



HÁSKÓLINN Í REYKJAVÍK
REYKJAVÍK UNIVERSITY

MSc. In International Business

Digital Marketing Practices in Iceland

Björgvin Helgi Jóhannsson

22.05.2014

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature of any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document I confirm and agree that I have read RU's ethics code of conduct and fully understand the consequences of violating these rules in regards of my thesis.

May 22, 2014

Björgvin Helgi Jóhannsson Kt: 210179-5939

Abstract

As consumers are moving towards the digital media at an increasing rate marketers must follow. Past research has indicated that Icelandic marketers are lagging behind regarding their digital marketing practices.

The purpose of this thesis was to offer insight into the digital marketing practice in Iceland on the bases of best practice according to the available literature assess the trends and where digital marketing headed. With this information, Icelandic marketers should be able to better organize their overall marketing strategy.

A qualitative research design was chosen due to the lack of available research data on the subject. Data was gathered via semi-structured interviews in order to gain a better insight into the opinions of the marketers themselves. Every digital platform was covered, what they are, how they work and how to use them ending in a best practice recommendation according to the available literature.

The results indicate that the Icelandic marketers seem too vary in their approach to digital marketing practices. There are marketers that are applying best practice and there are also companies that confirm the notion that Icelandic marketers lack knowledge of the digital marketing media.

Table of Contents

Abstract	III
Table of Contents	IV
1. Introduction	1
2. Theoretical framework	2
2.1 The Icelandic consumers	5
2.2 Icelandic marketers	6
2.3 Digital marketing	8
2.4 Digital marketing strategy	10
2.5 Challenges for digital marketers	10
2.6 The marketing mix and marketing strategy for Digital Marketing	11
2.7 The seven P's of the digital marketing mix	13
2.7.1 Product	13
2.7.2 Price	14
2.7.3 Promotion	14
2.7.4 Place (distribution)	15
2.7.5 People	15
2.7.6 Physical evidence	16
2.7.7 Process	16
3. The Digital Marketing platforms	17
3.1 Website	17
3.2 Search engine	20
3.2.1 Organic results	21
3.2.2 Search Engine Optimization	22
3.2.3 Paid results	23
3.2.4 Potential benefits for Icelandic companies	23

4	Banner ads	24
5	Social media marketing	27
5.1	Benefit to marketers.....	28
5.2	How it works	29
5.3	Measuring results.....	30
5.4	Potential benefits for Icelandic companies	32
5.5	Challenges	32
6	Email	34
7	Mobile	37
7.1	Challenges	38
8	Blogs.....	39
9	Multi Media marketing.....	42
4.	Research questions	44
	What are the general trends of digital marketing in Iceland?	44
	How are the Icelandic companies conducting their digital marketing campaigns?	44
	What are the future themes of digital marketing in Iceland	44
5.	Methodology	45
5.1	Research design and approach.....	45
5.2	Data collection.....	46
5.3	Participants	47
5.4	Research conditions.....	47
5.5	Procedure.....	47
5.6	Data analysis.....	48
5.7	Validity and reliability.....	49
6.	Results	49
6.1	Digital marketing practices.....	49
6.2	The digital marketing platforms.	52

6.2.1	Search engine marketing.....	52
6.2.2	Email marketing.....	55
6.2.3	Social media marketing.....	57
6.2.4	Website.	60
6.2.5	Blogs.	62
6.2.6	Banner ads.....	64
6.2.7	Multimedia.	66
6.2.8	Mobile marketing.....	68
6.3	Marketers personal view.....	70
7.	Conclusion.....	74
8.	Future research	83
9.	Limitations	84
10.	References	85
11.	Appendix A	91

List of Figures

Figure 1. The Structure of the thesis	2
Figure 2. Q3 US Online Ad Revenues in US\$ billions 2001-2013.....	3
Figure 3. People age 18-29 citing the Internet as main news source	4
Figure 4. Consumers are able to compare prices from different retailers online.	5
Figure 5. Most effective marketing medium according to Icelandic marketers.....	7
Figure 6. Where Icelandic consumers look for information when buying products and services.	7
Figure 7 the outline of the research method.	45

List of Tables

Table 1. Usage of advertising media	8
Table 2. Usage of digital advertising media.....	8
Table 3. The traditional marketing mix.....	12
Table 4. The measurable factors for a website.....	18
Table 5. Best marketing practice for websites.	19
Table 6. Search engine marketing categories.....	21
Table 7. Types of Banner ads.....	25
Table 8. Best marketing practice for banner ads.....	27
Table 9. Value of “like”	31
Table 10. Best marketing practice for Social media.	33
Table 11. Best marketing practice for Email marketing.	36
Table 12. Mobile marketing platforms.....	37
Table 13. Best marketing practice for mobile devices.	39
Table 14. Best marketing practice for Blogs.....	42
Table 15. Best marketing practice for multimedia marketing.....	44
Table 17. List of participants.....	47
Table 18. Summary for Search engine results.....	54
Table 19. Summary of Email results	56

Table 20. Summary of social media results.	59
Table 21. Summary of website results.	61
Table 22. Summary of blog results.	63
Table 23. Summary of banner ad result	65
Table 24. Summary of multimedia marketing	67
Table 25. Summary of mobile marketing results.	69

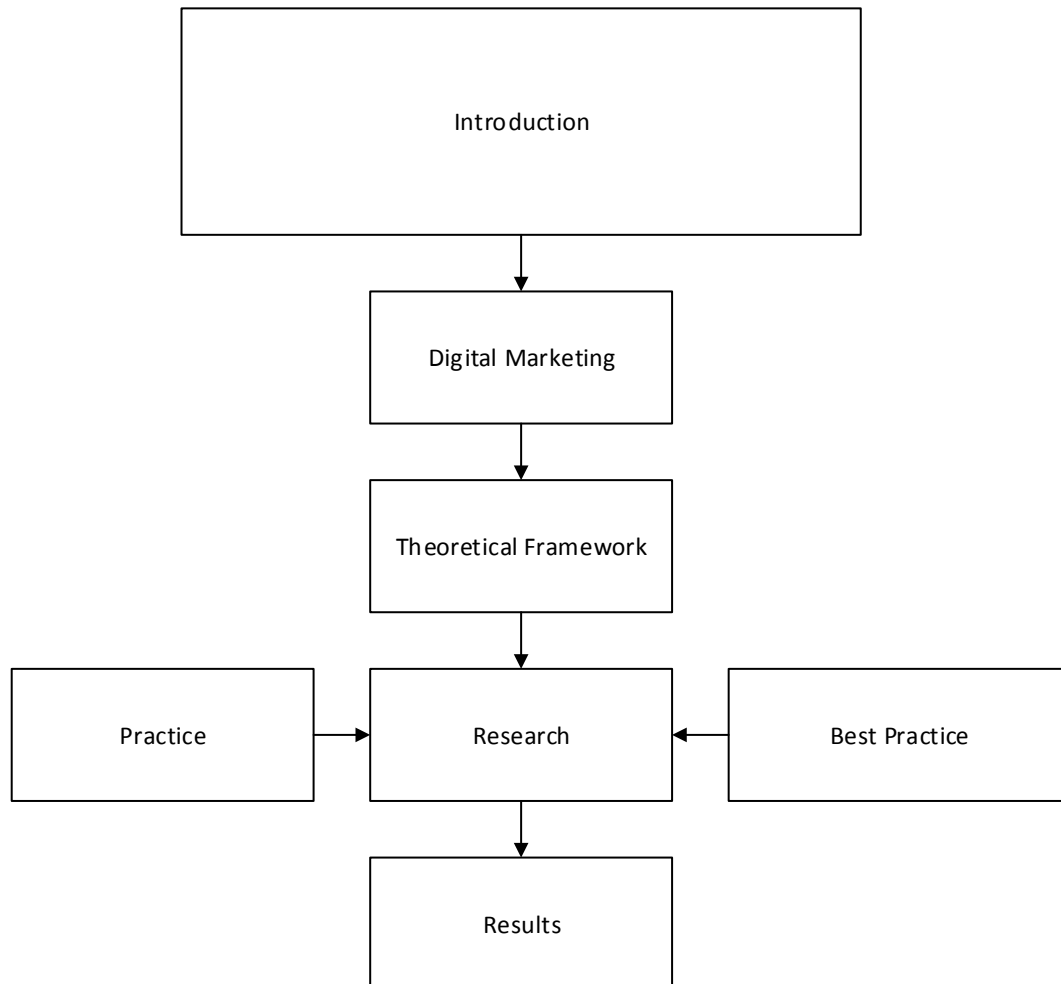
1. Introduction

In the past, marketing appeared to be easier to research, as businesses depended on a limited number of TV channels, radio stations, newspapers and magazines for each market. Reaching out to consumers was simpler since marketers just had to rely on persuasive messages in order to sell their products. In the late 20th century and the beginning of the 21st technology has stormed the world of marketing with the introduction of digital channels. Companies now have access to millions of different websites, endless amount of mobile apps for phones and other smart devices they can use to market their product. Hence it is safe to say that technology has made marketing a lot more complex over the last two decades. As a consequence, marketers have to acquire new technical skills in order to stay competitive.

This digital revolution also provides marketers with tools and channels to help them reach consumers. The new technology has spawned an information age which has led to more accurate levels of production, targeted communications and more relevant pricing (Kotler & Keller, 2012). Marketers now have the ability to promote their products in a more cost efficient and faster way, as well as gathering more information about markets, customers, potential customers and competitors (Kotler & Keller, 2012). Companies can send ads, coupons, samples, and information to its customers who have requested them or given the company permission to send them. The internet also provides marketers with tools to conduct reliable marketing research and gather information about customers' purchases, preferences, demographics, and profitability (Kotler & Keller, 2012).

The main purpose of this thesis is to offer insight into the digital marketing practice amongst Icelandic companies. The structure of the thesis is outlined in figure 1. Starting with the introduction of the concepts of digital marketing and forming the theoretical framework. The research then combines the theoretical framework to the practice in order to answer the research questions. The practical contribution of the thesis involves building a best practice guideline for digital marketing based on the theoretical framework.

Figure 1. The Structure of the thesis



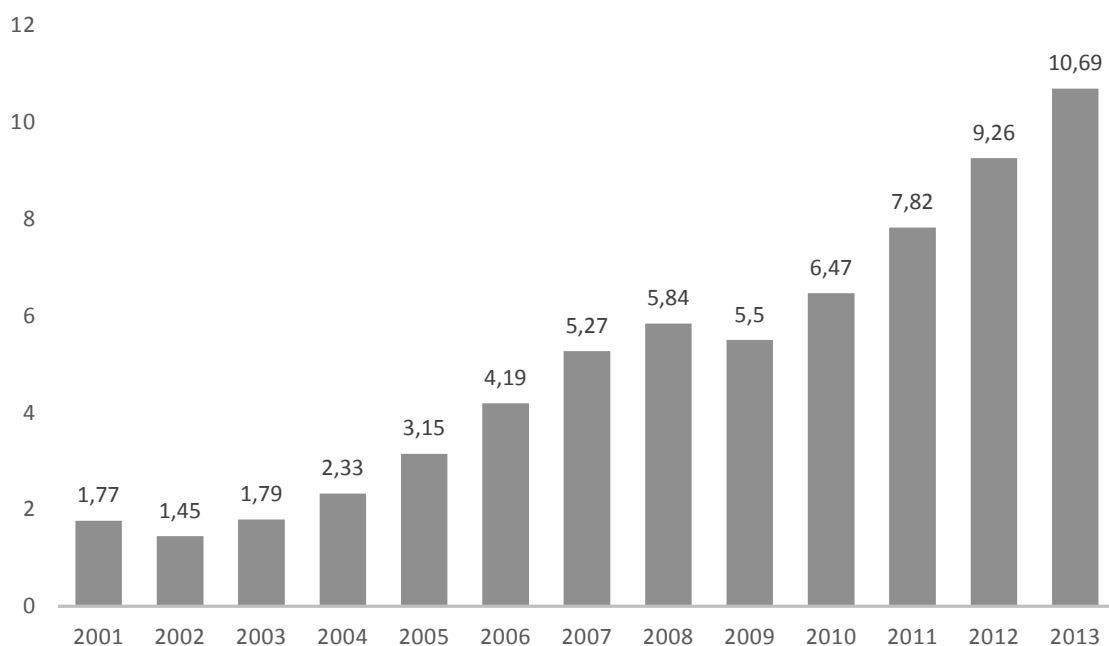
Source; Created by author

2. Theoretical framework

Just as the advertising landscape changed in the 60's with the introduction of TV ads, it is changing again today with more and more consumers looking online, through their phones, tablets and computers, for information. The digital advertising space has been continuously growing for several years (Interactive Advertising Bureau, 2014 April), and is expected to continue to grow in the coming years due to the fact that a growing number of consumers are using the internet for news, entertainment (e.g. Netflix) and social interaction on sites such as Facebook. When looking at internet statistics, this growth becomes even more apparent as seen

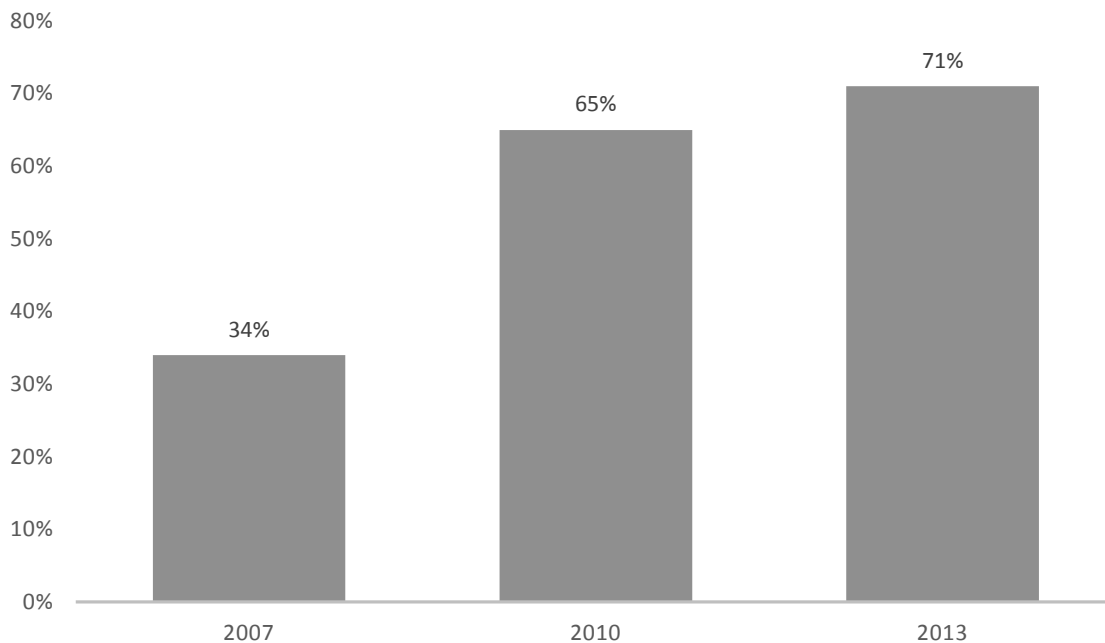
in figure 2. In the third quarter of 2013 internet advertising revenues hit an all-time high of \$10.69 billion in the US (Interactive Advertising Bureau 2013 December 23), this marks a 15% increase from the third quarter of 2012 which was also a record at the time. In the fourth quarter of 2013 Internet advertising revenues amount to \$12.1 billion an increase of 14% from the 2013 third-quarter (Interactive Advertising Bureau, 2014 April).

Figure 2. Q3 US Online Ad Revenues in US\$ billions 2001-2013



This trend in marketing seems to mirror the fact that the consumers are moving towards the digital media at a greater scale than ever before, both for consumer products and information. Today's consumers are able to get information from home, at work, or via mobile phone in as much detail as they want about almost anything, including brands and products (Kotler & Keller, 2012). Customers can access consumer reports from anywhere in the world to guide them along when deciding what to buy (Kotler & Keller, 2012). The internet surpassed television in 2010 as the main source of news in the US for people age 18 to 29 according to a study from the Pew Research Center (see figure 3), with 65% of them naming the internet as their main source, while back in 2007 only 34% claimed the internet as their main source of news (PewResearchCenter, 2011 January 4). This trend has continued as 71% of people in the same age group cite the internet as their main news source in 2013 (PewResearchCenter, 2013 October 16).

Figure 3. People age 18-29 citing the Internet as main news source



The online trend is not just tied to advertising; retailers have also been adopting the internet as a sales platform. The early internet companies such as Amazon and eBay have dramatically changed the traditional distribution channels for delivering products to consumers by cutting out the middle man (Kotler & Keller, 2012). These companies forced the traditional manufacturers and retailers to rethink their distribution and to become a “brick and click” companies, that is have online sales as well as physical stores (Kotler & Keller, 2012). This has allowed some of the companies to become stronger as they now had larger resources to work with and build their brand names. The level of convenience for the customer has increased substantially with the introduction of online shopping. Consumers can compare products and prices and order from multiple suppliers all over the world 24 hours a day, 7 days a week (see figure 4). Customers are therefore no longer restricted to local suppliers and are thus experiencing enormous price savings (Kotler & Keller, 2012).

Figure 4. Consumers are able to compare prices from different retailers online.

The screenshot shows the Amazon.com product page for the Samsung Galaxy Tab 4 (7-Inch, White). The page features a navigation bar at the top with the Amazon logo, search bar, and links to 'Your Amazon.com', 'Today's Deals', 'Gift Cards', 'Sell', and 'Help'. Below the navigation bar, there are links to 'Shop by Department', 'Electronics', and 'Go'. The main content area displays the product image, title, and a list of offers from various sellers. The offers are sorted by 'Price + Shipping' and include details like price, shipping, condition, seller information, and buying options.

Price + Shipping	Condition	Seller Information	Buying Options
\$197.99 & FREE Shipping	New	VIDEO & AUDIO CENTER ★★★★★ 95% positive over the past 12 months. (32,568 total ratings) Ships in 1-2 business days. Ships from CA, United States. Expedited shipping available. Domestic shipping rates and return policy.	Add to cart or Sign in to turn on 1-Click ordering.
\$199.99 & FREE Shipping. Details <i>Prime</i> Learn more	New	amazon.com In Stock. Want it delivered Monday, May 5? Order it in the next 18 hours and 12 minutes, and choose One-Day Shipping at checkout. See details. Domestic shipping rates and return policy.	Add to cart or Sign in to turn on 1-Click ordering.
\$199.99 + \$4.37 shipping	New	TigerDirect ★★★★★ 89% positive over the past 12 months. (46,206 total ratings) Ships in 1-2 business days. Expedited shipping available. Domestic shipping rates and return policy.	Add to cart or Sign in to turn on 1-Click ordering.
\$199.00 + \$7.89 shipping	New	DATAVISION COMPUTER VIDEO ★★★★★ 93% positive over the past 12 months. (104,415 total ratings) Ships in 24 hours. Expedited shipping available. Domestic shipping rates and return policy.	Add to cart or Sign in to turn on 1-Click ordering.
\$199.99 + \$9.36 shipping	New	Electronics Express	Add to cart

Source; Amazon.com

The internet offers companies and brands a lot of possibilities beyond simply selling their products and services. Companies can build stronger relationships with their customers, retailers can offer detailed technical information as well as links to useful product information (Kotler & Keller, 2012). Other benefits include, access to all the information customers' need to do business available in one place and around the clock availability.

2.1 The Icelandic consumers

Most of the information available on digital marketing in general comes from the U.S or E.U. it should be interesting to look at a smaller marketplace like the Icelandic market. According to the Icelandic statistics office 96% of Icelandic households own a computer and 95% have internet access. The number of internet users in Iceland has grown to 96% of the population

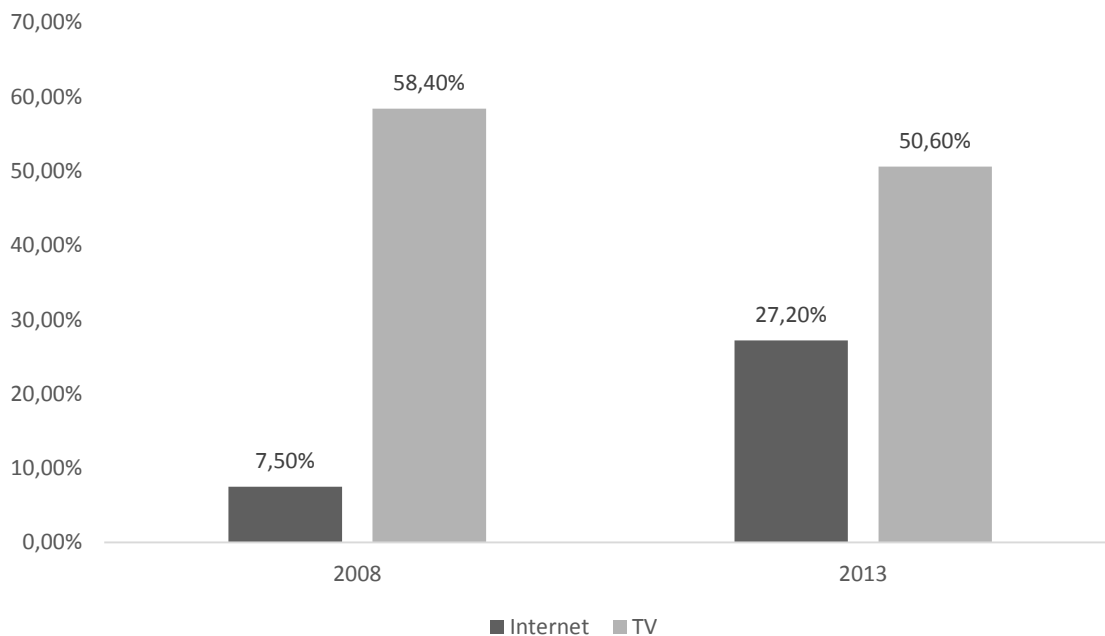
among the highest in the world. This trend also applies to smart devices as 44% of Icelandic internet users connect via smartphone (Iceland's Statistics office, 2014). In 2013 96.5% of Icelanders were active internet users and 39.9% were daily internet users (Iceland's Statistics office, 2013). Compared to the EU with 72% active internet users in 2013 it should be safe to assume that Icelandic businesses have much to gain by marketing their products online.

The Icelandic consumers are also buying online as according to Iceland's statistics office (2013) 57.6% of internet users in Iceland bought products and services online during the last 12 months, and 64% of them bought from Icelandic companies.

2.2 Icelandic marketers

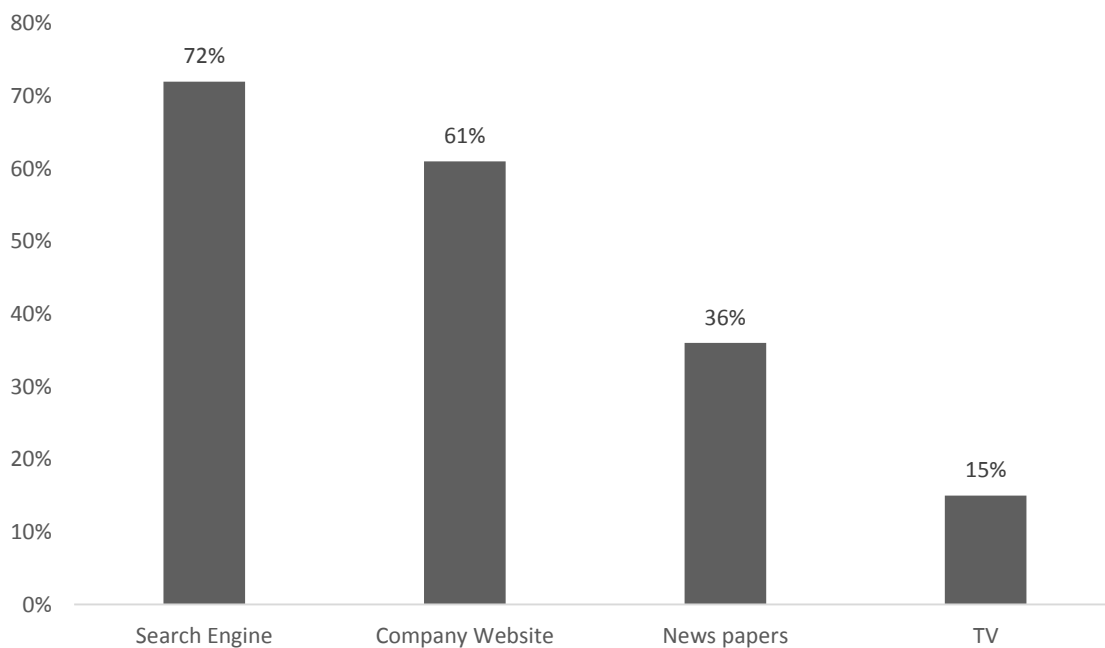
In a recent study conducted by Capacent, 27.2% of Icelandic marketers claimed the internet to be the most effective marketing medium (Capacent, March 1. 2013), up from only 7.5% in 2008 (see figure 5). While growing number of marketers are putting ever more emphasis on the digital media TV ads are getting less attention. In 2008 58.4% of Icelandic marketers claimed TV as the most effective marketing media but in 2013 50.6% said TV ads were most effective (Capacent, March 1. 2013). These numbers seem to indicate that the marketers are moving from TV to digital media. Although this trend might not be happening as fast as expected and could therefore be indicating a gap between what the marketers are doing and the consumer behavior. According to a study conducted by Capacent 72% of Icelandic consumers use search engines and 61% use company websites when looking for information on products and services (Guðmundsson & Hauksson, 2009) (see figure 6). Compared to the offline media where 36% of Icelandic consumers look for information in newspapers and only 15% on the TV (Guðmundsson & Hauksson, 2009), the gap between what marketers are doing and consumer behavior becomes apparent.

Figure 5. Most effective marketing medium according to Icelandic marketers.



Source; Gunnarsson (2013).

Figure 6. Where Icelandic consumers look for information when buying products and services.



Source; Guðmundsson & Hauksson (2009)

Although there seems to be a gap between consumer behavior and marketing practices in Iceland, the trend is moving in the right direction as marketers are increasingly moving towards the digital marketing channels. The digital marketing channels are the fastest growing marketing media amongst the Icelandic marketers, with 86.5% of them using digital marketing in 2012 and 75.3% of all surveyed increased their digital marketing in 2013 (see table 1) (Gunnarsson, 2013). The fastest growing digital marketing channel according to the survey was social media where 66% of Icelandic marketers were using social media in their campaigns in 2012 and 67% increased their usage of social media marketing between 2012 and 2013 (see table 2) (Gunnarsson, 2013). Another highlight mentioned that 46% of the Icelandic marketers used search engine marketing in 2012 and 55% increased their search engine marketing between 2012 and 2013 (Gunnarsson, 2013).

Table 1. Usage of advertising media

	Used in 2012	Increased use in 2013	Decreased use in 2013	Change
Newspapers	95,1%	13,2%	24%	-11%
Digital	86,5%	75,3%	4,2%	+71%
TV	73,5%	29,7%	10,1%	+20%
Radio	76,8%	29,4%	13,1%	+16

(Source, Gunnarsson, 2013)

Table 2. Usage of digital advertising media

	Used in 2012	Increased use in 2013	Decreased use in 2013	Change
Search engines	46%	55%	3%	+52%
Social media	66%	67%	3%	+64%

(Source, Gunnarsson, 2013)

2.3 Digital marketing

Marketing is in essence the creation and/or identification of demand for a product or service turning the demand into sales and profit (Kotler & Keller, 2012). Digital marketing is therefore the creation and/or identification of demand for a product or service turning the demand into sales and profit using the internet (Stokes, 2011). Digital marketing is hence a term used to describe marketing done via the internet, be it via home computer, laptop, smartphone or tablet,

or any other device that delivers advertising online. It includes marketing via search engine, social media, adverts placed in Emails and other ways in which the internet can be used to deliver advertising material to the consumer. Digital marketing does not mean that all the traditional rules of marketing do not apply to marketing and businesses anymore. The internet only provides an environment in which to build on the traditional marketing principles (Stokes, 2011).

The main difference between regular marketing and digital marketing is the ability to generate a massive amount of measurable data on consumer behavior (Stokes, 2011). Marketers now have access to more data via the internet than ever before possible; they can measure consumer behavior, actions and action paths, as well as results which gives them an excellent opportunity to monitor return in investment (ROI) for their marketing investments. Digital marketing offers marketers the benefit of tracking both how often an ad was seen (impressions) and also how many time the ad has gotten users to the target website (click), they can also measure what is being viewed and for how long (Stokes, 2011). This consumer tracking offers accurate measurability, precision, customization, personalization and easy consumer targeting.

Digital marketing can be particularly beneficial for businesses as it tends to be much more cost effective than regular marketing campaigns via TV stations and regular newspapers and magazines. Therefore marketers tend to see higher ROI for their digital marketing campaigns. The internet also offers a great opportunity for marketers for efficient and effective communication with their customers (Faber et al. 2004). With the ever growing momentum of user generated content via digital media, such as Facebook, Twitter, blogs, Flickr and more; marketers have had to find new ways to connect with their customers on the interactive digital channels.

At this point there is no data on the spending on digital marketing relative to the overall marketing budget for the Icelandic companies, though it is estimated to be around 6-10% (Guðmundsson & Hauksson, 2009). This seems very low since as mentioned above the consumers are online looking for information on products and services.

2.4 Digital marketing strategy

Marketing strategy should be in line with the overall business objectives, therefore digital marketing strategy should be aligned with the business objectives online. In other words if the business objectives is to increase sales then the digital marketing strategy should be to increase sales online (Stokes, 2011).

A digital marketing strategy builds on and adapts the principles of traditional marketing, using the opportunities and challenges offered by the internet (Stokes, 2011). When building a digital marketing strategy marketers must place the user in all core decisions (Stokes, 2011). Due to the ease of measurability of digital data, it becomes easier for marketers to build and implement strategies with a testing framework built in and think in terms of return on investment (Stokes, 2011). Digital marketers must also be very flexible since the digital medium is ever changing and trends can come and go in a matter of weeks (Stokes, 2011).

2.5 Challenges for digital marketers.

Digital marketing also comes with some challenges. As data becomes readily available for marketers it is also available for consumers. As consumers get easy access to online data the competition amongst retailers has increased, for example, customers are able to scan desired products in-store and look up different prices and other benefits, so if the price point is not competitive it is likely that the customer might not buy the product even though he is already in the store to do so. Easy access to various users and customer reviews has also made it more difficult for retailers to sell inferior or bad products as consumers would avoid them after reading the reviews.

Due to the endless amount of data and advertising consumers are bombarded with every day, it becomes problematic to use digital marketing in an effective manner as consumers seem to be coming immune to all the advertising aimed at them. Today's consumers have shown the ability to shut out or not pay attention to traditional marketing messages this is known as selective attention (Ryan and Jones, 2012). Selective attention also include animation avoidance when users ignore areas with blinking text or other advertising animations, and pop-up purges when users close pop-up 'windows' before they have even fully rendered (Ryan and Jones, 2012). This form of selective blindness can be a serious problem for marketers relying on online ads that include visual stimuli. Internet users are now able to install ad blockers on their web browsers which enable them to block all ads on websites (Stokes, 2011). In 1960 marketers

were able to reach up to 80% of U.S women by running a TV ad on the main networks (Kotler & Keller, 2012). Today many people buy technology that enables them to skip TV ads. Due to this change in consumer behavior, marketers must find a way to better market their products. The biggest challenge for marketers today is to create content which the consumers like, want to see and is profitable.

There still seem to be companies that do not have an online presence nor do any kind of digital marketing. In today's digital world there is almost nothing that has no internet presence, companies are listed in online databases and can also be mentioned in consumer generated media such as the social media sites (Stokes, 2011). These companies thus run the risk of letting others determine what is written about them online.

2.6 The marketing mix and marketing strategy for Digital Marketing

Whenever a company or brand wants to market a product or service they must start by deciding on a clear marketing strategy. A marketing strategy includes deciding which customer to serve and choosing a value proposition (Kotler & Armstrong, 2011). Businesses choose which customer to serve by using marketed segmentation, which means dividing the market into segments and selecting which segments they want to serve (Kotler & Armstrong, 2011). Value proposition are the benefits and/or values a company promises to deliver to its customers to satisfy their demand (Kotler & Armstrong, 2011). Companies choose a value proposition by deciding how to serve the target customer, that is, how the marketers plan to differentiate and position the product in the marketplace.

The marketing mix is a tool used to differentiate and position a product in the marketplace. This also provides a simple conceptual framework that is used to vary different elements within a product or service in order to influence the demand within the target market (Chaffey, 2009). As suggested by Kotler & Keller (2012) the marketing mix is one of the major concepts in modern marketing. The marketing mix is a set of strategic marketing tools that marketers use to generate the response they want in the target market. The marketing mix consists of everything marketers are able to do in order to stimulate demand for their products (Kotler & Keller, 2012).

The building blocks behind marketing mix are credited to McCarthy (1960), defining the key marketing mix tools as four broad groups, called the four P's of marketing: product, price, place, and promotion (see table 3). The Four P's are used as tools to turn marketing planning into

practice (Bennet, 1997). They consist of controllable variables that can be used to create an effective marketing mix, resulting in sales and profit. The goal of the marketing mix is to achieve marketing targets in terms of sales, profit and consumer satisfaction. In order for the marketing mix to be as effective as it can be the variables should be measured and updated in order to fit different situations as well as various marketing goals.

Table 3. The traditional marketing mix

The 4p's	Definition	Example
Product	What the company offers to their customers. This includes quality, design features, brand name and services	Cocoa cola is the most successful soft drink company in the world and got that way by offering their customers a quality product and design.
Price	The price customers pay for the product. Includes list price discounts and credit terms.	Coca cola is able to charge a premium price for their product because of their brand recognition.
Place	The actions that make the product available to its target customers. Place includes channels, locations inventory transportations and logistics.	Coca cola, got their market share by among other things being always available when and where customers want their product.
Promotion	Actions that communicate the qualities of the product or service to encourage the target customers to buy it. Promotion involves advertising, public relations sales promotion and personal selling.	Coca cola spends more than any other company in the world on advertising each year.

Source Kotler & Keller (2011)

To deliver value to the target customer, the company needs to create a product that satisfies the needs of the market. The firm must also decide the specific price of their product, the location and the availability. Finally, the company needs to promote the product, in order to target customers and convince them of its value (Kotler & Armstrong, 2011). Marketers use a combination of each of these tools in order to build a mix that communicates and delivers value to the target customers (Kotler & Armstrong, 2011).

The Internet has had a huge impact and is encouraging marketers to re-examine and adapt the traditional models such as the Four P's to the new and growing digital market environment and also the changing consumer behavior (Stokes, 2011). The advancements in marketing through digital channels has had a big effect on businesses and their marketing mix, so the question

becomes, is the old marketing mix still relevant today or is there a need for a new approach? Consumers still want the right product/service that services their demand at the right time, in the right place for the right price so the old Four P's should still be relevant for the digital age.

The digital marketing mix is changing as products are increasingly becoming service based as companies also offer online product experiences (Chaffey & Smith, 2008). Consequently the marketing mix in the digital age needs to be more service and customer driven. This creates a problem for the traditional marketing mix since it is more product orientated rather than service and customer orientated (Chaffey & Smith, 2008), and also uses a push approach to marketing and does not take into account the needs of the customers (Chaffey, 2009). Booms and Bitner (1981) argued that the traditional four P's is product oriented rather than focusing on services and proposed including an additional three P's to the mix which they saw as crucial for the delivery of services. According to Chaffey & Smith (2008) the digital marketing mix needs these three extra P's to be better equipped to take service into account. The three extra P's are people, processes and physical evidence. This is a change of paradigm when compared to the traditional vision of the Marketing Mix. This rationale will be explained in the following section.

2.7 The seven P's of the digital marketing mix

2.7.1 Product

The digital world is not only advantageous to the digital products and services, any product from any type of business can benefit. Digital products such as entertainment material, movies, music and video games are perhaps more suitable for the digital world but most other products can benefit as well, for example by educating, training, testing, installing and servicing, all of which companies can do over the internet (Chaffey & Smith, 2008). In the digital age, product quality has become even a bigger factor than ever before, mostly due to the newfound ability of consumers to review and survey products. Lower quality products will receive negative reviews and any lower quality products at a similar price point will be left out. Products must be even more differentiated from the competitors in the digital age.

2.7.2 Price

Price remains paramount to success. The internet has changed pricing and led to customer empowerment. Consumers now have an increased price transparency because they are regularly published online. Customer's price comparison ability has become faster and easier than ever and has thus led to a downward pressure on prices. Price comparison sites have been around for years and enable users to find the best price on almost any product. Because consumers are easily able to access pricing information from several different suppliers online (figure 3), the Internet is becoming a market of near perfect competition (Porter, 2001). This means that it can be hard for brands to compete on the online market while differentiating only on premium service quality, although many of the most successful ones are far from the lowest price, consumers are prepared to pay extra for perceived quality (Chaffey & Smith, 2008).

Because of this price differentiation, particularly smaller businesses need to start focusing on value instead of price. Value is a mixture of service and price where some customers are willing to pay a premium price for a premium product (Stokes, 2011). Research has suggested that consumers do not stay loyal to their favorite brand when the competitor offers a better price (Chaffey & Smith, 2008). Consumers appear to start with the product and then select the supplier based on price (Chaffey & Smith, 2008). Online companies are able to engage in cost cutting due to web enabled services and also, in some extreme cases cut out the middleman and his margin.

2.7.3 Promotion

In digital marketing promotion entails everything marketers do online to get their product in front of potential customers, acquire new customers and retain existing ones (Chaffey & Smith, 2008). Online promotion includes:

- The brand or company website
- Search engine optimization (SEO)
- Banner ads
- Social networking
- Email marketing
- Mobile marketing
- Blogs
- Multimedia marketing

All these promotional methods will be covered in this paper.

Many consumers use the Internet to access both information and entertainment; this has naturally lead to the Internet being used to promote products and services. Online promotion is growing and is receiving larger share of marketing budgets. Companies are able to do things via digital channels that offline channels cannot, such as communicate and create customer involvement that is unique to online users (Chaffey & Smith, 2008). The digital promotional mix is an extension of the offline variant, but with some modifications. Online promotion can be easily measured and targeted in a far more effective way. Delivering personal sales promotions based relations can be conducted online (Stokes, 2011).

2.7.4 Place (distribution)

Before the digital age, brick-and-mortar retailers were the only viable option for selling commodities. Now there are also click-and-mortar options alongside with online exclusive retailers (Kotler & Keller, 2012). The Internet provides access to the global marketplace, product distribution were markets are no longer limited by store location with the use of efficient delivery and shipping channels. Traditional marketing products need to be placed where customers are likely to want or need them. On the internet, marketers put a link on sites where their customers are likely to be (Chaffey & Smith, 2008). There is an obvious overlap for place and promotion in digital marketing as links serve as both promotion of a product links on other sites provide a broader promotion and at the same time increases the distribution as the product is made available on the target site (Chaffey & Smith, 2008).

As mentioned above there is an advantage for digitalized products for online distribution due to their format, being digital such as books, music and videos. Almost all products and services can be made available online and consumers like the convenience and lower cost of buying online (Chaffey & Smith, 2008).

2.7.5 People

This concept observes the human element that the online world brings, including personalization, peer-to peer sharing and communities (Stokes, 2011). As aforesaid, people are considered an important element of the marketing mix and with the increasing online services people are becoming even more important (Chaffey & Smith, 2008).

People are the distinguishing factor that has helped many click-and-mortar companies outperform some of the strictly online companies (Chaffey & Smith, 2008). This can be due to the fact that good customer service is needed before, during and after a sale, in order to achieve repeating sales in a competitive market (Chaffey & Smith, 2008).

2.7.6 Physical evidence

Due to the intangibility of services, customers search for physical evidence to help them assess the quality of service (Chaffey & Smith, 2008). Physical evidence refers to the way service the company provides appears from the outside (Chaffey & Smith, 2008), in the digital world that could be exemplified as the website and endorsements (Chaffey & Smith, 2008). In the offline world this physical evidence include for example company buildings, product packaging and employee uniforms. Digital businesses can provide physical evidence with a high quality website design, reassurance through guarantees, refund and privacy policies, security icons, awards, customer endorsements, independent reviews and news clippings (Chaffey & Smith, 2008).

2.7.7 Process

This concept refers to the internal and external processes, transactions and internal communications that are essential to run a successful business (Chaffey & Smith, 2008). Well organized processes and systems can result in a competitive advantage, whereas poor processes can diminish sales and damage brands. Bearing this in mind, such processes can have a huge impact on any organization. Many companies have yet to learn how to optimize these methods since 80% of potential customers tend to exit the company website before they finish the purchase (Chaffey & Smith, 2008). This might suggest that the ordering process is too complicated or confusing, or that the website doesn't work smoothly enough (Chaffey & Smith, 2008).

There are more variations of the marketing mix for example the Four C's which emphasize the customer's perspective, but going into all of them is beyond the aim of this paper. Regardless of the approach, the same principles always apply (Chaffey & Smith, 2008);

- Focus on the customer
- Rely on marketing research to know what their preferences and which variables are most important and what the customer bases their decisions on, price, quality, delivery, service, image or environment
- Always aim do a better job than the competitors by using the right mix

3. The Digital Marketing platforms

In this chapter every platform of digital marketing will be introduced as well as an in depth review of each. At the end of each platform review a table of best marketing practice according to the literature will be suggested for each platform.

3.1 Website

The first step in any online marketing strategy should be centered on the creation of a website. A company website serves as the face of the company for online viewers and should contain product and service information as well as general company information since this is the actual place of business for said firm. The site must appeal to customers, investors, the media as well as its own and possible future employees (Kotler & Armstrong, 2011).

In most digital marketing campaigns the main objective is to channel customers to the company website, as in traditional B2C marketing where the objective would be to attract customers into a store (Ryan, Jones, 2012). The objective of a company website depends on industry, but generally it will be an action which results in profits. The main goal of a company's website should always be the conversion of website traffic to sales (Ryan, Jones, 2012), and thus everything on the site should be centered on this. In other words, the website serves as a transformation engine for the traffic being sent to it by other digital marketing platforms. The conversion can be achieved in a different manner of ways (Ryan, Jones, 2012);

- Directly: via products and service information, online ordering and sales functionality, newsletter sign-up, etc.
- Indirectly via business and brand information that builds trust, and content that encourages repeat visits.

Companies have the power and freedom to design and change their website to whatever fits their needs. However while creating a website might be easy, there is a significant challenge to

design a site that is easy to navigate and attractive to the customer, in order to achieve repeated customer visits and repetition (Kotler & Armstrong, 2011). In order for a company website to be effective, it must combine the goals of the business with the needs of the customers. Otherwise the company runs the risk of building a website that their customers are not comfortable with, where users can't easily find the information they are looking for or are interested in. The first step to be considered when designing a company website would be to determine what the over-all goal of the website is and determining the target group. Because different types of websites appeal to different users, a company must design their website in order for it to attract their target market (Ryan, Jones, 2012).

To ensure that a company website is working as it should, the traffic on the site needs to be measured (Stokes, 2011). Website analysis should always account for a company's marketing campaigns (Stokes, 2011). Other various digital marketing tactics such as search engine marketing or an Email campaign could end up being unsuccessful if visitors leave the website without completing the goal of the company's site; that is to turn the sites visitors into customers (Stokes, 2011).

To ensure that a company website is achieving the intended goals marketers must measure performance indicators metrics which indicate whether objectives are being met (Stokes, 2011). Website traffic is relatively simple to monitor and every website must to be analyzed based on its main purpose. Marketers can use website analytics packages to measure all the relevant factors of a digital marketing campaign. These factors are shown in table 4.

Table 4. The measurable factors for a website

Website measures	Definition
Entry page	The first page the user visits
Landing page	Part of a web site used for direct responses from a defined marketing effort
Exit page	The last page the user visits and exits from
Visitor duration	The length of a visit.
Click through	The number of user clicks
Click through rate	The number of clicks divided by the number of impressions.
Click path	Single page visits divided by entry pages. Bounce rate is one of the most significant metrics for marketers to measure, high bounce rate can indicate high user dissatisfaction with a web site
Conversion	The completion of an action by a visitor

Source Stokes (2011).

This information generated from measuring these factors can then be used to redesign the site in order to better serve the customers and reach the company's goal (Stokes, 2011).

As mentioned above, a vast majority Icelanders use the internet as their first means when looking for information about products and services. According to a study done by Capacent 61% of Icelandic internet users age 16 to 54 go to a company website when looking for information on product or service they are thinking of buying (Guðmundsson & Hauksson, 2009). It is estimated in official statistics that 85% of the Icelandic companies have their own website, 78% offer price and/or product list for customers on their website and 35% of them offer the possibility to order products or services over the internet (Iceland's Statistics office, 2013). Since the consumers seem to be more active online, it would be expected that a growing number of businesses redirect their efforts to selling their products and/or services online, especially in countries that have high internet usage among its citizens. According to the same source, 20% of Icelandic companies reveal that it is too costly to begin offering products and services on their website (Iceland's Statistics office, 2013), 44% say the product or service is not suitable for online sale and 16% mentioned problems with sending the product or service, 9 % claim problems with personal data security, and 8% mentioned problems with laws and regulations. Despite these hindrances businesses must always follow the consumers and the consumers are moving online.

Table 5. Best marketing practice for websites.

Website Best practice	
Content	<p>A company website should contain</p> <ul style="list-style-type: none"> • Product and service information. • General business and brand information that builds trust • Content that encourages repeat visits <p>Also depending on the type of industry</p> <ul style="list-style-type: none"> • Online ordering and sales functionality. • Newsletter sign-up, etc.
Design	A company website must appeal to customers, investors, the media as well as its own and possible future employees.
Effectiveness measure	<p>Website analytics packages provide marketers with tools to measure all the relevant factors of the websites effectiveness. The importance of the different metrics depend on the type of business a company is in.</p> <p>Bounce rate. Bounce rate is one of the most significant metric for marketers to measure, high bounce rate can indicate high user dissatisfaction with a web site.</p> <p>Conversion.</p>
Data	The data collected should be used to redesign the site in order to better serve the customers and reach the company's goals.

Source: The theoretical framework.

3.2 Search engine

In order for a website to be effective customers (users) must be able to find it. Search engines are the main tool that consumers use to find information (Hennig-Thurau et al. 2010; Rangaswamy, Giles, and Seres 2009). Search engine results can display company websites blogs, Twitter feeds, Facebook profiles and also posts on various internet forums. Search engines therefore act as a doorway to the internet; consumers use them to find whatever they are looking for online. The main objective of search engines is to drive internet traffic to websites and according to Kotler & Armstrong (2011) search related ads are the most effective way to get people to company websites. Because of this companies have a lot to gain from search engine marketing in an effort to drive traffic to their company websites. According to IAB search engine marketing accounted for 41% of all online advertising revenues in Q4 of 2013 (Interactive Advertising Bureau, 2014 April).

Search engines are based on algorithms which determine the displayed results; the algorithm is built in a way so that it displays results that closest resemble what the user is looking for (Stokes, 2011). As a practical example, Google uses over 200 different factors in their algorithm to determine the ranking and relevance of pages (Stokes, 2011). The algorithm used by the search engines are never revealed so marketers cannot use that formation to get an unfair advantage.

The search engines offer companies access to huge amounts of data on consumer behavior, what they do and do not search for as well as what and how they buy (Fox, 2010). Using search engines as a marketing tool, companies can reach consumers at the exact moment when they are considering a purchase and provide them with information at the moment when they are looking for it (Fox, 2010). Companies also have much to gain by using the search engines as a marketing tool due to the traffic search engines generate. Search engines generate on average nearly four times the internet traffic (41%) of social media websites (11%) (Reeves, 2011). According to the website statisticbrain.com Google had 60,000,000 searches a day in 2000 but in 2013 that number had grown to 5,922,000,000 daily searches. According to comScore Google leads the US search market with 67.5% of total online searches in February 2014, followed by Microsoft's Bing with 18.4% and yahoo with 10.4% (comScore, 2014, March 20). In the Icelandic market Google has 90% market share (Guðmundsson & Hauksson, 2009), due to this overwhelming market share in the search engine market this paper will only focus on this company.

Search engine companies generate most of their revenue by selling advertising. The amount of ads the search engine can sell relies on the number of users. Considering this fact, search

engines must ensure that their algorithm comes up with the most relevant search results in order to attract the most users. This suggests that in order to be seen in a search result a company websites must make their sites relevant in the eyes of the user (Stokes, 2011).

As shown in table 6 search engine marketing can be divided into two categories, organic and paid results (Ryan & Jones, 2012).

Table 6. Search engine marketing categories.

Categories	
Organic results	Places the results in the middle of the search engine results and is where companies want to appear in order to increase traffic to their website.
Paid results	Marketers can buy a way to the top of the search results pages for certain keywords or phrases. This can be an effective method of generating more search engine traffic, but more competitive keywords can become too expensive for smaller businesses as the price rises as the popularity of those terms increases

Source Ryan & Jones (2012)

3.2.1 Organic results

Organic results are not linked to financial influence of any kind and are therefore called natural results (Stokes, 2011), they refer search results that appear due to relevance to the chosen keywords. In order to attract and keep users, the organic results need to be consistently reliable. Google's leading market position can be directly linked to their superior algorithm which presents highly relevant organic results (Stokes, 2011).

According to Fox (2010) users click on organic search results significantly more often than paid results. The difference in clicks on organic vs. paid tends to vary significantly depending on the source: from 85% clicks organic vs 15% paid (Fox, 2010), to 94% organic clicks vs 6% paid (Towers, 2012). The reason behind this gap in paid vs organic results has been attributed to trust, as over 70% of people claim to have more faith in organic search results (Prussakov, 2008). Not only does the organic search results get far more clicks than the paid ones, they are also much more visible to users. According to Fox (2010) 50% of users look at the first paid results while 100% look at the first organic result. Because users tend to look at organic results rather than paid, the organic visibility becomes essential for businesses aiming to increase brand awareness due to the increased visual stimuli (Fox, 2011).

By not having an organic search strategy, companies are missing a fundamental part of their business strategy and shutting out many potential customers who are looking for their business (Fox, 2010). Even though organic results gets significantly more clicks and views than paid results they can also be very hard to achieve and maintain, to get the top spot on the results organically companies have to work hard which cost time and money. According to Guðmundsson & Hauksson (2009) only a few Icelandic companies are actively working on being seen through organic search results, which makes it a lot easier to get the top spot on the Icelandic market.

3.2.2 Search Engine Optimization

In order for a brand or company to generate as much traffic as possible on their website it needs to be listed on the major search engines and also be listed high enough to be seen by users (Fox, 2010). It pays to be on the top of the search results as that is where most users click. According to Fox (2010) 62% of clicks are on search results that appear in the first page and 90% of clicks are on the first three pagers. Other benefits of ranking high in the search results is that it promotes brand recognition and users tend to perceive search engine results as an indication of brand authority (Stokes, 2011). Due to the high click rates on the first page, the main objective for marketers materializes on appearing on the first page of the search results for their particular area of business. To be able to achieve this goal marketers use what is called search engine optimization (SEO). SEO gives marketers the opportunities to place their company or brand in front of the competitors, on a platform where consumers are looking for their products or services. SEO also plays a key role in customer acquisition by ensuring that a company's message will appear in the search engine results, allowing marketers to reach potential customers (Stokes, 2011). By optimizing a website for search engines, marketers have also constructed a site that is clear, relevant and well-designed resulting in a better user experience and making SEO a key player in customer retention (Stokes, 2011).

Making a website more search engine accessible involves making the content accessible to the search engine by removing technical barriers (Ryan & Jones, 2012). Key phrases are what the users think is relevant to their search and the search engine delivers the results most relevant to those phrases, because of this it is a crucial factor for websites to contain keywords that are likely to be used by the target audience (Stokes, 2011). When choosing key words for a website the most important factors to consider are:

1. Search volume; which makes reference to how many searchers are using that phrase.
2. Competition; that is how many websites are also targeting these phrases.

Finding keywords involves narrowing down words users utilize to describe the business. When the most relevant terms have been found, SEO is achieved by; making relevant changes to the markup language of the website (HTML code) and structure of the site, to involve the relevant key words. Because the results are based on an algorithm that is changing all the time and never revealed, SEO becomes a continuous process, but done right it can be a very effective way to generate new business

3.2.3 Paid results

The search engines attract users with the organic results but get most of their revenues from paid results (Stokes, 2011). Paid search results consist of sponsored or paid for search results and are shown together with the organic results (Stokes, 2011). Paid search marketing is similar to traditional advertising; it displays a relevant text ad with a link to a company website when the users type specific phrases into the search engine (Chaffey & Smith, 2008). Paid search results are distinguished from the organic results and are usually displayed on the top and on the right side on the results page (Stokes, 2011). Marketers are able to achieve somewhat higher conversion rates with paid than organic search due to the fact that users have sought out the paid ad when they click on them (Chaffey & Smith, 2008). Studies have shown that being visible in both organic and paid search results will lead to more clicks than just being visible on either one (Yang & Ghose 2010). The rankings of paid results depend on keyword auctions where marketers can bid on the keywords (Edelman, Ostrovsky, and Schwarz 2007; Varian 2007).

3.2.4 Potential benefits for Icelandic companies

Because of the benefits of being visible on the results, search engine marketing gets the biggest chunk of the marketing budget in many countries, while in the Iceland market according to Nordic eMarketing, the search engine marketing gets a very small portion of the marketing budget (Guðmundsson & Hauksson, 2009). When put into perspective, some Icelandic companies might be losing out by not putting more emphasis on the search engine marketing. As mentioned above 72% of the Icelandic consumers look for information about products and

services on search engines. With this fact in mind, the importance for Icelandic companies of investing in search engine marketing becomes even more evident.

Table 7. Best marketing practice for Search Engines.

Search Engine marketing Best practice	
Goal	The goal of using search engine for marketers is to get users to the company website and increase brand recognition.
Approach	Search related ads are the most effective way to get people to company websites. Most users click on the top results so listing high in search results promotes brand recognition and can be seen as an indication of brand authority.
SEO	Optimizing a company website improves the ranking for specific keywords. Marketers choose key word and phrases that customers use to describe the business. The key word and phrases should include the company's products and service as not all search engine users are looking for specific companies.
Organic results	Organic search results get far more clicks and are more visible as 100% look at the first organic result
Paid results	Paid results can be a better choice for companies with bigger budgets who do not want to spend as much time on SEO. Competitive keywords can become expensive as many companies often operate in the same industry.
Organic & paid	Being visible in both organic and paid search results will lead to more clicks than just being visible on either one.

Source: The Theoretical framework.

4 Banner ads

A banner ad refers to an online advertisement with a graphic image that appears on a website (Stokes, 2011). The banner ads have been around since 1993 and are therefore among the oldest forms of digital marketing (Stokes, 2011). Marketers buy space on websites where the banner will pop up in rotation every time a user visits the page (Ryan & Jones, 2012).

Today banner ads are very popular as a marketing tool and can be seen on various websites. In order to make them more appealing to the viewer the banners are usually related to the site or content of the website they appear on (Ryan & Jones, 2012). Marketers can choose between many different types of banner ads page (See table 8)

Table 7. Types of Banner ads

Banner Type	Description
Floating ads	Banner ads that float on-top of the page.
Rich media ads	Expand when users click or roll over and have an extensive potential for interactive content, like videos.
Wallpaper ads	Change the background of the web-page.
Trick banners	Are designed to look like operating system or browser dialogue boxes instead of ads and include buttons.
Polite ads	Refers to an ad that downloads in fragments rather than all at once in order to minimize the distraction for the viewer.
Pop-up ads	Ads that open up on top of the current page. Pop-ups were popular during the early days of internet advertising but due to user annoyance most internet browsers have pop-up blockers today.
Pop-under	Similar to pop-up but open up behind the current page or active window.
Leaderboard	Can contain text, images, and animations. By clicking the board the user gets directed to the advertiser's website. This type is one of the largest display ad formats available.
Big box ads	Located on content pages where users spend great amounts of time reading articles; is also among the largest display ads available.

Source: Stokes (2011)

Same as other digital marketing platforms banner ads results are easily measurable (Stokes, 2011). Marketers can monitor almost every aspect of a banner ad campaign, from what banner ad was clicked, to what the users did after they clicked the banner, for example if the user makes a purchase or not (Stokes, 2011). Another benefit of using banner in a campaign is their high customizability. If a banner is not generating enough clicks it is relatively easy to change the banner and customize to increase effectiveness (Stokes, 2011).

Most marketers rely on click-through-rate to measure the effect of banner ad campaigns (Fulgoni & Morn, 2009), that is how many clicks or direct responses a banner gets over a specific time period, but click-through rates are not an accurate indicator of the overall effectiveness of online display advertisements (Fulgoni & Morn, 2009). With click-through-rate at about 1% banner ads seem to have limited effect. Studies have shown that the use of clicks as a single measurement of banner effectiveness, may undervalue banner ads as an advertising medium (Briggs & Hollis 1997; Dreze & Hussherr 2003; Yoon & Lee 2007).

When a banner ad is displayed it generates an impression on the viewer (Ryan & Jones, 2012), and so because the banner ads are based on visual stimuli they become an ideal channel for promoting and building brand image (Stokes, 2011), as banner ads have been linked to higher brand awareness, brand preference and purchase intentions (Briggs & Hollis 1997). Some

research have also found that exposure to ads can generate a positive effect on succeeding ad evaluation (Yoo et al. 2009), suggesting that exposure to banner ads causes perceptual priming, that improves consumer preference towards the advertised brand.

Therefore measuring the effectiveness (success) of online display ads can be a challenging task. If the goal of the banner ad is to increase brand recognition click rates do not give an accurate measure of the success. If marketers only relied on click through rates as a measure of the effects of banner ads they would probably not use them at all as according to research by comScore 84% of internet users never click on banner ads and only 8% of users are responsible for 85% of the clicks (comScore, 2009, October 1). Icelandic internet users seem to be more willing to click on banner ads, according to a study done by Capacent for Nordic eMarketing, they found that 27% of Icelandic internet users click on banner ads at least once a week (Guðmundsson & Hauksson, 2009). According to that study there are even more benefits for Icelandic marketers than the U.S ones from using banner ads.

Banner ads can have many other benefits even though they do not get clicked (Fulgoni & Morn, 2009), this includes more traffic on the company website, increased searches via the search engines, higher likelihood of customers buying the products online and in the company store.

Companies can also use banner ads that encourage users to interact with the banner (Chaffey & Smith, 2008). The effectiveness of these banners can be assessed through “Interaction Rate” which refers to the number of interactions with a banner divided by impressions. Interaction rate is usually ten times higher than click through rate if the targeting, offer and design are right (Chaffey & Smith, 2008).

One of the main challenges for marketers using banner ads as well as some other digital marketing that is visual stimuli reliant is that web users have started to show selective attention when surfing online. This is, in short that they have learned to ignore ads that get in the way of what they are looking at or doing on the internet. Selective attention for banner ads can include banner blindness, which refers to an ability of internet users to never fixate their eyes on things that look like banner ads in shape or position on the page (Ryan and Jones, 2012).

Table 8. *Best marketing practice for banner ads.*

Banner ads Best practice	
Brand image	Banner ads generate an impression on the viewer and are based on visual stimuli they are an ideal channel for promoting and building brand image.
Landing Site	Banner ads should always bring the user to the appropriate site according to the banner.
Type	Banners that encourage interaction and engagement, they can be up to ten times more effective than regular banners.
Measurement	Click through rate. Interaction Rate for interactive banners. Increased searches and traffic on company website Increase in sales.

Source: The Theoretical framework.

5 Social media marketing

The social media networks, also known as customer generated media, are revolutionizing the digital world, the way people communicate and the manner in which marketers use to reach their customers. According to emarketer.com the majority or about 88% of B2C marketers rely on social media to get their message out to the consumers (eMarketer, 2013 October 24). Social media has changed not only the way people spend their time online but also how marketers spread their messages (ComScore, 2011 July 26). The appeal of the social media sites for brands, companies and marketers has always been the ability to build online communities, the opportunity to engage with the followers and maintain contact. Organizations use online communication to target potential customers, identify market trends and implement marketing strategies (Hogg, 2010).

Before the introduction of social media on the internet, companies and brands put most of their online emphasis on their brand websites, and although these sites are still important today the emphasis has been increasingly shifting to the social media sites (ComScore, 2012 June 12). Facebook has become a powerful marketing and advertising platform over the past few years, for example 100% of the Ad Age Top 100 Advertisers have a brand Facebook page (ComScore, 2011 July 26). This trend is part due to the fact that Facebook brand regularly outperform their corresponding brand websites in terms of visits (ComScore, 2012 June 12). For example the brand Skittles had 23,000 visitors on their brand site in March 2012 while the Skittles Facebook brand page got 320,000 visitors or 14 times more than the brand website (ComScore, 2012 June 12). Still Facebook brand pages themselves do not serve as a primary means of brand engagement because Facebook users spend most of their time on the newsfeed rather than

visiting brand pages (ComScore, 2012 June 12). So the newsfeed ends up being the primary channel for brand exposure.

Due to the ability to achieve consumer engagement via social media, many brands have invested in marketing campaigns on these developing online communities. This trend becomes evident when looking at the numbers, as 90% of Inc. 500 companies (500 fastest growing private companies in the U.S.) use at least one social media site and 62% view social media as necessary to their growth (Cohen, 2013). Many of the large major brands can get a lot of followers that identify with the brand, Coca Cola for example had over 81 million fans/subscribers on Facebook in April 2014. However, it is not only the major brands that are becoming more active on the social media platform. Small and medium-sized businesses are investing in social media at an increasing rate, and their investments are generating profits (eMarketer, 2014 March 11). Almost three-quarters of small and medium-sized businesses in the U.S. that had experienced a significant growth in revenues over the last year had increased spending on social media and social ads and at least 8 in 10 claim that social media is effective for distributing content, generating word-of-mouth (eMarketer, 2014 March 11).

The biggest social networks today are Facebook, YouTube, Twitter and Google+ (Baur, 2013). In January 2013 Facebook had 1 billion active users all over the world, YouTube had 800 million and Google+ had 343 million, closely followed by Twitter and LinkedIn with 200 million active users each (Baur, 2013). Because so many internet users are active social media users the sites become a very attractive and inexpensive way for brands to stay in touch with their customers and increase brand awareness.

5.1 Benefit to marketers

The benefits for companies and brands from social media are many, as mentioned above they can connect with consumers and get their message across in an inexpensive manner as well as build brand awareness. Organizations also use online communication via social media to target potential customers, identify market trends and implement marketing strategies (Hogg, 2010). For companies social media sites can be very effective in both attracting new customers as well as engaging existing ones. The biggest advantage companies get with social media marketing is the amount of data; marketers now have the opportunity to analyze their customer demographics in an easier and more cost effective way than ever before. With this information marketers can customize their campaigns to their target audiences and share significant content.

Facebook has enabled consumers to identify brands they are interested in and therefore established a connection between the brands and the consumers. This is of great interest to marketers as they can communicate information about the brand, products and services directly to their customers that of their own free will opt in to get messages from the brands. Facebook users show their opinions towards a brand by liking the brand or as also known as becoming a fan. Users can express their feelings towards a brand due to self-expression, referral of the brand to friends, communicating with the brand, and receiving deals and promotions (ComScore, 2011 July 26).

As mentioned above, Facebook users spend most of their time on the newsfeed, the newsfeed offers marketers an opportunity to reach and engage with existing and potential customers. For the top 100 brand pages there are other 34 friends of fans that can be reached for every Fan according to ComScore (ComScore, 2011 July 26). This fact can be extremely valuable for brands according to a Nielsen report, 92 % of consumers trust a friends recommendations over traditional ads and that ads that are endorsed by a friend, generates 55% higher ad recall (Nielsen, 2013 September). This higher trust does not only apply to friends as 68% trust consumer opinions posted online (Nielsen, 2013 September). Due to the effect of positive comments on consumer behavior, companies are interested in using them for spreading a positive brand image among customers. As a result many companies have begun to invite customers to rate their products or services. User comments are part of online word-of-mouth. By monitoring the comments on social networks such as Facebook and Twitter organizations can use them to improve their products and services. Negative comments can also provide information on limits and possible opportunities for improvement of products or services.

5.2 How it works

Companies can engage in social networks in two ways according to Kotler & Armstrong (2011):

1. Join in on existing social networks; many major brands have joined social networks such as YouTube, Google+, LinkedIn and Facebook.
2. Set up their own sites, companies can also launch their own web communities in order to create a relationship between the brand and important customers, such communities are usually brand or product specific and the owners have a much better control over the content.

The goal of both is to make the brand a part of consumers' conversations and their lives. Many major brands have joined social networks such as YouTube, Google+, LinkedIn and Facebook.

There are three ways for brands to seek audience on Facebook (ComScore, 2011 July 26). Through fans that are those users who explicitly "like" the brand

- Friends of fans. Friends of fans is understandably a much larger group of consumers than the fans themselves, the reach of branded content among friends of fans is far greater than the reach among fans
- Sponsored posts.

According to AdAge (2012, January 27) only around 1% of fans engage with a brand message, this fairly low engagement can still be beneficial to brands as according to smartinsights.com (13. November, 2013) click-through rates for display ads stand at around 0.1% which makes the engagement on Facebook 10 times greater.

5.3 Measuring results

Many of the companies that market their brand on Facebook seem to rely on counting Facebook "likes" or fans as a marketing performance measure. According to ComScore the value of a "like" for brands can be assessed in three ways Reach, Engagement and Amplification (ComScore, 2012 June 12) (See table 10).

Table 9. Value of “like”

Assessment	Description
Reach	Facebook uses an algorithm to determine what pops up on the newsfeed based on relevance to that user, similar to the search engines. Brands that the user interacts more regularly with, either through messages, views, likes or comments are more likely to appear in the newsfeed of that user. This is known as fan reach. In order to increase the chance of the content appearing in the user newsfeed, marketers need to be frequently publishing content that is appealing to the user. Marketers can also use Facebook’s ad platform to extend their reach, that way a post is promoted by Facebook in order to make sure it reaches a much larger percentage of the brands fans than marketers can ever reach with the organic reach.
Engagement	Engagement with brands on Facebook means likes, shares, posts, and check-ins. When the users like or post on content on Facebook it appears in the newsfeed of their friends and if they share that same content is also appears and stays on the page it was shared on, either the users own page or a friends page if shared there. This makes it very beneficial for marketers to generate content that users want to share or engage with, in some way as they are able to get much greater reach. Check-ins works the same way as friends of the user gets a notification when the user checks in.
Amplification	Increasing the reach of a brand message through the user’s network is called amplification, happening when fans work as a channel for brand exposure to friends within their respective social networks. According to ComScore average brands from the top 1000 brand on Facebook can achieve an amplification of 81x due to factors like fan reach. Brands are sometimes able to double the reach of their posts through friends of fans. Facebook also offers sponsored stories as a means to promoting brand engagement to friends of fans.

Source: ComScore, (2012 June 12).

In 2012 Facebook restricted organic reach in order to get companies and brands to use Facebook’s ad platform. Facebook defines Organic Reach for a brand post as “The number of unique people who saw your post in News Feed or on your Page, including people who saw it from a story shared by a friend when they liked, commented on or shared your post, answered a question or responded to an event” (Facebook, 2014). In February 2014 Facebook limited the organic reach of brand pages to about 6% according to social@ogilvy, a drop of 49% from top levels in October 2013 (social@ogilvy, 2014 March 6). The organic reach is now around 2% and is suspected to go as low as zero in the near future for Facebook pages with more than 500.000 followers (likes) (social@ogilvy, 2014 March 6).

With the possible end of the organic reach on Facebook, as the company seems to be moving from earned reach to a strictly paid reach companies and brands must find new ways to stay in touch with their followers in the future. One possibility is to pay for results, moving more towards paid results brands must be more selective in what they publish and promote (social@ogilvy, 2014 March 6). Marketers will still able to get their message through to their

followers by organic means, by creating interesting and engaging content that consumers are likely to share and discuss, thus relying on the content to go viral on the social media.

5.4 Potential benefits for Icelandic companies

In Iceland 81.7% of internet users use social media sites such as Facebook and Twitter, when taken as a portion of the population instead of just internet users it is extracted that 79% of the population age ranging between 16-74 use social media (Iceland's Statistics Office, 2013). As these numbers indicate social media is quite big in Iceland and there should therefore be much to gain for Icelandic companies that sell to the Icelandic market. Icelandic companies have been following the trend of the consumers as 59% of Icelandic companies use social media as part of their marketing, which is the highest amongst the European countries, with a mean of 52% (Iceland's Statistics Office, 2013). When asked what they did on the social media sites 30% of the Icelandic companies mentioned monitoring the opinions of the customers, 8% said to get customers involved in research and development of products and services (Iceland's Statistics Office, 2013), which is fairly low compared to a 9% mean among the other European nations.

5.5 Challenges

Although it seems easy to do, social media marketing must be done right. Being successful on social media networks presents challenges and most companies are still experimenting with how to use them successfully, and the overall benefit can be hard to measure (Kotler & Armstrong, 2011). The complex environment of social network marketing can also be challenging to navigate. Many businesses seem to be running into problems with marketing their brand on social media because they lack clear strategy and use marketing on social media because they feel they should be part of it and not because it fits their overall business strategy.

One of the main challenges for marketing brands on social media is that there seems to be an increasing trend amongst consumers to object to major companies collecting their data via social networks. Recent data suggests that 75% of social media users do not want big companies to use their information for commercial purposes (Hart, 2013)

One of the challenges for marketers that use social media as a marketing platform is that social media sites along with other social networks are generally user controlled and therefore include a big risk. If a customer is unhappy with a product or service and complains openly on the company's social network, other potential customers might be affected by the negative

comments (Kotler & Armstrong, 2011). Companies must always act quickly in order to steer away from such disasters. If done right, companies can show their potential clients that their customer service is good due to many positive comments about the brand on their social network site.

Despite these challenges social media offer considerably more benefits to businesses. Companies should try to reach their target clients via the consumers preferred medium and keep in mind that 80% of social network users prefer to connect with brands via Facebook (Jorgensen, 2012). Also 47% of Americans say that Facebook has more influence on their purchasing decisions than any other social network (Baer, 2012).

Table 10. Best marketing practice for Social media.

Social media Best practice	
Objective	Companies should have clearly defined objectives for their social media otherwise they can run into problems marketing the brand.
Engage with customers.	Social network users prefer to connect with brands on social media sites so companies should use the sites such as Facebook to engage with their customers. Companies should have clearly defined guidelines on how to speak with customers on social media to make sure the company voice is always the same.
Customer targeting	Organizations also use online communication via social media to target potential customers, identify market trends and implement marketing strategies (Hogg, 2010).
Customized campaigns	Companies should analyze their customer demographics and customize their campaigns to their target audiences and share significant content
Brand image	Positive comments can have a positive effect on brand image, so encouraging followers to write comments can be beneficial for companies.
Listening to customers	Companies should monitor user comments on social media sites in order to improve their products and services. Unanswered negative comments can be damaging for the brand image so companies must answer negative comments from customers.
Promoted posts	In order to get the brand message to the social media user's marketers must use promoted posts.
Organic reach	Organic reach has been restricted on Facebook as the company seems to be moving from earned reach to a strictly paid reach.
Content	Companies should generate content that users want to share and engage with.

Source: The Theoretical framework.

6 Email

Every Email sent from a company to potential or current customers can be defined as Email marketing (Stokes, 2011). Email marketing is one of the oldest but still one of the most effective digital marketing strategies available (Stokes, 2011). When companies plan to build and/or maintain a personal relationship with their customers Email marketing becomes a vital platform for marketing communication (Ellis-Chadwick, Mayer & Johnston, 2009), it lets marketers send targeted, personalized, relationship-building messages to current and potential customers (Kotler & Armstrong, 2011). Because of this many companies use Email marketing as part of their overall marketing strategy. According to a study by the Direct Marketing Association, 79% of all direct marketing campaigns employ Email, and Email marketing spending is estimated to reach \$2 billion in 2014 in the U.S. (Sisodia, Wolfe, and Sheth, 2007).

When used properly, it can be a very effective direct marketing tool. One of the main reasons behind Emails popularity and effectiveness is its cost effectiveness, high target ability, customizability and measurability. Emails sent by companies to customers or potential customers include:

- Transactional Emails
- Newsletters: do not have to be ads and are sent to provide information to the customers and are tended for long term goals
- Promotional Emails: are sent to inspire a purchase
- Retention based Emails

Due to extensive usage of Email as a means of communication between consumers, Email marketing has the advantage of low start and distribution costs. Email marketing makes targeted distribution of promotions such as discounts and coupons fairly easy and affordable (Moustakas et al., 2006). It has the ability to maximize retention and value of customers and thus lead to higher profits (Stokes, 2011). The low cost, high retention and target ability of consumers makes this marketing tool one of the most cost effective strategies available. As a matter of fact, Email marketing campaigns can produce up to twice the ROI of the other digital marketing platforms such as banner ads (Pavlov et al., 2008).

Although Email can be very effective as a marketing tool its effectiveness varies. According to Ellis-Chadwick & Doherty (2011) there are a number of factors that influence the effectiveness of an Email marketing campaign. The most important factors are the sender and subject line. The first thing that the receiver sees is the sender and the subject line. If the sender is unknown

odds are that the Email will not be opened, also if the subject line does not interest the receiver the Email is likely be deleted unopened. The subject line of the Email must be able to get the attention of the customer fast and get him/her to open the Email, otherwise there might be no other opportunity for attention and the message could be deleted and therefore the benefit of the Email is lost.

The attention of the receiver has to flow from the subject line into the message, as it will not happen the other way round (Ellis-Chadwick & Doherty 2011), therefore the marketers must put a lot of creative thinking into the subject line in order to be more successful in their Email marketing campaign. Other factors that come into play for the success of Emails as a marketing tool are personalization to the specific customers as well as interactive features and links to a website (Ellis-Chadwick & Doherty 2011). Research has also shown that Emails that include discounts have a higher open, click and transaction rates (eMarketer, March 17. 2014).

To assess the effectiveness of an Email campaign, marketers can measure:

- The number of delivered Emails
- Bounce rate (The failed delivery of an Email)
- Number of opened Emails
- Numbers of those who unsubscribe: if loss of subscribers is high the company might not be meeting the customers' needs with the Emails
- Pass on rate
- Click-through rate
- Conversion rate

As with other marketing tools Email marketing has some challenges that marketers must be aware of. Emails can be very intrusive due to the high volume of spam. Receivers can therefore be irritated when receiving Email ads and that could potentially hurt the brand image (Kotler & Armstrong, 2011). To tackle this problem most companies now use some form of permission-based Email marketing where only the customers who have opt in to get Emails receive them (Kotler & Armstrong, 2011). Consumers tend to react positively to permission-based advertising. When used in direct marketing permission based Email advertising has similar features as SMS permission-advertising (Rettie, Grandcolas, & Deakins, 2005), which has been shown to produce a positive attitude towards brands (Tsang, Ho, and Liang, 2004). Permission-based Emails have become the norm due to customer's complaints. So in order for a company

to run a successful Email marketing campaign they first have to build a data base of customers that have agreed to receive Emails from them.

The main incentive that marketers use to get permission from customers or get them to "opt in" to a company's mailing list is the expectation that they will receive something that matches their interest (Grunert, 1996; Gengler and Thomas, 1995), as customers are more likely to open these Emails. Because of this, marketers should benefit by dividing their customer base into different segments according to their interest. According to Nasco and Bruner (2008) the relevance of the message to the receiver is a significant factor for effectiveness of digital advertising. Other factors that influence the open rate of Emails are the length of an Email. Shorter Emails, as determined by the number of scrolls needed to read, have higher click through rate (Chittenden & Rettie, 2003), longer Emails increase the likelihood that the receiver will unsubscribe from the Email list.

Table 11. Best marketing practice for Email marketing.

Email Best practice	
Sender & subject line	The sender must be someone the receiver recognizes otherwise the email will most likely be deleted. The subject line of an email must be able to get the receivers attention
Length of an email	The email objective should determine its ideal length. Shorter emails, as determined by the number of scrolls needed to read, have higher click through rate longer emails increase the likelihood that the receiver will unsubscribe from the email list.
Content	Emails that contain discounts have a higher open, click and transaction rates
Frequency	Frequency of emails is important for building customer relationships too many can annoy and too few could lose the receiver's interest.
Personalization sender and subject line	Personalization should improve click-through rates The first thing that the receiver sees is the sender and the subject line. If the sender is unknown odds are that the email will not be opened, also if the subject line does not interest the receiver the email is likely be deleted unopened
Building an Email database	Companies must always ask for permission before sending Emails to customers or potential customers. Due to the high volume of spam recipient of emails can become irritated which could potentially hurt the brand.
Effectiveness measure	To effectively assess the success of an email campaign marketers must measure; The number of delivered emails Bounce rate (The failed delivery of an email) Number of opened emails Numbers of those who unsubscribe: if loss of subscribers is high the company might not be meeting the customers' needs with the emails Click-through rate Conversion rate

Source: The Theoretical framework.

7 Mobile

Driven by the fast technological advancements marketers have an increasing number of marketing opportunities to choose from. Since the introduction of smartphones, tablets and other mobile devices marketers have had the ability to reach and interact with consumers anywhere and anytime. Mobile marketing campaigns can drive consumers to company websites and also allows users to conduct online searches for products and services.

There are various ways for marketers to engage with consumers via mobile devices (Stokes, 2011), (See table 13).

Table 12. Mobile marketing platforms

Mobile Marketing	Description
Mobile Website	Due to the size constriction of some mobile screens mobile websites must offer a simpler version of the original site, including only the essential content that the users need and want.
Mobile Apps	One of the newer opportunities available to marketers is the mobile app. In-app advertising can be in the form of banners, pop ups or full screen ads. One of the biggest benefits of the in app ad is that it offers users with an interactive experience. The mobile app market has grown considerably over the last few years both for the android market via Google play and the apple market via the iStore. The smartphone gives the user the opportunity to redesign the purpose of his device by his choice of downloadable apps. In-app advertising offers marketers the opportunity to target their customers directly via their mobile devices.
SMS	Short Message Services or SMS is the world's largest data application and offers a two way communication. SMS presents a way to send marketing messages to a specific target segment at a particular time.
QR Code	Quick Response Code or QR offers a convenient way to share product or promotional information. QR Codes also offer a way to activate offline advertising and therefore make it interactive and measurable. A newspaper ad can include a QR code which takes users directly to the company website or to a campaign specific site.

Source: Stokes (2011)

The smart mobile devices are fast becoming more and more central to people's lives, as consumers spend more and more time on them. In the US for example consumers spent 11.7% of their time on mobile devices in 2012 (MillwardBrown, 2012), and this trend is likely to

continue to grow. In 2013 47.5% of Internet users at age 16-74 used Internet enabled mobile devices up from 44.2% in 2012 (Icelandic statistics office, 2014).

Due to the increase in popularity of mobile devices marketers are increasingly integrating them into their marketing strategy. According to eMarketer (January, 9. 2014) the fast adaptation of mobile devices among consumers fueled a significant change in mobile marketing and mobile ad spending are estimated to grow by 62.1% in 2014 topping at \$29.4 billion.

In order to run a successful mobile ad campaign companies must provide useful information and offers that will make consumers want to receive the ads. Many companies now operate mobile websites, optimized for mobile devices and some have even created apps to involve customers with their brand name and sometimes to help them buy the company's products (Kotler & Armstrong, 2011). According to MillwardBrown (2012) a good mobile app or a website is free, fast, clean and easy to use. It should also explain what it offers, be focused on ease of use, deliver something of value and not prone to crash. A good mobile ad is engaging and interactive (MillwardBrown, 2012).

If done right mobile marketing can be very beneficial for companies as mobile ads tend to have 3 – 4 times the impact on all brand metrics than traditional online ads, also according to the MillwardBrown (2012) research 35% of mobile users have improved opinions of a brand after receiving deals and promotions on a mobile device. Thus mobile marketing has been shown to be very effective at brand building as well as being very flexible and can play a diverse part in the marketing mix (MillwardBrown, 2012).

Much of the mobile marketing comes in the form of Emails and SMS, which share many similarities, and many of the same rules apply to mobile marketing as Email marketing. According to Barwise and Strong (2002), consumers react favorably when they choose to receive SMS messages.

7.1 Challenges

Since mobile marketing is relatively new to both consumers and marketers, attitudes of consumers to mobile marketing can easily change in the near future. Further research is needed, in order to get a better idea of how consumers will react to the innovative marketing opportunities the smart devices offer. In 2012 just 17% of smartphone users saw mobile ads in a favorable way, compared to 34% for online display ads (MillwardBrown, 2012). Marketers can improve the attitudes towards mobile marketing by showing more respect for the platform

and the consumers (MillwardBrown, 2012). Research has shown that if mobile marketing is done wrong consumers can become irritated and therefore negative towards the company brand (Kotler & Armstrong, 2011). In order to keep a positive company brand marketers must limit their usage of messages sent to mobile devices. Three messages a day from all marketers combined has been shown to be optimal (Barwise and Strong, 2002). So advertisers should limit their amount of messages sent.

According to Hart (2008) consumers view their mobile devices as part of their personal space and are very sensitive to privacy issues regarding their devices (Hart 2008). Because mobile devices are perceived as personal, permission and privacy should be the basis of any mobile campaign (Stokes, 2011). According to Barnes and Scornavacca (2004) getting permission from the receiver before sending messages will lead to higher acceptance and effectiveness of mobile advertising While most consumers are tolerable towards mobile marketing, still only few consumers see it as a positive thing (MillwardBrown, 2012). Ignoring these facts and sending the consumer endless amount of messages will end up being unsuccessful and most likely harmful because of the annoyance they will cause the consumer. It is therefore very important that marketers strive to be sensitive about consumer's privacy.

Table 13. Best marketing practice for mobile devices.

Mobile Best practice	
Frequency	Three messages a day from all marketers combined has been shown to be optimal.
Permission	Marketers must get permission from the receiver before sending messages, that will lead to higher acceptance and effectiveness of mobile advertising
Message type	Mobile users tend to have improved opinions of a brand after receiving deals and promotions on a mobile device.
Website	Because consumer are spending more time on mobile devices companies should offer their website in a mobile version or make it accessible through an app.
Email & SMS	Email & SMS permission based advertising has been shown to produce a positive attitude towards brands

Source: The Theoretical framework.

8 Blogs

A blog is a frequently updated online diary or news source that has become a significant channel for online word-of-mouth (Chaffey, 2009). Blogs can combine text, images, and web-links to other pages and to other similar or related media (Chaffey, 2009). There are millions of blogs

along with social networks online, offering personal opinions, reviews, and recommendations and the rest of the online world is listening and answering (Kotler & Keller, 2012).

Blogs can be highly effective as a marketing platform as they are highly contextual and fixated on a one issue, so the theme of the blog can accord with a company product (Müller et al 2011). Also blogs reach consumers that are interested in the subject (Papacharissi 2007).

A significant factor for blogs is that the readers have the option to leave comments on many of the blog sites, this makes the blogs an interactive communication tool. The comments offer consumers a platform to post their personal opinions, reviews, ratings, and recommendations on almost any issue, there are many blogs consumers can use and their numbers continue to grow (Kotler & Keller, 2012).

Popular blogs can have the ability to create powerful opinion leaders; many of them review products and/or services and may have thousands of followers which makes them very important to brands (Kotler & Keller, 2012). These blogs are also often one of the top search results for certain products and brands on the search engines which makes them even more important to company brands. Due to the fact that popular blogs are able to appear at the top of search results and have the ability to create opinion leaders there is a big potential for massive exposure for brands through blogs. According to Ryan & Jones (2012) companies are able to achieve more exposure if picked up by a popular blogger than with many traditional marketing tools. According to one study up to 92.3% of internet users trust advice they get from strangers on consumer blog reviews online while only 7.7% trust the description of the manufacturer more (eMarketer, 2010 February 10) , which highlights the point that marketers must follow closely what is being said about their company or brand online.

Because of the potential impact the bloggers can have on the consumers it becomes a crucial factor to be able to monitor the online word-of-mouth in order to be able to take action if the reviews are negative. Research has shown word of mouth to affect television ratings (Godes and Mayzlin 2004), movie sales (Liu 2006), book sales (Chevalier and Mayzlin 2006), stock prices (Luo 2009), customer acquisition through online networking sites (Trusov, Bucklin, and Pauwels 2009), and new customer profitability (Villanueva, Yoo, and Hanssens 2008).

There are companies and various software programs that specialize in analyzing the online word-of-mouth on blogs and social networks to help companies to assess the customers brand, company or product perception.

It's not just the consumers who are blogging. Corporations and brands are now creating their own blogs. According to Ryan & Jones (2012) company blogs should be used to deliver the customer a personal insight into the company brand and as an engagement tool into the growing online community and not as product or brand promotion. Companies can benefit from the consumer engagement offered by the blog sites, they can either take part in a conversation on existing blog sites or build their own. By taking part in a conversation on existing bog sites companies are able to answer questions and try to prevent a misunderstanding that can exist between the company and some customers. By constructing their own blog companies can engage with consumers and show a personal side of the business, they can provide answers and try to improve the customer experience. Company blogs can be used to feed information and updates to consumers, and provide links to their marketing campaigns, show the expertise of those within the company or whatever they deem relevant (Chaffey & Smith, 2008). Blogs as well as social media can help to add a personal component to the brands and make human connections.

Not all blogs are positive for businesses, as consumers can use the blog as a means of retribution and revenge against companies they have had some kind of a bad experience with. Negative reviews on blog sites are not always a bad thing. Negative reviews can actually sometimes be helpful as some consumers view them as helpful and purchase the products despite the negative reviews. They perceive the reviews as a personal taste and opinions of the reviewer that differ from theirs. Consumers can sometimes learn more about a product through negative reviews and they can result in fewer returns saving the retailers money (Kotler & Keller, 2012).

According to Capacent (2009) over 90% of Icelandic bloggers write about brands. About 80% of Icelanders read blogs, which makes blogs an effective way to reach customers. Still the Icelandic marketers seem to ignore this as only 15% of Icelandic companies use blog as part of their digital marketing strategy (Iceland's Statistics office, 2013), this also includes microblogs such as Twitter. Because so few Icelandic companies are using blogs in their marketing strategies it should be safe to assume that this is an untapped source for marketers in the Icelandic market.

Table 14. *Best marketing practice for Blogs.*

Blogs Best practice	
Information	Blogs should be used to deliver personal insight into the company brand and as an engagement tool into the growing online community, not as product or brand promotion.
Get involved	Companies should take part in the conversation on existing bog sites to be able to answer questions and try to prevent a misunderstanding that can exist between the company and some customers.
Building a company blog	Companies should consider constructing their own blog. Company owned blogs offer an opportunity to engage with consumers and show a personal side of the business, and also provide answers and try to improve the customer experience.
Monitor the online word-of-mouth	Companies should monitor the online word-of-mouth and take action if reviews are negative. Monitoring blogs can also help businesses to assess the customer's brand or product perception.
High usage in Iceland	Because of the high usage of blog sites in the country Icelandic companies should take part in blogs.
Brand exposure	Blogs offer a potential for massive exposure if picked up by a popular blogger.

Source: The Theoretical framework.

9 Multi Media marketing

In recent years it has become more cost effective to make and distribute videos and other forms of multimedia suitable for marketing. The number of consumers that watch videos, listen to music and follow various podcast online has increased rapidly over the last few years, in fact YouTube has become the second largest search engine (Stokes, 2011). According to YouTube statistics over a billion users visit YouTube each month with the site reaching more consumers age 18-34 in the US than any cable network (YouTube statistics, 2014 April 15). In February 2014 according to comScore, 182 million viewers watched 49 billion online videos in the U.S, YouTube ranks number one with 152 million unique viewers and 11 billion videos followed by Facebook with 91 million viewers and 6.7 billion videos (comScore, 2014 April 8).

YouTube promotes videos that users like and are watching, as with the search engines this is because YouTube needs to promote quality content that users like in order to get them to continue to frequently visit the site (Stokes, 2011). Users also promote content that they like and often share that content with their friends. Therefor marketers can benefit by producing interesting, entertaining quality videos for sites such as YouTube that catches the user's attention as the content is likely to get promoted both by the site and the user.

If a company is able to produce a video content that is entertaining and/or interesting and internet users start sharing it by themselves chances are that that content goes viral. Viral marketing is another version of the online word-of-mouth marketing, it involves company designed viral ad on social media sites that can result in a ripple effect, as the ad is passed from user to socially connected friends (peer to peer) all over the internet (Kotler & Armstrong, 2011). The recipients of a viral marketing campaigns are more often positive towards the ad because it comes from a friend, and because people send it amongst themselves viral marketing tends to be very inexpensive.

Viral videos can have great value for companies as users are willingly watching and passing on advertising for free also it should be likely that the advertising will be seen in a positive light when they are shared by a friend. According to Yoon and Lee (2007) consumer attitude towards an ad has a positive correlation with brand image. According to Dobeles et al. (2005) an effective viral marketing campaign must be

- Engaging in order for the message to be passed on.
- Able to capture the imagination by being fun or intriguing.
- Attached to a product that is easy to use or highly visible.
- Well targeted.
- Associated with a credible source.
- Able to combine technologies.

Digital media is also likely to be forwarded if it triggers strong emotion for example fear, sadness, humor or inspiration (Phelps et al., 2004). One of the most viral ads of 2013 featured an action movie star (Van Damme) in a Volvo commercial. As of May 18 the ad had 72.5 million views on the Volvo YouTube channel. These numbers clearly show the potential benefit for companies who succeed in producing quality content for multimedia sites. According to the Icelandic Statistics Office only 19% of Icelandic companies use multimedia sites such as YouTube as part of their marketing campaigns.

After producing content aimed at multimedia marketing campaigns the issue becomes getting the content to the consumers. YouTube uses its own algorithm to deliver the most relevant content to the users (Stokes, 2011). Therefore in order to make a company ad visible on the site the same rules apply as with the search engines as mentioned above.

Optimizing a video for YouTube involves SEO (Stokes, 2011).

- Video title
- Descriptions
- Tags for key words
- Encourage viewers to leave comments, subscribe to the channel, rate the video, and share.
- Regularly upload content to ensure continuous channel activity and interest.

Table 15. Best marketing practice for multimedia marketing.

Multimedia Best practice	
Content	Companies should strive to produce interesting, entertaining quality content for sites such as YouTube that catches the user's attention as the content is likely to get promoted both by the site and the user.
YouTube Channel	Companies should have their own branded YouTube Channel
YouTube SEO	To be able to get their content to viewers marketers must promote their content similar to how content is promoted on search engines.
Title	The title is among the first things users see. Longer, descriptive titles are more effective than short titles.
Description	Search engines look for key words in the description to determine what the video is about. Marketers should include the most relevant keywords in the description.
Promotion	Encourage viewers to leave comments, subscribe to the channel, rate the video, and share.
Frequency	Regularly upload content to ensure continuous channel activity and interest.
Measuring Success	YouTube offers detailed statistics about uploaded videos. Marketers should monitor how often videos are viewed, as well as how popular their videos are relative to other videos in that market over a specific period.

4. Research questions

What are the general trends of digital marketing in Iceland?

How are the Icelandic companies conducting their digital marketing campaigns?

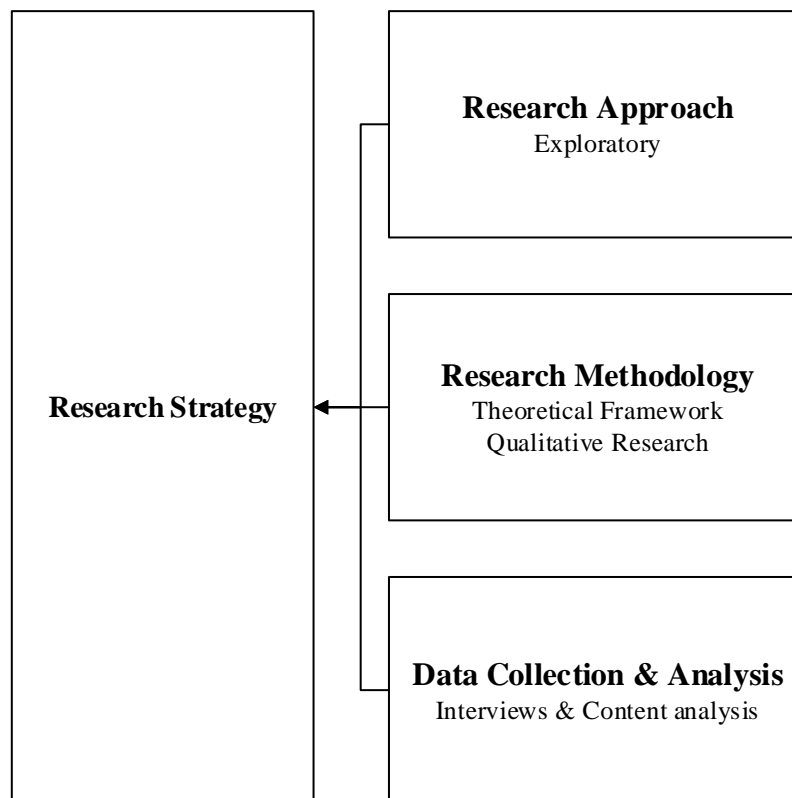
What are the future themes of digital marketing in Iceland

5. Methodology

The purpose of this research is aimed at exploring what marketers in Iceland are doing regarding digital marketing, comparing that data to best practice according to the theoretical framework. After a thorough research process, limited information regarding digital marketing in the country has been found. Due to this lack availability, it was decided that a qualitative research approach will best suit the research needs of this thesis.

5.1 Research design and approach

Figure 7 the outline of the research method.



Source: Author

The research strategy is outlined in figure 7. One of the main benefits of qualitative research methods according to Stokes (2011) is their ability to assist researchers in identifying and constructing potential hypotheses. The numbers of respondents are small and only partially representative of any target population, making them introductions to, but not substitutes for, carefully structured, large-scale field studies (Aaker, et al., 2013).

Due to the qualitative nature of this research it can be characterized as exploratory. Exploratory research is used to seek insight into the nature of a research question and the general variables that need to be considered (Aaker, et al. 2013). Exploratory research is therefore most appropriate when little prior knowledge is available, as it is in this case. Because of this, the results of this thesis can be used to identify the theme that exist within the digital marketing field in Iceland, and as a consequence used to formulate testable hypothesis.

5.2 Data collection

Because of the exploratory nature of the research, the most appropriate data is the personal opinions of the marketers themselves. In order to be able to acquire the in depth understanding of digital marketing needed for this research, face to face interviews were chosen as a data collection method.

According to Yin (1994) “The most significant source for obtaining case study information is interviews”. Individual in-depth interviews are interviews which are done face-to-face with the respondent, in which the research topic of the interview is covered in detail (Aaker, et al. 2013). The face-to-face in-depth interview method is most appropriate for this type of research due to the ability to get more in-depth answers to the questions as opposed to surveys; participants are also able to describe their answers in more detail to give a better view of the rationale behind their chosen digital marketing strategy.

According to (Aaker, et al. 2013) in depth interviews provide;

- More quality as interviewers can ask the interviewee directly and hear his personal views.
- More quantity because the interviewee can get more information from each participant.
- More depth, in depth interviews offer the researcher more relevance to the research
- More representation, as in depth interviews as respondents can be carefully selected to represent the research objectives.

In-depth interviews can be conducted in two ways, nondirective and semi structured, these two methods vary in the amount of direction the researcher provides (Aaker, et al., 2013). In nondirective interviews the interviewer provides maximum freedom to the respondent, within the bounds of the research topic (Aaker, et al., 2013). In semi structured interviews the

researcher aims to cover a specific research topic, and as a consequences the freedom of the interviewee to go off topic is minimized (Aaker, et al., 2013).

In order to get the most relevant information from the interviewees in the data collection process, a semi structured interview method has been chosen since it offers higher flexibility over nondirective interviews. The increased flexibility allows for open ended questions rather than asking strictly yes or no questions. All the questions were designed to be open ended and if they offered the possibility of a yes or no answer the interviewee was asked to elaborate.

5.3 Participants

The participants in this research were five marketing professionals from five different companies and four different industries (See table.).

The participants were chosen from a list of Iceland's 300 biggest companies, 75 Emails were sent out six answered back and five ended up participating. The Emails were sent directly to the marketing manager of each company.

Table 16. List of participants

Company	Position
IT company I	Head of marketing
IT company II	Digital marketing specialist
Finance Company	Marketing Director Development Manager Online Banking
Automotive company	Sales and marketing manager
Petroleum company	Marketing manager

5.4 Research conditions

All the interviews were conducted at the main offices of each company. The interviews took between 45 and 60 minutes.

5.5 Procedure

An interview questionnaire was created by the researcher based on the theoretical framework. All the interview questions were created with the research purpose in mind in order to get a clear insight into the digital marketing practices in Iceland. The interviews were all recorded on

a smartphone. The results were transcribed and the data coded and sorted. All interviews were conducted in Icelandic, after the interviews had been transcribed they were translated into English.

Anonymity is integral to create a bond of trust between the interviewer and interviewee. Providing said anonymity is crucial to be able to ensure that the data is less prone to bias and deception. In order to secure this, all respondents were made aware that neither they nor the company would be identified or identifiable. Once the research and data gathering is complete, the recordings along with the transcripts were be destroyed. This was done in order for the respondents to be able to give information about their digital marketing strategy in a competitive marketplace.

5.6 Data analysis

Data analysis can be divided into three steps: data reduction, data displaying and conclusion drawing (Miles & Huberman, 1994).

1. "Data reduction refers to the process of selecting, focusing, simplifying, abstracting, and transforming the data that appear in written up field notes or transcriptions" or simply extracting the essence from the data. Data reduction for this research involves elimination of unnecessary data.
2. Data display refers to "an organized, compressed assembly of information that permits conclusion drawing..." Data display allows the researcher to draw conclusions from the collected data, or organizing the data for meaning.
3. Drawing conclusion involves explaining the findings.

After the data collection from the interviews, transcripts were elaborated and translated into English. Using the transcriptions each individual answer for the interview questions was compared in order to find a theme. After comparing the answers for each question between every interview the theme was compared to the literature review.

The interview was divided into three parts, in the first part marketers were asked about how digital marketing was conducted within their company. The second part involved questions regarding each digital marketing platforms; if and how they use them. Lastly the third part asked about their personal views about what is happening within digital marketing today. An example of the questionnaire can be found in the Appendix - A.

Participation requests were sent out to 75 companies and 6 answered the Emails and 5 ended up participating in the study. The participants include B2C companies in telecommunication, finance, high-end retail and petroleum industry. The interviewees were marketing managers of the companies in question.

5.7 Validity and reliability

As aforementioned, in this research data was collected through semi-structured interviews which can lead to trouble regarding validity. Validity refers to “the extent to which a method or procedure measures what it is supposed to measure” (Gleitman, 2011, p 33). Validity issues could arise due to misunderstanding of the concepts used in the interview. In order to minimize validity problems steps were taken to avoid any misunderstanding. The respondents chosen for the interviews are marketing managers so the use of marketing terminology should not have led to any misunderstanding.

Reliability refers to “the degree of consistency with which a test measures a trait or attribute” (Gleitman, 2011), in other words, does the data collection methods or analysis procedures result in consistent findings. Usually when researchers want to assess reliability they ask, if tested again at another time will the measurement yield the same result? If the answer is yes then it can be stated that the test has high reliability (Gleitman, 20011). Due to the fast pace of changes within digital marketing it might be hard to get the same results at two different points in time. Trends change and marketers must follow.

6. Results

This chapter summarizes the relevant data from the interviews. The answers will be from all participants are grouped together for each interview question.

6.1 Digital marketing practices

In the first part of the interview the marketers were asked questions about digital marketing as a whole within their company.

How much of the total marketing budget is spent on digital marketing?

In question one the participants were asked how much of the total marketing budget was being spent on digital marketing. There was a noteworthy variation between the different companies regarding how much was spent on digital marketing compared to the overall marketing budget. Total spending on digital marketing went from being as low as 7%-8% of the total marketing budget to about 25%-30%. For some companies the budget varies over time, as one of the IT companies put it:

We have often produce extra for the digital mediums, I would estimate that it is about 10%-20% and can go as high as 25%-30%. Due to high cost of TV ads they tend to take up more of the budget in the beginning of a campaign, and as the campaign prolongs the digital mediums take up more of the budget as less impact is put on TV. When we are silent in the above the line mediums then the digital media gets a bigger share of the total marketing budget.

The overall budget being spent on the digital media also varied between different campaigns, as according to the finance company:

It depends on the campaign, we manage the smaller campaign ourselves while the bigger campaigns are managed by the marketing department and ad agencies, we do a lot of things online that cost little money. An estimated 15% of the total marketing budget goes to digital marketing. If everything is taken into account that does not go under publication costs it could go up to 20%. Still this is just an estimation.

Does the company have a clearly defined policies regarding digital marketing?

In question two the participants were asked if their company has clearly defined policies regarding digital marketing. Only the finance company said that they did not have clear guidelines distinctively for the digital media:

No I do not think so, at least not in our department. We have a specific policies for marketing in general, but nothing specifically for the digital mediums. Digital is just one of the distribution channel.

Three of the participants mentioned policies regarding the social media sites such as Facebook, as the automotive company said:

When we went into the social media we set forth a manifesto, how we were going to behave on the social media. This is what comes closest of being a clearly defined digital marketing policy. Regarding a policy for how we are going to have our banners or YouTube, then no, we do not have a defined policy.

The petroleum company participant said that the company does not have clear guidelines for digital marketing, but they work with an ad agency which comes up with the most relevant plans pertinent to what they are doing at that moment.

How is the knowledge of digital marketing within the company in your opinion?

In question three the marketing managers were asked how they would assess the knowledge of digital marketing within their companies.

All of them estimated that the in-house knowledge of digital marketing was good, but not widespread as the finance company stated:

I think it is quite good; there are relatively few, two or three, employees that have to do with digital marketing within the company. This is not widespread knowledge. A company like this would outsource more complex tasks to professionals.

Three out of the five said that they outsource every project and that outsourcing was the preferred tactic when encountering difficult or challenging projects. Outsourcing applied to both marketing and content creation for the digital media. As the petroleum company stated:

I think the knowledge is quite good, but due to the ever changing technology you have to be on your toes and acquire knowledge as it comes.

Who is responsible for digital marketing within the company?

In Question four participants were asked who was responsible for the digital marketing within the company. All of the participants said that digital marketing was done by more than one single department. Three of them mentioned outsourcing of complicated projects. Still there was a noteworthy variation between the types of departments that were responsible in each company besides the marketing department. Among those mentioned were sales managers, client manager, technicians and webmasters. The finance company said:

It is not enough to just have a technician when creating new websites, the technicians can finish the job but then you forget to ensure the online visibility via the search engine. So there are many different departments that work on every campaign, technicians, marketers and possibly ad agencies.

6.2 The digital marketing platforms.

In the second part of the interview the marketers were asked about the different digital marketing platforms individually.

6.2.1 Search engine marketing.

Does the company decisively try to affect the visibility of your website or products in the search engine?

In question five the marketing managers were asked about search engine marketing. Every participant interviewed claimed that their company uses some form of search engine marketing.

Two interviewees claimed that their companies were doing a good job and putting a lot of work into SEO. IT Company II stated:

We have put a lot of work into search engine optimization for our website. We do that ourselves and there has been an extensive training in SEO within the company.

While the automotive company said that they did a good job at SEO he also stated that they do not need the search engine traffic:

We do a good job in organic search results, still we do not need the traffic from the search engines. Most hits are direct hits where users type the company's internet address (URL).

IT Company I said they could do a lot better:

We have not been conducting the search engine marketing well enough. If I go into Google and type the competitor always comes up. We are planning to fix this but it is just a question of what the focus should be on.

Do you measure results?

Four out of the five companies said that they measured the results of SEO, one was not sure as the task was outsourced. The ones that claimed they measure SEO said that they measure everything that they can. As the automotive company said:

It would be more relevant to ask what we do not measure. We get all the results we need, visits on the site and subpages. The webmaster gets all the data and is able to analyze every little detail that we want. We have been measuring the results of using Google AdWords and Google Display. The results are somewhat endless.

Organic or paid

Three of the five participants used organic as well as paid results one relied only on organic and one did not know which was used as they deemed the search engines irrelevant to their marketing success. According to the finance company it is relatively easy to be visible on the search engines because Icelandic marketers are not using it to the same extent as on the foreign markets.

Table 17. Summary for Search engine results

Platform Search Engine	Petroleum company	Finance company	IT company I	Automotive retail	IT company II
Use	Yes , handled by an ad agency	Yes	Yes, We have not been conducting the search engine marketing well enough.	Yes	Yes
Organic or paid	handled by an ad agency	Organic and paid	We only rely on organic search results.	We use google AdWords and google display.	we use paid search results as well as organic results

6.2.2 Email marketing.

Does the company use Email as a marketing tool?

Questions six asked the participants about their Email marketing. All of the companies in this research claimed to use Email as a marketing tool. They all differ on the other hand in how it is being used. One said that Emails are both used as a marketing and a service tool.

How does the company get people to opt in to the Email list?

In order to get people on their Email lists all the companies ask their own customers for Email when they sign up or become their customers. The Emails vary between newsletters and special offers or discounts.

Does the company send direct mail?

Three out of the five questioned said that they use direct mail and target their customers directly, the other two do not.

All the companies claimed to be measuring the result of their Email marketing. All of them stated they measure opened Emails, Click-through rate, conversion rate, etc. also if the Email has a specific goal than that goal is monitored. Still only three measured un-subscriptions.

Table 18. Summary of Email results

Platform	Energy company	Finance company	IT company I	Automotive retail	IT company II
Email					
Use	Yes emails are sent approx. one or two times a month	Yes	Yes approx. 2x a month.	We do not use direct mail, we are not in direct contact with the retail customer ourselves. Our sales department use direct email	Yes. It is both used as a marketing tool and as a service tool, so if a customer unsubscribes from the newsletter they still get service based emails.
Measure results	We measure opened emails, Click-through rate, number of unsubscribes, conversion rate, etc. also if the email has a specific goal we monitor that goal.	Yes	We measure open rate, click rate etc.		We measure everything, Opened emails, Click-through rate, number of unsubscribes, conversion rate, etc.
Opt in	When customer apply for a discount card they register their email	Yes, Customers sign up when they apply for a specific service	We ask people to register their email when they become our customers		Our email list consist of our customers, when they become our customers they sign a contract stating that we can send them service announcements and direct mail.
Direct mail	No	Yes	Yes. We have tried to send personalized emails to certain target groups.		We prefer to send targeted emails. about specific products or services
Type Email	Special offers and introduction of new branch.	It differs a lot, newsletters, information based and some specific content.	Newsletters mostly		We send out newsletters six or seven times a year to every customer,
Monitor un-subscriptions	No	No	Yes		Yes

6.2.3 Social media marketing.

In Question seven the participants were asked about their usage of social media as a marketing tool.

What social media sites does the company use?

All of the companies in the research use Facebook for their digital marketing. Three of the companies also used Twitter, Instagram and LinkedIn, and only one used Google+.

What is the main purpose of the company's participation in social media?

When asked about the purpose of presence on the social media sites all participants mentioned customer relationships and being visible to the customers. The automotive company said their purpose was:

To provide information to the customers as well as have a dialog with the ones that want. We are not selling on Facebook, it's more of a brand enhancement, the individual branches have their own Facebook and there you can engage in a more direct sale. We first decided how we wanted to present ourselves, as the owners of the brand we have to be careful how we act.

Some of them stated that it depends on the different social media, as the finance company said:

The main purpose is to be visible in their community's and also to be top of mind. Social media is a platform where the company can be less corporate. On twitter we have a completely different target group. It acts more like a service department where we are answering technical questions and solving problems that might come up. Other purposes is to be visible, make the employees visible to the customers.

Facebook was also mentioned to be a platform in where the companies are able to listen to the customers and receive service questions, one company said that it had received ideas from customers through Facebook about products and services that went into development.

Does the company have clearly defined policies on how to speak to customers on social media?

When asked if the company had clearly defined policies on how to speak to customers on social media all of the respondents stated that they had such policies in place. Although the companies differed in the amount of freedom they gave their employees in talking to customers on social media. The financial company interviewed said:

We try not to have too many rules but we have certain guidelines. There are workshops held two or three times a year for employees that run each branch. Every branch can have their own distinctive personality.

Which means that the employees have more freedom in how to behave on the social media sites. While IT company II said:

The social media communication is always handled by the customer support department to make sure that the voice of the company is always the same.

That implies that the employees have less freedom in the way they communicate with the customers via social media. So there is was a difference between the companies regarding the communication through social media and who was responsible for the communication. Three of the respondent companies left the communication part of the social media up to their marketing department or marketing managers, one mentioned that they used tool to monitor the discussion and the employees answer if they are able to.

When asked how their companies monitor the results of using social media as a marketing platform three of the respondents said that they monitor how many “likes” or “followers” they had on the sites, while one claimed that they also monitor how many users see their posts.

All but one of the companies interviewed said that they used sponsored posts on social media. They also mentioned that without sponsored posts their posted material got very low visibility.

Table 19. Summary of social media results.

Platform	Petroleum company	Finance company	IT company I	Automotive company	IT company II
Social media					
What social media sites do you use	Facebook, used Instagram for a while but that did not work.	Facebook, Twitter, Instagram and LinkedIn.	Facebook, Twitter, Instagram and LinkedIn, google+ and YouTube.	Facebook	Facebook, twitter, Instagram, LinkedIn and YouTube.
Main purpose	Let customers know what we are doing, customer relations. It is also a part of branding.	Depends on the media. The main purpose is to be visible. Be less corporate.	To provide a good service to our customers.	To provide information to the customers and have a dialog with the ones that want. We are not selling on Facebook, it's more of a brand enhancement	It is different for different social media sites. On Facebook we let people know what we are doing, we put our blogs there
Who handles the communication on social media	Marketing manager.	We have tools that monitor the online discussion, the employees answer if they can or divert it to the relevant department if it needs any further attention.	The marketing department is responsible while others inside the company can come up with ideas.	The webmaster handles all the social media communication	Always handled by the customer support department to make sure that the voice of the company is always the same
Sponsored posts?		Yes	Yes, we pay for publication	Yes we have done that	We buy Facebook sponsorship for our advertisements but we do not by Facebook ads
Measure results	By number of followers	Just monitor how many likes we get, it is impossible to connect something with Facebook.	We monitor how many people see our posts, how many are unsubscribing and how many are subscribing.	We observe what our attachment is there.	Yes

6.2.4 Website.

What is the main purpose of the company's website?

In question eight the respondents were asked about their company websites. When asked about the main purpose of the website all of them claimed to provide customers with information on products and services. They also mentioned said it was to make information available on prices, what the company was doing at the time and provide links to the company's social media sites and blogs is available.

All of the companies measure the traffic on their website, still none of them measure visitor value. Two of the participants said that it would be impossible to determine if a visit one month would be connected to a sale on the same month. All but the petroleum company measure where the website traffic comes from, as well as what is being viewed and for how long users stay on the site and where they left the website. The petroleum company said that it did not measure the parameters of the internet traffic as the site gets relatively few visits and that they do not measure the traffic regularly.

Does the website offer online chat with customers?

When asked if their site offers customer online chat via the website three out of the five claimed their site offers online chat and they thought that it was an important factor for customer service as IT company II put it:

Our customer service department handles the online chat, our customers are very happy with online chat service.

The other IT Company on the other hand did not offer online chat on their website and said:

We made the decision not to offer online chat but to put more effort into answering the phones. As long as we are able to do that (answer the phones within a timeframe) as well as answer Emails then we won't go this way. This (online chat) is an expensive service which often end by the customer calling.

All the companies in the research offered their company website in a mobile form.

Table 20. Summary of website results.

Platform Website	Petroleum company	Finance company	IT company I	Automotive company	IT company II
Main purpose	First and foremost to provide product and service information to the customer and also receive applications for discount cards.	Provide information. The website has links to our social media and we are working on making that more accessible	Service to customers and sales to new customers. Provide information on products and services.	To provide information about products and services, customers are able to customize the product and get prices.	Provide information and sell products and services also to deliver news of company. Provide links to our social media sites.
Traffic measure	Not regularly, we do not get much traffic on the website, other than customers looking for price. It works well for customers who are applying for a discount card, other than that we don't get much traffic.	Yes, we monitor what is being viewed and for how long.	Yes, we monitor what is being viewed.	Yes, the webmaster has tools to do so.	Yes we measure all the classic parameters, where the traffic is coming from and where it goes.
Visitor value	No	No	No, but not sure.	No	No
Online chat	Yes, almost on a daily basis, not much but it matters.	Yes	No, we put our efforts into answering the phones, and emails. This is an expensive service which often end by the customer calling.	Not at our branch, but they have at other branches.	Yes, our customer service department handles the online chat, our customers are very happy with online chat service
cookies	Yes, when we are interested in where the traffic is coming from.	No, not for marketing purposes.	Yes, to some extent.	Yes	Yes
Mobile version	Yes	Yes	Yes, and an app.	No	Yes.

6.2.5 Blogs.

In question nine the participants were asked about their company's use of blogs as a marketing tool. Three out of the five companies claimed to be using blogs for marketing purposes. Two of the companies use blogs to deliver information on what is going on within the company, relay news, talk about new products and services as well as listening to customers. As it company II put it:

Provide information on what is going on within the company, new products and services. We also listen to customers. We use our blog very effectively to get information across.

The finance company said that they used blogs mainly as a content page expositor which is meant for content and material for educational purposes, mentioning that it could change in the near future since they are aiming more towards video blogs. Blogs were perceived to be a very effective way to deliver information to the consumers.

Table 21. Summary of blog results.

Platform Blogs	Petroleum company	Finance company	IT company I	Automotive company	IT company II
Does the company use bogs?	No	We have a kind of blog, we have a content page which is meant for content and educational purposes. That could change in the future, we are aiming more towards video blogs.	Yes	No	Yes
Main purpose of the blog.			Introduce new services and add-ons that add value for the customer. Not just our services but also apps. We are also selling products that does not connect to our core business.		Provide information on what is going on within the company, new products and services. We also listen to customers. We use our blog very effectively to get information across.
Does the company monitor blogs			Yes, we try to intervene to prevent a negative comments build on a misunderstanding. We also want to know if customers are unhappy and try to fix that.		

6.2.6 Banner ads.

In question ten the companies were asked if they used banners as a marketing tool and more importantly, how. Regarding the banner type, two of the respondents said that it depended on the type of the campaign they were running. The automotive company said:

It depends, when we a launching new products then we use more brand awareness banners, but when we have product shows we use call to action banners (show on Saturday). For special service offers we use direct hit banners.

Four out of the five participants mentioned brand awareness banners and three said they use direct response banner ads. Only two of the businesses said that they use interactive banner ads and one said that they used to do that in the past but they were not working as they should so they stopped. All the companies measured the effectiveness of their banner ad campaigns including data on click through rate, and website traffic from different banners.

Table 22. Summary of banner ad result

Platform	Petroleum company	Finance company	IT company I	Automotive company	IT company II
Banner ads					
Type	We use interactive and direct response banners, we are launching a campaign where customers can apply for a discount card by clicking a banner.	Our banners are usually about visibility and brand recognition. We often use interactive banners, and banners that adds value.	Mostly brand awareness banners, interactive have not been working.	It depends, when we a launching a new product we use brand awareness banners, but when we have shows we use call to action banners. For special service offers we use direct hit banners.	That depends on the campaign, they can be sales banner ads that requires clicks or pure brad image banners. We have also used banner that explained our services, which worked well.
Target page	The relevant corresponding page.	The relevant corresponding page.	The relevant corresponding page.	The relevant corresponding page.	The relevant corresponding page.
Measure results	Yes, but been a while since we had a banner campaign. We just measure what is beneficial.	We measure and collect data, click through rate, and website traffic from different banners. We teak the banners in order to see if impacts its effectiveness.	Same as for the other factors.	Yes, we measure click rate and what comes from what banner.	We measure bounce rate and click rate, we also measure increase in sales for every campaign.

6.2.7 Multimedia.

Does the company use multimedia sites such as YouTube?

Question eleven addressed the use of multimedia as a marketing tool. All of the companies use YouTube for marketing purposes, one also said that these online videos revolve around customer education by posting instructional videos, which can both fall under marketing and customer service. It became evident throughout the interviews that video sharing is on the rise amongst Icelandic marketers. As IT company I said:

We use YouTube for traditional ads and we are going ever more onto video as people read less today so we make videos instead of just writing. For example make a video blog about what we are doing.

How are the videos distributed to the consumers?

When asked about how the marketers distribute the video content to the consumers all of them mentioned Facebook as the main distribution channel. Email and company websites were also mentioned as distribution tools for the videos. One other interviewee also pointed out that they get their business partners to sponsor the videos. When asked about the results measurement for these videos, three said that they monitor the number of views, and one of them mentioned that they monitor how the content is being viewed, that is; if users skip ahead or stop watching before the end of the video. Only the automotive company stated that they do not measure the results of online videos.

Table 23. Summary of multimedia marketing

Platform Multimedia marketing	Petroleum company	Finance company	IT company I	Automotive company	IT company II
Does the company use Multimedia marketing	Yes we have a YouTube channel and post videos a few times a year.	Yes we use YouTube and Vimeo. We create our own content for these mediums.	We use YouTube for traditional ads and we are going more and more onto video as people read less. So we make videos instead of just writing, for example we make video blogs about what we are doing.	Yes, we upload videos we produce ourselves as well as what we get from our headquarters in Europe. The videos are not for sales purposes but pure entertainment, so the consumers have a positive top of mind for the brand.	Yes, we use YouTube to broadcast advertisements and instructional videos for our products.
How is the content distributed	We send a link via email and also post on Facebook.	We use many different sites, as well as the social media.	Mostly via Facebook and the newsletter.	We just post them on YouTube and get our partners to promote them. We provide a link on Facebook.	Email, our website, Facebook and via online chat. When we upload new videos we post in on Facebook and Twitter. Our instructional videos are tools for our customer support. When we upload ads we use sponsored stories on Facebook.
Measure results	We monitor how many viewed the video.	Yes	We monitor the number of views, and where the viewer's come from.	We don't	We monitor the views on the videos, if people jump ahead or quit watching before the end.

6.2.8 Mobile marketing.

In question twelve the marketers are asked about their marketing via mobile and smart devices, such as smartphones and tablets.

Does the company website come in a mobile form or with an app?

All of the marketers said that the company website was available in a mobile form factor. Four out of five said that their website was available via a company smart phone app. Four out of the five participants said that they monitor the traffic that comes to their website via a mobile device relative to a personal computer. The finance company said:

We monitor where the traffic is coming from, home computers or a mobile device. There has been a 300%-400% increase in the mobile traffic on our website.

All of the participants stated that they use SMS for marketing purposes. Out of the companies interviewed two of them use QR codes as part of their mobile marketing strategy, although one of them stated that QR is on the decline, both with consumers and marketers.

Table 24. Summary of mobile marketing results.

Platform Mobile marketing	Petroleum company	Finance company	IT company I	Automotive company	IT company II
Does the company website come in a mobile form or with an app	Yes	Yes, we have a mobile version and an app.	Yes, we have a mobile version and an app.	The site is available in a mobile form.	Yes
Does the company monitor the traffic that comes from mobile devices vs computers?	no	Yes, we monitor where the traffic is coming from, home computers or a mobile device. There has been a 300%-400% increase in the mobile traffic on our website.	Yes	We monitor everything that comes to our site.	Yes we have done that, but not decisively.
What type of mobile marketing does the company use?	We use SMS, we don't yet have an app for mobile devices. We have also offered QR codes for tourists.	We use SMS for announcements to customers, games for specific target group as well as QR code, although the QR code is disappearing.	Apps and SMS, sometimes games.	We are launching an app.	Apps, SMS, QR codes

6.3 Marketers personal view

In the third and last section of the interview the marketers are asked general questions about digital marketing as a whole. Because of the variation of the answers in this section each participant will be given a number and their answers covered separately.

In question thirteen the marketers were asked what they personally think is most relevant for success in digital marketing.

Petroleum Company

In order to be successful in digital marketing marketers seen to be able to create content which catches the consumer's attention.

The Finance Company

The social media sites are here to stay and marketers who get a good handle on the social media have a head start on the competitors. Mobile is rising as a platform and will be huge so doing well there is also very important.

To look at marketing as an investment and then measure the return on that investment is important.

Not ready to name one platform that is or will be the most important, they are all connected. I think it would be most beneficial for marketers to adopt customer engagement via social media as well as mobile smart devices that is where the fastest growth is going to be.

IT Company I

Interaction between all those factors, it is not possible to be good in just one platform and not the others.

The Automotive Company

To use Facebook effectively is the biggest factor right now, looking at app usage then the Facebook app is always on top. With everything else taken into account only 17% of the consumers are not on Facebook while 80% are not using the other social media sites.

IT Company II

To monitor and measure as much as possible and respond in an appropriate manner.

In question fourteen the marketers were asked where digital marketing was headed in their opinion in the next three years.

Petroleum Company

It is ever growing; it has been predicted that newspapers will be obsolete within four to five years.

The Finance Company

Newspaper ads are disappearing. Regarding social media, Facebook ads are going down but Facebook sponsored posts are on the rise.

IT Company I

Digital marketing is going to grow. Consumer behavior has changed so much the past few years, only a few years ago marketers could launch an ad campaign on TV and the newspapers which reach almost everyone. That is not the case today, now people watch what they want when they want. Also today the communication is no longer one-way but a conversation with the customers so companies need to listen.

The Automotive Company

I think it is inevitable that digital marketing will increase, people are increasingly getting their information online. When our customers come to us they often have all the information and sometimes know even more than the sales people.

IT Company II

In my opinion that the professionalism is going to increase. I think the ad agencies are now waking up regarding the importance of the digital mediums. Subsequently general knowledge of digital marketing is going to increase as well as the realization of the importance of harmonizing what companies do online and offline.

In question fifteen the marketers were asked about what challenges and opportunities they see for digital marketing in Iceland in the near future.

Petroleum Company

Tailoring the digital marketing campaigns to a specific customer segment, so marketers are targeting the right people.

The Finance Company

The fast changing technology makes it harder for marketers to keep up. The future marketers need to have a deep understanding of technology as well as marketing, being able to combine the two in one company or department.

IT Company I

Find new ways, to be imaginative about what can be done to get the customer involved, that is; increase customer involvement.

The Automotive Company

Companies need to decide where they are going to position themselves. What platform are they going to use and what is most relevant to their business. Which platform is being used their target group. Find the media that is right for that group. It varies between the age groups what media is being used, for example those who are using social media other than Facebook tend to be younger than 50.

IT Company II

The cost of digital marketing have risen considerably and will probably continue to do so. The ad space on Icelandic websites is expensive so if one wants to be highly visible on said websites, it comes with a cost. The danger is that it becomes too expensive before Icelandic companies see the full potential, and will therefore not be willing to use digital marketing.

The opportunities are endless, they are for example in making more interesting banners so consumers don't just use ad block. It's going to be exciting to see the development of the google network and if the Icelandic marketers will be using it more instead of buying ad space from mbl.is every week. You have contextual targeting and direct targeting in the google network but you don't have that in the domestic market. I think that will change in the coming years

In question sixteen the marketers were asked if they saw any developments in digital marketing that they thought Icelandic marketers should be more aware of?

Petroleum Company

Digital marketing is getting more tailored to the specific customer segments. The technology is getting so advanced and the amount of available information is growing fast.

The Finance Company

Marketers need to be more aware of the interaction between the digital mediums and be able to choose the right platform for their campaigns. Marketers need to be familiar with all the digital media, in order to decide which campaign belongs on which media.

IT Company I

No

The Automotive Company

Not that I am aware of.

IT Company II

Marketers should be more aware of the interaction between digital and non-digital, also they need to more ready for dual viewing. Consumers are increasingly watching TV while on other devices, so when they see something on TV they are likely to look for it online. Also having a inferior website is just as bad as having none at all. It will be interesting to see how the social media develops. The interaction between TV and Twitter.

In question seventeen the marketers were asked if they saw any untapped resources regarding digital marketing on the Icelandic market?

Petroleum Company

Especially in younger groups, there we could be doing better.

The Finance Company

There are many. It is a question of what is realistic. There are very few untapped resources in mobile marketing, we can all buy display ads that appear in apps but is that mobile marketing?

IT Company I

Marketers could improve their measurements and analyzing of data.

The Automotive Company

Not that I am aware of.

IT Company II

The TV stations are just realizing the potential of Twitter. Still they differ in the approach, as with Channel 2 in Iceland seems to be forcing the medium on the viewers, you cannot do that, if you have to tell the audience that tweets are in one word, those audience are not on twitter. You cannot force the conversation you can only help it along.

7. Conclusion

This chapter contains the conclusion, comparison of the answers to the interview questions and an answer to the research question.

This exploratory study offers insights into digital marketing in practice by examining Icelandic marketers. This thesis lays a foundation for future research, it does not investigate the Icelandic marketing landscape; rather, it provides perspective on digital marketing in Iceland, in an attempt to form testable hypotheses. The contribution of this thesis is an in depth view of what is going on in the digital marketing field in Iceland and construction of a best practice guide on all the digital marketing platforms for Icelandic marketers.

The findings of this thesis demonstrates the current status of digital marketing amongst Icelandic B2C companies, what practices they have adopted and how they compare to the best practices according to the current literature.

The findings of this research are relevant for all B2C companies in Iceland in order to compare their digital marketing practices both to what other companies are doing and as well to the best practices according to the available literature and recommended by this thesis.

The first parts of the conclusions are aimed at answering the first research question.

What are the general trends of digital marketing in Iceland?

The first question aimed at gaining an insight into the spending on the digital marketing channels relative to the traditional channels. According to the literature, consumers are moving

towards the digital media at an increasing rate and the marketers are following that trend. Still the results of this paper indicates that some marketers are still devoting relatively small portion of their overall marketing budget to digital marketing which could indicate that the marketer are not moving as fast as the consumers towards the digital. This low portion of the overall marketing budget could also be due to the fact that the traditional marketing channels are more expensive than the digital channels, as indicated by one of the participants that the percentage of the marketing budget spent on digital channels increases as the campaign prolongs and it is no longer being shown on TV.

In question two the participants were asked if their company has clearly defined policies regarding digital marketing. There seems to be a lack of clearly defined digital marketing policies for some companies although they are actively using the digital channels to reach their customers. This could indicate that some companies are using digital marketing channels without defining clearly why and without a clear goal. These findings could also point to the possibility for improvement.

In question three the marketers were asked about their own opinion about the general knowledge of digital marketing within their companies. Regarding knowledge of digital marketing the interviewees claimed that in-house knowledge was good, and also they outsource more technical projects to digital marketing specialists. There seems to be a positive change regarding in-house knowledge of digital marketing in Iceland as according to Guðmundsson & Hauksson (2009) knowledge of digital marketing among Icelandic marketers is lacking.

According to the interview results the general trend of digital marketing in Iceland seems to be growing, the level of professionalism and knowledge is increasing although the Icelandic marketers seem to lack behind compared other countries in the weight given to the digital platforms.

In the second part of the conclusions aims to answer the second research question.

How are the Icelandic companies conducting their digital marketing campaigns?

All of the company's interviews had applied some of the digital marketing platforms and practices discussed in this thesis. Although there was a difference in the marketing approach, that is how they used the different platforms. All of the marketers considered their chosen platform and approach the correct one for their business. These findings imply that the

marketers use their own methods to measure the effects and success of their marketing practices.

Search engines

According to best practice for search engine marketing it is recommended that companies strive towards visibility on the search engine results. All of the participating companies said that they use search engine marketing but there was a difference in how the companies were using search engine marketing.

Only two of the participants were decisively working on SEO to gain visibility in search engine results. One participant stated that although they did a good job at SEO they do not need search engine visibility, which is contrary to the best practice revised by the theoretical framework. There seems to be some lack of recognition of the importance of the search engines as a marketing tool amongst the Icelandic marketers. One even stated that search engines were irrelevant for their marketing success. When asked to elaborate on the reasons behind the lack of relevance it was stated that their customers only uses the company web address to access their site and not the search engines, negating the fact that consumers also look up products and not simply brands or companies.

One of the participants claiming to use SEO decisively said that; they could be doing a lot better regarding their SEO practices since their competitor always comes up at the top of the search engine results for relevant search terms. This indicates that they are aware of the problem and might be moving towards fixing it.

Three of the five participants are relying on organic as well as paid results which is in accordance with best practice, only one said that they only relied on organic results and would therefore be missing out on the benefits that come with using paid as well.

These findings suggest that some Icelandic marketers are realizing the importance of the search engines as a marketing tool while others have yet to do so. As one participant said that the Icelandic marketers are not actively using the search engines for their marketing so gaining visibility was relatively easy. That indicates that things have not changed much the past five years as according to Guðmundsson & Hauksson (2009) the Icelandic marketers are not using the search engines effectively. Still the fact remains that 72% of Icelandic consumers use search engines when looking for information on products and services (Guðmundsson & Hauksson, 2009)

All of the participants claimed to measure all the relevant factor that have to do with search engine visibility, which is accordance with best practice.

These findings seem to indicate that there is a difference in the approach to search engine marketing practices between Icelandic and other countries as according to IAB search engine marketing accounted for 41% of all online advertising revenues in Q4 of 2013 (Interactive Advertising Bureau, 2014 April).

Email

The companies interviewed for this paper all used email as a marketing tool, although one participant did not send Emails to their customers as that was handled by another branch of the company. There were some differences to the types of emails sent which can be due to the different industries the companies operate in.

Of the companies interviewed all of them said that all the relevant parameters of email marketing effectiveness were measured, although only two participants said that they measure un-subscriptions on their Email list. Measuring un-subscribers can be used as an indicator of the effectiveness of email marketing campaigns as they could be signaling for example that the Emails being sent are not offering what the customer wants or is interested in. Un-subscriptions could also indicate if the company is sending to many customer could be more likely to unsubscribe.

All of the companies aimed their email campaigns exclusively at their own customers as their means of building an Email database involved getting their own customers to sign up. This could indicate that Emails are not being used to their full potential as a marketing tool.

Three out of the four companies using Email as a marketing tool said that they prefer to send targeted Emails which is in accordance with the best practice recommended by this thesis, as personalized Emails can improve click-through-rate.

Social media

All of the participating companies use Facebook as a marketing tool; that does not seem surprising since 81.7% of internet users use social media sites such as Facebook and Twitter (Iceland's Statistics Office, 2013).

Only two of the participating companies claimed to use the other social media sites Twitter and Instagram. This could be due to the younger demographic that those companies are reaching out to.

In accordance with best practice the marketers interviewed said that their objective was to reach out to customers and be visible on their media of choice. As with the other platforms the companies differ in their approach to social media but all of them were actively promoting their brands.

All the company's say that they have clearly defined policies on how to speak with their customers which is in accordance with best practice, although they differ in the amount of freedom given to their employees that handle the customer relation on social media. This difference could be due to the difference in sizes of the companies, as more people are likely to be responsible for the customer communication in the bigger companies.

Contrary to best practice according to the theoretical framework none of the participants said that they analyze the customer demographics in order to run customized campaigns. The social media sites offer marketers a unique opportunity to specifically target a certain customer segments of their choosing.

According to best practice offered by this paper marketers should always rely on sponsored post when trying to reach consumers via Facebook, due to the demise of organic reach on the site (social@ogilvy, 2014 March 6). All but one of the companies interviewed claimed to use sponsored posts of Facebook. One specifically said that they were getting very little reach with their unsponsored posts, indicating that same demise of organic reach is affecting Icelandic businesses.

Website

The results of the interviews indicate that, the Icelandic marketers are following the best practice model to some extent regarding their company websites. All of the companies interviewed claimed the purpose of their website was to provide customers with information on products and services. They also mentioned said it was to make information available on prices, what the company was doing at the time and provide links to the company's social media sites and blogs if available, all as according to best practice.

Four out of the five companies measure the traffic on their company website, where the traffic comes from, the same participants claimed measure what is being viewed and for how long users stay on the site and where they left.

Regarding online chat offered on company websites there was a lack of consensus as to what approach was most beneficial, even among companies in similar industries. While one deemed it an important factor in their customer service the other said it was unnecessary as they used other means to keep in touch with their customers, such as Facebook, Email and phone. This results confirms the claim of Guðmundsson & Hauksson (2009) that Icelandic marketers define success in their own terms.

As 47.5% of Icelandic internet users at age 16-74 used Internet enabled mobile devices in 2013 (Icelandic statistics office, 2014), it was expected that the companies in the study offered their websites in a mobile form factor. All of the companies offered a mobile version of their website, indicating that the Icelandic marketers are following that particular consumer trend.

Blogs

Only three out of the five were using blogs as a marketing tool. This seems to indicate that some Icelandic marketers are not aware of the potential of blogs in building brand awareness and positive brand image. As about 80% of Icelanders read blogs and over 90% of Icelandic bloggers write about brands (Capacent, 2009). These statistics show that blogs are especially effective in getting brand information to the general consumer.

By not taking part in blogs these companies are taking part in the online word-of-mouth, and are unable to answer consumer complaints or questions about the company or its products and run the risk of getting negative publicity as a consequence.

The companies that used blogs were using it effectively according to best practice, that is to make information available for customers and potential customers as well as monitoring the online word-of-mouth. They also claimed that blogs were very effective tool to bring information to customers.

Banner ads

According to the best practice offered by this thesis banner ads should be used for building brand awareness. In accordance with the best practice four out of the five participants use banners for brand awareness, and three said they use direct response banner ads.

Only two of the interviewed companies said that they use interactive banner ads and one claiming that they do not work. According to best practice, banners that encourage interaction are up to ten times more effective than regular banners.

This gap between best practice offered and the actual practice of the Icelandic marketers could be due to ineffective usage because. Another fact suggesting ineffective usage is that according to Guðmundsson & Hauksson (2009) Icelandic consumers are more likely than consumer from other countries to click and interact with banners.

All companies followed most of the best practice regarding measurement of effectiveness for banner ad campaigns. The measures including data on click-through-rate and website traffic from different banners. None of the participants mentioned increased sales as a measurement factor, still increase in sales is one of the recommended factor to measure in a banner ad campaign.

In accordance with best practice all participants said that the banner landing site was the appropriate landing site according to the banner objectives.

Multimedia marketing

Regarding multimedia marketing all of the companies said they used YouTube for marketing purposes as recommended by the best practice of this thesis. One participant said they also use video sharing site as a customer service tool by posting instructional videos for their products.

Using video sharing sites seems to be on the rise amongst Icelandic marketers and as one participant said, people read less today so we make videos instead of writing. This indicates that the production of company video blogs would increase in the near future. All the companies have their own branded YouTube channel. The companies vary substantially in the frequency of content posting.

The companies interviewed use Facebook as the main distribution channel for their video content even further indicating the widespread use of that particular social media site. They also

distribute the video content via Email and company website. None of the companies mentioned that they encourage viewers to leave comments, subscribe to their channel, rate the video and share in order to promote them even further. That could indicate that some companies are not fully aware with how the algorithm of the video sharing sites work, or that they are just starting to realize the reach that brands are able to achieve via sites such as YouTube.

Only one company said that they do not measure the effectiveness of their video content. The others monitor the views their videos get and only one said that they monitor how the video is being viewed, that is if viewers skip ahead or stop in the middle and do not finish. By measuring how the videos are being viewed can provide an insight into the content being uploads, if it interest the views or not and therefore of the company is on the right track on their video content creation.

Mobile marketing.

As mentioned above all of the companies said they offered the company website in a mobile form factor and four of them offer their site in an app form, indicating that mobile marketing practices amongst Icelandic marketers are according to best practice. Four of the five measure the traffic that comes from mobile devices with one claiming that the mobile traffic on their website had increased 300% to 400% the last 12 months.

All participants use SMS as a marketing tool and only two claim to use QR code for marketing, stating that the QR did not catch on amongst the Icelandic consumers.

In the third and last part of the conclusions aim to answer the third research question.

What are the future themes of digital marketing in Iceland?

In order to be successful

According to the marketers interviewed social media and the mobile platform are big factors in order to be successful in the digital marketing field. Although it should not come as a surprise that the platform which most marketers in Iceland use is considers one of the most important among Icelandic marketers. They also mention content creation and measurement which is in accordance with the best practice regarding digital marketing success. Both are tied to the point

made by one of the interviewees that marketing should be seen as an investment; invest in content creation and in order to assess the return in that investment the marketers must measure.

Where digital marketing is headed

There was an overall consensus that digital marketing was growing among Icelandic companies at the expense of the newspapers and other media. That would also be expected, as the internet is playing a much bigger role in consumer's lives and that translates to their behavior, and marketers follow the consumers. It was also said that the level of professionalism is going up among the Icelandic marketers and that they were waking up to the potentials of the digital media. It could be seen as a strange thing that in a country with such high internet usage that marketers have seemed so far behind compared to other countries.

Challenges and opportunities

The challenges and opportunities within digital marketing are somewhat tied together. The new technology offers more productive ways for marketers to get their message across to consumers but it also demands that the marketers learn how to use the digital channels. According to one participant the ever faster developing technology can make it hard for marketers to keep up, marketers must be aware of what the consumers are doing on the digital media to be able to follow and promote their products on a platform that the consumers prefer. The marketers need to acquire technical knowledge as well as traditional marketing knowledge to be able to follow best practice on the digital channels. Another possibility is leaving marketing practices up to more than one different departments within the companies that work together.

Companies need to decide where to position themselves. Choose a platform that is most relevant to their business and target group. It varies between the age groups what media is being used,

The cost of digital is going up, the danger is that it becomes too expensive before Icelandic companies see the full potential, and will therefore not be willing to use digital marketing.

On the positive side the digital channels offers marketers a way to be creative in how they offer and create value for their customers. Being creative and increase customer involvement can be very beneficial for businesses as customers are able to distribute content for free and that content is more likely to be viewed favorably as it is shared among friends.

Something digital marketers should be more aware of.

Digital marketing is getting more tailored towards a specific customer segment. The amount of information is growing fast.

Marketers need to be more aware of the interaction between the digital mediums and be able to choose the right platform for their campaigns. Marketers need to be familiar with all the digital media, in order to decide which campaign belongs on which media.

Marketers need to be aware of the interaction between digital and non-digital, also they need to more ready for dual viewing, as many consumers are watching TV while online.

Untapped resources

According to the participants interviewed marketers could improve their measurements and analyzing of data, still according to the interview results they almost exclusively claim to measure all appropriate factor of their digital marketing campaigns.

Twitter was mentioned as a possible untapped source for marketers, as the interaction between Twitter and TV is on the rise.

It was also stated by one of the participants that there are various untapped resources for marketer in the digital field, but it was still a question of being realistic.

8. Future research

The current research was meant to give insight into digital marketing landscape in Iceland.

The qualitative research method involving in-depth interviews was chosen for this research to form testable hypothesis. Future research could use the results of this thesis to conduct a qualitative research on the same topic involving survey questioners in order to perform statistical analysis and get s more detailed overview of the status of digital marketing in Iceland. A survey based statistical tests could give a better insight into the difference is between different companies regarding their digital marketing practices. The current research could also be

relevant to future research regarding differences between B2B and B2C companies in their digital marketing approach.

Due to the fast development of technology and the fact that all the marketers in this research said that the weight of digital in marketing practices is going to increase, it would be interesting to do the same research regularly so monitor the changes and how the Icelandic marketers adopt the new marketing practices.

9. Limitations

The main limitation of this thesis was the lack of responses the researcher got when collecting data. Of the 75 Emails sent out only six answered back and five ended up participating. The number of participants is by no means representative of Icelandic companies in general.

Other limitations were due to time and finance limitations.

The research is limited by its approach as it is quantitative and not designed to do any statistical analysis and test hypothesis.

10. References

- AdAge (2012 January 27). *Study: Only 1% of Facebook 'Fans' Engage With Brands Not Many Fans Are Creating Content, But That Might Not Be a Bad Thing*. Retrieved March 1 2014 from: <http://adage.com/article/digital/study-1-facebook-fans-engage-brands/232351>
- Barnes, S. J., & Scornavacca, E. (2004). Mobile marketing: the role of permission and acceptance. *International Journal of Mobile Communications*, 2(2), 128-139.
- Barwise, P., & Strong, C. (2002). Permission-based mobile advertising. *Journal of interactive Marketing*, 16(1), 14-24.
- Belch, G. E. & Belch, M. A. (2010). *Advertising and promotion: An Integrated Marketing Communications Perspective*. New York: McGraw-Hill
- Bennett, A. R. (1997). The five Vs-a buyer's perspective of the marketing mix. *Marketing Intelligence & Planning*, 15(3), 151-156.
- Briggs, R. & Hollis, N. (1997). Advertising on the web: is there any response before click through? *Journal of Advertising Research*, 37, 33-45.
- Booms, B.H. & Bitner, M.J. (1981) Marketing strategies and organizational structures for service firms. In *Marketing of Services*, eds J. Donnelly & W. George, pp. 451 – 477 American Marketing Association, Chicago.
- Capacent (2013, march 1). *Könnun meðal markaðsstjóra*. Retrieved February 11. 2014 from: http://imark.is/library/Glaerur/Capacent_IMARKkynning2013.pdf
- Chaffey, D. (2009). *E-business and E-commerce Management: Strategy, Implementation and Practice*. Pearson Education.
- Chaffey, D., & Smith, P. R. (2008). *Emarketing Excellence: Planning and Optimizing your Digital Marketing*. Routledge.
- Chittenden, L., & Rettie, R. (2003). An evaluation of e-mail marketing and factors affecting response. *Journal of Targeting, Measurement and Analysis for Marketing*, 11, 203-217.
- comScore (2014, March 18). *comScore Releases February 2014 U.S. Search Engine Rankings*. Retrieved March 20. 2014 from: http://www.comscore.com/Insights/Press_Releases/2014/3/comScore_Releases_February_2014_U.S._Search_Engine_Rankings

comScore (2009, October 1). *comScore and Starcom USA Release Updated “Natural Born Clickers” Study Showing 50 Percent Drop in Number of U.S. Internet Users Who Click on Display Ads*. Retrieved March 11, 2014 from:

http://www.comscore.com/Insights/Press_Releases/2009/10/comScore_and_Starcom_USA_Release_Updated_Natural_Born_Clickers_Study_Showing_50_Percent_Drop_in_Number_of_U.S._Internet_Users_Who_Click_on_Display_Ads

ComScore (2011, July 26). *The Power of like: The Power of Like: How Brands Reach and Influence Fans Through Social Media Marketing*. Retrieved 1. March 2014 from

http://www.comscore.com/Insights/Presentations_and_Whitepapers/2011/The_Power_of_Like_How_Brands_Reach_and_Influence_Fans_Through_Social_Media_Marketing

ComScore (2012, June 12). *The Power of Like 2: How Social Marketing Works*. Retrieved 1 march 2014 from:

http://www.comscore.com/Insights/Presentations_and_Whitepapers/2012/The_Power_of_Like_2_How_Social_Marketing_Works

comScore (2014, April 8). *comScore Releases February 2014 U.S. Online Video Rankings*. Retrieved April 21 2014 from:

http://www.comscore.com/Insights/Press_Releases/2014/4/comScore_Releases_February_2014_US_Online_Video_Rankings

Dobele, A., Toleman, D., & Beverland, M. (2005). Controlled infection! Spreading the brand message through viral marketing. *Business Horizons*, 48(2), 143-149.

Dreze, X. & Hussherr, F.X. (2003) Internet advertising: is anybody watching? *Journal of Interactive Marketing*, 17, 8–23.

Ellis-Chadwick, F., Mayer, R., & Johnston, K. (2009). *Internet marketing: strategy, implementation and practice*. D. Chaffey (Ed.). Pearson Education.

Ellis-Chadwick, F., & Doherty, N. F. (2012). Web advertising: The role of Email marketing. *Journal of Business Research*, 65(6), 843-848.

eMarketer (2010, February 10). *Moms Place Trust in Other Consumers*. Retrieved March 10, 2014 from: <http://www.emarketer.com/Article/Moms-Place-Trust-Other-Consumers/1007509>

- eMarketer (2014, March 17). *Not Happy with Your Email Metrics? Include a Coupon*. Retrieved March 19, 2014 from: <http://www.emarketer.com/Article/Not-Happy-with-Your-Email-Metrics-Include-Coupon/1010683>
- eMarketer (2014, March 11). *SMBs + Social = Success*. Retrieved March 19, 2014 from: <http://www.emarketer.com/Article/SMBs-Social-Success/1010667>
- eMarketer (2013, October 24). *For B2C Marketers, Social Media Tops Content Marketing Efforts*. Retrieved March 15, 2014 from <http://www.emarketer.com/Article/B2C-Marketers-Social-Media-Tops-Content-Marketing-Efforts/1010326>
- eMarketer (2014, January 9). *Retail, Electronics See the Highest Mobile Ad CTRs Among Verticals*. Retrieved March 10, 2014 from: <http://www.emarketer.com/Article/Retail-Electronics-See-Highest-Mobile-Ad-CTRs-Among-Verticals/1010512>
- Faber, R. J., Lee, M., & Nan, X. (2004). Advertising and the consumer information environment online. *American Behavioral Scientist*, 48(4), 447-466.
- Facebook (2014). *What's the difference between organic, viral and paid reach?* Retrieved March 29 2014 from: <https://www.facebook.com/help/285625061456389>
- Fox, V. (2010). *Marketing in the Age of Google, Revised and Updated: Your Online Strategy IS Your Business Strategy*. John Wiley & Sons.
- Fulgoni, G. M., & Morn, M. P. (2009). Whither the click? How online advertising works. *Journal of Advertising Research*, 49(2), 134.
- Gengler, C. E., & Reynolds, T. J. (1995). Consumer understanding and advertising strategy: Analysis and strategic translation of laddering data. *Journal of Advertising Research*.
- Grunert, K. G. (1996). Automatic and Strategic Processes in Advertising Effects. *Journal of Marketing*, 60(4).
- Guðmundsson, G. A., & Hauksson, K. M. (2009). *Markaðssetning á netinu*. Reykjavík: Hvíta húsið.
- Gunnarsson, G. R., (2013). *Könnun meðal markaðsstjóra*. Retreved February 12 2014 from: http://imark.is/library/Glaerur/Capacent_IMARKkynning2013.pdf

- Hart, K. (2008, March 10). Advertising Sent To Cellphones Opens New Front In War on Spam. *Washington Post*. Retrieved March 13, 2014, from <http://www.washingtonpost.com/wp-dyn/content/article/2008/03/09/AR2008030902213.html>
- Hogg, T. (2010). Inferring preference correlations from social networks. *Electronic Commerce Research and Applications*, 9(1), 29-37.
- Interactive Advertising Bureau (2013 December 23). *Q3 2013 Internet Advertising Revenues Climb To Landmark High Of Nearly \$10.7 Billion, Marking 15% Year-Over-Year Growth, According To IAB And PWC*. Retrieved March 2014 from: http://www.iab.net/about_the_iab/recent_press_releases/press_release_archive/press_release/pr-122313
- Interactive Advertising Bureau (2014, April). *IAB Internet Advertising Revenue Report*. Retrieved: May 3. 2014 from: http://www.iab.net/media/file/IAB_Internet_Advertising_Revenue_Report_FY_2013.pdf
- Kotler, P. & Armstrong, G. (2006). *Principles of Marketing*. Boston: Pearson.
- Kotler, P., & Keller, K. (2011). *Marketing Management 14th Edition*. Prentice Hall.
- Mashable (2013 March 13). *Forrester: U.S. Online Retail Sales to Hit \$370 Billion by 2017*. Retrieved March 20. 2014. From: <http://mashable.com/2013/03/12/forrester-u-s-ecommerce-forecast-2017>
- McCarthy, E. J. (1960). *Basic Marketing, A Managerial Approach*. IL: Richard D. Irwin.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis an expanded sourcebook* (2. ed.). *Thousand Oaks: SAGE*.
- MillwardBrown, (2012). *AdReaction 2012 Global Report: Marketing in the Mobile World*. London: MillwardBrown. Retrieved February 17. 2014. From: http://www.millwardbrown.com/ChangingChannels/2012/Docs/AdReaction/MillwardBrownAdReaction2012_Global.pdf
- Moustakas, E., Ranganathan, C., & Duquenoy, P. (2006). E-mail marketing at the crossroads: a stakeholder analysis of unsolicited commercial e-mail (spam). *Internet research*, 16(1), 38-52.

- Müller, S., Goswami, S. & Krcmar, H. (2011) Monetizing blogs: revenue streams of individual blogs. Retrieved April 13 2014 at <http://is2.lse.ac.uk/asp/aspecis/20110260.pdf>
- Nasco, S. A., & Bruner, G. C. (2008). Comparing consumer responses to advertising and non-advertising mobile communications. *Psychology & Marketing*, 25(8), 821-837.
- Nielsen (2013 September). *Global Trust in Advertising and Brand Messages*.
<http://se.nielsen.com/site/documents/NielsenGlobalTrustinAdvertisingReportSeptember2013.pdf>
- Papacharissi, Z. (2007) Audiences as media producers: content analysis of 260 blogs, in Tremayne, M. (ed.) *Blogging, Citizenship, and the Future of Media*. New York, NY: Routledge, 21-38.
- Pavlov, O. V., Melville, N., & Plice, R. K. (2008). Toward a sustainable email marketing infrastructure. *Journal of Business Research*, 61(11), 1191-1199.
- PewResearchCenter (2011, January 4). *Internet Gains on Television as Public's Main News Source*. Retrieved March 12 2014 from: <http://www.people-press.org/2011/01/04/internet-gains-on-television-as-publics-main-news-source>
- PewResearchCenter (2013, October 16). *12 trends shaping digital news*. Retrieved March 12 2014 from: <http://www.pewresearch.org/fact-tank/2013/10/16/12-trends-shaping-digital-news/>
- Phelps, J. E., Lewis, R., Mobilio, L., Perry, D., & Raman, N. (2004). Viral marketing or electronic word-of-mouth advertising: Examining consumer responses and motivations to pass along email. *Journal of advertising research*, 44(4), 333-348.
- Porter, M. E. (2001). OT COPY. *Harvard business review*, 1.
- Prussakov, E. (2008). *Online shopping through consumers' eyes: a study of online users' responses to 107 questions*. S.I. E. Prussakov.
- Rettie, R., Grandcolas, U., & Deakins, B. (2005). Text message advertising: Response rates and branding effects. *Journal of Targeting, Measurement and Analysis for Marketing*, 13, 304-312.
- Ryan, D., & Jones, C. (2012). *Understanding Digital Marketing: Marketing strategies for engaging the digital generation*. Kogan Page Publishers.

smartinsights.com (2013, November 13). *Display advertising click-through rates*. Retrieved March 1 from: <http://www.smartinsights.com/internet-advertising/internet-advertising-analytics/display-advertising-clickthrough-rates>

social@ogilvy (2014, March 6). *Facebook Zero: Considering Life After the Demise of Organic Reach*. Retrieved March 9, 2014 from: <http://social.ogilvy.com/facebook-zero-considering-life-after-the-demise-of-organic-reach/>

Stewart, D. W. (2004). The new face of interactive advertising. *Marketing Research*, 16(1), 10-15.

Stokes, R. (2011). e-Marketing. The essential guide to digital marketing. *Quirk Education: Cape Town, South Africa*. Retrieved, 5(22), 2013.

Towers, D. (2012, August 23). *PPC accounts for just 6% of total search clicks [infographic]*. *Econsultancy*. Retrieved March 13, 2014, from <https://econsultancy.com/blog/10586-ppc-accounts-for-just-6-of-total-search-clicks-infographic>

Tsang, M. M., Ho, S., & Liang, T. (2004). Consumer attitudes toward mobile advertising: An empirical study. *International Journal of Electronic Commerce*, 8, 65–78.

Yang, S., & Ghose, A. (2010). Analyzing the relationship between organic and sponsored search advertising: Positive, negative, or zero interdependence? *Marketing Science*, 29(4), 602-623.

YIN, R. K. (1994). *Case study research: design and methods*, Sage Publications.

Yoo, C., Bang, H. & Kim, Y. (2009). The effects of consistent ad series on consumer evaluations: a test of repetition-variation hypothesis in a South Korean context. *International Journal of Advertising*, 28, 105–123.

Yoon, H.S. & Lee, D.H. (2007). The exposure effect of unclicke banner advertisement. Cross Cultural Buyer Behavior, *Advances in International Marketing*, 18, 211–229.

YouTube statistics (2014, April 15). Retrieved April 15 2014, from: <http://www.youtube.com/yt/press/statistics.html>

11. Appendix A

Interview Questions

1. Hversu stór hluti af heildar auglýsingafjármagni fer til stafrænnar markaðssetningar?
2. Er skír afmörkuð stefna fyrir stafræna markaðsetningu innan fyrirtækisins?
3. Hvernig telur þú að þekking á stafrænni markaðssetningu sé innan fyrirtækisins?
4. Hver sér um stafræna markaðseiningu innan fyrirtækisins

- a. Markaðsdeild
- b. Tæknideild
- c. Aðkeypt þjónusta

5. Hvaða form stafrænnar markaðssetningar er notað?

A. Leitarvélar (Search engine)

1. Er unnuð markvist að sýnileika í niðurstöðum leitarvela (search engine optimization)?

- i. Hver sér um að gera fyrirtækið sjáanlegt í leitarniðurstöðum?

1. Tæknimenn
2. Markaðsfólk
3. Aðkeypt þjónusta
4. Annað

2. Er notast við organic eða kostaðar niðurstöður?

- i. Kostaðar niðurstöður

1. Hvaða þjónustu nýtir fyrirtækið sér?

- a. Kaupa ákveðin leitarorð í tengslum við auglýsingaherferð, vöru eða þjónustu?
- b. Byrta auglýsingar á öðrum síðum sem selja auglýsingapláss í gegnum google.

2. Hvaða greiðsluform er notast við.

- a. Pay per click
- b. Föst upphæð á magn birtinga

ii. Organic niðurstöður.

1. Hvernig unnið að því að ná halda sýnileika?

- a. Tenglar á öðrum síðum til að auka sýnileika í leitarniðurstöðum. Til dæmis með að skiptast á tenglum við byrgja, viðskiptafélaga í sömu eða svipaðari grein, eða finna síður með sama efni og biðja um tengla.

3. Hvert beinir tengillinn (hver er landingarsíðan), og inniheldur sú síða það sem leitað var að? Eða er alltaf bara farið beint á upphafssíðu.

4. Hvernig er árangur almennt metinn? Hvert af eftirtöldu er mælt?

- i. Fjöldi heimsóknna
- ii. Fjöldi nýrra heimsóknna
- iii. Fjöldi síðna sem eru skoðaðar (page views)
- iv. Tími á síðu (time spent on page)
- v. Endurkast (bounce rate) (þeir sem koma á síðuna og fara strax aftur án þess að uppfylla tilætlaða hegðun)

B. Tölvupóstur, Email

- 1. Hvernig er farið að því að safna fólki á póstlista
- 2. Er beðið um leyfi áður en sendar eru auglýsingar, í gegnum tölvupóst, (opt in)
- 3. Er fólki gefin auðveldur kostur á því að skrá sig af póstlistanum.
- 4. Eru viðtakendur valdir á einhvern hátt, þ.e. einhvern sérstakan markhóp, ef já þá hvernig?
- 5. Hverskonar póstar eru sendir?
 - i. Fréttabréf
 - ii. Tilboð
 - iii. Leikir
 - iv. Auglýsingaherferðir
 - v. Póstar á afmarkaðan hóp viðskiptavina
- 6. Hversu oft eru sendir póstar (tíðni) og á hvaða tíma
- 7. Landingarsíða ef pósturinn inniheldur hlekk (link)
- 8. Hvernig er árangur mældur?
 - i. Opnunarhlutfall
 - ii. Smellihlutfall
 - iii. Afskráningarhlutfall

iv. Umbreytingarhlutfall

C. Samfélagsmiðlar

1. Hvaða samfélagsmiðlar eru notaðir?
2. Hvert er markmiðið með þátttöku á samfélagsmiðlum?
 - i. Kynna fyrirtækið eða vöru fyrir viðskiptavinum
 - ii. Vekja áhuga fólks sem ekki eru viðskiptavinir
 - iii. Hlusta á viðskiptavinina
 - iv. Samtöl
 - v. Aðstoða
 - vi. Hvetja til umræðu
 - vii. Nýsköpun, fá álit og hugmyndir hvernig vörur og þjónusta gætu verið betri
3. Er fastmótuð samskiptastefna við viðskiptavini á samfélagsmiðlunum
4. Hverjir sjá um samskiptin
5. Er árangur mældur

D. Vefsíða

1. Hvert er megin markmið vefsíðu fyrirtækisins
 - i. Upplýsingar um vöru og þjónustu til að byggja traust
 - ii. Pöntun/verslun
 - iii. Fá fólk til að gerast áskrifendur
 1. Fréttabréf fyrirtækis
 2. Samfélagsmiðlum
2. Er umferð um heimasíðuna mæld?
 - i. Hversu lengi fólk er á síðunni
 - ii. Hvað er verið að skoða
 - iii. Hvaðan kemur umferðin
3. eru verðmæti hvers viðskiptavinar sem kemur á heimasíðuna mæld (visitor value)? Gert til að áættla hversu miklu má eyða í að ná fólk á síðuna.
4. Er boðið uppá samskipti við viðskiptavini í gegnum vefsíðuna (Netspjall)?
5. Er notast við smákökur (cookies) til að átta sig betur á viðskiptavinum?

E. Blogg

1. Hver er megin tilgangur með þátttöku í bloggi?
 - i. Koma á framfæri hvað er að gerast innan veggja fyrirtækis
 - ii. Kynna vöru og þjónustu

- iii. Hlusta eftir umfjöllun um fyrirtækið og svara fyrirspurnum neytenda

F. Vefborðar

1. Tegund vefborða
 - i. Bein svörun
 - ii. Mörkun/Borði til að auka vörumerkja vitund
 - iii. Gagnvirkur vefborði
2. Lendingarsíðan, Hvert beinir vefborðin þeim sem smellir á hann?
 - i. Heimasíðu fyrirtækis (forsíða)
 - ii. Á tiltekna vöru/þjónustu sem var auglýst
3. Hvert er markmið landingasíðunnar?
 - i. Fá sem flestar heimsóknir og að fólk kynni sér það sem þar er
 - ii. Fá fólk til að skrá sig í hóp, klúbb, eða póstlista
 - iii. Fá fólk til að kaupa vöru og þjónustu eða taka þátt í leik
 - iv. Auka vörumerkjavitund
4. Hvernig er árangur mældur?
 - i. Byrtingar: Heildarfjöldi birtinga vefborða
 - ii. Flettingar; Fjöldi mismunandi síðna sem eru skoðaðar.
 - iii. Endurkast: Fjöldi þeirra sem skoðaði aðeins forsíðuna í heimsókn / Fjöldi heimsókna samtals
 - iv. Smellihlutfall: Fjöldi þeirra sem smella / Fjöldi birtinga á vefborðanum
 - v. Fjölda heimsókna á heimasíðu
 - vi. Fjölda heimsókna í verslun fyrirtækisins.
 - vii. Fjölda símtala.
 - viii. Aukningu í sölu.

G. Margmiðlun (YouTube)

1. Eru birtar auglýsingar á myndbandasíðum einsog YouTube?
2. Hvernig er myndböndunum dreift til neytenda?
3. Er mældur árangur af myndböndunum?

H. Síma og snjalltækja markaðssetning (mobile marketing)

1. Er heimasíða fyrirtælisins fánleg að snjallsíma formi og/eða appi?
2. Er fylgst með hversu mikið af umferð sem kemur á heimasíðu fyrirtækisins kemur frá sínum og snjalltækjum?
3. Markaðssetning í gegnum
 - i. App
 - ii. SMS
 - iii. MMS
 - iv. Leiki
 - v. QR kóða
 - vi. Staðsettingartæki
6. Hvaða þáttur telur þú skipta mestu máli til árangurs í stafrænni markaðssetningu?
7. Hvert stefnir starfræn markaðssetning á næstu 3.árum að þínu mati?
8. Hvaða þáttur á eftir að aukast?
9. Hvaða þáttur á eftir að minna?
10. Hverja telur þú helstu áskoranir og möguleika fyrir starfræna markaðssetningu á næstu árum?
11. Er einhver þróun innan stafrænnar markaðssetningar sem fyrirtæki mættu vera meðvitaðari um?
12. Telur þú að það séu ónýtt tækifæri fyrir þitt fyrirtæki innan stafrænnar markaðssetningar?