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EXPANDING MARKET STRATEGIES FOR LOGON

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1. Executive Summary

This company project provides an analysis and evaluation of market expansion possibilities of the German company LogOn. The company offers an innovative and intuitive online matching technology originally designed for online recruiting in the field of human resources. Innovation plays an increasingly important role to be competitive in times of globalization, both in small businesses and general economic growth. Current success with the matching technology raises expansion plans into the area digital advertisement, focusing on an increasingly dramatic situation: on one hand digital advertising spend is constantly growing in Western Europe. On the other hand dissatisfaction with digital advertisement, by reason of low quality and clutter is simultaneously increasing. As a matter of fact advertising is getting less effective. Linking the current situation of digital advertising with the concept of Innovation Management, a new challenge and market expansion into digital advertisement appears possible: can LogOn's online matching technology expands into the field of digital and media advertising in order to create added value? Following the framework of Innovation Process, the idea generation process delivers a concrete product idea. The matching technology is able to intuitively create a profile of a user. It looks at the motivation of information, estimates possible consequences and generates additional information intuitively. The matching technology serves as an intelligent spam filter, which is able to exclude irrelevant content from a user's mobile or desktop device. The technology offers a better customer experience and increases customer satisfaction. This benefit can be used in the B2C and B2B sector by offering users a more enjoyable advertisement experience and adding value by making advertisement more effective and successful in general. LogOn´s matching technology has three target groups: users, publisher and vendors. Users download the technology on their devices to receive less spam and a personalized offer of advertisement. By installing the technology on their online space, publishers are able to offer a better user experience, increase traffic and sell advertising spots at a higher cost. Vendors buy advertisement space on publisher's websites. The idea assessment is made with an analysis of the company presentation, literature review, industry outlook and quantitative online survey. The online survey measures users evaluation of digital and media advertisement and demand for personalized advertisement. It consists of 280 interviews of German users of social networks between 15 and 70 years old. The results show that people want to see advertisement, which corresponds with individual preferences such as the perception of

quality, the relevance to personal interests, possibility to control and situation adequateness. In order to make advertisements successful, advertisers should deliver the right message suiting these standards, at the right time, to the right person. This is where the matching technology finds its use and application. Even though the industry analysis reveals strong positions of well-established technologies and companies, the novelty and innovativeness of LogOn´s technology relativizes the threat of entry. Rivalry among existing competitors exists, but can be bypassed to a certain extend by differentiation. As a conclusion, analysis reveals positive demand, trend and industry circumstances for LogOn´s market entry.

The positive answer leads to the second research question: how can the market of digital advertisement be reached and developed? This question enables a closer look into the micro perspective of the final product and alternative ways to successfully launch it. Therefore a variety of business models will be presented followed by a suggestion of online market entry and marketing strategies. In regard to the product and target groups seven most suitable business models with different delivery models (app and software as a service) were created: Free app, paid app, pre-installed app, SaaS with subscription, SaaS with pay-per-use, SaaS with package deals and permanent licensing. In combination with all information generated an evaluation of the business models can be made. The decision between app and SaaS is not mutually exclusive. Both delivery options can be implemented simultaneously as two different products. While the app targets the end user (B2C), SaaS works for companies (B2B). The idea assessment including reveals a high market potential for both products. As a result, LogOn should consider the implementation of an app as conceptualized in the free app. The pre-installed app remains an idea of high potential even though its realisation depends on LogOn´s future performance. LogOn should additionally consider the implementation of SaaS on subscription basis. Timely restricted subscriptions, pay-per-use and package deals are only three different delivery options of the same product. They also do not exclude each other. In the end it is the working methodology of the target group deciding which option is the most efficient and effective one. This flexibility can be used to try all options and measuring demand to finally find out which option is the most wanted and most profitable.

When it comes to implementation, research shows the usefulness of innovation practices within the company to increase the general probability of sustainable success of an innovative product. Acknowledging the inherent change of business environment and society coupled with values of persistency and consistency within the companies' philosophy and structure is an essential factor of success and makes it more resilient for present as well as future impacts. A strong and integrated innovation culture in the company LogOn builds the essential pillar of success for the development of a new innovative product. The surveyed demand for personalization of digital and media advertisement creates a market. The business model creation and evaluation develops a final product and marketing as well as online market entry strategies deliver the communication tools to reach customers. All in all, it is a comprehensive product launch strategy ready to get implemented to revolutionize digital and media advertising and reach a new stage of business.

2. Exposition of the Context of the Issue

The world economy finds itself currently at the edge of a new cycle of economic development, which increases the general relevance of innovation management. Higher competition causes shorter and shorter product life cycles and forces companies to reduce the time to market. Globalization increases the relevance of inter-company networks, the sensitivity of the social environment and merges different technologies. As a result, many companies operating in both sectors have to install new structures for a more systematic innovation management (Janovsky, 2012: 19).

> *"Innovation appears to be playing an increasingly important role in driving economic growth; those countries that have fared best in recent years tend to be those that have successfully adapted their S&T [Science and Technology] systems to evolving patters of innovation"* (OECD, 2001: 116).

E-Business and Internet marketing are increasingly important fields of business. They allow digital advertisement to enter into an intimate customer area, which is even closer and more private than any other customer area. Internet marketing is able to create and dictate tastes. But as everybody can use the Internet for his own business, the perception, acceptance and usefulness of digital advertisement is at stake. Marketing strategies have to target more specifically to overcome customer's dissatisfaction, which arises from irrelevant and high amounts of advertisement. When linking the current situation of digital advertising with the concept of Innovation Management, a new challenge and possible market niche appears in connection with the following question: Does the dissatisfaction with digital advertisement appear to be an opportunity for LogOn? The successful use of LogOn´s matching technology in the recruitment industry leads to the assumption that this technology is able to revolutionize other markets as well. The matching technology is new, innovative and unique. No other similar matching technology in the recruitment sector exists, which reinforces the revolutionizing component of LogOn´s innovation. Concluding current circumstances and trends, LogOn wants to adapt the existing matching technology to the field of digital advertising.

2.1. LogOn

Founded in 2014, the Germany based company LogOn offers a unique and intuitive online matching technology originally designed for online recruiting in the field of human resources. This technology enables job seekers and employee seeking companies fast, easy and high quality matching. Both job seekers and employee seekers can advertise on LogOn´s online platform or other job platforms to receive most suitable job or employee suggestions made by LogOn´s online matching technology.

2.2. LogOn´s Business Model

The key product of LogOn is an automatic matching and screening function called eRecruiter, which benefits job seekers, employers and job portals. Job seekers are able to upload CV´s in combination with the eRecruiter on LogOn´s or other job platforms to automatically establish a transparent candidate profile. Employers can use the technology to make the recruitment process faster and more efficient. Job portals benefit from the technology as well, since it's supporting differentiation from industry competitors. The eRecruiter identifies and interprets data from a CV to deliver an extensive profile- and match-report as well as interview preparation. The technology is able to determine whether or not the hard and soft skills of a candidate match with the individual requirements of a company. This is possible because the logic deposited in the technical system analyses and combines data from the CV intuitively to a candidate profile, which serves as decision base and recommendation. The final decision if a candidate fits to a company is made in a personal interview.

The companies' business model requires a close working-together with customers and partners since the latter have online offers and the reach deep into a certain relevant market. LogOn´s partners are German job portals such as stellenanzeigen.de, Monster and StepStone. LogOn implements its technology on partner websites and thereby adds value to them by increasing competitive advantage. Thus, the partner is able to sell his offer at a higher price and simultaneously increasing his market share. Customers can choose between modularly designed job advertisements and individually adaptable posting products.

Looking at financial aspects, LogOn participates on the obtained surplus turnover of its partners. Generally, the invoicing is made with a yearly flat fee for the license of the technology as well as with a direct turnover commission on the surplus turnover. In the

following an invoicing-example of an online job portal will be presented. A single job advertisement on a job portal featuring the eRecruiter matching technology cost €89 more then a conventional one. On a monthly basis, an online portal visualizes 30.000 job advertisements. Thereof 20% with the eRecruiter technology, giving the job portal a surplus turnover of €534.000 per month and €6.4 million per year. LogOn is participating with 30% on the surplus turnover, accounting for €1.3 million: €600.000 as license fee and €700.000 as success dependent fee.

3. Literature Reviews

The literature review is a tool to accumulate a pool of scientific knowledge, which provides an essential foundation pillar to support the investigation.

3.1. Innovation Management

Innovation management historically bases on ideas of the Austrian economist Joseph Schumpeter who identified innovation as a significant factor in economic growth during the 1930s. The authors Crossan and Apaydin define Innovation as

"[...] production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and establishment of new management systems. It is both a process and an outcome" *(Crossan and Apaydin, 2009: 1155).*

Following Schumpeter, the management of innovation helps organizations to grasp an opportunity and use it to create and introduce new ideas, processes or products (Kelly and Kranzburg, 1978). Innovation gives organizations, industries and nations an advantage in the highly competitive world of business. It does not solely refer to the creation of new products. It also applies effectively on refining what already exists. Although products are mostly in the focus of innovation, markets, suppliers, production methods and processes can also be important areas to innovate. The combination of both, product and process innovation might be one of the most favourable advantages and also extremely difficult to replicate. A study conducted by Little identifies innovation as the most relevant factor determining competitiveness of a company, even

before cost cutting and international expansion (Little, 2005: 1). Innovation is important in both service and manufacturing organizations, whereas the importance of the first is, although often overlooked, of significant importance. The service sector is not just constantly growing; manufacturing organizations are increasingly including services in their offer to be more competitive.

Innovations can be classified in incremental or radical innovations, technical or socio-technical innovations and improvement or basic innovations (Janovsky, 2012: 15). Looking at the place where innovation occurs, product-, process-, marketing- and structural innovations can be distinguished (Vacek, 2009). The innovation process can be pushed or pulled through development. A pushed process bases on existing or recently invented technologies that a company wants to find profitable applications for. A pulled process wants to find innovative solutions for appearing customer needs. Both processes require a broad understanding of the market and its technical problems. Innovation research essentially tries to answer three questions: Which factors determine the reaction of the target group to a new product? Which perspectives of further diffusion processes are to expect? Which consequences can be expected (in terms of technology assessment)? The multi-dimensional innovation process begins with the recognition of a problem or idea, then to problem-solving, the creation of productive capacity and leads to the market introduction of a newly created product or service. The innovation process happens simultaneously with the dissemination process, which defines an active spread of new innovations to the target audience using planned strategies. When an innovation is accepted and individuals adopted, the outcome of the dissemination process is diffusion, a passive, untargeted and unplanned spread of new innovations. Both processes effect and revise institutional, individual and socio-economical structures.
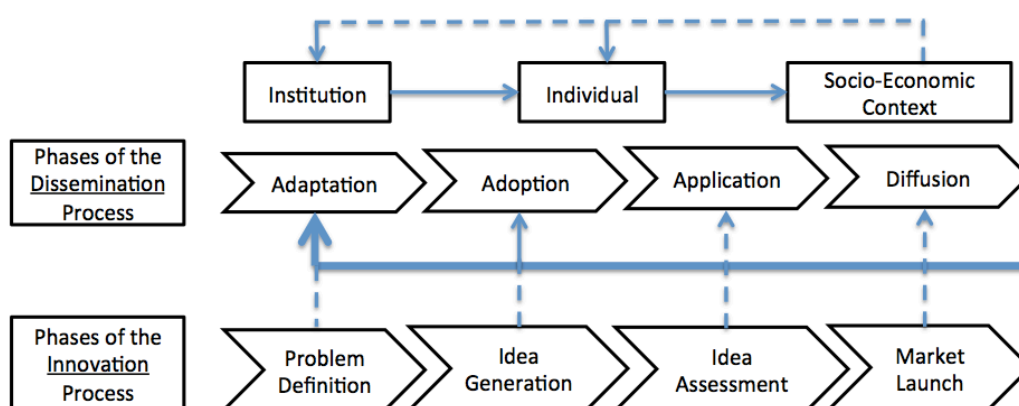

Figure 1: Phases of dissemination and innovation (Janovsky 1012: 8)

3.1.1. Service Innovation

Following Van Ark et al., service innovation is a new or changed service concept, client interaction channel, service delivery system or technological concept that individually or in combination, leads to one or more new or renewed service functions. They are new to the company and change the offer on the market as well as require structurally new technological, human or organizational capabilities of the service organization. When talking about service innovation, the innovation does not necessarily relate to the novelty of a technology itself. It often lies in the non-technological areas instead. Technological based innovations in services, service processes and service companies can be also innovated (Van Ark et al., 2003).

Service innovation has a reversed product cycle in comparison to the classical innovation process. Instead of placing the productivity of improvements on the last stage, service innovation starts with it on first stage. Solely the outcome of the service innovation process is a new service product. The classical innovation process launches the new product on the first stage instead (Pilat, 2005: 28). The services role is to closely align manufactured products with service products „[...] to offer the consumer not the manufactured product itself but rather the goal that the purchase of the manufactured product would ultimately fulfil" (Howells, 2005: 62). In some cases, the interactivity between company and client turns even into a coproduction. Innovation must focus on providing more for the customer and this can require revising the existing as much as developing the new (Goffin and Mitchell, 2005). As long as perceived quality of a service and customers expectations do not match, the customer will be dissatisfied. "In order to truly innovate, firms must expand their focus beyond existing services and service capabilities to address the fundamental needs of their customers, including the jobs and outcomes those customers are trying to achieve" (Bettencourt, Brown and Sirianni, 2013: 13). According to Bettencourt et al. true service innovation lies in the shift back to the customer by asking: "How is the customer doing?" (Bettencourt, Brown and Sirianni, 2013: 13). If companies want to innovate, they must address the fundamental needs of the customer by understanding, which jobs customers try to get done. Finally, shared solutions for customers will result in a value co-creation: It is meaningful to the customer and differentiates from competitive offerings (Gummesson, 1995).

3.1.2. Adoption Models

Adoption Models are tools to understand or predict the reasons for the acceptance and use of a (new) technology at individual, organizational and society level. These models specify a number of acceptance determinants that influence the users decision on how or when to buy or use an innovation (Tatnall, 2007: 1067). Following Daecke, the adoption capacity of a company consists of four parts: the acquisition of external knowledge, the internal information processing, the combination with already existing knowledge (transformation) and the use of it through innovations (exploitation) (Daecke, 2009: 26). To analyse adoption, a range of adoption models was created. Although approaches are different they are based on common, interwoven adoption elements: Adoption subjects, objects and context. Adoption models are created on the assumption that individual adoption mostly does not happen voluntarily, instead through rules and norms of employers, institutions and society. In extreme cases adoption can be forced. Many models confront the user with high requirements towards operationalization of highlighted areas. Others are precise enough for direct application. The models of Kollmann (1998) as well as Wehrmann and Amberg (Amberg, 2003) can be shown as contrasting examples for both extremes: Kollmann´s Dynamic Adoption Model divides adoption attitude, adoption activity and adoption application to receive a rather general result for overall adoption. In contrast, the Dynamic Acceptance Model for Reevaluating Technologies (DART) analyses individual user acceptance, such as perceived benefit, costs, network effects and usability to derive improving actions. Several other models can be situated in between both extremes: Davis's (1986) Technology Acceptance Model, Degenhart (1986), Goodhue´s (1995) Task Fit Model, Herrmann´s (1999) Process Model, Silberer´s (2002) Customer Satisfaction Model and Lin´s (2003) ICTAM model. However, space restrictions do not allow in depth presentations of the models at this point.

3.1.3. Diffusion Theory

While adoption refers to the customers' decision to accept, buy or use an innovation, diffusion explains the extent and time frame of innovations dissemination on the market. The idea of Rogers Diffusion of Innovations Theory suggests that change can be promoted rather easily in a social system through a domino effect: "Diffusion is the process by which an innovation is communicated through certain channels over time

among the members of a social system" (Rogers, 2003: 5). It explains more precisely how, why and at what rate new ideas and technology spread through cultures. He states that diffusion of innovation contains four main elements: the type of innovation, communication channels, nature of the social system, time and extend of the change agents promotion effort (Rogers, 2003: 222ff).

The way members of a social system perceive characteristics of an innovation (e.g. advantage, complexity, observability), determines its rate of adoption or rejection (Rogers, 2003: 16). The rate of adoption is defined as the relative speed at which members of a social system adopt to an innovation (Rogers, 2003: 221). The greater the characteristics perceived, the faster an innovation gets adopted. The novelty of an idea brings a high degree of uncertainty, what is a lack of predictability, structure and information. An individual only adapts to an innovation if it offers some relative advantage to the idea it supersedes. In that sense, each member of a social system faces its own innovation decision-making process that follows a 5-step diffusion process: knowledge, persuasion, decision, implementation, and confirmation. Each individual's innovation-decision is framed by personal characteristics. This diversity is what makes diffusion possible (Orr, 2003). Rogers illustrates the successful adoption process with a bell-shaped diffusion curve, representing categories of individuals who adopt innovations with different speeds: innovators, early adopters, early majority, late majority and laggards (Rogers, 2003: 37). The curve shows a stepwise social process where innovation-decisions depend highly on decisions of other members. The tipping point is marked by opinion leaders (early adopters) adoption whereon the majority responds by following rapidly. To self-sustain an innovation it must be widely adopted until it reaches critical mass. Innovation adoption can be seen rather as a consequence of structural conditions (leading to social change) than as a result of the application of a particular technique applied during the innovation process.

3.1.4. Technological Assessment

An assessment of technology should be executed to forecast (potential) consequences of new technologies in respect to the company and its environment. Technology assessment runs through the following steps: analysis, forecast, identification of potentials, assessment of consequences and finally the product configuration (Bonnet, 1994: 38). Fulfilled requirements and tasks lead to potential benefits such as discovery

of new areas, learning effects, new networks, maintained competitiveness or transition from imitation to innovation (Bürgel et al., 2008: 55). Scenario writing, brainstorming, content analysis, cost-benefit analysis, simulations and group discussions are the most frequently applied tools for technology assessment (Bonnet, 1994: 45).

3.1.5.   Criticism

Even though Rogers diffusion of innovations theory found wide reach, its development in a very specific industry sector is often criticised. There is a large number of works published on diffusion theory, but only a few changes to Rogers´ theory have been done so far. Both factors increase concerns of subjectivity and missing cohesion make the theory difficult to apply to new problems. Over more, the complexity of individuals and social systems increase the difficulty to measure diffusion extremely (Katz, Levin and Hamilton, 1963: 237–252). Attitudes are less profoundly analysed than activities and diffusion is many times simply perceived as a consequence of a successful adoption. Research on adoption is weakened by a pro-innovation bias, individual-blame bias, recall problem and issues of equality (Rogers, 2003: 126ff). In terms of communication, one-way information flow, directed from the innovation developer to the customer is in complex environments highly insufficient. Instead, multiple communication flows are required (Robertson, Swan and Newell, 1996). In conclusion, there is indeed a mismatch between methods and complexity of consequences, underlining the assumption of a too generic approach (Wilde et al., 2009).

3.2. Digital Advertising

Digital advertising uses the Internet to deliver marketing messages to consumers. It includes several methods such as email marketing, social media marketing, search engine marketing or display advertising. Digital advertising involves a publisher, who integrates advertisements into online content and an advertiser (working for a vendor), who provides the advertisements displayed on the publisher's content.

Looking at the market, digital advertising spend continues to grow rapidly. The global broadband expansion will drive overall digital spending over the next years (McKinsey & Company, 2015: 17). According to a forecast by PWC, Internet advertising will become the largest advertising segment with a CAGR (compound annual growth rate)

of 12.1%. Global total Internet advertising should grow from $135.42 billion in 2014 to $239.87 billion in 2019 (PricewaterhouseCoopers, 2015). Digital advertising was the fastest-growing category in 2014 with an increase of 6.1% (McKinsey & Company, 2015: 7). It will overtake TV advertising revenue to become the largest single advertising category by 2019 (PricewaterhouseCoopers, 2015). This pattern reflects the underlying market transition from traditional to digital media. A report by McKinsey & Company shows a spending growth of 2.2% in 2014 in Western Europe (including Germany). The Internet advertising is forecast to expand from $397.449 million in 2014 to $455.831 million in 2019. Still, Western Europe will be the slowest growing area of the EMEA countries with a CAGR of 2.8% over the next five years (McKinsey & Company, 2015: 8f). Compared with a 5.1% CAGR global consumer spending over the next five years, Western Europe will increase consumer spending by only 2.8% CAGR (McKinsey & Company, 2015: 7ff). As advertising spending grows, it also shifts to mobile: Media access through mobile devices is the fastest-growing sector of global media spending. It will become the principal digital platform with Internet advertising revenue's growth of 23.1% and overtake display advertising by the end of 2018 (McKinsey & Company, 2015: 18; PricewaterhouseCoopers, 2015). eMarketer forecasts mobile advertising to account for 69.9% of the total digital advertising spending in 2019 (eMarketer, 2015: 2). As the advertising industry gets more fragmented, companies need more efficient techniques to communicate. Programmatic advertising is one of several techniques promising more efficiency by automating the decision-making process of buying, selling and placing advertisement using artificial intelligence and real-time bidding. In 2019, 50% of all display ads will be purchased programmatically (Magna Global, 2015).

3.2.1. User Satisfaction

Satisfaction and dissatisfaction with advertisement is a common subject along this thesis. To understand what dissatisfaction actually means it is necessary to define the term satisfaction. According to Oliver, satisfaction is understood as "the consumer's fulfilment response. It is a judgment that a product/service feature, or the product and service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or overfulfilment" (Oliver, 2010: 8). Most researchers confirm that the essential determinant of satisfaction is the confirmation or disconfirmation of pre-use or pre-consumption expectations. In summary, users or

customers evaluate product performance by comparing what they expected with what they believe they received (Oliver, 2010: 100f).

3.2.2.   Advertising Avoidance

In academic research surrounding advertising avoidance, several factors such as attitudes towards advertisement, advertising clutter and advertisement related communication problems affect on advertising avoidance. Privacy concerns and the physical presence of others such as friends and family members can further strengthen advertising avoidance.

Researchers focus on the quantity of messages as well as on the importance of quality and relevance of an advertisement to the user as an explanation factor for advertising clutter (Ha and McCann, 2008: 575). When exposed to clutter, negative advertising effects occur such as advertising memory reduction, perception of low-quality advertising and finally advertising avoidance. Researchers found a correlation between perceived advertising clutter and advertising avoidance: Ha and McCann explain advertising avoidance as an outcome of advertising clutter. Both see the decision on resistance and avoidance of clutter as a negative response to advertising: Hence, attention to the advertisement message has to be earned with perceived interest, relevance and non-intrusive advertising (Ha and McCann, 2008: 574). Speck and Elliott believe the responses to advertisements are learned processes, which base on beliefs and attitudes towards advertisements. Both researchers identify types of communication problems, which correspond positively with advertising avoidance: Advertisements hinder user´s search for content, distract while processing content and disrupt the media processing process (Elliott and Speck, 1997: 63ff). Cho and Cheon conclude, as more negative beliefs are associated with advertisements, the higher is the risk of a cognitive and later physical action of avoidance: "Consumers who intensely dislike Internet ads are likely to increase their negative attitude toward Internet ads and avoid the source of their displeasure" (Cho and Cheon, 2004: 91). To satisfy users, Cho and Cheon recommend delivering the right message to the right people at the right time (Cho and Cheon 2004: 94).

3.3. Online Market Entry Strategy

A market entry strategy is defined as a planned method of delivering goods or services to a new target market and its distribution. LogOn´s target market, the digital advertising industry has a range of special features: The Internet is a universal open standards system with global reach and therefore available to all players. This fact lowers entry barriers and simplifies the marketplace entry of new competitors, which tends to intensify competition. Because everyone can excess the same information, the Internet shifts power to buyers who generally prefer lowest-cost providers (Porter, 2008).

"[...] the Internet cuts costs, increases competition and improves the functioning of the price mechanism. It thus moves the economy closer to the textbook model of perfect competition, which assumes abundant information, zero transaction costs and no barriers to entry" (The Economist, 30.03.2000).

An online market entry strategy needs to overcome general barriers of entry, identify the specific characteristics of the target market that affect the online search process and the contingent upon the enabling effects and role of the Internet channel. The possibility to research online as well as the high level of price dispersion encourages consumers to be more active. An adapted marketing strategy has to exploit the specific characteristics of the online channel and recognize how the characteristics of the target market affect the consumers search process. It is necessary "to position the Internet within the context of a firm´s overall marketing strategy, including the timing of market entry, the product offer, and partnership arrangements with other companies and branding" to archive a successful implementation (Holland and Mandry, 2012: 17).

### 3.3.1.	Industry Analysis

The premise for the creation of a comprehensive market entry strategy is a deep insight into and knowledge about the specific industry. Porters Five Forces is a framework developed by Michael E. Porter to analyse the level of competition and business strategy development within the microenvironment of an industry. Following his theory, the structure of an industry is characterized by five forces: Threat of entry, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and rivalry among existing competitors (Porter, 2008: 4). The extended rivalry resulting from the five

forces defines an industry's structure and shapes the nature of competitive interaction in the same way. In that way the five forces determine competitive intensity and attractiveness of an industry, whereas attractiveness refers to the overall industry profitability. In contrast, an unattractive industry is one where the combination of these five forces drives down overall profitability. As an example serves the approach to the state of pure competition, where available profits for all firms are driven to normal profit. While a large number of factors may affect industry profitability in the short run, industry structure (the competitive forces) sets industry profitability in the medium and long run.

Even though the configuration of the five forces differs by industry, they exist in every industry: The threat of entry refers to new industry entrants who bring new capacities and desires to gain market share, putting pressure on prices and the rate of investment necessary to compete. It also depends on the height of entry barriers and the expected retaliation, the assumption of entrants on how incumbents may react. Barriers can be supply-side economies of scale, demand-side benefits of scale, customer switching costs, capital requirements, incumbency advantages independent of size, unequal access to distribution channels or restrictive government policy (Porter, 2008: 3ff).

The power of suppliers lies in capturing more of the value for themselves by charging higher prices, limiting quality or services or shifting costs to industry participants. They are able to squeeze profitability out of an industry, which is then unable to pass on cost increases in its own prices. Every company depends on a large number of different supplier groups for inputs. A supplier group is powerful if: It is more concentrated than the industry it sells to; it does not depend heavily on the industry for its revenues; the supplier group can credibly threaten to integrate forward into the industry; there is no substitute for what the supplier group provides; industry participants face switching costs in changing suppliers or suppliers offer products that are differentiated.

The power of buyers lies in capturing more value by demanding better service or better quality, forcing down prices and playing industry participants off against one other. The higher the power of buyers, the lower the profitability of an industry. Buyers are powerful if they have negotiating leverage relative to industry participants: If the customer amount is low and the sellers' amount high, switching costs or product diversity is low. On the contrary, a buyer group is price sensitive if it is purchasing products that are undifferentiated of a sort where product performance has limited

consequences and are expensive relative to their incomes. Intermediate customers gain bargaining power when they manage to influence purchasing decisions of customers downstream.

The threat of substitutes decides how easy it is for customers to switch from a product or service to that of a competitor. A substitute basically performs the same or a similar function as an industry's product. When the threat of substitutes is high, industry profitability suffers and substitute products or services limit an industry's profit potential by placing a ceiling on prices. Substitutes are always present, but they are easy to overlook since they might be found in another industry. As long as an industry does not distance itself from substitutes through product performance or marketing, it will suffer in terms of profitability and sometimes growth potential. The threat of a substitute is high if the buyer's cost of switching to the substitute is low or if it offers an attractive price-performance trade-off to the industry's product.

Rivalry among existing competitors limits the profitability of an industry. The degree to which rivalry drives down an industry's profit potential depends on the basis and intensity at which companies compete. The intensity of rivalry is greatest if exit barriers are high, competitors are numerous or roughly equal in size and power, rivals are highly committed to the business and have aspirations for leadership or if firms cannot read each other's signals well. Rivalry is especially destructive to profitability if it gravitates solely to price because price competition transfers profits directly from an industry to its customers.

To sustain long-term profitability it is necessary to respond strategically to competition. By understanding how the five competitive forces influence profitability in an industry, a strategy can be developed to enhance a company's long-term profit. Therefor Porter suggests positioning a company where the forces are weakest to exploit changes in the forces and reshape the forces in ones favour (Porter, 2008: 1).

4. Conceptual Framework

A conceptual framework "explains, either graphically or in narrative form, the main things to be studied—the key factors, concepts, or variables—and the presumed relationships among them" (Miles and Huberman, 1994: 18). It is a conception of the subject of a study and related questions on "what" and "why". Looking through a macro

perspective the purpose of this thesis is a suggestion on expanding market strategies for LogOn´s matching technology. It focuses, more specifically on the field of digital advertisement by asking:

A. Can LogOn's online matching technology expands into the field of digital advertising in order to create added value?

To answer this question, deeper research and investigation is necessary to identify first the current situation as well as the demand within the digital advertising market and second to evaluate LogOn´s chances for success in it. In the centre of attention stands an quantitative online survey investigating current market demand in Germany. The evaluation and analysis is packed into the comprehensive framework of Innovation Process. For that reason, the answer is subject to an idea assessment based on the extensive information generated with a company presentation, literature review, industry- and survey analysis.

Summing up all information available makes it possible to draw a conclusion on whether or not LogOn is able to expand into the market of digital advertising by creating added value. Added value describes a rather holistic value apart from company profit. It is a value of which LogOn and a greater community, industry or even society benefits. A positive answer will lead into the next research question by asking:

B. How can the market of digital advertisement be reached and developed?

This question enables a closer look into the micro perspective of the final product and alternative ways to successfully launch it. Instead of focussing on a single business model suggestion it appears more legitimate to investigate and present a variety of business models due to the range of different delivery and revenue-creation options. Every business model is followed by a suggestion of online market entry and marketing strategies. Finally, an evaluation of the business models can be made in combination with all information generated along this thesis. A final conclusion will support LogOn´s decision on whether or not to implement the product´s launch. However, the limited space of this master thesis and the constantly changing industry environment do not allow in-depth research, annotation and explanation of every single topic. This fact suspends a claim on completeness. Instead, it is an open and incomplete attempt to deliver a helpful suggestion on expending market strategies for LogOn.
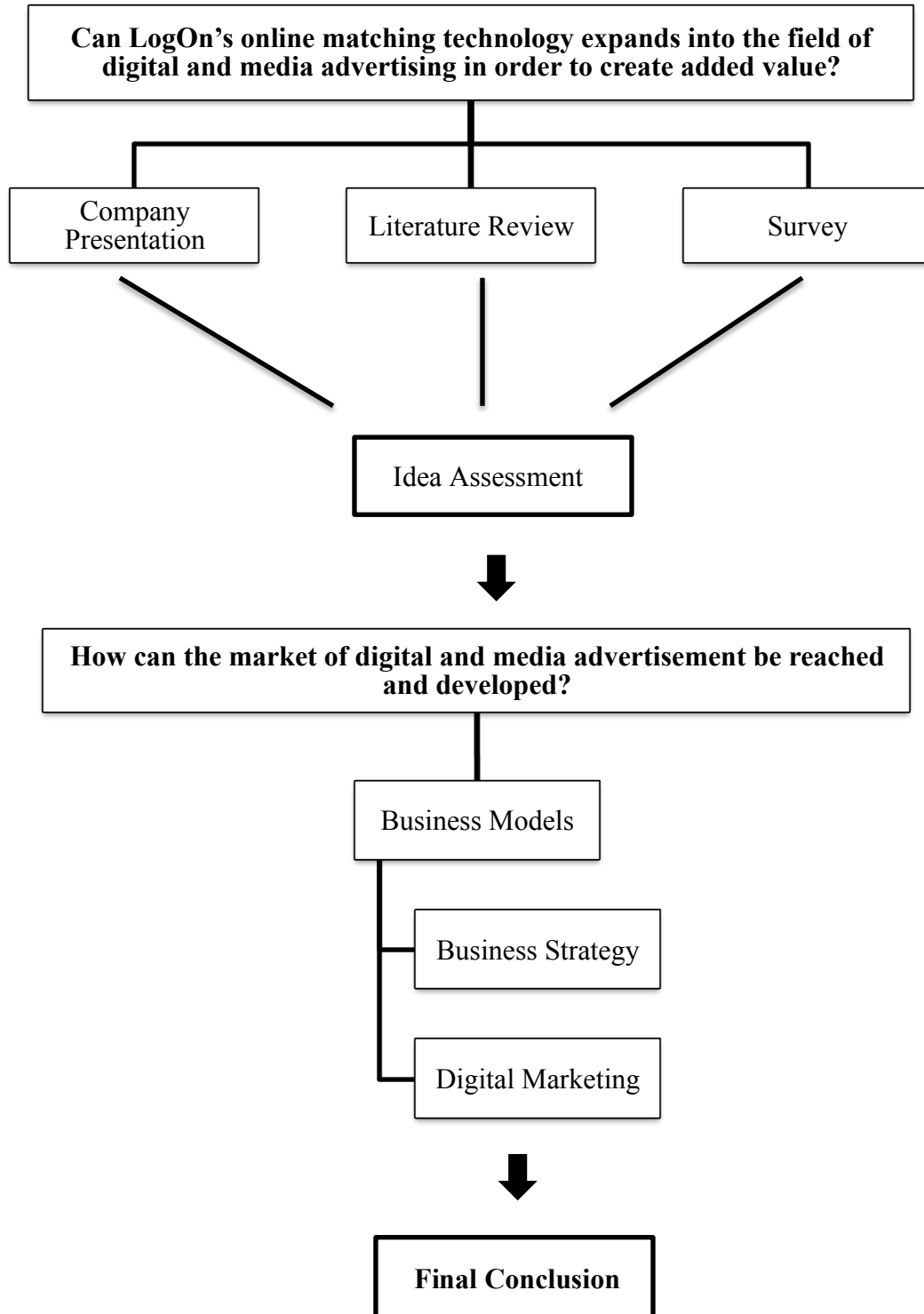
Figure 2: Conceptual Framework

5. Methodology

To answer the research question presented in the chapter above, an empirical investigation has to be conducted to complete the theoretical fundament, obtained with the literature review. The combination of both allows statements and further conclusions about the potential success of the matching technology. The research's objective is to test the technologies´ market potential in regard to research question A. Therefore a quantitative online survey was chosen as the most suitable method for data collection. It seems most convenient since the sample size has to be big enough to quantify the research objective by generating numerical data. This data has to be transformable into usable statistics as the survey attempts to be significant. The survey aims to identify the users perception of existing digital and media advertisement, test the individual demand for its personalization and thus demand for the technology in general.

The development of the research instrument follows the Instrument Design Model suggested by Cooper and Schindler (Cooper and Schindler, 2014: 296). This model divides the instrument design process in three phases: The first phase starts by revisiting the research question to develop an instrument design strategy. The survey is lead by two questions: How does the user evaluate existing digital and media advertisement and does this perception increase the individual demand for personalized advertisement? Both survey questions correspond positively with research question A, since the survey questions result will provide information about existing demand. To guarantee that the survey measures what is wished to be measured and thus ensures validity, it requires a well-understood connection between research question A and the survey questions. Cooper and Schindler suggest the creation of a Preliminary Analysis Plan, which displays the data one expects to secure. It is a helpful tool to structure relations: In this perspective every survey question represents a dimension, which can be further divided into categories representing the questions of the questionnaire. The logical connection between the research questions, the dimensions of the survey question and corresponding categories ensure a correct operationalization.

Dimensions	Categories
Evaluation of digital and media advertisement	Q1, Q2, Q3, Q4, Q5, Q6
Demand for personalized advertisement	Q7, Q8, Q9

Figure 3: Dimensions and categories representing the questions of the questionnaire

After dimensions and corresponding categories are defined, measurement questions can be constructed and refined. Looking at the micro perspective, the generation of specific measurement questions requires high attention to detail: The content, the wording and a response strategy have to be defined for each single question. Viewed from a macro perspective, the questions have to be structured into categories such as target (investigative questions of the specific study) and socio-demographic questions. Eichhorn recommends, other then Cooper and Schindler, the use of an introduction and a final sentence (Eichhorn, 2004: 18). If applicable, Kromrey suggests to structure investigative target questions into sub-categories to simplify understanding and reading (Kromrey, 2010: 361). This practice also avoids the halo-effect, a cognitive bias in which an observer's overall impression influences its feelings and thoughts (Kahneman, 2011: 82). The third step concentrates on drafting and refining the instrument in terms of topic and question sequencing. Question design and sequence base on selected theories about advertising avoidance from Ha and McCann (2008), Cho and Cheon (2004) as well as Elliot and Speck (1997). The questionnaire was pretested several times to improve content validity (Flynn et al., 1990). The result of this instrument design process is finally a valid and functional questionnaire.

5.1. Research Design

To meet the criteria of reliability, the questionnaire is fully standardized, meaning that every respondent receives identicall questions in the same sequence and under the same circumstances (Kromrey, 2010: 365). The questionnaire consists of fourteen structured and undisguised questions, which are open, nominal, ordinal and balanced five-level Likert-scaled. Answer possibilities are either neutral exclusive, multiple-choice or open. The first section of nine main questions is followed by a second section of five socio-demographic questions referring to personal data. The questionnaire design was agreed with and adapted to the requirements of LogOn and the supervising professor. Since

digital advertisement lies in the focus of attention, it appears natural to use the Internet as the research medium: The list-based survey is conducted online and distributed by e-mail using unpaid and paid services in social media networks such as Xing, LinkedIn and Facebook. The survey is developed with the online research software tool Qualtrics, which enables online data collection and analysis. The sample receives an email with an invitation to answer the questionnaire anonymously.

To ensure validity in terms of precision and accuracy, the target population has to fulfil specific criteria: The sample has to use the Internet as well as social media (Facebook, Xing, LinkedIn) on regular basis. It is a behaviour, which allows assumptions about potential demand for the technology. Looking at socio-demographics, population elements of mixed genders have to be between 15 and 70 years old as well as resident in Germany. The technologies target groups cover B2C users as well as B2B publishers and vendors (see chapter 7.1). Here, the demand of end users is the deciding factor for the success of the technology: it is only successful if end users demand, accept and use the product. It is the user for that reason, who is the target of the survey.

Several details have to be considered when it comes to sample size: To ensure representativeness (in terms of precision, narrow error margin and higher confidence level), the sample size is chosen in respect to the target population and to research resources available. 24 Million German users of social networks represent the surveys target population. The survey result can be generalized to the users of social networks in Germany, but not to Internet users in general.

Population in Germany 2014 (14-60+ years old)	70.5 Mio.
Internet users in Germany 2015 (14-60+ years old)	56.1 Mio. (79.5%)
Daily Internet users in Germany 2015 (14-60+ years old)	44.5 Mio. (63.1%)
Users of social networks in Germany 2015 (14-50+ years old)	24 Mio. (43 % of Internet users)
Users of Facebook (42%), Xing (8%), Linked In (4%) (14-50+ years old)	54 % of 24.4 Mio = 13.176 Mio

Figure 4: Internet users in Germany (Frees and Koch, 2015: 367; Tippelt and Kupferschmitt, 2015: 442, 444)

The bigger a sample, the more complicated is the implementation, because more resources in terms of cost and time are needed. Considering the budget, available resources, the research objective and the survey´s time frame of 4-6 weeks, the sample should contain a minimum of 250 elements. This number appears realistically feasible since enough time and resources are available to survey 250 individuals. The research´s objective is to gain understanding of the current market demand. Already the number of 250 elements can give a strong impression whether or not demand for the technology exists. The sample will be selected using a non-random sample or convenience sample, since respondents voluntarily decide whether or not to answer the questionnaire. If the sample was simple random, the sample dimension of 250 would assure an error margin of $\pm6.2\%$ for a confidence level of 95%. If the error margin is whished to be smaller ($\pm5\%$) a sample of 385 would be needed. The survey software Qualtrics saves all responses of the sample during 8 weeks of surveying. Once the survey is concluded, the analysis can be initiated.

5.2. Research Analysis

The data analysis is made with the statistic program SPSS. To insert the data of the questionnaire into SPSS two questions, namely city of residence and occupation, have to be classified into categories in order to be operational. Therefor cities of residence are categorised in the states of Germany and occupations into the occupation category system suggested by ILO (International Labor Organization, 2012: 14). In the centre of attention lays the calculation of Cronbach's alpha, factor analysis, one-sample t-test and chi-square. The nature of the questionnaire and due to the analysis is oriented on frequencies. The result of the survey will finally allow further considerations surrounding the implementation of the product.

6. Analysis

In this chapter all information generated with literature review and empirical research will be collated and analysed in reference to the research questions. The analysis is structured after the framework of Innovation Process (see p. 14), which offers a clearly arranged step-by-step approach. The logical structure of this thesis allowed the

elaboration of the innovation processes first step of strategic planning and problem definition at an earlier stage in the chapters 4 and 5. That reason legitimates the start of the analysis at the second step of idea generation. The market launch, as the last step of the innovation process, requires the elaboration of business models. To highlight the business models importance, the last step market launch is renamed to business models.

6.1. Idea Generation

The second step, idea generation, requires organizational creativity, what means the promotion of individual creativity through decentralisation and creativity techniques such as brainstorming.

The idea generation process starts by examining Gassmann and Sutter´s three motives for service innovations to find out what the final product should deliver: The customer perspective monitors changes of customer needs and expectations. The strategic perspective finds new competitive advantages and creates market entry barriers. The financial perspective activates additional growth potentials (Gassmann and Sutter, 2008: 222). As a result, all three perspectives are relevant for LogOn, since the product aims to create new competitive advantage, satisfy new customer needs and activate additional competitive advantage. The final product must therefore satisfy each perspective.

Following the customer perspective, Bettencourt, Brown and Sirianni suggest four steps to approach service innovation: the first step requires an active partnership with customers by asking which jobs they are trying to accomplish. This process includes asking the right questions, learning and investigating answers to uncover blind spots to finally develop a company-wide peripheral vision. The second step suggests identifying if these jobs are part of a larger process. As soon as the beginning and end point of a customer job can be identified, the metrics by which customers judge how well the job is done can be revealed and measured. Now it is key to develop offers that help customers to improve the execution of their job. As the third step, it is important to investigate existing opportunities to get customers jobs done. The focus lies on the outcomes that customers use to measure success with, regardless of the method of achieving it at each step in the entire customer job. As a next step, they have to be prioritized by determining what customers consider as important. The fourth and last step involves identifying and applying required resources to create value for the

customer as well as for the company (Bettencourt, Brown and Sirianni, 2013: 15–20). In summary, the early inclusion of the customer into the innovative process of product (or service) creation will benefit both the customer as well as the company.

After using brainstorming coupled with general research and a sense for windows of opportunities created by business encounters, a concrete product idea could be generated. LogOn´s matching technology is able to filter information in regard to a certain topic or profile (see p. 13). That means it can be used to organise or break down complex and big amounts of information. By that way the area of digital advertisement moved into the centre of attention: here, the matching technology is able to intuitively create a profile of a user while he is visiting a website, online shopping, watching TV or posting on social media sites. The profile consists of expected individual interests and preferences relying on a specific behavioural pattern identified with 2,3 clicks taking approximately 30 seconds. The algorithm works intuitively, what means that depending on where the user clicks, the algorithm investigates why a user is clicking on a specific field. It looks at the background or motivation of an information or action and estimates the possible consequence of that information or action. What differentiates the technology from common matching technologies is the ability to generate additional information intuitively by combining existing information. By that way the final result will be more precise and suitable, what increases the technologies competitive advantage. The algorithm establishes connections of information where initially non-existent and avoids wrong connections. As a result, the technology solely shows the customer advertising content, which is relevant to him and to his current situation. The matching technology serves practically as an intelligent spam filter, which is able to exclude irrelevant content from a user's computer, tablet and smart phone. Regular spam filters, in compare, only filter on the base of IP-addresses and domains, what works only superficial, less efficient and irrelevant. The technology can be designed as a background app for mobile and desktop devices. It can be also used directly by companies as a plug into their own website, to optimize direct mailing campaigns and digital advertisement. Here, the technology can offer a better customer experience and increase customer satisfaction. Looking through a strategic perspective: because the use of the Internet is constantly increasing, an innovative technology offering a personalized reduction of everyday-complexity has big market potential, especially as it creates competitive advantage and added value: by offering users a more enjoyable

advertisement experience it makes advertisement more effective and successful. That in the next step increases sales volume of advertisers, who are able to sell advertising spots more expensive. In fact, the target groups create a long and strong value chain. Many e-commerce business models show, in compare to traditional commerce, a characteristic structure of two target groups: one target group is the main beneficent of the service, while the other one pays for it. The paying target group carries different benefits from it.

LogOn´s matching technology has three target groups: users, publishers and vendors. The first group consists of users (private persons), who downloaded the technology on their devices to receive less spam and a personalized offer of advertisement. Users navigate in the Internet on a regular basis and are approximately between 14 and 70 years old. Besides of being active users of the technology, they watch or even demand to watch advertisement of vendors on publisher websites, which is already linked with the technology. Their incentive to use the technology is a better user experience. The user is the main carrier of benefits and the final consumer in any case. Both vendors and publishers are advertisers.

The second group consists of publishers (owners) of websites, platforms, portals or devices such as Amazon, Hotels.com or Apple. Publishers can also be TV channels or hardware producer. By installing the technology on their online space, they are able to offer a better user experience and increase traffic. With the use of the technology publishers can attract vendors (who advertise on publishers websites) with increased traffic and user satisfaction on one hand and with target specific advertisement, which increases the advertisements click through rate (CTR) on the other hand. As a result, publishers use the technology to sell advertising spots at a higher cost.

The third group consists of vendors (e.g. Adidas, Audi, etc.), who buy advertisement space on publishers websites. They can rather use the technology offered by the publisher (indirectly) or purchase and integrate the technology into their advertisement campaign (directly) even before it goes to the publishers website. Vendors benefit from the increased amount of satisfied users, a better segmentation of their audience by targeting specific advertisements to specific users and more efficient and effective advertisement in total.

A look at the distribution of pressure shows the importance of the user: as the end users, they are the deciding factor as to whether the technology gets sold. Publishers and vendors will only implement the technology when users are accepting or demanding it. That is why this target group is of special importance and the target group for the survey. The three target groups can be visualized in a triangle relationship: the user is the general target of advertisement. The publisher owns the media channel where advertisement is placed on. The vendor is advertising products or services on this media channel.
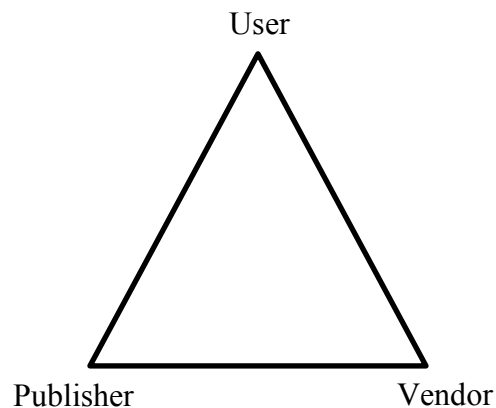
User

Publisher   Vendor

Figure 5: Triangle relationship of target group

6.2. Idea Assessment

This chapter will merge derived information and survey results to a final assessment of the product idea and tests its market adequacy. The survey analysis will give a closer insight into user behaviour to understand the reasons for the adoption and use of the product. Following the framework of Innovation Process, idea assessment includes a technological assessment. At this point of the product development process and in regard to the information available no further statement about technology can be made. Nevertheless, it remains open for further research and considerations to deliver a comprehensive product assessment. For that reason an introduction into technological assessment was made in chapter 3.1 (see p. 18).

6.2.1.   Survey Analysis

The survey took place between 2 of May 2016 and 5 of July 2016 with an average responding time of 7 minutes per questionnaire. In total 280 questionnaires were filled out, but all questionnaires with less then 50 % answered were eliminated. After the elimination process 266 valid questionnaires remained. A descriptive analysis of the frequencies of socio demographics is a requirement for a comprehensive understanding of the results (Behnke and Behnke, 2010: 53).

The sample contains 77.8% men and 15.4% women. The unproportionally high amount of men in the sample limits representative conclusions about preferences of women.
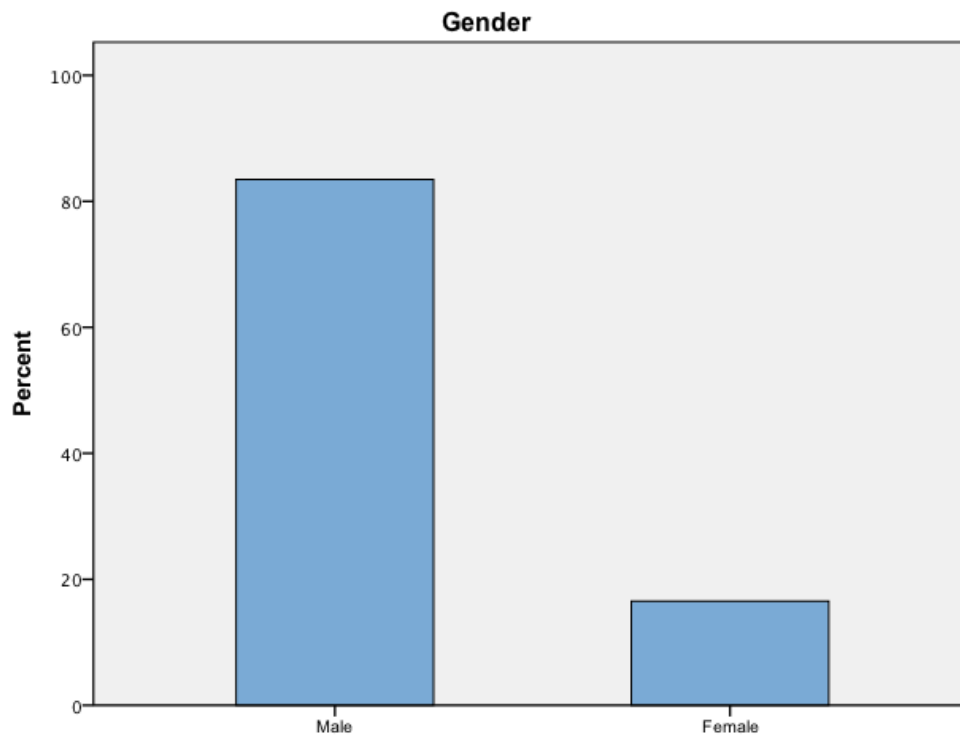

Figure 6: Gender frequencies (SPSS)

The majority (51.1%) of the sample is between 26-and 49-years-old. 0.4% are 17 or younger, 6% between 18-and 25-years-old, 33.5% between 50-and 64-year-olds as well as 1.9% 65 and older. The distribution of age follows a normal distribution.
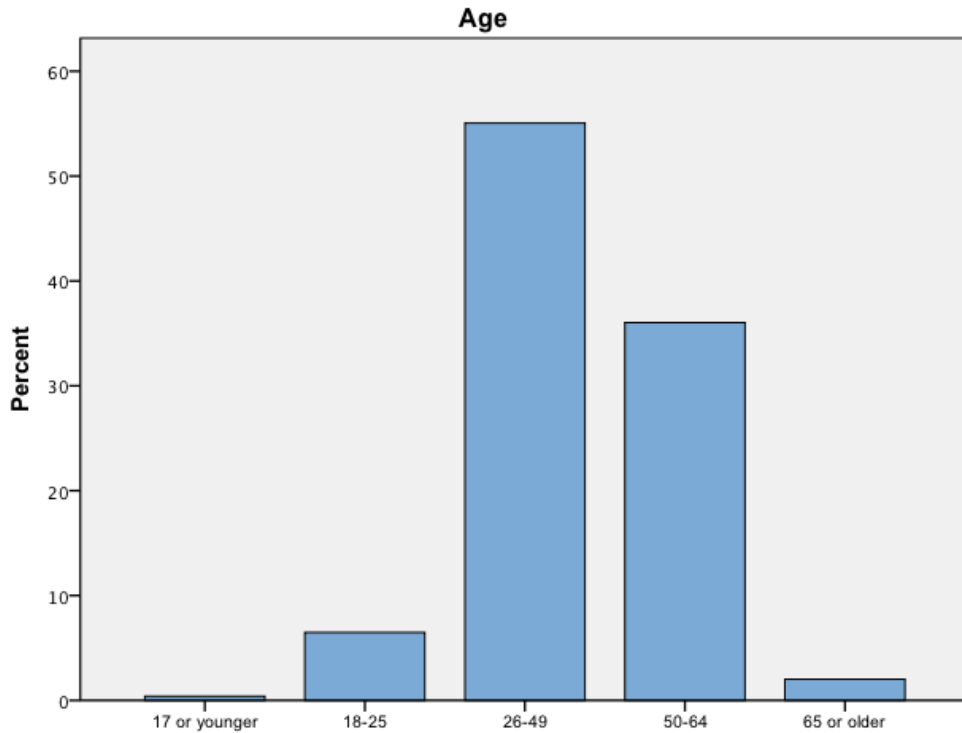
Figure 7: Age frequencies

The sample majority comes from the German states of North Rhine-Westphalia (21.8%), Bavaria (20%) and Baden-Württemberg (14.5%).
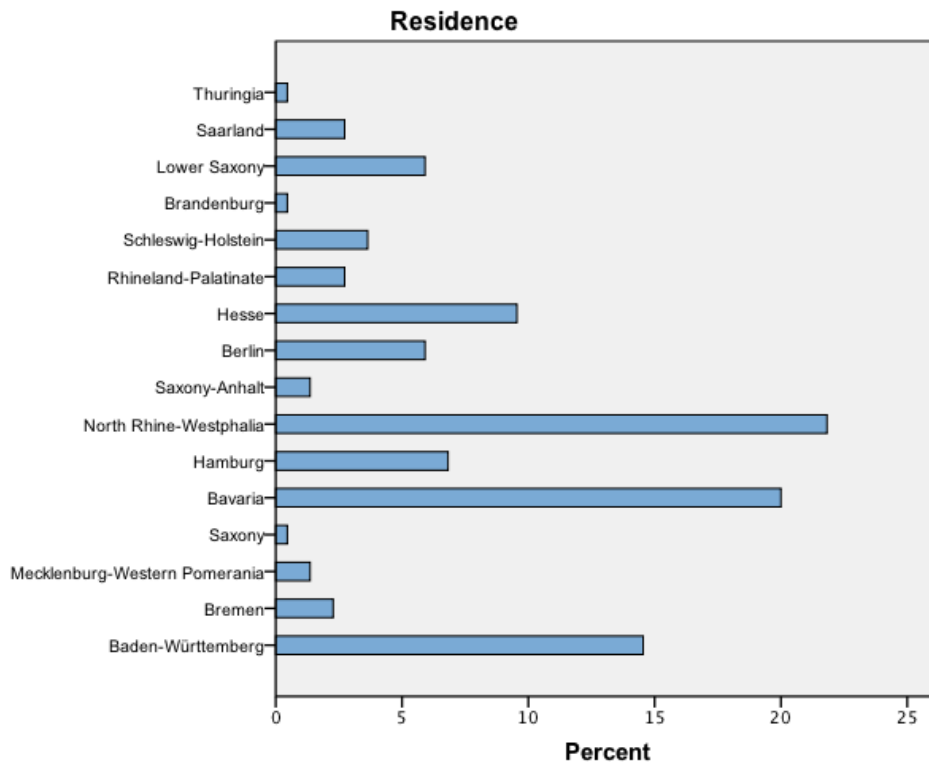
Figure 8: Residence frequencies (SPSS)

When it comes to education level 31.2% of the respondents have a university degree, 25.5% a polytechnic degree and 21.5% a completed formation. Less represented are high school education (10.9%), postgraduate degree (9.3%) and 8th grade graduates (1.6%).

Education

Figure 9: Education frequencies (SPSS)

The most frequent occupation categories are professionals (37.2%), managers (14.7%) and clerical support workers (15%).

Occupation

Figure 10: Occupation frequencies (SPSS)

As a result, the sample is on average male, between 26-and 64-years-old, situated in southwest Germany, highly educated and in higher professional positions.
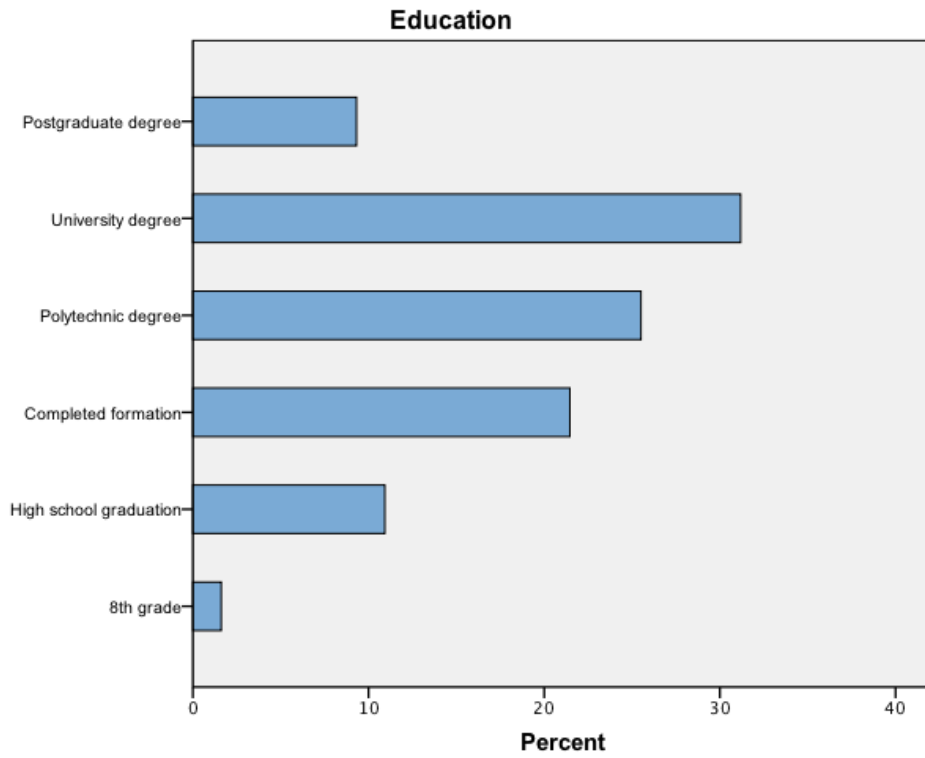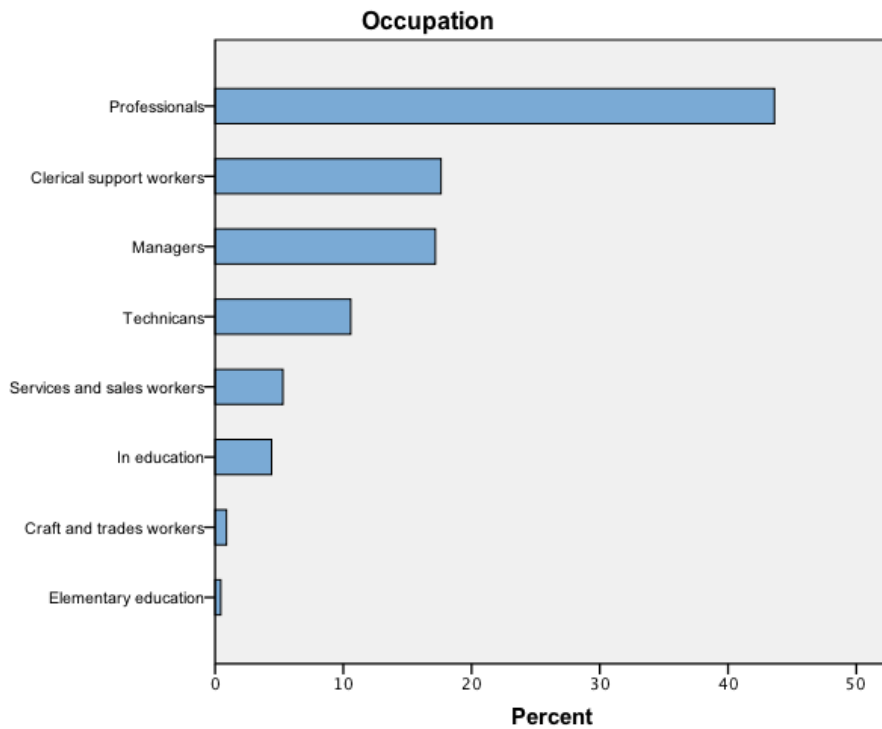
Cronbach's alpha

Cronbach's alpha is a measure of internal consistency that describes the extent to which all items (dimensions and corresponding categories) in a test measure the same concept or construct (Bryman, 2016: 158). Testing dimension 1 gives a value of 0.475 for Cronbach´s alpha with 29 items (N=29). To increase the reliability coefficient it is necessary to eliminate all items represented in the "corrected item-total correlation". In that case eliminating all items that are smaller then zero appears to be the appropriate rule. As a result, Cronbachs alpha has a higher reliability coefficient of 0.530 (N=22). Comparing the value with the rule for describing internal consistency (0.70 or higher is considered acceptable) the value 0.530 turns out to be rather poor. Calculations for dimension 2 show the value of 0.328 (N=4) and after correction 0.533 (N=2). Also for dimension 2 internal consistency is rather poor.

Factor Analysis

Factor analysis describes the variability among observed and correlated variables in terms of a potentially lower number of unobserved, underlying variables. It reduces the information by grouping similar variables into dimensions and thus reduces the dimensions of the observations (Bryman, 2016: 168). The factor analysis of 32 items shows 13 components with initial eigenvalues higher then one. Looking at the screen plot a second reduction to four components seems accurate. As a result, 29.913 % of items are explained by 4 components (factors): The first factor shows the highest values at question 4 (0.869) and question 5b (-0.660). The value of the second question is negative because it is questioning negative memory. This factor can be interpreted as the level of familiarity and ability of retrospection, since former perceived feelings towards advertisement are extremely important for the construction of current attitudes towards it. Since analysis underlines the importance of this factor it can be interpreted as a seal of quality, because it is exactly what the questionnaire is supposed to survey: The factor is corresponding with the input-oriented dimension 1 focussing on the evaluation of digital and media advertisement.

The second factor shows highest values at question 2.1 (0.692) and question 2.6 (0.612). The factor can be interpreted as underlying importance, requirements and demand. It investigates what people are wishing for, what they want and what they need. Just where demand exists the market for a product exists.

Just like factor three, interpreted as open-mindedness, willingness and openness based on highest values at question 1.6 (0.857) and question 1.7 (0.836), factor two is corresponding with the output-oriented dimension 2 focussing on demand for personalized advertisement. The factor explains the fundamental requirements needed to make diffusion happen.

Factor four revealed underlying needs of security, privacy and intimacy with highest values at question 2.10 (0.793) and question 2.11 (0.804). If the product manages to respect these intimate requirements, chances to succeed are higher, because users feel understood in their needs.

Also factor analysis shows the importance of customer satisfaction: Just a product that appeals to customers needs and make them feel understood in their pain points will be not just accepted and purchased but most importantly retained.

Chi-Square Test

The chi-square test is used to determine significance, which is used to compare observed frequencies with expected frequencies (Jupp, 2006: 26). It is a test of the null-hypothesis, which states the independence of variables. By comparing p-value and significance level the null hypothesis gets rejected when the p-value is less than or equal the significance level.

One sample T-Test

The one sample t-test examines the mean difference between the sample and the known value of the population mean or some other theoretically derived value (Singh, 2007: 164). As a result, population means are statistically significantly different with a high significance level of $p < 0.0005$ for all questions. This result can stand in connection with a sufficiently large sample size.

General Analysis

Question 1: The majority of respondents are most receptive to advertisement on radio (61.1%), TV (63.4%) and post (35.8%). Especially respondents between 50-and 64-years-old prefer radio advertisement on first and TV on second place. TV advertisement also finds high acceptance within 18-and 25-year-olds, the generation who grew up with TV as the primary source of entertainment. Comprehensive reasons for this behaviour is the long tradition of radio, TV and post advertisement as well as its broad dissemination. Additionally, access barriers to digital media are simply higher and not every persona has resources to overcome them. This argument can be supported by the fact that 18-to 25-year-olds highly refuse advertisement by post, because they and younger generations hardly use postal services.

Respondents are far less receptive to digital advertisement in social networks (27.5%), via email (26.8%), in business networks (23.4%), on news centre/start pages of smartphones or tablets (5.7%) and SMS services (2.3%). In general, respondents are less receptive to advertisement on digital media then on traditional channels: the advertisement message on digital media has to be firstly perceived, secondly accepted and processed by the user to thirdly establish the possibility for a responsive action. To speed up this process and increase the chance for responsive action simultaneously, advertisement in digital media has to integrate certain features to find its way into the users perception. These features can be e.g. advertisement quality, personal relevance and interest; basically something that stimulates the user in an intensity that overcomes resistance barriers in a satisfying way (see p. 21) Expressed in Ha and McCann´s words "attention to the advertisement message has to be earned with perceived interest, relevance […]" (Ha and McCann, 2008: 574). These features make digital advertising unique and outstanding in compare to traditional methods. In summary, personalization and user friendliness have high potentials to stimulate the acceptance of and reaction to digital advertisement.
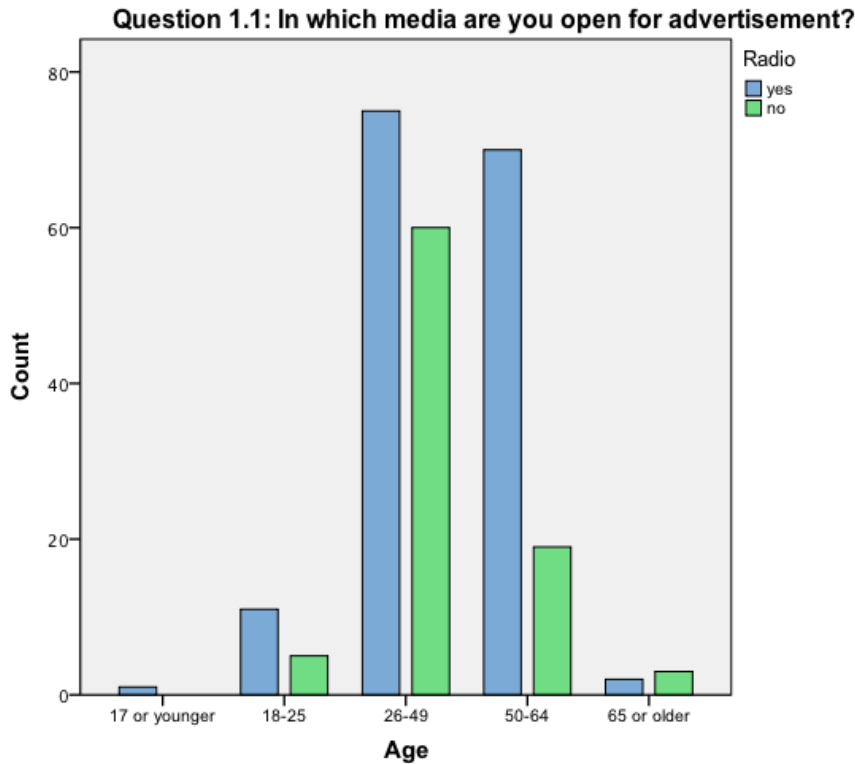
Figure 11: Age distribution (SPSS)

Question 2: Looking at the means of the characteristics to perceive advertisement as positive, respondents name "privacy settings" (4.53), "no saving of data" (4.48) and "I want to decide by myself when to watch advertisement" (4.21) as most important on a scale from 1 (very unimportant) to 5 (very important). The demand for "delivering new suggestions" (4.04) decreases with increasing age. Advertisements should be "informative" (3.73), "inspiring" (3.81) and wrapped in an "attractive design" (3.78), what is especially important to 18-to 25-year-olds. Interest in personalization also scores high: respondents agree that advertisement "should fit to a person" (3.69) and "consider a persons current situation" (3.37). Experiencing advertisement "calmly at home" (3.00) and watching "advertisement mobile" (2.61) are less important characteristics. Consequently, to perceive advertisement as a positive experience, respondents want to have full control over advertisement: they want to be anonym and choose when to see advertisement. Additionally, they want advertisement, which is interesting and inspiring. Since both rely on subjective values, the most successful way to deliver what a user wishes for is through personalization. Attraction is closely related to the subjective perception of quality. From an advertisers point of view it is important to follow latest design tendencies and state of the art technologies wrapped into innovative

communication channels in respect to the personal interests of the users. The survey shows the potential existence of a market for a product containing these features.
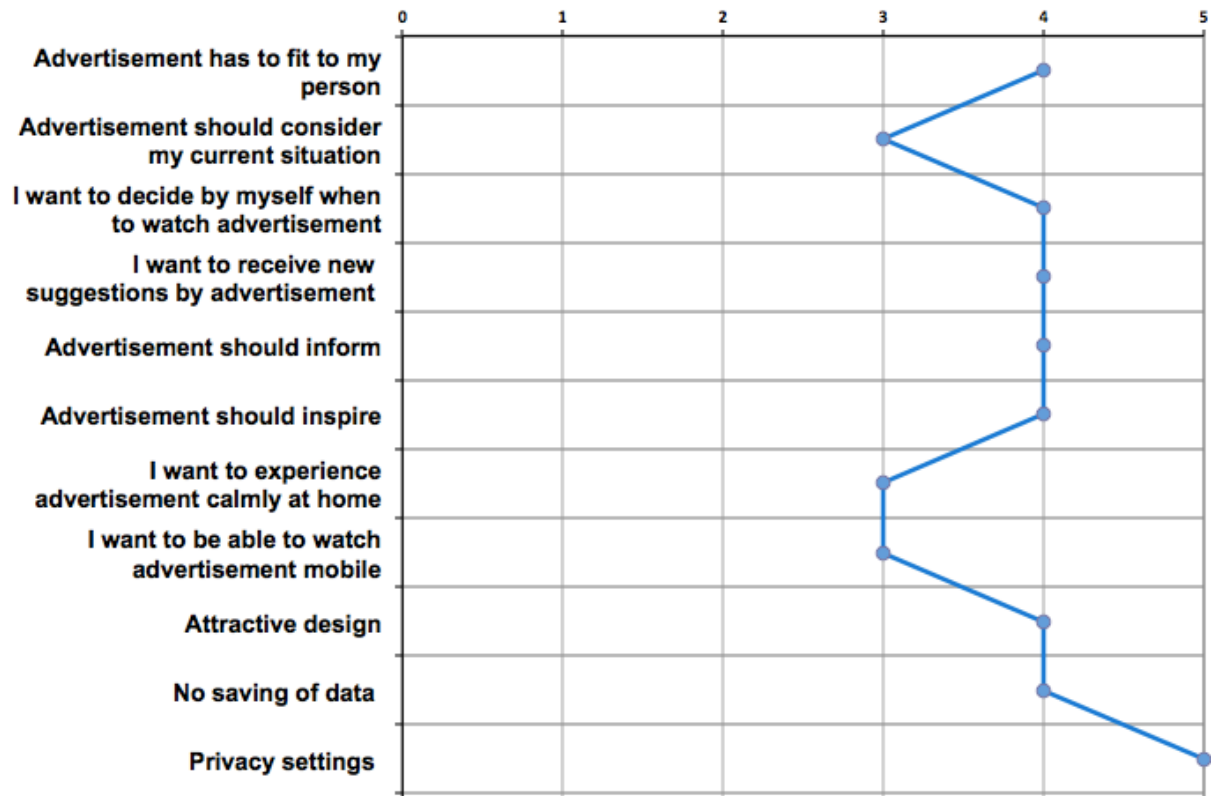

Figure 12: Means of question 2 (numbers are rounded)

Question 3, 4 and 5: 74.4% of respondents perceive the last advertisement they can consciously remember as positive. The positive attitude towards advertisement is a favourable circumstance for LogOn because users are open-minded and receptive. Even though 39.4% of respondents name "well done" as the main reason for their positive perception, respondents older then 65 years avoid "well done" as the description for their positive perception. This age group has apparently different concepts of how an advertisement is well done. As a result, certain age adequate ideals should be considered to reach this target group. Interest into the product (28.4%), perception of cheerfulness/fun (24.2%) and situation adequateness (18.6%) are named as less spread reasons for positive perception. In contrast, 25.6% perceive the advertisement last seen as negative. Reasons for negative perception are similarly distributed between "not well done" (8.9%), "product was not interesting" (8.5%), "did not fit to my situation" (8.9%) and perception of sadness (0.4%). Even though satisfaction with the latest advertisement predominates, its explanatory power has to be relativized since mainly positive experiences remain in memory. Dissatisfying advertisements receive less attention and

therefor a smaller chance to enter into the short-term memory. In compliance with Ha and McCann, advertisement quality is the major-deciding factor whether or not an advertisement is perceived as positive or negative (see p. 21.). The survey highlights quality and personalization as major requirements for a product and the creation of added value in the field of digital advertising.

The chi-square test shows a high significance between question 4 and question 5 with a p-value of 0.000-0.001 indicating the dependence of both questions (Behnke and Behnke, 2010: 103). This result shows the valid internal logic of the question sequence: in accordance with Cho and Cheon, consumers with a positive perception of advertisement are likely to increase their positive attitude towards it (Cho and Cheon, 2004: 91). At the same time negative perception is likely to increase negative attitude towards it. In summary, these results increase the importance to conserve or increase positive feelings towards advertisement to establish a rich nutrient ground for successful operations in digital media.
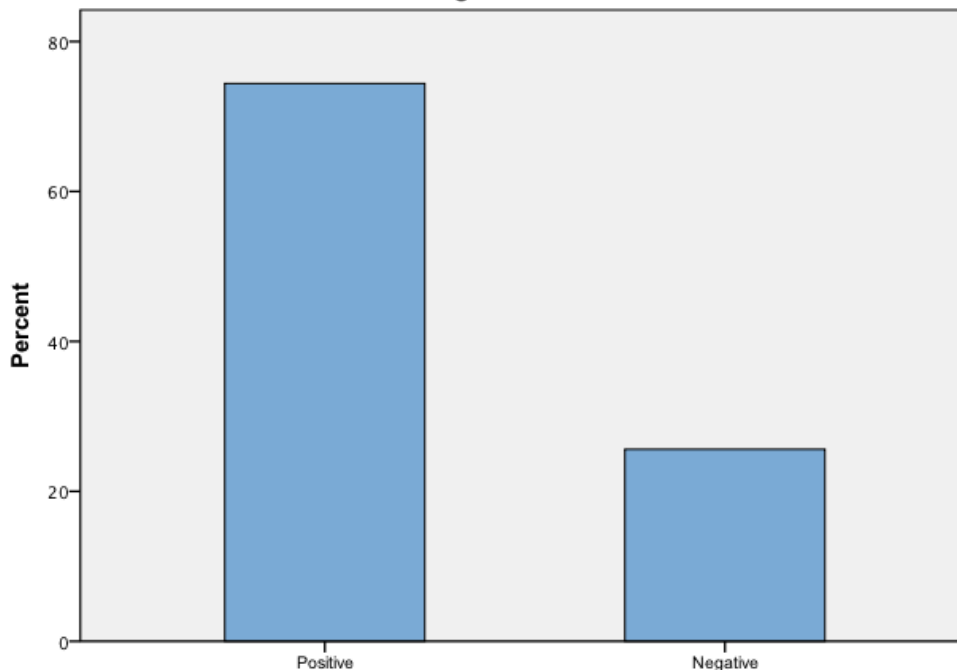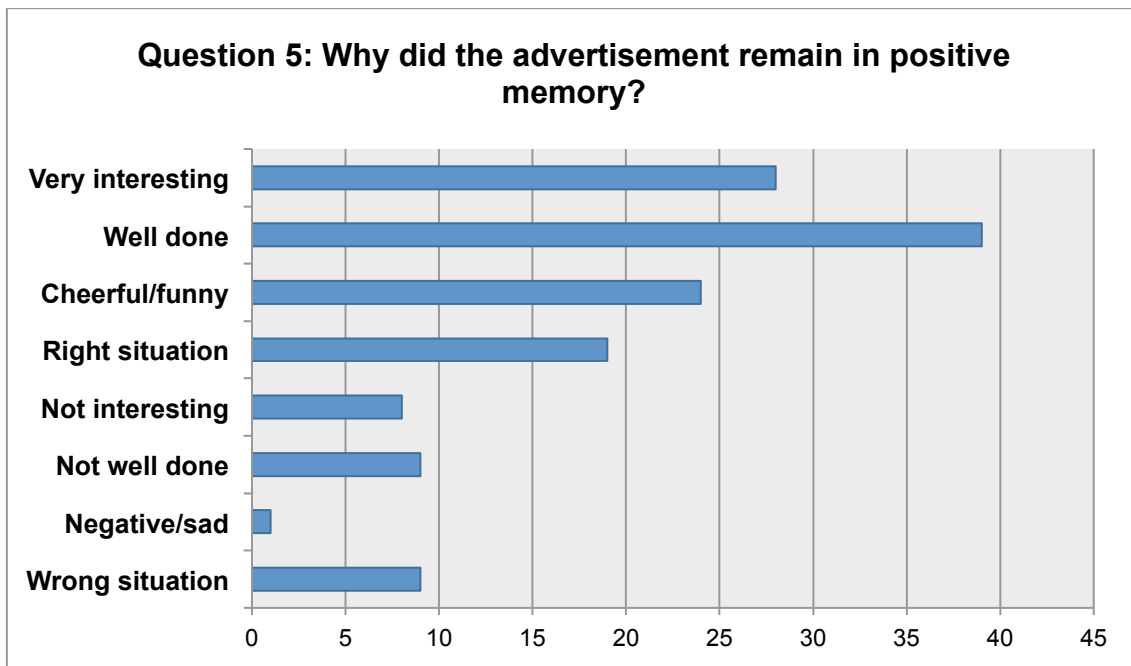

Figure 13: Question 4 (SPSS)

Figure 14: Question 5 (SPSS)

Question 6: When seeing disliked advertisement 89.6% of respondents look or click the page away or change the TV channel/website. This is a devastating result for the advertising industry, since it shows how critical users handle disliked content. At the same time it can be seen as an opportunity for a product, which is able to increase quality, due to satisfaction and change the click stream behaviour of users into a direction, which is more effective and economical to advertisers. Only 10.4%, a significantly high percentage of it female, watch advertisements anyway. Reasons for this behaviour can be found in open-minded shopping attitudes and an increased receptiveness to advertised products in comparison to men. Because women are often highly responsible for family organization, they are more interested into a bigger variety of products. Additionally, a significantly high amount of 25-year-olds or younger still in education watch advertisement anyway. This generation is accustomed to be nonstop exposed to advertisement on different media channels and has strong defence mechanisms to reduce information complexity. To reach the attention of this generation more effective, divisive and innovative measures have to be taken. Slightly smaller, but still significant is the share of 65-year-olds or older. Elderly have a rather reduced level of activity and will to change channels. In that sense they are very receptive to advertisement. Because certain age groups show different behaviours it is important to respect the specific interests and needs of each. In summary, dissatisfying advertisement

quality supresses the reception of advertisement, since the majority of viewers look away or click it away.

Question 6: How do you react when you see advertising that you do not like?
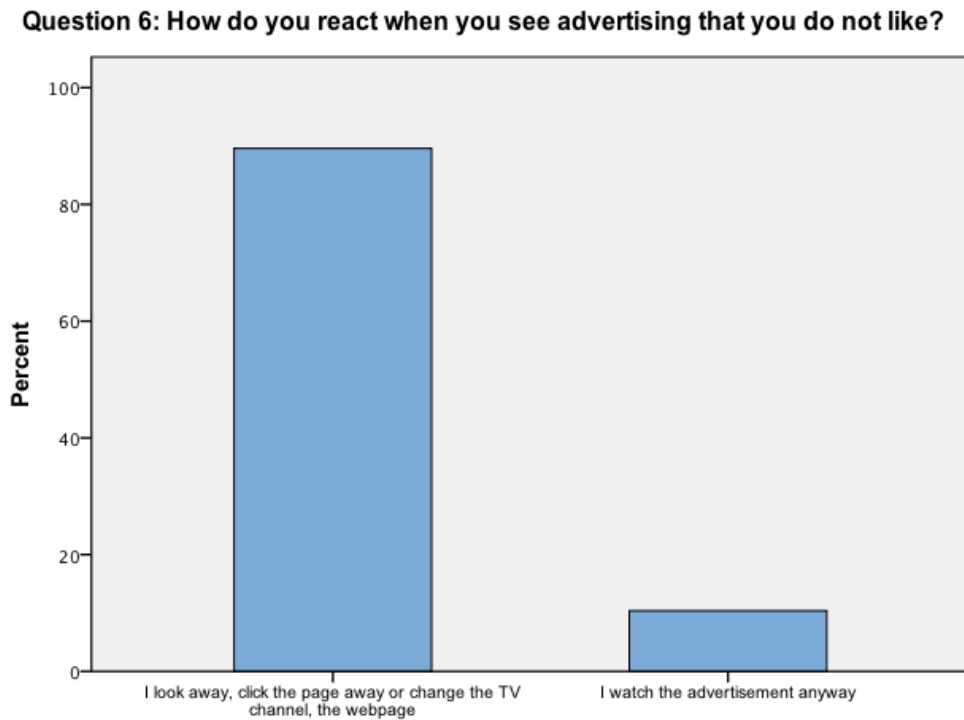
Figure 15: Question 6 (SPSS)

Question 7: This question focuses on the purchase decision between a conventional and a personalized product. 34.5% of respondents would rather purchase a product if its advertisements were directly adjusted to them. With a mean of 3.58 the affinity to adjusted advertisement is generally high, especially between 18- and 25-year-olds, high school graduates and females. This persona groups match with the advertising-watching behaviour surveyed with question 6. Still, 14.1% say it is not possible, most of them between 26- and 49-years-old with postgraduate degrees.

Question 7: Would you rather buy a product if the advertising is directly adjusted to you?
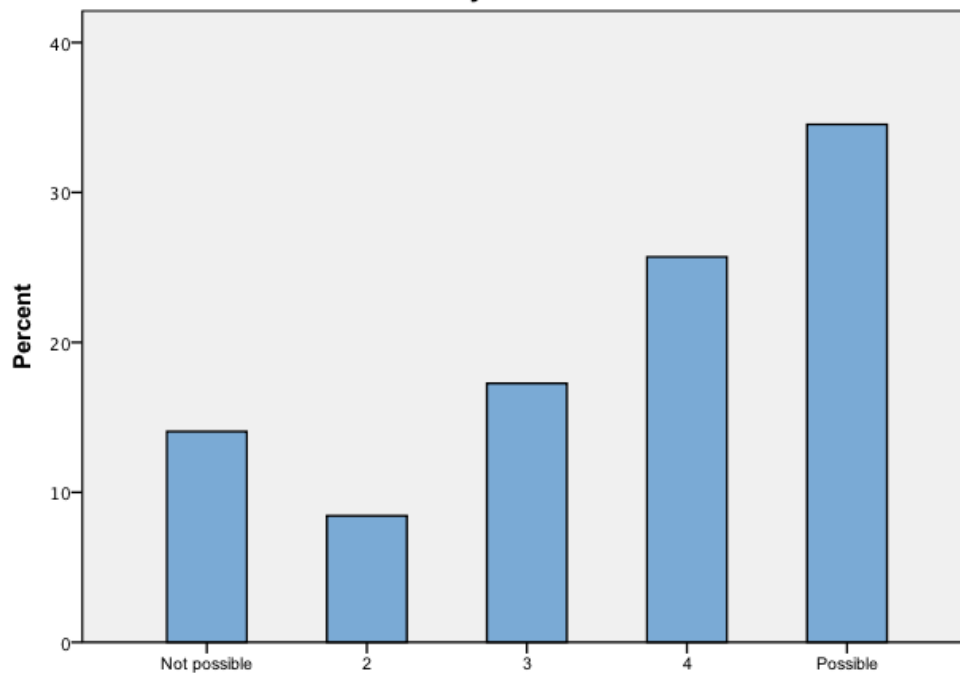
Figure 16: Question 7 (SPSS)

Question 8: More then half of respondents (59.4%) agree that their willingness to respond positively (mean of 4.18) to advertisement generally rises if they would receive less "SPAM"-advertisement. This attitude is noticeable distributed between respondents until 25-years-old. Again, it is the digital generation who knows how digital media works and they want to receive advertisement differently: they want to be personally touched by matters of their interest. Advertisement has to embed the viewer into a productive, personalized cooperation where both advertiser and viewer are benefiting. In contrast, 10.4% say it is not possible that their willingness to respond positively to advertisements increases. The chi-square test shows a high dependence between question 7 and question 8 with a value of 0.000. These results indicate a high market potential for a product, which is able to reduce "SPAM" and accordingly the perception of it. Personalized advertisement lends itself as a good way to reduce the amount of unwanted advertisement and increases the perception of positivity and finally user satisfaction.

Question 8: Would your willingness to respond positively to advertisements generally rise if you would receive less "SPAM"-advertisement?
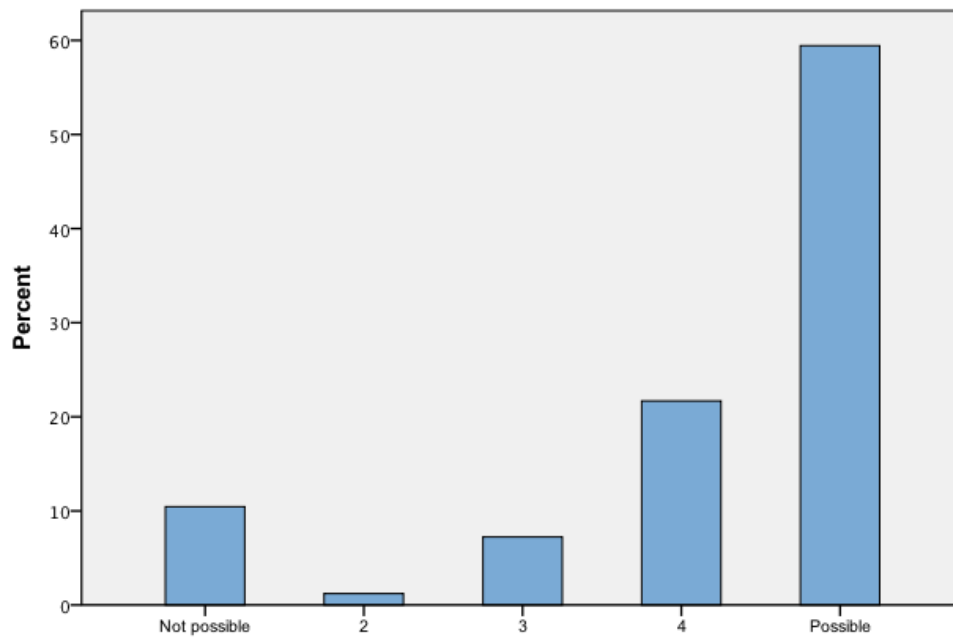
Figure 17: Question 8 (SPSS)

Question 9: The majority of respondents (67.4%) are not willing to pay to avoid inappropriate and unwanted advertisement in media. Still, 26.7% are willing to pay between €1 and €10, 3.8% between €11 and €20 and 2.1% between €21 and €100. Respondents between 26-and 64-years-old are by trend willing to pay more then younger and older generations. Also men are willing to pay more then women. Because the majority of respondents is not willing to pay for a service a business model must be created, which offers a free service to the end user. Monetization has to derive through alternative channels such as advertisers.

Question 9: How much would you be willing to pay monthly if generally inappropriate and unwanted advertisement would no longer appear on your media?
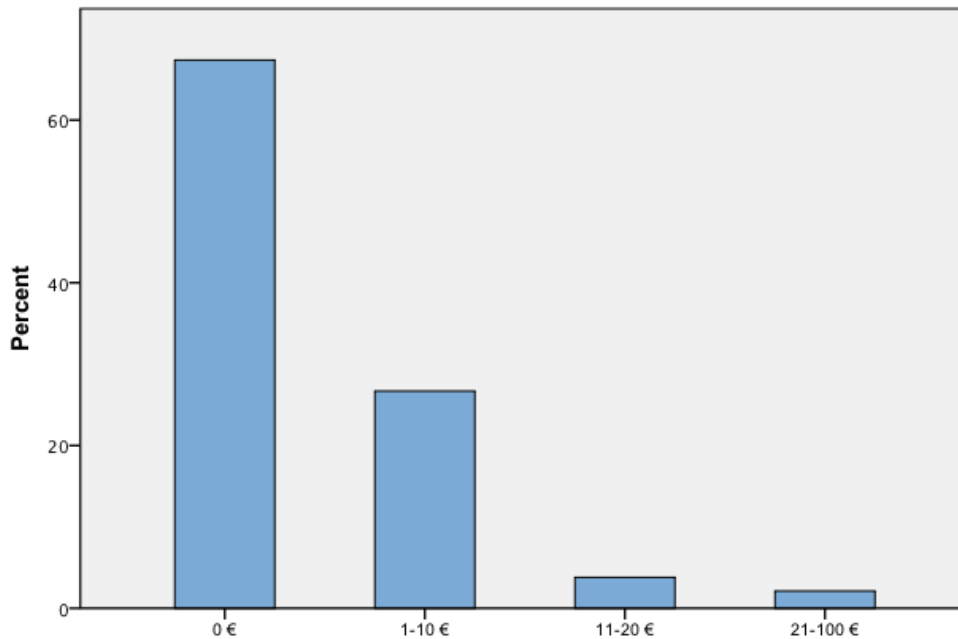
Figure 18: Question 9 (SPSS)

6.2.2. Industry Analysis

After analysing end customers demand, the industry environment has to be analysed as well. Industry structure and its customers are influencing each other reciprocally, reflecting the macro-micro-macro model of Coleman: Social structures on the macro level (see Rogers, 2003) influence the actions of individuals on the micro level, which have collective consequences resulting in influencing again the macro level by changing social structures (Coleman, 1990: 8).

Customer experience

The advertising markets complexity forces advertisers to find more sophisticated, precise and elaborated ways to efficiently hit their targets. The increasing use of the Internet, both traditional and mobile increases not just the concurrence but also the difficulty to meet the right audience at the right time at the right place with the right offer or content. Industry analysis shows that "marketers must work smarter to win the hearts of customers" (Experian Marketing Services, 2015: 8). Therefore advertisers need more specific techniques such as personalization to connect with audience. The trend of personalization can be a favourable window of opportunity for LogOn, since it

is the core purpose of the matching technology: "The potential of personalized online marketing, when done well, is enormous [...]" (Dunay 25.10.2012). However, the secret to real personalization and smarter segmentation lies firstly in understanding buyer behaviour across multiple channels and devices and secondly in surfacing insights on each customer´s preference and affinity (Noyes, 2015). That means every specific piece of information about a customer (such as search information, online behaviour, purchases) can be used to create a personalized experience. This is what the matching technology is able to deliver within a very small amount of time. The ability to enhance user or customer experience and gather useful information about the customer at the same time is a great competitive advantage of the matching technology.

Ad Blockers

There is no measurement for global satisfaction with online advertisement, but an estimative of the ruling disposition can be expressed with circumstances such as the increasing use of ad blockers. An ad blocker automatically blocks advertisements on all websites of almost all formats (PageFair and Adobe, 2015: 14). The increasing demand for ad blockers and its effect on the product can be interpreted in two different ways: on one hand it is a favourable circumstance for LogOn´s product demand because it shows the existing dissatisfaction with the current advertisement offer, which can be improved with the matching technology. But it is also an alarming factor, because ad blockers block advertisements passed on by the matching technology as well, as long as it is not technically immune. However, this situation can be overcome if users realize that personalized advertisement is more interesting then no advertisement at all. In Germany, ad blocking penetration accounted for 25% or 18 million users in 2015 (PageFair, 2015). The usage increased by 17% between 2014 and 2015 (PageFair and Adobe, 2015: 6). Globally, 198 million monthly active users are using ad blockers, what accounts for an annual growth of 45% between 2014 and 2015 (PageFair and Adobe, 2015: 4). Even though the usage of ad blockers enhances the user experience, it brings big draw backs on the side of advertisers: ad blocking is estimated to theoretically cost more then \$21 billion in 2015, which accounts for 14% of the global advertisement spend. Costs are expected to reach \$41.4 billion by 2016 (PageFair and Adobe, 2015: 7). The increasing use of Google Chrome, one of the major facilitators of ad blocking and the rapid development of mobile ad blockers promise future ad blocking growth (PageFair and Adobe, 2015: 9–10). Still, these statements have to be relativized by the

fact that not appearing advertisements, which are victims of blocking do not get lost, instead they simply appear in another browser. Advertisers take action by using other advertising strategies such as content marketing or product placement. Here, LogOn´s technology can be a solution for users, advertiser and publishers: instead of downloading an ad blocker, which excludes any kind of advertisement, users have the possibility to receive selected and relevant advertisement in a safe environment. In compare with ad blockers, the matching technology offers a personalized experience. Advertisers can use LogOn´s technology to bypass ad blockers by targeting the right audience for the right product by showing customers only relevant advertisements, what increases the quality of their experience and general satisfaction. By using LogOn´s technology publishers offer users a spam-free environment where the usage of ad blockers is not necessary. Following that path, LogOn´s matching technology is firstly able to increase customer satisfaction and secondly to the benefit of companies. It is able to link the customer with the advertiser and with the publisher in a way every one benefits.

Internet Security Software

When connected with the Internet, all hardware devices run the risk of catching viruses. Antivirus software is a must, especially for Windows and Android devices for an average price between €20 and €80. The advantage of a licenced software agreement, in compare to a temporary licence is the direct instalment of the software on a device without the need of an Internet connection.

The use of spam filters is widely spread on mobile and desktop devices. This software is purchasable on average between €10 and €50. A product test by Virus Bulletin in 2012 revealed a general loss of effectiveness with lower spam catch rates and more false positives of spam filter products (Virus Bulletin, 2012: 12). What is spam to users is actually an important and costly marketing effort of companies. Instead of forcing users to invest in the prevention of spam, advertisers should be able to direct a relevant advertisement message to each user. This practice catches hold on the root of the issue by avoiding spam and the loss of costly marketing efforts.

Germany´s digital advertising industry

As derived in chapter 4.2, a look at the digital advertising industry in Germany shows small, but continuously rising growth rates. This fact, coupled with the stable global growth of digital advertising expenditure is additionally opportune for LogOn.

Competitors

Since demand for optimized advertisement is high, there are many solutions existing, which support optimization in different ways. Behavioural targeting, contextual as well as semantic advertising are currently used display-advertising technologies. These are the technologies LogOn´s matching technology will be competing with.

Behavioural targeting technologies help advertisers to meet the needs of the target audience, as users will only see advertisement offers that match their personal interests. It uses information collected from an individual's web-browsing behaviour to select advertisements to display (Jianqing and Stallaert, 2014). Behaviour accounts to the amount of time users view each page, the pages users visits, the links users click on, the searches users make and the things that users interact with. As examples, theTradeDesk and Appnexus offer such solutions. Most famously Google Adsense and also Clickly are contextual advertising technologies that target advertisement on a website to the page's content. A contextual advertising system scans the text of a website for keywords and matches advertisements fitting to these keywords. The technology makes advertisements more targeted and more likely to be clicked, thus generating revenue for the owner of the website. Semantic advertising technology understands the meaning of a web page and accordingly makes sure that the webpage contains the most appropriate advertising. The structure or idea of mentioned advertisement technologies are rather similar to LogOn´s product. However, LogOn´s approach is a different one: it matches users of a website and viewers of content with relevant advertisements and not already existing Internet content to advertisement.

Additionally, there are many solutions, which provide analytical tools to better understand customers with the aim to enable a better customer experience. They follow the same method: they understand what a customer wants by observing its behaviour. Google Analytics is a popular, free tool for this purpose. Companies like Evergage and Woopra offer SaaS solutions for real-time personalization. Still, these companies focus on analytics and do not provide an intuitive matching technology. LogOn´s matching

technology basically spares time and capital-intensive work of analysing by matching automatically.

6.2.3.   Summary

Both survey and industry analysis reveal positive demand, trend and industry circumstances for LogOn´s market entry.

The industry analysis reveals strong positions of well-established technologies and companies in the field of digital advertising and the prevention of digital advertisement. However, the novelty and innovativeness of LogOn´s technology relativizes the threat of entry, since no other competitors are offering a similar technology. Still, barriers of entry exist especially because users, vendors and publishers have to get convinced that LogOn´s technology is a more efficient and effective solution then already existing ones. In that sense rivalry among existing competitors exists, but can be bypassed to a certain extend by differentiation. The more differentiation is strengthened the lower the bargaining power of buyers and threat of substitutes. For now there are no comparable products on the market to which customers could switch. Bargaining power of suppliers is initially low as well, since LogOn does not depend on a high number of suppliers.

The survey delivers insights into the pain points and needs of people to perceive advertisement as positive. The results show that people want to see advertisement, which corresponds with individual preferences such as the perception of quality, the relevance to personal interests, possibility to control and situation adequateness. In order to make advertisements successful, advertisers should deliver the right message suiting these standards, at the right time, to the right person. This is where the matching technology finds its use and application. Still, adoption has to be seen from two perspectives: An innovative company has to adapt to the constantly changing business environment and the user has to adapt to a new product, produced under adapted circumstances. Flexibility and openness are requirements to deliver an innovative product. Adoption models can support a clear understanding of these complex structures (see p. 17). As a result, LogOn´s expansion into the field of digital and media advertising is feasible if these requirements are respected in the conceptualization and application of the product.

Moreover, added value can be created by the fact that the product ultimately serves users as a tool to watch advertisement more effectively, thus being more satisfied.

Looking through that perspective to the value chain structure, satisfied users and advertisers will increase advertisement quality in general with the use of the matching technology. In that way the product is able to revolutionize the general perception of advertisement on the micro and macro level.

6.3. Business Models

A business model describes the rationale of how an organization creates, delivers, and captures value.

6.3.1. Software Licensing Models

Software licensing models combine different parameters that define how a product can be used by the end user. In regard to the product and target groups three most suitable delivery models will be presented: the mobile and desktop app, Software as a Service (SaaS) and the permanent licensing model.

The App

The technology can be conceptualized as an app, purchasable and downloadable at App Stores for both Apple and Android devices. Once installed, the purpose of the app is to filter advertisement (on social media, linked apps, etc.) on mobile or desktop devices.

However, this product only works for B2C customers. B2B solutions are more extensive and can include customized solutions, which tie personalized customer service with it. That's why the delivery format app is only recommended for B2C. The big advantage of an app is its convenience: the purchase and download is made within a click in the App Store, Google Play or Windows Phone Store where saved credit card numbers facilitate the payment process and shrink adoption barriers.

High development investment has to be considered, especially by keeping in mind that another delivery model has to be designed for B2B customers as well. Looking into the industry, 73% of apps and games are free. Paid apps have an average price of $1.27, while paid games are priced at an average of $0.63 (International Business Times, 2015). The budget for app design and development can range from $10.000 for a basic app with one or two core features to over $100.000 for more complex apps that work

across multiple platforms. An app budget estimation for LogOn at howmuchtomakeanapp.com resulted in $38.300 (Crew, 2016). Additionally, app discovery is increasingly difficult in stores, due to the difficulty in getting approvals and the high numbers of submitted apps. Solely the App Store was growing by 1000 apps a day in 2015 (Statista, 2015). Given the enormous pressure on price and of concurrence, app publishers are forced to heavily invest in mobile marketing campaigns to build and retain their user base.

The SaaS Model

Following current software trends, the use of the Software as a Service (SaaS) model seems most accurate. The subscription-licensing model allows users to purchase a product for a specific period of time, with the possibility of a subscription renewal. A customer is subscribing to a service, more precisely a restricted license to use the software for as long as they continue to pay the recurring subscription fees. Different subscription periods can be offered at different prices and auto-renewal with recurring payment is possible. The SaaS provider maintains the hardware, may backup and performs all activities and services required to keep the software working. The company provides upgrades continuously and the customer automatically receives these updates as part of the subscription. Additionally, selling subscriptions brings many advantages: there is no need for extensive personal costs, production costs, production investment, distribution costs, warehouse storage, etc.

Using SaaS companies typically make more money (per purchase) from finding new customers than from getting existing customers to upgrade. Until a product builds a large base of existing customers, the company's financial focus mainly will be on finding new customers. Thus, satisfying existing customers is at risk of becoming a secondary priority, purely based on economics. It is very important to prevent this pattern, because long-term customer satisfaction is one of the basic pillars of a prospering company.

Additionally, LogOn is already running its current product, the eRecruiter over the SaaS server Rest API (oAuth). That speaks for the use of SaaS for the technology since the company already has experience and a skilled workforce to manage a SaaS model.

Permanent Licensing

A non-transferable, permanent or perpetual license allows the use of a software product on a single computer and/or by a single user. Once purchased, the product can be used without limitations. The software company offers a tangible physical piece of software via CD-ROM or electronic download from a website. It is downloaded, installed, run and operated on a piece of hardware that is typically physically on site at a particular company or residential location (Prinz, 2015).

A software license is a legally binding agreement that specifies the terms of use for an application and defines the rights of software producer and end-user. A software license agreement details exclusive and reserved copyright owner rights, whereas licensees failing to adhere to this agreement may be held liable under copyright law. When companies sell software licenses, they sell a version of the software and frequently make updates to that software, which can be purchased additionally. That means annual support, updates and upgrades are not included. Licensing can be further specialized as sharing licences, where the license specifies a set number of uses of the same piece of software for a single user or a site license, which allows the installation on an unlimited number of devices.

6.3.2. Online Market Entry Strategy

The development of the product goes through the software release life cycle, from the initial development to its eventual release. As soon as it is packed into the chosen delivery model (SaaS or app) a diffusion process can start with the product launch and entrance into the German online market. LogOn has already an online presence with a website offering the eRecruiter as a SaaS subscription model. It has strong partners, a seal of quality (Innovationspreis), reputation, customers and a social network. Summing up, LogOn is already well established in the German online Internet market. Even through the new product will request its own website, customers etc. the fact of being already established will facilitate the products market entrance by sharing contacts, links and internal knowledge. Just as the eRecruiter, the new matching technology will be launched (first) in the German online market requesting a German website and marketing in German speaking networks. If successful, an expansion into foreign markets can be a future opportunity for growth.

The creation of the product and a suitable website take time, but that doesn't mean that marketing efforts must stay behind. Instead, one of the very first tasks is the creation of a temporary landing page to build and grow a list of customer contacts.

Because the only POS (point of sale) of the product is a website, its design and content is crucial. It has to be easy understandable, self-explicative, mobile friendly, as personalized as possible (customer experience) and informative to attract, build up confidence and reduce purchasing barriers. When it comes to website architecture, the investigation of the most accurate payment option in the targeting market is very important, especially as payment is a major purchase barrier. Credit Card, PayPal, bank transferences are just the most conventional payment options. Often outsourcing supports the concentration on what a company is doing best. Therefor SaaS subscription billing solutions such as SaaSy and Aria can be helpful payment gateway options. The website has to be designed and structured to make the purchase in the very moment and without any effort. An attractive incentive, a bonus for acting now and a very good guarantee can support immediate action.

6.3.3.   Digital Marketing

Rogers describes diffusion as a process by which innovation is communicated through certain channels (see p. 17). Marketing is the right tool to communicate the product to the target groups and speed up the diffusion process. As derived in the literature review, nowadays consumers are blind to outdoors and deaf to commercials (see p. 21). They are self-sufficient, want to research a brand on their own and hear about it from someone they trust. How to reach them?

Luckily, recent trends and technologies bring new ways to communicate to the target audience. Starting point of any marketing effort is the existence of a mobile friendly website, which exposes information about the product. All digital marketing strategies are united under the purpose of attracting more visitors to this website, converting the website´s traffic into leads, closing these leads to turn them into customers and further retaining customers with engagement (New Breed Marketing, 2013: 18). The following is a general selection of the most recommendable techniques for LogOn´s marketing strategy, concentrating on the "3 M´s of Marketing": target the right market, with the right message, using the right media (Ludlam, 2011: 51). A detailed explanation of the customer profile was given in chapter 6.1. In a next step a meaningful marketing

message can be crafted for the audience. It is important to talk to the audience and about the audience, considering that people basically solely want to know their benefits. Media is the vehicle to carry the message out to the target audience. Here, the Internet offers a big variety of media channels.

In digital environment "content is king": it needs to sound good, be keyword-focused, well-researched and cited (Adams, 2016). The search for content is the primary motive of Internet usage and most users find content through search engines. Looking through that perspective, inbound marketing as the basic digital marketing strategy mutually involves search engine optimization (SEO), search engine marketing, content marketing and social marketing through multiple channels amongst others.

SEO

Starting off with some key facts about search engines makes further understanding of marketing practices more comprehensive: search engines like Google, Yahoo and Bing show websites in a ranking. For websites, higher-ranking placements increase the visibility and due to the traffic. This organic (unpaid) ranking of websites is influenced by many factors such as quality, site architecture, social reputation, freshness etc. Search engines intend to offer a service of high quality, offering users quickly good results and make them come back. In conclusion, websites have to fulfil the requirements of search engines in order to get high organic ranking placements. This practice is called search engine optimization (SEO). Optimizing a website in regard to SEO involves editing its content, links, HTML, coding structure etc. Search engines build up on keywords. "Keyword research is one of the most important, valuable, and high return activities in the search marketing field" (Fishkin, 2016). The keyword is the link between all suggested types of digital marketing since websites, social media activities, search engine marketing etc. consist of keywords. By influencing keywords, a company has the power to influence its popularity and user traffic. While SEO influences organic search, search engine marketing (SEM) uses paid advertisement such as pay per click (PPC) to promote websites. Here, Google Adwords can be a good advertising option for LogOn. In comparison to traditional marketing methods, Google Adwords is highly customized: LogOn is able to start a small campaign on a small budget. That allows campaigns to be tested without big losses and adjusted to the results within a broader learning process.

Content Marketing

"Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience — and, ultimately, to drive profitable customer action" (Content Marketing Institute, 2016). In contrast to traditional marketing, content marketing aims to attract and retain a clearly defined audience by creating and curating valuable content to influence consumer behaviour. It is an on-going process focused on the creation of own media instead of renting it. As a non-interruption marketing strategy, content marketing communicates with customers without selling them anything. Content enables companies to deliver consistent information and educate people so that they know, like and trust a company enough to do business with it, until they ultimately reward the company with their loyalty. Loyalty is shown by linking, sharing, subscribing to content, converting prospects into customers and customers into repeated buyers. Essentially, the creation of content delivers the information a user needs to understand the product better. If content is good it makes people stop, think and behave accordingly. Content, which is closely related to what a company sells, can be delivered in a variety of formats such as videos, news, articles, email newsletters, case studies, e-books, white papers, tutorials, photos, podcasts, blogs etc. using websites, landing pages or social media as vehicles. Because content marketing has the power to deliver information to users, it can be useful for LogOn to educate users about the product voluntarily in an unconstrained environment. Considering that people take in information differently, content formats should vary appropriately. Video tutorials, photo stories and unique content, which explain the benefit and functionality of the product as well as behind-the-scenes glimpses of the company, can be traffic increasing content ideas (Cohen, 2013). Going a step further, audience can be attracted by offering exclusive access to information. This feature can be interesting in future steps.

Social Media Marketing

Social networks are the places where one can interact with people one want to meet: social media marketing defined as "an interdisciplinary and cross-functional concept that uses social media (often in combination with other communication channels) to achieve organizational goals by creating value for stakeholders" (Felix, Rauschnabel and Hinsch, 2016). Social marketing listens to and engages customers, distributes content and cultivates brand followers. In the year 2014 over 80% of business

executives claimed to use social media as an integral part of their business (Bennett, 2014). Additionally, business retailers have seen 133% increases in their revenues from social media marketing (Bowden, 2014). The main idea of social networking is building virtual communities where consumers can express their needs and values. Social media marketing connects these consumers to businesses that share the same needs and values. The customer feels personally addressed and this is the possible start of an indirect relationship, instilling a feeling of loyalty. Where a relationship exists, adoption barriers are lower and purchases become more likely. In a macro perspective, social media marketing facilitates the dissemination process since it can be used as a medium to explain customers what the product is, how it works, where and how it is purchasable. This process simultaneously narrows down an audience to the target audience, because customers choose whether or not to follow a company. Social media networks offer companies the possibility to tell their stories as well as creating emotions and feelings towards it. Equally important to social interaction is the constant analysis of results with analytical tools.

Because keywords in comments on social media are used by search engines, social media marketing can be also understood as a channel of content marketing (D'Andrea, Ferri and Grifoni, 2012: 103). This fact additionally highlights the importance of social media marketing as part of LogOn´s daily marketing routine.

A suitable selection of social networks for LogOn include Facebook, Google+, Twitter and You Tube. All three networks have a high amount of users of all demographics. The first two enable the use of text, photos and videos, which are the most important communication vehicles for LogOn. On Facebook, an own company page should be created. Furthermore, LogOn can join relevant groups to exchange experiences, knowledge and contacts. Facebook Ads is a recommendable paid acquisition source and demographic targeting tool. Google rewards activity in Google+ with better search engine rankings. Twitter is one of the best places to interact with users, especially since a lot of tech-savvy early adopters use it (Gauchet, 2016). It is a good channel to interact, share product news and give support. You Tube, is the most suited platform to publicize videos such as tutorials about the product. Other online communities such as Producthunt can be useful as well. LogOn´s approach on social media marketing, both paid and organic, should be an open one of constant evolution, understanding that environment and people are in endless change. In order to be successful, change has to be embraced and turned into ones own benefit.

Influencer Marketing

Closely related to social media marketing is influencer marketing: Rogers´ ascribes leaders a very important role in the adoption process of innovations (see p. 18). Also Orr concludes that the spread of an innovation hinges on a surprisingly small point: whether or not opinion leaders vouch for it (Orr, 2003). Translated to regular marketing vocabulary Rogers´ and Orr´s leaders can be called influencers. Influencers are individuals or companies who have influence over potential buyers by spreading trends and opinions. They are able to drive traffic to a site, increase a companies´ social media exposure and sell a product through their recommendation and story of their experience with it. Consumers trust recommendations of third parties more often then a brand itself. A study by McKinsey found that "marketing-induced consumer-to-consumer word of mouth generates more than twice the sales of paid advertising" (Bughin, Doogan and Vetvik, 2010). Today, people expect brands to talk with them and not at them. Instead of expecting brands to sell to them, they want to get entertained and informed. A strategic partnerships with influencers enables companies to spark organic conversations, attract customers and improve SEO by generating content about a brand (Talavera, 2015). Since influencer marketing is very young, it is currently an arbitrage: there is still a big supply of influencers, but only few marketers running influencer campaigns. As a result the cost of buying an influencer promotion is still below its real value.

Even though influencer marketing is rather applicable to fashion and trend products in networks such as Instagram or Snapchat, a slightly modified approach can be beneficial: LogOn can focus on key individuals such as industry commentators or other companies to establish partnerships by sharing and exchanging links or making testimonials about the product. Bloggers and influential testimonies can be offered trials in return for a review or a post.

Multichannel Marketing

However, search engine related marketing is not everything. Not all practices of marketing need to involve SEO. Visibility can be influenced by the use of a multitude of communication channels, opening up the area of multichannel marketing. "Multichannel marketing refers to the practice of interacting with customers using a combination of indirect and direct communication channels – websites, retail stores, mail order catalogues, direct mail, email, mobile, etc. – and enabling customers to take

action in response – preferably to buy your product or service – using the channel of their choice (SAS, 2016)." Multichannel marketing is convenient and easily improves direct customer interaction by enabling a company to be where the customers are. The more diverse platforms are, the more customers are likely to reach out to purchase goods and services: multichannel customers spend three to four times more than single-channel customers (SAS, 2016). The use of many communicative platforms increases the chances of receiving feedback from a variety of customers on the overall performance and improves the management of results and sales.

When multichannel marketing, it is extremely important to be consistent with messages to give customers a seamless experience in and through every channel. However, media channels shall not only be selected based on their target customers' habits and preferences. Instead, on those that are best at delivering the message tied to each stage of the customer's journey. SAS suggests three steps for a successful multichannel marketing strategy. The creation and maintenance of a single but flexible view of the customer across all channels improves the understanding of how customers behave across channels. A multichannel marketing platform (including campaign management, advanced analytics, execution, response attribution and digital marketing) will support reaching the right person with the right offer, through the right channel, at the right time. Additionally, the creation of a consistent customer experiences across all channels is one of the most powerful competitive differentiators (SAS, 2016).

Personalization

Personalization is another very efficient way to connect with an audience. According to Gartner, "personalization is a process that creates a relevant, individualized interaction between two parties designed to enhance the experience of the recipient" (Gartner, 2015: 2). It uses insight, which bases on the recipient's personal and behavioural data about actions of similar individuals, to deliver a unique experience that meets their specific needs and preferences. Personalization is becoming increasingly important to advertisers to engage with customers as individual people across multiple channels. According to Jesse Noyes, 75% of marketers are prioritizing personalization technologies for 2016 (Noyes, 2015). Customers also expect an individual experience, elevating personalization to a mandate of efficient marketing: 86% of consumers say that personalization plays a role in their purchases. Even though, marketers are facing severe challenges with personalization. Less then 10% of top tier retailers say they are

highly effective in personalization and 35% of American B2C marketers said building a comprehensive single view of each customer across all sales and marketing channels was an extreme challenge (Noyes, 2015). According to a study by Experian, 37% respondents perceive a lack of technology to enable personalization (Experian Marketing Services, 2015: 58). To offer personalized content, advertisers use a range of different personalization products: analytics software includes tools to measure the performance of digital content. Digital personalization engines identify the optimum experience for an individual and social networks offer paid audience targeting such as Google Customer Match, Facebook Custom Audience or Twitter Tailored Audiences. The most common delivery model for personalization products is Software as Service.

It is highly recommendable for LogOn to invest resources in all kinds of mentioned digital marketing strategies. Though, in the centre of attention lays the communication with the customer. Therefore SEO should be an integral component of the website creation, improving search engine ranking and traffic especially in combination with Search Engine Marketing (SEM). Here, smaller budgets are initially recommended. Focusing on keywords as the lowest common denominator, all kind of digital marketing campaigns, especially in social media should be orientated towards the correct use of keywords to satisfy SEO. While SEO related marketing could be understood as a rather passive strategy to communicate with customers, social and content marketing can be seen as active approaches to establish loyalty through relationships. A combination of both strategies, active and passive establishes a broad and comprehensive digital marketing concept. However, marketing is as good as its analysis and implementation of according changes. Therefore feedback of website, emails, surveys and social media is vitally important. It is understood that digital marketing might not cover up the entire marketing need of LogOn. Other strategies such as offline marketing can be very successful if budget is available. Attendance at local events and exhibitions relevant to the market are good options to gain visibility.

6.3.4.   Business Model 1: Free App

Business model 1 describes a product, which is an intelligent spam filter, filtering advertisement in regard to the interests of a particular user. It is downloadable for free in online application stores for mobile and desktop devices. The application filters advertisement in Internet browsers and other installed applications. The selection of

shown advertisement is chosen by LogOn. In that way LogOn permits only advertisement by vendors, who are registered at and pay LogOn to advertise for them. The technology will choose the advertisements of all registered vendors, which fit best to the current situation and the interests of the user.
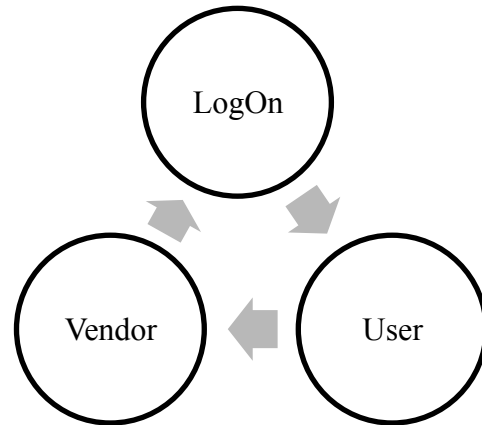

Figure 19: Interconnection between target groups in case of a free app

The financial stream is coming from the vendors, who are paying LogOn to show their advertisements to users. They finance the app, making the download free of charges. Considering website, audience and campaign style two pricing methodologies appear most suitable: pay for clicks (PPC) or pay for impressions (CPM). Following a PPC model, a publisher or vendor pays only when the advertisement is clicked. CPM refers to the cost incurred for every thousand potential customers who view the advertisement. CPM compensates LogOn for every advertisement shown, regardless of its success, making income more predictable, whereas PPC is more volatile. But because acceptance and corresponding click rates increase in combination with the technology, PPC seems the more incentive pricing methodology for vendors and more profitable pricing methodology for LogOn. Revenue potential of PPC is much higher then of CPM and an additional advantage is that vendors generally prefer PPC to CPM (Johnston, 2013). Implementing a PPC model requires the development of a system where vendors can track clicks and have full visibility into revenue generated. When registering at LogOn, vendors will receive private access to a reserved customer area, which allows insights to all campaign details.

Even though the novelty of the product makes adoption rather difficult, being free of charges decreases adoption barriers significantly and increases the amount of users. As

more user use the app, as less conventional advertisement gets shown, what exerts pressure on publishers and vendors to use LogOn´s technology to ensure that their advertisement actually gets seen. Commonly it is said that pressure potential of a group starts with a minimum of one million users. To draw a relation to the investment needed to "buy" one million users, one can count approximately with €5,00-10,00 per user, what accounts to an investment of €5-10 million. Gaining enough influence to establish the pressure and bargaining power needed to force vendors to cooperate with LogOn can be a long and expensive way. Rogers's diffusion of innovations theory shows that the rate of adoption of a new product is rather slow until it reaches critical mass and gets self-sustained. Here it comes to a dilemma situation: the financial support of vendors is especially important in the initial phase to sustain app development and maintenance. But there are not yet enough users to convince vendors to invest in the product. A way to overcome this dilemma is by inviting already existing customers and contacts to join, possibly incentivising them with a special discount and the fact of being vanguards. As soon as critical mass is reached and enough bargaining power on vendors established, LogOn will have a monopoly position in the industry.

Online Market Entry and Marketing Strategy
Maintaining a healthy balance between the development process and the app marketing strategy is very important to ensure user retention and long-term sustainability. The marketing strategy can be divided in pre- and post-launch strategies. It can first be initiated as early as 6 until 8 months before product launch. At this stage a creative and effective landing page, equipped with interesting videos and information about the product is key. It is crucial to reveal little information only to keep suspension high. Development should benchmark the latest app designs and functionalities. It is highly important to be at the state of the art in terms of design and technology. The app development cycle consumes a lot of resources. For that reason it makes sense to outsource some processes to deliver the best possible product: online platforms and software such as AirWatch can be used to support critical management elements and the whole app lifecycle at the stage of development.

Even though a lot of downloads will come through app stores, a big amount of traffic is driven through the web. An excellent benchmark example is the landing page www.human.co. If budgets for user-experience-rich-websites are low services such as

www.launchrock.com can be used. To increase the database of people who are interested in the app a (sneak-peek) teaser or giveaway offer can be build as a call-to-action to the landing page. Here, people get invited to share their email address or the website in their social media channels, to stay updated about the launch. The connection between landing page and social media integration is an essential communication channel. A multichannel experience with freshly updated accounts on Facebook, Twitter, Instagram and You Tube is recommended to engage pro-actively with potential app users. Promotions, competitions or early discount coupons are great ways to convert users into brand ambassadors and increase organic user growth in general. Influencer marketing will boost organic user growth as well. Because fresh content is crucial in SEO, a blog linked to the landing page can be done as well. Content should be chosen following the paradigm of "adding value to the user".

Pre- and official-app-launch press release are the best ways to reach media portals, blogger and journalists. The pre-launch press release focuses on the app idea and how it can solve a problem. At a later stage, the official-app-launch press release will disclose information about the functionality of the app. It is extremely important to keep suspension high in order to create engagement in this competitive environment. To understand what users think about the app active conversation with them is essentially important. A beta testing community is a great way to ensure productive feedback at an early stage and market research a great tool to identify customer demand. Positive ratings can decide whether or not an app gets downloaded. Hence, a rating should be build into the app to convert unsatisfied into satisfied customers, who rank better. In-app analytics, such as Google Mobile App Analytics, provide in-depth understanding of customers. The first impression of the app decides if a user deletes or uses the app. To bond a user he has to feel appreciated and valued by the brand. Personal welcome messages and explanations are a good way to make users feel wanted. Beyond that, regular upgrades are a great way to maintain product excitement. Not all the features should be packed into the app at once. Instead, every app update should have something new.

The distribution of the app to the user is only one marketing channel. Vendors, the financers of the app, have to be reached as well. Pre-existing contacts of LogOn, direct enquiries and influencer marketing in tech-websites and media portals etc. can be used as strategies. Besides, the same marketing strategies as mentioned for users can be used

as well. Additionally, paid advertisements in social networks, Google Adwords and app store marketing such as Apple Search Ads are good solutions to increase visibility and click through rate to the apps website at a post-launch stage. A look at the Android Human Interface and iOS guidelines helps to enhance the appeal and usability of the app.

6.3.5. Business Model 2: Paid App

Even though the survey revealed that users are not willing to pay for the product, a business model of a paid app should be presented to ensure completeness. Business model 2 is based on business model 1 but differs in terms of revenue stream: in case vendors cannot be engaged to pay for advertisement (as explained in business model 1), the acquisition has to be paid by the end user. In this case LogOn shows any kind of advertisement (independently of vendors), but presents only advertisement, which fits to the profile of the user. In that way revenue stream cannot be generated from vendors and the user has to compensate it by paying for the product. Here, the user has an additional advantage by being able to see relevant advertisements of all kinds of companies and not just of LogOn´s partners. There are two factors increasing rate and barriers of adoption what generates fewer amounts of users: purchasing costs and the novelty of the product. The product price has to be calculated in regard to app development and maintenance costs.

Figure 20: Interconnection between target groups in case of a paid app

Online Market Entry and Marketing Strategy

The marketing strategy for a paid app bases strongly on the marketing strategy of business model 1. The difference is in fact that users have to overcome even higher barriers of adoption in shape of costs. Hence, a marketing strategy for this model has to start on the first step of the decision process: knowledge. A user will only purchase the product if he is convinced of its relative advantage. Therefore it is extremely important

to inform the user about the product through all marketing channels available and persuade him of its advantage. Competition in the app market is already fierce and selling paid apps is even more difficult. For that reason it should be heavily invested in paid app store marketing, search engine marketing and social media marketing (even more than in business model 1). The contribution of opinion leaders and early adopters can support this process positively. When launching an influencer marketing strategy it is crucial to discover the right influencer in and for an industry and choose based on their interests.

6.3.6.   Business Model 3: Pre-installed App

Instead of offering the app in application stores, this business model describes the pre-instalment of the app on mobile and desktop devices through cooperation with hardware producers. Simply put, every new smart phone or tablet bought from the cooperating hardware producer includes the app already (such as Apples weather app) with the motive to offer a better customer experience. It spares users the download decision and speeds up dissemination and adoption.
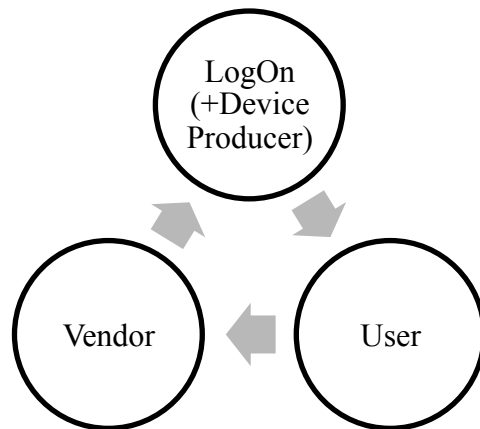

Figure 21: Interconnection between target groups in case of a pre-installed app

Hardware producers will not pay LogOn for the use of the app. As they have more bargaining power they might have to be even lured by participating on a share of profit. Instead, revenue stream is coming from vendors: similar to business model 1 LogOn only permits advertisement by vendors who are registered at LogOn and pay per click (PPC) to appear. The more devices include pre-installed apps, the more the user amount increases. This will impact on the market in two ways: when users are satisfied with the app, more demand for LogOn filtered advertisement from the user side arises, creating

an opinion-building function, which pressures on publishers and vendors. A way to support this behaviour is to show users with every advertisement that it is filtered by LogOn, by adding the company logo to the image or video. It makes LogOn recognizable and motivates users to look for the logo if they want to evaluate the subjective quality of the specific advertisement. User behaviour pushes vendors into a position of increased pressure. Their power to advertise is shrinking by the fact that LogOn is increasingly controlling which advertisements users get to see. The only way to make sure users of that particular device are receiving their advertisements is by cooperating with LogOn. LogOn basically has the position of a mediator between user and vendor: it makes sure the user only sees advertisement he likes. This circumstance increases the impact of the vendors advertisement reflecting in bigger conversion rates and finally sales.

Compared to the business models presented above, this model is able to generate the biggest user amount, because pre-instalment promotes diffusion easily through social systems. Pre-instalment enables LogOn to capture the user in its decision process already at the fourth stage at implementation and spares all former stages making adoption more likely. There is no need to rely on opinion leaders to discover the new innovation. Instead, every owner of a device is a user and contributes on constituting a majority. As in business model 1, hardware producers find themselves in a similar dilemma as vendors when implementing the technology on devices: since the product is new and does not have any market share yet, hardware producers might have find it difficult evaluating the quality and usefulness of the technology. They take a risk by drawing their brand in jeopardy, because they don't know if the app will be successful. For that reason LogOn has to proof liability, quality of and existing demand for the technology.

Online Market Entry and Marketing Strategy

The pre-installed app draws different conditions then business models 1 and 2. Here, LogOn´s strategy underlies three different dynamics and target groups: a strategy needs to attract hardware producers, vendors and users of these hardware devices. As a general approach the app pre-launch and post-launch strategy described in business model 1 should be implemented in the same way as suggested.

As mentioned above, hardware producers need proofs such as market research, reviews, testimonials, analytics and statistics to confirm market demand for the technology. That means LogOn has to procure market establishment at an earlier stage. Instead of starting off as a pre-installed app, LogOn could follow the following strategy: first a free app is launched, as suggested in business model 1. This will develop a customer base, market share and reputation. Just when reputation and success are satisfying the pre-instalment concept can be presented to hardware producers. In that way, hardware producers have up-to-date data to evaluate the app and further negotiations about the implementation can be initiated. Hardware producers need to benefit from the app as well. There are several ways of distributing profit: one example is the participation on the profit won with sold advertisements. Hence, negotiations will define a commission, calculated on the basis of a percentage of the advertisements sold to vendors, which hardware producers receive from LogOn. Hardware producers can also receive a share of (yearly) profit.

If LogOn is responsible for the management of advertisements, it has to find a strategy to convert vendors to customers. Reputation gained through the cooperation with hardware producers will increase bargaining power and facilitate sales, because vendors have a simple option: if they want to be seen on hardware devices they have to cooperate with LogOn. Networking with direct enquiries to vendor companies, influencer- and content marketing in tech- and advertising websites, public relation efforts in media portals etc. can be used beside the same marketing strategies for users. Because the app enhances the attractiveness of the device, hardware producers will include the app in their advertising. End users will then be informed about the app when being exposed to advertising campaigns promoting the device. Additionally, LogOn should follow the marketing strategies for users presented in business model 1 to increase customer demand. The aim is to increase pressure on the side of hardware producers to pre-install the app as well as on side of vendors, who are forced to cooperate with LogOn in order to be seen.

6.3.7. Business Model 4: SaaS with Subscription

Designed for publishers and vendors, the software offers website users a personalised advertisement experience. By creating an intuitive profile of the user, the software only shows suitable advertisement. It enables publishers to sell advertisement spaces on

websites more expensive to vendors. Also vendors can use the software independently from publishers by linking the technology to campaigns, even before they come on the publishers website, to target orientate the advertisements.
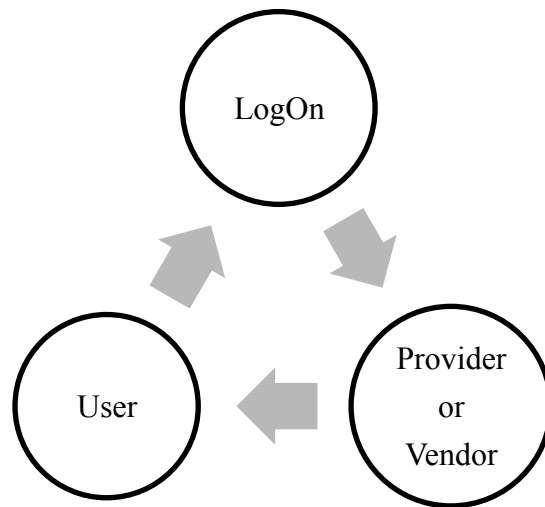

Figure 22: Interconnection between target groups in case of SaaS with subscription

SaaS enables vendors and publishers to buy timely restricted subscriptions to access software and generate revenue stream. A pricing strategy for subscriptions has to show a relation between time and cost. It usually includes a time-volume discount. Subscriptions are usually offered on a monthly or yearly basis. For example: one month, three months, six months and one year. A timely restricted free trailer (e.g. for 30-day´s) can help to lower adoption barriers, because a subjective test simplifies the purchasing decision. SaaS is a professional and well-accepted way to deliver software. To incentivise purchases and adoption, users have to be sufficiently informed about the product by the website´s content, especially since it is a new product. Well-prepared information, explicative content and easy access are key.

LogOn´s current product, the eRecruiter runs already as SaaS, what shows that LogOn has experience and an organizational structure to manage such a system already.

Online Market Entry and Marketing Strategy

The marketing mind-set on SaaS has to focus on selling a service and not a product. This makes a difference in communication and the way a product is treated. A SaaS provider is not just selling a software product, but a complete service including delivery, support and maintenance. The marketing concept builds on customer retention, because most of the revenue comes from existing (long-term) customers (Salesforce.com, 2008:

8). Personalization of user experience and of customer support can be used to enhance customer satisfaction. As a result, customer satisfaction has to be the main goal of thinking and strategizing.

Decisions on goal setting and marketing budget setting build the base of the strategy. In a next step appropriate resources have to be acquired to implement selected goals on all company levels. Resources to implement business goals can be developed in-house or outsourced to an agency. Several tasks of the software development cycle can be outsourced to save time and/or money: instead of building, maintaining and managing an own infrastructure to deliver SaaS, a reliable cloud hosting service can be contracted such as Salesforce.com. Marketing tasks such as content writing can be outsourced to freelancers, guests or agencies as well.

Many steps of the market entry and marketing strategy overlap with the strategy suggested for business model 1 (see p. 63). Strategies consist of a suspension creating landing page, state of the art technical and aesthetic development, extensive social media networking, press releases and beta testing. Inbound marketing techniques such as social media marketing, influencer marketing and "growth hacking" but also analytics to help test, design and promote the product. Software download sites such as Download.com can be used as an additional sales source. With revenue growing and expending user base paid content promotion and paid advertisement such as Google Adwords can be used at a later stage.

While the application is directed to the end user, the software targets vendors and publishers, what means that the marketing effort has to focus on B2B customers. It is necessary to discover the most important and influencing places of interaction since they interact in different media than private users.

The specific feature of SaaS marketing is the importance to communicate information. The reason why a customer acquires a SaaS solution is a specific lack of information. An effective marketing strategy should therefore provide a certain amount of content that leads to the source of greater content, the product itself. The idea is to build educational resources that help vendors and finally users to understand the benefit of the product, learn best practices and stay up to date with new features to get the most out of their software investment. Content marketing (also in combination with influencer

marketing) on a multichannel basis contains educational videos, articles, white papers, surveys, guides, webinars, blogs, email newsletters amongst others, which can be found on landing pages, the website and social media channels (You Tube, Facebook, etc.).

One of the biggest challenges is overcoming customers' fears. Giving customers the feeling of being understood creates human connections around the product, what is especially important when the product is new (Salesforce.com, 2008: 8). A video describing how the product works and how it facilitates tasks is a suitable medium. Transparency makes confidence, therefore it is recommendable to include a well-arranged and easy to read product feature- and benefit comparison table to summarize the trade-offs a buyer should consider on the website. Additionally, offering a 30-days free trail following the philosophy of "give and it will be given to you" accelerates dissemination. It is important, especially as a small company to provide something to help potential customers understand that the product is reliable and working properly. Vendors and users are able to get to know the product, enjoy its benefits and even have enough time to eventually get used to it. Other features to show reliability and generate trust are testimonials of third parties and software safety bandages.

6.3.8. Business Model 5: SaaS with Pay-per-use

The only difference between business model 5 and business model 4 is the pricing strategy: pay-per-use limits the quantity of the license usage in addition to the license validity. License fees are based on the actual usage, defined by different metrics such as network bandwidth utilization, central processing unit or a feature related to the software itself. Billing also underlies the usage model. It can be time based by billing on the duration of use, volume based by billing on the amount of resources used or count based by billing on the number of uses.

This pricing model often suits businesses whose need for software fluctuates over time. It makes more expensive software also affordable to smaller businesses. However, this model is not indicated for heavy use, which can become very expensive. In this case customers would benefit more from purchasing a subscription or a permanent license. If pay-per-use makes sense depends on customers' needs and the functionality of the technology. If vendors or publishers work on the base of campaigns, where the matching technology solely goes with a timely limited media advertisement for single clients, it makes sense to pay per use. In this case the software is not needed

permanently and can, in case of need or request, be easily downloaded and purchased again. But as soon as publishers (for example) use the software permanently on their websites a subscription, which is only timely limited, or a permanent license turns out more economic.

Online Market Entry and Marketing Strategy

The marketing strategy for a SaaS with pay-per-use bases on the strategy suggested for business model 4.

6.3.9. Business Model 6: SaaS with Package Deals

Like business model 5, business model 6 only deviates from business model 4 in terms of pricing strategy. An alternative to simply charge for usage in general is the offer of advertisement campaign packages for a fixed price. A campaign can be pre-defined by time frame and size and offered as a package (e.g. small, medium and big). It can also be a customized solution, bespoke and adjusted to special customer needs. The advantage to pay-per-use is that vendors can estimate costs and benefit better. They are able to see what they get for the amount they pay with a higher degree of transparency. Pay-per-use on the other hand makes the evaluation of time-win-cost relations rather difficult. Additionally, a vendor can benefit from LogOn´s knowledge and experience when customizing a campaign.

Online Market Entry and Marketing Strategy

The marketing strategy for a SaaS with pay-per-use bases on the strategy suggested for business model 5.

6.3.10. Business Model 7: Permanent Licensing

Instead of offering software as a service, LogOn sells the rights to use the software permanently to publishers and vendors. LogOn simply sells a product and does not have to maintain all activities and services required to keep the software working. This fact can result in lower maintenance costs, but possibly in lower revenue compared to a SaaS model, since fewer companies are willing to invest in software permanently. Purchasable upgrades can be developed over time, with the state of the art of technology

and in accordance with latest trends. Permanent licensing involves a variety of copyright considerations and therefore requires stringent legal support.

Figure 23: Interconnection between target groups in case of permanent licensing

Online Market Entry and Marketing Strategy

While subscription based software focuses on customer retention, permanent licensing has to focus on customer creation at the first place. Retention in sense of continuous customer satisfaction can be influenced by free software updates for example. Otherwise, post-sale customer support is far less extensive then for a subscription model since the transaction process is finalized after the purchase.

Customer creation techniques, online market entry and marketing strategies for the permanent licensing model base on the strategies suggested for business model 4.

7. Conclusions

After the product idea was positively confirmed with the support of industry and survey analysis, it can get connected with previously elaborated business models to decide how the market of digital and media advertisement can be reached and developed. Before translating the survey results into the business models, several limitations have to be acknowledged: the survey results can be generalized to German users of social networks, but not to all Internet users because the sample was solely acquired through social network channels. To compensate this lack of information further research is needed: a survey of a control group of Internet users (who are no users of social networks) should be conducted and compared with the results presented in this thesis. Since the survey just accounts for users (B2C) results cannot be generalized to companies (B2B). Still, users are customers and companies who want to satisfy the needs of their customers are expected to follow and find solutions for their demand. In summary, survey results reveal that users want personalization as well as a high level of

control and quality without having to pay for it. These needs have to be satisfied with the product and hence with the business model to get the highest acceptance and diffusion possible.

SaaS vs. Permanent Licensing

The SaaS model ultimately provides the same type of products as a permanent licensing model, but with a better economic model: it is lower in cost to the customer and structurally inclined to increase performance for the user with every new update. There are no significant upfront fees, the software is easily configurable and takes less time to be implemented. Employee workflow is more efficient if the software is mobile friendly and can be accessed from anywhere. Security of SaaS has been less of a concern with the introduction of secure data sites and private clouds. Consequently, there is less doubt that the SaaS model is more efficient and effective than permanent licensing and business model 7 can be excluded.

Free vs. Paid

According to the survey end users are not willing to pay for a product, which prevents inappropriate and unwanted advertisement. For that reason business model 2 can be legitimately excluded but paid B2C and B2B business models retained.

App vs. SaaS

The decision between app and SaaS is not mutually exclusive. Both delivery options can be implemented simultaneously as two different products. While the app targets the end user (B2C), SaaS works for companies (B2B). The idea assessment including industry and survey analysis reveals a high market potential for both products. As a result, LogOn should consider the implementation of an app as conceptualized in business model 1. The pre-installed app in business model 3 remains an idea of high potential even though its realisation depends on LogOn´s future performance. As mentioned in the online market entry strategy for business model 3 it can use as an exit strategy for business model 1: as soon as the free app performs well the implementation of the pre-installed app can be initiated. LogOn should additionally consider the implementation of SaaS on subscription basis as conceptualized in business model 4. Timely restricted subscriptions, pay-per-use and package deals are only three different delivery options of the same product. They also do not exclude each other. In the end the working

methodology of the target group decides which option is the most efficient and effective one. This flexibility can be used to try all options and measure demand to finally find out which option is the most wanted and most profitable.

Still, suggested market entry and marketing strategies are not exhaustive since the structure of the thesis underlays space restrictions. Presented strategies give an introduction into the areas, which can be further discussed and amplified in future research.

Innovation Culture

When it comes to implementation it is useful to adopt innovation practices within the company, which increase the general probability of sustainable success of an innovative product. Creativity is not just a feature but also a requirement of innovation. It is extremely important to maintain an open minded and creative approach not only during the development of the product in the innovation process, but also in the phase of implementation. Changing trends and industry environments, new technologies and concurrence are constant companions in modern business. In order to sustain a company successfully it has to be able to react accurately and flexible to them. The goal of innovation management within a company is ultimately to cultivate a suitable environment to encourage innovation (Rickne, Laestadius and Etzkowitz, 2012). Therefore innovation management involves the creative contribution to the companies' product development process of workers at every level. The process can be understood as an evolutionary integration of market, technology and company by constantly iterating the selection, implementation and capture of activities (Boutellier, Gassmann and von Zedtwitz, 2000: 30). Acknowledging the inherent change of business environment and society coupled with values of persistency and consistency within the companies' philosophy and structure is an essential factor of success and makes it more resilient for present as well as future impacts.

In order to be successful in a vibrant reality of digital advertisement a company should metaphorically embrace change with open arms. This is where creativity and open mindedness meet the concept of Open Innovation. In a globalized world companies cannot rely entirely on their own research and knowledge capabilities. Instead, companies are able to increase performance by using both inflows and outflows of knowledge to improve internal innovation and expand markets for external exploitation

of innovation: "Open innovation is a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as the firms look to advance their technology" (Chesbrough, 2003: 24). Open Innovation refers to the systematic exploration and encouragement of a wide range of external and internal sources for innovative opportunities, the integration of this exploration with firm capabilities as well as resources and the exploitation of these opportunities through multiple channels. Though, the big disadvantage of open innovation is the risk of revealing intellectual property and thus loosing competitive advantage.

A strong and integrated innovation culture in the company LogOn builds the essential pillar of success for the development of a new innovative product. The surveyed disposition for adoption and demand for personalization of digital and media advertisement creates a market. The business model creation and evaluation develops a final product and marketing as well as online market entry strategies deliver the communication tools to speed up diffusion by reaching customers. All in all, it is a comprehensive product launch strategy ready to get implemented to revolutionize digital and media advertising. LogOn will not only reach a new stage of business, but also contributes sustainably to improve digital advertising.

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9. Appendices

9.1. Questionnaire in English

Personalized Advertisement

Dear participants,

We invite you to participate in the development of an innovative range of services in the Internet and other media and would you in this regard, be grateful if you could fill out the questionnaire below. The collection of data is done anonymously and used exclusively for research purposes.

Thank you for your contribution!

Q1. In which media are you open for advertisement?

❏ Radio (Q1.1)

❏ TV (Q1.2)

❏ Email (Q1.3)

❏ Social networks (e.g. Twitter, Facebook, Instagram) (Q1.4)

❏ Business networks (e.g. XING, LinkedIn) (Q1.5)

❏ Messenger (e.g. Whats App, Snapchat) (Q1.6)

❏ SMS (Q1.7)

❏ Post (Q1.8)

❏ News centre / Start page of smartphones or tablets (Q1.9)

Q2. How important are the following characteristics to perceive advertising as positive?

	Very Unimportant	Unimportant	Neutral	Important	Very important
Advertisement has to fit to my person (Q2.1)	○	○	○	○	○
Advertisement should consider my current situation	○	○	○	○	○

(Q2.2)					
I want to decide by myself when to watch advertisement (Q2.3)	❍	❍	❍	❍	❍
I want to receive new suggestions by advertisement (Q2.4)	❍	❍	❍	❍	❍
Advertisement should inform (Q2.5)	❍	❍	❍	❍	❍
Advertisement should inspire (Q2.6)	❍	❍	❍	❍	❍
I want to experience advertisement calmly at home (Q2.7)	❍	❍	❍	❍	❍
I want to be able to watch advertisement mobile (Q2.8)	❍	❍	❍	❍	❍
Attractive design (Q2.9)	❍	❍	❍	❍	❍
No saving of data (Q2.10)	❍	❍	❍	❍	❍
Privacy settings (Q2.11)	❍	❍	❍	❍	❍

Q3. Which is the last advertisement you can remember consciously?

_____

Q4. Did you perceived this advertisement as positive or as negative?

❍ Positive

❍ Negative

Answer to "Did you perceive this advertisement as positive or as negative?". If "Positive" is selected:

Q5a. Why did the advertisement remain in positive memory?

❑ The advertised product was very interesting (Q5a.1)

❑ The advertisement was well done (Q5a.2)

❑ The advertisement was cheerful/funny (Q5a.3)

❑ The advertisement reached me in the right situation (Q5a.4)

Q5b. Answer to "Did you perceive this advertisement as positive or as negative?". If "Negative" is selected:

Why did the advertisement remain in negative memory?

❑ The advertised product was not interesting (Q5b.1)

❑ The advertisement was not well done (Q5b.2)

❑ The advertisement was negative/sad (Q5b.3)

❑ The advertisement didn't fit to my situation (Q5b.4)

Q6. How do you react when you see advertising that you do not like?

❍ I look away, click the page away or change the TV channel, the website

❍ I watch the advertisement anyway

Q7. Would you rather buy a product if the advertising is directly adjusted to you?

❍ Not possible (1)

❍ (2)

❍ (3)

❍ (4)

❍ Possible (5)

Q8. Would your willingness to respond positively to advertisements generally rise if you would receive less spam advertisement?

❍ Not possible (1)

❍ (2)

❍ (3)

❍ (4)

❍ Possible (5)

Q9. How much would you be willing to pay monthly if generally inappropriate and unwanted advertisement would no longer appear on your media?

_____

Personal Data

Q10. Gender:

❍ Male

❍ Female

Q11. Age:

❍ 17 or younger

❍ 18-25 years

❍ 26-49 years

❍ 50-64 years

❍ 65 or older

Q12. City of residence: _____

Q13. Highest degree or level of school:

❍ No schooling completed

❍ 8th grade

❍ High school graduate

❍ Completed formation

❍ Polytechnic degree

❍ University degree

❍ Postgraduate degree

Q14. Occupation: _____

9.2. Questionnaire in German

Personalisierte Werbung

Liebe Teilnehmerinnen und Teilnehmer,

Wir laden Sie dazu ein, an der Entwicklung eines innovativen Leistungsangebots im Internet und anderen Medien mitzuwirken und wären Ihnen in diesem Zusammenhang dankbar, wenn Sie nachstehenden Fragebogen ausfüllen könnten. Die Erhebung der Daten erfolgt selbstverständlich anonym und dient ausschließlich der Forschung. Vielen Dank für Ihr Mitwirken!

Q1. Auf welchen Medien sind Sie offen für Werbung?
❏ Radio (Q1.1)
❏ TV (Q1.2)
❏ Email (Q1.3)
❏ Soziale Netzwerke (z.B. Twitter, Facebook, Instagram) (Q1.4)
❏ Business Netzwerke (z.B. XING, LinkedIn) (Q1.5)
❏ Messenger (z.B. Whats App, Snapchat) (Q1.6)
❏ SMS (Q1.7)
❏ Post (Q1.8)
❏ News Center / Startseite von Smartphones oder Tablets (Q1.9)

Q2. Wie wichtig sind Ihnen folgende Eigenschaften um Werbung als positiv zu empfinden?

	Sehr unwichtig	Unwichtig	Neutral	Wichtig	Sehr wichtig
Werbung muss zu meiner Person passen (Q2.1)	❍	❍	❍	❍	❍
Werbung soll meine aktuelle Situation berücksichtigen (Q2.2)	❍	❍	❍	❍	❍
Ich will selbst entscheiden können, wann ich Werbung anschaue (Q2.3)	❍	❍	❍	❍	❍

Ich will neue Anregungen durch Werbung erhalten (Q2.4)	○	○	○	○	○
Werbung soll informieren (Q2.5)	○	○	○	○	○
Werbung soll inspirieren (Q2.6)	○	○	○	○	○
Ich möchte Werbung zu Hause und in Ruhe erleben (Q2.7)	○	○	○	○	○
Ich möchte Werbung mobil anschauen können (Q2.8)	○	○	○	○	○
Ansprechendes Design (Q2.9)	○	○	○	○	○
Keine Speicherung von Daten (Q2.10)	○	○	○	○	○
Datenschutzeinstellungen (Q2.11)	○	○	○	○	○

Q3. Welche ist die letzte Werbung an die Sie sich bewusst erinnern können?

_____

Q4. Empfanden Sie diese Werbung als positiv oder als negativ?

○ Positiv

○ Negativ

Antwort für „Empfanden Sie die Werbung als positiv oder als negativ?". Wenn „Positiv" ausgewählt ist:

Q5a. Warum ist die Werbung in positiver Erinnerung geblieben?

❏ Das beworbene Produkt war sehr interessant (Q5a.1)

❏ Die Werbung war sehr gut gemacht (Q5a.2)

❏ Die Werbung war lustig/witzig (Q5a.3)

❏ Die Werbung hat mich in der richtigen Situation erreicht (Q5a.4)

Antwort für „Empfanden Sie die Werbung als positiv oder als negativ?". Wenn „Negativ" ausgewählt ist:

Q5b. Warum ist die Werbung in negativer Erinnerung geblieben?

❏ Das beworbene Produkt war nicht interessant (Q5b.1)

❏ Die Werbung war nicht gut gemacht (Q5b.2)

❏ Die Werbung war negativ/traurig (Q5b.3)

❏ Die Werbung hat nicht zu meiner Situation gepasst (Q5b.4)

Q6. Wie verhalten Sie sich, wenn Sie Werbung sehen, die Sie nicht anspricht?

○ Ich schaue weg oder klicke die Seite weg, bzw. wechsele den TV Sender, die Internetseite

○ Ich schaue mir die Werbung trotzdem an

Q7. Würden Sie ein Produkt eher kaufen, wenn dessen Werbung direkt auf Sie abgestimmt ist?

○ Unwahrscheinlich (1)

○ (2)

○ (3)

○ (4)

○ Wahrscheinlich (5)

Q8. Würde Ihre Bereitschaft, auf Werbung positiv zu reagieren, grundsätzlich steigen, wenn Sie weniger "SPAM"-Werbung erhalten würden?

○ Unwahrscheinlich (1)

○ (2)

○ (3)

○ (4)

○ Wahrscheinlich (5)

Q9. Wie viel wären Sie bereit monatlich zu bezahlen, wenn auf Ihren Medien grundsätzlich keine unpassende und ungewünschte Werbung mehr erscheinen würde?

_____

Persönliche Daten

Q10. Geschlecht:

❍ Männlich

❍ Weiblich

Q11. Alter:

❍ 17 oder jünger

❍ 18-25 Jahre

❍ 26-49 Jahre

❍ 50-64 Jahre

❍ 65 oder älter

Q12. Wohnort: _____

Q13. Höchster Schulabschluss:

❍ Kein Schulabschluss

❍ Hauptschulabschluss

❍ Abitur

❍ Abgeschlossene Ausbildung

❍ Fachhochschulabschluss

❍ Hochschulabschluss

❍ Erweiterte Hochschulbildung

Q14. Beruf: _____