



**Effect of Social Media Marketing on Traditional Marketing
Campaigns in Young Icelandic Companies**

Anna Guðbjörg Cowden

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WHAT TYPE OF ROLE DOES SOCIAL MEDIA PLAY
WITHIN YOUNG, ICELANDIC COMPANIES? WHAT
EFFECT, IF ANY, DOES IT HAVE ON THE COMPANY'S
USE OF TRADITIONAL MARKETING METHODS?

Author:
Anna Guðbjörg Cowden

June 2014

Supervisor:
Dr. Valdimar Sigurðsson

Reykjavík

June 2014

Declaration of Research Work Integrity

This work has not previously been accepted in substance for any degree and is not 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.

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Abstract

While marketing has traditionally been promoted through advertisements and campaigns, it is evident that the dawn of the social media age is changing the way that companies interact with their customers and market their products. In this study, seven different young Icelandic companies are interviewed through Individual Depth Interviews (IDI's) to examine the role of social media within the company, and what effect, if any, it has on the company's use of traditional marketing. The seven companies, Orthus Entertainment, Roadhouse, Ævi, Mindgames, Define the Line, Saffran, and GreenQloud, are all under five years old and participated in thorough interviews of their marketing practices based on five different roles: acquisition marketing, retention marketing, direct marketing, B2C marketing, and brand marketing. Through an in-depth analysis of the results, it is clear that social media marketing is used mainly for retention, with traditional marketing used for acquisition. Social media marketing also appeared to have a significant effect on the company's traditional marketing campaign, as they mainly opted to utilize free traditional PR strategies to lobby for interviews and forgo other traditional marketing methods.

Keywords: Social Media Marketing, Young Companies, Startups, Traditional Marketing, Iceland, Acquisition Marketing, Retention Marketing, Direct Marketing, B2C Marketing, Brand Marketing

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Chapter 1: Introduction

1.1 Research Question and Thesis Structure

The point of this thesis is to examine how young companies are utilizing traditional and social media marketing within their overall marketing strategies. This begs the question: What type of role does social media play within young, Icelandic companies, and what effect, if any, does it have on the company's use of traditional marketing methods? This thesis will provide a background for young, startup companies to understand the importance of both traditional marketing and social media marketing when first starting out.

The first chapter of this thesis provides an introduction to the research and presents the research question and justification. The second chapter details the conceptual framework that details the process of the research, as well as puts forth the different theories that will be used in this thesis to guide this study. The third chapter provides the literature review for the research, including definitions for traditional marketing and social media marketing, as well as providing the background for the companies that were used in the IDI research. The fourth chapter details the methodology of this thesis and the interview based research model. The transcript of all the interviews can be found within the appendix. The fifth chapter states the results of the interviews individually, organized in tables for each question topic, and the sixth chapter of this thesis discusses these results and their connection to the previously examined literature on this topic. The final chapter states the conclusion and further research opportunities for this thesis, followed by the bibliography and the appendix.

There are numerous different ways to conduct the empirical study to answer these research questions, including case study, quantitative survey, or qualitative interviews. After weighing all of the options carefully, an Individual Depth Interview (IDI's) study was chosen by the author. This type of study allows for an open discussion between the interviewer and interviewee with "an openness to changes of sequence and forms of questions in order to follow up the answers given and the stories told by the subjects" (Kvale, 1996, p. 124). This openness allows the

researcher to understand the whole picture of each young Icelandic company and to not only see how the companies utilize social media within five different marketing roles (acquisition marketing, retention marketing, direct marketing, B2C marketing, and brand marketing), but also understand how this affects the companies' use of traditional marketing.

1.2 Background

Since the late 1990s, the Internet has served as one of the easiest and most widely utilized channels of communication for people all around the world. The creation of various social media sites, like Facebook and Twitter, has made interacting with people on the Internet even easier. Originally, these social media sites were used only to connect people, either those that you have lost touch with, those that you have never met, or even those that you see on a regular basis. Throughout the last ten years, this interactive platform has evolved from not only connecting people through the Internet, but also connecting people with businesses and products and vice versa.

From the beginning of the last century, the marketing field has also been changing and evolving. Marketing departments of the biggest companies began to incorporate Internet banner and rich media advertisements to their previous repertoire of traditional advertisements in newspapers and radio to capture the attention of their target audience, who were spending more and more time online. Upon the creation and popularity of social media, the marketing plans of companies were forced to change again and companies were creating Facebook and Twitter profiles to stay current with their customer base and maintain an edge over their competitors. This creation of company profiles on many of the social media platforms has brought about new opportunities for companies to spread their message on a limited budget, as well as interact with customers and potential customers on a more human level. Among these new opportunities included the chance to gain followers that are notified of the company's latest updates, share information with others, and the possibility to create competitions that help customers and potential customers get excited about the products and services that a company has to offer. With companies using social media, the possibilities to capture a larger market share, target new audiences, and

connect with customers were huge. New positions within marketing departments now specifically catered to social media strategy and communications.

Iceland, a small island country in the middle of the North Atlantic, provides a great base for marketing research, especially after the economic recession that hit in 2008. This crisis hit Iceland hard, with three of the country's largest banks taken over by the government, after having racked up a debt of more than 11 times the country's GDP. While leaving the Iceland crippled, the economic downturn, however, did not fatally wound the country, as the GDP per capita in 2008 was still about \$40,000 USD. The country has started to slowly rebuild its economy through new, innovative companies. This allows for an inside look into the marketing strategies of young companies and helps to figure out how they utilize traditional marketing and social media marketing.

1.3 Objectives

- To determine the role of social media marketing (as defined in the next chapter) within a young Icelandic company's marketing strategy
- To determine whether social media marketing has affected the young, Icelandic company's use of traditional marketing (as defined in the next chapter)

Based on the above objectives, the research questions are as follows:

1. What type of role does social media play within a young Icelandic company?
2. What effect, if any, does the role of social media have on the traditional marketing objectives within these companies?

1.4 Justification

Marketing is the most important way for a company to create brand and product awareness, as well as grow their customer base and increase profits. Whether a company utilizes newspaper advertisements or Facebook, every company or organization has a marketing plan to help their business grow; in today's increasing globalized world, companies have to be ready to branch out from their home market into the international business arena. Marketing a company to be appealing to the rest of the world can be a daunting task: traditional advertisements must be translated into

different languages and cultural norms must be followed. Following the creation of social media, like Facebook and Twitter, companies received a new marketing strategy that can target people throughout the world without spending a lot of money.¹ The use of social media, additionally, has created a different type of marketing, where customer relations is key and interacting with customers on a more personal level provides the ability to bring the company into the living room of anyone in the world. After showing how effective social media can be in increasing customer base and as a marketing tool, it can provide a model for other companies, both well-established, large companies and small, start-up companies, to follow and grow their business in a way that they have not been able to do before.

There has already been extensive research on the different forms of marketing and how important it is to companies, but as social media is relatively new, it is open for scholarly research to understand its main marketing purpose, and its effect on traditional marketing methods. It is important to identify the trend of traditional marketing and social media marketing within a small company, as this trend will help to understand the direction that the field of marketing is heading.

¹ While this is still technically true, research shows that the amount of marketing “noise” within social media has grown immensely, and in order for a company to be heard by their target audience, more and more money must be spent (Nelson-Field, Riebe, & Sharp, 2013).

Chapter 2: Conceptual Framework

This thesis sets out to research two different questions: First, what role does social media play within young, Icelandic companies? Second, what effect, if any, does that have on their traditional marketing initiatives? Through Individual Depth Interviews (IDI's) with the Chief Marketing Officer (CMO) of young Icelandic companies, the researcher can gather data on how these companies utilize social media marketing and the relationship between social media marketing and traditional marketing.

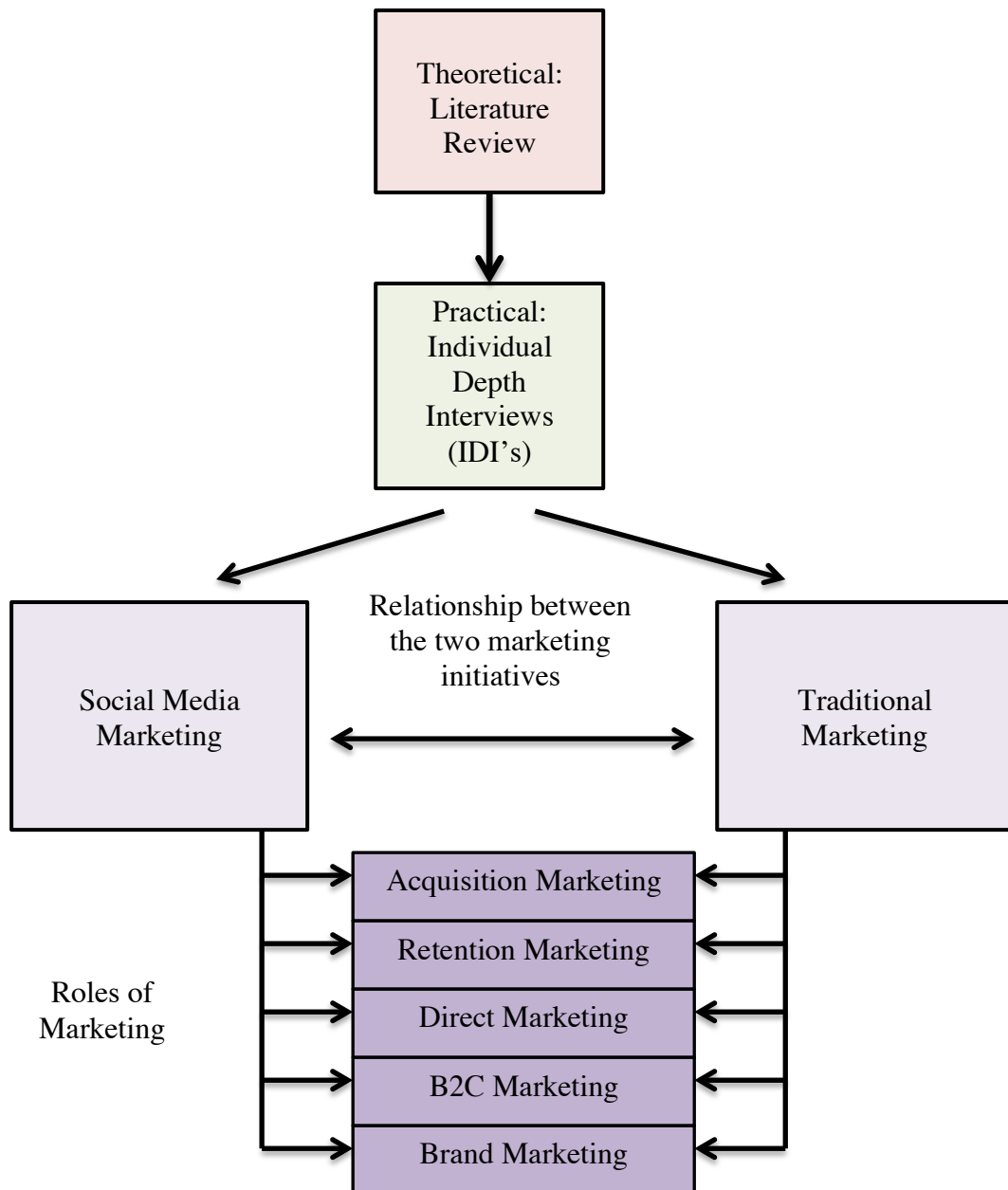


Figure 2.1: Conceptual model used in this study

As seen in Figure 2.1, the conceptual framework for this research was started by theoretical literature review and then followed up with a practical qualitative research method: IDI's. Through thorough analysis of the IDI's taken with seven different young Icelandic companies, it will be possible to assess the role of social media marketing within the company, with a complete list of the five roles that are investigated in Table 2.1. This analysis helps to answer the first portion of the research question. Once this has been fully investigated, it will be possible for the researcher, through the IDI's, to determine the relationship between social media marketing and traditional marketing within each of the companies, and how this applies to the guiding theory of this research.

Table 2.1 Defining the Roles of Marketing

Role of Marketing	Description
Acquisition Marketing	Marketing to new, potential customers in order to gain their business
Retention Marketing	Marketing to existing customers in order to build profitable, long-term relationships and maintain their business
Direct Marketing	Marketing through various advertising media that interact directly with consumers, generally calling for the consumer to make a direct response
B2C Marketing	Business to Consumer; Marketing directly to the consumer
Brand Marketing	Marketing to increase loyalty, awareness, perceived quality, strong associations, etc. to a specific brand

Adapted from Kotler, Armstrong, Saunders, & Wong, 1999.

The theory used to guide this thesis has been put forward by Nelson-Field, Riebe and Sharp (2012) through their study of a comparison between a brand's actual buying base and the brand's Facebook fan base, explaining that while social media, and Facebook especially, are a great marketing tool, they are not optimal for "stand-alone" advertising, but rather part of a multi-media marketing mix. Furthermore, their study shows that Facebook and other social media platforms are most effective when used for retention marketing, and traditional marketing is optimal for acquisition marketing (Nelson-Field, et al., 2012, 267). Additionally, a theory put forth by Tariq and Wahid (2011), through an empirical study consisting of a two stage interview

process, explains how young companies are more likely to adopt a social media marketing strategy over traditional marketing, due to both a lack of funds and a lack of marketing expertise. These theories are a strong example of the current research in the marketing field of the relationship between social media marketing and traditional marketing. By analyzing the IDI's that are taken with young, Icelandic companies, it will be possible to identify whether or not these companies follow the current theory.

2.1 Definitions

For the purpose of this thesis, traditional marketing is defined as advertising (television, radio, print advertisements -- including newspaper, magazines, Internet ads) as well as strategies like PR and mailings. This form of marketing is fairly impersonal, involving the promotion of one message, from the producer to the consumer, with little interactivity between the two. Print marketing is the oldest form of advertisement, dating back to ancient Egypt with broadcast marketing becoming popular after the invention of the radio and television (Marketing-Schools, 2012). Almost every company employs some sort of traditional marketing, as it is an easy way to advertise a new product or service to the masses. Whichever form of traditional marketing a company utilizes, however, has a lot to do with the marketing budget of a company (Kotler, et al., 1999). Larger companies can make use of expensive television spots, like the Super Bowl in the United States, to capture the attention of their target market. One of the biggest advantages of this form of marketing is 'staying power,' which can be seen in the top marketing campaigns of the 20th century: McDonald's "You Deserve a Break Today," Marlboro's "Marlboro Man," and Nike "Just Do It"² (Marketing-Schools, 2012).

Social media marketing is defined as the promotion or selling of products or business on social media sites, with the particular goal to create content that will be shared on numerous social media sites and generating electronic word of mouth (eWOM) (Keitzmann, Canhoto, 2013). With the first social media sites having been created in 2002, today Facebook, one of the most popular social media network sites in the

² These are the top three marketing campaigns of the 20th century according to NBC (2012).

world, boasts over 1.11 billion users and profiles (University of North Carolina at Pembroke, 2013).

Social media has increased with the availability of the Internet and can be categorized into five different sections, with a full overview of each category in Table 2.2. Following the creation of the smart phones, tablets, and notebooks, people are able to be connected virtually anywhere, updating their status, tweeting their thoughts and Instagramming their food. It is not surprising then, in the least, that social media has caught the attention of advertisers and marketers, as they found a way to capitalize on the popularity of these websites and platforms. For example, YouTube, which has over 1 billion users and receives over 4 billion views per day, has paid channels that provide revenues to those that create content (UNCP, 2013). Furthermore, Facebook accounted for 13 percent of worldwide mobile ad revenue in 2013, not to mention that 70 percent of business-to-consumer marketers have acquired a customer through this social network (Young, 2013).

Table 2.2 Overview of Social Media Sites and Examples

Categories of Social Media Sites	Appeal	Examples
Egocentric Sites	Allow users to construct profiles of themselves on virtual platforms facilitating identity construction and connections	Facebook.com, MySpace.com, Bebo.com, Twitter.com
Community Sites	Imitate real-world communities, allowing groups to form around like beliefs	BigWaveDave.com, BlackPlanet.com, Dogster.com
Opportunistic Sites	Allow for different social organizations of users and facilitate business connections. Often defined vertically.	LinkedIn.com, Academia.edu, alibaba.com
Passion-Centric Sites	Allow users to connect based on interest and hobbies. Often defined horizontally.	The Samba.com, chatterbirds.com, germancarforum.com
Media Sharing Sites	Allow users to share rich media with each other. Defined by content, not users.	Flickr.com, YouTube.com, slideshare.com, Instagram.com

Adapted from Parent, M., et al., 2011.

By the end of 2007, Facebook had over 100,000 company pages registered to the site and allowed the businesses to gain followers and post company updates (Richmond,

2007). According to the Constant Contact Spring 2011 Attitudes and Outlook Survey, 73 percent of small businesses report using social media marketing, with 62 percent of companies that do not use it currently, plan to begin use within the year (Constant Contact, 2011). Today, it is common for companies to have accounts on multiple different social media sites to spread their message and branding, including Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, etc.

Chapter 3: Literature Review

3.1 Traditional Marketing

In order to understand the effect that social media marketing has on traditional marketing, it is important to understand how traditional marketing campaigns are viewed today. Barlow and Birkhahn (2005) conducted three different surveys to assess the views of corporate brand/marketing executives, advertising executives, and consumers on mass marketing. While top executives, like Larry Light, the Chief Marketing Officer of McDonald's, feel that "the days of mass marketing are over," 63 percent of consumer respondents believe that traditional advertising - defined by this research as print, TV and basic online ads - is still an effective means of marketing a new product or service (Barlow & Birkhahn, 2005). The advertising executives agreed with the marketing executives in this survey, finding that the decline in perceived effectiveness of traditional media can be blamed on two fronts: today's mass media is incredibly cluttered and tremendously noisy and new, alternative media channels are becoming more and more attractive to consumers (Barlow & Birkhahn, 2005).

Recent studies, however, show that in the United States, television advertising is still a relevant form of traditional marketing, as it had the highest ad revenue of all the traditional marketing forms. In a Nielsen survey (2013), 68 percent of respondents said they would take action due to an advertisement that they saw on the television, with newspapers advertisements only trailing slightly at 65 percent, and magazine ads at 62 percent (The Nielsen Company, 2013). These traditional marketing methods have a certain amount of trust built into them, as Randall Beard, global head, Advertiser Solutions at Nielsen, explains, "Although online formats have the opportunity to engage more effectively with consumers, trust in [traditional] ads is growing as they become more pervasive and persuasive" (The Nielsen Company, 2013). This is not applicable as a blanket statement for the whole world, however, as the survey showed that Latin American consumers are more likely to take action based on traditional advertisements and their European counterparts, least likely (The Nielsen Company, 2013).

Even though online and social media marketing seems to have captured the attention of younger generations, this does not mean that traditional marketing is dead. As Barlow and Birkenhahn (2005) conclude, companies cannot ignore newer, alternative marketing methods, nor can they solely focus on traditional marketing channels, as there is ultimately a middle road that incorporates both of these marketing opportunities. Just as the marketing mix must find an appropriate balance between the four P's, marketing executives must find an effective mix of traditional, Internet and social media marketing that helps them retain their current customers and attract new, potential customers.

Eid and Truman (2002) conducted a literature review on the need for an updated marketing strategy if traditional marketing campaigns are to remain relevant in the eyes of consumers, as they explain “it is unrealistic to apply the same marketing strategies [as traditional marketing] without making some modifications to be appropriate to the electronic edge.” While the four P's of marketing are still important in this newer medium, they must be considered differently. Due to the increase in options for not only businesses but also consumers, marketing campaigns must be thoughtful and smart – they must take advantage of the massive amount of information about their consumer that is at their fingertips and use that within advertising and promotions. Because it is a lot easier for a customer to switch between suppliers, it is imperative that a company does not depend solely on their product or pricing (Eid & Truman, 2002). O'Callaghan and Fahy (2002), conducted in-depth interviews focused on traditional Internet marketing with leading marketers in Ireland and found drew similar conclusions to Eid and Truman. Internet marketing also decreases the need for interpersonal skills within marketing associates, adding to the list of drawbacks, as marketers are able to hide behind a computer and customer metrics without having to personally interact with their customers (O'Callaghan & Fahy, 2002).

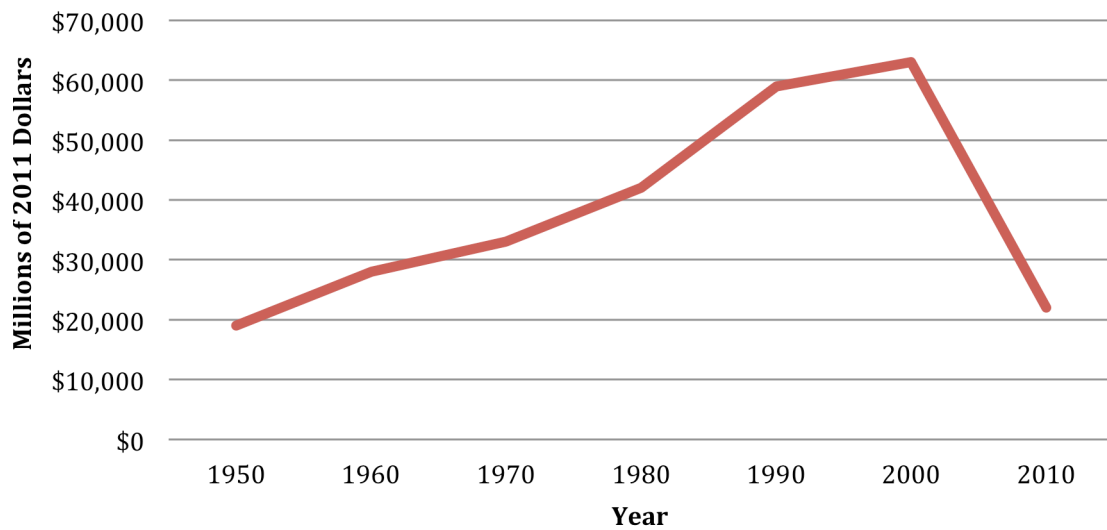
Adzharuddin (2012) conducted a literature review on the current trend of traditional media marketing versus new media and found similar results to that of O'Callaghan and Fahy, show that internet marketing allows for something that radio and television

has never been able to offer: it focuses on interactivity and allows for two-way communication, “highlighting the fact that the customers are active players rather than passive recipients.” Furthermore, it “provides marketers with the ability to cut through the clutter that is characteristic of traditional marketing activities such as TV/radio and newspaper advertising” (O’Callaghan & Fahy, 2002). Using the Internet as a marketing tool has provided companies with a cheap, measurable, and immediate resources to reach their target audience, with the ability to A/B test and experiment in a way that was not possible before (O’Callaghan & Fahy, 2002).

Statistics show that Internet marketing is going strong and likely to get stronger. In 2012, Internet marketing campaigns saw a 14.3 percent increase in spending budget, while traditional marketing decreased by a whopping 161.5 percent (The CMO Survey, 2012). Furthermore, print newspaper advertising revenue has seen a dramatic decrease of almost two-thirds in the past 20 years, as seen in Table 3.1. Even though print advertising has decreased, however, the online advertising for newspaper websites have been steadily increasing, along with newspaper readership (Pew Research Center’s Project for Excellence in Journalism, 2011). With more and more people getting their news from their favorite online source, it is only more likely that online advertisement revenue of these newspapers will continue to increase, allowing for people to not only see similar ads as they would reading the Sunday paper, but also allowing people to click on the ad and learn even more.

Extensive research has been done to determine the impact of the Internet on marketing, and studies have shown that marketers are still driven by the same motivations as they were before the rise of the Internet. Similarly, the role of marketing within an organization has remained the same. While the Internet has impacted how marketing is conducted (creating new acronyms like PPC and SEO for marketers to learn) and the availability of resources (banner ads, consumer metrics, customer reviews, etc.), it has only added another important tool to the marketing mix that was not accounted for before (O’Callaghan & Fahy, 2002).

Table 3.1 Print Newspaper Advertising Revenue Adjusted for Inflation, 1950 to 2011



Adapted from Hayes, J., 2012.

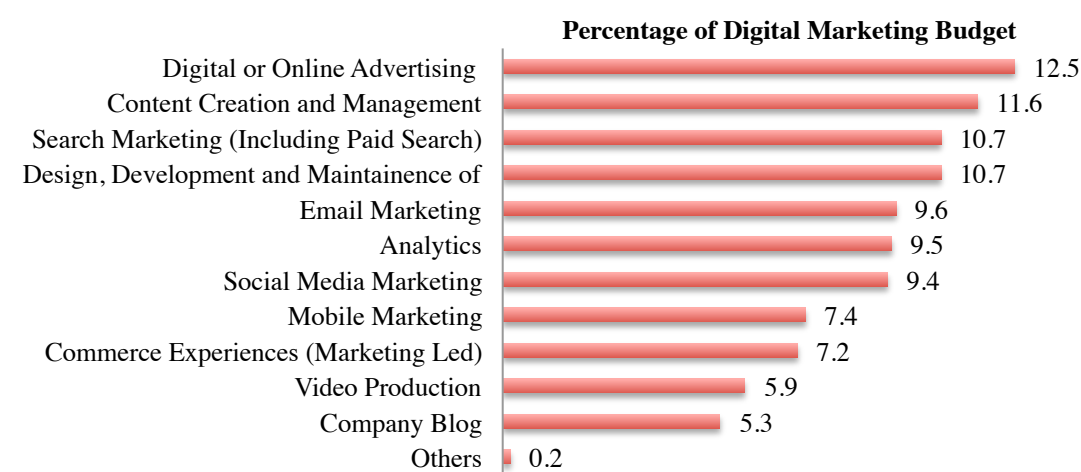
3.1.1 Cost of Traditional Marketing

It is no shock that traditional marketing costs are high, and the cost of traditional marketing can be a big factor as to its use by younger companies. Not only does it cost money to create the advertisement itself, whether it's in-house or outsourced, it also costs for the actual ad spot, whether it's on the radio, television, or in the newspaper. Research shows that the average cost of a newspaper advertisement can range from between \$200 USD for local newspaper advertisements up to \$20,000 USD, depending, of course, on the publication, the size of the advertisement, and the placement (Kobliski, 2006). A radio ad very much depends on the area that the station services, ranging from \$3 USD per 60 spots for a small, suburban radio station, like in Petoskey, MI, to \$500 USD per 60 spots for a large city radio station, like in Los Angeles, CA (Brueski, 2009). Television advertisements can get even pricier, with the average TV prime-time advertising spot costing around \$110,000 USD (Crupi, 2011). These costs, high in and of themselves, do not account for the creation of the advertisement itself, with radio and newspaper advertisement production costs being cheaper than television commercial production costs. Studies show that the average cost a company pays to an ad agency to produce a television

commercial is about \$298,000 USD, not including commission and other markups (McClellan, 2013). This is a high price to pay for an advertisement.

According to the Key Findings From U.S. Digital Marketing Spending Survey (2013), marketing spending is quickly shifting from traditional media to digital advertisements, with the average marketing budget allocating 25 percent to digital marketing. This, however, does not separate online advertising from social media. A breakdown of the digital marketing budget, according to the 2013 survey, can be found in Table 3.2, clearly showing that the majority of the digital marketing budget is allocated to digital and online advertising, which is grouped within traditional marketing, for the purpose of this thesis.

Table 3.2 Breakdown of Digital Marketing Budget



Adapted from Key Findings from U.S., 2013.

While the costs of traditional marketing are high, the marketing and advertising work is generally outsourced to an ad agency, saving the company time to focus on other marketing initiatives. Overall, even though marketing budgets for radio, television, and newspaper advertisements are decreasing, digital marketing, specifically online advertising, is quickly increasing and making up a large portion of the marketing budget for companies today.

3.2 Social Media Marketing

Through a case study of social media as a part of the marketing mix, Mangold and Faulds (2009) concluded “social media is a hybrid element of the promotion mix because in a traditional sense it enables companies to talk to their customers, while in a non-traditional sense it enables customers to talk directly to one another.” Thus, social media marketing accomplishes that which traditional and Internet marketing accomplish on social networking platforms, but also enables an online “word of mouth” phenomenon (Constant Contact, 2013). For example, when someone Likes a company page on Facebook or retweets a tweet from a company, they are essentially endorsing this company to the rest of their Facebook friends and Twitter followers. Surveys carried out by Chadwick, Martin, and Bailey (2013) show that 75 percent of people are “somewhat or highly likely to share content they like online with friends, co-workers or family,” with 49 percent of people doing this at least weekly. With word of mouth holding steady as the strongest factor that influences customers to try a new product or brand, it is no wonder why social media has become so popular. It gives companies the ability to gain positive (and sometimes negative) word of mouth within global community.

With this increasing popularity, there is a lot more “noise” and “clutter” within the social media advertising realm. While social media was very effective for marketing in previous years, advertisements on Facebook are proving less and less effective with the increased amount of clutter found on the social networking site (Nelson-Field, et al., 2013, p. 187). Through the increased noise from advertisers in social media, Facebook is starting to become similar to that of traditional media in its advertising effectiveness. An empirical generalization offered by Nelson-Field, et al. (2013) explains how “advertising clutter on Facebook reduces the Facebook user’s ability to remember the advertisements to which he or she is exposed...this is the same pattern seen in television and radio advertising” (p. 187). In 2012, Facebook attempted to combat this increased noise by decreasing the amount of content that is actually shared in the Newsfeed, explaining that only 16 percent of followers seeing the posts from the business pages they have Liked on Facebook (Constine, 2012).

While marketers cannot control all of the information, true or not, that is passed through social media, “ignoring the realities of the impact of information transmitted through these forums on consumer behavior is tantamount to surrendering the communications process to the vagueries of the marketplace” (Mangold & Faulds, 2009, p. 364). It is not the job of the marketing managers to influence and monitor the conversations that are being held, because they will be held, whether a company is paying attention or not. Today, companies must participate and have a presence in social media, as it is expected of every company, just like every company has a website or a telephone number. Companies that choose to not participate are often perceived as being out of step with consumers and more likely to be defined by its competitors instead of by itself (Schlinke & Grain, 2013, p. 90). With the fast pace of the world today, social media meets the demand of consumers for 24/7 access to products, and companies must rise up and meet this demand.

Overall, research shows that being involved in social media and interacting one on one with consumers is more profitable. According to a McKinsey Report (2012) on the value and productivity of social technologies, studies showed that companies that are “networked” and involved in newer technologies to reach their customers “outperformed other companies in terms of market share, profitability, and market leadership” (McKinsey quoted from Corstjens & Umblijs, 2012, p. 433). While the interactive quality of social media has both advantages and disadvantages, it is one of the most popular ways for new companies to begin their marketing campaigns and says a lot for the future of marketing.

While social media marketing is a new way for companies to create a community and build brand awareness, there are many advantages and disadvantages to this new marketing form and affects large and small companies in numerous different ways.

3.2.1 Cost of Social Media Marketing

Many companies have embraced social media marketing, and through doing so, have decreased their marketing spending. Today, small businesses are spending less, due to the plethora of low or no cost digital marketing, and have decreased their traditional advertising budgets, according to Advertising Age writer, John Neff

(2013). As explained by Andrew Whitman, managing partner of 2x Consumer Growth Partners, an investment firm that provides growth capital for small consumer-packaged-goods companies, small businesses have always spent less on marketing because of a limited amount of resources, but “the new-media world has in many ways leveled the playing field. Now not spending a lot of money can get them something. Not only is it cheaper, it's often more measurable” (Neff, 2013). Small businesses are also more like to adopt a social media marketing strategy as “they are often cash-strapped and lack marketing expertise for carrying out innovative marketing campaigns” (Tariq & Wahid, 2011). Companies are choosing to focus their attention elsewhere, so instead of paying millions of dollars for a Super Bowl television advertisement, they are starting to look more toward blogging and word-of-mouth campaigns to further their marketing efforts, according to Trusov, Bucklin, & Pauwels (2009) through an empirical analysis of the effects of word of mouth (WOM) versus traditional marketing.

While social media marketing, on average, shows to be cheaper than traditional marketing campaigns, the prices of social media marketing have been on the rise. With Google Ads and Facebook clients in the millions, more and more companies are trying to find a way to make more money from social media advertising, and while competition can drive the costs down, there will be less and less free services from these companies (Neff, 2013). It seems, however, that even though the actual monetary cost of social media is lower than traditional media, the time and effort spent on these online marketing campaigns is huge. According to a Constant Contact (2013) survey, the average value of an extra hour is worth \$273 USD to a small business, some respondents even claiming worth of up to \$5,000 USD. Many companies are paying a lot more for social media marketing in time value than in a monetary value, and would save a lot more time, and in turn money, by outsourcing their social media campaign to marketing consultants (Constant Contact, 2013).

With current research pointing to Facebook and other social media platforms being just as effective, and just as cluttered, as television or radio advertisements, social media marketing still maintains the edge of an overall cheaper advertising strategy. For how long this will be, only time will tell.

3.3 Roles of Marketing

This study investigates the role of social media marketing within young Icelandic companies, and in order to properly assess this, it is imperative to understand what current literature says regarding the role of social media in regard to acquisition marketing, retention marketing, direct marketing, B2C marketing, and brand marketing.

3.3.1 Acquisition Marketing

Hutton and Fosdick (2011) make a strong case for the use of social media marketing specifically in the role of acquisition marketing via their ongoing study in cooperation with Universal McCann (UM), researching global social media trends through social media indicators and consumer surveys. They found that consumers were more likely to join a Facebook page of a company in order to get a “front row seat” to the brand’s news, developments and upcoming events. Their study found that within six months of a potential consumer joining this brand community, they were more likely to buy the product, thus showing how having a strong social media presence can help companies to acquire new customers.

Trusov et al. (2009) also found that through the correct methods, social media and eWOM can be a perfect way for companies to gain new customers, especially through an easy referral process. Through a simple pre-formatted email sent from a current user to a friend, similar to those found on Twitter and Facebook, a company is able to gain new potential customers, while often helping to retain current customers through an incentive offered for a referral. This can be fairly easy to do through social media and can be sent to a lot more potential customers with little effort on the part of the current user.

Through an empirical analysis of marketers and their use of social media, Jadhav, Kamble & Patil (2013) found that the majority of marketers that participated in their study (81 percent) felt that social media increased the exposure of their business as

well as creating new business opportunities for them, lending social media marketing to take on the role of acquisition marketing for business. Furthermore, 48 percent of respondents also noted a significant amount of qualified leads that were generated due to their social media presence.

3.3.2 Retention Marketing

While numerous researchers find that social media marketing fulfills the role of acquisition marketing, Nelson-Field, et al. (2012) disagrees. As mentioned previously in the second chapter of this research, Nelson-Field, et al. found that traditional media marketing is best used for acquisition marketing and social media marketing is best for retention marketing. This is due to the fact that traditional media makes more use out of one way advertisements that can spark interest to new customers, while social media allows companies to maintain previous consumers and retain their business through building and maintaining a relationship.

Agreeing with Nelson-Field, et al., Schlinke and Crain (2013) conducted an literature review on the uses of social media, and also found that it is especially helpful for companies to utilize this media for retaining customers, especially by continuing to build those relationships online after a sale is complete. Marshall, Moncrief, Rudd, and Lee (2012) found similar findings through their focus group study of social media within sales divisions of various companies. In their study, many of those that participated in the focus group felt that social media was optimal for maintaining strong relationships with customers, especially those that are not located close to the company and not making a lot of face time possible. One participant of the study explained how they had changed the settings on their Facebook profile to ping them when it was a client's birthday, reminding them to wish them a happy birthday and continuing their relationship long after the sale was completed.

In an empirical study by Ab Hamid, Akhir, and Cheng (2013), a direct correlation was found between customer retention and social media followers. That is, those customers, especially those in the younger generations, that are engaged or aware of the social media communication of a company, in this case hotel chains, are more

likely to revisit said hotel. Through a company's increased use of social media communication, an increase in trust and retention rate was found, providing empirical evidence that social media is effective in retention marketing.

3.3.3 Direct Marketing

While many felt that direct marketing was on its way to the grave, it seems to have made a significant comeback with the use of social media marketing. According to Marketing Weekly, 40 percent of marketers have been shifting a sizeable portion of their direct marketing initiatives and budget to social media (Mortimer, 2010). This is due to the fact that social media provides direct marketers with the interaction with their target customer base that they have always wanted. Through social media, marketers are able to customize and tailor their offerings, while directly interacting with potential customers. Palmer and Koenig-Lewis (2009), through their experiential-based model of social media and direct marketing, confirmed these findings, demonstrating how crucial social media has become for successful direct marketing.

Direct marketing is also greatly affected by the WOM that can be found on social media. One of the biggest advantages to this role of marketing is positive WOM. This feedback can come either through a comment on a blog post, a tweet, or from someone who has taken the time to write on the Facebook wall of a business. A large audience and positive WOM via social media can really add to a company's or individual's credibility and possibility for direct marketing via social media. Marshall, et al. (2012) describe how sales people today utilize LinkedIn for building their client base, allowing for a large amount of transparency, as potential clients can connect, via LinkedIn, with the sales person's current clients and ask them of their experiences. This positive feedback and added credibility is not only helpful to the marketers to know what they are doing well, it is also out there for all of the other hundreds of followers or observers to see, and a big impetus for people to start doing business with a company, aiding in their direct marketing endeavors. Even though it is almost inevitable that every company will receive some sort of negative feedback on one of their social media channels, it is possible to change these negative posts into an opportunity. This type of feedback not only shows a marketer areas which they

need to strengthen, but also allows all other consumers to see how responsive and resolution focused the company is (Schlinke & Crain, 2013, p. 87). If handled in a mature and good-natured way, negative feedback can be just as much of an opportunity for a brand than positive feedback.

Companies and marketing agencies are, however, still learning how to engage with their customers in the most successful and profitable way. As Johnny Spindler, Chief Innovative Officer at BBDO explains, “Companies can’t just shout the loudest anymore, they have to be interesting and try to play a useful and relevant role in the life of their customers” (Johnny Spindler Interview, 2011, p. 19). In order to directly market to those that a company is interacting with on social media, they must be creative in their tactics. This is a big hurdle that many companies are currently facing.

3.3.4 B2C Marketing

Within traditional marketing, company’s held one way conversations with their consumers through the use of advertisements, mailers, newsletters, etc. Through social media, the opportunity for customers to directly communicate with a company in real time is created, turning a one way conversation into two way communication. Two of the most popular social media sites, Facebook and Twitter, allow for users to comment on posts, write on a company’s wall, or tweet a response to a company’s original tweet. Both of these platforms, furthermore, give users the ability to easily share information posted by the company, either through retweets or shares, according to Deiser and Newton (2013) from their empirical study of IDI’s of GE officers on their social media marketing strategies.

Not only is social media focused on the business-to-consumer (B2C) interaction, but also the consumer-to-consumer interaction (a company’s online community) is also paramount to its image and success. According to Naylor, Lamberton and West (2012) and their empirical study on the virtual presence of various brands, this is because consumers are increasingly looking to social media to form opinions about unfamiliar brands and not necessarily the information that the brand itself is

distributing on social media, but rather the information that other consumers are saying about social media (p. 105).

Beginning on 2012, there was a serious increase in the amount and frequency of social media marketing in which B2C companies engaged. According to the Content Marketing Institute (2012), B2C marketers utilize Facebook most often of all the social networking sites and rate it the most effective, with LinkedIn usage jumping to a close second, from 51 percent usage in 2011 and 71 percent in 2012.

3.3.5 Brand Marketing

Through traditional and Internet marketing, the advertising and branding initiatives were almost solely done by the marketing department; with the rise of social networking, however, “marketing is the job of every employee” (Brenner, 2012). Because most employees of most companies can be found on at least one social media site, every employee ends up being an extension of the company brand (Brenner, 2012). Thus, if an employee has very open privacy settings that allow non-friends or non-followers to see their content, everything that they do on the social media site can possibly affect the branding and image of the company.

Through the use of the interactive posts, marketing a company has become a bigger task than it has been in the past. As Corstjens and Umblijs (2012) point out, with this new interactive marketing medium, customers have a voice and they want to be heard, so not only do companies need to listen to their consumers, but they also have to be ready to engage in “brand conversations.” Furthermore, marketers need to use social media monitoring tools to find out exactly what customers are saying about a brand or product, which can help to identify the source of influence, whether it is positive or negative, and either capitalize on it or address it (Johnny Spindler Interview, 2011, p. 19).

Within the brand communities that a company creates on social media, consumers communicate with more than hundreds of other consumers very quickly and easily and can be a huge asset to a company, gaining traction within the minds and everyday

lives of their users (Mangold & Faulds, 2009, p. 361). Additionally, if marketers are diligent at monitoring social media, it is possible to influence and shape these discussions in a manner that is consistent with the organization's brand and mission (Mangold & Faulds, 2009, p. 361). Through a strong and dedicated community, a company can end up spending less time distributing their brand marketing, and allow their community to continue the conversation on their own.

Negative feedback, however, can be very damaging to a company's brand. Studies have shown that negative social media, whether it is business-to-consumer or consumer-to-consumer, is shown to cause 4.4 times more of a sales decline than a singular unit of positive social media shows in sales increases (Corstjens & Umblijs, 2012, p. 447). As previously explained, it is possible to turn negative feedback into a positive opportunity, some posts can be especially damaging for the reputation of a brand, and while damage control can be done and the post can be deleted, sometimes it is too late. Schlinke and Crain (2013) explain how damaging posts can take on a life of their own, even after being deleted, if they were seen or retained (possibly through screenshots) by competitors, potential business partners, clients, etc. These negative posts can sometimes do so much damage that it is very hard for a company to bounce back.

With the increased use of social media, brand marketing has been made easier, as companies can express their brand through posts, pictures, status updates, and tweets. The downside remains that in order to successfully manage a company's online brand marketing, constant vigilance must be paid, as a company's brand can be seriously affected through consumer-to-consumer online conversations.

Chapter 4: Research Methodology

4.1 Selection of Companies

In order to narrow down the research, certain restrictions were placed on the companies that were to be interviewed: chosen companies had to be ten years old or younger and based in Iceland. The companies that fit this criterion were then contacted (either through email, Facebook, or their website) and asked to participate in the study (See Appendix A2 for the email sent to potential respondents). As many of the contacted companies are quite young, not all of them had a specific CMO, so in those such cases, the email was sent to the CEO. With the plan of interviewing between six and eight different companies, a total of 23 companies were contacted, with the full list below.

Table 4.1 Companies contacted for this study and their response

Name of Company	Medium Used to Contact	Response
NOVA	Email/NOVA Website	Declined
WOWair	Email/WOWair Website	No Response
Orthus Entertainment	Email	Accepted
GuitarParty	GuitarParty Website	Declined
Poran Whiskey	Email	Declined
Flóki Whiskey	Email/Facebook	Declined
Ævi	Email	Accepted
Roadhouse	Facebook	Accepted
Plain Vanilla Games	Email	Declined
Define the Line	Facebook	Accepted
Kostur	Email/Facebook	Declined
Saffran	Email/Facebook	Accepted
Gæðingur/MicroBar	Email/Facebook	No Response
Mind Games	Facebook	Accepted
Puzzled by Iceland	Puzzled by Iceland Website	Declined
RóRó	Email/Facebook	No Response
Icelandic Cinema Online	Facebook	Declined

Lumenox	Facebook/Email	No Response
Sportliff	Facebook/Email	Declined
Shop Couture	Email/Facebook	No Response
Fancy Pants Global	Email/Facebook	No Response
GreenQloud	Email	Accepted
Dexoris	Email	No Response

Of the companies contacted, nine of them declined participation, with many of them citing a lack of usefulness in the research as they were doing very little within their marketing department. Other larger companies that were contacted declined due to a large amount of projects being worked on and very little extra time. Seven of the 23 companies did not respond to the author's numerous attempts to contact them. The final seven that accepted are the seven companies that were used in this study.

4.2 Company Overviews

The following companies were interviewed and provided the empirical research for this thesis. The following seven companies are all considerably young (five years old or younger) and located in Iceland.

4.2.1 Orthus Entertainment

Orthus Entertainment was founded in November 2012 and aims to “produce high quality products for children and teenagers, mainly games, books and audio for tablet computers and smart phones” (Orthus Entertainment, 2014). The company consists of one stable employee, the founder and CEO, Bjarni Einarsson, with other employees (programmers, authors, artists, etc.) being hired on an ad hoc basis. Orthus Entertainment has applied for both the Start Up Reykjavik and Gulleggið Start Up competitions and was one of the first companies in Iceland to offer children's apps for the tablet computer (B. Einarsson, personal communication, 6 March 2014). The company has released nine different story book apps for tablet computers based on the Brother Grimm fairy tales, three of which are in English and six of which are in Icelandic (B. Einarsson, personal communication, 6 March 2014). The company is

currently working on another interactive book, Friends of Valhalla, as well as a television pilot and board game of the same name (See Appendix B1).

4.2.2 Roadhouse

Roadhouse is a restaurant in the middle of Reykjavík, founded in 2012, and focuses on American tradition. With memorabilia and posters from the 1950's, Roadhouse is home to a plethora of specialty hamburgers, including the Empire State (a burger with a grilled cheese sandwich in the middle) and the Donut Burger (a burger that uses a Donut instead of the typical hamburger bun, as well as ribs, milkshakes, and double fried French fries (Roadhouse, 2014). Almost everything served in the restaurant is made from scratch on the premises, with only fresh and high quality food. While the main focus of the restaurant is to provide good food that is different than anything else offered in Iceland, they are also dedicated to making their patrons feeling comfortable and close (Á. Sveinsson & S. Guðgeirsson, personal communication, 20 March 2014). After two years of successful operation, Roadhouse will be undergoing a facelift in the coming months, diving deeper in the feeling of 1950's America, as well as an increased focus on marketing initiatives (See Appendix B2).

4.2.3 Ævi

Ævi, founded in 2012, is a company that is focused on helping people pass down memories and messages from generation to generation. The company runs an online service that allows users to collect stories, memories, and pictures, storing them online or in the cloud, and then delivering those memories and messages to chosen loved ones after the user has passed away. The beta version of this website and online memory storage service was released last year for testing, and the product was officially launched in February 2014 (S. Sigurðurdóttir, personal communication, 21 March 2014). The idea behind the company is to take that box of pictures, letters, and memories that everyone has stored in their closet and put it online, making it easier to transfer these treasures to new family members, once the user, and older family member, has passed away. The company was a participant in Start Up Reykjavik

2012 and is currently remodeling their business play to allow users to pass on memories while still alive (See Appendix B3).

4.2.4 MindGames

MindGames, started in 2009, created video games that one can control with their mind. Through the use of a brain-wave headset, users are able to control the games created by the company through their different state of minds. The headset uses basic encephalography, or EEG, to communicate with the software based on the state of mind of the user (Mindgames, 2014). The games are available both on the computer and in the iPhone app store, and the company has steadily launched new games in 2010, 2011, and 2012. The purpose of the games is not only to have fun, but also to train and develop important mental skills that can be used throughout life (Mindgames, 2014). MindGames presents a very unique challenge in regard to their marketing techniques, because a user is not able to play any of the games that the company offers without purchasing the brain-wave headset, linking the marketing of both the games and the headset together, similar to that of a Nintendo gaming system and the games that are needed to play it (See Appendix B4).

4.2.5 Define the Line

Define the Line started solely on Facebook in 2012, special ordering clothes online for specific people. As the company grew, the clothing retailer expanding, being available both on social media as well as physically, in a small garage in Iceland. After the company became more popular, a store front was opened in Borgartún in 2013, as well as growing on Facebook, with over 22,000 Likes (L. Sigurðardóttir, personal communication, 7 April 2014). The clothing is ordered from the United Kingdom, with the company continuing to special order clothing for their customers, as well as stocking the more popular choices in the store front. The company's biggest presence is online with a Facebook page, a popular Instagram profile, and a blog to discuss not only the Define the Line clothing, but fashion and style (See Appendix B5).

4.2.6 Saffran

Opening in 2009, Saffran has just celebrated its fifth birthday in February 2014. The restaurant specializes in fresh, healthy food to either take out or eat in. Owned by Food Co. in Iceland, Saffran employs over 100 people and is one of the fastest growing food chains in the capital city. During the summer Olympics in 2010, Saffran founded Viljastyrkur, a fund that helps to support Icelandic athletes that are competing at major sporting events (O. Rafnsson, personal communication, 11 April 2014). Throughout its five-year existence, the restaurant has won numerous awards, including “Best Newcomer Restaurant 2009” and “Best Goddamn Restaurant 2010,” by the Reykjavík Grapevine (Saffran, 2014). Currently located at four different locations around the capital area, Saffran will be opening a fifth location within the year (See Appendix B6).

4.2.7 GreenQloud

GreenQloud, an Icelandic company founded in 2010, offers Truly Green cloud computing virtual servers and data storage (Infrastructure-as-a-Service), as well as cloud solutions and software, powered by 98 percent renewable energy through data centers both in Iceland and the United States. GreenQloud services, such as ComputeQloud and StorageQloud feature an easy-to-use, self-service web console and advanced AWS-compatible API controls for full automation of IT services (GreenQloud, 2014). GreenQloud has the unique ability to tap into Iceland’s renowned clean energy grid, which is powered by renewable energy, creating a big market differentiator for the startup company (P. Gould, personal communication, 16 April 2014). GreenQloud is privately funded and has won numerous awards in its short existence, including the Gartner Cool Vendor in Green IT and Sustainability, as well as People’s Choice from the Nordic Startup Awards, and has been lauded by the industry and media for its sustainability efforts in cloud computing (See Appendix B7).

4.3 Conducting the Interviews

In order to carry out the interview study, a list of open questions was created, based on the literature search, which included probing questions, to ensure that all of the necessary was covered (See Appendix A1 for a full list of questions asked during the interviews). The interviews were also recorded on an iPhone 5, with the permission of each of the respondents, and dictated for the purpose of this study (See Appendix B).

While the email sent to the potential respondents asked to interview the CMO of the company, only two of the seven respondents actually had a background in marketing. In multiple cases, the CEO, who did not have an extensive background in this area, was carrying out the marketing initiatives. Because of this, many of the terms used in this research, like retention marketing and acquisition marketing, had to be explained in order to fully understand the scope of the company's marketing endeavors. Due to this, it is possible the answers provided do not accurately reflect the reality of the company's marketing endeavors.

After the researcher and the respondents agreed upon an interview time, the interview was conducted and recorded for empirical study. The interviews were held at a location convenient for the respondents, either at their company headquarters or within a quiet study room at Reykjavík University, with specific details of each interview found in Table 4.2. Allowing the respondents the opportunity to choose the time and place of their interview ensured their comfort with the settings and the openness to speak freely. While the majority of the respondents were Icelandic, all respondents were proficient in English, and the interview was held in English so as to not incorrectly translate the responses of the interviewees when writing the results for this study. Each interview lasted about an hour long, with one exception: the interview with Define the Line was significantly shorter than the other interviews, as it seemed that the respondent was not as comfortable with their English skills as some of the other participants.

Table 4.2 Timeline for IDI's

Company/Respondent	Location	Date/Time
Orthus Entertainment/CEO	V308 – Reykjavík University	6 March 2014/10:00am
Roadhouse/Owners	Roadhouse Restaurant	20 March 2014/10:00am
Ævi/CMO*	V311 – Reykjavík University	21 March 2014/11:30am
Mindgames/CEO	The Sun – Reykjavík University	4 April 2014/4:30PM
Define the Line/Owner	Venus – Reykjavík University	7 April 2014/1:30PM
Saffran/General Manager	Venus – Reykjavík University	11 April 2014/11:00AM
GreenQloud/CMO*	GreenQloud HeadQuarters	16 April 2014/10:00AM

*Denotes respondent with marketing background

Even though the interview was organized through seven different questions, there was a tremendous amount of flexibility within the interview itself, allowing for increased openness on the part of the researcher to ask different questions based on the responses of the participant. Through the email that was sent prior to the interview, each respondent was briefed with the overall theme of the IDI, but not provided with the actual questions. This is to ensure that the answers are not researched or rehearsed ahead of time, allowing for the interview to take on a less structured format.

With the permission of each participant, the interview was recorded (later to be transcribed), and each participant was able to stop the interview and recording at any time if they felt uncomfortable or they did not want to answer any more questions. Following the interviews, the research recorded any specific strong feelings the respondent(s) displayed, as well as observations during the interview. These were then added into the dictated interviews (See Appendix B).

Chapter 5: Results

5.1 Interview Questions

The results of each interview have been broken up into tables for each question with the corresponding answers from each of the interview companies. A full transcript of every interview can be found in the appendix (See Appendix B).

Table 5.1 Results for IDI Question 1

How does your company utilize Traditional Marketing?

Orthus Entertainment	Interviews in newspapers, radio, and television. Started traditional marketing after first round of children's apps were completed. Not focusing on traditional marketing because product is only sold online.
Roadhouse	Interviews on Icelandic radio. Advertisements in newspapers, radio, television, cinemas, Icelandic websites (Menn.is, Fotbolti.is) and Icelandair airplane program. Started shortly after restaurant opened. Campaign has never been updated (no new ads, etc.) and mainly used for introducing their restaurant. Have received free traditional marketing coverage on radio via positive word of mouth.
Ævi	Interviews in newspapers, radio, and television. Started when the product launched. Gained a lot of brand awareness. Stopped because of lack of control over interview questions.
MindGames	Very little use of traditional marketing. Has participated in some interviews (LA Times, The New Web, etc.) Mostly done when launching a new product, but some interviews were done before they had a product.
Define the Line	Very little use of traditional marketing. Advertises on the radio and some Internet ads on Icelandic websites. Only started advertising on the radio because of a deal that was offered by a friend. Used just to remind people of the store.
Saffran	Traditional media is mostly handled by two different advertising agencies. Many different types of traditional media have been utilized – newspapers, radio, TV, mailers, and Internet ads. Started using traditional media one year after opening the restaurant.
GreenQloud	All different types, especially PR outreach, attending/speaking at conferences and sponsoring industry events. Majority of customers are international, so not so much of an emphasis on the small, Icelandic domestic market. Not as much use of online advertisements – have not been that effective. Traditional marketing plan goes hand in hand with social media marketing strategy.

Table 5.2 Results for IDI Question 2

How does your company utilize Social Media Marketing? Are your customers active on your social media platforms?

Orthus Entertainment	Utilizes Facebook only. Around 1,000 Likes for Facebook page. Very active at updating Facebook during product launch (every day), otherwise only once a week. Has been active on Facebook since founding the company. Customers are active in Liking and Sharing. Noted the increased amount of noise with advertising on social media today.
Roadhouse	Utilizes Facebook only. Around 11,000 Likes for Facebook page. Very active at updating Facebook – 2x a day, 7 days a week. Has been active on Facebook 2 months before opening of restaurant. Customers are active in Liking, Sharing, creating GIFs, giving reviews, etc. Noted the increased amount of noise on Facebook, which is difficult to break through.
Ævi	Utilizes Facebook, Twitter, and Blogging. Around 4,000 Likes for Facebook. Very active at updating Facebook – at least 1x a day, 7 days a week (especially active on the weekends). Has been active on Facebook since company started, especially active after product launched February 2014. Customers are active in Liking and Sharing posts.
MindGames	Utilizes Facebook and Twitter. Much more active on Facebook than on Twitter. Around 13,000 Likes but about 1,000 Likes that know what the company is about. Updates Facebook every so often with random factoids. Very little engagement with users when posting things about the company or game. Facebook was started in 2009, around the same time that the company was founded.
Define the Line	Most marketing initiatives are on social media. Utilizes Facebook and Instagram. Promotes posts on Facebook, as well as created advertisements for the right-hand side of Facebook. Very strong engagement with users – was a lot more until Facebook changed the rules and now only 16% of those that have like the site see the regular posts. Very strong engagement with Instagram, because everyone sees it.
Saffran	Utilizes Facebook. Very unsure with what to do on social media – is interested in finding an marketing agency to do that for them, but nonexistent here in Iceland. Has done a video campaign for social media. Interested in using this to reach their main customer base. Had a Facebook page when the restaurant opened and used an Icelandic celebrity to tease the Icelandic public on social media about the restaurant before it opened, which was a great success.
GreenQloud	Utilizes Facebook, Twitter, LinkedIn and Blogging. Very active and has a very active community that engages in posts and enables conversations to be started. No limits on Twitter, but this is used to engage more international customers. Utilizes the two way conversation capabilities via social media regularly.

Table 5.3 Results for IDI Question 3

Describe your average customer. Where have your customers mostly heard about you?

Orthus Entertainment	A parent, who is between the ages of 25 and 45, educated, with an interest in technology (most likely owning a tablet computer), who has a child/children between the ages of three and six. Customers come both from Likes on Facebook page and traditional media interviews that were shared on Facebook.
Roadhouse	Man between 28 to 32. Comes from all different types of socio-economic class. Not sure where majority of customers have heard about them.
Ævi	Person between the ages of 45 and 70, with women being slightly more active than men.
MindGames	Because they are in an emerging market, they do not have an average customer. There is a market for yoga/meditation enthusiasts, as well as techie self-quantifiers. Generally people who have bought the product, though, are random outliers.
Define the Line	Female between the ages of 17 to 30 years old.
Saffran	Someone between the ages of 25 and 45, with 47 percent being male (fairly even gender split). Ranges from all different types of socio-economic background.
GreenQloud	In the past couple of years, average customer is a technologically driven developer or small business. Now they are focusing on enterprises and bigger networks as customers, like University research networks.

Table 5.4 Results for IDI Question 4

What are the advantages and disadvantages of traditional marketing?

Orthus Entertainment	Advantage: Strong user base of radio, newspaper, and television. Strong possibility of new users (acquisition marketing). Disadvantage: Inability to click through and see the product; Limited reach.
Roadhouse	Advantages: New customers (Acquisition marketing) and brand awareness. Disadvantages: Not sure, need to do more research.
Ævi	Advantages: New customers, especially older generation (Acquisition marketing); Brand awareness. Disadvantages: Expensive; Lack of control over interviews; Inability to track advertisement engagement.
MindGames	Advantages: Brand awareness. Disadvantages: Cost. Difficulties particularly to this product and how connected it is with the head set market.
Define the Line	Advantages: Good to remind people of the store. Disadvantages: Does not reach target audience.
Saffran	Advantages: Full page ad in the paper – you can be sure

	everyone sees it who read the paper and reads all the text Disadvantages: Cost, Not reaching target marketing, not sure if customer is reading the paper, outdated.
GreenQloud	Advantages: Building relationships will drive sales, makes the brand trustworthier, ability to target specific industry, market, etc. Disadvantages: Lack of metrics

Table 5.5 Results for IDI Question 5

What are the advantages and disadvantages of social media marketing?

Orthus Entertainment	Advantages: Unlimited reach; chance of an advertisement going viral; Minimum amount of money. Disadvantage: Clutter/noise on Facebook.
Roadhouse	Advantages: Direct marketing possibility; positive WOM. Disadvantages: Vulnerability to negative WOM; Difficult to break through the clutter.
Ævi	Advantages: Direct marketing. Disadvantages: Lack of metrics for engagement for each specific age group.
MindGames	Advantages: Cheap. Harder to mess up. Don't have to spend that much time in front of a computer. Disadvantages: Have to be on call 24/7.
Define the Line	Advantages: Acquisition, retention, brand awareness. Reaches target audience. Disadvantages: Changing rules that don't show everyone the posts from the page. Possibility of negative feedback.
Saffran	Advantages: Reaching target market Disadvantages: Not sure how to utilize it fully, not able to outsource the work, lacking knowledge and creativity, still expensive but in a different way.
GreenQloud	Advantages: Two way interaction, engaging and conversing with customers, continuing to build on relationships founded via traditional marketing, Positive WOM Disadvantages: Two way interaction, possibility for negative feedback or negative WOM, more room for human error

Table 5.6 Results for IDI Question 6

What is your estimated annual spending on traditional marketing initiatives and social media marketing initiatives?

Orthus Entertainment	Traditional Marketing: \$0. Social Media Marketing: 100,000 ISK [\$886 USD].
Roadhouse	Traditional Marketing: 1,000,000 ISK [\$8,900 USD]. Social Media Marketing: 500,000 ISK [\$4,400 USD]
Ævi	Traditional Marketing: \$0. Social Media Marketing: Between 240,000 ISK [\$2,100 USD] to 360,000 ISK [\$3,200 USD].
MindGames	Traditional Marketing: \$0 USD Social Media Marketing: \$0 USD
Define the Line	Traditional Marketing: 140,000 ISK [\$1,250 USD] Social Media Marketing: 720,000 ISK [\$6,430 USD]

Saffran	Traditional Marketing: 30 million ISK [\$267,800 USD] Social Media Marketing: 5 million ISK [\$44,600 USD]
GreenQloud	Total marketing budget: \$200-300,000 USD Social Media Marketing: Smaller percentage of that

Table 5.7 Results for IDI Question 7

Which of the two marketing initiatives do you think are more effective? Why?

Orthus Entertainment	Social Media Marketing because of “clickability” and because product is sold online.
Roadhouse	Not sure, they have not done the research to know which one has brought them more patrons. If they had to pick one marketing initiative to stick with, they would choose social media marketing and utilize more platforms (Instagram, Twitter, etc.)
Ævi	Social Media Marketing and non-traditional marketing (guerilla marketing) to personally connect with their customers through feelings and emotions.
MindGames	Traditional marketing especially for the press and the brand awareness.
Define the Line	Social media marketing to reach target audience.
Saffran	Mixture of both, but if made to choose, traditional marketing today and social media marketing in 5 years.
GreenQloud	Must work hand in hand. No sense in attending a conference without the ability to maintain relationships on social media. No sense in just using social media because there is an inherent lack of trust without having met company members.

5.2 Roles of Marketing

Almost every company discussed how they use traditional marketing for the acquisition of new customers, as well as brand marketing. Two of the companies that did not list acquisition marketing as their main goal within traditional marketing instead said that used it either solely for brand awareness or retention marketing. A break down of the role of traditional marketing within the seven companies interviewed can be found in Table 5.8.

Table 5.8 Role(s) of Traditional Marketing

Company	Role(s) of Traditional Marketing
Orthus Entertainment	Acquisition Marketing, Retention Marketing when radio shows or newspaper articles are shared online

Roadhouse	Acquisition Marketing and Brand Marketing
Ævi	Acquisition Marketing and Brand Marketing
Mindgames	Brand Marketing
Define the Line	Retention Marketing
Saffran	Acquisition of new customers from the older age groups, Brand Marketing, and radio for Retention Marketing
GreenQloud	Brand Marketing, Acquisition Marketing, Direct Marketing

Accordingly, many of the companies that use traditional marketing for acquisition marketing also use social media marketing for retention as well as brand marketing. Due to the fact that the majority of the people interviewed did not have a marketing background, some of the responses given during the interviews were lacking in regard to how they utilize social media marketing. A full list of the seven companies interviewed and their response for how they use social media marketing can be found in Table 5.9.

Table 5.9 Role(s) of Social Media Marketing

Company	Role(s) of Social Media Marketing
Orthus Entertainment	Retention Marketing and B2C Marketing
Roadhouse	Retention Marketing and B2C Marketing
Ævi	Direct Marketing, Brand Marketing and B2B Marketing
Mindgames	Very little research on ROI. Not useful for Brand Marketing.
Define the Line	Acquisition Marketing and Retention Marketing. Blogging for Brand Marketing
Saffran	Acquisition Marketing of target audience and Brand Marketing
GreenQloud	Retention Marketing and Brand Marketing

Chapter 6: Discussion

The objectives of this research were to determine the role (acquisition marketing, retention marketing, direct marketing, B2C marketing, and/or brand awareness) that social media marketing plays within young, Icelandic companies and what effect, if any, does this have on the company's utilization of traditional marketing methods. Previous studies (e.g. Nelson-Field, et al., 2012; Ab Hamid, et al., 2013) have shown that social media marketing is most effective for retention marketing, and traditional marketing is more effective for acquisition marketing, which is similar to the findings of this IDI empirical study.

6.1 Traditional Marketing

Within the young, Icelandic companies that were interviewed for the purpose of this research, traditional marketing seemed to take a back seat. Even though traditional marketing was clearly explained during the interview process, many of the companies forgot about the different traditional marketing initiatives in which their company participated. Even though surveys taken by The Nielsen Company (2013) show that traditional marketing initiatives are trusted by the majority of the public, as well as respondents saying that they would take action due to an advertisement within the newspaper or on the television, many of the companies interviewed felt that traditional marketing was overrated. Surprisingly enough, many of these companies, when discussing their traditional marketing endeavors, explained how they had a big spike in traffic and attention after being featured in the newspaper or on the radio, still felt that social media marketing was more effective (S. Sigurðurdóttir, personal communication, 21 March 2014). This can be seen clearly through the seven different companies that participated in this research, as few of them have spent money on traditional marketing expenditures.

While Barlow and Birkenhahn (2005) explained how an appropriate mix of traditional, Internet and social media marketing must be found, without ignoring any of them, many of the companies chose one marketing initiative over the other, most often forsaking traditional marketing in favor of social media marketing. Companies like Orthus Entertainment and Ævi, felt that traditional marketing campaigns would

not be effective for them, as their products and services are only found online (B. Einarsson, personal communication, 6 March 2014). The majority of these young companies seemed to agree with the CMO of McDonalds, supporting that today's traditional media is too cluttered and noisy (Barlow and Birkenhahn, 2005).

Through the IDI with GreenQloud, it was apparent how integral their traditional marketing campaign is to gaining a foothold in the cloud computing industry. One of the biggest differences between GreenQloud and the other companies interviewed, is GreenQloud's focus on the international market (P. Gould, Personal Communication, 16 April 2014). Due to this international focus, their traditional marketing budget is easily filled up with plane tickets from Iceland to different industry events, like Structure and CloudStack Collaboration, as well as sponsoring these events. Since the majority of the other companies interviewed are currently focused on the domestic Icelandic market and are equipped with a small to non-existent budget, this could be the reason why few of them have spent any money on traditional marketing initiatives.

A big drawback of traditional marketing is the lack of metrics (P. Gould, Personal Communication, 16 April 2014). In today's world, user metrics are available for almost anything, for example how many website hits one receives due to an Google Ad or a Facebook post, but with traditional marketing, this is not possible to see. As explained by CMO of GreenQloud, Paula Gould, "There is no code out in the ether that says 'My eyeballs saw your billboard and then went home, or at the next red light, started looking for [that company]'" (P. Gould, Personal Communication, 16 April 2014). With this lack of metrics, marketing departments can find themselves struggling to justify their traditional marketing campaigns to a Board of Directors or CEO, possibly hindering a company's utilization of traditional marketing.

One area that lacks clarity within the research is where traditional marketing mediums meet social media marketing. Many of the companies that participated in interviews for newspapers or radio stations online explained how those news articles or radio snippets were then shared on social media. This area proved to be problematic, as it is unclear which is more important, the interview itself or the fact that it was shared

on social media. One thing is for sure, however, traditional marketing mediums, like the newspaper and the radio, being available online proves that these traditional marketing means are nowhere near their deathbed.

Nelson-Field, et al. (2013) shows that most companies create a Facebook page to further their brand, however, this research shows that the biggest tool that these companies use in creating more brand awareness is traditional media marketing. As seen in Figure 7, almost every company claimed brand awareness as an objective during their traditional marketing campaigns. When it came to retention marketing or acquisition marketing, the responses were fairly split. A number of the companies, like GreenQloud and Orthus Entertainment, utilize traditional marketing for gaining new customers and others, like Define the Line and Saffran, utilize it in order to keep current/past customers.

While most of the companies interviewed mentioned trying out banner ads and different Internet marketing tools, that was not the focus of their marketing efforts. When discussing print newspapers, many felt that a full page advertisement would be beneficial in reaching their audience (O. Rafnsson, Personal Communication, 11 April 2014), but only a couple of the interviews mentioned buying the same type of advertisements for the online newspaper website.

Both of the restaurants interviewed, Roadhouse and Saffran, discussed talking directly to the websites on which they were interested to advertise and striking a deal. The CEO of Orthus Entertainment discussed how he had specifically not tried Google ads, as it would cost a lot of money (B. Einarsson, Personal Communication, 6 March 2014). Even though statistics found through The CMO Survey (2012) proved that Internet marketing is likely to get stronger within the next couple of years, there was not a big indication of this from the IDI's of these companies. This could be due to the size of the country and the fact that the majority of these companies are focusing on the domestic market and not the international market. GreenQloud, the one company interviewed that is very focused on international markets uses a great deal of Internet advertisements, from Google ads to Adwords. This focus on the domestic, Icelandic market could possibly explain why these young companies have not put more effort or focus in their Internet marketing campaigns (or lackthereof).

6.1.1 Cost of Traditional Marketing

As the companies that were chosen to take part in the study are all five years old or younger, the cost of traditional marketing was a big hurdle – one that many of them could not take on. The high cost of traditional marketing is not a new phenomenon, and as Kobliski (2006), Brueski (2009) and Crupi (2011) explain, can cost a company from anywhere between \$500 USD to \$100,000 USD. Because of these high costs, companies are choosing to either forgo traditional marketing, or go about it in a more cost-effective way. Both Ævi and Orthus Entertainment opted to campaign to the traditional media sources in Reykjavik for interviews. These interviews, in turn, showed up in the newspaper, radio and television stations, at no cost to the companies (B. Einarsson, Personal Communication, 6 March 2014). Ævi, who participated in interviews in all three different medias, decided to stop participating in this free traditional marketing option, as the interviews often focused on aspects of their company that they didn't want to highlight. Because of this lack of control over the interview questions, they felt that it would be better to refuse the interviews, rather than market their company in a way that was unfavorable for them (S. Sigurðurdóttir, Personal Communication, 21 March, 2014).

This lack of budget for traditional marketing, in a way, speaks to the lack of startup culture that is present in Iceland. There is not a strong history of entrepreneurship and startup companies in Iceland, having recently become more prevalent following the 2008 recession that hit the country hard (P. Gould, Personal Communication, 16 April 2014). Because of this, many of these startup companies that only have a handful of employees, like MindGames, Ævi, and Orthus Entertainment, have little to no budget for marketing and are not able to compete in the traditional marketing arena. This could explain why a number of the companies interviewed do not fully participate in this type of marketing initiatives.

6.2 Social Media Marketing

Social media marketing was a hot topic to discuss with the companies during the IDI's. Every company interviewed has a Facebook page, with Twitter trailing behind

in usage. The lack of Twitter usage is most likely due to environmental factors, as Twitter has not really taken off in Iceland (V. Sigurðsson, Personal Communication, 2 April 2014). Furthermore, every company interviewed secured their Facebook site immediately after founding the company. This prevalence in a social media presence supports Schlinke and Grain's (2013) supposition that every company is expected to have a social media presence, just like they are expected to have a telephone number.

Each company noted that their users were active on Facebook, Liking, Commenting or Sharing the posts that the company creates. While the restaurant, Saffran, struggling to find a social media specialist to take on the company's Facebook page and social media initiatives, looking so far as to outsource the work (without any luck), GreenQloud has chosen to keep the social media initiatives in-house, and along with their community manager, engages their users on multiple different platforms (O. Rafnsson, Personal Communication, 11 April 2014; P. Gould, Personal Communication, 16 April 2014).

During the interviews, it became apparent that many of the companies that did not have a large budget, focused mainly on social media marketing in furthering their company. It did not always, however, have to do with budget. Define the Line CEO explained how she would still mainly focus on social media marketing, even if she had much larger budget, and would possibly consider expanding more into radio, but nothing else (B. Sigurðurdóttir, Personal Communication, 7 April 2014).

Something that was mentioned by almost all of the companies interviewed is the increased amount of clutter found on Facebook. This supports Nelson-Field, et al. (2013) findings, with many companies lamenting how Facebook was a lot more effective in past years, because now everyone, companies and people alike, are constantly Sharing something and creating a lot more noise within the Facebook Newsfeed (B. Einarsson, Personal Communication, 6 March 2014). Not only is there a lot more clutter on Facebook, but also the social media platform is constantly changing the rules for Company Pages. Initially, everything that the company posted was shared with everyone who had Liked the company page, but this is no longer the case. Within the past couple of years, as explained by Constine (2012), Facebook has

become a lot more restricted, only showing 16 percent of a company's followers, the posts. To help companies gain a larger reach, Facebook has introduced "Boosting Posts" and "Sponsored Posts" to the company pages, and in an effort to receive more revenue, companies must now pay to get the same type of coverage that was at one time, free.

Through the IDI's, it became clear that the majority of the companies utilize social media marketing for retention marketing and brand awareness. This finding supports the theory given in the conceptual framework of this research by Nelson-Field (2012), showing the companies utilize Facebook and other social media marketing initiatives mostly for retention marketing.

6.2.1 Cost of Social Media Marketing

The cost of social media marketing was one of the clear advantages listed by all of the companies during their individual IDI's. As seen in Figure 12, these young, Icelandic companies either spent significantly less money on social media marketing than on traditional marketing initiatives, or paid more due to opting out of traditional marketing all together. As the initial cost of social media marketing is only a small fraction of the cost of an advertisement in a magazine or newspaper, many of the small companies saw the possible unlimited benefits, as creative social media posts have the potential to go viral, not costing the company any more than the original investment. This supports the findings of Tariq and Wahid (2011), where they found that small businesses were more likely to participate in social media marketing over other marketing means, as they are often lacking funds and specialized manpower.

Social media marketing costs can, however, be underestimated. Not only does the company foot the cost of boosting a post or creating a Facebook advertisement, it also pays for the time and attention that is needed to properly run a social media marketing campaign. While the majority of the companies that were interviewed chose to handle social media marketing in-house, Saffran explained their interest in outsourcing their social media marketing, as they do with their traditional marketing, but, due to a lack of marketing firms that specialize in social media in Iceland, have been unable to do so (O. Rafnsson, Personal Communication, 11 April 2014).

6.3 Roles of Marketing

Throughout the seven IDI's, it became clear that each of the company had their own objectives when using social media marketing. The five biggest objectives, acquisition marketing, retention marketing, direct marketing, B2C marketing, and brand marketing, were discussed in order to fully understand the role of social media marketing within these young companies. While acquisition marketing was obviously the main reason why these seven companies engage in traditional marketing initiatives, it appeared less so when discussing social media marketing, with retention marketing and brand marketing being the main focus.

6.3.1 Acquisition Marketing

While most of the interviewed companies said to use traditional marketing for the purpose of acquisition, two of the companies felt that social media was an appropriate tool for gaining new customers. One of the two companies, Define the Line, also noted social media's usefulness in retention marketing as well, which explained through the company's lack of utilization of traditional marketing, except for the radio (B. Sigurðurdóttir, Personal Communication, 7 April 2014). Saffran, the second of the two companies that use social media for acquisition marketing, explained how they use this type of online networking to gain new customers in their target audience, who are younger and more likely to be online.

While numerous researchers found social media to be useful in acquisition marketing (e.g. Hutton & Fosdick, 2011; Trusov, et al., 2009; Jadhav et al., 2013), none of the companies interviewed gave similar reasons or agreed with their findings. It was apparent during the IDI's that acquisition marketing was used much more through traditional media marketing means rather than social media marketing.

6.3.2 Retention Marketing

It was apparent during the interviews that almost all of the seven companies preferred to use social media for retention marketing, supporting the guiding theory of this research as explained in the conceptual framework put forth by Nelson-Field, et al. (2012). Because of their international marketing endeavors, GreenQloud utilizes social media on a daily basis to maintain relationships with their clients and think leaders within the cloud industry. Roadhouse updates their Facebook page daily with self-described “food porn” to remind their followers of their crispy fries or gourmet burgers, staying fresh in the minds of those that enjoy Roadhouse cuisine.

Companies like Roadhouse and GreenQloud that work steadfastly to create and maintain relationships with their customers via their social media marketing strategies corroborate the findings of Schlinke and Crain (2013) as well as Marshall et al. (2012) through the importance of building relations to enhance their retention marketing initiatives. Furthermore, all of the companies that use social media for retention marketing, Orthus Entertainment, Roadhouse, Define the Line, and GreenQloud, all have a sizeable amount of followers that engage daily in their online posts and communications. This supports the research of Ab Hamind, et al. (2013) who found a direct correlation between retention of customers and social media following.

6.3.3 Direct Marketing

While some companies discussed the ease of social media marketing and the fact that one can send out a post in a short amount of time, others disagreed, explaining that social media calls for a company to be interesting and creative, just like that of a traditional advertisement, as well as engaging and on-call 24/7 (O. Rafnsson, Personal Communication, 11 April 2014). The latter supports that of BBDO Chief Innovation Officer, Johnny Spindler, on how companies must rise to the challenge of direct marketing via social media, as it is not as easy or as quick as it seems (Johnny Spindler Interview, 2011, p. 19).

Numerous companies noted their use of direct marketing during the IDI's within their social media sites, commenting on the ease of tailoring their services/product specifically for different users or companies. This was especially apparent through the interviews with Ævi and Greenqloud, agreeing with the findings of Palmer and Koenig-Lewis (2009).

6.3.4 B2C Marketing

One thing that did become clear in during the IDI's, was the participants' delight at being able to directly engage with their customers (P. Gould, Personal Communication, 16 April 2014). This enables companies to start conversations with their customers and create a personal connection that is very different from a traditional advertisement in a newspaper. Through this B2C engagement and interactivity, there is a bigger chance for positive WOM, which is in accordance with the findings of Marshall, et al. (2012). Through Sharing and Retweeting, consumers are spreading positive WOM with their social networks about a company or a product.

It should be noted that every company interviewed for the purpose of this research was a B2C company except for one. GreenQloud, while mostly a business-to-business (B2B) company, does still do some B2C business. Because of this, the majority of the companies are engaging in B2C marketing on their social media page, in one way or another. This, however, did not prove to be the focus of their social media marketing campaign and does not fulfill the main role of their social media site. Due to the fact that the majority of those that were interviewed had a very limited knowledge of marketing, the respondents did not discuss B2C marketing at length.

6.3.5 Brand Marketing

Brand marketing was the second most popular role for social media marketing, according to the seven companies interviewed. Companies like GreenQloud and Define the Line both use blogging and other social media means to further their mission within their brand communities (B. Sigurðurdóttir, Personal Communication,

7 April 2014). The majority of the companies interviewed confirmed the findings of Mangold and Faulds (2009) and the importance of a company to use social media to help shape and influence the conversation about them on social networking sites.

Negative WOM can easily hurt the brand communities that companies have worked so hard to cultivate, making it extremely important for each of the companies to monitor the conversation and offer insight or explanation when needed. While many of the companies have experienced some form of negative feedback of WOM via their social media sites, the ability for the company to respond has proven helpful in increasing the personal connection between the company and its consumers, corroborating the research done by Corstjens and Umblijs (2012). For example, when Roadhouse received negative feedback on their Facebook site about a diner's experience at the restaurant, the owners contacted the customer to learn more about their experience and offered them to try the restaurant again, free of charge, to better the situation (Á. Sveinsdóttir, Personal Communication, 20 March 2014). While none of the companies have experienced something truly brand damaging, like the recent US Airways tweet of pornographic material to all their followers, they are all aware of the possibility of human error and therefore are very careful in their social media endeavors (P. Gould, Personal Communication, 16 April 2014).

Chapter 7: Conclusion

This study focused on the role of social media marketing within young, Icelandic companies and its effect, if any, on the company's use of traditional marketing methods. The results of this study support both the theories of Nelson-Field, et al. (2012) and Tariq and Wahid (2011). First, social media marketing was found to be used mostly for retention of customers, with traditional marketing being used for acquisition of customers (Nelson-Field, et al. 2012). Second, this had a significant effect on the company's traditional marketing campaign, mainly opting to utilize traditional PR methods to lobby for interviews and forgoing all other traditional marketing methods. Third, this research shows that young, Icelandic companies are more likely to adopt social media marketing strategies over traditional marketing strategies, due to both a lack of marketing expertise and money (Tariq & Wahid, 2011).

Further research could be done in collecting data for the companies involved in regard to which marketing strategy is the most effective for them. It was apparent during the research that very few of the companies have done such research to discover where their customers are learning about them, creating a serious knowledge gap and most likely, an ineffective allocation of marketing resources. Additionally, due to the ever changing social media landscape, it would be interesting to repeat this research in about five years to determine if the trends that have been discovered among these seven young, Icelandic companies are similar to that of young, Icelandic companies in the future.

While IDI's have proven to be an effective measurement for this research, it could also have been interesting to conduct a quantitative research study on this topic with many more Icelandic companies. This would have restricted the amount of in-depth details that were uncovered during the interviews, but would be beneficial for additional data. Given more time and willing respondents, it would also have been beneficial to conduct more IDI's with young, Icelandic companies.

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Appendix A

A1. List of Interview Questions

1. How does your company utilize traditional marketing? (Defining traditional marketing as "advertising (television, radio, print ads (i.e. newspaper and magazines) and internet ads, as well as attending conferences)

Probing Questions

--> Which, if not all, of these traditional marketing platforms does your company use?

--> When did your company begin to utilize traditional marketing?

--> How active are you in your traditional marketing campaigns?

2. How does your company use social media as a marketing tool? (Defining social media as "forms of electronic communication (as Web sites for social networking and microblogging) through which users create online communities to share information, ideas, personal messages, and other content (as videos)"

--> What social media platforms do you use, i.e. twitter, Facebook, blogging, etc.?

--> How active are you in updating these platforms?

--> How long has your company been active on these social media platforms?

3. Can you describe for me your average customer?

Probing Questions

--> Have you collected research as to where your customers have heard about you? If yes, is it mostly through your traditional marketing efforts, social media efforts, or other? If other, please explain.

--> Are your customers active on your social media platforms? If yes, how are they active?

4. Can you discuss for me the advantages and disadvantages that your company has found when utilizing traditional marketing, defined by the previously given definition?

5. Can you discuss for me the advantages and disadvantages that your company has found when utilizing social media marketing, defined by the previously given definition?

6. Can you give me an estimate on your annual spending on traditional marketing initiatives? On social media marketing initiatives?

7. Which of the two marketing initiatives do you think is more effective for your company? Please explain.

A2. Email Sent to Potential Respondents

Góðan Daginn,

My name is Anna Guðbjörg and I am finishing my MSc in International Business at Reykjavík University. My final thesis is on social media marketing, and I am

conducting interviews with young, Icelandic companies to better understand their marketing practices. I would be very interested in interviewing [INSERT COMPANY NAME] for my research.

The interview will be conducted in English (as my thesis must be written in English) and recorded, so that an annotated version of the interview can be included within the appendix of the thesis and will take no longer than one hour. I would like to interview your Chief Marketing Officer (Markaðsstjóri) and ask seven questions about [INSERT COMPANY NAME]'s marketing strategies. The questions will all be related to my research question:

What type of role does social media play within young, Icelandic companies, and what effect, if any, does it have on the company's use of traditional marketing methods?

For the purpose of my research, traditional marketing is defined as advertising (television, radio, print ads, including newspaper, magazines, internet banners) as well as strategies like PR and mailings. Social media marketing is defined as strategies centered on social networks (Facebook, Twitter, Blogging, Pinterest, LinkedIn, etc.) in an effort to create content that attracts attention and encourages readers to interact with the company (retweet, ask questions, share with their own personal networks, etc.).

Please let me know, at your earliest convenience, if you are willing to participate in this study. I can schedule the interviews at any time during March.

Warm regards,
Anna Guðbjörg
anna.g.cowden@gmail.com
gsm: 866 6881

Appendix B

B1. Transcript of IDI with Orthus Entertainment

This interview was held on March 6, 2014 with the CEO and Founder of Orthus Entertainment, Bjarni Einarsson, at Reykjavík University, V308 at 10:00AM.

Interviewer (I): Ok, so can you start off by saying your name and company you work - you have.

Orthus Entertainment (OE): Yeah, my name is Bjarni Einarsson. I'm the owner and CEO of Orthus Entertainment.

I: Ok, and what is your role right now? You're the CEO, are you also doing the marketing?

OE: Jack-of-all-trades. As in all startups, you got to learn a little bit of everything, so mostly I do marketing, sales, hiring the right talent, so I'm kind of a project leader as well. I do realize that you can't do everything, so but I do hire in people on project terms.

I: Can you give me a little bit of background about your company, so when was it started, what do you do, etc.

OE: It got started officially was founded in 2012 November, but it started in the summer and the whole idea of it was to basically create apps for children and games – kind of like an entertainment company but more on the multimedia side. It was kind of just something that I wanted to do for a while – I love games, I love kids, I love computers, I love stories. So I thought, you know, why not combine this together. We launched about nine apps, which were just storybooks about Brother Grimm's fairy tales. We did three in English and six in Icelandic.

I: Are you mostly targeting the Icelandic market?

OE: Yeah, in the beginning the first books were kind of a shot in the dark as well. I kind of knew that I didn't have all the experience I needed, and I didn't have all the people I needed, but I thought "I'll give this a shot. I'll do them the best I can, I'll see if I like doing this at all and we'll just how it works out." I admit that in hindsight, it was very, just, like I said, a shot in the dark, but it was also something I knew was needed, especially in Iceland. In English, there are loads of children's apps. In Icelandic, there were none when I came. So I decided to just launch these, like I said 6 – 9 books, and just see what happens a little bit. Also, I knew this would be a learning experience. I knew I would fuck up on the way, and I knew I would just do terrible mistakes and terrible marketing or terrible production, and this and that, and I would just learn in the process. So it was not, this was never going to be like THE project that was going to make me rich, but the whole point of it was, like I said, to learn and also that I could go out and get someone into a project, and they will say well have you done anything else and I can say "Yes, I finished these, and these are out there and they've sold so and so and this is the reason why they didn't sell so well, and this is what we're going to do differently. Because with any entrepreneurial company, it's, you know this probably from working with entrepreneurs, we have billions of ideas, and the percentage of ideas that get done is minimal.

I: Right, compared to how many they have.

OE: Exactly! I've had hundreds of ideas, so this was also to prove to me that I could start something I can finish it. I mean, we did poorly abroad, I mean I'll admit to it, we did poorly abroad, and that was in due to marketing a lot. I didn't have the capital

to do a mass marketing. The product wasn't distinctive enough. It was too plain. Also, it was underfunded mostly. I think that was the biggest issue with it. But the Icelandic market was actually a huge success. But monetarily wise, the Icelandic market is tiny, so it's not going to pay for anything, but what it did was it gave me the credibility here in Iceland to go and do something else. It opened doors. I've done about 16 interviews no in the Icelandic media, and what we saw from that is that there is a need for it, there is a want. I did some calculations, because there's not real statistics about how many children actually have access to iPads in Iceland or tablet computer, but I took the statistics from New York magazine where they said something about 26 percent of children in 2013 of the ages of three to four have access to a tablet computer. So I just used that number to take from three to six, which is kind of our age group, which is like preschool and just to see how many computers are actually on the market in Iceland in the hands of children. What I got was about 4,800 something, I don't have the numbers here with me, and we had over 2,300 domestic downloads. So half the children of Iceland downloaded the books and got them. I've had multiple emails and pictures of children reading them, and Icelandic parents thanking me. It was really good. No money, but that's the thing I was making about just south of a million kronurs a month in the job I was doing before, and I was getting about two million in bonus every year, for just Christmas bonus, so I was getting tons of money for three years, but really no pleasure and I was really unhappy. I didn't meet any of my friends or family, didn't have any time for a girlfriend, and I just got isolated up in an office alone, working for selling mobile phones. So this was also kind of a: Do I really want to waste my time, just making money? Or do I want to do something that excites me? It is difficult, there are many time I almost had a breakdown, where I was just been scared. Like I said, I was making so much money and I moved to Selfoss, this small rinky town, and I lived in a garage, and this is from living in a downtown apartment right next to Laugarvegur with so much money that I just went out for steaks just for the hell of it, right to having no money at all, having to live off protein shakes and noodles, and living in a garage in a 4,000 people town. There were three or four times, I got these, almost, not panic attacks – it wasn't that severe – but it was just like *gasping for air* “Oh my god, what did I do?” But what it also showed me is, like I said, I love doing this, doing the Teddy Bear Defense League, and I'm working on some other stories as well, and it has afforded me the opportunity. Like I said, for the pilot, for example, we got the idea..

I: For Friends of Valhalla?

OE: Yeah, we got the idea earlier, we started working on it, but what the whole marketing with Orthus did, with the other apps, is that it gave me the opportunity build up the Facebook page so I have around 1,000 Likes now there, 1,032. So already if I launch something now, I will get some media publicity on it. I'll get some Facebook social media activity, so it will already have a much stronger starting ground, domestically. Also, what's happening is that a lot of people abroad are getting into Friends of Valhalla. There's actually a lot of Americans that have been sending me emails that they love the picture, love the idea, love the concept. So exactly like we were speaking about before is that it afforded me the opportunity to go to a production company, show them that we crowdfunded it, which was successful. That was great media publicity as well, social media. Because people that put money into it, even if it was just six euros, shared it. So over 2,000 people shared it, and people saw it and they noticed it. The mistake I did there was, I didn't put this under

Orthus. It was just put as Friends of Valhalla, so I saw like: Okay, this crowdfunding could have gone better if I maybe publicized the company a little more in it.

I: More than just the story?

OE: Exactly. The whole thing with that kind of marketing was to sell the human side. You know, Helgi and Karitas -- Helgi is the author and Karitas is the artist -- to sell their idea, their persona. You know Helgi is this quaint little guy, little nerdy, that loves these stories, Bjarni, the struggling, former businessman turned humanitarian, and Karitas, this young 20 year old talent that really just wants to shine. That human aspect, and that worked, that worked very well, but I think I should've incorporated little bit more of the company in it, and reminded people: This is the company, please like our Facebook if you like this product. That's something that I had to learn, but that's how we got the production deal as well. I actually went up to the TV station and sold the idea of the show, based on just the drawings she did and on the audio book. I didn't have a pilot, I didn't have a script, I didn't have a clear idea of what I wanted to do, except it would be like LazyTown for the mind. So not like body-wise but teaching children how to behave, how to play, how to think critically. And we have a children's psychologist with us now, to make sure that everything is neat. The thing with the TV stations is that they had already seen all my other stuff. Fortunately, that's one of the things with the first books that pays off right now is that both of the purchasing managers of these companies, and the TV directors, all have children, and they all have my books.

I: So that helps.

OE: Yeah, definitely. So they know that I can finish, they can see that I'll do it well. So, as they said, now we need a pilot, so we can sign off on this, and that's the whole idea that I went to Tjarnagata, the production company, and I showed them the idea of course saying I have two TV stations that are saying they are willing to buy this -- if very lucrative for them, but also, that they saw that I finished the other stuff. It wasn't just like okay, this guy will see this through.

I: So how, in regards to marketing, how does your company utilize traditional marketing, and we're going to define traditional marketing as advertising, whether on television, radio or internet, newspapers, magazines, as well as attending conferences, or mailers. Do you utilize traditional marketing in that sense?

OE: Well, yes, in a sense, but not in a traditional way. Basically what we did with traditional marketing is, like I said, I started this whole thing with my money. What I did was I played it really smart when I was making a lot of money and paid off all my debts. So I didn't have a lot of capital, because I had to pay off some of my student loans, I had to pay off an old student loan, this and that, so I came out when I finished the company almost at zero. Like I said, I had also been squandering the money as well, you know, because I had to do something with it. I also didn't have any free time so I thought I would buy me some pleasure: I'll buy a large TV, and I'll buy a little bit more expensive car, and I'll buy expensive clothes, and all these kind of fake happiness things, you know, that really didn't make me much happier. So I didn't have much capital, so traditional marketing was kind of out, in the sense of buying advertisements and stuff like that. But also thinking about that this was viral -- apps and games -- but what I used traditional marketing for was Gulleggið, Start Up Reykjavík -- I'm going into Start Up Reykjavík again -- and that was kind of neat because then you get to network with people. You don't get that much publicity out of it, I don't feel that you get that much, but it still helps. What I use traditional marketing and traditional media for is for interviews. That was the key thing.

I: Where did you do the interviews? Where were they featured?

OE: They were featured in Fréttablaðið, one of the daily newspapers here, in DV, in Morgunblaðið, and also online, on DV and Vísir and Morgunblaðið. I've done about two interviews for DV, 2 in Fréttablaðið and Vísir, and I did one for Morgunblaðið – I didn't go for the second time, but the other two medias were about twice, so there's about five interviews there. Then I did the radio tour, where I went on more or less every radio station twice. I also did a TV interview for ÍNN, which was a talk to an entrepreneur. So I did the radio interview and I did the newspaper interview. The great thing about them is exactly what we were saying about social media, is that they go online, and I could put links on my Facebook page, and that's something I thought was very crucial to have people see and like my page, so I could reach them more easily.

I: So this traditional marketing, like with the newspapers and radio, that happened then after you had finished some of the stories? It wasn't immediate?

OE: Yeah, they had already launched, but the first round was to introduce the books. And the reason for it, like I said, I had no funding to do any of this, because I wasn't working. I wasn't working anywhere, when I finished the first book. I just decided to concentrate on that, doing some crossfit coaching, but that barely paid for food and rent, so all the money to pay for programmers, for audio, for studio, for this and that, it just came out of my pocket. So I had to limit it to "I don't want to screw myself over for the rest of my life." So I didn't have the money for traditional marketing. But thinking about the traditional marketing aspect of it, I'm not so sure that I would have gone any more heavily into newspapers or into radio spots or anything like that because it really doesn't make sense for me as an online tool, an online product. For me, the whole thing is to get people to click something and go in. I might have gone into some sort of Google ads, where they would have cookie'd you if you checked my webpage, and followed you around. But that was about minimum of half a million kronurs, which I just didn't have. So I rely on my ability to sell the story to the news media, and get them to advertise for me.

I: That's a pretty good idea.

OE: Yeah, I have the whole thing, the whole pitch. I'm a storyteller, I'm a salesman. So that's my forte. I can relate to the media and the best thing about it is that as long as I bring up the story and something that people can personally relate to, people will buy the product. It's like LEGO. People buy it because it's innovative, it's creative, it's fun, but it's also Danish, it's small, it's a family company. It's one of my favorite companies. It's innovative, it's brilliant, and it's a beautiful story how the whole thing got started, you know, this father, his wife dies, he invents this company, because he's going broke and he wants to make his kids happy, and you know the whole thing burns down twice. Like Honda, his factory burned down three times, I think, in the second world war, or twice, and each time each of the employees came over and were just like "Oh, it's over" and he just thought, "No, this is brilliant! Look at all the metals from the bombs we can use them. So they just rebuild. So it's all about conveying the story, and that's what I utilize the traditional media for, as the moment. Then that's why also I'm doing a TV show. Selling a TV show, for example, will be more, maybe not in the approach of traditional marketing, but in a way sense a marketing tool. A TV show really doesn't pay you that much money, unless you are syndicated on ten different stations and it's on rerun and stuff like that. More or less, when you're selling a TV show nowadays, it just pays for the TV show. It pays for the talents, it pays for the people working on it, and getting it produced, unless it gets syndicated and it sells on DVD and stuff like that. The, of course, you get some money, but it's a great marketing tool. It's an advertisement for your

product and brand for 30 minutes. That's the whole reason why I wanted to go into TV shows with the Friends of Valhalla. I thought that would be a great marketing tool to get in, and get some funding. Traditional media is out, and it's not that I don't believe in traditional media. If I had a club or a store, or something like that, I would definitely use it.

I: So for your product, you don't feel that it's as applicable?

OE: No, not exactly, especially in Iceland when it's just such a small marketing that Word of Mouth is just much easier and the social media is, I don't remember quite what the percentage of people are on Facebook in Iceland, but it's something like 80% or something. So that's beautiful for me. So I think traditional marketing would be just too expensive for me in Iceland to what I would gain from it.

I: So, I know we've touched on it a little bit, but how does your company use social media as a marketing tool, with any type of social media – Facebook, Twitter, Blogging, etc.

OE: Marketing wise, which is really funny because my father is a marketing guru, he's the one that branded 365. He rebranded it from station 2 to 365, and he's worked as a marketing man for not under 40 years. He's made advertisements, he's filmed it, he's won countless of awards. I know very little about marketing. It's very funny – me and him went into very separate directions. I went into sales, he hates sales. He hates contact sports, and I played American Football. He hates the uncertainty of things, like he really doesn't want to start anything from the beginning, he just wants to come in as the marketing guy and help out. He loves the idea, and he loves the fact that I'm doing it. He's the one that said I should go work for a kindergarten while doing this, and not go for some – because for me this was also kind of like a person blow, like "I'm going to work in a kindergarten? That's so beneath me!" which is really stupid. But he's the one saying "Go for it. Work in a kindergarten, make just minimum amount of money to survive and concentrate on creating your stories, your products. Because later on, it will pay off anyway" which is kind of already happening. I've been getting some interest from game producing jobs abroad, which is highly paid and a lot of fun, which I might do at some point. But with social marketing, I think like 80 percent of people in Iceland are on Facebook and it's also an easy way to get abroad. The problem with social media marketing right now, I think, is that, first of all, it's not as cheap as everyone thinks. People think it's just like, you throw out a status and everybody shares and it's just seen everywhere. This is just bullshit. It's all paid for, nothing is free. So that came in as a hindrance for me, because I don't have that much money. I do believe, though, that the social media aspect of it, and maybe just online marketing, is what would be strongest for me, like I said with Google ads, where they cookie you and follow you a little bit around, and remind you of them. There's also the aspect of the social media thing is that what's brilliant about it, even though you do have a limited amount of money like I do, is that if you have friends and family, they're willing to share it for you. So for a minimum amount, I've spent about a 100,000 kronurs on marketing.

I: Over how long?

OE: A year. That was also kind of, because I saw the downloads as well, 2,000 downloads came in really fast, so I knew that I'd already gotten 50 percent of Iceland, and most of the people that were sharing my Facebook status and stuff like that, are in Iceland, so doing more marketing to gain the last 50 percent, for you know, the 2,000 downloads on a dollar of a product is just not going to pay off. It's just not going to be that big, and like I said, the first product was just a test launch. Just to see. I won't lie, of course I saw books like this that weren't better in any aspect that were for a

dollar and they were downloaded 300,000 times. So of course I had a little bit of like, maybe, maybe somebody would grab this and go, "What a brilliant concept!" But that's also just something that's great with our products and with an online product, is that I have all the pictures and audio ready. Right now I'm negotiating with programmers to do the Friends of Valhalla, which will be a more interactive book, with an encyclopedia. It will be a much more of a cool product, where it's just not a "Ah, this is cute, my kids can flip through it and just read it." It's going to be more like "Wow, this is kind of cool, this is kind of sexy, this is kind of – you know if you press a picture of him singing, if you press the tones, they sing. I have still the other product, so I can still go and update them with a more sexy approach. Going back to social media, I use social media a lot. That was also what I had to learn with social media is that it's just not enough to send out something like "Hi, we're a great company, we make this product. Please share it and let other people know." Because there are so many commercials right now on social media.

I: There is a lot of noise on social media.

OE: A ton of it. Even then you have to have a story. That's maybe what I think is changing the social media structure of advertising, it that it used to be such a novice thing to do, that it became effective. It was very effective in the beginning for just like "Hey, this is our company, please share," because there was so few advertisements, people thought, "I'll share it, it's kind of cool," because they didn't see much else. It's like making an advertisement for TV right now. If you don't do it well, or sexy, or in a special kind of way that people will figure it out, like the hate commercials, where you make a commercial that is so bad that people hate it so much that they talk about it. That's a brilliant aspect, and that's the same thing, kind of, here. You know, games became kind of important, you know give an iPhone, give this, give that, and I tried that, with just giving books, because I didn't have money to give an iPhone. I don't even have money for an iPhone for me. So I just gave out the books and I got a great response of that, not a lot, but still, enough. It's the same thing there. You got to have the capital, but it is still great. I managed to reach 37,000 people in one post, and that was me pestering a lot of people. I went on my Facebook, I got about 900 friends.

I: But that's all organic?

OE: No, no, not all organic. I paid like \$30 bucks for it. Still, I just thought, I'll put \$30 bucks on this and we'll see what happens. And then I just went click by click on every single friend I had and just sent them a pre-made text, just where it said "Hey, I have this new company. Please help me out. Share this." So for a very small amount, I reached a lot of people, and that really gave me a spike in downloads. It is still very effective for a minimum amount of money, but it takes a lot more thinking about it: what you're going to do and how you're going to do it. Facebook is already seeing this, because they do know that if you do a post that is not paid for, they don't get any money for it, so they restrict the amount of text you can have, so if it's like more text than 25 percent of the picture, they don't allow you to post it. So they're making restrictions, of course to maximize their monetization. The problem with social media, is getting it abroad and getting it out of your circle, because most of my friends are Icelandic, I have some foreign friends, and I did pester them specially to share this to get it abroad. So that's the constraints of social media, especially when you're starting a new company and you have few friends, your maximum reach is really constricted. If you want to get abroad, like I tried to buy ads on Facebook just where they post it on special people around the world. I spent most of my money on that, I think about 60,000-70,000 on that, trying to get it abroad, but that already

showed me that when I put \$100 bucks - \$200 bucks, which is a lot of money for me, but not for a big company, but like \$100 bucks here and I chose Canada, and I said "Reach everyone of this age and in kind of group and this kind of that," and it would just finish, just like two days – boom – done. So I get maybe 10 Likes – 15 Likes. So then again I would do America, and I would say, "let's put \$100 bucks here and see what happens!" Maybe I would get 30 – 40 Likes more, and then – boom – two days – gone – marketing fund gone. So you have to have more money behind it than what I did, so there's another aspect of it, that comes with the social marketing media is that the possibility of something going viral. So in the sense of traditional media, what I've seen is, if I put something out that's really cool and, like with the Friend of Valhalla video, I got a lot of organic response from that, because people thought "Ah, video! This is cool! Send it forward!" It wasn't just a picture and "Hey, we're a company. Please share this." It was something they could see, it was entertaining. I think in the sense of like, traditional media, where you can do an advertisement in the newspaper and it's just this picture, you got to do something a little more sexy for social media to get that viral spin.

I: What social media platforms does your company use?

OE: Just Facebook.

I: Just Facebook?

OE: Yeah, the thing is, I don't have any experience with Twitter. I've never really used it. I don't have anything else, really, in the sense of social media, and I'll admit, this is a part of the company that is lacking – the marketing. The problem with it, as I said, is that I'm alone. I have to stay on the author to finish his stuff, and I have to stay on the artist to draw her stuff, because, of course, she's young and talented as hell, and she's got a great future ahead of her, but the work ethic has to get in there. She gets frustrated, and she can't really see the big picture. So I do believe, like a lot of people told me, like "Okay, you need a team of people that are dedicated like you are, but it's hard to find, especially when you don't have the money. I mean it's the same thing if you look at any company, like Steve Jobs and Steve Wozniak. You do need the team of people that are in it for the glory, that want to do it, that it's what they believe. If you have those two, that combine each other, it's beautiful. If you don't have, like I don't have it, I just have me, I have to just let it go that a lot of my products are just going to be less marketed and just not good enough, but in that aspect as well, thinking about my company, is that, I've looked at myself as more of a producer, and that's why I've started to look for more of a distribution agent to work with. I do find that I would make less money, but they exactly can take care of the other stuff, kind of like what George Lucas did with Star Wars I. He went to work with a studio, you know, he hated studios, but he knew "I need them for now, so I'll do this." It's the same thing with the TV station. That's why I want to do the pilot. I do know that I could go viral with it, I could sell it on iTunes, I could sell it here and there and make more money, but in looking at the aspect of it, nobody knows who the fuck we are, and I don't have the money to do a viral campaign and hire a specialist that actually knows what they're doing virally. For me, right now, it's the necessary evil of sharing everything, the profits, with someone else, and maybe a big chunk of it. But it will buy me the freedom of doing something else later. This is just a problem in Iceland in general with the funding of startups. It's just nonexistent, almost. It's just too small. Banks are not willing to help, they are really just an annoyance. I mean, they really don't want to take the risk and the capital that is in place to fund these kind of companies are restricted to, what, two competitions, which are great, I love them and the people the work behind them are brilliant, but it's too

small competitions, that are just like “Here’s some money, we’ll help you guys.” They do a great job, it’s just restricted, just like 10 companies in each one, so we’re talking about a maximum of 20 companies or startups that are in the early stages that actually get funded. I’m not just taking about early stage development of where you have just like a business plan. I’m also talking about something where there is a product, like mine, where you have a product, and you have something ready, and you just need funding to get from product idea to product launch. The death gap, like it’s called. That’s what’s lacking in Iceland, and, like I said, it’s just difficult to break out of.

I: Just some technical questions, how active are you at updating your Facebook? Every day? Every other day?

OE: In product launch, and in the early stages of the product, I’m really active. It’s daily if it isn’t every other day. That’s where I use the social media as well, maybe put \$100 bucks and then I’ll put like, three weeks, and then it will just share it out there. That’s really helpful for me, I would just not be able to do that, so it depends on the season. If a product is being launched, then I’ll be really active. But like, right now...

I: Like once a week?

OE: Not even. It’s been about every other week. I’ll send out a small update on the new product, but that’s also because, like I said, with the other products, my company is very specialized in terms of social media. I don’t really have that many products out there, and the products that are out there, really didn’t break through internationally, and they’ve done domestically what they will do. So it’s kind of spent. You can think of it, since this is an entertainment company, like a movie. You launch the movie, so on launch day, you go fucking apeshit, you’re everywhere, there’s a poster of Matthew McConaughey with a bare chest, I don’t know what he does, and you just go nuts. And then a month after that, two months after that, it’s all gone and it’s the next one. So that’s kind of what we’re seeing with my company as well, when the products are launched, there’s a shitload of things going on, and then when they’re done with that, it’s just dormant, until the next project comes along.

I: How long have you been active on Facebook? Was that just right after the company was founded?

OE: Yeah, just straight after.

I: Can you describe for me your average customer?

OE: Our average reader is 3 – 6 years old, so the customer is then their parents. That’s one of the crucial things as well, with the social media thing, is that that was also the beautiful thing of it, when traditional media falls short, I feel, for me. This is because my target group is so specific. Like I said, I’m not a store or a supermarket, so for them it’s just anyone from the age of 16 that buys lunch after school, up til 80, that can come into my store and buy the product. I need to find that niche group of people that have children of that age. That’s where social media came in really strong, as I can target with social media. That’s something that I had to learn on the go as well. I tried to read online and check this and what not, but that’s something that I had to learn on the go. That was very important for me to do, to find the constraints of getting this stuff there. So my average customer is 25 up to 45, and that’s being a very big age range, but that’s where I feel that people are starting to have children, at that age, if they were early, but I would say that if the niche group was taken completely, I would probably say around 27 to 38, and it would be an educated parent with an interest in technology, but that’s changing as well. That’s the interesting part. When I started this company in 2012, children were just getting – iPads were just out.

There were not androids, summer, in Iceland at least. So nobody had it, it was just the iPads, and a lot of people were telling me these iPads are too expensive, they're not going to let children play with them. The beauty of it, is that the Christmas after I started the company, the android came out. They came out in Iceland and they were a lot cheaper, so people started buying them.

I: The tablet?

OE: Yeah, the generic tablet that just costs 20,000 kronurs instead of 120,000 kronur iPad, when you're children hasn't even started drawing with crayons, and people were saying "Oh, shit, I can't let the children have this alone." Now, the market is changing. Considering Iceland, I'm an early innovator of children's products for the tablet computer. And the reason that I did it, as well, is that I figured out that this is definitely going to be something that is going to stay with kids. The reason why I saw it is because I had people that had children at that age, that had tablet computers, and they were telling me "This is so crazy, my kid picks this up and he knows how to use it." And this is going to go into school everywhere, and that's a future product that I really want to do as well. I have two other projects that I really want to do but I don't have the funding for it, and I don't have the time or money to focus on making a presentation about it to try to get funding or just to start with starting programming of it. I want to go into school and I want to make educational material for children, and really, not just like learn the ABC's like with Sesame Street, but really something that the school can get and download for free, and use it in the computers to help the children. But as I said, it's funding. So the market is changing. It's getting much bigger, growing a lot faster. In just 2012, I think the percentage of children in the ages of about 3-4 was about 14 percent, and it's grown up to 28 percent in one year, and it will grow up to another, I will guess, another 14 – 15 percent in the next year, so it will be a time where children just have these. The beauty of these products, of course, is that you can hand anyone these. I mean, I think when you buy it, you don't have a manual. It's just click and play. It's just that easy. So for children to use it, it's just so much easier, because there's no kinks, there's no 'You open this folder and then transfer it to this and write this and this and that,' so they can figure it out. A child's mind is really formative these years, so they will figure shit out. They will do it, and if it's easy for them to do it, they will figure it out. So children now, I mean I've seen friends' children where they go into a game and they will use it and they will jump out of it and get into a different program, and then they will get a text message into it and they will know how to go out of the game, go into the other one, look at it, and then go back into the game. So they're getting more adapted to it, and we need to following them especially that's kind of what I want to do with the whole thing in Iceland, because we're falling behind and we're falling behind fast. The reason for this is there's no funding for this. There's nobody that's willing to go, "This is the future. We're going to have to fund this for a little bit." Right now, you have, with the Icelandic schools, the opportunity to become Microsoft, because you can have early access into it. IF you're the first one in, and the children get used to your kind of programming and you're kind of program and do it, of course, well, this sounds really sinister, but it really is the opportunity of getting in early, where they use your product. Why do people use Windows? Because it was on every computer, so they get used to the format, they get used to how it works, so they don't want to learn something else, because this is how it works and it's working well. So right now, is, what I see, is the opportunity to go into schools and get in early, and you get the program in and they all get accustomed to it, and you do it well, and you own the market for the rest of the time.

I: Have you collected any research as to where your customers, the people who have downloaded your app, have heard about you? And if you have, where is that from?

OE: That was a mixture of things. That was most of the Likes came from social media, and I do believe that the reason for it was the whole aspect that they can click and go over and see. So it was the comfort of getting into it, they can click twice and they're there. That's where I think traditional media falls short than the social media. But since traditional media is online a lot, they have become a lot more social, especially when you can share the news articles. My articles gained more reach and more effectiveness than most of my commercials ever did, except for the video for Friends of Valhalla. That's because that was cool, it was something they could show the children, "Do you like this? Is this fun?" They could see the whole thing; it's not just a picture. You know you can Google any picture online, so seeing a picture online, even in the social media context of things, it's just "Whatever." I saw Putin on a bear, just the other day, so I can see anything. But with the video, the audio, the music, the whole thing, the whole package is much more beautiful. People will share it, but with the articles, I got most of my Likes from the, because people saw them online at the newspaper and there was a link there. So I don't know if you want to put it into social media commercial, because maybe it was in some sense since people shared the article, you know what I mean?

I: Yeah, I see what you're saying. It's kind of a mix between starting off as the interviews in traditional marketing media sense, but because they're shareable now.

OE: Exactly. They've become a part of social media advertisement, in a sense. It's exactly, like what I said with the interview.

I: So you could say that the people who saw your interview, they probably saw it on Facebook?

OE: Yeah, most of them probably did.

I: Yeah, so even though it originated in traditional media, people probably wouldn't have seen it as much if it wouldn't have been on Facebook.

OE: Even the radio interviews. Of course, I've had loads of people come and say they heard my interview when I was on Bylgjan, so they heard me in the car and they shared it online. So in a sense, it was still traditional, with a sense of they could share it in a social media kind of way.

I: I would be curious if the radio aspect of it, is specific to Iceland. Because I know that in a lot of other countries, they have XM radio, so a lot of people don't even listen to local radio stations. So I'd be curious if the reason you're able to get a lot more traction with radio in Iceland is because there isn't an XM radio in Iceland, or there isn't that type of thing that cuts out local radio stations.

OE: Yeah, probably. I think this definitely is the case. Iceland is very small, so a radio station, for example, like you said in America, where you have the local radio, and people would rather listen to an international broadcast, of course, your advertisement and getting on an interview there is much more difficult for something like a startup company like mine, because, of course, they are going to want to have more of a sexy product, or a movie start promoting his movie, not just a guy that comes in and says I have a book, and not even a special one, just Little Red Riding Hood, rewritten. That's also what Iceland does best, of any country I've been to, which is just not been utilized enough, which is insane to me, is exactly that point, that you can really reach people out here fast, and do it for a minimal amount of money. My total cost of everything, and I take in living expenses as well. We're not talking about the money that I've put directly into the books, but if we take into account food and all that shit, it was about 1.3 million kronurs, which is for nine apps,

ten artists, two actors, a studio, an advertisement, and everything in it, and that's also food and housing for me. So if you take that out, even food and housing and the student loans I had to keep paying off, I think you would get somewhere around 700,000 kronurs, so it's not that much money, but the product testing of it, if it works here, especially for children and for games and stuff like that, this is one of the best testing markets. It's incognito. You can create something here and launch it and see what people think about it, and like it, and beta test it, and if they like it here, they're like it abroad. You can do it for a minimum amount of money. Children around the world are basically the same, there's a reason why Disney movies work everywhere. I know they have a lot of marketing stuff, but it's because it resonates with children everywhere. The stories, the characters, the lessons, everything like that. And if anyone says that Hollywood is American, it's bullshit, because look at the people that work in Hollywood. There's so many foreign people, there's so many people that just come from abroad, it's just because it's the central hub of the whole thing. Just like Silicon Valley. Yes, Silicon Valley is an American creation, it started with Americans, but right now, if you go into it, it's probably one of the biggest melting pots, so if works. So you can test something out and get a huge feedback in Iceland, because Icelandic people are not afraid of telling you their opinion. They will tell you exactly what the fuck they think. So that's brilliant as well. So that's the reason for my company, and the reason why I'm maybe not the best company to take an example of, and hopefully get major distribution guys to build it up because I don't have big enough man power to do it myself. It's also the aspect of texting it, like Friends of Valhalla. If I would have done this in Norway, Sweden, Denmark, Finland, it might have been drowned out much faster by other things. But with the social media aspect here of people being so connected and so willing to share it, and then seeing it a lot more times than you would if you would get the same amount of people to share this in Denmark as I did here in Iceland, they would have been spread out so thin, across the board, so people wouldn't have seen it so many times. I've had people come up to me and say like "Oh my God, you're fucking everywhere." And I think about it and then I think "Wow, it's really working." But it's also because it's such a small community, that you share something, and another friend of mine shares something, you guys are going to have a common friends that is going to see it twice. So it's easier to get it straight out there. So like with Friends of Valhalla, why I went to the TV stations with nothing, I still was able to sell it, because I believed in it, which was crucial, of course, but also because it has been product tested, and people had seen it and liked it, and that was due to the social media, that people have seen it and commented, and liked it and the reason why they had seen it was because it was so easy to get the traction in Iceland, and they saw it multiple times, so they remember it.

I: If we were to discuss the advantages and disadvantages when utilizing traditional marketing, you already mentioned with traditional marketing, the biggest disadvantage is the lack of clicking.

OE: Yes, for me.

I: In a newspaper, especially with your product.

OE: Yeah, well the traditional marketing still works, and people can discount it out because newspapers, I mean yes, they are going to go more viral, yes they're going to be more predominately when people have tablet computers in every house, and they have it with them and it's just internet connectivity everywhere, people are going to go online and see it and then you have the clicking and all that stuff. But right now, at the moment, traditional media still has their little place, and they just have to grow

with it, unless they want to die, but right now newspapers, for example Fréttablaðið, goes into every house, it is still, I still got messages from people saying “I saw you in the newspaper yesterday.” So people still use it, and it’s not that expensive, because they’ve had to take cuts on it, because they know they’re fighting a bigger dog, and they will go more viral and more network and more online so –

I: Is that one of the big advantages then?

OE: Yeah, and also, what you got to remember is with traditional media, is that they already have an established audience. So yes, there is a use for social media, but it also depends on what you’re company is. So, speaking from my side of it, because I’ve sold advertisements, so I do know what kind of works for this and that, for example, for a supermarket or even a gym, a newspaper article will work and will do a lot, radio spots as well. Because it will keep as a reminder. A commercial for these kind of traditional businesses is just pestering people enough so that they remember you. So how many times you touch them is just depending on how much it works. That’s why I’ve kept every single radio advertisement I sold, for example, to a minimum, like eight seconds, and just have a jingle that people recognize, and just the text that is really simple, and that was just so that I could have it appear multiple times so it touches them again and again, so they remember it. Especially with radio, because you’re in your car and you hear, “Check this product out at this webpage,” and you’re not at the computer, and you’re driving, and the kids are pestering you and the dog threw up in the car, and you’re not going to remember it. So when you get home and you turn on the radio and you hear their jingle, and then you remember. Like I said, with supermarkets and offers, you’re at the doctors office, you don’t have your tablet with you, you have your phone, there’s a newspaper there, and you flip through it, but with my company, because we are online, our product is online, it’s much more crucial for us to stay online with our advertising, even if it is through traditional media, it should be online, and that’s also because you don’t have to drive anywhere to get our product. You can click three clicks, instead of two clicks to get to a page, you click one more time you can buy it. So that’s the beauty of that.

I: Can you discuss the advantages and disadvantages for social media marketing?

OE: Like we touched on before, and just to refresh it, the social media thing, of course, if the reach. It’s unlimited reach. Like you’ve seen with commercials like Tjarnagata, they did the advertisement of the car crash, where you got the phone call.

I: Oh yeah! I remember that! That was really creepy!

OE: That was really creepy!

I: But really effective.

OE: Exactly! So that’s the thing with it. But the reason with it is also that’s where social media comes in as the tricky part of social media, that I think that the internet, and social media especially, is more drowned out by noise, than even the radio or even the newspapers, because there’s so much. There’s always somebody fucking sharing something, or taking part in a game, and the advertisement on the side of the page, and if you’re not good with your webpage, you’ll get the fucking popups as well, you know, it’s everywhere.

I: So that’s a major disadvantage?

OE: Yeah, it is a big disadvantage. But, like I said, the counterpart of it, is that for a minimum amount of money, you can get a huge reach, if you’re lucky. So there’s always, like, if you put an advertisement in a newspaper, and it gets printed in 30,000 copies, you do realize that most of the reach that you will get out of it is 30,000 people and then maybe some people that pick it up at a bus stop, so let’s say maybe 20 percent extra, apart from the distribution – so about 36,000 people. So you do

realize how many people you're getting. Then when you look at the social media thing, yes, you can spend \$300,000 dollars on an online advertisement, and you're going to get a huge reach but then there's a lot of question whether people are going to click on it or not or check on it or not. You know, it's just really dependent on it. But you can also spend \$50 bucks, and make something really cool, like a really cool game trailer or a really cool advertisement, or something that resonates with people, like the car crash, like you could put that out for \$100 bucks, and it still would have gone viral, because it was done that kind of creepy and that kind of cool, that people just said, "Fuck, I got to show my friends!"

I: So which do you think the cost of marketing is more of an disadvantage, with the traditional media marketing or social media marketing?

OE: For my company, I think that the social media thing would be more cost effective, but I think the cost would be different. I think with traditional media, you can pay a lot more for the reach that you get, so you know what you're getting, you know how many people are going to see it, and you can do the advertisement, for example, with the offers from the supermarket. When you do an offer page for a super market, on a traditional media, like a newspaper, it's such a simple commercial. It takes three minutes and you're done with it, and you don't even have to be proficient with Photoshop to do it. It's just a picture here, this is the price, this is this, and then you print it out and pay for how many newspapers print it, how big is it, and where is it on the page, so I mean, for that kind of traditional thing, it's much more easier. With the social media thing, what I find is more cost-effective, when paying for how many times it's going to appear, but one might have to come into it a little bit more, especially when we don't have that kind of capital to buy the reach. You got to put more time and effort and manpower into making a cool commercial that is going to go viral and be popular.

I: So as you mentioned earlier, social media does have a significant cost, but you feel that, for your company, because of the type of product you're selling, that's it's more cost-effective for social media than traditional marketing.

OE: And I do think that it's more cost-effective for other companies as well, not just for children's products that are online, but the difference between the traditional media, that I find, is that you got to be more clever about it. Because when you're ready the newspaper, you're just reading the fucking newspaper, so when you flip through to something, you're not playing a game or texting, you're just checking through the newspaper. With the other stuff, you are on Facebook, for example if you take that social media aspect, you're on Facebook and you're friend is posting a text about how his wife cheated on him, or you see your girlfriend post something like "My boyfriend fucking forgot my birthday," and you go "Oh, fuck." So the commercial that is on the brink of the page, or above it, is going to get drowned out, unless it's done sexy.

I: A lot of people also have those ad blockers, that take away all the ads anyway, so that's also.

OE: That's also true. So that's why, with the social media thing, the cost might be less overall, if you go from the traditional, because you can pay, like I said \$50 bucks, and if the commercial's cool, it can go viral and millions will see it. But then comes in the aspect that you have to spend the manpower, the time, the effort into making it cool. It might be something very simple, you don't necessarily have to spend the same amount of money as the other guys in traditional media, and it might be far less, and you know, if you're clever yourself and you're a good marketer, and you have a creative graphic designer that's next to you, and a programmers that's really fast and

smart, you might be able to throw something up in two seconds that's really cool and funny and hits a point, so it would go viral. Like we said with the car commercial, it's just perfect aspect of it, except that was a big production. Maybe not huge, but it was cameras, actress, server that has to take down your number, and call you. But you only have to pay \$50 buck to get the first couple of people to see it, and then they'll share it, and they'll share it, and they'll share it, and then it will just go fucking viral. So for a startup company where manpower is basically low, it's a great thing. It's the same thing with my aspect of the company, if I have my products of the children to advertise Friends of Valhalla, when that gets out, that's why I want to go into the TV station, because that's a free commercial. Kids see it and they want to go play the game, get the ABC's with Thor, I want to do math with Tyr, or whoever, and the culture aspect. But that's also where it comes in that, if I make an advertisement for it on social media, I'm going to have to make it a little bit more sexy, you know, do something fun. A lot of games have, for example, the advertisement on the side, where it's like "Oh no the monsters are coming," and you see monsters flying around the board, and you have a gun that if you shoot three of them, you get in. It's bullshit for me, for example, but maybe a kid that sees it thinks, "Oh my God, I can shoot the bats!" and shoots the bats and – boom – you're in because he's clicked. So he'll see the new addicted games page or he'll see this product, or he'll see this and it's done. It's the same thing, they've done this a hundred times, it's shitty as fuck and all, but still they're trying to get the cool attention, like there's a spinning wheel and four boxes, and if you click the right box, you might win a chance to win an iPhone. So you click it. It's clever, and it will get a lot of people in, but also, like I said, with the viral thing, I think that you might need to spend more time on doing a cool trailer, or doing something like that to get the viral effect.

I: My last question then is can you give me an estimate on your annual spending for traditional media marketing and an estimate for your annual spending for social media marketing.

OE: Okay, so cost of traditional media marketing and the cost of annual... Okay, so.

I: I don't need you're books or anything, just an estimate.

OE: No, no, no. It's easy. Traditional media marketing is zero. Nothing. For the other one, this is an estimate, but about 100,000 Icelandic kronur.

I: Okay, cool.

OE: But that's also, Like I said, not because I didn't believe in social media, or even in traditional media, it's just lack of funding.

I: Okay, I think that's everything. My last one is just which of the two marketing initiatives do you think is more effective, but I think we've gone over that four different times.

OE: Yeah, yeah, that would be social media, of course. I think, like I said, with traditional media, it would always be more of the news side of it.

I: With the interviews and whatnot?

OE: Yeah, stuff like that. I think that would always be more effective for my type of thing. Maybe in the future, when we get bigger, traditional media might play a bigger role, like if we give out a board game for Friends of Valhalla. We're actually designing it right now, that might be something like more of a traditional media, where we go with people, but right now, when it's all online content, that's definitely the way to go.

I: Okay, well that you very much for meeting with me!

OE: No problem!

B2. Transcript of IDI with Roadhouse

This interview was held on March 20, 2014 with two of the Roadhouse owners, Ásta Sveinsdóttir and Sigurður Karl Guðgeirsson at the Roadhouse restaurant at 10:00AM.

Interviewer (I): Can we start with both of you saying your names, your positions, and a brief overview of your company?

Roadhouse Head of Social Media (RSM): I am Ásta Sveinsdóttir. I would probably be the head of social media, and I'm the hostess.

Roadhouse General Manager (RGM): I'm Sigurður Karl Guðgeirsson, General Manager, basically.

I: And a short overview of your company?

RSM: We are a restaurant that focuses on American tradition. Our main focus is doing the food from scratch. We are 112 seats..

RGM: Yeah, we focus mainly on American food, made from scratch, bringing new kinds of burgers – not always just lettuce tomato or either bacon or bernaise sauce – we try to make every one count. They all have their personalities. Also, with the ribs, I'm a big rib man, I love ribs. But they weren't so good here in Iceland. They sometimes tasted like hotdogs, because they were after the hotdgos in the smoking over, so it was weird. And we just wanted to do this from scratch. We have a smoke oven. We do smoke the ribs here. We make the fries.

RSM: All the sauces, marinades, spices.

RGM: We do basically everything, except the hamburger buns themselves.

RSM: Yeah, but they are made specially for us.

RGM: That's the only thing. And of course, we don't mix the coke.

I: My first question is: How does your company utilize traditional marketing, and we're going to define traditional marketing as advertising, whether it's television, radio or print ads, or in newspapers or magazines, as well as internet ads, so like the banner ads you see online, not anything on social media, but everything else.

RSM: Well, we have once had a campaign in television.

RGM: Twice.

RSM: Twice, okay. We made an ad with Icelandair, to have on the planes, which has done a lot of things for us. Mainly for the tourists. The first summer we didn't get any tourists here, and then we went to Icelandair, and there were a lot of tourists coming. Of course it was just our first year, so maybe that also. Then we went to RUV, we've mostly been focusing on RUV, and RAS 2, and then we've had on Menn.is and fotbolti.is. So it has been mainly focused on men, because mostly we have men coming here, about 90 percent, in the lunch times.

RGM: Around 85 – 90 percent. It's really weird. 80 percent.

RSM: It's weird. There were women here yesterday, they were two of them, and they said "Oh, don't we get a discount because we're just the only women in here?"

RGM: And our experience with men is completely different than with women. We also have a sushi bar in Kringlan, Suzushi, and I'm a sushi chef. There we have customer that are women, around 70 – 80 percent. About the men, they are much more dedicated if they like something, they come again and they come again. They get really, really trusted customers. With women, it's a little bit different. They always want to try something new. So like in the sushi, it was really, really busy

when it opened, and then it slowly slowly went down, because all of the other places were opening up, but we can see that the gender matters a lot in this.

RSM: So we have been focusing mostly on where they are, because they like this kind of food. Of course women like this kind of food as well, and later on we will start to go in that direction because, you know, we are just building this kind of..yeah..so we have been focusing on fotbolti, menn, so.

RGM: So of course we've been on RUV, like she said. You know, we went in the EM, when football was, and we had some commercials, SkjárAuglýsingar, you know, just like, not moving.

RSM: The movies.

RGM: We're in the cinemas. Menn.is, like she said, fotbolti.net.

RSM: With the banner.

I: Like Google Ads?

RGM: No.

I: So you are just talking to the website directly?

RSM: Yeah.

RGM: Talk directly to the website. And they are always like "Can we maybe have half of the price burgers? Is that ok?" and we're like "Yeah, no problem."

RSM: Yeah.

RGM: So it kind of happened by itself.

RSM: They started asking us, "Can we have food? We can advertise" Blah, blah, blah. It's just like, you know.

I: So that's a good bit of traditional marketing, then. So you have newspaper, cinema, TV. Is it a TV ad on the Icelandair, or is it like a pamphlet?

RGM: Yeah, in the Icelandair, they have the screens. And they have this new apparatus called Discover Iceland.

I: Like a program?

RGM: Yeah, it's like a program. But it's a commercial. It's like a double sided. A very good friend of mine, which is a marketing agent – he just, you know, eats and gives me advice, you know.

RSM: When we start talking about this, I realize we've been doing a lot of things. It felt like we've not been doing anything because it has been so random. They've mostly been saying like "Hey, you want a good deal here? We can do this" blah, blah, blah. Then we go look at it and it looks good. But with the Icelandair, we decided to buy the ad afterwards, like 6 months, 8 months afterwards, and cut it down a little bit, and then we put it in the Icelandic TV.

RGM: Yeah, the ad in Icelandair, it's like 40 seconds. So the people are coming in, and this is the place and this is how it looks outside, and we make the fries by ourselves, and we smoke the ribs. So people are like "Ooo! They do everything from scratch!"

RSM: They've been coming with their bags, straight from the airport.

I: Really?

RGM: Yeah, really! Like "Is this Roadhouse?"

RSM: "We saw you on the plane!"

RGM: They love the sign outside, and it's good. Then we took this big commercial, that SagaFilm made for us, and we could buy it for 50,000. So it was a 38 minute commercial - for 50,000 – from SagaFilm. We were like "What??" Okay, we bought it, and another friend of mine, who is a filmmaker and works for RUV, he just cut it down in a commercial, you know, one for fries, one for ribs, one for this and one for that.

I: It's good to have friends.

RGM: It's really good. In Iceland, you probably know, it's rubbing each other.

I: So how old is Roadhouse?

RGM: 2 years old.

I: When did your company begin to utilize traditional marketing? Was it right in the beginning you started putting ads in the paper?

RGM: No, we started on Facebook. That's where she comes in. She's a Facebook genius. She's really good at it.

RSM: Yeah, we started like 2 months before we opened, like warming up. So when we opened, it was like – Boom!

I: So when did you start with traditional marketing?

RGM: What is that again?

I: Like advertising in papers, TV, cinema. Anything not social media.

RGM: Radio too?

I: Yeah, radio is traditional marketing.

RGM: Okay, we started on Rás 2. In the morning show with Gunna Dís and Andri. Two years ago, they were like here (gestures with hand, high). You can see all the numbers, you know, I didn't know that people are listening to what I am listening to. And we just looked at the numbers with this friend of mine, and decided to go into the show, we had some gift certificates.

I: Was this before you opened?

RGM: This is just right when we opened.

RSM: But nothing before we opened, that was just Facebook. We wanted to be a little bit low key, because we had already opened a sushi bar before, and it was just like an explosion, because people were waiting so much for it in Kringlan, and it was an explosion, and we were just suffocating. And then we wanted to go a little bit slower, but it exploded in our face completely.

RGM: That's also marketing, and also reputation, because that's very, very important. I am a professional chef. I'm the sushi king of Iceland. Everybody comes to me if they want information about sushi, even if it's professional chefs or just amateurs. I've been to Perlan, many competitions abroad. So the business knows me, even though I'm not in the papers. Our partner, Gunni Chan, is also, he was in a television show with Völundur Snær, which is an Icelandic chef, some years ago. He came back to Iceland.

RSM: I used to be in the music industry, so we're all a little bit...

RGM: Yeah, she was in Gus Gus, so it's really important.

I: Still sticking with traditional marketing, how active are you in making new ads for the papers or for the cinema?

RGM: Yes, the cinema advertisement is just rolling, always the same.

RSM: We haven't made anything new.

RGM: People know it's Roadhouse when it comes up on the screen.

RSM: But we are now...

RGM: It's been the same for two years. But now, we are doing a facelift. Putting something on the floor, new menu. We can maybe show you how it looks. We can show you the old menu also, so we're going deeper into the 1950's look and feel.

I: So would you say then that most of the ads that you have done for the traditional marketing campaign, you haven't really updated them that much.

RGM: We have been using the same look now for two years now.

RSM: And the same photos and everything.

RGM: But like she does on Facebook, there's always this burger of the day, or burger of the week, and we are always taking this food porn. And people are like "Don't do this to us!" and stuff like that.

I: People are stuck at work and then they see your burgers..

RGM: Yeah! Yeah! And we try to be, what is our biggest success, is that we are personal. It's not like a huge, you know. If we get a complaint, she's on Facebook and she answers the customers. She takes care of all of that. She's really great.

I: So I feel like the social media marketing is the baby, of the marketing area. So my second question is: How does your company utilize social media marketing, like what social platforms are you on, etc. And we're going to define social media as forms of electronic communication, like social networking and blogging, which users create online communities to share information, ideas, personal messages, and other content.

RSM: We are only on Facebook. That's our main focus, and we have around, what, I think 11,000 Likes. I use it mostly like twice a day, around noon, like 11, and then at 4:30pm, and I always try to do something different. Of course I'm sharing the same photos, but I try to do it, like, three weeks apart, so it's always something. Because Facebook has become so difficult, where as, when I started with my sushi place, it was the easiest thing ever. You know, if I put something on Facebook, and I said like we have this kind of blah, blah, blah, like loads of people came. And if I put something in the paper, nobody would come. So I was like, "I'm not going to buy an advertisement in the Fréttablaðið for that amount of money, if I can get it free here." But then of course Facebook caught up with it, and now everything costs.

I: Research shows that there's a lot more noise on Facebook now than there was.

RSM: Definitely.

I: And it's hard to kind of break through.

RSM: It is, definitely. And you have to pay to get any fair amount of Likes. But, what I've done, is to be personal. That's my main goal. I am that kind of person, so I don't have to fake it, it's just me. So, I always try to put something personal, and hopefully people like it. And sometimes I put just like a music video – it doesn't always have to be a burger or "Hey, we're open, from this, blah, blah, blah." People get tired of that. So you have to like say something, and you have to respond to the people, so that has been like, yeah. And giveaways. Not because I want so many Likes or whatever, I just really want to give. But then I got a complaint from some marketing guys that said "Oh, this is not allowed. You will be closed, blah, blah, blah." So I stopped doing that so much, but now and then I ask them to, and they share the picture everywhere, and then I get more Likes. It just happens.

I: So you mentioned that you update it about twice a day?

RSM: Yeah.

I: And is that just five days a week or all week?

RSM: Seven days a week.

I: Ok, and then, you mentioned briefly before: How long has your company been active on social media? On Facebook?

RSM: Two months before, probably. I started putting pictures of the place, what we were doing. Not so much because we didn't want them to see how dirty it was when we were doing everything.

RGM: We also didn't want them to see the wall, to see this over here, to see the benches. We wanted them to come in and experience it when they come here. Not to be like, taking pictures.

RSM: Yeah, we started collecting Likes, making little bit of teasers, here and there.

RGM: We used a lot of pictures, like on the wall over there from the fifties and sixties.

RSM: I have probably photos for three times this wall, and they're all originals. So everything in here is original. All the items, it's not like something that's been made, you know, it's not a replica, it's all flown from the states that I chose from etsy, piece by piece. It took us like, six months, it was the best six months of my life. I love this kind of stuff, so, yeah.

I: We mentioned it earlier, can you describe for me your average customer?

RSM: That would be a man between...

RGM: Around 28 – 32.

RSM: Yeah, I think so, mostly men. But of course, a lot of women are coming. They mostly come in the night time. I work mostly in the lunch, and mostly men come and eat the burger in the lunch, because mostly women they want to eat something lighter in the lunch, it's just the way it is. Or they just can't get their friends to come with them and pig out – I don't know. But yeah, women are coming more and more, but I think it's more men. Just like the mediocre guy that likes to eat.

RGM: When I look over, you can see a guy from high school sitting here, and then a rich business man over here, and then a couple that are 70 years old, over here. So we get a really wide spectrum of customers, but mostly, I'd say, male around 28 – 32, in their 30s, white, probably, a little bit busty, strong, big.

I: Have you collected research as to where your customers have heard about you? Any type of surveys?

RSM: No.

RGM: Basically, we have a book that the waiters always write, you know "This customer was unhappy. This was what happened. Blah, blah, blah." So we can look at it every day. "Do we have a phone number to call the person?" Because when you're in the restaurant business, there's always mistakes. It's just how we tackle them.

RSM: But no, we haven't made any like...no.

I: So you're not sure who's coming from the traditional marketing or the social media marketing?

RSM: No.

RGM: We have no idea.

RSM: I don't think we're really interested.

I: Except the people who came from the plane?

RSM: Exactly. And that just makes us really happy, and I think the difference is because we own the place. I mean, I am here every day, and I try and come also in the evening, so I just feel the people. I know a lot of faces, and if I see the same faces coming again and again, I know it's word of mouth, that's my main goal, that people are happy, and not that they see my restaurant in the paper.

I: Are you curious about which one they are coming from that you could maybe bolster one or the other?

RSM: Definitely. But that shows just how naïve we are in that field. We are just so not that type...

RGM: That's Hamborgarafabrikan (Hamburger Factory).

RSM: We don't have that kind of mentality. We are trying to get a little bit more into it.

I: So your main goal is just the personable...

RGM: Good food. You know, what do you think when you're going out to eat?

I: Good food.

RGM: Good food! That's the first thing, you're not thinking about interiors, you're not thinking about anything, except it was a nice place..

RSM: Of course you're thinking about interiors a little bit.

RGM: "Well there were really nice interiors there but the food sucked!"

I: Unless maybe if you have cockroaches running around, then people will not be happy.

RSM: Definitely.

RGM: Remember in Malaysia? We went to this restaurant, and we saw a rat and cockroaches.

I: Oh my gosh!

RSM: Cockroaches on the table.

I: Do you remember if the food was good?

RSM & RGM: It was fantastic!

RSM: It was the best food ever!

RGM: And we would like to go there again! I had a coke, and they were doing the dishes in a plastic bin, and then they gave me the glass and the Coca Cola, and I put the Coca Cola in the glass, and there was still fat in the glass.

RSM: But it was the best food we had in Malaysia.

RGM: We were thinking about it the whole time. So this is how important the food is – we forgot about everything.

I: It makes a good story though.

RGM: Yeah. But when we started, we always said to ourselves "Of course, Fabrikkan is our competition, but we are going to build our success on good food, not on good marketing."

RSM: Never, ever, ever cut in the quality of the food, never.

RGM: Not to put in more money in marketing, we just want to, you know. And when that is ready, and we have some money, then we can go to a professional, and *whistles*.

I: So then you can focus on the food.

RGM: Yeah, everything is working. It's smooth. The restaurant was full yesterday, and we were undermined. And they just rolled it out.

I: And yesterday was Wednesday.

RSM: And now after two years, we are, in our hearts, really happy. So then maybe we are ready to, you know, now we are doing a new look now, and we are having a new menu, so we are going to talk to the guys that we know, and ask them to build up a plan for us. So we're getting ready to start to build.

I: I think it's interesting though, especially because for the past two years you have just been doing it on your own, and I think that's kind of the epitome of a young, Icelandic company. You're a great example of what a young company would do for marketing that doesn't necessarily have a marketing background. Its very interesting. So, are you're customers active on Facebook?

RSM: Yeah.

I: Do they respond to you a lot? Do they...

RSM: It used to be more, before Facebook restricted everything. It used to be more. But definitely, and that's why I answer them. And if I get a message or something, I always answer them. Sometimes he has to remind me to not be so much on Facebook.

RGM: Yeah.

RSM: Because I'm really dedicated to this, and I want them to feel like they matter, because they do. They really matter. I couldn't do this without them. They respond,

they share, they Like a lot. Of course, if I say I'm giving you something, they just go crazy, of course, but in the mean time, they are also like "Oh, you're so nice. Blah, blah, blah." They're funny, and they make gifs. I've had two gifs being made. One was Spongebob Squarepants like "When I tasted Roadhouse burger for the first time..." And then there was another girl that made the gif like "When I tasted Roadhouse French fries for the first time, I was like wow, this is awesome, this is like crack!" So I put them on and everybody was like, "Yeah!"

RGM: "Are these fries made out of crack?"

RSM: Yeah, and also the five guys and a burger video. They post a lot of that and they're like "Damn, damn, damn!" I don't know if you've seen that.

I: Yeah, I've seen it.

RSM: And like Roadhouse from the Family Guy. They're posting a lot of this kind of things, and I really, really love that. It makes me really happy.

RGM: So it's really interactive with the customer, and we get like "Okay, we are doing something right here."

RSM: Yeah, the same is when I'm working on the floor, I try to, you know, I'm not sitting beside them and holding them or anything, I try to remember what they like. Like "Oh you like sprite, do you want sprite now?"

RGM: She even remembers how they want their milkshakes. And I'm sometimes like jealous.

RSM: I'm on the job!

I: Can you discuss for me the advantages and disadvantages your company has found when utilizing traditional marketing? The radio ads, the TV, etc.

RGM: The advantages is you get...

RSM: You get new customers.

RGM: Yeah, you get new customers and you get your information on the radio. So people are listening, they hear it. My friend said it's just hearing it again, and again, and again. Okay, same with the TV commercials, but maybe the downside of it, is we don't know if its...

RSM: Because we haven't been focusing on it and checking out. Maybe we should do that. Definitely we're going to do that in the future. But we just didn't even think of it.

RGM: We don't know if...

I: How effective it is?

RGM: Yeah.

RSM: The only thing is, like, we heard that Harmageddon spoke about us in the radio, and it filled here, and we were like "Whoa, it's crazy here!" and they said "Yeah, they were talking about you on the radio."

RGM: So the word of mouth is great, even though it's just some radiomen talking about the fries.

I: Unpaid advertisement.

RSM: Yes, free advertising! And that's just because they like us.

RGM: And also, you know, it took us ten days to make the fries. Trying to get them to be like we wanted them to be. And that is our specialty – our biggest specialty. Because people love them.

RSM: But some people don't like them.

I: Really?

RGM: Yeah.

RSM: Really. When we started they were like, "Oh my God, this is disgusting! What is this??" Because it's different.

RSM: Because it's different. It's the same in sushi, when we opened the sushi bar. Like I told you I'm a professional chef, I spent two years with a Japanese master in Copenhagen to learn the sushi, and then we came back and I started the restaurant, started making it by hand. The rice are a little bit warm, not straight from the cooler, it's the way it's supposed to be. I had an argument with my customers, because the only thing they knew was the supermarket sushi. "It's supposed to be cold!" I was like "No, no."

RSM: It's the same here. They are like "Why don't you have the potato salt?"

I: The red salt?

RGM: Yeah, we don't like it. So we just put this.

I: I also think this (white salt) is much more American. I grew up in the United States and I've never seen red, potato salt there.

RSM: And everybody is "Don't you have béarnaise sauce?" They don't have béarnaise sauce in America.

RGM: Everyone else has béarnaise sauce. Go to Fabrikkan, go to Bullan, you can have Béarnaise sauce there. We are doing something different.

I: It is very true though. Until I moved to Iceland, I had never tried béarnaise sauce.

RGM: We have this Icelandic saying, "Ef að ein belja mýgur, þá mýga þeir alla." Do you understand that phrase? It's the same in the sushi, if one person is successful, then everyone does it. If there opens an ice cream store, everybody does it.

I: That's like fashion in Iceland, though. One person starts wearing leggings and everyone's wearing leggings!

RGM: Yeah!

RSM: It's the same in restaurants.

RGM: Yeah, it's the same in the restaurants, but nobody can imitate this. Because it's like closed, nobody knows how we do it.

I: Do you have like a non-compete clause in your contracts?

RGM: Yes, it's very important that if this person, if you quit or laid off or something, then she knows that everything that happens in the kitchen is a secret and if we spot something similar going on elsewhere, we can sue. Because it's that important.

RSM: Yeah, but also even if they would try, it took us 11 days, and there are not so many people. There's only one guy that takes care of the French fries.

RGM: And he's here at 6 in the morning.

I: So it starts off as a potato?

RSM: In the evening shift, they start cutting potatoes.

RGM: Cold water for a special amount of time, and then they deep-fry it for a special amount of time, etc.

RSM: If they would try, it would never be the same, because it took us so long time.

RGM: So there's one guy who knows it. Because it's double fried. They're made and then they're cooled down for a special amount of time, and then they deep-fry it again when you order. So basically making the French fries you get on your plate, it takes three days. It is a lot of preparation, a lot of work.

RSM: I don't think a lot of other restaurants would want to go into that.

I: Can you discuss for me the advantages and disadvantages for social media?

RSM: There are a lot of advantages, I mean, you are in straight contact with your customer. You can choose what to tell them, you can be really active and personal. They can see a side of you that you want them to see. It's not like an ad, where you just see a photo. You can be personal; you can show them some part of you that you are...

RGM: Show them what is happening now, each time. What we are doing in the kitchen, photos of the kids that are working, blah, blah, blah. And answer them straight back if I get an unhappy customer and they send me a message, I always reply to them and ask them to come again. And 95 percent of the people that come back, they are really, really, really happy, so then we ease that unhappy customers. So that's really good for us. The disadvantage is the star rating, if you get like 1 star and they say like "This was disgusting, blah, blah, blah" You can't like, take that out. And of course somebody says something on your Facebook like "This is disgusting," you can't take it out, you have to have it there. Even though it's my tool.

I: But that seems more genuine.

RSM: Yes, it is more genuine. At first we were like really unhappy about it, didn't want to have it, tried to hide it, and then we were like "Why?" It's just genuine. We are not afraid of that kind of criticism, and I hope that our general customer sees through that. Like most of it is really, really, really positive.

RGM: But it can be really, really dangerous, this star rating, because the competition, in a small area like this, they can go like "Hey Joe, can you put something really bad on their Facebook. Bye" So...

RSM: So if somebody is unhappy, let's say they get a hair in their food, and they have a phone and they take a picture of it and they post it on Facebook, that is something that is really dangerous. Like they did now, they took a picture of the vegetarian dish and they posted it.

I: Oh yeah, from Vox.

RSM: Yeah, and then it was on Facebook and in the news.

I: I think that's also specific to Iceland. The news seems to troll Facebook for stories.

RSM: It does. When we got engaged, I put it on my Facebook that we got engaged, I was not even in Reykjavik, and then it was in the paper, and I was like "What? Who cares about this?" and then it came on Vísir.is, like a big picture of us, engaged. So that's just the social media, and yeah, they troll it. And also KFC had this, there was like, something that is normal to see for us in a chicken, like I don't know..

RGM: A bruise. Sometimes, you know, when they are cutting down the chicken, it sometimes gets bruised. You know, it looks like blood, but it isn't blood.

RSM: And then you take a picture of it, put it on Facebook, and people go like "Oh my God, that's yuck! Blah, blah, blah." And then they share it everywhere. We've never had that problem, but you know, we're always scared of it, that it might happen, that something might happen.

RGM: It is really weird that the customers.. You know, shit happens. You know there falls a hair out of the chef, maybe the meat factory, which makes the burgers, you know, we don't know. And instead of executing with the waiter, they put it on Facebook, and are really, really unhappy about everything, and walk out really unhappy. And then we have to react, "Hey what happened, blah, blah, blah." But it's out there, instead of "Excuse me, this is happening here, can you do something?"

I: But I guess this is the interaction aspect – you get both positive and negative.

RSM: But I think the positive is way, way, way, way more overpowering so, yeah, I really like this marketing tool.

I: Can you get me an estimate on your annual spending for your traditional marketing campaign and your social media marketing campaign? I'm just trying to figure out which you spend more money on.

RSM: It depends, it varies. Sometimes I'm paying a lot if I'm promoting a new burger or something, or something new and I really want to promote it, then I do. Sometimes I'm not doing anything at all, so maybe 50,000 a month.

I: And that's for Facebook?

RGM: Yeah, around 50, let's say that. With the radio and TV, then it's ore business. We're buying coca cola, so I want to go into the radio for one month on this radio show, I call coke, "Hey, what do you want to do for me? Do you want to pay 50 percent with me and I'll put coke in the advertisement?" So it's a little bit more working with our suppliers in that field.

RSM: But on average, if you had to estimate, a month.

RGM: Maybe it's around one million.

RSM: A month?!

RGM: No, a year. So maybe over all it's around two million in marketing.

RSM: I think that's even being really generous.

RGM: Yeah, maybe more like one and a half. One million for traditional marketing and 500,000 for social media.

I: Per year?

RSM: Per year.

RGM: This guy told me it's like one percent of the turnover each month into marketing.

I: It also depends on the company.

RGM: Yeah, definitely.

I: Ok, and then my final question is just: In your opinion, which of the two marketing initiatives do you think is most effective?

RGM: We don't know.

I: So say today, you had to give up one, which one would you give up?

RSM: We would not give up Facebook now, I don't think so. We've built up such a strong community there.

RGM: Yeah, I think we would just put more money in the social media. We would go on twitter, we would spread there.

RSM: Yeah, instagram and stuff.

RGM: I think we would do that.

I: Okay, thank you very, very much!

B3. Transcript of IDI with Ævi

This interview was held on March 21, 2014 with the CMO/CFO of Ævi, Stefanía Sigurðardóttir at Reykjavík University, V311 at 11:30AM.

Interviewer (I): Can you start off by telling me your name, your position, and a brief overview of your company?

Ævi (AE): My name is Stefanía Sigurðardóttir. I'm, it's a small company, but still, I'm head of marketing and finance. The company is called Ævi. The company is mainly about collecting memories and stories, storing them online or in the cloud, and then delivering those memories and messages to the chosen loved ones after the user has passed away and also though, we are working on a delivery system in current life, so you don't have to pass away to use it.

I: Can you tell me how your company utilizes traditional marketing, and for this research I have defined traditional marketing as advertising, whether it's television, radio, print ads, whether its in the newspaper or magazines, as well as internet ads, like the banners. Anything that's not on social media platform.

AE: We have not been able to use any traditional marketing methods.

I: Can you tell me how old the company is?

AE: It was founded in 2012, June 2012, and we only launched the product now in February, this year [2014], so we've used non-traditional marketing thus far.

I: How active is your company in social media marketing, defining social media marketing as forms of electronic communication, as websites, social networking platforms, microblogging, through which users create online communities to share information, ideas, etc.

AE: We only, we mainly use that to reach our users and also to build brand awareness. So what we've done is we use Facebook, Twitter, and blogging. Twitter not so much in Iceland, because it's not that advanced here. I don't think it's a very good way to approach our customers. Facebook is an awesome way for us to approach our customers because our main customer base is people above the age of 40, and it seems that women above the age of 40 are very active on Facebook. So it's quite easy to gain awareness. We've noticed as well that using blogging and using healthy messages to our target market is very good to gain users on our website. So first it was just thought of as brand awareness between we didn't have much money to use traditional marketing, but then we noticed that it was quite easy to gain access into our website through Facebook.

I: So you mentioned Facebook, Twitter, and then do you have a blog on your website?

AE: We have a blog on our website through Tumblr. So we are trying to use everything for free, and when we put a blog online, we usually just try to spread it through all the social media.

I: Okay, and how active are you at updating your social media?

AE: Since we launched, we update at least once a day.

I: And this is Monday through Friday?

AE: No, the weekends as well, because the weekends are best. There is always a spike, from about 8pm on Friday nights until 12:00 on Sunday. That's usually a spike both in our website and to our Facebook as well. Unfortunately we are only able to have one post per day, sometimes two or three, and that's mainly because I am alone. But I've noticed that if we want to use this type of marketing, we are going to have to have a person dedicate to just this. And actually we've noticed that the best way to reach, because we're planning to go to the states, the best way for us to start to reach think leaders, people that are in our field and influencing other people, that's Twitter. Twitter is the best way to reach those.

I: And the idea behind that is that you tweet to them and then they...

AE: Yeah, we just start to follow them around and then retweeting what they're doing, and kind of have a conversation with them through Twitter at first, and then build a relationship that way.

I: So you said your company launched the product in February, but the company was founded in 2012?

AE: Yeah.

I: Did you start your social media presences when the company was founded? When did you start your social media marketing?

AE: We started a little bit when we were founded, and then we launched the beta version last spring and then we started to use social media a lot. And we continued until we launched now, with ups and downs though. The main reason for that is that we also use social media to reach our investors. It quite works as well to reach them, but it has to be a little different.

I: So you use social media to reach both B2B and B2C?

AE: Basically, yeah. The strategy that we are using is that by showing investors and B2B that we are approaching our customers in a way that is very connected to what we are doing, but at the same time is something that we have a lot of followers on, it just gives them security that we're reaching our customer base.

I: Do you have a lot of engagement on your Facebook page? Do your users respond to your and share your posts?

AE: Yes, they do. We often get a lot of virality on our posts. So on our posts we make sure, on our photos, we have photos that are mostly with mantras or quotes or something that is related to what we are doing, because memory sharing is more about being inwards, about looking at yourself, what makes you happy, what you want to share, what is your legacy. So what we did is that our pictures are all with our website on the bottom, our URL. So that's how we try to make sure that the message gets across, and it doesn't seem to bother our followers that they're sharing something that is related to a brand. And we're hoping that it's because we're building a strong community, followers, and advocates. We've noticed we have advocates already that are not, we have never met them or anything, they're just somehow share everything we do, which is just awesome. I really love that, and I don't think I could notice that if we had used traditional marketing.

I: Yeah, it is harder to follow.

AE: Yeah, exactly. So even though it would be great to be able to spend money on traditional marketing, I'm not so sure I would like that now, while we're taking our first steps because, exactly, I would lose track of how we are engaging our users.

I: You mentioned briefly about your average customer, can you give me a picture of your average customer that Ævi goes for?

AE: Yeah, it's from the age of 45 to 70. It's mostly women, yet, but we are trying to reach the male audience. We're not able to reach them through Facebook as well as women, so we're hoping that the women will drag the men. We've asked our users to tell us how they use the system, and women have a very easy time expressing what they're doing and they all have different approaches to it, and they don't feel bad about what they're saying in any sense, they just say what they feel. But the men seem to have a certain image of how it should be done, so they just show us that image and not the real thing. So it's really difficult to reach the male audience.

I: Is it a communication thing? That women are maybe a bit more open with the communication than men?

AE: Probably, yeah. But at the same time though, there are not any more women using our website. So it's just more difficult to get the men to open up about it and tell us about it.

I: So the women are more vocal?

AE: Much more vocal!

I: In a breakdown of your users, is that mostly female? Or is that even?

AE: It's not that much difference so that I can't say. There are a little more women, but it's not that dramatic, the difference, so I wouldn't say that.

I: Okay, but the engagement in your social media is a lot more female based?

AE: Yeah, definitely. We hardly get men to engage in posts. And maybe that's because we don't have any, I don't know, male, like if we would post a picture of a naked female, or a car or something. I think it may be easier, some stereotype, male thing.

I: Have you done research on, especially in this age group, I'm almost surprised that there's a lot of engagement with older people on Facebook. I mean I know Facebook has spread a lot more to the older generations, but I'd be curious if the amount of

people that use Facebook, if there are more females that use Facebook that are over the age of 45 than male users.

AE: That's a good question.

I: I know a lot of females, at least in my life, that are a lot more active on Facebook than men.

AE: I agree with that. Totally. What we use as well, what we have been able to use in Iceland, and I'm not sure if we'll be able to use abroad, is media coverage due to the story behind our project.

I: So you could include that in traditional marketing.

AE: In a sense, yes.

I: I mean, you have put money behind it but if, actually, it was interesting, I was discussing your company with an older relative of mine who is 75, and she said she had heard something about your company on the radio, I was actually going to bring that up. That is technically traditional marketing.

AE: In a sense, yeah.

I: So what kind of coverage, in that sense, has the company had?

AE: Well, we've been on radio; we've been on the front page in the newspaper. In every, all. On TV, in talk show on TV, a lot of talk shows on radio, so we haven't, there's no media we haven't touched. You're right probably about how it should be considered traditional marketing; the thing though there is that we cannot always choose the way we are presented. We actually felt that even though it's good to use this kind of media coverage to get attention, at the same time, it actually drew us in a direction we didn't want to go, so we had to stop, because they were concentrating too much on sadness and on the death portion. It's so difficult to get away from that. We're just trying to get people to realize that it's all about the life and not about the final. And you don't want messages like this. If my grandpa had been able to send me messages like this, I wouldn't have wanted him to be really sad, "I'm going to die soon, so..." You would want him to, exactly, be talking about everything up to the point.

I: So those are definitely traditional marketing efforts, but not necessarily something you can control, as to what the topics they bring up, if you go on an interview of something.

AE: Yeah, exactly. We managed to do it in certain shows, like when we chose one radio show that specifically talks about science, and they talk a lot about research, what people are doing in the University of Iceland, University of Reykjavik. So, we know there, that we would be able to talk about the features of the product and the reason for using it, instead of the story behind it. So that was quite, the best interview, I think, that we've been able to make. And also, in retrospect, when we listened to the show again, we realized that they were the only show that actually represented the company in the way that we would like. It is the only show we would be prepared to pay to be on again.

I: But that still gives you attention though.

AE: It does, yeah.

I: Did you notice a spike, at all, in the traffic to your website after these interviews?

AE: Yes. It was kind of amazing. We got a lot of spike, actually how we built it up, we got a PR person to help us out. The person asked, she's a newscaster herself, so she knows everyone in the industry. We built it up that we had a front page interview for a weekend paper, so everyone would get it on a Friday morning, and then on Friday morning, we went to a radio show, morning radio, and then at lunch time, so we had a spike of traffic in the morning, and it was always going up and up, and

definitely after the radio show, it was going up and up, and then we decided to launch a promotional video we had made on Smartland. And I wasn't sure about that, because it's not our target group and it's just different. Wow. The spike was amazing! It was incredible, and still it's the highest spike we've ever gotten.

I: So then the traditional marketing did have a positive effect in your traffic?

AE: Definitely. About awareness.

I: Did you have a spike in users as well?

AE: Not so much there, not exactly. It was just through that day and through the weekend, because we had an open house, and we had more coverage in the radio, and there were articles online, so that whole weekend was our best weekend, because we were constantly somewhere. And we actually used Facebook to spike that as well, everything. So all media, we paid a little for every coverage, and it taught us a lot, you know, about what coverage is getting – is Facebook good at spiking up and stuff like that. It was kind of interesting.

I: So having all this in mind, where would you say that your users came from?

AE: From this coverage, from all over. I'm not sure, this is a good question, though. You know, we have two different kinds of users, we have freemium users and we have premium users. And of course it's good to have freemium users, but we want them all to become premium users. So I also, what we use, is that I wrote articles, which were a lot more research based than the coverage that had been before. We were pointing towards research that tells that memories and legacy is more important than financial legacy and stuff like that. And that actually increased our premium users, so when we went deep into the subject, that's when we spiked in premium users.

I: Were those blogs that you were writing?

AE: Yeah, and we thought, we got them sent in to the media. One was shown in Morgunblaðið and then one on Bleikt.is. We just decided to try it, and it actually worked quite well, even though we didn't consider it to be, because it's more about, we thought the story behind the company would suit more for that media, but this kind of article actually, because it was about happiness and happy families, so I guess that's how it got a little coverage and sharing.

I: So the traditional marketing that your company uses would be those interviews and lobbying for those interviews and anything like that. You mentioned one of the disadvantages of that is that you cannot always control the interview. Are there any other disadvantages to this type of traditional marketing?

AE: Yes, definitely. I was thinking about this, this morning. I was called up by a company called, Spot on, and they have ads on Visir, Bleikt and stuff like that and we've been thinking about it, if we should do similar with that, as with Facebook, but I hate the idea of having to go through a medium. I would just like to be able to sign into Visir or Bleikt and see it myself. I would have a company selling me those spots and telling me how it was working and everything, I wouldn't be able to view it myself, the results. So that's what I really like about Facebook, because you get immediate response, so you can adjust to what you're seeing the same day or the day after. Instead of when you're buying something from another person, you never see really how it's working, unless you do a marketing research, so that's one of the reasons why we haven't decided to buy, but of course if we would get good investment, we would use traditional marketing as well.

I: So would you say cost is a big disadvantage?

AE: Yes, both cost and the reason you can't control it as well.

I: Right. Do you have any advantages to traditional marketing? I mean, you mentioned after the radio shows you had a big spike.

AE: It's mostly; it's the same people that are on Facebook, so it's really difficult to get some people, like the older generation. They listen to the radio, they read the newspapers, they're not online. They don't like online stuff, so even though it's a product that is online, we've built it so that an 80-year-old person that has no knowledge of computers can easily use it with a little, we try to do it without any help, but of course they need help to open up the browser and stuff like that.

I: Right. Can you discuss for me the advantages and disadvantages for social media marketing?

AE: We're not entirely sure about the people, like we cannot see, we can only see the results Facebook gives us, but we can't look at individual. Like sometimes I would like to see, because sometimes we see that this is the age group that is really looking at your posts or engaging, but we know we're also reaching some of the younger age, and I would like to see what is it the younger age is looking at. Like, it's difficult to see that.

I: So to know exactly what they're looking at on your social media?

AE: Yeah. Because they mainly focus on the big group, but I really want to see this small group as well, because of the older generation, I would like to approach the younger generation through social media, so they would approach their grandparents and say "Hey Grandma, can you do this for me?" Because I know grandparents are not going to do it, unless the younger generation asks them. So that's also... So we need to focus more on that, I'm going to do that later, when we have more time, focus more on how can we get the younger generation to press the older generation to do this.

I: So that would be a disadvantage, that you can see the breakdown of every group.

AE: No, it's really difficult to see that.

I: What about the advantages of social media?

AE: How close you are, to the people.

I: So like the close interaction?

AE: Yes. Like, if we have an advertisement on radio, I would never get a person to respond to it, if she likes it or not, but on Facebook, we get people saying their opinion or saying stuff. And we can reply immediately. We've taken the approach to try to find those people that are really interested in the subject that our, whether they have bad opinion or good opinion. If they have good opinion, why was it so catching, and if they have a bad opinion, try to convince them, because we're testing out the market here, so we're trying to get more personal.. So I'm sure it's going to change a little bit when we go abroad to bigger markets, even though the social media is going to help us a lot out there, I think we're going to have to use more traditional marketing methods there.

I: Can you give me an estimate on your annual spending of your traditional marketing initiatives and your social media? You mentioned most of your traditional marketing initiatives that you do are free?

AE: Right, no, we haven't spent any money in traditional marketing yet. I don't know, per month, we're probably using about 20,000 – 30,000 Icelandic kronurs.

I: For social media?

AE: Yeah, Facebook ads. Facebook is also quite difficult in that many think Likes on your pages are what count, but we've noticed it's not Likes, it's the spread we get on the messages. So we haven't really put any money into getting more Likes.

I: When you have a Facebook ad, does it connect to your Facebook page or does it connect to your website?

AE: Both. We try them both. We always put the URL, because it's so short. And I've also started to, in our messages, started to put maybe our URL in the beginning or try to connect somehow the message we're putting out why you should be visiting our page. This is very new, because, like I said, it's maybe three weeks since we started to want to get traffic to our site, so we're testing this out now, whether this bothers people or not. We don't want to turn people off, because we're mainly using Facebook as a way of brand awareness. That's our main goal, because we have that kind of company that it's more about people getting used to the idea and then they try it. We're not like Plain Vanilla, where you try it *snaps*, it's different. We need to get a good feeling with people to get them to feel comfortable about it, and now we're really trying to get away from death because we really, we just know there are so many people afraid to use our website because it has been connected to death.

I: It's interesting because especially, you can even target people that are in their thirties because obviously you could even save up the memories that you remember right now, especially with, as you mentioned, the new direction that your company is going where death isn't involved.

AE: Exactly, exactly. We're trying to get away from that a little bit because that's just an advantage of the product, it's not the main goal of the product. The main goal is of course to just store memories and put them in one place. We're not making a new business plan – we're also reinventing our business plans, and before it was all about storing memories, blah, blah, blah, and they will be delivered after you're gone. What we're not trying to do is try to take everything that is in your paper box at home, you know, all those pictures and letters, and put it in the cloud. That's also the research, and the thing about marketing that I like so much, because it's all built on research – you try not to make a decision unless you have some basis for it. We were looking at research that says that people are still more fond of using traditional photo albums, and it's quite a large difference. What they found out in the research is not because they feel that they don't trust the internet, it's just because it's still so unuser friendly. It's so difficult to approach the pictures, it takes you so many clicks, you have to turn on the computer, it's so far away from you.

I: Yeah, a picture album is more tangible.

AE: Exactly, so what we're trying to do is do exactly that – to make memories more tangible. That's what we're trying to get, like our business plan, we're trying to look five years ahead, and what we would like to do is to use technology to make your memories more approachable, instead of always having to go through your 60,000 pictures on dropbox or something. It's just, yeah. I think that's what's going to... The byproduct that's just going to be is that instead of your pictures or memories just disappearing when you pass away, it's going to be transferred, so there's going to be a connection from generation to generation.

I: Especially with the way that technology is starting to overtake our lives, that there's going to be less pictures printed out, more pictures online, so it'll make sense that they'll be passed down, just like you would pass on a photo album.

AE: Yeah, it is. It's exactly the same, and I would actually like us to be able to give people the same feeling. Because I'm a collector of personal memories. I don't collect things, I like to organize my life once in a while, like sit down and figure out where I've been and where I'm going. I think most people like that. I don't have any research on that, but I think most people like to reflect on their past to prepare for their future and set some goals and stuff. And I would actually like that instead of

people having to sit at home to print out picture and do everything that's really difficult today, to just be able to go on your computer where you have everything or one your smartphone or tablet and then you can just do it all with your fingers and organize it all and put it into something that represents who you are and everything that we're not still able to do online, which is quite amazing.

I: So between the two marketing initiatives, traditional marketing and social media marketing, which do you think is more effective for your company? Maybe even if you had a lot more money for traditional marketing – if they were both even, which do you think would be most effective?

AE: Definitely social media, and untraditional marketing, like trying to get people, like for us, being able to make big videos that touch on feelings and people and the community and everything we have in common, that's how we will have to. I don't think we're going to be able to "Go to aevi.is and store your memories." You know, we will do that a little bit, but I think maybe we're going to try to get to people's heart with untraditional marketing, like I love the element of guerilla marketing. Just where you're doing just, trying to surprise people so that they...

I: And I think that works well for your product, because your product is so person that your marketing would also be personal.

AE: Yeah, exactly. And I think we need to do that and we're going to focus our efforts definitely that way.

I: Okay, thank you very much.

B4. Transcript of IDI with MindGames

This interview was held on April 4, 2014 with the CEO of MindGames, Deepa Iyengar at Reykjavík University, Solinni at 4:30PM.

Interviewer (I): Let's start off with you telling me your name, your position, and a brief overview of your company.

MindGames (MG): Sure, my name is Deepa Iyengar, and I'm one of the founders and I serve as the CEO of MindGames. What we do is we make video games which players control by controlling their state of mind, relaxation and concentration. We use commercially available EEG headsets, and what they do is they record from the electric field around the head of a person, which is caused by the brain activity, and with a very simple version of an EEG, you can tell whether a person is relaxed, how relaxed somebody is, or how focused somebody is. So we use those two controls.

I: How does your company utilize traditional marketing, so that's not only just presence in the newspaper, radio, but it's also interviews that you may have done on those mediums, as well as Internet ads, and whatnot.

MG: Right. So we sell video games and we're selling them on the apps store, and we're small, so based on the cost of traditional advertising, as well as it's ability to target our players, it's not really any use for us, in that as a primary source. What happens is through online stuff, through social media – actually to be honest, more through the fact that people buy the headsets from the company, so through contacts with the headset company...

I: Is that just word of mouth?

MG: Does it count as word of mouth? I mean basically someone buys the headset and says, "What do I do with it?" and there's not a lot, yet, to do with it. So what happens is they say, "Well here's these, not just us, but a few other developers, that you can buy stuff from." So..

I: So do you use any traditional marketing?

MG: No traditional marketing. What you have is a partnership, not an official partnership, but it is a partnership of necessity with the headset marketers, so they tell their people, “Ok, buy these games” so you can do something with our headset. But then what social media does, so that’s not traditional either, but social media also is not terribly effective directly, in getting customers. But what it does do it get us interviews, press interviews and so on. Those are the only appearances we’ve had in traditional media.

I: So who have you done interviews with?

MG: We’ve done interviews with the LA Times, which is traditional, the Next Web. I think that all of the rest of them are web source news, so you’re dealing with The Next Web, Wired.com.

I: I have included Internet ad and Internet sources, as well, for this study. So I think they would still be considered a traditional press type of marketing. The line is kind of blurry through this, especially when people share these news sources on Facebook or twitter, as I find that most people are becoming aware of the traditional marketing avenues via social media, so it’s kind of a question of which one is really doing the work.

MG: So my brother was living in LA at the time, when we got into the LA Times. So he actually opened his paper and saw me there. So that was surreal for him. But usually the case is more that we hear back from people based on the online version of the traditional media.

I: Right, ok. So when did you start with interviews and press coverage? Was it right after the company was founded or more recent?

MG: Well I’ve given a lot of talks, but that’s not what you’re talking about. You’re talking about press interviews.

I: Have you given talks at conferences? Or what do you mean by talks?

MG: Yes, I have given talks at conferences, but no, initially they were sort of local talks here in Reykjavik. Because, around the time we were founded, the House of Ideas, Hugmyndahúsið, was founded, and we were in there, so there was a round of talks that every project in Hugmyndahúsið did, to interest people. We actually got one of our cofounders through that, and then we were also one of the founding members of the Icelandic Gaming Industry Association. So there again there were plenty of opportunities to talk through there. But, as far as interviews, probably, (it’s been 5 years), probably the first interviews came with the release of products. We released all three of our products at different years at the Game Developers Conference in concert with the headset manufacturer we were using. So through that, we have gotten a few interviews and through that publicity machine there.

I: We’ve touched on it briefly, but how does your company utilize social media marketing?

MG: Well we are focused mainly on facebook. We do have a twitter account, but I found that people seem to join the Twitter account fairly randomly, no matter what I do. The only times I get really worthwhile people joining are after I’ve given a talk somewhere, and then people know exactly what this is about. We actually weren’t able to get MindGames originally as a Twitter handle, but it was because it was already taken. But it was inactive, somebody else had it, so we asked twitter, “Look, this person has not posted in 4 years, you know, can we have it?” And they gave it to us. So that’s something you can always do.

I: Interesting. I didn’t know that.

MG: But our main thing has been Facebook, and we put a lot of energy in Facebook. One thing is we could rally all the people that we knew already here, as a core, and a core of entrepreneur and friends.

I: And Twitter isn't really that big here in Iceland.

MG: No, that's true. Twitter hasn't been really big in Iceland. The trouble is that Facebook is really big and if you know Facebook, you can't rock Twitter right away, it's completely different.

I: That's true.

MG: And the funny thing with Facebook, because we have like 12,000 followers, almost 13,000 followers, on Facebook, but here's why. It's because of a funny thing that happened a few December's ago, where Facebook started asking people their interests when they would sign up. And for some reason, a lot of people put MindGames, so what we have is a rather random collection of followers. But it looks good, right? Looks like a lot of heads. But some of those heads know what's going on, but I would say the vast majority – let's say if we have 13,000, at most, and maybe I'm being optimistic even, at most a 1,000 know what's going on. Why they have followed.

I: So 1,000 followers that are really active?

MG: Or 1,000 that at least know why they joined and what they joined. The others are just randoms. So that's one lesson, if you want to get a lot of heads, then don't name your company a made up name. Name it a popular phrase. On the other hand, it's difficult with copyright and blah blah blah. And then on the other side, the heads don't really matter, but then if you have a hyperactive investor that drank too much coffee, he just looks at the number of heads and then *respondent laughs*.

I: True! So what do you post on Facebook?

MG: On Facebook, we started out with – that's another nice thing about Facebook, that you feel like you can really expand and get a little more personal tone than Twitter. Twitter is more like, as you know, broadcast. Facebook is broadcast too, but it somehow has a different dynamic.

I: There is a slightly more personal aspect to it, I think.

MG: When we started in 2009, that's what everyone was talking about. If you're a company, you should try to act like a person. So we tried to do that as well. So we would try to post things about what we were doing and what our company was doing, news, like a product is about to come out, here's some preliminary art, etc.

I: To get people interested?

MG: Yeah, to get people interested. But I believe, and every one believe probably at this point (and if they don't, they should), that a company can't be a person on social media.

I: There is a definite line.

MG: Yeah, some companies are just deluded, because people don't even deal with people they don't know on social media, and this is a company, which is not a person, that they don't know.

I: And maybe that advice was good 4 years ago, whenever companies on Facebook were not as prevalent.

MG: It's possible.

I: Because today, every company has a Facebook page, and everyone's trying to sell something.

MG: Yeah, I mean, people are not stupid. It's this thing where they're trying to simulate WOM, by wording your own mouth. So we tried that as well, and I would say that it's hard to measure the ROI on this, so but based on our feedback, whenever

we posted something about ourselves, no feedback, almost none, except for friends of ours. So that's real WOM through friends of ours, but that's not our followers that don't know us. So those were always our least popular posts.

I: But then when you post about the games – was that the more popular posts?

MG: No, that's what I mean, those were the least popular.

I: Oh, ok.

MG: Whatever we did about MindGames activities, they were the least popular.

I: And what were your most popular?

MG: Most popular were just random factoids. So at the moment I'm sticking with factoids, and I don't really know why I'm on Facebook, anymore, because I know from experience, Facebook doesn't seem to be getting us more customers, right. It's just a different channel. Facebook is over here, and then there's the powerful channels, of course, between us and the headset manufacturer, and the feedback from app store. And unfortunately the feedback from the app store, the culture for that is just like, "I'm having a bad day – YOUR GAMES SUCKS, IT SUCKS, SUCKS, SUCKS" *emphatically mimes someone angrily typing on a computer*. You know, and then, what happens, people read it and it really cuts back sales, so that's the most powerful effect that you can point to, online, for us.

I: Do you also use advertisements on Facebook, or do you just use posts?

MG: No, I haven't done any ads on Facebook. I was considered it a couple of years ago, but in our case, you've got a situation where someone has to buy both a game and a head set, it's not the same.

I: Right, so they can't just click through and buy the game, and then play. They have to have the head set.

MG: No, they can click through and buy the game, and we can make the same point of sale for the head set, but they still have to wait for the headset to come in the mail. So that didn't really make sense to me to make ads.

I: Just for curiosities sake, how does the head set manufacturer advertise.

MG: Very good question. They were much slower than we were to get on social media. And they're main – on Twitter, I haven't seen anything really regular from them, on Facebook, what they try to do is – so if they post on Facebook, they probably try to do the same thing on Twitter, which is they try to post, you know maybe some fool did something kind of quirky or cool with the head set, and then they share those videos, to show what you can do with that.

I: So they are mostly social media?

MG: I'm trying to think, they certainly don't put ads in magazines or anything.

I: They're not in the paper or on the radio or anything?

MG: No, no no. It would all be online, and I think that would all be – social media is pretty minor – the bigger thing is business partnerships, they make the partnerships in different countries or with large companies. I also don't know how effective that is, to be honest. In the end, it's more about getting into the press, the online press. It could be offline press too, like the LA Times, but..

I: Did you see a big spike with users after you were in the LA Times? Or some type of effect?

MG: That was before we had a product. So where they market is that grey line between traditional and non-traditional marketing, online and offline press – get interviews. They put out press releases and maybe their marketing person has contacts, and tries to get their contacts.

I: Can you describe for me your average customer?

MG: *Laughs* That's fun! Because we're in a very emerging market, so what's happening is the market isn't very defined. You have this head set, it's like "Oh, ok. It will read your mind." Or, not read your mind, sorry, it will let you control things with your mental states. Who does that appeal to? Well, it turns out, so I have to talk about their market when I talk about who buys our games.

I: Right. It is very connected.

MG: It turns out to be more connected than I would like. Because what I would like is to lead it myself, and say "I'm making this, which happens to use this head set. And this defines the market." But what happens this early on, is that it's the head set's market.

I: It seems similar to a playstation and it's games. You can't play the playstation games without the playstation, and the playstation itself has no use unless you have the games to play on it.

MG: Right, and then it's a question of the power dynamics, so you like with the iPhone, Apple has all the power. So people really want to develop it and are willing to resize all the graphics for a new iPhone, you know. Everyone wants to, and I guess it must be the same with Playstation or Nintendo, that they hold the power. It's the game people that can't be like, "Here's my game, you need to buy this nintendo for it."

I: Is the head set very expensive?

MG: It's not very expensive, well, in the scheme of things – well, that's a very good question. Is it too expensive for its market?

I: I think that's also where the power will derive. If the headset isn't as expensive, then the game itself could wield more power. Just thinking in relation to gaming systems, gaming systems are so expensive, that that's why they wield a lot of power.

MG: Yeah, I think you're right, and we have this inequality, because we're on the iPhone, though we're going to change this. What happened is the iPhone market, which we got into while that was still developing, 2009, when no one really knew if it was going to take off, because it's too expensive. And it does many things, but maybe people don't need those things. Completely different reality.

I: Right. Five years is a long time in that aspect.

MG: So we got on that, so we didn't know that iPhone games would be so low priced. Free preferably, 99 cents if you must. We charge \$5 USD with the idea that the headset owners will say "Oh, I need to play something, so.." But in fact, their attitude is "I already spend \$100 USD on this headset, you should give me this free." So the headset is not that expensive, \$100 USD - \$150 USD or 100 EUROS – 150 EUROS depending on where it's being sold, but that's still miles more expensive than the game. So, we were talking about the average customer, so what happens is we have to talk about their marketing line, which is "We have this headset..." Who does it attract? It attracts maybe some yoga and meditation enthusiasts, who like to have a new way to do things. It also attracts, self-quantifiers, do you know them? It's a movement, basically started a few years ago in Silicon Valley, but someone who believe that if they have all their data about what is going on with them, they can make better choices and have better habits. So they get more insight into themselves. Self-Quantifiers are more like techies, which want this information, which is a completely different type of personality than the yoga people, if you see what I'm getting at. They're physical fitness people - they're kind of related, but in reality, you have to talk differently to each of them. Then there are kids that, if their parents will let them buy it, that want to control stuff with their mind. And their parents may buy it because they think it's good for their kids ability to pay attention to things. And it's

a relatively small number of people that have bought, so basically they are all outliers. This is what I'm getting at. And so I can't define the average.

I: The people who have bought your game, do you know where they come from? Is it mostly from these headsets then?

MG: I think the big channel is that they buy the headset...

I: I mean, do people see your games and company on social media and think, "Oh I want to try this..."

MG: That's what we wanted, but I doubt that that's a very strong revenue stream. But I think there's at least some, because there are people who have seen – but again, it's WOM because there are people who have seen me give a talk, or people who have known me, who say, "I really want to buy your game, how do I do it?" and then they go buy the headset because of the game. But, I think that's a much smaller proportion of people of the sales, that come the other way.

I: How active are the people that engage with your social media page? Do they share a lot of the things that you do or comment or like?

MG: They are usually Liking. There's one post that they've actually shared within the past year or two, that they go through the trouble of actually sharing. Commenting – they used to comment more. When I used to have a marketing person, they used to comment more, but now I'm doing it. She was much better at coming up with things at the right level too, because we had all this miscellaneous people, we couldn't say they were all academics, they were all interested in the brain, they were all, whatever. Again, they were mysterious outliers. So she was much better at going for, sort of, the average person. She was really good at it. And then we had more comments. But when I'm in charge of it, we don't. I think I'm saying very intriguing things, but, you know...*laughter*

I: And then you mentioned briefly the cost of traditional marketing is one of the big hindrances for why you don't use it more. Can you discuss for me the advantages and disadvantages with traditional marketing and why you use it or not?

MG: Right, we just can't even think of it because of cost.

I: So cost is the biggest.

MG: That just rules it out. Otherwise, the problems that we have been talking about, where the headset is pulling the wagon, that would still be the case if we do traditional marketing, wouldn't it? We would still be trying to attract people with just our game, and I'm not sure that would end up working. "Oh, cool! Oh, wait, I have to buy this headset?"

I: Do you find that traditional marketing has helped, at least when you were in the LA Times, that it helps with acquisition marketing, gaining new users, or creating more brand awareness?

MG: Brand awareness is the thing that is the effect. I can't really speak to ROI, but I suspect that brand awareness is pretty high, actually, given our size and the low budgets we've been operating with. Our brand awareness is pretty high.

I: So that's the biggest advantage with traditional marketing?

MG: Yeah. I would say so.

I: Then just the same thing for social media marketing, can you discuss the advantages and disadvantages?

MG: Well, cheap. Very little time, you can sit in front of your computer, you don't screw up, hopefully. IT should be harder to screw up than when you're in an interview with somebody or press, or you're giving a talk, because you're alone and you can fix it hopefully. Disadvantages, you kind of have to be on the job 24/7. You know, if something breaks – something happens, you have to deal with it then, you

can't come back tomorrow and deal with it. Other disadvantages, as I said, companies aren't people, and no people buy that, only companies buy that idea. So I'm not sure what social media marketing can accomplish, given that we can't make a company look like a cool person who wants to be your friend.

I: So do you think social media marketing helps with your brand awareness as well? Or not as much?

MG: I'm thinking about this, since I've told you most of our followers are random or people that don't even know what our product is and won't go so far as to buy it, but social media marketing does alert press people.

I: I mean, if you think about it, just in the context of Iceland, the media sometimes trolls Facebook for news stories.

MG: A lot of times. *Respondent told story about Icelandic news picking up an April Fool's joke as news, and then later took it down after realizing it was fake.*

I: Yeah, and I think that that is very specific to Iceland, because the country is so little. Can you give me an estimate on your annual spending for traditional marketing and social media marketing initiatives?

MG: Absolutely. *Respondent makes a circle with your fingers*

I: Zero? So you don't boost or spend anything on Facebook?

MG: No, I haven't had a reason to, since I'm doing factoids. Boosting posts might get us more heads, but I don't know if they are heads that are useful to us.

I: Yeah, and I definitely think that the dynamic between the headset and the game is defining. And before putting a lot of money into the marketing, you really want to understand this relationship and how it works. It makes marketing a little bit more difficult.

MG: Yes. So it's kind of a special case.

I: But it is very interesting. And then between the two, traditional marketing and social media marketing, if you had an unlimited budget, which one would you pick to market your game?

MG: If we assume the games are still on iPhone and so on – but you're including press in traditional marketing?

I: Yes.

MG: I'd put it into traditional marketing, definitely.

I: Ok, so you'd go into traditional marketing and put more money behind that.

MG: Yeah, behind trusted sources.

I: Ok, thank you very much. I think that is all I need.

MG: Ok, just email me if you need anything else.

I: I will, thank you.

B5. Transcript of IDI with Define the Line

This interview was held on April 7, 2014 with the CEO of Define the Line, Lína Birgitta Camilla Sigurðardóttir, at Reykjavík University, Venus 3rd floor at 1:30PM. Note: This interview was fairly shorter than the other interviews, as it the respondent did not seem as comfortable with English as with Icelandic.

Interviewer (I): As stated before, I can stop the recording if you ever don't want to answer a question, or you would just like to finish the interview. Can we start off with you telling me your name, your position, and a brief overview of your company – when it was started, etc.?

Define the Line (DL): My name is Lína. I'm the founder and owner of Define the Line, which is a clothing store in Iceland. Do you want to know how it started?

I: Yeah.

DL: Ok, first, I had to quit working because I got sick. Hm, how should I start?

I: What year did you start?

DL: 2012, so two years ago. It started by just selling clothes on Facebook, just clothes from me to start with. And it became much more. I was just selling my own clothes, and then I became importing from London to here, Iceland, and I was ordering for you and it took like 7 – 12 days to arrive.

I: So you were ordering specifically for people.

DL: Yeah, like that. And then, I rented a garage; I started there, just small, so I could work it up. And then there was a little store there to begin with. And then it became so bigger than I expected, so I had to do something bigger, and then I opened the store, which is in Borgartún. And it took about 7 months, from the start, to open the store.

I: That's really quick.

DL: Yeah, and we have a big website, you know the Facebook site, like 20,800 Likes.

I: How does Define the Line utilize traditional marketing, which is anything that in newspaper, radio, television, as well as banner ads online. It can also be any interviews that you give with these types of mediums.

DL: Ok, so what we have been doing right now is on Facebook. Just a little bit on the radio, but like, right now, you can promote everything on Facebook, you have to pay for it and then everybody can see it, so we are doing the promote there. I tried one month on the radio, and it helped a little bit.

I: And that was just an ad on the radio?

DL: Yeah, yeah. We had like three ads or something, during the month. And we are going to do that this month too. So next week, so I think that have helped us a little bit. But Facebook is the number one.

I: So you don't utilize anything else, except the radio?

DL: Yeah, radio, yeah.

I: In that type of traditional medium.

DL: Yeah, yeah. But from some website, I tried like banners on Hun.is and 2fyrir2.is and all that stuff. But I think the Facebook is the best. But today, Facebook is always going to close everything down, because we have a big website, so only 10% of our audience get the posts that we post today, without paying, and that's so little.

I: And then in regard to the radio, is that more recent that you did the radio ads?

DL: Yeah, it was before Christmas. We wanted to try it out at that time.

I: And then you said that you were going to try that again?

DL: Yeah, this month. I think that have helped us a little bit just for people to hear Define the Line.

I: So you're company uses a lot of social media, which you mentioned. Are you just on Facebook or do you use other forms of social media?

DL: Just Facebook. But we are working on a website right now, which is DefinetheLine.com.

I: Ok, and do you use Instagram or anything else?

DL: Oh, yeah, yeah. Instagram of course, sorry.

I: Yeah, Instagram is popular for clothing stores.

DL: Yeah, and everybody can see it. If you post something, you get much more like, right now.

I: Before instagram changes that.

DL: Yeah!

I: How active are you at updating your Facebook and Instagram?

DL: Very active!

I: So, like, a couple of times a day?

DL: Yeah, like I always try to do it 5 times a day.

I: And is that 7 days a week?

DL: Yeah. And maybe Sunday, just one time.

I: And your company started out as a Facebook? So it's very much connected to this social media?

DL: Yeah, it wouldn't be here without it.

I: Can you describe for me your average customer?

DL: Average? I would say it's about 17 – 30.

I: Female?

DL: Yeah, female. But like last week it came like a 70 year old woman and she bought three dresses, so, yeah. But yeah, the average is about from 17 – 30.

I: And do you know where these people who are coming into your store heard about you?

DL: Mostly from Facebook, Instagram, and people talking about it – Word of Mouth.

I: Ok, and have you had anyone specifically say “Oh, I heard you on the radio”. Or did this just add to the people who had already known about your store?

DL: Yeah, not on the radio. We're just trying to do it again.

I: Ok, and for your Facebook, do you promote all your posts and do Facebook ads as well?

DL: Yeah, sometimes. I do it usually during the beginning of the month, not at the end.

I: Ok, so if you post 5 times a day, which of those posts do you promote? Do you promote like once a day or?

DL: I don't promote every day. Just posting and people see it, and for now, I try to do the right column ads. You maybe pay like \$350 per month and you can have, yeah.

I: And it lasts for the month?

DL: Yeah.

I: Ok. Do you use social media for brand awareness marketing, retaining old customers, gaining new customers? And are you just targeting consumers or do you also target other businesses?

DL: Yeah, just consumers. I use Facebook to get new customers and to remind the old customers that we are open, every day a week. Just to let people know that we are open so that they will come.

I: What about brand awareness? You mentioned a website, and I saw on your Facebook page you do blogs. Blogging would count within social media, so how often do you do blogs?

DL: It's about 2 times a week, but now, not so much, since I'm so busy.

I: And is that specifically for your clothing or your brand?

DL: It's all of it. I blog about everything, and sometimes I blog about Define the Line.

I: Ok, and the things you blog about that aren't Define the Line clothing – what is your motivation there?

DL: From the blog?

I: Yeah.

DL: It is to how to put the outfit together and just remind people because the blog have many viewers.

I: So you want people to associate with the blog not only the clothing but this idea of style?

DL: Yeah, yeah.

I: Ok, and are your customers active on social media?

DL: Yeah, very.

I: So do they comment, post, like?

DL: yeah, very much. But now when Facebook change the rules, it's much less than it was before.

I: And then when you first started in 2012, can you tell me how it was?

DL: It was like Whoa!

I: So you see a difference?

DL: Yeah, yeah. Between when I started and right now – yeah. Because the facebook site is much bigger now, but when I started it was more active, because you could see much more. But now only 10% of people see, yeah.

I: So because people saw it more often, they commented more often?

DL: Yeah, but Instagram is very active.

I: Yeah, I've heard that. And I'm not sure if it's because it's newer and it's more people people on the site, because Facebook had a time where it was mostly people and a little bit of companies, and now it's kind of evened out. So I'm curious if that's the thing with Instagram, because there's still a lot of people people on it.

DL: Yeah, so you never know when they'll change it.

I: Do you have a lot of people that tag Define the Line in a post or in their Instagram, or is it mostly people liking?

DL: Yeah, liking and commenting.

I: So if we talk about the advantages and disadvantages with traditional marketing – you only use the radio within that marketing area, can you talk about the advantage and disadvantages of that type of marketing. So like why haven't you used more traditional marketing?

DL: For the radio?

I: Or anything, why haven't you gone into the newspaper or television?

DL: Ok, number one, the newspapers, which is our average age coming into the store, they don't read it. Not so much, because we're always in front of the computer or telephone. I would say that worked better, because if you are reminding people of your store, people always see it because everybodys scrolling down on their computers. So I don't like the newspaper, I don't like that. But the TV, no, not so much. If I had to choose something, it would just be the computer – Facebook or something, and the radio, because of our target audience and when you're driving your radio is on.

I: Does it have anything to do with the cost of traditional marketing?

DL: No, no, that's not an issue.

I: So it's mostly the issue with your target audience?

DL: Yeah.

I: Ok, so what are the advantages about using the radio? So why have you chosen the radio?

DL: Because my friend called me and they gave me a very good deal. He just said to try it out and then we'll see how it works. And I think it worked a little bit, but I know that the Facebook is the best, I just know that.

I: So you if you wouldn't have gotten this deal from your friend, would you have gone into the radio?

DL: No, I don't think so.

I: Ok, interesting.

DL: But maybe, I've thought about it before, but I don't know if I would have done it.

I: Do you think if your company were to continue to grow and you would be in the bigger shopping malls, do you think you would utilize more traditional marketing? If you were bigger?

DL: No, just Facebook, Instagram, and radio. No the paper and not the television. And maybe other websites, like hun.is, visir.is, etc.

I: Ok, because some of the stores use the newspaper to show their sales and whatnot. So you don't think you would go into it? You would stick to making a sale advertisement on Facebook?

DL: Yeah, I think so. But maybe when you have just the full page in the paper and not just a small ad.

I: Can you tell me the advantages and disadvantages with social media? So between Facebook and Instagram – so what are the pros and cons?

DL: I just think I use Facebook much because I started there.

I: So you know it well.

DL: Yeah, I know it well

I: And I guess your target audience is there.

DL: Yeah, because everybody's on Facebook. What was the question, sorry?

I: So those are the advantages of social media. What are the disadvantages? Like the bad things?

DL: About on Facebook or Instagram?

I: Yeah, anything about those two.

DL: Maybe when people comment, like those type of people that are really negative. Like when someone comments something negative and then other audience sees that and then they are like "Oh my God."

I: So negative WOM?

DL: Yeah, definitely. I would say that.

I: And you mentioned briefly about the changing rules of Facebook, so only a small number of people who have liked your site can see your site.

DL: Yeah, it's so small.

I: Can you give me an estimate on your annual spending for what you spend on the radio and what you spend on Facebook?

DL: On Facebook, it's like 60,000 a month. The radio is about 140,000 a month.

I: So do you spend more per month on your radio ads than on your Facebook ads?

DL: Yeah.

I: And then I think we've already discussed it, but between the two marketing initiatives, traditional marketing and social media marketing, which one do you think is more effective.

DL: Social media marketing.

I: And is that just because of your target audience, or?

DL: And the just to remind people of the brand. And just that a lot of people are on Facebook.

I: Ok, I think that's about it. Thank you so much for taking part in this interview.

DL: No problem.

B6. Transcript of IDI with Saffran

This interview was held on April 11, 2014 with the CEO of Saffran, Oddur Smári Rafnsson, at Reykjavík University, Venus 3rd floor at 11:00AM.

Interviewer (I): I'm going to start the recording. If at all you want to stop the recording of you don't want to answer a question, that is fine. So let's start off by you telling me your name, your position, and a brief overview of your company.

Saffran (S): My name is Oddur Smári Rafnsson. I am the general manager of Saffran in Iceland. Saffran is owned by a company called Food Co. which owns and operates 19 restaurants in Iceland. It's a small family company, but it's become to be the biggest one in the restaurant business in Iceland. We have over 500 people working in Food Co. thereof we have 100 people working in Saffran. Saffran is probably the quickest growing brand of them all. It was started in 2009, actually February 2009. It was founded by two friends, which operated the company for two years. I've been with them for the whole time. I actually made the menu at the place, so when Food Co. bought, they asked me to take over the general manager position from the previous owners. That's pretty much it.

I: So how does Saffran utilize traditional marketing, and by traditional marketing, it's not only ads in the newspaper, radio or television, it can also be interviews given for the newspapers, any conferences you attend, any type of mailers that are sent out. Do you utilize any of that?

S: Actually, no. All of our marketing is going through two companies – one is an advertising agency, and all our marketing material is then going through another company. At the moment, we are just floating in air with social media and working on a solution there. But, at the moment, we don't have any companies in Iceland that specialize in those kinds of things, which is very frustrating because that is a very important.

I: So you don't have any ads in the newspapers or anything like that?

S: Well, we used to advertise a lot in the papers.

I: When did you start that?

S: Probably around 2010. Before that we didn't think it was necessary for us. Actually, Saffran used a famous person in Iceland, and she was asked to use the social media for Saffran to make the brand awareness and used her Facebook before we opened. And that turned out to be one of the greatest advertising campaigns that we have been able to do because when the door was opened, the place was full from day one to now. It's been very busy, so we've been trying to focus on social media more than the traditional media.

I: Ok, so what have you done with traditional marketing? You did something in the paper...

S: We did something in the papers, just a photo of food and some minor things, but then we decided to put that aside and make more of a connection to athletes around when the Olympics were at the high point. We decided to found a support fund, Viljastyrkur, a small fund for athletes. So we started that and we are still doing that. Then we recruited five athletes that were going to the Olympics and we made like a pretty huge campaign around that.

I: And was that campaign on the radio and in the newspaper?

S: It was on the radio, newspaper, and mainly in TV. That was our big preview in TV. WE had never done that, and it turned out to be a great media. We got very busy, we can say that. And the WOM became very loud.

I: Did that help to get new customers – people who had never tried Saffran before? Or just retaining the customer you already had?

S: I think we were able to connect with another group of people. We saw a lot of new faces and mainly we saw a lot of older people. The group between 55 and 65.

I: Right, so the group that read the newspaper and listen to the radio all day.

S: Yes, exactly.

I: How many locations does Saffran have?

S: We have four at the moment. Three large scale restaurants and then one small express. We are opening the fifth in May. So five restaurants.

I: So you utilize both television, radio, newspapers. Anything else? Have you sent flyers to people's homes?

S: Well, we've done that one and we were targeting a special group of people – family people – and we had a special offer for kids (kids eat for free) and stuff like that. That media is overrated in Iceland. We were not able to get a lot of response on that. As soon as we took that flyer and put it on our flyer, we got a lot more response.

I: So this all started in 2010, so you waited a year after the restaurant opened until you really started utilizing that type of marketing.

S: IN the beginning, we actually didn't use any advertising agency. We had a person that designed the logo and all the graphics in the places, and she's actually a graphical designers. We used her the first two years, and the previous GM of Saffran just took care of the marketing from calling the papers to get the ad in, so they just kind of went with the flow. When Food Co. took over, being a big company and knowing how to maintain the marketing, they decided that Saffran needed a better and bigger company to take care of the marketing.

I: So you outsourced the marketing?

S: Yes, that was in 2011. That's our first...

I: And they handle all the newspaper ads, radio, etc.

S: Yes.

I: And are you still in the newspaper and the radio?

S: At the moment, no. Well I use radio, and we use Internet, social media a lot.

I: So we touched on it briefly, how does your company utilize social media? So what kind of social media platforms are you on, how active are you updating these platforms?

S: Like I said in the beginning, it's very hard to maintain social media in Iceland. I actually went to a conference yesterday about how cool brands stay hot, and they are talking about the generation Y and X. X is pretty easy in Iceland. You just put an ad in the radio or newspaper and you reach them. Y is social media and it's a big question mark. IT's very hard. We opened a Facebook page, we have a twitter, we have Instagram. But to be able to be active, you need someone that is pretty creative and is available a lot. As I don't have the time to do that and I'm not that creative, I decided to try to find someone to take care of that, and I'm not able to find anyone. We tried using a company for that, but they are just not able to do it. I actually have a company that maintains our website, and they are actually managing the Facebook page at the moment, but just in that way that they are answering all the questions. And we are putting up our pizza of the week and things like that, but the response is not great. So we are trying to change our tactics there. We actually just turned five years old so we decided to do something different. We bought some tablets and we just

decided to go to the places and find a person and give them a tablet, and make a small show out of it. We got a company that specializes in videos for social media, and they went to the places and gave the computer to a person, made a video, took an interview, things like that. Then we uploaded it to the Facebook page and it got a pretty good response, so we kind of figured out that you need to do something more. You know, people are not going to your page to know what the dish of the day is, you need to get them more involved, and I learned that more yesterday at the conference. It is very important for generation Y that they are involved – they want to make the decision; they want to help you do the menu in some way. So at the moment we are trying to incorporate that.

I: So did Saffran have a Facebook page when it opened?

S: Yes.

I: Ok, and you mentioned that social media was a big part in teasing Reykjavik about the restaurant, so it just sounds like you use a lot more social media than traditional marketing. Would you agree?

S: Do you mean in the future?

I: No, just right now. Or would you say that it's pretty even?

S: All our marketing is going into the Internet.

I: Like banner ads?

S: Yeah, like banner ads and Google, YouTube, and things like that. But when we have some marketing material that is suitable for social media, we are, of course, using that. But at the moment, we are not focusing on the social media.

I: Do you are focusing more on Internet ads.

S: Yes.

I: So instead of ads in the newspapers, it's Internet ads. And that is incorporated under traditional marketing, because it's more of advertisements, where it's not as interactive as social media is.

S: No, exactly.

I: Can you describe for me your average customer – like age, etc.

S: We actually have a lot of study around that, and we found out that... Well we were trying to figure out which group of people or gender or age. And our customer group is spanning between 25 years old to 45 and that's our strongest group. 47 percent of them are men, the rest of them are women, so it's pretty even. But regarding to how much they're earning or if they're in school – it really doesn't matter. You could get a lawyer here or a construction guy next to him. It is pretty mixed.

I: Have you researched where most of your customers have heard of Saffran? Is it WOM, is it on Facebook, is it ads? Or are you not sure?

S: I'm not sure about that, we don't have any studies about that, but my feeling is WOM in the younger group. But like I said, earlier, as soon as we went on TV, we got a lot of new customers. I think it varies between the ages.

I: I think Iceland is also specific example, especially with WOM. It's just so small, so if you know someone who tried out Saffran, it spreads easily.

S: Yeah.

I: Ok, so you mentioned your customers aren't necessarily super active on your social media. Do they comment or like at all?

S: Some, some. It's more common that people come with negative things.

I: Yeah, on Facebook, they just recently added the star rating. Do you have that?

S: Yeah.

I: How does that affect your company?

S: I'm not sure if it's doing anything or not. It's just very important that you respond to every question quickly, because people want answers today, not tomorrow.

I: Yeah, they want answers yesterday.

S: Yes, exactly. So we're very focused on making sure that we answer everybody.

I: So if you get a negative feedback on your Facebook, do you try and respond to that?

S: It depends on what it is. I had an example that we were taking out a dish from the menu and we got some very bad comments on the Facebook about that. And that's to be expected, but how to handle it is a different thing. Instead of writing a big answer on the page, we just apologized to the person that started it and asked him to contact us. And then I went, personally, on Facebook, found him on Facebook, and sent him a message. It ended up being a pretty good solution. He was very happy and said that on the link, and so we were able to diffuse the situation.

I: That sounds good. I think there is a fine line between commenting back, and something putting something in motion that you didn't want to start.

S: Yeah.

I: Versus contacting them privately. Ok, can you discuss for me the advantages and disadvantages with traditional media, so what are the things that you really liked about it that was good for your company and the things that were not so good. You mentioned that you gained a lot more newer customers in the older age group.

S: In the papers, if we talk about them, the advantage is that it's pretty much in your face, you have a huge page. You can make sure all the text is being read on the page. But I think they have more disadvantages because it's expensive, you never know if your customer is reading it or not, and you're not reaching the generation you want, at the moment. When you're doing this, you want to reach the new customers, and we know that our main group is 25 to 45, which is strong, so we're trying to focus on...

I: So you feel that when you use traditional marketing, you're not necessarily reaching your target audience.

S: No, not at the moment. I think the marketing is changing a lot, and you need to be on your toes to be able to reach this new generation. But thinking of the paper, it's outdated. You can just see it. I live in a large building with a lot of mailboxes, and they're all crammed with papers. People aren't even taking them upstairs, and now we have some blue dumpsters outside, and you see the people just taking it out and then into the dumpster. Instead of taking it up and reading it.

I: So can you discuss for me the advantages and disadvantages with social media? So I guess that's a way for you to reach your target audience.

S: Yeah, that's what we're hoping, at least. Well the advantages is that we're reaching the market that we want to touch but in the same way, I think the disadvantages is that we don't know how to do it.

I: I guess that would be an advantage with traditional marketing, you can always give it to a marketing agency and they can do it – you can outsource that. But, especially in Iceland at least, that's a big disadvantage with social media. There isn't the same type of social media marketing agency that you can hand it to.

S: Exactly, there is no one that is specializing in that. They all have some ideas and things like that. We have some examples, but I think they're just lacking the knowledge and creative part of the social media.

I: Right, it's not all about just posting pictures, you also have to say something that makes people want to comment or like or share. It is a special formula.

S: Yes, it is. It's very difficult. But when you do it right, you're rewarded a lot.

I: You mentioned cost for one of the disadvantages for traditional marketing, would that be an advantage in social media marketing, or do you think cost is still a hurdle in social media marketing?

S: Well, I think the cost just changes a little bit. Instead of paying someone to make an ad for you, you're going to be paying someone who is going to be making a video for you or something clever, so I think the cost factor will not change.

I: So you still think it will be expensive.

S: Yeah. And I think with all the technology, I think it's all going to be more expensive for us. At the moment, we have to, with the new generation, you know, they want apps, they want to be able to order online. So it's a lot more expensive.

I: Yeah, definitely. I definitely agree. Ok, can you give me an estimate of your annual spending for traditional marketing and then for social media marketing? I'm just trying to figure out which one you're spending more on.

S: Do you want the number?

I: Yeah, if you can give me an estimate.

S: I would say, we're spending around – pure advertisements or are you talking about with the design?

I: Whichever way you think of it. If you think of your marketing budget as making the advertisement, as well as putting it in the paper...

S: I would say that we're using around 35 million.

I: For the traditional?

S: 30 for the traditional and 5 for the social media marketing.

I: And with the 30 million, do you mean just putting it in the newspaper/radio or including the design?

S: Just purely the cost of putting the ad in the newspaper/radio.

I: Ok, that's a really big difference in price. You spend a lot more in traditional marketing.

S: Yeah, but the reason behind that is because we don't have any things to do for the social media. That is the problem today.

I: So it's not necessarily a lack of wanting, but not knowing exactly how to spend the money wisely with social media. Ok, and then which of the two marketing initiatives, traditional and social media, which do you think is more effective for your company?

S: I think that we need to have a little bit of both, because we want to keep our customers in.

I: And how would you retain your current customers?

S: I think with Internet and some radio, some mixture of that. To be able to expand our group to the younger people, the social media is pretty important there.

I: Ok, which type of marketing do you use for brand awareness?

S: From 2010, I've been working on a lot of products for retailers, branded Saffran, and the whole idea behind that is that when you're in the grocery shop, you're always seeing the Saffran brand. We're actually launching that today, a lot of products.

I: And how do you advertise that – is that mostly social media or newspaper ads?

S: That would be up to the company that is manufacturing the products. We will make the ads for them, or help them, but they have to decide what they want to do.

I: So when you talk about the special fund for athletes, that's definitely a big branding of Saffran, an athletic side. If I were to think of that, I would think of something that isn't fast food, something that isn't greasy, or anything. So where would you advertise that?

S: It's a mixture of all the media. WE used paper, TV, Internet, social media.

I: So that was just everywhere?

S: Yeah.

I: So for brand awareness – for people to just know what Saffran is, you just used all different types of media?

S: Yeah.

I: Ok cool. And one final question, if you had to pick between using either social media marketing or traditional marketing, which one would you choose? This is more of just a question for me.

S: Well, I think today I would have to say traditional, but ask me again in 5 years, and I would say social media.

I: Ok cool, thank you so much for coming and taking this interview with me.

S: All right.

B7. Transcript of IDI with GreenQloud

This interview was held on April 16, 2014 with the CMO of GreenQloud, Paula Gould, at GreenQloud Headquarters, Borgartún 25, 6th floor at 10:00AM.

Interviewer (I): As you know, I'm going to record this interview. If at any time you feel uncomfortable or don't want to answer a question, that's not a problem. We can also stop the recording at any time. Can we start off by you telling me your name, your position, and a brief overview of your company?

GreenQloud (GQ): My name is Paula Gould. I am the Chief Marketing Officer of GreenQloud. We are a cloud solutions company based here in Iceland, and our focus is on the infrastructure layer of cloud computing. There are three different layers: there's infrastructure, platform, and software, and we provide the foundation for everything to do with the web, so websites, databases, managing infrastructure, and storage of documents and files, etc. All of those things that you store online. So we have a few different products. One is called ComputeQloud, which is where you would do your webhosting and managing your online infrastructure, spinning up instances, things like that. Then we have StorageQloud, which is an object storage – people compare it to a DropBox. We think it's obviously a little bit different, but I understand it's object storage. Then the third, we just introduced is Qstack. Qstack is a little bit different. It's taking the software layer that runs our public cloud, and reapplying it to private infrastructure, so no matter where you are in the adoption cycle of the cloud, we have a product for you. So whether you're using public cloud or private cloud, or you want a hybrid of the two.

I: Ok. So can you tell me how your company utilizes traditional marketing, and we're defining traditional marketing as advertising, whether it's radio, television, print ads, as well as any conferences, internet ads that aren't interactive..

GQ: So for traditional marketing, we occasionally do print advertising. It's usually tied into a bigger campaign, because we don't just buy ads in Wired, for example. What we do do, is we'll build a marketing campaign, and that campaign will be tied into a marketing services, either a lead generation service or a research service, and then we buy either traditional advertising, like print ads, to go along with that or we do co-branded events or we sponsor specific events, so we have done a tremendous amount of industry sponsorship in 2013, quite a lot more than we had in 2012, and we centered around sponsoring cloud industry events, like Structure and CloudStack Collaboration, and various areas where our colleagues may be, or our target audience

will be, to just build a brand identity. Then we also did events like sustainability events. One of the key aspects of GreenQloud is that it uses renewable energy to power the cloud, so we go to sustainability events where we can target a completely different market segment, so your CEOs, your Chief Sustainability Officers, those that aren't necessarily technically inclined but are decision makers. So we did a lot of sponsorship more than advertising. Because we're in a unique position, being on an island in the middle of the Atlantic, we have both advantages and disadvantages, so we have to be very calculated in the way that we execute on our traditional marketing. Facetime is extremely important to us, because we don't have the luxury of organic reach. Organic reach being, we have an office in London or San Francisco, and we're in and about the tech scenes there. Like when we go to something at a tech scene event in one of those key cities, we have to fly in, we have to spend a tremendous amount of money to be there, so we have to have a big impact. So what we do is we go in, we sponsor an event, we try to secure a speaking engagement, most of the time we're successful, sometimes, not so much, have a booth presence, and then support that activity through either meetings offsite the day before or after an event, some sort of media outreach as well. So people aren't only seeing us at an event, they're also reading about us in the paper or online somewhere. From an online marketing standpoint, I have not found online ads to be the best gateway for companies that are on a growth trajectory, to gain awareness. We have spent a lot of money, in 2012, before I came onboard on online ads. We did a lot of research as to why they were unsuccessful and realize part of it had to do with the way that we had set up the tracking codes and also the target market, we were too broad. We were going after the whole industry, like cloud computing and cheap cloud computing, and that really didn't work for us. So last year, we didn't do a tremendous amount of online advertising because we were having so much luck with the offline, traditional advertising, but we reinforced it with social media. So it wasn't advertising necessarily but it was online marketing. So we built an editorial calendar and tried to make the editorial calendar match up with whatever might be happening in the news, whatever might be trending, with something that aligned, like sustainability or IT, like whatever happened to be going on. Or if we were going to an event, we would align whatever our speaking engagements were with content that was reflective of that on our blog. Then in the end of the year 2013 into 2014, we restructured our website to be more sales focused, and as a result of that, we have completely changed the way we are marketing this year. So we've increased the amount of blog content, social media outreach, interactivity, so we're not just talking at an audience, but talking with an audience. Like one of the things that we like to do is research specific journalists and what they're talking about and what's important to them, and have a conversation with them, when it's appropriate. Like, not hounding them like "Hi, pay attention to us!" So we're doing a little more of that, we're also engaging with the industry influencers which we meet at the conferences and continuing that dialogue online to buy us time until we see them at the next event, and that reinforces our brand identity and also helps our sales channels. So we will be doing a lot more online advertising this year now that we have a bit of a brand presence.

I: With something like Google ads or Adwords?

GQ: Yeah, maybe not so much with Google Ads. We're going to experiment with that again but we'll probably buy space from key markets, so from GigaOm, from Wired, go directly to the properties where we think we'll have the biggest impact. We have a new member of our team who is an expert in chat rooms, he is really involved in that space. He's on those chat rooms anyway, so he's figured out a way

to advertise in those spaces that doesn't come across as advertising. We've also beefed up our community, that's something that we really wanted to do for a really long time, we hired a community manager last year, and she single handedly built our community. We didn't have one before, and that's been really great, because what we had been doing was, somebody would come on board, they'd be our customer, they'd love us because we're green, they'd love us because our cloud computing interface is really great, and they'd just go about their business, and we didn't have a vehicle to show them other services. So we've engaged the community and the community has now given us content as well, which is great. We started doing that in the fall of 2013, reaching out to our customers to get quotes and get to know who they are. We have just picked that ball up again. There are certain awards programs that we have been able to submit certain customers for, so we're further engaging the customers in that way. We do have some marquee customers that we can talk about and marquee customers that we can't talk about. So we have to figure out how to utilize both potentials. So the marquee customers we can't talk about, we go back to them and talk to them about other services we can offer them or help them in some way. So that's been really helpful. We have a new CEO now, so that's also changing the direction. The last CEO had a focus on brand and storytelling, and making the company viable to investment, so that we can meet our growth goals. The new CEO is managing that process and facilitating the fundraising, but is also very focused on sales. So before where we would have sponsored events, you know, periodically each quarter, we have a big event that we would sponsor, we're not doing that anymore, we're more focused on going to a specific city around an event, maybe going to the event, but using the event in the same way that we had when we were sponsoring, except not making as big investment. Instead, using that investment to build the sales channels, so if we know that we have potential partners, we can either fly them into Iceland, take them snowmobiling, show them a bit about our culture – both the company culture and the culture where the company was built, and do the geothermal plant tour and things like that. So we've changed it a little bit and it will be interesting to see how we execute on that. It's a bit of a break on storytelling, but I'm really excited to see how it goes. And because our team is getting bigger, we actually have a lot of different people that can be brand advocates now, instead of two years ago when there was only two or three of us, and now there's seven people that can actually get up on a stage and talk. So we'll go after the speaking engagements still, from a traditional marketing standpoint, and reinforce that with online marketing, and PR outreach, which is another really important aspect of it (it's something a lot of Icelandic companies don't focus on) and use those to kind of keep the brand awareness without having to make the major spends.

I: Ok, and when, after the company was founded, did you start to use traditional marketing? Was that immediately, or?

GQ: I'd have to ask the guys but I do know that they had somewhat of a focus on traditional marketing. When I came in, they had already built a conference wall, so it was very clear that the guys had attended and had exhibited at various industry events. We did some advertising in the local market, and in other markets, but they did a lot of marketing budget, when I came in, was dedicated to online advertising. So we had some organic growth from that – well some growth from that – but we saw most of our growth was organic and it was from our team going to various events and meeting people and reaching out to our networks and saying what we're doing and having people try it out, as well as some media coverage that also gave us a big boost in signups.

I: Ok, so I'm going to list five different roles of marketing, and if you can just tell me you utilize for your traditional marketing efforts. So retention marketing, acquisition, brand awareness, B2C and direct marketing.

GQ: Yeah, I would say that in 2012 and 2013, we did a lot of brand awareness marketing, and now we're focused mostly on retention.

I: Retention within traditional marketing?

GQ: No, not within traditional, I would say that that is more online.

I: Online, including social media?

GQ: Yeah.

I: Ok, so if we just focus on traditional marketing..

GQ: For traditional marketing, I would say that most of it is still brand awareness, and some of it is related to direct sales. We'll see how we execute on that, direct marketing. We have some ideas on how we're doing it, but we haven't done a lot of that yet, so it's a little too young to show any successes of it, because we haven't rolled it up yet. I think that the one direct sales piece that we did was at CloudExpo and it was just a piece to draw people in. So it wasn't really direct marketing in that sense, it was just to reinforce brand awareness and connect back to everything else. Most of the direct marketing efforts are sending promo codes to segments of the industry, in newsletters or emails, and then also our sales team is working with specific startups in the Icelandic market and other markets, where we are giving them specific promos to meet that individuals need, not necessarily a group of people but an individual need. That's actually been one of the biggest wins for us. Facetime, speaking engagements, and direct "Hey, what's your need?", and showing them that we can meet that need.

I: It sounds like the majority of your customers are international. Would that be why you're not necessarily in the papers in Iceland or on the radio.

GQ: We are actually in the papers in Iceland. We're in the papers in Iceland more for our pet projects, like our Women in Tech event always gets covered. It's in Visir every month, and sometimes MBL as well. We also have gotten Viðskiptablaðið several times, actually just this past month.

I: And are those paid for engagements?

GQ: No, this is more of a public relations approach – so press outreach and media relations. We have only purchased one advertorial piece in Iceland, and it did really well by us, I think it was last year, and it was really just to reinforce the direction of the company. There is no startup culture here from an understanding of how startups work. There's definitely a booming startup culture, post bank crisis, but what people don't understand about startups is that there's a beta period, well first an alpha period, then a closed beta period, then an open beta period, and then there's going public. So what we actually had to do in this market, we had to do some damage control, because we are an infrastructure service and we were in beta for a year, and people we like, "Ok, it's not working perfectly" and we were like "Yeah, because it's in beta!" It's funny because the feedback that's helpful is like "Hey, this isn't working, here's a screen shot of what happened" and then we take the information in and then we utilize that and analyze it across the beta set to see if anyone else had that problem, and then address that problem. It also gives you the opportunity to get valuable input in feature sets that the market is demanding, that might differ from what you feel the market needs. So that's actually another form of marketing, it's more market research, but another form of marketing. So we actually capitalized on social media to get that information, so when people send us details on Twitter, or Facebook in comments or messages – those are the two outlets we use the most, which is why I keep bringing

them up – we have had a lot of success communicating. So the public relations aspect of our marketing campaign has also been very significant for us.

I: So how does your company use social media marketing? You just mentioned a bit – so just the platforms you use, Facebook, Twitter, including blogging, and how active are you on these platforms, when did you start?

GQ: So we've always been somewhat active, even before I came into the company. A co-founder would blog once a week, once a month, and it was really good content to get us going. We developed a following for them, the co-founders in particular, people really liked them, and now the company is more diverse and there's more stakeholders. He have spread the love a little bit and have utilized more people, so that people aren't assigning one face to the company, it's a number of faces, and because of that, the brand itself is standing out. So people understand that we are a collective of individuals that make up this brand identity, and that has really worked out for us. So we utilize social media in many of the same ways that everyone else uses social media. We post blog content that relates back to our product, but aren't direct sales pitches. One thing that has been really helpful to us is the How To initiative that we started last year, and what we did was we needed content to fill the gap between the information on our console, which is something we're also working on, so someone might have come from Amazon Web Service or Rackspace and they're used to seeing the Rackspace interface or the Amazon Web Services interface, and they're now at a new interface, and they're not quite oriented. And although our console is really well laid out and very easy to use, you go for what you're used to. Same thing when we released StorageQloud and QloudSync specifically, people are used to using DropBox or Box, if they're in the B2B market, so we started to look at the communication channels in that way, from a "I just came from DropBox" perspective, and started to building How To's based on that. So having that in mind, writing things for new customers and how they would use GreenQloud and StorageQloud. We took the opportunity to put ourselves in the customer's shoes and engage our customers on social media. We have seen, particularly this year, since we have a few people dedicated to content in general, not only the How To's, but also what's going on in the market, is there a GreenPeace report, what does that mean, what are the implications of that, how do we benefit from that, how do our customers benefit from that, and how it affects others that are using the other service and the negative aspects. Like in GreenPeace's report, how will they benefit from using us. So a perfect example of that, and this comes back to our social media impact and a traditional public relations approach. We took [the GreenPeace] information, we ran with it, but we were also acknowledged in the Guardian for our Seattle operations. So we obviously shared that article all over the place. One of the things we pointed out, is that we're moving into Seattle, the belly of the beast, since both Amazon Web Services and Microsoft Azure were born out of Seattle, so why are we going there? Then why is it important to acknowledge GreenPeace in that context? The point is, Amazon Web Services is based in Seattle, they use the Washington State Grid. We're in Seattle and we're using a completely renewable energy grid, so it's the Seattle City Light Grid. So why is it, when you have the opportunity to use renewable energy in your home energy, you don't? And why is that an advantage to us? So we blogged about that a little bit, and talked about the sustainability aspect and why that's a leg up for us, and why it's important to use renewable energy. So we hit that and then we coupled it with the social media discussions around our actual services, so what's so great about ComputeQloud? What's so great about StorageQloud? FAQ's and things you never know you knew – kind of taking a bit of a BuzzFeed approach to it – like

here are 10 things you need to know about ComputeCloud, minus the funny GIFs. So with social media in particular, it's mostly engagement. It's like any other thing, it's like calling somebody on the phone, like emailing them, like sending a letter, smoke signals. IT doesn't really matter, you're still communicating a message, and social media gives you access to deliver content to them, but it's a 2 way conversation and people are able to give you information as well. Our customers are extremely vocal about what they do like and don't like. Some of them send us support tickets, and other evangelize to the world, that this is something that they would like to see us change, and obviously, whomever toots the horn the loudest, generally gets the attention. So we take all this information from all these different channels, and we look for a common theme to either fix it or address it with a proper response, and explain if this is something we can do or can't do.

I: How often do you update your social media?

GQ: Pretty frequently. We've done a few experiment this winter, where we were really stepping it up and the reason is is we're not known for over posting. We're not a consumer product, we're a B2B product. So while we like to keep up with the ever changing newsfeeds on Facebook and Twitter, we also know that we can put out one to two pieces of really compelling content, and have our audience do the work there and share it, and have that launch a discussion. So we might have two or three key pieces, and then a discussion is started, and then we keep up with that discussion. If it's a really heavy news time, either we've just done a product launch or there's something really interesting and compelling going on in the industry, you'll see an uptick in the amount of posts that we make, but we're also careful because as the GreenPeace report pointed out, Twitter is a very dirty environment, so we also have to be aware of that. We don't want to do ourselves a disservice, posting on the one platform that has been acknowledged that's really, really dirty. So it's a balance.

I: So is that 7 days a week or just the working days?

GQ: It depends. We have a new schedule, so we have found that with the content that isn't business related, there is an interest, and a lot of people look at the on Saturdays or Sundays, so we do see a lot of interest in content on the weekend, so we have started actually posting, but we don't go overboard on the weekends. We still have How To Tuesdays and Thursday's are kind of a mixed bag, and then if we have additional content, that goes out on either the Wednesday or the Friday. For press release kind of days, we usually do those on a Monday or a Tuesday, if we can.

I: And the company was started on social media immediately?

GQ: Yeah, I believe so. I think they secured the social media at the same time that they secured the URL. That's the one great thing about working with a technologically driven company; they understand that you have to have ownership of your brand. So that's been really great. We have had other issues, like Google Plus has changed their login, and we still can't access our Google Plus or our YouTube. And we got into a really funny exchange with Google over it, so we just decided to use Vimeo and other things. We've been posting a lot more on LinkedIn. I've found that LinkedIn has peaks and valleys; you can tell people are separating their personal life on Facebook from their professional life on LinkedIn. There was an article last year, which said that 2014 was the year for LinkedIn. I don't know if that was fortuitous and they knew that we were going to have some economical crash, so people are really active on LinkedIn when they're looking for jobs, or if it LinkedIn has finally caught up on the feature sets. They are still working on their sharing methods, but they're fixing that, and in that case, LinkedIn is a very viable tool, something that the team has put in place in the last two years.

I: Yeah, research shows that there's a lot more clutter on Facebook, especially. So maybe that's what's in store ahead – separating Facebook and LinkedIn based on personal and work.

GQ: Yeah, I think so. I think that that's true of anything, we move from platform to platform when it gets too cluttered. We don't use our old inboxes anymore because they're riddled with spam, so we get a new email address and start all over again. I think the same is true for social platforms. I think that LinkedIn will have that same issues again at some point, but it is interesting to switch between looking at pictures of your friend's kids and your kids and then pictures of somebody out partying, and then a conference photo, and a product sheet, and a blog. I can tell, on my own social media, when I share stuff from GreenQloud, I get a very different group of people looking at that content than I do when I post pictures of my kid. But then the newsfeed is very challenging for businesses now. Like you used to be able to see everyone who liked your page and interact with them, but you can't do that anymore. In fact, we ran a contest last year, and in the period of time where we started the contest to when it ended, Facebook had changed the settings for company pages, so we were looking at who like our page, and we were going to take all of those names and pick one of them out of a hat, but somewhere in the middle of that campaign, Facebook changed the settings so you couldn't actually see who liked you page and when they liked it, so we knew the last person that had liked the page when we had started the campaign, so that anyone who was from that person on, was going to be eligible for this contest, and then it became kind of a nightmare to figure out who should be put in the hat.

I: And now, Facebook only shows 10% of the people that have liked your page, your content, unless you promote it.

GQ: Yeah, that's true. There was an open letter from one of the company's that had a Facebook page, and what was interesting was that I understood the conundrum. Here I am, spending all this money to sponsor posts and to make sure X number of people see it, because of course when you boost a post or sponsor a post, it gives you market segment of your audience that you can select, and you can't do that as easily anymore. It's like, do you pay \$60 USD to boost this to 60,000 people, and then in reality 60,000 people do not see this post, and that kind of stinks. In my particular area, we are a B2B business, so we don't go after consumers. I want to be able to connect to those people that really, really like cloud computing and people who make those decisions about how they're going to host their website or how they're going to store their files, and I have no visibility on that anymore. I can't look at their profiles, I can't get a collective of who they are, unless you reach a certain tier of competitiveness or income, right? A multibillion dollar company has access to things, because you're more integrated with Facebook anyway, but it is becoming less and less viable platform for businesses to do business. It's great for brand awareness, it's not so great for direct sales and we need to focus on sales this year. Twitter, I find to be great that way, because it's an open platform, and the search functionality is getting better, and LinkedIn of course. People actually are following it. I'm always surprised when somebody tells me they saw something on our LinkedIn, because I'm so excited.

I: So how often are you promoting posts or doing a Facebook ad?

GQ: Pretty often. For our Women in Tech project, to bolster that, we boost posts pretty regularly. Same with our startup program. I would say that for traditional product marketing, we don't do a lot of that for Facebook or LinkedIn or Twitter. Most of that is your blog posting – whichever marketing strategy I can work with,

someone who is focused on sustainability within the marketing supply chain and do they have something that I can tap into. Is there a lead generation firm that focuses on companies that need to check some boxes for UK regulatory compliance that we can help them check? I look at the different forums for hosting, that's really where the product social aspect is – outside of social media sites. Are people engaging our content on Reddit? Are people engaging in content on NodeJS forums, and going through there and tapping our tech team to find out what forums they hang out on. WE have somebody with a tech background that is on the marketing team that is actively engaged in these forums, he knows how to talk to these forums, so we're tapping into that now and engaging ourselves in conversation. We find that those conversations tend to get us more attention than posting a banner ad, since most of the developers that we know block ads anyway, so that doesn't help us.

I: So then in regard to the roles of social media, do you use it for retention marketing, acquisition, B2C?

GQ: Not B2C, although the sustainability message does capture a consumer audience sometimes, as a result of that, we do have consumer sites that utilize GreenCloud, but we are not a direct B2C company. It's not quite organic but it's an outlier opportunity. For social media, we do do retention, the community is kind of a social media platform, we talk to our community there, we talk to them about new products and how they can save money. A lot of small companies will spin up XL machines for no reason and then they're paying more per month than they need to, so we're starting to go in and analyze our accounts and help people find ways to save money in their accounts, based on their usage. That's really helpful. We help people with security as well. We talk about security a lot, particularly in the public cloud, but we also start to talk about security in the private cloud, and that has started to endear us to a particular audience and social media is really helpful in interacting and conveying in that way. I would say not really for direct marketing, we still really use our support system for that, although that's changing now too, because we're doing a lot more research and outreach instead of waiting for leads to come into us. And social helps, so we'll go to an event and meet new people, have fun with them, get to know more about them, and then we're all friends and we talk and keep up with them. We use it in so many ways, much like you do when you read a newspaper, you then go to another platform to either share it or you track down the people that are being spoken about, and to me, it's just another way to communicate.

I: It seems like your traditional marketing and your social media marketing are very tied together.

GQ: They are very tied together. You can't do one without the other successfully. For example, we're in a print ad this month, the Icelandair magazine, and believe it or not, Icelandair magazine does not have an online version. That blows my mind! It's great though, because it came out right at Earth month, StartUp Iceland is happening at the beginning of June, so there will be a lot of entrepreneur types and tech people coming in, and they'll be on Icelandair. And people are actually taking pictures of the magazine and posting it on Facebook and Twitter, so even though it's not social media shareable link, we're still able to get some social value out of it, because we have a captive audience. So people can take a picture of it and share it when they land, and that's great. But it is really funny that it's not online, such a foreign concept.

I: Yeah! So can you describe for me your average customer?

GQ: Yeah, so our average customer, traditionally, had been developers that are focused on either privacy or environmental responsibility. They all do various things,

these individual developers and small businesses, for that matter, they have retail shopping site or they have environmental watchdog site, or something that is meaningful. Our customers are people that do things that are meaningful, and now that we're further along and our services and revenue are growing, we're actually attracting not so much the individual developer and small business, but actually the enterprise level consumer, which is a completely different type of outreach and marketing need. So we still have our self-service customer that sign up and use us, but we have put a lot of focus on capturing those enterprises that want to use us. The reason why we're attractive to them is because we're able to meet regulatory compliance requirements, we have an environmental stance at the core of our business. We are a small company, so they know they're going to get more hands-on care, because customer service is a really big thing here; it's actually one of our biggest market differentiators, outside of the environmental policies. We're really killing our competition on customer service, and that's making a huge difference. We are carrying that same level of customer service, whether you're an individual developer or you're a enterprise level. Doesn't matter if you're spending \$5 USD a month or \$5000 USD a month, we treat you the same. So we are in a transition period now, so the bulk of our customers are probably still the individual developers and small businesses, but the majority of our revenue now comes from big entities, like university research facilities and enterprise level customers.

I: Ok, and have you collected research as to where your customers are hearing about you?

GQ: Yeah, in fact, we have someone that was an intern last year, that has come back on board and her whole job here is market research, so she has compiled surveys for us, she's done her own research, she's done collective research with the tech department and with the marketing department and she's compiling that against SWOT analysis to see where our strengths and weaknesses are, and as a result of that, these are the customers that we're attracting. We're still working right now on where do they hear about us. A lot of it has to do with our presence at events, and has a lot less to do with online advertising. It has a lot to do with social media and our presence in marquee media outlets like Forbes and the Guardian, as well as our customers.

I: Like WOM?

GQ: Yeah, our biggest advocates. That's always the key thing, right? It's always the most trusted. That translates to someone saying, "You should try out GreenQloud" or someone tweeting "I'm using GreenQloud, you should use it too." So that's another aspect where social media aspect comes into play, as well as the community engaging and inspiring passion around the products, because the community has seen that they and a lot of other customers are doing really cool things. I feel like because of the way that we came to market with the environmental policy, and of course in Iceland you have the advantage of a reputation for great data privacy, that has attracted a great group of people that are conscious of our place in the world. As a result of that, we are getting a really great group of customers. It's amazing to have such awesome customers and fun to get to know them. And of course the customer that we are allowed to promote, we promote them through social media, we have them guest blog about themselves and highlight what they're doing and it helps the customers understand that we do really care about them, because they're seeing how we participate. They then share that through social media. For example, for our startup program, I've had media contact me about wanting to talk to some of our customers, so we put them in touch with our customers that are doing really cool things, like

SAREYE. We're starting to mine our customers a lot more for information, and they're willing participants, for the most part. And the ones that don't, have every right.

I: Right. Can you discuss for me the advantages and disadvantages that your company has found when utilizing traditional marketing?

GQ: We're in a state in business, (we as in the collective we), that everything has a number assigned to it. The thing with online anything, has a metric assigned to it and everything is based on metrics. So you don't have that luxury when you do traditional outreach. When I sponsor an event, I know that we've seen a certain number of signups that we've seen when we're promoting the event, attending the event, and doing the lead generation after the event. And there's no concrete number, it's a guesstimate. You know, it's like you're in an article in Forbes and you see that there's a spike in sign ups, but you can't actually see a direct correlation between them. There is no code out in the ether that says "My eyeballs saw your billboard, and then went home, or at the next red light, started looking for GreenCloud." So in an environment where people are so used to metrics for everything, the value in traditional marketing is often times lost, because you can't go back to your board or your CEO and say "I can 100 percent prove, that this had something to do with this." Whereas with online ads, you click an ad, and it brings you to a landing page, which has a code in it, so that tracking code brings you all the way through the signup process, so you can actually 100% say that this ad was very effective because it did this. So that's a battle that anyone that uses a mix of traditional and online marketing runs into, especially those of use that come from a traditional background and applying both processes. So I'm not as quick to discount the advantages of traditional marketing, as someone who has, say, only done online marketing, because I think there are advantages to both that maybe might be long term. I mean, sales are based on relationship building, so you have to start by building the relationship and you climb and climb, and push the rock over the hill, and the rock just rolls, but it's getting there. And the whole time you're trying to get there, you constantly have to reinforce and prove that that \$2000 USD that you spent at an event was purposeful; or going to an event was purposeful or doing advertising on Wired.com versus Wired the magazine. You have to constantly prove that, and that's been the case for a number of years now. I think that social media has its obvious advantages, but they should not replace to discount the advantages of facetime or actually talking to people or having a visual presence in other mediums and in their environment. You don't want to just lock yourself into a device, you want that reinforced when they're driving down the street, or when they're on an airplane and they're reading an article about you or seeing an advertisement about you.

I: Ok, so can you discuss for me the advantages and disadvantages for social media marketing?

GQ: Yeah, social media is an amazing thing. To me, having come from a traditional background or even a traditional media background, it opened up a whole world of opportunities. It eliminated gatekeepers, and a lot of gatekeepers are significant. You know, the media outlet has reporters that have been working this beat for 20 something years and I will always go to them first, but there's also somebody who is extremely knowledgeable in the middle of Iowa who now has the platform to build their own following and their own voice. You have to go after those people. In the early-mid 2000's, bloggers weren't taken seriously, and I would hazard to say that bloggers are actually getting more leads and more exclusives on new information, because they're as influential as the Wall Street was, or is, and I think social media is

great in that way. I also think it's wonderful to have a platform where you can have a conversation. So an article is posted on Forbes or TechCrunch, and people can comment on them, and mind you, to get into the disadvantages for a moment, that also invites trolling. But what's great is the opportunity to interact. Instead of talking to a group of people that have happened to also read the Forbes article and you're sitting there talking to them there in a physical room, you can actually talk to the entire world about this, and I just love that. I think it's one of the most amazing things that people have done in years, and I hope that it continues to evolve in a positive way, instead of closing everything down to make sure that it meets an advertising requirement. So the disadvantages, I would say, is also the two way conversation. The disadvantage is that you have to operate within the context of the message that's being delivered. So somebody might say, "I really hate you guys. Your stuff doesn't work," and we'll go back and say "Oh, I'm really sorry to hear that, how can we help you?" and you only have 140 characters to do that. So what we often do is try to mix different social media platforms, we ask them to send us a support ticket, so we can have a conversation about it. The other one is that the world is watching you at all times, so that's a very positive thing, for the most part, but if you mess up, which is bound to happen, if you are tweeting or posting something for a specific marketing segment, like the American audience, you have to know that whatever you're putting out there, you are not offending another key market, like the UK market, the European market, the Asian market. So you have to be really aware of that. I mean, we've all seen the flubs, the US Airways is the most recent, which was pretty significant. That was just – whoa! But I've seen other things, I've seen Virgin American have that issue, I've seen Starbucks have that issue, Calvin Klein, etc. There's been so many different people behind brands that have made errors, and other people eat that up – they're kind of waiting. We haven't had that issue yet, fortunately, but when we start having those issues, we'll know that we're really significant players. Like we're significant players now, we want to be really significant – we want to take a big old bite out of that market share, a multibillion dollar market share, and so, as we climb up that growth trajectory, we're going to see negative feedback, we're going to see people questioning our data, we're going to see people just trolling, really. And we'll have to address that. We do get trolls occasionally on our content, and you have to strike that balance between leaving it open to everyone, like the news media does, TechCrunch and others, or closing it down. So there are positives and negatives to anything. One of them is usually human error, which is a negative, and also responding to someone that may have a bigger audience that doesn't like you. There are a number of different scenarios there, but I think that the positives completely outweigh the negatives, so we will continue to utilize social media. I don't think there's anyone that does significant business that doesn't utilize social media.

I: One thing that you haven't mentioned within the advantages or disadvantages within both marketings, is cost. Do you feel that cost is a disadvantage to either type of marketing?

GQ: Yeah, I feel like when you're starting out, the perception is is that online marketing is cheaper, and it often is, in much the same way that traditional marketing practices, people would do PR over advertising – to stretch their budget. Traditional marketing definitely still has a way more significant cost. Printing an ad in a magazine is going to cost you a few hundred dollars if not several thousand dollars, where posting an ad on Wired.com or GigaOm is cheaper, so the cost of acquisition is cheaper and I think that still remains. But the stronger placement you have on a

website, the more that cost goes up. If you do a brand takeover on the front page of Wired.com, you will pay just as much if you put an ad in Wired. The difference is that the reach is greater, but media outlets, and not just press but the people that control media, they are getting much more savvy at the actual benefit of hitting 50 million impressions or 15,000 clicks, so the cost model is changing. We've had online ads that have been completely ineffective and hit a wide audience, but it doesn't really matter. I'd rather pay a little bit more and get the actual market we're going after, because then we actually have a better chance of getting actual customers. I don't know, it's something we're still exploring here internally. But my experience is that in most cases, traditional marketing is still more expensive. There's just more breathing room with online marketing and social media. You can just get a lot more creative, you're not confined by materials. You're confined by server space, and of course the cloud opens up a lot of opportunities for scalability so server space isn't so much an issue anymore, but yeah that's a good point. Traditional marketing still costs a lot more.

I: Along those lines, can you give me a rough estimate of what you spend for traditional marketing versus social media marketing?

GQ: Yeah, if we take into account the actual conferences, I would say that our budget was originally, when I came in \$100,000 USD, and we doubled or tripled that last year, and then this year, we'll be spending the same amount of money, but very differently. We'll see. When you're a startup, a lot of that depends on your next round of funding and what your objectives are in securing that funding, like our next round is specifically to grow our sales and marketing channels, so that budget will have to stay the same or it'll increase significantly. It'll increase not only from an asset standpoint but from a personnel standpoint.

I: So when you say a couple hundred thousand, is that just for traditional marketing?

GQ: No, it's marketing all together. And it's a really modest budget, to be honest, for the size of company that we are, but what I've found here in Iceland, is that people are able, somehow, to get way more done on far less money. And maybe it is because we're here in the middle of the Atlantic, on an island, and we're kind of do it yourselves, and we utilize our resources, and most of our resources here are online to reach the rest of the world. I feel like we'll still be able to get a lot of mileage out of a modest budget.

I: And then as a percentage of your marketing budget, is social media a smaller percentage of that?

GQ: Yeah, I would say that traditional marketing still makes up a lot of my budget, just with the costs of flights alone to get off the island, make up a lot of that, going to conferences is a lot. You spend anywhere from as little as \$5000 USD to \$20,000 USD, \$30,000 USD, \$40,000 USD. And actually as you grow into the enterprise, it's like \$70,000 USD or more, so that's just for events and stuff, so there's a lot of different approaches, but I would say that the majority of my budget is still focused on traditional, because it has to be. Like a print ad of a magazine could be anywhere between \$5000 USD to anywhere between \$15,000 USD to \$20,000 USD depending. Buying a table at an awards dinner – you know, there are just so many ways that you have to spend money to maintain a presence.

I: Ok, and my last question is which of the two marketing initiatives do you think is more effective for your company?

GQ: I feel that, that's a really good question; I don't know how to answer that. I feel like that one isn't successful without the other. I feel like, when we go to an event, if we don't support that with social, we lose. And it's not only tweeting at the events;

because we're here, we have to maintain relationships with the people that we meet, from somewhere. So it really is a remarkable opportunity for us, and anyone in Iceland for that matter. Anyone in a remote anywhere. Anywhere you don't have land access, so it's just a matter of reinforcing one with the other. Likewise, if we only did social and we only did online ads, who is going to trust us? They've not met us, and they're putting all their critical information, company data, and personal data, into our cloud space, so when somebody operates at that infrastructure level, it's a little different than signing up for Facebook. IT shouldn't be really, but it is and people have to know that they can trust us and they have to know who we, as a company, what our culture is and that we believe in them and that we're trustworthy. And that is something that can really only be accomplished in person, you can supplement with webinars and attract an audience and whatnot, but when people actually see you, that's when we have our most success and then we reinforce that with social media. I've met people on social media that I've then met in person, and I've met people in person that I've then maintained the relationship in social media, so yeah.

I: Thank you so much for taking the time to talk to me.

GQ: No problem. You're welcome.