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Value creation using business model frameworks and marketing by small and medium-sized enterprises

—an insight on STOF

Master's Thesis in Information Systems
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Abstract for master's thesis

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Abstract:

The purpose of this master's thesis is to identify how small and medium-sized enterprises may benefit of using business model with an insight on marketing. This study is carried out as a literature study. The literature is mainly based on business models and marketing. This master's thesis is constructed by a review of the business model STOF and a review of marketing based on the business model.

Small and medium-sized companies may have lower resources on developing the business. A business model is a good tool for a company to review the business' current state and discover possibilities to enhance the business. The STOF business model helps small and medium-sized companies with the delivery of a digital service due to the technology domain and points out the key marketing aspects. Both in business models and marketing the value created is important for the customer and thereby to the company. For the service to provide value to the customer and to the company, the delivered value must be equal or higher than the expected value. This can be achieved by the business models' technical domain. However, a perfect digital service cannot be sold if the customer cannot reach the company, this is where marketing is involved.

Keywords: Business model, STOF, e-commerce, small and medium-sized enterprise, SME

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1 INTRODUCTION

This master's thesis will analyse how small and medium-sized companies perform marketing and generate revenue through mobile and website sales. For a company to be able to work efficiently online, it may be necessary to optimise its current way of doing business. A company has its way of organising its business. For a company to optimise the current way it could use a tool such as business models to form and find the key factors that need to be developed and considered. For a company to be able to succeed in doing business online, it needs to optimise not only the way of doing business, but also of improving its marketing strategy, image, brand and optimising business channels. (Bouwman, De Vos & Haaker, 2008) In sum this thesis analyses a business model with a marketing perspective for small and medium sized enterprises.

Value creation is one of the key points for business models. Value can be raised by efforts in marketing and branding; therefore, marketing of services improve value creation. Mobile services can be used anywhere and at any time. Mobile services and networks are evolving at a fast pace; mobile networks have become multiple times faster in the previous ten years which has led to videos and music being able to be accessed wirelessly almost anywhere. Ten years ago, music had to be downloaded by using wireless connections or by USB cables to the mobile phone.

The literature section will review the main parts of the STOF business model framework and identify how it is built based on critical design issues and critical success factors. In these design issues and success factors, the view of marketing's importance in achieving a clear view as to how a small and medium-sized company can benefit from planning its business based on a business model will be expanded on.

Mobile phones have evolved extensively. After the touchscreen was launched on mobile phones and mobile connectivity to the internet became more common, services and web shops have been available for customers almost everywhere. There are large companies that do their selling through the internet and for a smaller company to prevail, it needs to plan its service or product to suit the customer. Even if the product were the best on the market, a company also needs a plan for how to deliver it to the customer in a way that it could make a profit. Through the marketing of the product, a company can gain more customers to the web shop and have a better chance to sell the product. To be able to generate revenue out of products, customers must achieve value for the money they pay.

1.1 Presentation of problem

Companies are, to a great extent, conducting business with services through the internet and through mobiles. Nowadays, it is quite common for smaller and medium-sized companies to start their business through this market channel. For companies to be able to make a profit by selling products and market themselves efficiently is still a challenge. Even if the businesses are small, and the services and products are online, companies need a technical architecture and a solid plan to achieve their goals.

1.2 Purpose and research question

The mobile service marketing is currently used extensively by companies to differentiate themselves from competitors. When a smaller company starts to plan a new product, it would be beneficial to review the business model steps to create the needed parts to generate value. For a smaller company, marketing is crucial in gaining customers to buy the products. The question this thesis seeks to answer how a small and medium-sized enterprise could use the STOF business model framework from a marketing perspective. This thesis has been done as a literature study.

1.3 Thesis objectives and methodology

Both business models and marketing strive to create value for the customer and the supplier of the product. When marketing online, customers can market to other customers through social media, which makes obtaining a business model that accommodates the new ways of marketing important. The method of this thesis will theoretically analyse the usage of marketing and business models together.

The objective of this master's thesis is to review the STOF business model framework for small and medium-sized enterprises to identify the critical parts of marketing. Smaller companies lack the capabilities to create a massive organisation for creating value for the customer, however, they need to identify the key points of a business model to obtain a functioning service and for delivering value.

1.4 Disposition of the thesis

While information technology has evolved, it has led to companies being able to conduct business in several new ways. Not only have the sales channels changed, so have the products. Products have become more service based, or a mixture of physical products and services. The concept of business models will be described and from there continue to specifically describe the STOF business model, which is a business model made for mobile services. The STOF business model was chosen based on a comparison to other business models, which do not consider the technological part. Several business models exist, but not all suit all companies. Online products, as well as services, are priced in a way to meet the perceived value. Business models and marketing are both built on planning how to create value for customers, and through the given value, gain value for the company in the form of revenue. After the business model description, there is a review of the usage of marketing with the business model.

2 DEFINITIONS

This chapter will review the definition and key concepts of business models as well as the need of business models. This chapter will analyse the theoretical part of Bouwman, De Vos & Haaker's business model framework STOF. STOF is a business model which is directed for businesses conducting service online, specifically with mobile phones. The STOF business model differs from other business models by including a technical domain.

2.1 Definition of Business Models

Business model is a way to show how the business works (Osterwalder, Pigneur & Tucci, 2005) and describe the logic of the business, in other words, how the company can make profit by providing the value to the customer. (Bouwman, De Vos & Haaker, 2008) A business model is different from a business process model. Business process models have its own tools to describe a business for example UML. Business models also differ from business strategies. (Osterwalder, Pigneur & Tucci, 2005) Nowadays, companies have an increasingly lowered interest in making business strategies but instead formulate business models. (Bouwman, De Vos & Haaker, 2008) A business model created for a company should work for the specific company and differ from the company's competitors and should be difficult to copy in order to create a unique way of doing business and create profit out of value. (Teece, 2010)

Business models are described in several different ways, below is an example of two:

“A business model provides a description of the roles and relationships of a company, its customers, partners and suppliers, as well as flows of goods, information and money between these parties and the main benefits for those involved, in particular but not exclusively the customer” (Bouwman, De Vos & Haaker, 2008, page 33)

“...the business model's place in the firm as the blueprint of how a company does business. It is the translation of strategic issues, such as strategic positioning and strategic goals into a conceptual model that explicitly states how the business functions. The business model serves as a building plan that allows designing and realizing the business structure and systems that constitute the company’s operational and physical form.” (Osterwalder, Pigneur & Tucci, 2005, page 4)

Business models have their elements such as business structure to describe the plan. The models must be agile and change constantly due to different reasons for example legal, social, competitive, customer demand and technological changes. A business model describes the company, not parts of it. (Osterwalder, Pigneur & Tucci, 2005) There are several business model templates which different companies use, but all business models do not fit into all companies. Some business models are specified for different industries. Choosing the wrong business model could become a cost. (Bouwman, De Vos & Haaker, 2008)

When a business model is made, it is easier to understand once it is visualized. A company that has a ready and working business model can cope easier with changes, understanding the business logic and improve decision making. It is easier to plan a future way of doing business once one understands the current situation and simplifies the ways of measuring the business. (Osterwalder, Pigneur & Tucci, 2005) In today’s rapidly changing world it is essential to be able to make quick changes in how the business works to be able to maintain competitiveness.

According to Johnson, Christensen & Kagermann, 2008, the business model consists of four different parts and the most important one is the customer value proposition. This is the part where a company generates value for the customer. A company needs to know what the customer wants and make a business that will satisfy the customer's needs. By creating superior customer value, the company contains new customers and retains old customers which are satisfied with the products or service. (Kotler & Armstrong, 2010) Another important part of a company's business model is how the company generate profit of the value that is served to the customers. The profit formula consists of the following:

- Revenue model
- Cost structure
- Margin Model
- Resource velocity

Over these the company needs to verify the key resources with a business model. These resources are for example the employees, technology and production facilities. Key resources are resources that are important in generating the value. Key processes and key resources are the link to how the company will succeed in delivering value to the customer. (Johnson, Christensen & Kagermann, 2008)

It is easier to create and shape a company's business model when establishing one. The already functional companies have an existing way in getting the work done. This might be of help or hinder. When changing a company's business model, it most likely must change the business processes and when changing these it might affect the current organisations including positions of employees and managers. This on the other hand can create internal resistance when the new business model conflict with the current. (Berends et. al., 2016)

A business model may explain how the business works with external resources and internal ones and have a view of value creation. A business model may also explain the business as well as a model for running the business. While the business is running it is easier to develop the business as a framework for the business when made. (Spieth et.al. 2014)

However, using business models in a wrong way might lead the business to lose revenue and value. A business model is a story that explains how the enterprise works and answers simple questions as who the customer is and how the business will make revenue. When creating a business model, it describes the business from how to produce the product to how to sell the product. Business models are tools to keep the explaining of the business more efficient. (Magretta, 2002)

2.2 Definition of SME

SME is an acronym of the words small and medium-sized enterprises. A small and medium-sized company in Finland is a company which has less than 250 employees and annual revenue below 50 million euros or assets under 43 million euros. (stat.fi)

In 2015 there were 283 805 SMEs in Finland which does not include agricultural, forestry and fisheries according to Tilastokeskus. These companies employed over 1,4 million employees. From the 283 805 companies more than 6.6 % had over 50 employees. This means the amount of SME's is significant in Finland. The small and medium-sized companies made 58 % of the total annual return of all companies. (yrittajat.fi, 2019).

Based on a research on Finnish SMEs usage of digital tools from 2017 and 2018 conducted by Elisa Oyj, Suomen Yrittäjät ry and Prior Konsultointi Oy, SMEs have said that about 20 % of their growth comes by digitalization. The researches were made on SMEs based on the limitations mentioned in the beginning of this chapter. Below is a comparison of two years research with the percentage of using the specific digital marketing tool systematically.

	2017	2018
Social media	43 %	47 %
Search engine optimizer	40 %	44 %
Visitor tracking	19 %	26 %
Facebook marketing	25 %	30 %
Web marketing	16 %	22 %
E-mail marketing	15 %	15 %
Mobile marketing	8 %	13 %
Web shop	15 %	18 %

Table 1. Comparison on Finnish SMEs usage of digital marketing tools. (Elisa Oyj, Suomen Yrittäjät ry, Prior Konsultointi Oy)

SMEs are using marketing online in a growing extent but the marketing by mobile is still in a low percentage compared to search engine optimizer and social media. Only 3 % of the companies answered that marketing through mobile is their most important marketing channel. Based on these researches there is a possible need for SMEs to analyse their companies based on a business model and see the possibilities they could use by it for marketing.

2.3 Service as a product

In the past the company's business processes used to be more simplified. A production company had its transport of raw material to the factory where the product was made and then transferred to a shop. Nowadays, when the companies' products have become more service based and the information and communication technology has evolved, the modelling of the business has become blurring. (Teece, 2010) When the internet and mobile became more common, the importance of the ways to offer the service or products has become more relevant. (Bouwman, De Vos & Haaker, 2008) The internet enabled new ways and new channels to reach the customers with different products. The e-commerce which is the way of doing business online have become more used. Products sold to the customers may also be entirely services based on such as Spotify which sells the right to listen to music by paying a monthly fee. (Teece, 2010) Another new business channel through internet is the consumer to consumer markets such as online auctions.

A product may be a service as well; a product is anything that can be offered to the customers. Service is something that the customer buys but does not gain ownership of, just pay for usage. (Kotler & Armstrong, 2010) When the markets channels have changed, the service can be obtained, bought and sold through mobile around the clock. (Bouwman, De Vos & Haaker, 2008) Through digitalization, the marketers have new opportunities to contact the customers and give them the news of products and produce new kind of products such as services. The business can occur easily across borders. The companies can gather information of customer behaviour and analyse the data to optimize the marketing and products. (Kotler & Armstrong, 2010)

For a company, the marketing function is the one dealing with the customers, it is the process with which the companies create customer value and retain and build relationships with the customer and in return gain revenue. Marketing is used to attract new customers. Marketing is more than only advertising. (Kotler & Armstrong, 2010) As in the figure below the core customer value is the core product but the actual product is also branding, features, design and the package of it. (Kotler & Armstrong, 2010)

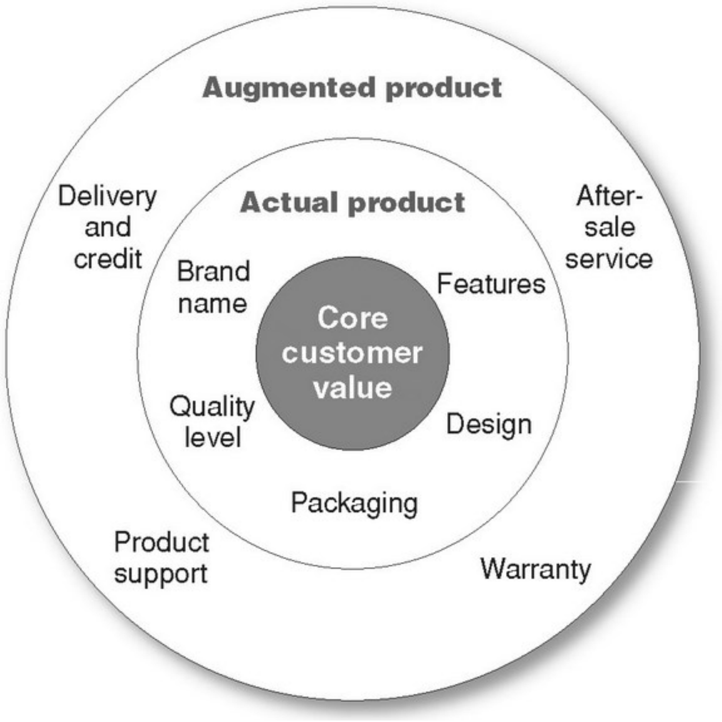

Figure 1. Three levels of Product (Kotler & Armstrong, 2010)

Marketing and business models are close to each other what comes to the outcome. Marketing strives for value creation towards the customer and through there achieve value from the customer to the company. Business model STOF have the same goals, which can be seen in Figure 3, value for customers and value for service providers.

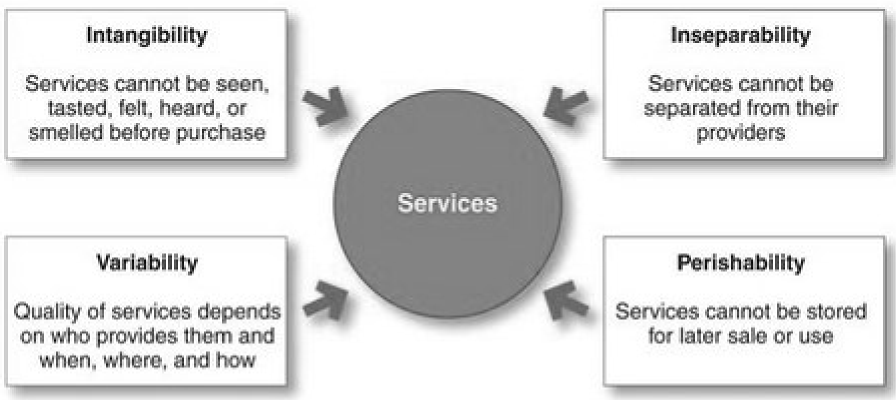

Figure 2. Four Service Characteristics (Kotler & Armstrong, 2010)

The Figure 2 describes well that a service cannot be seen, tasted, felt, heard or smelled. A service cannot be separated from the provider as in it is not owned by the buyer and the services are consumed and cannot be stored for future use. (Kotler & Armstrong, 2010)

3 HIGH VIEW ON STOF

STOF is a business model framework designed by H. Bouwman, T. Haaker, and H. De Vos. The intention of the business model framework is to create value by services made for mobile phones. The STOF model is constructed of four different domains and is an acronym of the words: service, technology, organisation and finance. These four are the chief domains of the business model. The four domains affect each other's functions as shown in Figure 3. Together, the domains form a business model whose goal is to provide value to the customers and to the service providers.

"The aim of the STOF method is to provide a structured approach to designing viable, feasible and robust business models for (mobile) services" (Bouwman, De Vos & Haaker, 2008, page 133)

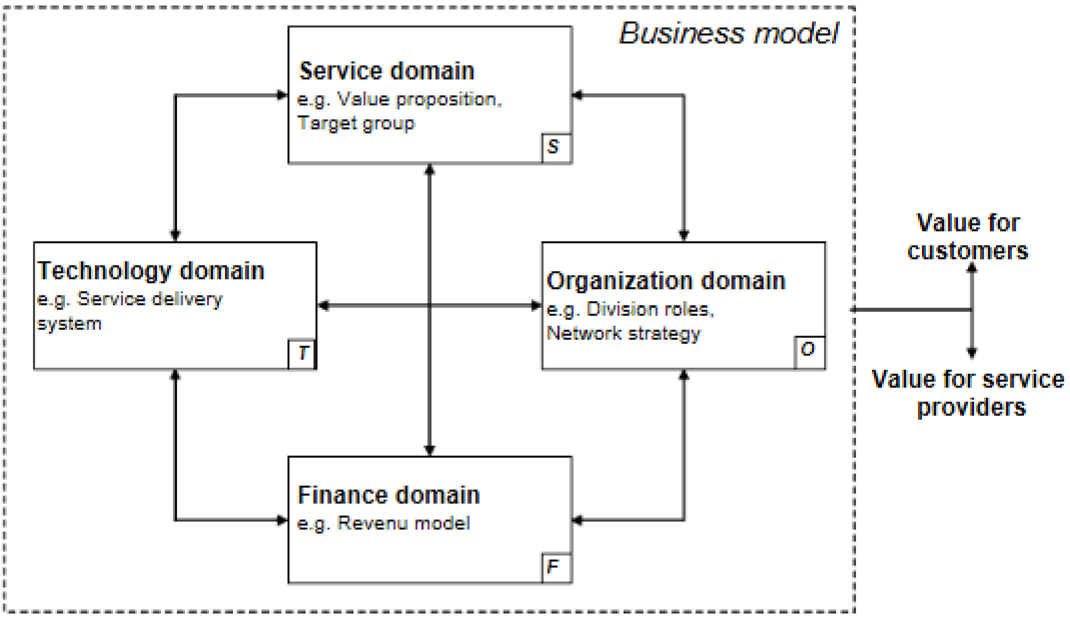

Figure 3. Business model domains (Bouwman, De Vos & Haaker, 2008)

In Figure 3, the four domains of STOF are shown in correlation to each other. All the domains are connected, and the outcome should be value for customers and value for service providers. Value is created for the customer and in exchange value is captured from the customer to the providers (Kotler & Armstrong, 2010). Next, the domains and parts that affect the base of STOF business model will be reviewed.

3.1 Service domain

An important part of designing a service is the value created from it. Customer value of a product must be in the key position as customer demands will be met with the products value, which results in product sales. If the product, which also can be a service, does not meet the customer's expected value, the product most likely will not be bought. The success of achieving the best possible perceived value comes from several sources. (Bouwman, De Vos & Haaker, 2008) Figure 4 from Bouwman, De Vos & Haaker (2008) contains the parts of the expected, intended, delivered and perceived value. This figure includes the relatively new technical part of how the technical functionality impacts on the delivered value and is explained below.

An equation is set for the value where the customer compares the gained value of the product compared to the benefits and costs which can also be called a sacrifice. (Bouwman De Vos & Haaker, 2008) The consumer sacrifices money to gain value and fulfil the customer's needs. (Lopez, 2014) Humans need products to live with; these are not products that have been created by marketers. The need could be food for example. Customers also have wants; a want is something more than a mere need. When the wants are enforced by marketing, they become demands. A market has its offerings which can then fulfil the human needs and wants. (Kotler & Armstrong, 2010)

In addition to the sacrifice and the wants the customer also is searching for experience. The experience is a rather new concept that accompanied the services. (Bouwman De Vos & Haaker, 2008) Companies may use more resources on advertising the current product instead of investing in the experiences gained from the existing products; these companies are suffering from marketing myopia. Services are, in the greater perspective, experiences sold to the customers. (Kotler & Armstrong, 2010)

Companies create and sell more services nowadays. Service is something that is not owned but rather something that the customer pays for and uses, which could be experienced. For example, a movie ticket is bought for gaining the experience of a movie. Once the movie is watched, the customer does not own anything but has gained a new experience. When a customer buys a pair of shoes, it can be a simple product, but the company may market and sell it as an experience. Even if the company is selling a physical product, there may be an experience involved. (Kotler & Armstrong, 2010)

A service has an intended value, which is the value that is planned from the company to offer to the customers. The intended value puts requirements on the technical domain to deliver systems that enable the intended service to be delivered. (Bouwman, De Vos & Haaker, 2008) To be able to achieve the intended value the requirements must be met as they are the path to the value.

Delivered value is the intended value with a working technology functionality, or by a value network partner, such as customer service. The technological architecture and systems enable the intended value to become delivered value. The intended value must be the same or better as the delivered value for it to create customer value. (Bouwman, De Vos & Haaker, 2008)

A customer expects to gain as good or better service as the previous one which influences the expected service. The customer may have expectations towards the service or the company by its reputation. (Bouwman, De Vos & Haaker, 2008)

When the customer receives the service, it becomes the perceived value, which is the difference between the customer's expected value and the value which is delivered. The delivered value must be higher than the expected value to create perceived value, in other words, the customer expects less than achieved. (Bouwman, De Vos & Haaker, 2008) The marketing of products should let the perceived value be greater than the expected value. If expected value is greater than perceived value, the customer may be disappointed and affect on future sales. The expectation should meet the delivered value for the customer to be satisfied, and through satisfaction a customer relationship may materialise, which leads to positive comments and possible new sales. (Kotler & Armstrong, 2010)

Nowadays, value can be created almost anywhere, as products and services can be bought using mobile phones. In the past, products were served or sold in physical stores. (Bouwman, De Vos & Haaker, 2008) This means that the need for value can arise in several locations in addition to the customer's home. When consumers are used to having services available almost anywhere, they expect to obtain the service instantly. Through marketing, customers can familiarise themselves with the products, and possibly be influenced to think that the product is something that they need. Companies used to reach out to the customers in order to interest them in buying their product, but that is now changing, as the question is more about how the customer can reach the company. (Kotler & Armstrong, 2010)

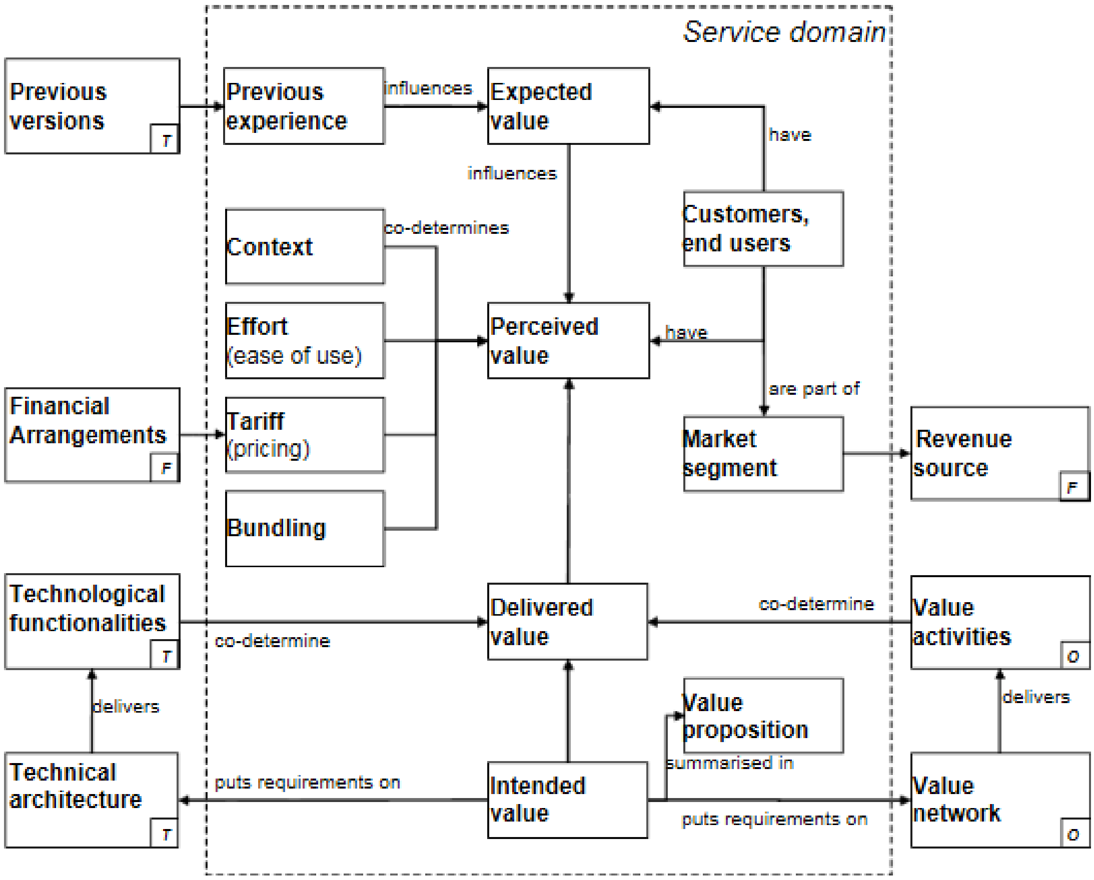

Figure 4. Service domain (Bouwman, De Vos & Haaker, 2008)

In Figure 4, the service domain box contains all the elements that affect the service. Technology (T), Financial (F) and Organisation (O) affect the service domain. (Bouwman, De Vos & Haaker, 2008) A customer searches for a product that has the highest perceived value, which includes the comparison of all the benefits of similar products on the market and their costs. (Kotler & Armstrong, 2010)

The term tariff is the price of the service and effort is the user's effort to obtain the service. The user and the paying consumer might be different individuals. The paying one is the customer and the using party is the end-user. The experience should be positive to create value while minimising needed effort. The customer who pays for the service must achieve value for the price paid. These two have a direct effect on the perceived value. (Bouwman, De Vos & Haaker, 2008) The four main boxes in the centre are expected value, perceived value, delivered value and intended value. A customer has an expected value which he expects to receive. On the other hand, the perceived value is affected by the delivered value, which is affected by the intended value. Altogether, the perceived value is a combination of expectations, price and the limitations of the technology and organisation. For a customer to be satisfied with the value delivered, the expected value should be equal to the delivered value. (Bouwman, De Vos & Haaker, 2008)

3.2 Technology domain

For a company to be able to conduct business through technical ways, the company must have a working infrastructure and network to be able to deliver web services to the customers. Web services are both IT-functionalities and data. (Bouwman, De Vos & Haaker, 2008)

The technology domain has evolved from legacy systems to cloud computing during the past few years. Twenty years ago, the company needed to have their own systems for business, when today they may buy the system as a service as a cloud system to be able to do business in example payments. (Bouwman, De Vos & Haaker, 2008) The technological environment of the ones creating new technology is creating new markets and product possibilities. For gathering of data from data warehouses and analysing with data mining of customer data to possibly finding new business opportunities, the customer relationship management can be used. (Kotler & Armstrong, 2010)

When a customer comes to the website the customer has to be identified in a secure way, which happens in example during checkout when the products are in the shopping cart in a web shop. The customer may either log in or do a one-time shopping. For a web shop to do personalize service offerings it would be easier when the customer is logged in and entered data can be analysed. Another way is to gather the information through profiling of the customer, what pages the customer visits or what behaviours the customer or previous customers have done, and the location is gathered through the IP address. (Bouwman, De Vos & Haaker, 2008) For the customer to add personal information to the web site refers to the need of the company to address the security of the data.

Even when the data is stored as profiles, the data needs to be managed and maintained. The data must be accurate to be able to keep up with the offering of new services to specific customers. (Bouwman, De Vos & Haaker, 2008) Data gathered from web shops, buying behaviours or transactions can be analysed by internal databases to identify new possibilities or problems. The amount of data to be analysed can be significant and helps to identify trends and needs. (Kotler & Armstrong, 2010) Some companies may do cross-domain profiling, which on the other hand is quite sensitive and may be illegal and the customers are more aware of the information due to the European Union's general data protection regulation, GDPR.

3.2.1 Technology design

The main component in the technology domain is technical architecture, which contains all the technical parts from devices to applications. (Bouwman, De Vos & Haaker, 2008) Technology architecture is the infrastructure that is needed to support applications, operations and requirements of reporting. (Rosen, Krichevsky & Sharma, 2011) For a company to achieve a service through internet and mobile it needs a way to create an application or website. In the past companies had mostly legacy systems, in other words systems on site, but nowadays it is more common to use cloud computing or buying services from other companies that sell them. A service could be for a web shop to handle credit card payments. Using other company's systems might be a bought service or a partner. (Bouwman, De Vos & Haaker, 2008)

Backbone infrastructure and access network boxes are the part where the company's different networks communicate with each other, dependent on if the networks are wireless or LAN. The company must have high enough and stable bandwidth to be able to serve the customer without problems. (Bouwman, De Vos & Haaker, 2008) The infrastructure affects the effort used from the customer to use a slow or fast system.

Service platforms contain the user data including billing. This platform can be used to identify the wants of the customers based on the data and the segmentations. The specific products could be marketed to the consumer if the information matches. Devices contain the devices of the end-user or the customer who buys the product or service. (Bouwman, De Vos & Haaker, 2008) It is important to be sure that the consumer can finalize the shopping's without problems due to the different mobile phones or browsers.

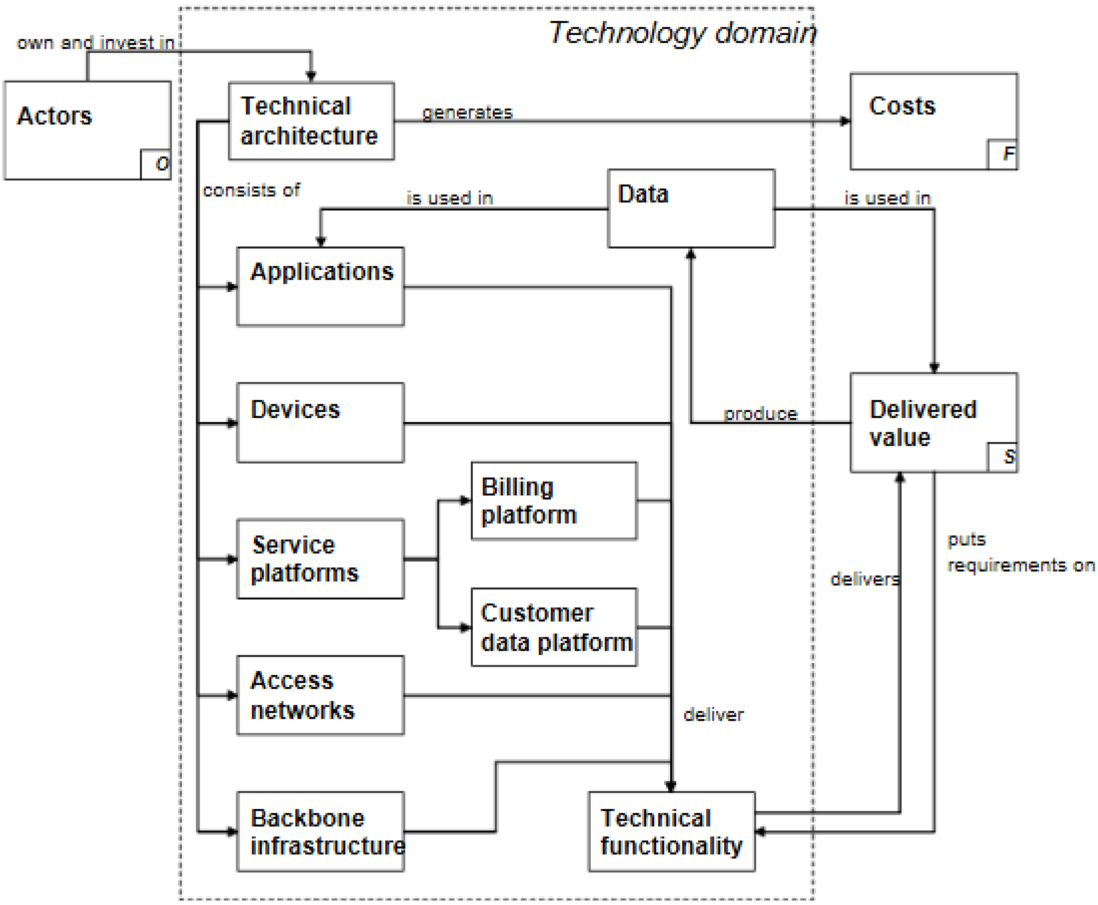

Figure. 5. Technology domain (Bouwman, De Vos & Haaker, 2008)

The technical design is affected by the actors or the organisational domain which have the resources and funding for the technical architecture. The actors can be for example partners that supply the systems. Usually technology has a high price which then comes out as a cost and therefore the technological architecture needs to be optimal for the products that are sold so the revenue covers the costs but still deliver the intended value of service. The technical domain is based upon the service domains requirements. The technical functionality which is affected by all the components of the architecture delivers the delivered value. To the technology domain the data from the customers using the system are inserted by the customer when doing shopping and could be used for analysing the customer and what the customer bought. The customer on the other hand puts requirements on the technical domain to be able to deliver the products and services efficiently. (Bouwman, De Vos & Haaker, 2008) In example a slow web shop could lead to several consumers leaving the page before purchasing the products while an increase in network speed would have led to higher revenue.

Marketing and interaction between companies and customers have become deeper as the marketing is less mass-media. Companies create ways for the consumer to interact with the service, web site or mobile to create more value and a deeper relationship. The companies create places for customer communities. There are also challenges with the development of web sites and mobiles. The customers have more platforms such as forums and social media where to share their experience with the companies. (Kotler & Armstrong, 2010) Social media is a place to connect with customers as the customers are already there. (Halligan & Shah, 2014)

3.3 Organisation domain

The organisation domain contains the resources which are a key factor for technology domain for funding the systems, service domain for marketing and finance domain. The organisation consists of several different types of actors, which influence in the organisation in several different parts. For example, actors can be investors or technology providers which give the company value by adding the value of their own area of expertise. Even if it is only one company that is selling the product, they possibly need to work together with others to deliver the service. The help that could be needed for creating or developing the product would need experts from outside the company. In the book it is mentioned that there are several kinds of resources; the resources can be knowledge-based resource, physical human and organisational resources, and financial, technological and managerial also property-based resources. The need for a company to gain knowledge for a new way to deduct a service can be needed. This can be achieved by putting the company's employees on courses or easier to buy the knowledge from outside the company. (Bouwman, De Vos & Haaker, 2008) The organisational structure is essential for the business model to achieve the value proposition to the customer. (Foss & Saebi, 2015)

For a company to make an alliance with other companies leads to that all the parties should gain value from the deal. When an alliance is working as it should, it should generate value for end-users. Depending on the relationship, the companies may only deliver each other knowledge and information, or they can go as deep in the relationship to split revenues and costs, both companies should achieve value for the relationship to work. The partners that are financially involved are the core of the network while supports are usually having a lower commitment; the support partners are sort of delivering a service for the core structure. For the organisational domain the core idea is to find partners that enable the service delivering for the customers in example content developers, internet access, software, billing, support and management. Technology may also be a key factor when developing services for mobile services as partners (Bouwman, De Vos & Haaker, 2008)

The design of the organisational model has seven boxes which can be seen in the figure below. The actors are a part of the value network. Actors are in example companies or people that have resources or capabilities. Value activities on other hand participate in the delivered value. An actor can be a structural partner which is a core partner, contributing partner or a support partner. From these three the structural partner has a higher role on affecting the outcome value activity. (Bouwman, De Vos & Haaker, 2008)

Value network is a network of partners working together with interactions and relations and through organisational arrangements generate value. Value network is a box for describing the social and technical resources of organisational domain. The interaction between partners and actors in a value network is important for the model to work. If the interaction becomes close the commitment becomes huge the actor might become a strategical partner and the interactions grow into a relationship between the actors.

(Bouwman, De Vos & Haaker, 2008) Value network from a marketing point of view is the value chain, which includes all the partners in example suppliers, distributions to the customer. (Kotler & Armstrong, 2010)

For a collaboration work the partners and actors need to work together and share information. A partnership without open discussions may not lead that far. A normal way of preventing information flow of being drawn back or one of the actors hides the truth, the partners may make legal contracts and monitor along the way that the partners work as agreed. Usually such agreements have a point of compensating the damages done if the agreement is violated. (Bouwman, De Vos & Haaker, 2008)

The organisational arrangements are an outcome of the negotiations between actors for agreeing upon collaboration. The agreements might be made in contract form where responsibilities and activities are written down and signed by both companies. If there is something to change on the agreements it should be discussed between the actors. The belief of that the actors do what they are promising to do is one thing but have a contract is a safe plan if the actors are getting opportunistically. (Bouwman, De Vos & Haaker, 2008)

Resources and capabilities have an influence from the technical domains technical architecture where it is defined how the technical part is built. The technical capabilities help creating value through value activities. However, the actors and partners that do funding have resources as well as capabilities if it is in the knowledge form or the partners have systems that are used for creating value. The actors again preform activities to create value and might put requirements on the technical architecture. (Bouwman, De Vos & Haaker, 2008)

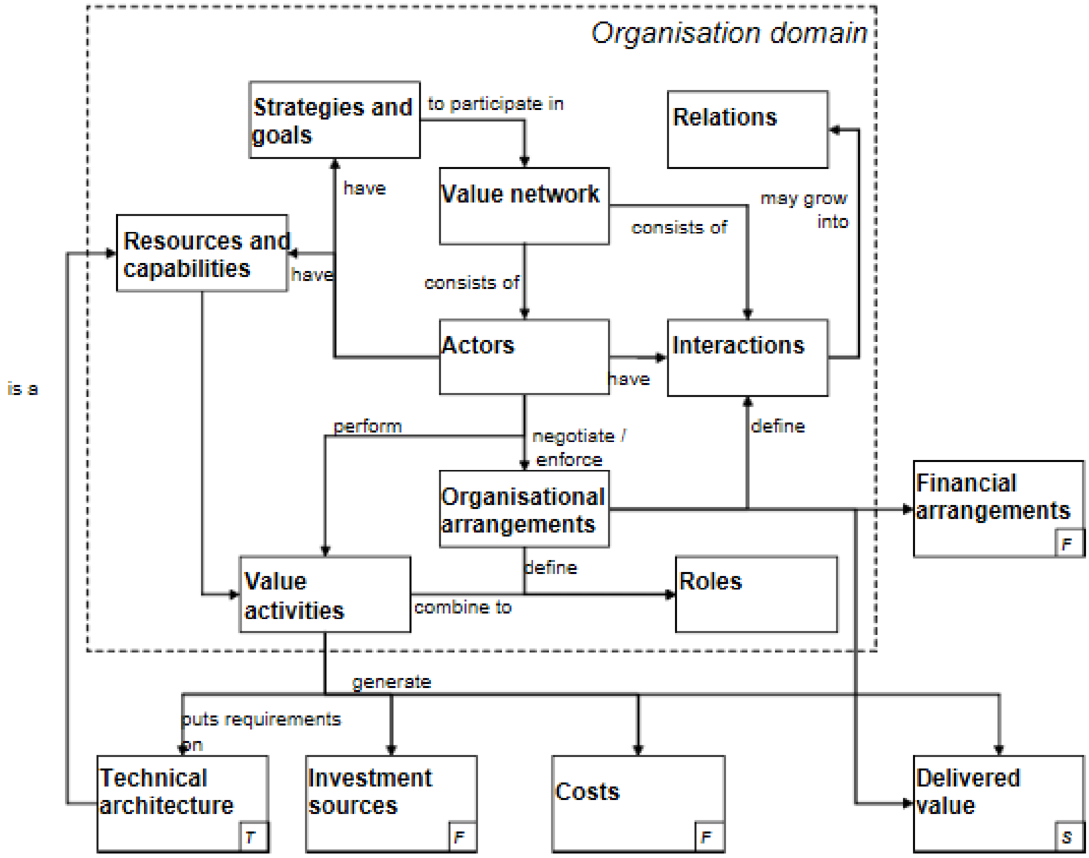

Figure. 6. Organisation domain (Bouwman, De Vos & Haaker, 2008)

Together the parts of the organisation domain are about the company's resources and creating network value through partners and organisational arrangements. The organisational domain affects the financial arrangements from the finance domain due to the cost and revenue split from actors as well as investment resources by funding's. The goal is apart from creating funding's to create delivered value for the customer. (Bouwman, De Vos & Haaker, 2008)

3.4 Finance domain

On the view of finance domain, the main key of the organisational domains consists of the actors to create enough funding are for the financial resources. When developing a new product, the researches must be done to make de investment decisions. Main points for doing the decision to invest are that the product should at some point become profitable. Therefore, there are four points that affect to the decision. First one is costs, which should be investigated by the company. Costs can be fixed and variable, and mostly when providing services, the base and technology for the service is used for several products, which then splits the costs. (Bouwman, De Vos & Haaker, 2008)

For possible revenues the ways of gathering it should be investigated. There are several revenue models and one which is represented in the book is as following (Bouwman, De Vos & Haaker, 2008):

1. advertisement-based
2. transaction-based
3. subscription-based
4. license-based
5. based on utility

When having revenue model set and calculated the costs, the risk is a factor that could be a show-stopper as it usually makes the costs higher or there would not be a revenue stream. While gathering risks, it is important to go through all the scenarios that could happen from past and future also follow up what other risks have been realised in other companies. An example of a risk could be the uncertainties that a partner could build a proper system for the deliverance of the service is a risk. The risk mentioned in the example is a normal one when trying to build something that is not yet on the market and could be using new technologies. (Bouwman, De Vos & Haaker, 2008) From own experience new technologies usually can work as a single unit system but when going to technical integrations they might lead to trouble.

It could be an easy choice for the consumer if there are two similar products to choose the cheaper one, if the expected value is the same. The expected value can be increased by marketing aspects. The pricing has also different strategies in example long term and short time targets. Products could be sold short term for a high profit. When choosing a revenue model of transactions, the customer can pay for each download. (Bouwman, De Vos & Haaker, 2008) This was more common for music a few years ago before the online streams came to the market. The streaming again is using a pricing method of subscription. A subscription-based payment is where a customer pays for a service and may use the service for the time the customer chooses for. Event-based payments can be used as the name says for events. Examples I have been paying event-based payments on are boxing matches where you can watch the match live and pay a small fee for it.

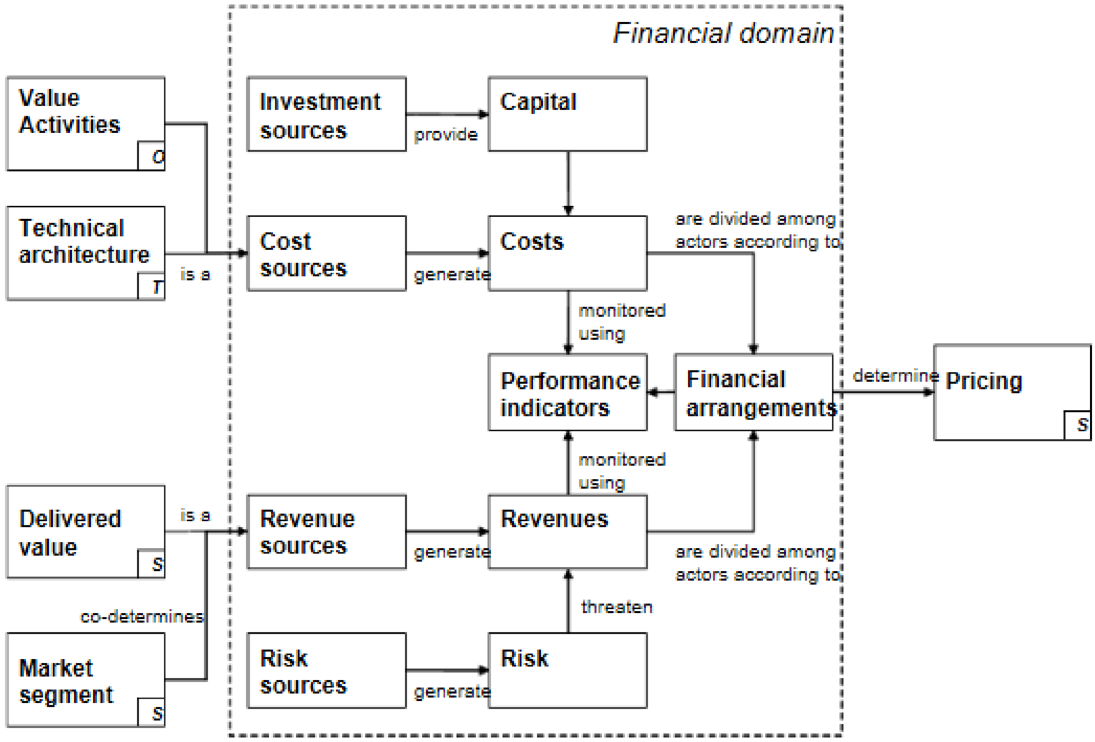

Figure. 7. Finance domain (Bouwman, De Vos & Haaker, 2008)

The design of the finance domain is based on seven variables. Investment sources are decided in the organisational domain of the actor's investments and funding's. Cost sources are made from the technology architect who holds all the systems used to provide the service. When a service is launched, and the services are selling and providing delivered value to the consumer it then becomes revenue. When thinking of revenues, the risk is always a factor. The risk rises in the other domains as in example a rise of cost of technical architecture. Risks have a straight impact on the revenues. Most seen outcome from the financial domain is the pricing as all the costs and revenues including risks are analysed and calculated to match a price which would lead the company to be profitable. The financial arrangements box is where costs are divided by actors and the revenue is divided by actors depending on the interaction and agreements. (Bouwman, De Vos & Haaker, 2008)

3.5 Building of STOF with a view on e-commerce

One of the important parts when starting to build the STOF business model is to identify the key success factors and the critical design issues. Critical success factors are critical design issues which affect the value created for end-user and value created for service providers which can be seen as an outcome on Figure 1.

Business models are dynamic due to the designing of them to work in a changing environment. (Bouwman, De Vos & Haaker, 2008) It is easier to plan a future way of doing business once one understands the current situation and simplifies the ways of measuring the business. (Osterwalder, Pigneur & Tucci, 2005) Incidents such as changes in laws, technology development and trends lead to that the business model has to be able to adapt. A business model has the different modules as example STOF having four main domains which each contains lower modules, as one of the smaller module's changes it might lead to that the other main domains are affected. The model should be able to change in big picture even if major changes would come. (Bouwman, De Vos & Haaker, 2008)

Business models are usually seen having a life cycle or phases. There are different kinds of phases but on that the marketing affects most is the marketing perspective. Phasing concept for marketing is the product life cycle. Products have a limited life time, meaning that the products will be sold and used for a period. Depending on the products life cycle the products sell at different stages. New products might not sell directly a lot if the brand is not well known but after it gets known the products sells more. Products that have been longer on the market can have a decreasing sale due to the products life cycle. Stages that are used for marketing perspective are development, growth, shake-out maturity and decline. (Bouwman, De Vos & Haaker, 2008) Iterative view instead of linear view, the difference in these two views are that iterative is a cycle that goes around several times during the life span instead of a linear view that is more of a life line of the products. During iteration the product can enhance itself and become better leading to the product having a longer life span.

3.5.1 Dynamic business model STOF

STOF model summarizes the external factors such as influence of suppliers, customers and competitors, technology drivers, innovations and regular drivers as market drivers. (Bouwman, De Vos & Haaker, 2008)

As mentioned earlier the difference in a dynamic and a linear view of models is that dynamic can go backwards and affect and approve the process. Mostly the marketing aspects such as the customer and competitors' behaviours are affected in the market driver. Below in the STOF dynamic business model there are three phases called Technology R&D, Roll out and Market. Before each phase there are external factors that affect the building of the business model itself. (Bouwman, De Vos & Haaker, 2008)

In the first phase of development all four modules bases are made. After the technology factor in roll out, the competitors are aware of the new business model, products and the possible legal issues are raised which could impact the model and change it. There is also a possibility for competitors to start copying the products which then raises a pressure for the company to change the model and possibly sells the product cheaper or changes the product to better one or advanced one. Market changes have less effect on the business model itself as it is not a must to change the business to work compared to possible regulatory changes. The regulatory changes the company must coop with in a way that they don't break the laws or regulations. (Bouwman, De Vos & Haaker, 2008)

Once the product and business model are rolled out it is important not to stop the innovation but to continue so that there is scalability. Marketing affects the scalability with the branding and marketing of the product. Also, the technology part of the service and product can enhance the selling and improve the product. (Bouwman, De Vos & Haaker, 2008)

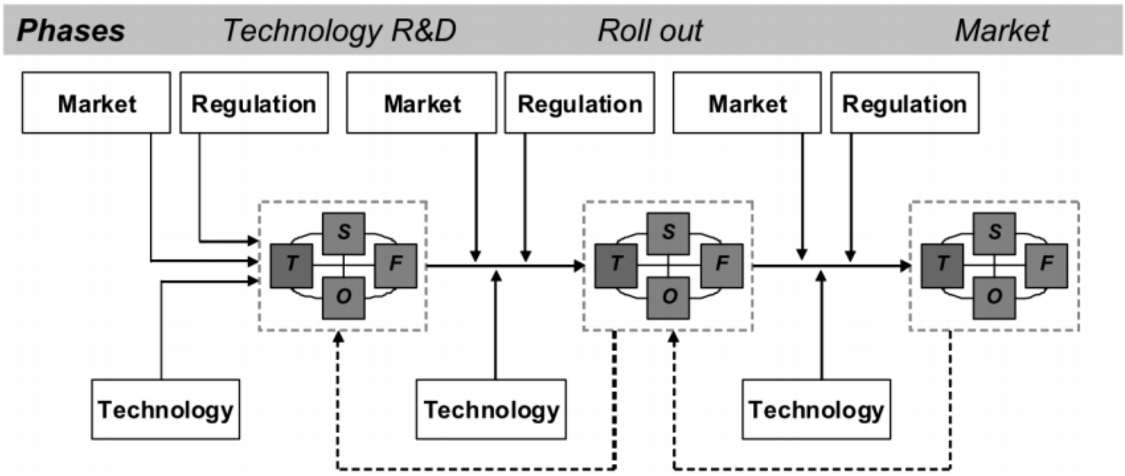

Figure. 8. Dynamic model (Bouwman, De Vos & Haaker, 2008)

During the Market phase the competitors are enhancing their products or new competitors enter the market due to that the product our company rolled out is capturing customers. During this phase the regulation is more to check that if there are any changes in them the company can react. During this phase it is more of maintaining the level of operations and doing updates if necessary. The updates in this phase are to be more able to deliver the customers delivered value and keeping the customers satisfied. If there are some problems in the technology, it can be fixed so the business can continue. (Bouwman, De Vos & Haaker, 2008)

In the market phase the financial module is checking that the revenue is on a good level and if there are issues in this the product pricing can be checked or seen if the business can save on some parts example organisational changes. Organisational module checks that the organisation is working efficiently to maintain the current state. (Bouwman, De Vos & Haaker, 2008)

3.5.2 STOF designing elements

Service, technical, organisational and financial domains are all connected. STOF is build based on the critical design issues and they are linked to critical success factors. First, the different critical design issues will be reviewed as they are building blocks of the model and to gain a better idea of how the business model is built as the critical design issues will be used when building the model with the critical success factors. Each domain of the STOF has different critical design issues, which is described below and opened specifically on the marketing part. (Bouwman, De Vos & Haaker, 2008)

3.5.2.1 Service domains critical design issues

Critical design issues for service domain are targeting, which is to choose a suitable target group. This critical design issue is linked to the segmentation of the customer. I will describe the market segmentations in chapter 4. The science of picking the right target market and relationships to generate profit is called marketing management with the aim to find, attract, keep and grow with creating, delivering and communicating. When the company decides the target group, the company choses which segments from the market segmentation would affect them. (Kotler & Armstrong, 2010)

When planning a product to be sold online or through mobile it is important to think about who will use the service. All services do not suite everyone. To be able to make the most of it, it is important to try to capture the key customers and make a product that serves them well. (Bouwman, De Vos & Haaker, 2008) Market segments are to define the target group of people as a product cannot deliver the expected value to everyone so the market must be narrowed down. (Kotler & Armstrong, 2010) When consumers buy products online or through mobile one key factor is the psychographic segment and the lifestyle. (Bouwman, De Vos & Haaker, 2008) A marketing segment is a group of people who share the same need and interest. To conduct a segmentation for one's product you can gain a better understanding of who would be a potential customer group for the products. It would be ideal if the products could be sold to everyone, but all humans are different and have different needs. Through segmentation the company can plan the products to suit the consumers at a better level (Kotler & Armstrong, 2010)

When researching for the target group, smaller companies' budgets may not allow them to run significant analyses. The tracking of needs and wants of the customers are important and the changes to it. Even smaller surveys done, or observation of customers done by the smaller companies is a better way than not research at all. (Kotler & Armstrong, 2010)

In marketing it is of help to direct the marketing to a specific customer group. In direct marketing the company can put more effort on potential customer groups instead of spending money and time on customers that won't buy or use the products. While gathering information of potential groups there are the needs to review the privacy and security of the customers which will follow. (Kotler & Armstrong, 2010)

The second key figure of critical design issue is the creating value elements, which is the part where the process should work for the customer to do the shopping's easily and can find customer help if there are any issues. In this phase it is important to indicate the customer experience that should be positive for a product to be successful. (Bouwman, De Vos & Haaker, 2008)

Third critical design issue for service domain described in the book is branding. Branding is closely related to marketing. Brand is the first impression that the customer gets from the product and the company which affects the perceived value of offers. Branding is a marketing tool which helps the company to be noticed and continuum of selling products. (Bouwman, De Vos & Haaker, 2008) To give a positive image of the company is important for the consumer to feel that the company is trustworthy to buy from. A good brand gives the product a higher value. (Chaffey et.al., 2009)

Fourth critical design issue described is customer retention. With this issue it is described how to keep the customer satisfied and could use the product or service again. It is an important marketing tool to be able to keep the customer using the service and thereby gain more customers as the word spreads. (Bouwman, De Vos & Haaker, 2008) One of the main goals is to create value for customer and keep the customer satisfied. A customer that is satisfied through the delivered value may buy more of the products but also spread the word of a good company. A satisfied customer can be a marketing stream of getting new customers to buy the products. (Kotler & Armstrong, 2010)

3.5.2.2 Critical design issues for technology domain

Critical design issues for the technology domain are security, quality of service, system integration, accessibility for customer, management of user profiles.

Customer's security has been lately a hot topic about the person's privacy. Consumers buying online through mobile or internet there are a lot of data to be entered for being able to achieve the value, service they want. This information is everything from social security number, contact information to credit card number. This has led to a world where younger people are made more aware of the privacy issues. When analysing data that affect the privacy, there might be people who do not feel comfortable with it, and some find it useful for the companies to dig into what to offer people next. Companies usually create privacy principles for consumers to read what data is gathered and how it will be used. (Kotler & Armstrong, 2010)

In Finland there are laws concerning the data privacy and how one may use the data. In 2018 the European Union gave a directive for data privacy named GDPR, general data protection regulation. This activated companies to check their data bases and systems that they fulfil the regulation as the punishment is hard.

"EU data protection rules guarantee the protection of your personal data whenever they are collected – for example, when you buy something online, apply for a job, or request a bank loan. These rules **apply to both companies and organisations (public and private) in the EU and those based outside the EU who offer goods or services in the EU**, such as Facebook or Amazon, whenever these companies request or re-use the personal data of individuals in the EU." (European Union website, 2019)

According to the citation above the data of Europe's citizens must be maintained accordingly even if the consumer bought from a company outside of Europe. According to GDPR it is said that the companies should not store information that is not necessary for the relation of the customer and the company. The company has also obligations to store some information due to laws such as employee information of 10 years due to that the employee may ask in this time a new proof of employment. (European Union website,

2019) The need for the Europeans data to be stored inside Europe puts a restriction on the technical domain.

The regulation from European Union concerns the company and the consumer but there might be third party members who would be interested in the information in example hackers. It is quite common to read on the news that some services log information's have been stolen. The company must ensure the consumer that the information given will be safe and will not be used wrongly, and if there would be a breach or theft the consumer should be notified of any data that has been given into wrong hands.

Overall the mentality of thinking twice before adding personal information has increased. Still the security and privacy of the personal information is concerning customers. (Bouwman, De Vos & Haaker, 2008) When companies do profiling of consumers for example 18 year old girl's buys often a specific perfume, the perfume is marketed to other 18 year old girls, and the consumer should have allowed the company to use the information for such a purpose. GDPR also gave the consumer the right to be forgotten, in other words if the consumer wants the company to delete all the data of the consumer, the company must do it if not obligated by laws to keep the data for a period.

One of the most pressing concerns is the privacy of the customers. The technology goes constantly forward to increase the privacy of the customers. Usually the customer must rely on the company that their platform is secure for the customer to insert all the necessary data. (Bouwman, De Vos & Haaker, 2008) The company may use a system as a service that helps the bank transactions to happen more securely.

The second critical design issue for technical domain is the quality of service. The quality needs good systems especially when thinking of services and products online and through mobile. For a good mobile application there usually is a cost for having the site in a good shape. According to the book there is a trade-off between the cost and the quality as quality usually costs more to achieve. (Bouwman, De Vos & Haaker, 2008) The perceived value is the perceived benefits divided by sacrifice, where the sacrifice is the cost. The quality of a good web site and a way to deliver the service has an affect on the perceived value. (Zehir & Narcukara, 2016)

Third factor for technical domain is system integrations. This part is the one where the product or service that is going to be delivered to the customer must be built on the existing system. Questions around this part are that are the current system enough or can they adapt for the new product. Old legacy systems may be hard to modify to match the new needs. (Bouwman, De Vos & Haaker, 2008) Nowadays, the systems may be cloud based and are much more adaptive for new products. However, cloud-based systems usually are difficult to modify as they are usually not configurable and there might be new systems needed to deal with changes.

Fourth part of technical module is the accessibility for customers. To have products sold to the customer the systems and shops should be easy and clear to use. This might affect on the choices of the system platform. The systems should also be accessible for the customer whenever the customer needs it. (Bouwman, De Vos & Haaker, 2008)

Fifth critical design issue of the technical domain is management of user profiles. How should the users be managed and what information is stored and used. The more information the company has of the customers profile the better they can analyse the data and deliver preferences and information of products that might be of interest to the customer. The profile has a lifeline in itself as it has to be created, used, maintained and the employee should have access to the profile as well as the profile should be able to be removed. The need for a privacy statement is also necessary due to the privacy laws and regulations, which is also part of the first critical design issue of the technical domain described earlier. (Bouwman, De Vos & Haaker, 2008)

3.5.2.3 Critical design issues for organisational domain

For the organisational domain there are four critical design issues, which are partner selection, network openness, network governance and network complexity. Partner selection includes the selection of correct and enough resources for realizing the service offers. When starting to do a design it is important to think of where the critical resources and capabilities come from. Content and funds are in example critical resources when asking the questions where the funding would come from. In the book there is an example to include existing banks into mobile payments or go forward independently. (Bouwman, De Vos & Haaker, 2008) Planning of a perfect service and a good technical platform is useless if there is not a funding that would pay for it.

Second one is the network openness which states how to open the network is for new partners. Some models can close and do not accept new partners and some models might accept new ones. In the book they mentioned about wall garden model, which is a model where new partners can join freely if they comply to specified rules. (Bouwman, De Vos & Haaker, 2008)

Third critical design issue is the network governance. This critical issue is where the partners come across to the customers are in the role of shaping the value and shielding the other partners. An example from the book is where business to consumer selling, the portal provider. In the network of customers, it is important to have customer ownership which is important considering the value network. (Bouwman, De Vos & Haaker, 2008) Example of an ownership of customers is a working support partner.

Fourth one is the network complexity. For a model to work efficiently it is important to have as little complexity of the company. Having a complex network would in example be that two people would work on the same issues when properly maintained and planned one person could sort the same issues itself. This would lead to a more enough working culture and would narrow the need of employees. (Bouwman, De Vos & Haaker, 2008)

3.5.2.4 Critical design issues for financial domain

Financial domain has four different critical design issues which are related to the pricing and revenue, risk dividing.

First critical design issues for financial domain is the pricing. Main factor of this is that the perceived value must be equal or greater to the price. The customer will not buy anything that is not worth the value. In this case there are other factors involved to make the expected value higher such as marketing and branding. Pricing can be used for generating market share by selling products for minimum revenue, however selling the products with low cost would be in the long run not that smart. (Bouwman, De Vos & Haaker, 2008)

Second one is division of investments where risk is taken into consideration. When launching something new to the market there is an uncertainty of whether the product brings return on the investment or will the product flop and become a huge cost for the company. Risk for a huge loss for one company can be minimized by dividing the cost to different partners. In the book it is stated an example where a company planned a game, but the game was built by another company that would gain revenues based on the usage of the game. (Bouwman, De Vos & Haaker, 2008)

Third of the critical design issues for organisational domain is the valuation of contributions and benefits. In this section it is planned how the different partners in the model have contributed and how the possible benefit and revenue would be divided among the partners. The goal is to achieve equal as possible for all the partners to be satisfied. (Bouwman, De Vos & Haaker, 2008)

Fourth of the critical design issues is the division of costs and revenues. The dividing of revenues and costs may differ in different cases. In some cases, the revenue may be split based on the transaction, in example a product, and the costs would stand on the partners themselves. Then there are cases where the partners split on the revenue based on some other factors in example viewers or users and the views would have a specific value. The dividing is case specific, and one way doesn't work for all cases. (Bouwman, De Vos & Haaker, 2008)

3.5.3 Critical success factors

Now when gone through the critical design issues, next would be the critical success factors. Critical success factors are the customer value creation and the network value creation. As in figure 1 the outcome of the STOF business model is the customer value and the value for service providers. These two values lead to that there would be positive value to go forward with the model.

Value creation

One of the key indicators that has come up when reading about business models is that they should contribute to the creating of value. When thinking of creating customer value the compelling value proposition is a factor. As stated in the book a value proposition is the users gained benefits of a service. (Bouwman, De Vos & Haaker, 2008) Value proposition is either value or benefit that is promised to the customer for satisfying needs. (Kotler & Armstrong, 2010) The main point in this is to think of how to create value for the customer. Examples mentioned in the book that we went through earlier are the critical design issues creating value elements, branding and pricing. From a marketing perspective the creating of the value towards a customer or the customer thinks she gets value of purchasing the product or service is important. Value can be gained from competitors as well, but the company must come up with strategies to gain the trust of the consumers and gain a strong brand to be able to gain market share by selling. (Bouwman, De Vos & Haaker, 2008)

Secondly it is important to define the target group of customers. In chapter 4.1.1 I write about the segmentations of how to find the correct target group. While finding the target group there are also aspects of being able to reach out to that group. When we are thinking of mobile and internet selling it is important to make a product that can sell to people that use the internet. The accessibility for customers which is a critical design issue in technical domain is a valuable piece in this. This critical success factor is also closely looked at from the marketing perspective. (Bouwman, De Vos & Haaker, 2008)

Third critical success factor is unobtrusive customer retention. This success factor is about creating value with a working system that helps the customer to obtain and purchase the service. A service online or on mobile can be affecting the customer value negatively if it creates a negative experience. A slow system could be an example of a negative factor that could affect the customer enough and leaves the web shop or on other hand would not recommend the service to anyone or would not buy the service again. Critical design issue customer retention is affected by this factor as well as user profile management from the technology domain. The value of the service should be high enough for the customer to recommend it to others. (Bouwman, De Vos & Haaker, 2008)

Due to that services are delivered by mobile the technical domain has a huge role of the value creation for customer. The quality of the service should be good to gain value. The critical design issues that are related to technical domain have all an impact on the quality of the service and therefore on the value creation. The system has to be fast enough, should be easy to use and the security of the data given to the company have to stay safe for the package of the service to be acceptable. (Bouwman, De Vos & Haaker, 2008)

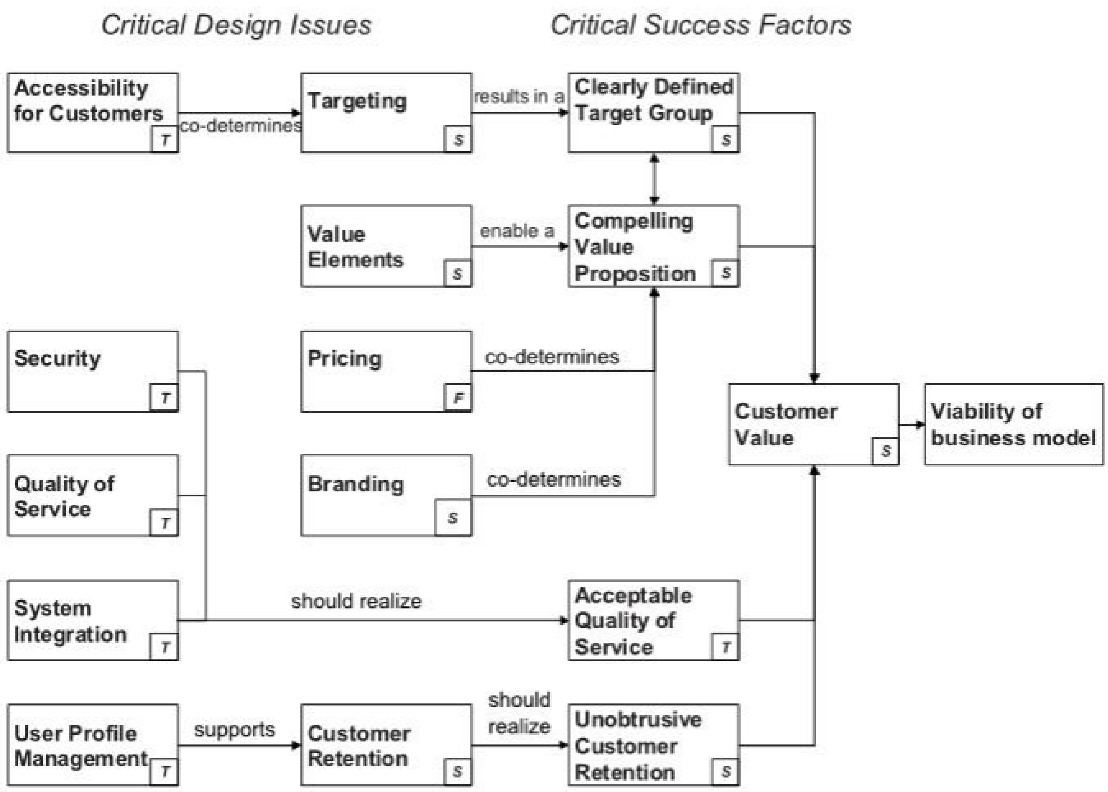

Figure. 9. (Bouwman, De Vos & Haaker, 2008)

The critical success factors for value creation to the customer are demonstrated in the figure above. All these four success factors have critical design issues affecting them which then leads to customer value creation. The critical design issues affecting success factors are from different domains but together they form the value.

Network value

Competitors usually struggle against other companies to gain interest and value also market share. Companies want to cooperate to gain more to create value towards the market. In example a new product that is not in use anywhere needs the customers to have interested in it. Some companies can start selling the product to gain more customers to buy the products and tell about the products to others and by this way gain more interest. For a good situation all parties should gain a win. To be able to achieve value for all parties the financial and organisational arrangements should exist. For a party that this would not lead to a profitable outcome would most likely not go for it. (Bouwman, De Vos & Haaker, 2008)

In the STOF model there are four critical success factors that affect the network value, these are the acceptable risks, acceptable profitability, sustainable network strategy, acceptable division of roles. (Bouwman, De Vos & Haaker, 2008)

Acceptable risks are a result of division of investments which is enabled by value contributions and benefits, both are critical design issues. (Bouwman, De Vos & Haaker, 2008) In other words the possible dividing of revenues enables the possible risks of acceptance in division of investment which then results into the acceptable risks. This means that may the risks bring high enough revenue and benefits. In some cases, the revenue is not the point but instead be the increased market share.

Acceptable profitability is close to the acceptable risks. The acceptable profitability is the factor of risks versus possible revenue. If the revenue and benefits of the service compared to costs and risks is high enough, the acceptable profitability is met. If the risk is way too high or the costs so high that the product would need to be done for a price that customer would not achieve perceived value, the product is not a good choice. (Bouwman, De Vos & Haaker, 2008)

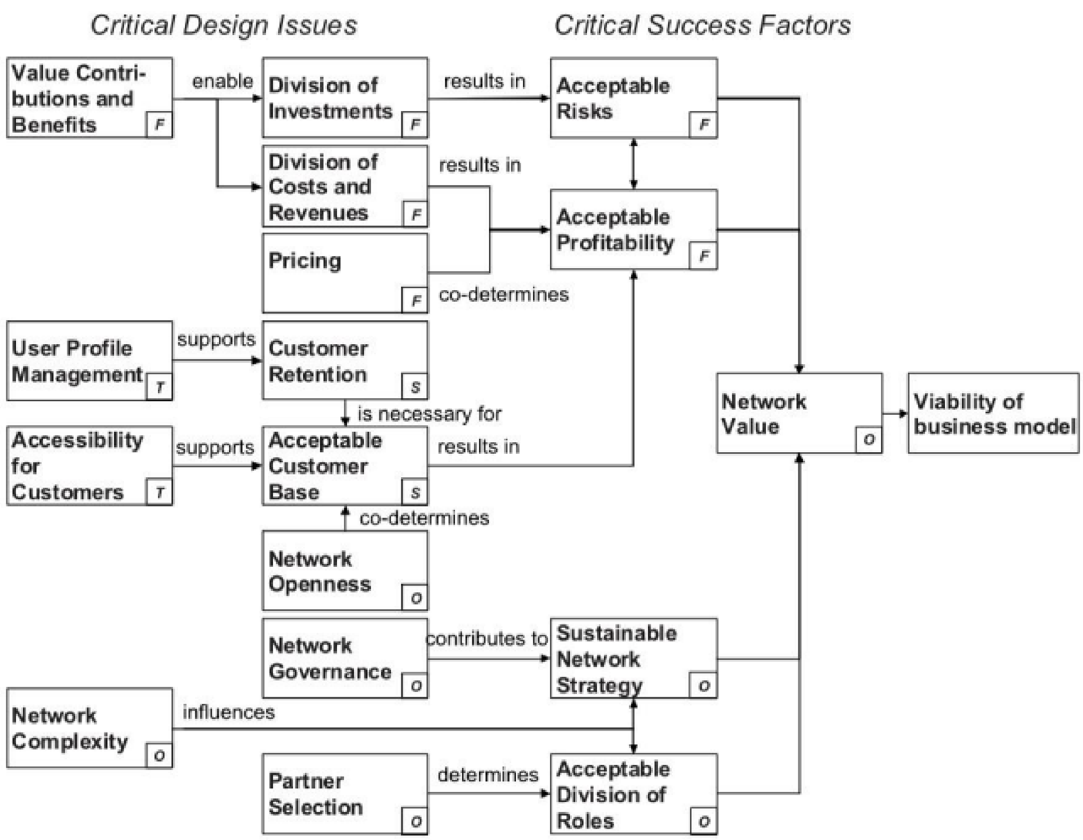

Figure. 10. (Bouwman, De Vos & Haaker, 2008)

Second critical success factor of the network value is sustainable network strategy. This is a factor affected by the critical design issue network governance. Acceptable division of roles is affected by the partner selection and network complexity critical design issue. The partner selection in this case is whatever to have resources from inside the company or outsource, might be as well in some extent the both. The choosing of partners and affecting the success factor depends on the value gained by outsourcing and cost effectiveness. (Bouwman, De Vos & Haaker, 2008) Some expertise could be a reason for a company to outsource if the company isn't interested in hiring own experts. Building of systems could be outsourced to consultants that have experience and would do the implementation and after that they could be as a help desk for user help.

3.6 Creation

When creating the STOF model there are four main steps, which are shown in figure 11. First one is the quick scan, which is an outcome from a service idea, where the business model is drawn up on a high level to view the service to become and the value proposition, value network, the technical architecture and financial model. Quick scan can be made through workshops and the base is discussed to answer all the open questions regarding a new service. In other words, a base line for all the domains of STOF which were opened earlier in this thesis. First domain usually handled is the service design as when creating a service for end users it is important to create the value proposition from a customer view. From a marketing aspect in this phase it is important to identify the possible customers through segmenting. Questions that arise for the service design are questions about why someone would buy it and what the value of it is. If the questions are answered the service has a possibility to increase value. When the value is defined, the technical, financial and organisational domains can be defined. (Bouwman, De Vos & Haaker, 2008)

Once service values are defined, the technological architecture should be planned to be able to deliver the value to the customer. During the quick scan of the technological domain, all the technical elements of the domain is lined. For a service to be perfect, the technology chosen should match the requirements from service domain discussions. However, the technology should be in line with the service in a case where it shouldn't cost too much for the service price to remain reasonable. Usually expensive solutions cost more, in this case the level of acceptance should be found to keep the expenses in line. Important questions in this stage are to realise the needed technology through requirements. Through this there is a possibility to count the costs for the delivery of suitable systems. (Bouwman, De Vos & Haaker, 2008)

Once there is a price tag for the technology needed through the service domains requirements to get to the proper value, the organisational setup can be made. In this case the actors are identified in example finding the proper funding partners or technological partners for knowledge. The value network can be set up to identify the needed activities and resources. (Bouwman, De Vos & Haaker, 2008)

When the value, partners and technology is chosen the financial arrangements can be discussed. In financial of STOF there are two factors, one consists of costs, risks and investment and the other one is revenue. For an investment to be profitable the possible revenues should exceed the cost and risks of the services. Even if the revenue would be good enough, the service could include several actors or partners they would share the revenue. There are different ways to share the costs and revenues which could influence on the decision. For all partners it should in the end be beneficial to enter the model. As stated in the book the quick scan should be more used for the other three domains and keep the financial as high-level detail. Once the financial quick scan is done the quick scan step is completed after the four domains are checked that they could work together. (Bouwman, De Vos & Haaker, 2008)

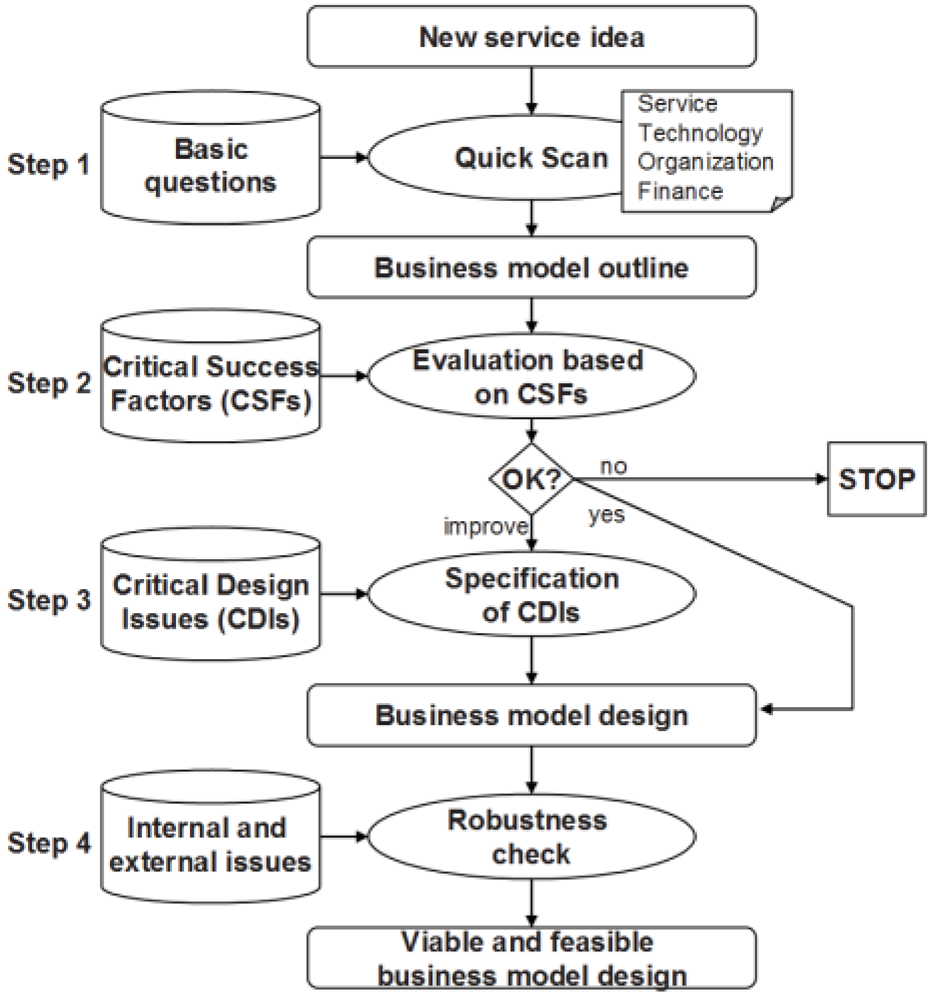

Figure. 11. Design steps in the STOF method (Bouwman, De Vos & Haaker, 2008)

When the company have found their critical success factors, the base line from the quick scan is evaluated based on the critical success factors. Two main points of critical success factors is that the model should create value for customers and the partners. As earlier stated, the critical success factors are based on the critical design issues and before going into step three the business model is evaluated if go forward or stop. This step is to identify possible errors in the business model so far that it could affect the value creation and would lead to amendments of the business model created so far. The amendments should be done as if this step is not passing the critical success factors, the critical design issues would not be fulfilled. This is the step where the quick scan can be modified based on the success factors. (Bouwman, De Vos & Haaker, 2008)

If the step 2 is accepted, the critical design issues are involved in the model, or the business model design is created without involving the critical design issues. Critical success factors are evaluated based on some of the critical design issues. In step three the design issues are in a deeper level involved of the creation of the model. Critical design issues can be the discussions of the involvement of partners. Some of the key critical design issues are already handled in the critical success factors, the other key critical design issues are handled in step 3. (Bouwman, De Vos & Haaker, 2008)

The method used in step 2 and 3 may be an iterative process and define and modify the model until it is good. With iterative process is meant and process where the company can go through step 2 and 3 and go back and forth for finalizing the model. Problem with an iterative model is that a model can be modified and defined extremely deeply, and it may take time until the model is 100 %. When working on a business model it is easier to find out and take out parts of the service or stop the service from going forward if it is found out that it would not create enough value or revenue. (Bouwman, De Vos & Haaker, 2008)

Fourth step is to evaluate the business model for robust check to find and issues with the planned and involving the external influencing aspects. In this step it is also checked that the four domains work together, sort of an end to end evaluation. (Bouwman, De Vos & Haaker, 2008)

4 MARKETING

Marketing's purpose is in a big picture to make profit out of customer relationships by creating value for the customer and thereby gain value through example revenue from the customer. Marketing is the part of a business process where the business is mostly involved with the customer. The goal for marketing is to attract more customers to fulfil the customer needs, create needs as well as retaining the customers to consume again. The way to do marketing has evolved during the past years from sending out advertisements to a mass of customers to more specified personal messages. Marketing has been a way to sell more and has changed to fulfil the customers need and make the customer satisfied, in other words the marketing has become more customer centric. (Kotler & Armstrong, 2010)

4.1 Service domain marketing aspect

On the market for services it is important to know what the customer wants and to aim the marketing to the correct customers. For services the experience gained is important and below I will describe a few tools for companies to use such as customer-driven marketing and marketing mix as well as branding as these all strives to create more value to the customer. For the business model STOF as mentioned in chapter 3.5.3 the segmentation and branding are important for online marketing.

4.1.1 Value

As stated in chapter 3, the STOF is created to deliver value to the customer and the service providers and in chapter 3.1 marketing is based on the customer needs, wants and demands. Basically, the need is just a need, but the customer's specific need becomes a want based on the personality. When selling services, the customer has a need of a service like the one the company is selling but based on the want, which can become a demand when there is a mass of customers that needs the products, the service must meet all the wants. (Kotler & Armstrong, 2010)

Value may be seen as the benefits gained divided by price and effort. The benefits should be high enough for a higher price with a lower effort of obtaining the product. (Lopez, 2014) This also affects the buying online where it should go seamlessly and easy for the effort to be as low as possible.

$$\text{Value} = \frac{\text{Benefits}}{\text{Price} + \text{Effort}}$$

4.1.1.1 Experience

Products can be a physical product or a service and possibly a combination of the both, as in chapter 2.3 the product can be anything sold to the customer. Service on the other hand usually isn't a physical product and is based on the experience the customer gains, in other words the customer has a need and a want for a specific experience. Companies that use experience in marketing are selling much more than just the product in itself. (Kotler & Armstrong, 2010) A product has a core product which is usually in a service product the service in itself. The service has the experience in centrum to fulfil the customers need and want. The customer seeks to gain the experience value of the service and if this is met, the customer is satisfied. However, for the customer to buy the service again needs the service to be above the expected value. The service as the core product may have side products to help this to be achieved. A side product can be in example popcorn on a cinema. Also, the room where the service is experienced has an impact on the gained value in example the customer service attitude and success. From a marketing aspect the room may be more valued if it has a history or a story behind it. By a good story the experience may be higher. A good story may higher the value of the product and the company. (Mossberg & Johansen, 2006)

4.1.1.2 Buying process

Figure. 12. (Kotler & Armstrong, 2010) buying process chart

For marketing it is beneficial to know how the customer is conducting the buying decisions and may use the information to enhance the company's marketing. When planning a product, the buying process gives the idea of stages, which must be reviewed to have them in place before launching it. In the buying process chart, for a customer to purchase and retention to the company, the whole flow should go through as in Figure 12. For a customer to start the buying process, the customer must have a need. The need may also be stimulated through external triggers as marketing. Once the customer has a want, the customer starts to search for information about the needed product. Once the consumer is in the evaluation stage, the consumer starts to compare different alternatives and compare the expected values and costs of the product. In this stage the branding is initiated to higher the expected value of the product. In the purchase decision the consumer choses the brand. After the product is bought the marketing job is not finished as then starts the retention of the customer, creating a relationship. (Kotler & Armstrong, 2010) The internet has affected the buying process in a way where the customer can analyse, compare and gain knowledge from peer-buyers if the product and the company are good. (Tonkin, et.al. 2010) The internet has made the consumers wanting the information immediately when they want it, meaning it should be at hand any time. (Meerman, 2017) Even if the customer bought the product doesn't lead automatically to retention as the value gained should be at least as the expected value for customer to be satisfied.

Moreover, the buying process to recognize the need of the customer the company should also analyse the company, suppliers and the competitors to have a full picture of how the market for the specific type of product has. (Kotler & Armstrong, 2010) As stated in chapter 2.3 the company should analyse the competitors to be able to provide the customer's a more luring product as the perceived value should be higher to gain the interest of the customer. As stated in 3.5.2.1 companies should do market research with data to find the possible opportunities, however small and medium sized businesses should conduct smaller research by example browsing through the competitor's websites and observing why your product could be better, or what side products and services you could provide in a better way such as faster delivery or free return.

4.1.1.3 Customer-driven marketing

One of the critical design issue in service domain is the segmentation as stated in chapter 3.5.2.1, which is also an important tool for marketing as companies know that they cannot sell the same product for everyone. By researching and finding the right segments for the product the company can do more target marketing instead of mass marketing. This is shown in figure 13 where the company needs to divide the segmentations and by targeting choose the correct customer groups for the company. On the other hand, the company must differentiate from the competitors through research as mentioned in chapter 4.1.1.2 and from there find a desirable position for the product on the market. These four parts then creates value for the correct consumers. (Kotler & Armstrong, 2010) With the customer segments, the company may know what the different type of customers are looking on the internet and which group would be interested in the company's product. (Chaffey, 2014) With segmentation the company may direct the resources more efficiently. Through differentiation the company can stand out from competitors and in the mind of the consumer this specific company's product is better and fulfil the need better. (Lopez, 2014)

Figure. 13. Designing a customer-driven marketing strategy (Kotler & Armstrong, 2010)

From these four the segmentation is the first and impacts the selling over mobile and web. Below are geographic, demographic, psychographic and behavioural segmentations briefly explained.

4.1.1.4 Segmentation

Geographic segmentation includes an example country, cities, states. The geographic segment can be narrowed down to different areas or it can be adapted differently to different areas. (Kotler & Armstrong, 2010) This could be used if the company sees it essential to concentrate on specific areas. As mentioned in section 3.5.2.1 the expected value from the product affects the buying behaviour, and if the geographical segment affects positively the buying behaviour for a product then geographic segmentation can be used.

In demographic segmentation the customers are divided by age, size of family, gender, revenue, profession, education, religion, entice, generation, nationality and social class. Demographic segmentation is one of the important ones when marketing through internet. Through demographic segmentation the company can direct the marketing based on the likings of the customer. (Kotler & Armstrong, 2010) The demographic segments such as age and gender may be easier to control when planning a product and targeting the product to a specific customer group. It is often that the products are divided for the users based on the customer's gender. According to Kotler (2009) the men wants more information of the products before buying them compared to women. In USA and Great Britain, it is around 75 % of the cases where the women make the final decision and when buying a car around 60 % of the cases where the women makes the decision. Information like this helps the company to make products that meets the customers who makes the decisions. Consumer needs change when they become older and need different marketing approaches to reach them. Even if marketing and directing products to different aged consumers, it is important not to stereotype as two consumers the same age may be in totally different life situation, which can be called age and life-cycle segmentation. (Kotler, 2009)

Psychographic segmentation is the one where customers are grouped based on the customers personality, lifestyle and values. Lifestyle is a pattern of the consumers living from activities in example work, shopping, sports to interests of food, fashion and opinions social, business and products. Due to that the products give value to the consumers; the values are differently ranked based on the opinions and interests. (Kotler & Armstrong, 2010)

In the behavioural segmentation the customers are divided into group's based on knowledge, attitude, usage or response of the product. It is usually women who make the buying decisions while the men search for the information and alternatives. Both parties have a role in the buying of a product but the both parties' opinions are needed to make the buy. Attitudes towards a product or a company can be positive or negative based on information they gained from several channels. For a company it is important to have a positive attitude to be able to make revenue on a higher level. (Kotler & Armstrong, 2010).

4.1.1.5 Marketing mix

The marketing mix is a set of tools to help the companies with how to influence the demand of the product. Marketing mix is also called "the four Ps" which comes from product, price, place and promotion. Product is the set of product and services that are offered to the customer, it may be a variation of solid products and services with together forms the product. Price is the price of the product which the customer has to pay to achieve it. Place is the place where the selling takes place, in physical stores example retailers or on different web stores. Promotion is the part where the company communicates and informs the customer about the products to lure new customers to the company. (Kotler & Armstrong, 2010) Price will be discussed in chapter 4.4.

As an extension to the four Ps to capture the customer's point of view for the service there is as well four Cs, which comes from Customer solution, customer cost, convenience and communication. When conducting marketing plans it would be good to go through the four Cs to get to know what the customer wants and move forward to the four Ps to create and enhance the company's business. As mentioned in the chapter 2.1 the human needs can go wants and if a mass of people want it becomes a demand. For a marketer the first tool to check the company's opportunities would be by creating a SWOT analysis and analyse the current company's strengths and weaknesses compared to the opportunities to create value for customers. SWOT is an analysing tool where one cans external opportunities and threats as well as the company's internal strengths and weaknesses, it is good to find the weak spots and the possible threat early so that they can be matched. (Kotler & Armstrong, 2010)

Based on the four Ps and four Cs which have been analysed with SWOT the company should create a marketing plan which should hold the strategy, in the big picture the plan should contain how the value is created for the customer and how the customer creates value for the company. Plan should withhold as well an action plan, budget and how to control that the plan is working. Once the plan is created it should be implemented and a perfect marketing plan needs a perfect implementation to work. For a marketing plan to sell more it needs to know how and what the customer wants to have. (Kotler & Armstrong, 2010)

Part of the marketing mix product part is the branding which is to give the product a higher expected value and to have the customer recognizes the product. Apart from the branding is the organisational marketing which is a way for marketers to change the attitudes towards the company and gain a positive picture. Even if the brand is set at a high level the products quality has to be good as it is closely linked to satisfaction and value of the customer. The term brand is a name, product, symbol or design that is attached to the maker and seller of the product. A product without a high brand would cost less than a product with a high brand. For the consumer a brand is also a way to identify safe and liable products and therefore the quality of the products should stay high. (Kotler & Armstrong, 2010)

Due to the brand a company may produce several different products but still sell more. A brand in other words can be more valuable than the assets of the company in itself as it can still sell even if it lost factories as they can be replaced. Brand is a key factor in the relationship between customers and companies. The brand name should say something about the products qualities, it should be easy to say and remember, name should be possible to registrant as in it shouldn’t be a copy of another brand, it should not be narrowed to one language especially if sold online. (Kotler & Armstrong, 2010) When a company does business online it should register a domain name and check that it is not taken. (Chaffey, 2014)

4.2 Technology domain marketing aspect

As stated in the chapter 4.1.1.2 the company should analyse the company in itself and in chapter 4.1.1.3 to be able to know what the company is capable of doing in the current state, also on the technological front. Technology is advancing in a rapid face which also puts a pressure on the products to renew them as there are new possibilities of better platforms on a yearly basis. It is often that the older technology is renewed by something new in example C-cassettes replaced by CD's and the CD's being replaced by online music streams.

4.2.1 Marketing platforms

The marketing has advanced from paper advertisement to online and mobile advertisement. Due to a growing number of people are using mobile phones it gives the marketers the advantage of a better direct marketing channel, which is a part of the marketing communications mix. The advertising could be conducted in apps downloaded by the user. (Kotler & Armstrong, 2010) Marketing channel or marketplace channel describes how the customer is delivering the value from products and services from the company. (Chaffey, 2014) Another new marketing channel could be podcasts and video services which example "tubers" share things about their lives and have thousands of followers. These “tubers” could be approached with the product and they could promote it in a test way and the followers would see this as a review instead of an advertisement.

4.3 Organisational domain marketing aspect

4.3.1 Value networks

As mentioned in chapter 3.3 the company needs to have a working value network with suppliers, providers and marketers to achieve a goal. Partners can also be from inside the company. Marketing must be examined in a more extensive way using the business model due to that the marketing is something that can be done by other than the marketers as well. Nowadays, when we have the web sites and electronically can be interacting with the customers, the need to have a broader view of marketing is necessary as the marketing is not only advertising. The customer value is created by coordination between all the company departments. (Kotler & Armstrong, 2010) Partners and value networks may also be business activities that are outsourced to third party companies to keep the business more effective. (Chaffey, 2014)

In chapter 3.4 from a marketing point of view the value network is a value chain from which partners create a higher value for the product. The organisational domain is in huge role when it comes the four domains as it puts the requirements on the technical domain, generates investment sources, costs and also influences the financial arrangements but through value network and value activities create delivered value.

When a company decides to sell a product, it may need help from suppliers to build the product or marketing channels of other companies to sell the product, this is a marketing channel which affects the costs and pricings. For a product to prevail on the market the company have to choose the right distribution channel as example if the product is something that needs to be tested before bought it probably should be sold by retailers but if it is a service that needs testing it could be sold directly by the company online with a short trial of use before buying it. When a company is engaged with other companies with marketing channels they usually are committed for a longer period, which would mean that if the company would sell it themselves, they would be more agile. For the choosing of distribution or platform the company should analyse what the consumer needs and want from the delivery. (Kotler & Armstrong, 2010) Nowadays there are many choices of choosing a system as a service (SAAS) where a third-party company creates an instance where the company can do their business online instead of creating systems themselves. (Chaffey, 2014) These however are deployed and maintained by the third-party company which means it should be seen as a partner.

For a larger company the choosing of delivery channels have a huge effect on costs as if they have several manufacturers the delivery channels may be multiplied instead of the manufacturers would send all the goods to one distributor who sends them forward. (Kotler & Armstrong, 2010) However, for a smaller SME the channels are less and therefore the need for a distributor would be for their expertise and contacts instead of the mass.

4.4 Finance domain marketing aspect

In chapter 3.4, Figure 5, the finance domain from STOF has an outcome of price. Below I will describe two factors that affect the pricing; one is the product life-cycle which affects the business decision to enter the market with an investment and the knowledge of that the product will not last forever. The second one is value-based pricing.

4.4.1 Product life-cycle

As mentioned in chapter 3.4 the products have a limited time of when they are in use in other words they have a life cycle from development to when the product won't be selling anymore. When launching a product to the market the company should have calculated that the time and effort put into the selling and building of the product will be gained back from the revenue, however the length is not known in advance.

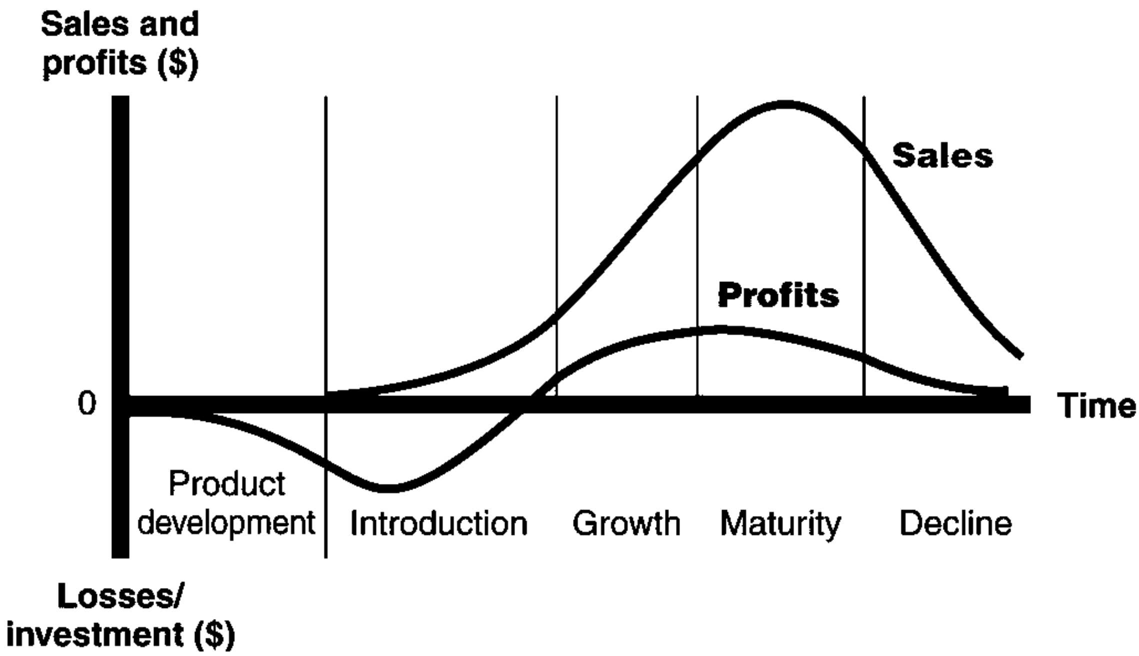

Figure. 14. Product life cycle (Kotler & Armstrong, 2010)

As show in the figure above there is a lost while developing and creating the product before it is launched and introduced to the public from after the product starts to achiev sales and it creates profit. The company invests in the beginning of the life cycle and may be a risk if the product doesn't go to the market or it doesn't sell. In the first stage there is a need to invest in marketing for the customers to find the product. There are also possibilities to affect the normal product life cycle for example strongly market the product or improve it and drive it back to the growth stage. The life cycle is also affected by competitors who enter the market with a better product, or they start to market their product in an efficient way. (Kotler & Armstrong, 2010)

4.4.2 Pricing

Price is the sum of money to be paid to gain the product. (Kotler & Armstrong, 2010) When having the costs and the revenue model, the price can be calculated to cover the costs and possibly make revenue. However, the price of the product should have to stay in a range for the customer to be eager to buy the product. If the value is not high enough for the product compared to the price, the product will most likely not prevail. When deciding the price, there are also the possible competitors that have similar products that have a price, that price should also be taken into consideration when moving on with the price. (Bouwman, De Vos & Haaker, 2008) There are different kinds of consumers where some buys only cheap products and some are value buyers where they seek the price based on the benefits. (Lopez, 2014) Nowadays the customers can compare prices from different companies easily through the internet which makes a pressure to have the correct price for the product (Tonkin, et.al. 2010)

Figure. 15. Considerations in setting price (Kotler & Armstrong, 2010)

According to chapter 3.4 the value should be kept in mind when pricing the product for a mobile or web service. Once the cost is known for the development, marketing and the production of the product the price can be set based on the costs and this would be as in figure 15 the lowest possible price to sell it for. However, when knowing through research and surveys the customers idea of the price and how much the customer would be ready to sacrifice for the product as mentioned in chapter 3.1. The price ceiling would be the highest price anyone would buy the product for. These would be considered with the marketing plan and the mix to settle a price that is suitable for the product. The way of doing pricing like this is called Value-based pricing and the goal is to set the price for the consumers' perceived value. (Kotler & Armstrong, 2010)

4.5 SME view

For a SME to market online they have to take small steps. A company should first check that the information found for the company is correct on example the search engines. A good way for a company to deliver the information about the company is to establish a web site and after that take steps for doing larger marketing online. If the company have time to do marketing online they could get a higher presence online by updating social medias, which is a cheap way of market online. The company should market themselves more as a story and tell about what they do instead of plain advertisements to get customers to know them and then trust the company. (Tsai, 2013)

For SMEs there is an eleven-point list of success factors that help the companies to enter the markets (Chaffey, 2014):

1. Content, which covers the informational display of the products in an effective way.
2. Convenience, the website and applications should be easy to use.
3. Control, the organisation should plan an extent that they can manage.
4. Interaction, ways for the company to build relationships with individual customers.
5. Community, to create groups of like-minded people to interact.
6. Price sensitivity refers to the chapter 4.4.2 where the price needs to be assessed with a cap and a minimum.

7. Brand image, refers to chapter 4.1.1.4 where brand name and image is created and maintained.
8. Commitment, the company in itself should have a strong will to go online.
9. Partnership, refers to chapter 4.3.1 where the company needs partners for the supply chain and the marketing channels to deliver the products.
10. Process improvement, when a company changes the business processes it needs to be ready to change to a new way of doing business.
11. Integration, improvement with the partners to have from the current systems integrations to the partners systems to improve the processes.

By applying part of these eleven steps the company is closer to a successful company of marketing services online.

5 DISCUSSION

This master's thesis has discussed the small and medium-sized enterprises' possibilities for larger scale marketing by mobile phones and online. The study was made as a literature review. The business model framework that was chosen for this thesis is the STOF business model, which brings in the technology domain for broader access to analyse the business capabilities of digital tools for marketing on the internet. The understanding of how a company works is essential in order for the business to optimise the way it conducts business. As noted in the beginning of the thesis, a business model is used to describe how the company looks and should work as a blueprint to develop it. Once a business model is established, the company becomes more flexible for changing and reacting to obstacles.

A business does not work isolated from other companies. For example, a company must have partners for supply chains or marketing, and so it is critical for the business to have a strong network of partners. It needs to analyse its competitors to obtain a full picture of how the company can be better and achieve a higher market share. The goal of the business model is to create value for the customer and in exchange, value for the company in the form of revenue. For services, the value is important, as the company has an intended value for the product which is expected. The delivered value should be high enough for the customers expected gained value to be met which then becomes the perceived value. To make the customer satisfied, the perceived value should be higher than the intended value. Both business models and marketing strive to create value and a positive feeling for the customer to buy more in future or recommend the product to others.

The question of this thesis was to identify how small and medium-sized enterprises may benefit of using business model STOF from a marketing perspective. Due to often limited resources of a small and medium-sized enterprises the business model is a good framework to evaluate the current business and find the places of possible growth. The STOF business model points out the important parts of marketing when marketing digital services online. Even if a company have a perfect product, it will not sell unless the customers are able to find the company, however, the company must have a working process of how the company can deliver a digital service. An important part of business models and marketing is the value created and how the value is delivered versus what is the customers expected value. For the delivering of delivered value, the STOF business model have the technical domain, which works as a tool for the company.

In the STOF business model, the value is created in the service section. The technology domain is about creating the technical functionalities to enable mobile deliverance and marketing. The organisational domain has the resources and partner networks. The financial domain handles the investments which becomes capital, costs, revenue and risks, which together create the financial arrangements and sets the minimum price for the service. The tool for creating the business model is to identify the critical design issues and the success factors of the company.

The touch point of the business model for marketing is mainly in the service domain as well as in the critical design issues. For the value creation in the service domain, a few important aspects, such as the importance of experience on services and the buying process where the decision is made, have been reviewed. Furthermore, the marketing mix, which is a tool describing the “four Ps” used to evaluate and create a good product and the means of marketing it even on internet has been reviewed. The basic marketing tools, such as segmentation, are efficient when marketing digital services.

A small and medium-sized company can implement the business model which could trigger new ways of thinking and reacting to market needs. A business model is a good frame for continuing with marketing the products, as there are important parts enabling the company to deliver a service with a high delivered value, which in earlier stages is important for the company to prevail on the market. A company with poor delivery will not cope in the long run, as customers often actively discuss the products and companies online, which can ruin the company's marketing channel. This has led to companies becoming more customers centric and conduct marketing based on customers' wants and needs.

As mentioned in chapter 4.5, a small and medium-sized company needs to take small steps toward digital marketing. A small and medium-sized company that has implemented the STOF business model framework, as well as a marketing plan, is on the right path to gaining customers online. However, marketing online requires constant attention for it to retain its effectiveness, which means that new content, advertising, and social media campaigns need to be regularly updated. This necessitates the company having the ability to respond to changes quickly.

A company should be structured with efficiency in mind. Therefore, a business model could be used to understand how the business currently operates, what is missing, and to identify any possible redundant activities.

This study was conducted as a literature study. A case study could be conducted by using STOF business model framework in order to research the possible benefits on marketing. The study can help improve the usage of mobile marketing as it was used by only 12 % of the companies in 2018.

6 SWEDISH SUMMARY

Värdeskapande med användning av affärsmodell och marknadsföring vid små och medelstora företag

Introduktion

I denna pro gradu-avhandling analyserar jag hur små och medelstora företag kan använda affärsmodeller och marknadsföring för att sälja via internet och mobil. För att ett företag kan funktionera effektivt bör det granska sina processer och upptäcka delar av företaget som kunde förbättras eller avslutas. I avhandlingen går jag igenom grunderna för företagsmodellramverket STOF som är grundat av Bouwman, De Vos och Haaker. Denna affärsmodell är riktad till företag som erbjuder tjänsteprodukter via mobil. Affärsmodellen har flera förbindelser med marknadsföringen och påverkar hur företaget borde marknadsföra. Digitala tjänster har blivit allmännare och behöver därmed mer uppmärksamhet av företagen.

Små och medelstora företag har mindre än 50 anställda. Dessa företag utgav 58 % av den totala inkomsten av företagen i Finland år 2015. Samtidigt har 6,6 % av företagen i Finland över 50 anställda. (yrittajat.fi, 2019) Därmed har de små och medelstora företagen en stor påverkan på landets ekonomi och stor påverkan på marknaden. Enligt en forskning av Elisa Oyj, Suomen Yrittäjät ry och Prior Konsultointi Oy har de små och medelstora företagen i en större grad börjat utnyttja digitala marknadsföringskanaler. Endast 13 % av respondenterna använder dock mobil marknadsföring. Mobilen som marknadsföringskanal kan utnyttjas mera av små och medelstora företag genom att optimera processerna med affärsmodeller.

Affärsmodellen STOF med marknadsföring

Affärsmodellen STOF är en akronym av de engelska orden *service, technical, organisational* och *finance.* Affärsmodellen har fyra domäner varav varje domän innehåller mindre delar som påverkar specifikt domänens funktioner. Alla av domänerna funktionerar ihop och strävar efter att bilda värde för konsumenterna och därmed värde till företaget. (Bouwman, De Vos & Haaker, 2008) Såsom affärsmodellerna strävar marknadsföringen också efter att bilda värde för konsumenterna och företaget. Affärsmodellen har delar som grundar sig på marknadsföringen men beskrivs inte detaljerat och därmed är denna avhandling gjord för att beskriva de delar av STOF som marknadsföringen inverkar på. För att sälja via mobil och internet behöver ett företag ha en teknisk arkitektur antingen med egna informationssystemlösningar eller via partners som en köpt tjänst för att ge konsumenten värde emot betalning. Affärsmodellen STOF avviker från andra affärsmodeller med att ha en teknisk domän. (Bouwman, De Vos & Haaker, 2008)

I servicedomänen tar man ställning till hur företaget levererar värde till konsumenten. En konsument har värdelagt vad som förväntas av produkten. Det förväntade värdet borde nås av det levererade värdet. Det förväntade värdet kan påverkas via marknadsföring genom att ge information om produkten. Företaget kan inte rikta sina tjänster till alla konsumenter utan det måste välja kundgrupper som har högsta förväntade värdet. (Bouwman, De Vos & Haaker, 2008) Segmentering är en marknadsföringsmetod där man analyserar kundgrupperna exempelvis på basis av ålder, kön eller intressen. (Kotler & Armstrong, 2010) Servicedomänen bildar krav på de tekniska funktionaliteterna att digitala tjänsterna har en tillräckligt hög kvalitet. I den tekniska domänen tar man ställning till den tekniska arkitekturen som har en kostnad men borde producera det levererade värdet. Organisationsdomänen innehåller resurserna samt relationerna mellan partner som sedan inverkar på den finansiella domänen med organisations arrangemang. Den finansiella domänen baserar sig på inkomsterna genom det levererade värdet, risker, kostnaderna och kapitalet som tillsammans bildar finansiella arrangemang och prissättning. (Bouwman, De Vos & Haaker, 2008)

Marknadsföringen är den delen av företaget som är mest i kontakt med konsumenterna och strävar efter att skapa mervärde. Konsumenterna har ett grundläggande behov som kan bli en vilja. Viljan är ett högre intresse för en produkt, som företagen strävar efter att uppfylla. Ifall en mängd konsumenter har en gemensam vilja uppstår det en efterfrågan. Tjänsterna baserar sig på att konsumenten inte äger produkten utan produkten är en erfarenhet. Tjänsten borde byggas upp på basis av erfarenheten istället för sin tekniska förmåga. (Kotler & Armstrong, 2010)

Marknadsföringen har ändrats från massmarknadsföring till en mer specifik marknadsföring där man tar hänsyn till vad konsumenterna vill ha. Företaget kan göra en analys om vad kunderna är intresserade av och analysera konkurrenternas utbud. Målet med analysen är att differentiera sig från konkurrenterna med en produkt som kunderna är intresserad av. Till detta kan man använda sig av segmentering för att hitta de kunder man kunde sträva efter att sälja till. Ett annat bra verktyg är marknadsföringsmix, även kallad ”4p”, som står för produkt, pris, placering och promotion. (Kotler & Armstrong, 2010)

En produkt har en livscykel som börjar med att utveckla produkten. Utvecklingen av produkten förorsakar kostnader. Inkomsterna börjar komma in efter att produkten är lanserad och skapar inkomster tills produkten kommer till livscykelns slut. Livscykeln bör tas i hänsyn när man planerar produktens prissättning. (Kotler & Armstrong, 2010)

Diskussion

Allt mer börjar produkterna vara digitala tjänster och leder till att företagen måste ändras. För små och medelstora företag kan det vara nyttigt att använda affärsmodellramverket och fundera på hur deras företag funktionerar. När detta görs kommer det upp idéer om hur företaget kan förbättras. Företaget kan göra en marknadsanalys med kundförfrågningar om hur nöjda de är över företaget eller produkterna. Företagen bygger allt oftare upp produkterna på basis av kundernas behov. Företag bör ta i hänsyn till idén om hur produkten sätts upp. I dagens läge är produkterna i större grad tjänstebaserade, vilket betyder att kunden inte äger tjänsten. Det som kunden köper är erfarenhet. Företaget behöver planerad marknadsföring för att marknadsföra tjänster och skapa erfarenheter.

Denna studie är en litteraturstudie. År 2018 använda endast 12 % av de små och medelstora företagen i Finland mobilen som marknadsföringsverktyg. Som vidare studier kunde man analysera affärsmodellramverket STOF på små och medelstora företag i praktiken med en inblick på mobilmarknadsföringen.

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