation. Going back to the topic on the one-sided definition of strategic marketing, the point about responding to customer needs through consultancy demonstrated that Enterprise 1 also considers the customer's needs. Organisations should act market-oriented and be responsive to changing customer needs (Homburg, Workman and Jensen, 2000) – this is key to developing new business models (Bundesministerium für Wirtschaft und Energie, 2015).

Enterprise 1 reviews and develops its strategy in a yearly workshop with their whole team. A central part of reviewing and deciding on future strategic measures is the SWOT analysis. However, this environmental analysis, which is necessary for a long-term orientation, should be included in the development of the marketing strategy. In this way, both customers and competition are taken into account, leading to a more comprehensive marketing strategy. For the democratically run enterprise, it is essential that employees are involved in strategic development through a bottom-up approach. Enterprise 1 involves its close customers and partners into the strategic development process by challenging them with a hypothesis (e.g. relating to products) that clients can check, verify or falsify. Valuable inputs from clients can help Enterprise 1 to understand its strengths. Based on this bottom-up approach, Enterprise 1 appears to follow an entrepreneurial marketing strategy rather than the traditional marketing (Stokes, 2000). Knutti and Steiner (2010) stress the importance of competent strategic inputs from customers.

Respondent M thinks that redefining an organisation's marketing strategy depends on the firm's maturity and its position within the lifecycle. At Enterprise 1, they redefine their marketing strategy continuously. "It's not a document that you do once and then it stays", the interviewee reported. In fact, Enterprise 1's marketing strategy is currently being reviewed because the market situation has changed completely. In addition to ensuring that existing company competencies match with customer needs, the firm ensures that there is a clear value proposition compared to the competition. Six years ago, when the business first started, there were only three companies offering apps in Switzerland; today there are more than 100. In Respondent M's view, the consolidation phase has begun, meaning that companies are merging, while others are going bankrupt or being bought by others. Enterprise 1's strategy includes being ready for the consolidation stage by having created a strong enough brand. In the context of a dynamic and highly competitive environment, but also in the battle for attention, a strong brand can increase success (Kumar and Christodouloupoulou, 2014).



Enterprise 1 characterises marketing strategy as how to promote knowledge as their unique selling proposition to their customers. Jain (1999) argued that a marketing strategy is the interaction of customer, company and competition within the environmental dimensions.

The researcher believes that at this stage, Enterprise 1 is primarily focused on the promotional element of the marketing mix. Equally, a clear strategic marketing definition is not clearly visible at this stage. To some degree, the know-how shared by the blog helps to demonstrate a match between the organisation's competencies and market demand. However, it is questionable if the market demands this service, and indeed whether the customers perceive this shared content is perceived as added value. Later in the interview it was mentioned that customer needs were addressed by Enterprise 1 also offering consultancy. This does not represent a clear positioning or competitive advantage in terms of the match between competencies and market demand. By promoting content digitally, an excellent performance compared to the competition in terms of key success factors as per Jain (1999), cannot be confirmed at this point, as no competitor analysis has been carried out in this study.

The use of a SWOT analysis speaks against their rather agile attitude and entrepreneurial mindset. This tool tends to be used at the beginning of a project, and then discarded and not modified until Enterprise 1's yearly revision. Of course, the necessary perspective of the customer and the competitors for a definition of the marketing strategy is considered at this point, however, the [SCOPE](#) (Situation, Core Competencies, Obstacles, Prospects, and Expectations) situation analysis might be a better alternative. This model takes a 360-degree view by encompassing the past, current and future perspectives. This suggests it helps to develop strategies with an open-minded approach.

The Golden Circle (Sinek, 2020), a strategic management tool developed by Simon Sinek might be suitable here. The concept works from the inside out of the 3 rings: The WHY is about what the enterprise believes in, their vision. The HOW characterises what the enterprise does and explains why their products/services are better than of their competitors, and how they inform their (potential) customers. Finally, the third ring, WHAT represents products/services sold by the enterprise. According to Sinek (2020), successful enterprises focus on their WHY. This model is more strategic than the SWOT analysis. The Golden Circle (Sinek, 2020) also considers management strengths (WHY), threats (WHY and HOW), opportunities (WHY), and weaknesses (WHY).

For partners, customers and other stakeholders of Enterprise 1 who do not know the entire context in which the company is embedded, it may be difficult to judge. Yet, at the same time, in a digital era, strategic inputs from employees and partners are essential, because involving them in the value creation and value chain makes it more difficult for competitors to imitate the enterprise's business model.

### **Value Proposition**

There are two aspects to the value proposition offered to clients. The first pertains to the service level agreement. Before Enterprise 1 digitalised their processes, clients had to call or email them for support so that the customers had to wait for a call-back or a reply for their software problem. Through digitalisation, this process has been optimised and completely automated. This speed up processes since the clients are able to enter their cases directly into the client's platform/tool - where they can monitor the case/workflow and contact directly the person responsible for the project. Problems are solved faster. In that regard, the perceived added value of the customer lies in the greater efficiency of networked processes. The question remains open whether costumers understand and see this service as value proposition and identify this as different from competitors (Burke, 2011; Blankson et al., 2013).

The second aspect of added value is that Enterprise 1 enables clients (and customers' clients) to receive app reviews directly into their Slack-channel (written reviews are pushed automatically into Slack). In this way, clients know in real-time what is going on, and therefore can react much faster when good or bad feedback is received. Through greater transparency and networked procedures, the customer maintains close relationship to their clients.

Both described value propositions are unique, and rarely offered by Enterprise 1's competitors. Clients are aware that Enterprise 1 offer software development at a similar price as the competition, but in after-sale service, the interviewee believes that they have a very good process for solving problems.

The researcher concludes that Enterprise 1 delivers value to its customer through digitised products and services. This conflicts with Schrader's (2018) view that digital transformation takes first place with the customer, then the market and then the organisation, since the highest added value is created at the benefit interface. Apparently, Enterprise 1 is taking the opposite approach. The enterprise exploits its digital capabilities and develops products and services that primarily simplify and speed up processes for its customers and their clients. Customer

excitement can be reached when Enterprise 1 puts the customer first with its clearly defined value proposition. It seems, that in the context of strategic marketing, the value proposition still has minor focus and importance. In the modern era, customers do not merely seek to consume goods instrumentally, but rather, they seek to consume the emotions and values associated with or embedded within the product or service. If Enterprise 1 were to allow the integration of their customers in the development process (co-creation) by receiving feedback for improvement, the enterprise would create a superior value proposition.

Irrespective of the order of the digital transformation, a prerequisite for generated added value for the customer is the associated competencies and the necessary technical resources. As indicated below, Enterprise 1 trains its employees with the necessary skills. And thus, no limitations were observed with regard to the technical requirements.

### **Relationship-Marketing and Co-Creation**

Enterprise 1 uses relationship marketing as a mere planning tool of implementing the presented value propositions offered to customers. Enterprise 1's relationship marketing is maintained with the support of annual customer surveys that generate a Net Promoter Score (a management tool). The results show that the method that Enterprise 1 uses to communicate with clients is praised and rated very positively. The very straight, pragmatic, and uncomplicated way of communication is perceived as a competitive advantage and better experience for the consumer. That Enterprise 1 offers their existing clients know-how in the field of app development is also a strategy for relationship marketing. Enterprise 1 understands that interactive/relationship marketing requires a deeper understanding of the audience in order to deliver personalised experiences that are valuable and appealing to their customer. Kotler, Kartajaya and Setiawan (2017) argue that in a digital world, offline touch points are necessary. This requires agile structures, an open and willing to learn culture, the ability to collaborate with internal and external partners, and an understanding of analytics and tools. This is addressed by Enterprise 1's blog which counts as the largest blog about app development in Switzerland. The company considers the blog a core part of the marketing strategy, to make sure that whenever potential customers look for such know-how, they reach Enterprise 1.

Marketing is practiced by all employees and Respondent M claims that "every employee is the message". Developers, concept designers, agile coaches, and project managers are all responsible for managing the customer relationship. Knutti and Steiner (2010) argue that the know-how carriers are also located in other departments than the marketing department. They

are the ones that communicate with their clients regularly and frequently so “they influence the user experience”. It becomes evident that not only marketer and the management board feel the pulse of their customers by networking. Key account managers are responsible for regular communicative exchange with key clients with high ‘customer lifetime value’. Customer centricity is key for Enterprise 1’s business – it is a core part of its market orientation. In that regard, where marketing becomes interactive in the digital movement, customer centricity and customer experience are essential elements. Creating customer proximity requires the involvement of skilled employees, the empowerment of employees and the reduction of decision paths (Heierli et al., 2019). As far as the researcher can assess, Enterprise 1 meets the theoretical aspects of the short communication and decision channels. Enterprise 1 employees are highly skilled specialists in their field, are motivated and challenged to develop the corporate strategy and to have close, open, honest and regular contact with their customers in a non-hierarchical organisation.

Bowonder et al. (2010) describe listening to customers as incorporating innovation to meet customer needs. Co-creation is a mode of innovation in which value is created with customers and greater satisfaction is achieved through their insight (Rowley, Kupiec-Teahan and Leeming, 2007). In a very dynamic and fast-moving market, where sometimes clients do not even know what they need, since “they don’t know what is possible with digitalisation”, it is also important to look ahead to the next two years and see what is needed. Accordingly, Enterprise 1 is prepared with its competencies, which are built inhouse. Trends can be a reliable predictor when it comes to determining what is possible technologically, like AR, VR and IoT. So, whenever these applications become mainstream for users, Enterprise 1 has to be ready to offer these applications and to blog/write about them in advance. Respondent M regularly consults the ‘[Hype Cycle for Emerging Technologies](#)’ of Gartner, where he explains that writing/blogging about upcoming impactful technologies generates high traffic to the firm’s own website. It seems that by changing environment, the business model and the marketing strategy are shaped by customer centricity and the service promise (value proposition).

The researcher believes that the proximity to customers, agility of the enterprise, reactivity to trends are characteristics of a good SME marketing approach. This in contrast to conventional marketing at large companies, where the marketing mix is applied as a method, formalised research is used to target customers (Stokes, 2000). A useful instrument for Enterprise 1, instead of or in addition to the earlier mentioned environmental analysis tools, would be the Value Proposition Canvas and Customer Journey Map. The Value Proposition

Canvas maps the fit between product/service and the customer's value and need. A Customer Journey Map tells the story of a customer's experience; from initial contact, through the process of engagement and into a long-term relationship. This can definitely help to encourage Enterprise 1 employees - developers, concept designers, agile coaches, and project managers – to map the customer's feelings, questions and needs, which is especially important with digital products/services. Applying these tools would support Enterprise 1's approach to customer centricity, but also respond to Jain's (1999) and Ohmae's (1982) theory that a marketing strategy examines the three dimensions of customer, organisation and competitor.

### **Influence on Business Model and Benefit of Image and Brand Equity**

The original business idea of developing and marketing the own applications had changed over the time to a business model as a full-service digital agency specialising in native apps and progressive web apps. Because more and more clients come to Enterprise 1 with demands for corporate identity, branding, and rapid prototyping, Enterprise 1 shaped its business model accordingly. Consequently, by designing services in line with customer wishes, a new/expanded business model is developed. Respondent M explains how the company benefits from image and brand equity through a new, innovative business model: "If you manage to create a new value proposition in the market, that is very unique and that provides a huge value to the end client, then it will positively impact our brand and our image because a lot of marketing is word of mouth marketing". Derived from this point of view, it seems that Enterprise 1 secures competitive strength when targeted clients see the service's unique value proposition. Furthermore, brand loyalty is brought by the clients by their connectivity in their multi-layered networks (Clemons et al., 2017). Factors that have positively influenced Enterprise 1's visibility are the countless successes they have achieved in recent years. Enterprise 1 has been named Switzerland's most successful app agency three times in a row, won the Master Award in the "App of the year" category in 2017 and won the German Design Award. These are just a few examples of Enterprise 1's success, which have had a major impact on its reputation and consequently its level of recognition. Affiliated from these recognitions, Enterprise 1 uses their brand in order to get more attention from clients. In that regard, the company delivers its brand and therefore clear profile, both online and offline. It is unclear, if Enterprise 1 deliberately uses branding as a strategy to gain attention (Schlögel and Mrkwicka, 2014) in the competitive market or to appeal to customer's emotion (Kotler and Armstrong, 2008).

The researcher believes that the added new services qualifies Enterprise 1's business model as innovative. Markides (2006) arguments that by increasing spending of existing customers business model innovation is achieved. In this specific case, digitalisation does not exert an impact on the business [model]. The researcher concludes that offering further services such as corporate identity, branding, and rapid prototyping to existing customers does not mean that an enterprise has created value and therefore differentiates itself from the competition and is difficult to imitate. Digitalisation is leading to a change in customer expectations. With brands there is a risk, that consumers link their perception of a brand to a product/service. If customers are accustomed to high standards, this becomes a matter of course. They expect a positive and harmonious brand experience across all channels and touchpoints. This also means that the brand is tangible, responsive and ready for communication. It is assumed the audience will not differentiate between customer service and marketing. It is therefore indispensable for Enterprise 1 that all disciplines in the organisation communicate about the strategy/goal and how to execute it.

### **Challenges**

In regard to client challenges, the interviewee explains the importance of understanding what stage of digitalisation, what stage of thinking, and what stage of culture the client is in order to serve them perfectly. One other challenge relating to the continuous adaption of the business model and of a client orientation, is realising at which stage their customers are in order to serve them best. And because of this constant change in the market, the interviewee emphasises "we have to make sure we have the needed skills to develop these trends and technologies". Furthermore, with regard to terminology, Enterprise 1's knowledge lead is a challenge when it comes to communication and the choice of language vis-à-vis the customer. The company must communicate in such way that the audience understands them.

Concerning resistance from employees, the company has set up a 'cultural board', where topics of change or challenges are brought up. The growth of the company has also brought with it challenges to the execution of structures and processes. For example, implementing projects was more straightforward with 10 employees than today with 36 employees. Respondent M admits that they had to learn that many things are pointless to digitalise just "for the sake of digitalisation". At Enterprise 1, corporate culture is a key factor in the success and motivation of their employees. It is important that this culture is lived the same way in Bern and Basel and that there are no differences between locations. "Culture eats strategy for

breakfast” is a frequently quoted sentence by Peter Drucker. There is no doubt that culture influences employees’ behaviour as well as corporate strategy and goals. Atiker (2018) draws attention to the fact that digitalisation challenges organisational structures in initiating innovative new work cultures. One example is that projects are displayed physically on a board in the offices showing at which phase the projects are and the allocated employees working on them. Every two weeks all employees go through the projects and provide a status update to the others. Establishing physical boards speaks primarily against the effort of digitisation. At the same time, creating a corporate culture that allows for experimentation, collaboration and failure is critical for success (Grampp et al., 2018). Another example of how culture is lived is that at each location a cook prepares lunch for the team and where they eat together. This could ultimately lead to a tense relationship. It is evident that Enterprise 1 encourages nevertheless – in a digital environment – new and in the same time analogue ways of thinking, as well as initiate innovative and inspiring work culture.

The researcher believes, that next to that change in the necessary competences and digital skills, the mindset of employees is necessary for the development and acceptance of digital transformation.

## Appendix 7 Responses Based on Theoretical Framework

	employees	Case No.	General Understanding	Drivers	Value creation	Involvement Customer (co-creation)
Micro Enterprises	1	6	understands it to be the digital transformation of the entire company, including all resources and personnel. is more than tangible change - it starts in people's minds and changes the way that key personnel think about the process of value	need to be both lean and agile . digitizing administrative processes is a way of managing overheads. Driving down operating costs allows for a closer and more focused work-relationship with the customer.	Customers benefit from digitization through more efficient throughput times with massively reduced transaction costs	Close customer relationships also involve co-creation of concepts and strategies; from idea to execution.
	2	2	definition by Marc Peter. people, place and technology.	technical prerequisites, people as bottleneck (= culture and new work models). -> Mind change	Through making technology accessible to customers and enabling customers (knowhow)	WOM. Relationship is key for longterm corporation. This requires specialists in all disciplines. Co-creation not with customers. Partnering up with competitors to serve customers. Very close relationship w suppliers (technology)
	4	10	sees it more on a process-related level, i.e. an entire value chain that, through the use of digital technologies, can be accelerated, simplified or improved in the interests of customers.	Quantworks is already lean, has established very short processes and does everything digitally. Improvements largely have to do with implementing interfaces to outside stakeholders such as authorities or business partners	Digitalisation creates added value for Quantwork's customer in product innovation on three levels: improvement of the turnover, improvement of the profit, and in new strategies or orientations, where AI plays a business-strategic role.	The company is already working hard to ensure that co-creation with the customer becomes the norm. That they are not quite there yet . By having conversations with the tester, Quantworks can find out if their ideas are acceptable and suitable or not
	9	3	adaption of enterprises to market and environmental (society, politics) conditions	healthy market pressure (sales of IT tools dropped, forcing company to act)	first: company (=customer) wants to be seen as an attractive employer, is that digital tools enable a modernisation of working methods. Second: increase efficiency. Third: service/pricing business model more predigtible for customers to budget/investment	understanding processes and goals of customers. Invite customers as reference at talks. Close relationship. But no co-creation so far.
	15	7	business processes that are digitized: such as communications, human resources processes such as recruitment and sales processes being supported by artificial intelligence. that the majority of business processes take place digitally	no specific driver behind further efforts in terms of digital transformation	Digitization creates an improvement in efficiency for customers in the areas of cooperation, communication, project documentation, and transparency.	Co-creation takes place through innovation and product development, where customers and other stakeholders are involved. In order to support customer-centricity, key tools and communication channels are adapted to meet the needs of (potential) customers.
Small Enterprises	35	11	n/a. digitise internal processes.	cost considerations are a major motivation spurring digitalisation.	through offering knowledge/content, the customer gains added value before they even come to the company and helps the enterprise to differentiate itself from the competition	The company maintains a close relationship with its customers.
	36	1	increasing efficiency and productivity. Increase access to information.	individual offer through networked procedures; digital process faster than competitors as added value	sharing knowledge via Blog.	yes, in defining strategy; usability testing/prototyping
	42	5	rapid development in technologies that creates new possibilities for individuals and companies through the digitalisation of processes, roles. the underlying 'human factor' is very important. At the core of digital transformation "is how we as humans interact with technology, how we use technology, and what we accelerate with it".	main driver behind digital transformation was the former management board who sought to create a 'new work culture' . A further key driver is the market; as an IT channel and distribution company in a saturated market, Datastore needs to differentiate itself from its competitors and to sustain its market relevance	Grimm takes the stance that digitalisation has not yet really created added value for the end client, since in his view digitalisation is at such an early stage.	Datastore understands that maintaining customer relationships is key. Digitalisation helps to create new customer experience. Datastore also invites their vendors, many of whom they perceive as partners, to create marketing plans together on how to serve the market to best meet the needs and wishes of the end client.



	employees	Case No.	General Understanding	Drivers	Value creation	Involvement Customer (co-creation)
	39	4	In the perspective of marketing: emphasis the focus of digital transformation on one side: how the customer is buying, and how they educate themselves today. Implementing and using digitalisation or technology in this particular situation to actually sell to the customer at the right time, with the right added value to solve the consumers problem, with the right product . digital transformation includes of how different generations interact with companies. Being aware of this shift. Where Generation Z grew up with technology, personalized marketing is the approach.	Plesk 'user and customer experience' are key drivers of digital transformation. lists testing new markets quickly, and scaling sales through automated sales and digital marketing as drivers behind Plesk's efforts in digitalisation.	saving time by offering automated product to the customer is mentioned as added value. Further value is given in the personalized messages to the customer	Plesk involves its customers in testing their software with setting up a hypothesis and then analyze it.
Medium-sized Enterprises	60	8	Digital transformation involves the move from offline to online services. it impacts all businesses and human beings. digital transformation is successfully completed when the company has developed a new business model. This should be the key driver.	BNC is still at a 'starting point' . digital transformation is successfully completed when the company has developed a new business model. This should be the key driver.	Value for customers is given through content marketing involving sharing knowledge via the website. Content marketing is only valuable or is adding value when resources that can help in generating knowledge are available. Further, channels of communication between the company and its customers are also seen as added value.	Co-creation is a topic when it comes to develop customer success stories. So, it only involves the client and marketing. Creating services or products together customers/partners is not an issue at BNC, as they are a pure reseller enterprise.
	150	14	digitising processes, and the entire company including the people behind it, the mindset, and the culture. a lot to do with simplifying processes, and digitalisation is only one component of the whole process.	efficiency, competitive advantage, and cost savings. speed up processes, but is also about reducing costs, not only financial costs but also related to other resources. Further motives also lie in the ability to try out cool new technologies and devices therefore being a bit first-mover on the market	Increasing customer value over time within the framework of customer lifetime value. Generating added value through micro-moments and wow-effects means that the customer is prepared to spend even more money and make positive unforeseen contributions.	The company practises relationship marketing. Developing prototypes with customers and verifying it with selected end customers using usability testing is one approach of co-creation
	180	9	digitising and automating business processes that so far have been done analogously. replace people-driven tasks with digital processes	profit goal. they have to sell more individual solutions	Provided that business activities that employ chatbot technology and outbound telephony are further developed in the near future, customers may benefit from the fact that they can get in touch with the company at any time and from anywhere.	no active relationship marketing is carried out. However, there is a close relationship with the software development partners, agencies and other software companies who participate in Comparis' planning schedule and adhere to it. Co-creation: Customers should increasingly be involved in, and indeed be at the centre of the development process and in prototyping.
	200	13	how a company manages to bring its digital processes as close as possible to its customer and integrates them into their process. that new business models or automatization are made possible through IT	optimising processes by directing customers to self-service portals . providing a service in a completely different way is a way of transforming business models (i.e. Uber)	Clients benefit form more efficient processes, i.e. enabling to do more with the same price or the same at a cheaper cost.	new idea/service, BitHawk always tests it with pilot customers
	245	12	internal perspective, Zosso understands digital transformation to mean the introduction of agile and lean principles. Scout24 makes it possible to act as an enabler in order to offer more online than before	develop products more successfully, achieve impact, develop products more to the needs of customers. confronted with the competition and must therefore react more quickly. motivation factor with regard to employees to be able to offer a modern workplace	efficiency gains	When it comes to co-creation, the marketing department works with focus groups, agencies and institutes where campaigns are tested, and their success measured. The enterprise has a user research group in the product organization, which is active in individual surveys/interviews or regular panels.

## Appendix 8 Responses Based on Research Questions

Case #	Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?	To what extent did digitalization create (added) value to customers?	How can organisations successfully overcome the complexity of digitalisation and what tools do they apply?
01	Changing environmental factors (i.e. competitors) force companies to rethink their strategy	Customers profit from project transparency and communication, both retrieved/viewed digitally at any time	Keeping the balance between offline and online setups; physical boards and meetings with staff and initiating innovative new work culture. Tools such as Google Suite and Slack are used.
02	Visibility and/or profiling on the market requires verifying business model and therefore marketing strategy	The empowerment with consultation and the use of new technologies improves the way customers work.	Drawing awareness of the possibility in transformation and in digital era. Microsoft Teams and interactive displays/whiteboards are applied.
03	Looking at the economic development, sooner or later the analogue potential will be exhausted.	Greater employer attractiveness (modern working methods), increased efficiency (modern tools) and flexible/plannable business model (elimination of investment costs with Cloud services)	The focus should be shifted away from the technical arguments towards the benefits of digitalisation. Tools available online in the browser with access from anywhere such as Slack, Microsoft Teams are applied.
04	Personalised marketing is relevant to find and address the right target groups at the right time with the right message and the right media/channel. Further brand awareness is achieved via first touchpoint through a website.	Efficiency and simplicity are being achieved through application of customized product.	Educating /training staff is key during digital transformation. Transparency in communication and a digital workplace should be ensured. Creating content for employees and clients is equally important. Cloud based services with easy integration and access are implemented.
05	Modern marketing tools allow accompanying the client through the whole 'customer journey lifecycle' with less human resources and reaching better scalability. With	Since digitalisation is at an early stage, neither vendors (customers) nor end clients receive yet an added value.	Bringing employees on the journey of the transformation is absolutely necessary. But also creating and elaborating topics with employees are embraced.

Case #	Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?	To what extent did digitalization create (added) value to customers?	How can organisations successfully overcome the complexity of digitalisation and what tools do they apply?
	customer data being gathered and analysed, business models can be shaped.		
06	In addition to offline activities (such as direct conversation), storytelling, keywords and cost-effective online marketing are relevant for findability.	Clients benefit from increased throughput times with massively reduced transaction costs. Transparency, data transparency and speed in results.	Prioritisation of investments and the question of the need for digitalisation must be clarified. Cloud-based solutions are effective tools for a 'lean' approach.
07	Greater differentiation is needed to counteract greater comparability that digital possibilities offer.	Digitization creates an improvement in efficiency for customers in the areas of cooperation, communication, project documentation, and transparency.	Training staff when introducing new tools acts against resistance. Mainly Slack, Monday.com, and LinkedIn are used as online tools.
08	As a service provider a strong online presence is necessary. In addition to direct contact and relationship with existing customers, a pull-orientation is very important in the digital era.	Sharing knowhow through content (marketing) generates value to clients.	It needs to be explained to employees that marketing today is a 'service provider'. Benefit in using digital channels and modern communication tools should be explained to stakeholders. HubSpot is used to support marketing automatization.
09	Addressing the target groups digitally and thus optimizing usability and processes for the user are important, while customer centricity and involvement in product development is essential.	In future, customers may benefit from the Chatbot technology to get in touch with the company 24/7 from anywhere.	Digital transformation should be managed in an agile and interactive way, where transparency is key. Chatbot and other Human Assisted Artificial Intelligence tools will support to optimize the offer for customers.
10	The variety and speed of the digital medias change in the favour of the users and the resources such as people, processes and technology are something that is worth keeping in mind	Added value is created for customer in product innovation on three levels: improvement of the turnover, improvement of the profit, and in new strategies or orientations, where AI plays a business-strategic role.	Data privacy and security must be taken into account when transforming digitally. Google Cloud Platform offer great support.

Case #	Why should Swiss SMEs in the ICT sector adapt their marketing strategy in the digital age?	To what extent did digitalization create (added) value to customers?	How can organisations successfully overcome the complexity of digitalisation and what tools do they apply?
11	Standing out in the digital channels due to the overstimulation is essential. Precise and sharpened messages must be directed to the customers in order to gain attention.	Creating whitepapers and thus content (knowledge), provides customers with added value on specific topics.	Because Cloud services are used, data privacy must be ensured. Furthermore, interfaces to other companies are important for data exchange. AWS is used as a cloud application.
12	With a one to one instead to a one to all (digital) communication/advertising, organisations can successfully reach the right target group at the right time with the right message in the right tonality.	Added value is created in terms of efficiency gains.	Taking the employees along the transformation/journey and focusing on the ‘fans’ is essential.
13	The ‘value zone’ has shifted to where the users of the technology are, therefore, marketing has to be done differently.	Clients benefit from more efficient processes, i.e. enabling them to do more with the same price or the same at a cheaper cost.	Offer training to employees and clawing on the ‘change agents’ in the company helps generating positive feelings. Cloud-based and Microsoft solutions, but also strategic tools such as Value Proposition Design are important to advance digitalisation.
15	Using modern marketing instruments/possibilities helps reaching new clients, because the longer the more difficult is to get the attention of customers, since they are sprinkled with advertisement from everywhere and anywhere.	Creating personalized customer experience that is achieved via touchpoints is defined as added value.	Turning affected people into participants and involving employees in the transformational process/change is key. Flat hierarchies, high transparency, and stringent communication are helpful.

Due to number of words limitation of 80,000, further appendices/attachments (such as interview transcripts) are saved separately. These are available from the researcher.