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The role of Web 2.0 in building the start-up's brand in South Africa

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degree of Master of Business Administration**

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Abstract

Start-ups face specific challenges when it comes to establishing their brand in the market. Web 2.0, the next generation of the Internet, presents both a significant opportunity and challenge for such start-ups to engage with customers online and build their brand. It is therefore the purpose of this study to examine the role that Web 2.0 plays in building the brand of the start-up.

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Date:

Yossi Hasson

Signature: _____

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1 INTRODUCTION TO RESEARCH PROBLEM

1.1 DESCRIPTION OF THE PROBLEM AND BACKGROUND

Entrepreneurial success in the starting and building of new ventures has been recognised as key to the economic development of countries both internationally and in South Africa. Despite this start-ups have been shown to have a very low survival rate with as little as 21.9% of start-ups surviving past their first five years of business (Song, Podoyntsyna, van der Bij, and Halman, 2008). South Africa is no different, with between 70% and 80% of all new and small businesses failing (Van Eeden, Vivers and Venter, 2003).

New businesses thus face a number of challenges in their attempt to ensure their success and survival. One such challenge is how to go about establishing the start-up as a reputable player in the market and differentiating themselves from competitors. To achieve this, the establishment of the start-up's brand is considered critical (Witt and Rode, 2005). However, start-ups with limited resources aren't able to employ the same methods to build their brand as that of well-established and larger businesses. Start-ups therefore need to look at new and inventive ways to establish their brand. The Internet, has been considered to be such a way as it has the ability to "level the playing field" by offering an "efficient channel" for advertising and marketing (Hoffman and Novak, 1996, p. 51) and an effective tool for the building of the brand (Simmons, 2007).

Today, the Internet has taken on a new form and is called 'Web 2.0', a term first used by O'Reilly Media to describe the second generation of web-based services that power the World Wide Web (O'Reilly, 2005). According to O'Reilly "Web 2.0 is much more than just pasting a new user interface onto an old application. It's a new way of thinking, a new

perspective on the entire network effect” (the more people that uses it, the more effective it becomes). The impact has been significant. The 2009 Neilson Global Faces and Networked Places report stipulates that two-thirds of the world’s Internet population visit a social network or blogging site (synonymous with Web 2.0) and that ‘Member Communities’ has overtaken personal Email to become the world’s fourth most popular online activity. Take for example the social networking site Facebook. In the past year Facebook has experienced phenomenal growth reaching over 150 million active unique users (Chetty, 2009). If Facebook were then compared to a country, it would be the eighth most populated in the world ahead of Japan, Russia and Nigeria. In South Africa, Facebook is used by over 50% of the online population with over 3 million registered users (Google Analytics, 2009). While comparatively Talk Radio 702, one of South Africa’s most prominent Radio stations has only 471,000 listeners (SAARF, 2008). Web 2.0 therefore signifies a shift of market power from producers to consumers and from traditional mass media to new personalised ones with the user being seen as not only a consumer of the channel but co-creator (Constantinides and Fountain, 2008).

A recent 2009 study conducted by the Altimeter Group found that the most valuable brands in the world are experiencing a direct correlation between top financial performance and extensive Web 2.0 usage. The study measured how engaged the top 100 global brands are across a wide range of Web 2.0 channels providing an overall brand engagement score and linking this score to financial performance. What they found was “companies that are both deeply and widely engaged in social media surpass their peers in terms of both revenue and profit performance by a significant difference” (Elowitz and Li, 2009). This implies that the more engaged companies using Web 2.0 are, the more they are financially successful and while these results do not imply a causal relationship they do suggest powerful implications.

1.2 PURPOSE OF

With over 184 million bloggers world-wide (Universal McCann, 2008), social network sites like Facebook growing to over 150 million active users (Facebook, 2009) and involvement in member communities having overtaken personal email to become the worlds fourth most popular sector online (Nielsen, 2009) and shift in power from producer to consumer (Constantinides and Fountain, 2008), Web 2.0 presents both an enormous opportunity and challenge to engage with customers and build a brand, online.

The creation of a brand for a start-up is seen as vital to ensuring the success and survival of the start-up (Timmons, 1999; Gilmore, Carson and Grant, 2001; Rode and Vallaster, 2005).

Therefore it is the aim of this research to identify the role that Web 2.0 plays in the building of a start-up's brand. The research therefore aims to:

- Identify how start-up's have incorporated Web 2.0 into their branding strategy
- Outline the various tools that have been used by start-ups and ascertain which have been most effective in the building of the brand
- Give insight into the specific challenges faced by start-ups when making use of Web 2.0 to build their brand

1.3 SCOPE OF THE RESEARCH

The aim of this research was to identify the role that Web 2.0 plays in building the brand of the start-up in its early phase of growth after initial inception. The scope of the research was therefore limited to:

- Start-up's incorporated in operation for a minimum of 1 year but no greater than 6 years
- Employs a minimum of 1 full-time employee but no more than 50
- Is operating within the existence, survival or success phase of the start-up (as defined by Churchill and Hill, 1983) but has moved past the initial idea and planning phase of the start-up (as defined by Witt, 2004).

1.4 SIGNIFICANCE OF THE RESEARCH

The significance of the research is two fold. First, the research aims to add to the emerging body of knowledge with regards to the use of Web 2.0 as a branding tool specifically within the context of a start-up business. Secondly, the research aims to provide practical insights to start-ups on how they can effectively make use of Web 2.0 as a branding tool.

1.5 DEFINITION OF TERMS

For the purpose of this research paper the following terms are defined as follows:

- Start-up: defined as any new venture that is currently active and was created within the last 6 years, has at least one paid employee and which is neither a subsidiary nor a branch of an existing firm (Luger and Koo, 2005).
- Web 2.0: Web 2.0 describes the second generation of web-based services that power the World Wide Web (O'Reilly, 2005) and signifies a move towards user generated content (Mairinger, 2008). Web 2.0 is often used synonymously with other terms such as social media, social networks, and blogs.

1.6 CONCLUSION



Chapter one outlines both the need for the research and the significance of the study. Start-ups face specific challenges when it comes to establishing their brand in the market. Web 2.0, the next generation of the Internet, presents both a significant opportunity and challenge for such start-ups to engage with customers online and build their brand. It is therefore the purpose of this study to examine the role that Web 2.0 plays in building the brand of the start-up.

2 THEORY AND LITERATURE REVIEW

2.1 INTRODUCTION

This chapter builds a comprehensive literature review discussing the key elements that impact the study, and exploring its major themes. Firstly, the literature review defines what is meant by the term “Web 2.0” and looks at the impact it has had both globally and in South Africa, and explores new theories regarding its relevance in brand building.

Secondly, the literature review defines the start-up, examines the various phases of the start-up’s growth, and looks at the specific challenges that face the start-up in the development of its’ brand. Lastly, it looks at “brand”, exploring the importance of establishing one, outlining the methods, unique challenges and opportunities start-ups face in attempting to do so, and discussing the dominant logics in branding.

This extensive literature review allowed for the formulation of the specific research questions specified in Chapter 3, and provided the researcher with the necessary context in which to conduct the in-depth interviews.

2.2 WEB 2.0

Web 2.0 describes the second generation of web-based services that power the World Wide Web (O’Reilly, 2005), and signifies a move towards user-generated content (Mairinger, 2008). Web 2.0 has been described as a “transformative force that’s propelling companies across all industries towards a new way of doing business” (Musser, 2006, p. 4). Musser (2006, p. 4) further defines Web 2.0 as “a set of economic, social, and technology trends that collectively form the basis for the next generation of

the Internet – a more networked, decentralized by user participation, openness, and network effects”.

Constantinides and Fountain (2008) argue that there is little clarity on the exact nature of Web 2.0 and that no generally accepted definition of the term exists. They provide their own definition of Web 2.0, describing it as a “collection of open-source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes” (Constantinides and Fountain, 2008, p. 232). They go further, dividing these tools into five main categories (blogs, social networks, content communities, forums/bulletin boards and content aggregators).

The Universal McCann 2008 Wave 3 report outlines blogging, micro blogging, RSS, widgets, social networking, chat rooms, message boards, podcasts, video sharing and photo sharing all as components that make up Web 2.0. Van Zyl (2009) outlines social bookmarks, crowd-sourced content, blogs, micromedia, lifestreams, social networks, video, music, wiki and livecasting as the broad categories making up Web 2.0.

For the purpose of this research, Web 2.0 will be defined in accordance with Constantinides and Fountain’s 2008 definition and categorisation of the main tools that classify Web 2.0 applications.

2.2.1 DEFINITION OF I



1st. **Blogs**

Short for “web-logs”, blogs are online journals and are used for varying purposes, including the development of a community in which to share information (Patricious, 2008).

2nd. **Social Networks**

Social networks are online communities that form because of common interests (Boulous and Wheeler, 2007) and allow users to exchange personal content and to communicate (Constantinides and Fountain, 2008). Examples of social networks are Facebook, MySpace and LinkedIn.

3rd. **Content Communities**

Content communities are communities that are built around the organising and sharing of particular types of content (Constantinides and Fountain, 2008). Examples of this are video sharing (YouTube), photo sharing (Flickr) and social bookmarking (Digg).

4th. **Forums / bulletin boards**

Web sites for exchanging ideas and information, usually around special interests (Constantinides and Fountain, 2008).

5th. **Content aggregators**

Applications allowing users to customise the web content that they access making use of Real Simple Syndication (RSS)

2.3 THE START-UP



2.3.1 INTRODUCTION TO THE START-UP

There is generally no consensus in the literature as to what classifies the start-up with company size, age of establishment, growth phase and financial turnover having been used as possible criteria to classify the start-up (Gilmore, Carson and Grant, 2001; McCartan-Quinn and Carson, 2003; Witt, 2004). What is however widely agreed upon is that start-ups comprise of certain characteristics that differentiate themselves from well-established companies. Rode and Vallaster (2005) state that the start-up is characterised by an unstructured communication infrastructure, a small business network and a strong personal influence of the founder himself. Timmons (1999) describes the start-up as a raw company without any organisational structure, acting legally and economically in the market for a short time.

Start-ups face at least two disadvantages when competing against well-established companies, namely: the small size of their firm 'liability of smallness' and the companies' lack of reputation and corporate history 'liability of newness'. (Cromie, 1994; Witt, 2004).

In addition to this start-ups face further limitations such as access to needed capital, limited marketing knowledge, lack of specialist expertise and limited impact in the marketplace (Gilmore *et al.*, 2001; McCartan-Quinn and Carson, 2003).

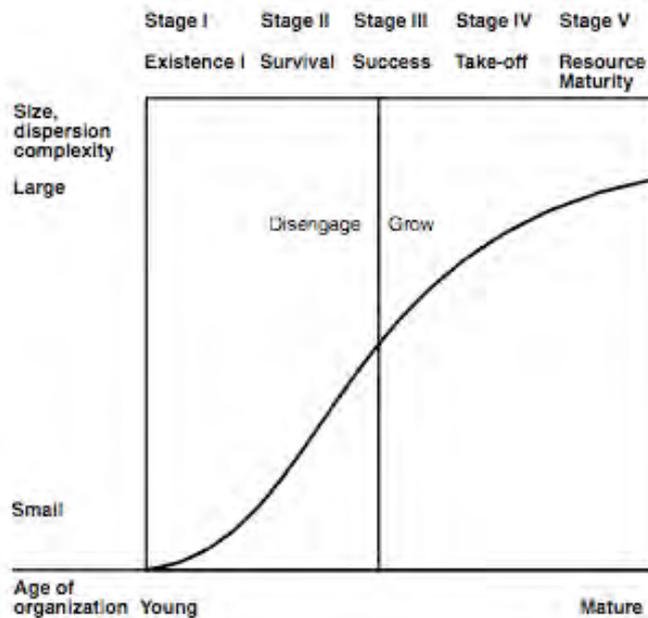
2.3.2 DEFINING THE START-UP

1st. **THE STAGES OF BUSINESS GROWTH AND SUCCESS**

Churchill and Lewis (1983) argue that small businesses vary widely in size and capacity for growth yet experience common problems arising at similar stages of their development. Through this understanding Churchill and Lewis (1983) developed a

that they are at, delineating five stages of development (See Figure 1 below).

Figure 1: Five Stages of Business Growth



Source: Churchil and Lewis, 1983, p. 3

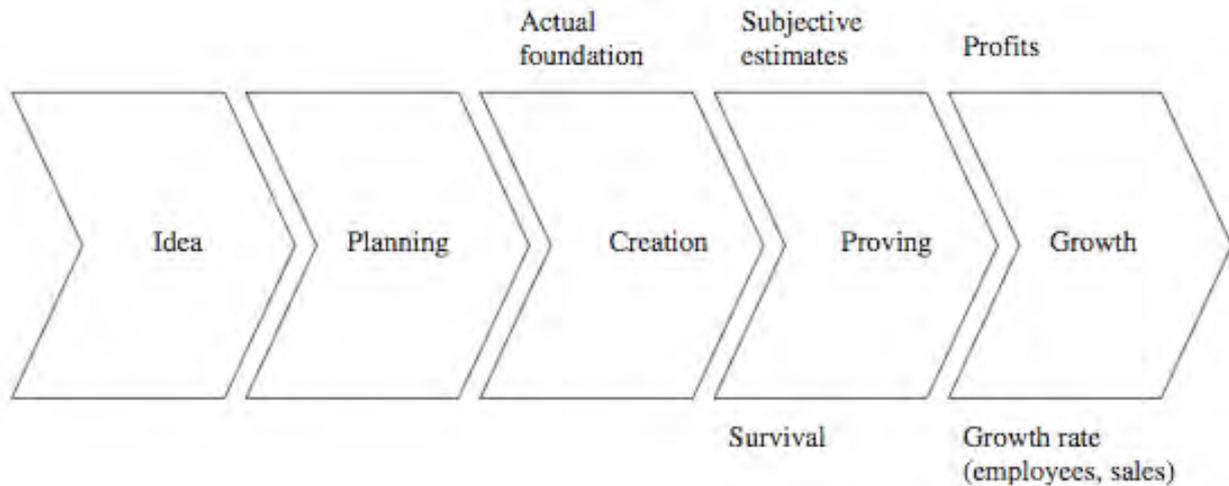
At each stage of development the small business is confronted with different challenges, is comprised of a certain structure and is faced with varying degrees of complexity. Each stage is summarised as follows:

- Existence stage: The organisation is a simple one with the entrepreneur doing everything. Systems and formal planning is minimal. In this stage the main problems of the business are obtaining customers and delivering the product or service.
- Survival stage: At this stage the business has demonstrated that it is a workable business entity. The organisation is still a simple one and may have a limited number of employees. The major goal is still survival and the entrepreneur is still synonymous with the business.

- Success stage: At a reasonable size customer base and earns above average market returns. Basic financial and marketing systems and plans are in place. The challenge facing entrepreneurs at this stage is whether to keep the company stable and profitable (retain the status quo) or to expand the business for further growth.
- Take-off stage: In this stage the key problems are how to grow rapidly and how to finance that growth. Operational and strategic planning becomes central. The entrepreneur has become reasonably separated from the business although still maintains major influence.
- Resource maturity stage: The challenges faced by the company at this stage is how to consolidate and control the financial gains brought by rapid growth and how to retain the advantage of small size and their entrepreneurial spirit. The entrepreneur and the business are quite separated.

Churchill and Lewis (1983) further indicate that not all businesses will go through every stage and some may remain at a particular development stage and never progress further. In an attempt to better define start-up success, Witt (2004) proposes an alternative framework for the possible measures of start-up success focusing on each development phase of the start-up. The framework moves linearly indicating that each stage needs to be completed before the start-up can successfully be moved to the next phase. Witt (2004) also argues that examining the challenges faced by start-up's requires an understanding of the specific phase of success at which the start-up operates.

Figure 2: Measures for star



Source: Witt, 2004, p. 399

2.3.3 SOUTH AFRICAN CLASSIFICATION OF THE SMALL TO MEDIUM ENTERPRISE

The South African National Small Business Act (2003) defines the small business as any entity, which consists mainly of persons carrying on small business concerns in any economic sector, or which has been established for the purpose of promoting the interests of or representing small business concerns. The small business can be classified as a micro-, a very small, small or a medium enterprise by satisfying the criteria mentioned within the act (adapted and represented in the table below).

Table 1: Classification Criteria of a Small to Medium Enterprise

Classification	Turnover Range	Number of Full-Time Employees
Micro	R 0.2 to R 1 million	5
Very Small	R 1 to R 6 million	10
Small	R 6 to R 32 million	50
Medium	R 7 to R 64 million	100 to 200

Source: Adapted from National Small Business Act, 2003

As it is the purpose of t \Rightarrow of Web 2.0 in building the brand of a start-up in its early operational phase (after inception) the start-up is therefore defined by incorporating the classification criteria of the National Small Business Act (2003) limiting it to the micro, very small or small enterprise classification as well as the first 3 stages of the 5 stages of development framework (Churchill and Hill, 1983) and within the last 3 phases of the measures for start-up success framework (Witt, 2004) resulting in the following definition:

The start-up is defined as any entity which consists mainly of persons carrying on small business concerns in any economic sector that:

- Employs between 1 and 50 full-time employees
- Has a turnover of between R 0.2 million and R 32 million
- Is operating within the existence, survival or success phase of the start-up (as defined by Churchill and Hill, 1983) but has moved passed the initial idea and planning phase of the start-up (as defined by Witt, 2004)

2.3.1 THE CRUCIAL ROLE OF THE ENTREPRENEUR IN THE START-UP

Start-ups and small enterprises are generally founded by hard working and highly motivated individuals. These individuals are paramount to the success of the start-up and the building of its brand (Watson, Hogarth-Scott and Wilson, 1998). Rode and Vallaster (2005) echo this sentiment, arguing that for an understanding of corporate branding of the start-up to be relevant, the entrepreneur needs to become the centre of attention, as it is the founder who lays the foundation for developing the start-up's corporate identity and brand.

These entrepreneurs face a highly complex context in which they try to manoeuvre

successfully, with often (Vallaster, 2000). One of the major challenges facing the start-up is that of the effective marketing of the business to overcome its liability of newness and liability of smallness in the marketplace (Smallbone, 1991; Cromie, 1994; Watson, 2004), and in turn establishing the start-up's brand in the marketplace. Difficulty in marketing is frequently cited as a typical factor resulting in the start-up's failure and as a common challenge to start-up success (Smallbone, 1991; Cromie, 1994; Watson, 2004; Witt and Rode, 2005; Wong and Merrilees, 2005; Merrilees, 2007).

Marketing the start-up and small business remains haphazard, informal, unstructured and reactive due to the way the entrepreneur (owner-manager) does business (Gilmore, Carson and Grant, 2001; Simpson, Padmore, Taylor and Frecknall-Hughes, 2006). This is in line with Siu and Kirby (1996), who argue that due to the specific limitations and constraints facing the small firm, its marketing behaviour will be different to that of larger firms and not necessarily follow the typical approach. Siu and Kirby (1996) further argue that the marketing behaviour of the small firm relates to the motivation, belief and objectives of the founder (owner-manager), and is pushed by his/her personal characteristics. Simpson and Taylor (2002) highlight that these owner-managers view marketing as costly to implement, time-consuming, requiring specialist expertise and is only relevant for large companies. Despite this, the ability for the small business and start-up to market effectively is essential for their ability to build the brand (Aaker, 1991; Simon and Sullivan, 1993; Yoo, Donthu and Lee, 2000).

2.3.2 MARKETING USING THE ENTREPRENEURS NETWORK

In practice, marketing of small businesses is primarily done through the networking of the entrepreneur or owner-manager (Gilmore *et al.*, 2001; Witt, 2004). Such networking

activity occurs through founder's) natural and inherent networking activity through trade events, personal contacts and at social gatherings, and tends to be informal, loose, unstructured and spontaneous (Gilmore *et al.*, 2001). These networks form part of the management capabilities of a new entrepreneur and are key in taking advantage of external resources (Littunen and Virtanen, 2009, p. 543).

This is in line with the network success hypothesis, which states that “founders can gain access to resources more cheaply by using their network contacts than by using market conditions, and that they can even acquire resources from the network that would not be available via a market transaction at all” (Witt, 2004, p. 394). According to Elfring and Hulsink (2003) the network theory is increasingly being applied in entrepreneurial research (described as “the network approach to entrepreneurship”), and assumes a positive relation between the networking activities of founders and their start-ups’ success (Witt, 2004), and indicating that entrepreneurs with larger, more diverse and supportive networks will be more successful than those with smaller and less supportive ones.

Gilmore *et al.* (2001) define the characteristics of *marketing by networking*, as people-orientated activities that are informal, often discreet, interactive, interchangeable, integrated, habitual, and can be either passive or proactive; done through personal contact networks and carried out with people with whom the owner-manager has had a relationship (past or current). The frequency and focus of these activities may vary depending on the nature of the markets (Gilmore *et al.*, 2001).

2.4 THE BRAND



Aaker (1991, p. 7) defines the brand as a “distinguishing name and / or symbol intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors”. It is thought to evoke, in the customer’s mind, a certain personality, presence, and product or service performance (Aaker, 1996; Doyle, 1998), and provides a bundle of functional, economic and psychological benefits for the end-user (Ambler, 1995). De Chernatony (2006) provides a more experiential definition of brand, stating that the brand can be seen as a cluster of both functional and emotional values that promise a unique and welcome experience.

The concept of a brand was first introduced into the marketing literature as far back as 1922 (Stern, 2006). Since then, a vast array of literature has been dedicated to the concept of the brand – its meaning, value, formation and development – with various dominant brand-logics evolving over time. Merz, He and Vargo (2009) provide a comprehensive historical breakdown of such evolution outlined in Table 1 below.

Table 1: Brand eras and their fundamental ideas and propositions

Timeline	Fundamental ideas or propositions
1900s-1930s: Individual Goods-Focus Brand Era	<i>Brands as Identifiers:</i> Brands provided a way for customers to identify and recognise goods on sight. Goods were branded <i>to</i> potential customers who remained passive in the brand value creation process.
1930s-1990s: Value-Focus Brand Era	<i>Brands as Functional Images:</i> The creation of unique brand images to help differentiate the brand in an increasingly competitive environment. Customers remained passive in the brand value creation process.

<p>1990s-2000: Relationship-Focus Brand Era</p> <ul style="list-style-type: none"> • Customer-Firm Relationship Focus • Customer-Brand Relationship Focus • Firm-Brand Relationship Focus 	<p><i>Brands as Knowledge:</i> Highlighted that brand value is the perception of a brand's value-in-use to the customer and therefore identified the customer as active co-creators of brand value.</p> <p><i>Brands as Relationship Partners:</i> Brands have personality and that customers form <i>dyadic</i> relationships with them. Brand value co-creation is relational and thus requires a process orientation.</p> <p><i>Brands as Promise:</i> Identified customers (employees) as important brand value co-creators.</p>
<p>2000 and Forward: Stakeholder-Focus Brand Era</p>	<p><i>Brands as Dynamic and Social Processes:</i></p> <p>In the most recent era highlights not only individual customers but also brand communities and <i>all</i> stakeholders constitute co-creators in the brand value process. Thus highlighting that the brand value co-creation process is a continuous, social and highly dynamic and interactive process between the firm, the brand and all stakeholders</p>

Source: Adapted from Merz *et al.* (2009)

Mertz *et al.* (2009, p. 328) state that the logic of a brand has “shifted from the conceptualisation of brand as a firm-provided property of goods to brand as a collaborative, value co-creation activity of firms and all of their stakeholders”. This new brand logic is an extension of Vargo and Lusch’s (2004) view that marketing is evolving toward a new marketing logic, what they call the service-dominant (S-D) logic in which intangibility, exchange processes and relationships are central. Placing the customer as a central ‘co-creator’ of the brand rather than simply just a ‘user’ (Payne, Storbacka, Frow and Knox, 2008). This shift in logic is relevant when considering Web 2.0 as a possible brand-building medium as Web 2.0 places the user as the central ‘co-creator’ of

the content signifying a powerful brand (Mairinger, 2008). ite valuable when creating a

A strong brand is said to provide a number of marketing advantages and to increase a company's competitive strength (Hoeffler and Keller, 2002). Brands provide a series of benefits to both buyers and sellers (Pitt, Watson, Berthon, Wynn and Zinkhan, 2006; Ojasalo, Natti and Olkkonen, 2008), simplifying the buyers' search process and simplifying some of the sellers' tasks.

Firms are increasingly beginning to realise that brands are among their most valuable assets (Madden, Fehle and Fournier, 2006; Simon and Sullivan, 1993).

2.4.1 BRANDING

Branding is defined as the process of creating value through the provision of a compelling and consistent offer and customer experience that will satisfy customers and keep them coming back (Aaker, 1996). Hoeffler and Keller (2002) argue that building strong brands is important for many organisations as it allows for a number of marketing advantages and increases a company's competitive strength.

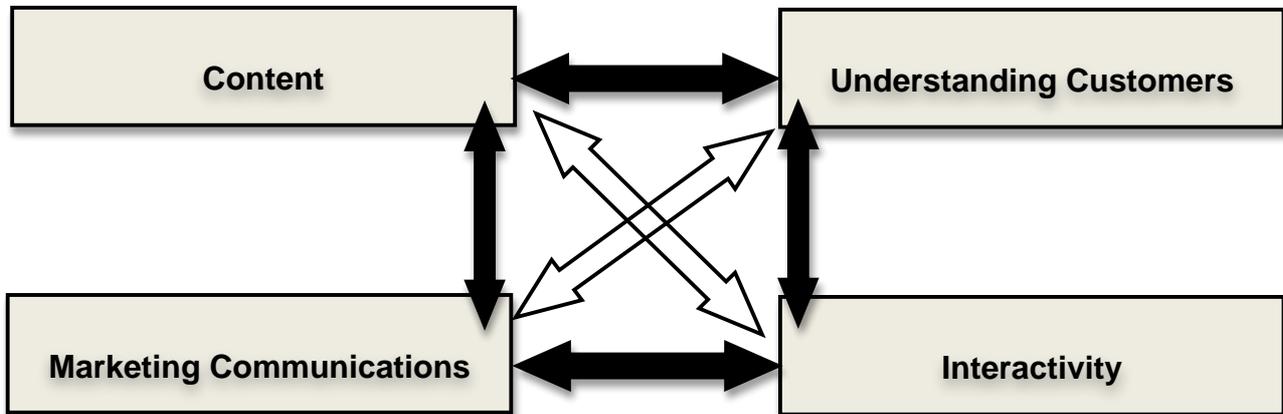
2.4.1 THE INTERNET AS A BRANDING TOOL

The Internet has had a transformational impact on business shifting the balance of power from companies towards customers (Rowley, 2004) adding further complexity and dynamism to branding strategy (Simmons, 2007).

Simmons (2007) performed a critical review of the branding in conventional and virtual marketing literature and offers a conceptual framework for branding via the Internet. This framework is comprised of four pillars (see Figure 1 below), namely: (1) understanding

customers, (2) marketing, (3) understanding customers, and (4) content. Simmons (2007) argues that these four pillars need to be carefully integrated in the development of an Internet branding strategy.

Figure 3: The Four Pillars of i-Branding



Source: Simmons (2007)

While the Simons (2007) framework provides a good theoretical framework for the use of the Internet as a branding tool it does not specifically apply or been tested for use with a start-up. Simmons (2007, p. 558) recommends, “Future research could usefully explore these interactions in various business contexts”. In addition to this the ‘i-Branding’ model does not take into consideration the impact that Web 2.0, deemed the next generation of the World Wide Web (O’Reilly, 2005) might have on the framework. Web 2.0 has specific implications on both the ‘content’ and ‘interactivity’ pillars of the framework as the content is predominantly user generated rather than company generated and interactivity primarily takes place between customer-to-customer and not company to customer.

It is not the intention of this research to test or reject the validity of this framework within the start-up context however the researcher believes that overlaps may exist between the findings of this research and that of the findings Simmons (2007).



Muniz and O'Guinn (2001, p. 412) define brand community as "a specialised non-geographically bound community, based on a structured set of social relationships among users of a brand," and envision the brand community as a consumer-to-consumer brand triad. They argue that brands are social objects and socially constructed, and that "consumers are actively involved in that (brand) creation" (Muniz and O'Guinn, 2001, p. 427). Jang, Olfman, Ko, Koh and Kim (2008) state that members of a community have a sense of shared consciousness, rituals, morals and traditions that all centre on a branded good or service.

One of the most well known examples of a brand community is that of the Harley-Davidson's Harley Owners Group (HOG) (Algesheimer, Dholakia, Herrmann, 2005). The participation in HOGs is found to have positive effects on members' commitment to the brand, often turning members into strong brand evangelists (Fournier, Sensiper, McAlexander and Schouten, 2001), and could be a critical step in effective relationship marketing (Muniz and O'Guinn, 2001).

Brand communities align well with the new logic of marketing proposed by Vargo and Lusch (2004), who view customers as co-creators and co-producers of the brand (Kay, 2006).

Muniz and Schau (2005) argue that brand communities have the ability to influence members' perceptions and actions and can lead to a socially embedded and entrenched loyalty or even hyper-loyalty (McAlexander and Schouten, 1998). Although negative implications involving brand communities exist, such as the ability for negative rumours to pervade the community, competitors gaining information through the community's internal communication (Muniz and O'Guinn, 2001); and normative community pressure (Algesheimer *et al.*, 2005), the authors conclude that in spite of these negative

possibilities, brand comm or building brands (Muniz and O'Guinn, 2001; McAlexander *et al.*, 2002; Algesheimer *et al.*, 2005). By encouraging the interaction of practices within brand communities, companies are able to advance customer engagement with the brand (Schau, Muniz and Arnould, 2009), foster the creation of stronger brand relationships (Smit *et al.*, 2009), and in so doing create customer exit barriers resulting in increased competitive advantage (McAlexander *et al.*, 2002).

The brand communities studied by Muniz and O'Guinn (2001), McAlexendar *et al.* (2002), Algesheimer (2005) and Muniz and Schau (2005) focused on well-established brands and their communities. The communities were developed primarily through 'offline' club meetings and frequent event gatherings. Co-ordination and creation of such company-sponsored events can be costly and beyond the reach of the majority of start-ups. Therefore an understanding of the alternative methods of establishing such communities is of importance to this research. Online communities represent such a possible alternative.

2.4.2 ONLINE COMMUNITIES AND THEIR IMPACT ON THE BRAND

Jang *et al.* (2008) define an online community as a group of individuals who interact predominantly in virtual spaces and communicate around content developed by community members. This definition is in line with Bagozzi and Dholokia (2002), who describe online communities as computer-mediated social spaces in which members create content through ongoing communication processes. Williams and Cothrel (2000) define the online community as an aggregation of people who share a common interest and communicate through electronic mailing lists, chat rooms and Internet mailing lists. The brand can form such a common interest, forming what is known as an "online brand community".

The development of a strong brand identity influences brand loyalty and as a result positively impacts on a company's financial performance and competitive advantage (Jang *et al.*, 2008). This is supported by Kim *et al.* (2008, p. 423) who stipulate "online community members have stronger commitment to the brand, are more likely to buy the brand repeatedly, spread more positive word-of-mouth information and are more willing to provide useful information to the company". They go further, and argue that community participation can have a stronger influence on brand commitment than product usage.

Web 2.0 simplifies the development of an online brand community as by its very design Web 2.0 facilitates the creation of user-generated content and the interactions of its members around such content (O'Reilly, 2006) This is of particular relevance to start-ups who, despite limited resources, now have the ability to create online brand communities at potentially zero cost.

2.4.3 BRANDING IN START-UPS

There is little academic research on the role of branding in new ventures (Witt and Rode, 2005; Rode and Vallaster, 2005; Wong and Merrillees, 2005; Merrillees, 2007; Ojasalo *et al.*, 2008), despite the fact that branding is of particular importance for the start-up: if it is not able to establish a corporate brand in the market within a relatively short time, it will ultimately disappear from the market (Timmons, 1999).

A study conducted by Ojasalo, Nätti, and Olkkonen (2008) indicates that small businesses are less advanced when it comes to exploiting the opportunities presented in branding. The study found that small businesses tend to think that brand building always requires "massive and continuous investments" (Ojasalo *et al.*, 2008, p. 100) in order to be effective in marketing communications – something that is not possible for the

majority start-ups. This is (Wong and Merrilees, 2005, p.157), who also found that small businesses usually believe that “branding is only for big firms with ample resources to employ this marketing tool,” and that only big businesses can be brands (Merrilees, 2007). However, Wong and Merrilees (2005) go on to state that both small and big firms are able to build brands, but the methods in which they go about doing so are different.

Ojasalao *et al.* (2008, p. 105) indicate “more research is therefore needed to explore and develop such affordable and effective methods for use in brand building in SMEs”. This is further corroborated by McCartan-Quinn and Carson (2003, p. 201), who argue that “given the constrained resources of the small firm, marketing tools suitable for utilisation by smaller firms must be welcomed if they can be effectively used to enhance marketing practice of these smaller organisations”.

Keller (1998) provides small businesses with five guidelines to building a strong brand:

1. Concentrate on building one (or two) strong brands
2. Focus a creatively-developed marketing program on one or two important brand associations
3. Use a well integrated mix of brand elements that support both brand awareness and brand image
4. Design a “push” campaign that aims to build the brand, and a creative “pull” campaign that will attract attention
5. Broaden the brand with as many secondary associations as possible

Krake (2005) tested Keller’s model on a small sample of 10 small businesses and found that the first three guidelines provided by Keller were being utilised while the last two

were not. The author further argues that the entrepreneur in the small business performed in building of the brand. This is further supported by Rode and Vallaster (2005) who place the entrepreneur at the centre of the start-up branding process, with the entrepreneur being seen as extremely important in building recognition for the brand, and often actually being the brand (Ojasalo *et al.*, 2008; Boyle, 2003). The authors argue that most of the literature on corporate branding focuses on already established companies and if it is to be relevant to a start-up's context needs to place more emphasis on the founder.

Krake (2005) therefore offers three guidelines (in addition to Keller's first three) for small businesses to incorporate in their brand building strategies, namely:

1. Be logical in your policy and consistent in your communications
2. Ensure that there is a clear link between the character of the entrepreneur and of the brand
3. Cultivate passion for the brand within the company

Krake (2005) cautions that the results of the study should primarily be focused on medium sized companies and cannot reliably be projected onto small-sized and micro-companies. This is due to the fact that the sample chosen was primarily medium sized companies and not start-ups specifically.

2.5 CONCLUSION OF LITERATURE REVIEW

In conclusion, the extensive literature on branding and the emerging literature on the use of the Internet as a branding tool outline the potential opportunities that the Internet as well as online communities presents to companies when considering the development of

their brand. The emergence of Web 2.0 signifies a shift in power from company owned processes to user choice (O'Reilly, 2005); Web 2.0, signified by user-generated content aligns with the emerging dominant logic in branding (Parise and Guinan, 2008) yet little is understood on the impact that this shift in power will have on companies and their attempts to build and "own" their brand (Constantinides and Fountain, 2008).

Further to this, the emerging start-up branding literature outlines a number of barriers and challenges that start-ups face when attempting to overcome their 'liability of newness' by establishing a brand in the marketplace. Start-ups therefore need to explore innovative methods, different to those of large companies that will assist in the creation of that brand in spite of their unique challenges (Krake, 2005). With the array of freely available Web 2.0 tools at hand and the significantly large number of users taking part in Web 2.0 activities - both in South Africa and abroad - Web 2.0 is believed to signify a substantial opportunity for start-ups to be successful in the establishment of their brands, despite their well recognised challenges. Till today this area of research has to a great degree been left unexplored.

3 RESEARCH QUESTIONS

3.1 PURPOSE OF THE RESEARCH

The purpose of the research is to explore the central question as to what role Web 2.0 plays in the building of the start-ups brand inline with the purpose of the research defined in Chapter 1, section 1.2. The research question arose as the literature discussed in Chapter 2 shows some gaps in the existing knowledge on how start-ups can effectively make use of this tool to build this brand. It is therefore the purpose of this research is therefore to explore what role Web 2.0 can play in the building of the start-ups brand.

In assisting to address the purpose, the researcher identified five research questions outlined below:

3.1.1 RESEARCH QUESTION 1

What Web 2.0 tools are start-ups making use of to build their brand?

Web 2.0 is a broad term that covers a wide range of tools and technologies. The purpose of this research question is to gain an understanding of what specific Web 2.0 tools start-ups are making use of to build their brand.



Why did the start-up choose to make use of Web 2.0 to build their brand?

This research question seeks to explore the factors that resulted in the start-up choosing Web 2.0 to build their brand. The question explores what alternatives, if any, were considered and the rationale behind the selections made.

3.1.3 RESEARCH QUESTION 3

How have start-ups implemented Web 2.0 to build their brand?

This research question aims to identify the specific ways that start-ups have implemented Web 2.0 as part of their brand-building campaigns.

3.1.4 RESEARCH QUESTION 4

Which of the Web 2.0 tools selected have been most effective in building the start-up's brand?

This question attempts to explore, from the start-ups perspective, which of the Web 2.0 tools they felt to be most effective in the building of their brand. The question will also identify what measurements start-ups are using to gauge the effectiveness of their efforts and why such tools have been most effective.



What are the barriers to the adoption of Web 2.0 in building the start-up's brand?

Start-ups face challenges different to those of larger, more established companies. This question seeks to identify the current obstacles facing start-ups in their adoption of Web 2.0 as a brand-building tool and expected obstacles in the foreseeable future.

3.2 CONCLUSION OF RESEARCH QUESTIONS

In conclusion, by answering the five questions outlined in this chapter will provide the necessary insights into the role that Web 2.0 has in building the start-ups brand.

4 RESEARCH METHODOLOGY

4.1 INTRODUCTION

The chapter outlines the research philosophy, methodology, design, process and limitations of the research. As the research topic examined a relatively new area of thinking in terms of start-up brand building specifically within the South African context, the research methodology selected was that of a qualitative exploratory study.

Mason (2002) argues that qualitative research is ideal when an understanding of context, diversity, nuance and process might potentially be highly valued to the researcher. Qualitative research also enables the researcher to gain a better understanding of the dimensions of a problem (Zikmund, 2003, p. 55). Welman and Kruger (2001) further argue that exploratory research is appropriate when researching a relatively new area that lacks established theories. This is inline with the objectives of the research where Web 2.0 and its' role in the building of a start-ups' brand is in its relative infancy within the academic literature and further depth of understanding was required.

It is noted that the research paradigm is phenomenological and is therefore “by its very nature, subjective” and requires “the recognition of any influence or limitation such subjectivity may have on the conduct or findings of the research” (Tobin, 2006, p. 7).

A semi-structured one-on-one in-depth interview was selected as the research and data collection method. Dillon, Maden and Firtle (1993) argue that one-on-one interviews are appropriate when:

- The subject matter is sensitive that few respondents would speak openly in a group setting. This is true for this study, as respondents may not feel comfortable sharing their strategies on the use of Web 2.0 with potential competitors and other start-ups.
- When subject matter is complex and a greater depth of response per individual is required. The questions being asked may require greater probing of responses to gain a thorough understanding of the subject matter.

In-depth interviews are appropriate when attempting to uncover the content and intensity of respondents' feelings and motivations beyond straightforward or simplistic responses to structured questions (Dillon *et al.*, 1993, p. 142). Marshall and Rossman (2006, p. 102) further argue that the use of in-depth interviews as the sole way of gathering data is appropriate when the purpose of the study "is to uncover and describe the participants' perspectives on events – that is, that the subjective view is what matters". This is inline with the aims of the research.

4.2.1 POPULATION

Zikmund (2003, p. 369) defines population as “a complete group of entities sharing some common set of characteristics”. The target population of relevance for this study was founding members of start-ups operating in South Africa that employ between one and fifty full time employees or a turnover of between R 200,000 and R 32,000,000 and are making use of Web 2.0. The target population of relevance is inline with the definition of the start-up outlined in Chapter 2, section 2.3.2.

Determining the size of the population proved difficult, as the South African registrar does not provide a certified and reliable census database from which the information could be drawn. Therefore the size of the population remains undetermined at this stage.

4.2.2 DATA COLLECTION METHOD, SAMPLING TECHNIQUE AND SAMPLE SIZE

Table 1 indicates the data collection method, sampling technique and sampling size used for the research.

Aim	Data Collection Method	Sampling Technique	Size of Sample
Gain depth of understanding on the use of Web 2.0 for an existing start-up venture	One-on-one semi-structured interview	Snowball	9

In-depth interviews were conducted with respondents that met the target population. A snowball sampling technique was utilised to gain access to the respondents as

identifying recent start-ups proved to be a challenge.

The researcher relied on his personal contacts and network to identify potential candidates for the research. Initially the researcher identified lists of four potential start-ups that met the sampling criteria. These four respondents were emailed outlining the purpose of the research and offering the respondents to take part in the interviews. Three of the four accepted the invitation. The remaining six respondents were each identified by the initial three respondents.

4.3.2.3 SAMPLING TECHNIQUE

The sampling procedure used for this study is that of a non-probability judgement sample. Judgement sampling allows for the researcher to select the sample based upon some appropriate characteristic (Zikmund, 2003). Such characteristics are further outlined under *sampling criteria* (section 4.3.2.4) below.

In addition to this a snowball sampling technique was chosen, as this strategy is effective when sample respondents are difficult to access (Fossey, et al, 2002; Zikmund, 2003). Founding members of start-ups that are making use of Web 2.0 in South Africa are difficult to identify and to access. Therefore such a sampling technique is appropriate for this study. Snowball sampling does however tend to result in a homogenous sample as it relies on the quality of the participants' network (Rice and Ezzy, 1999; Zikmund, 2003) and has been acknowledged as a limitation to the study.

4.3.2.3 SAMPLE SIZE

"In qualitative sampling no fixed minimum number of participants is necessary to conduct sound qualitative research. However, sufficient depth of information needs to be gathered to fully describe the phenomena being studied. Hence, sampling in qualitative research continues until themes emerging from the research are fully developed"

 (Fossey, Harvey, McDer ), in line with Fossey *et al.* (2002). Nine in-depth interviews were conducted until the researcher felt confident that sufficient 'saturation' and depth of data had been reached.

4.3.2.4 SAMPLING CRITERIA

Interviewees selected met the following sampling criteria:

- Original founder of the start-up
- Actively involved in the day-to-day operations of the start-up
- Start-up established prior to November 2007 (i.e. older than two years)
- Start-up employs a minimum of one full-time employee

The samples were selected using non-probability, purposive sampling.

4.2.3 UNIT OF ANALYSIS

The unit of analysis is the start-up.

4.3 THE RESEARCH INSTRUMENT

The research instrument used was that of a semi-structured interview schedule that speaks to the findings from the literature and relates to the research questions outlined in Chapter 3. The schedule covered the main themes and made use of open-ended questions that allowed for further probing of respondents' answers, when required. This type of interview allowed for an informal conversational flow to take place between the researcher and the respondent.

4.4 PROCESS FOR



The data collection method chosen is that of a one-to-one semi-structured interview in order to seek answers to the research questions outlined in Chapter 3. Fossey, Harvey, McDermott and Davidson (2002) argue that semi-structured interviews are used when attempting to facilitate a more focused exploration of a specific topic accompanied by an interview guide. The study involved the collection of primary data by means of in-depth face-to-face and when required phone interviews with respondents who met the sampling criteria.

The researcher asked respondents open-ended questions that focused on specific topics, giving the respondents a high degree of flexibility in their answers. Where further information was required, the researcher asked probing questions to gain further insights into responses and the meanings behind them.

A total of nine interviews were conducted, four of which were conducted face-to-face at the respondents' offices, while the remaining five interviews took place telephonically as the respondents were situated in Cape Town. Each interview lasted between 30 and 75 minutes, providing sufficient opportunity for respondents to provide detailed answers to the questions asked. The interviews followed the interview guide (see Appendix I), which was designed to guide the interview in a "focused, yet flexible and conversational manner" (Fossey, *et al.*, 2002, p. 727), while attempting to answer the research questions outlined in Chapter 3.

During the interview the researcher took detailed notes highlighting emerging themes for later coding. In addition to written notes the responses were electronically recorded. Recorded interviews were then sent to an independent transcriber who transcribed each recorded interview verbatim in line with McKracken (1998, p. 41) who states,

“investigators who transcribe not only frustration but also a familiarity with the data that does not serve the later process of analysis”.

After each interview the researcher attempted to validate the information given by the respondent by logging onto the respondents’ public Web 2.0 pages in question and made note of the data collected on a separate spreadsheet (refer to Appendix II). This was also used to collect specific information that the respondent was not certain about during the interview (such as number of fans, Twitter followers and frequency of posts).

4.5 DATA ANALYSIS AND INTERPRETATION

Qualitative analysis is a “process of reviewing, synthesizing, and interpreting data to describe and explain the phenomena” (Fossey, 2002, p. 728). Qualitative data may take the form of interview transcripts collected from research participants or other identified texts that reflect experientially on the topic of study (Anderson, 2007).

Data analysis was conducted through a thematic content analysis. Anderson (2007, p. 1) states that, “TCA [Thematic Content Analysis] portrays the thematic content of interview transcripts (or other texts) by identifying common themes in the texts provided for analysis”. Braun and Clarke (2006, p. 77) argue that thematic analysis “offers an accessible and theoretically flexible approach to analysing qualitative data” and can potentially provide for a rich and detailed account of data. It is a descriptive presentation of qualitative data (Anderson, 2007) and is a method for identifying, analysing and reporting patterns within such data (Braun, *et al.*, 2006).

The transcribed data from all of the interviews made up the raw data for analysis. Performing the thematic content analysis involved a number of phases, beginning with the researcher familiarising himself with the data by reading and re-reading the

transcripts as well as the interview. Initial codes were then generated based on repeated patterns that emerged from the data set, allowing for the data to be organised into meaningful groups (Braun, *et al.*, 2006).

These codes were subsequently collated into potential themes. Codes were analysed for possible relationships, and codes identified that could form overarching themes. These themes were then reviewed to ensure that they worked in relation to the coded extracts and entire data sets (Braun, *et al.*, 2006). Thereafter, themes were further refined and given clear definitions and names.

The use of computer-aided qualitative data analysis software (CAQDAS) aided the researcher in performing the coding process. Wickham and Woods (2005, p. 689) argue that the use of CAQDAS programmes to code material can “enhance the efficiency and effectiveness of this process” and also “present opportunities for deeper and more detailed exploration of the data” by allowing for finer-grained coding options and by streamlining many of the mechanical aspects of cutting, pasting, and retrieving data records (Mason, 1994). However, computer software cannot replace the conceptual processes required of the researcher and cannot analyse qualitative data for the researcher (Fossey, *et al.* 2002). Both functions were still performed by the researcher.

Themes were then compared to the literature covered in the literature review.

The analysis process followed is in line with both Braun *et al.* (2006) and Anderson (2007), who offer a step-by-step guide to performing thematic analysis.

4.6 VALIDITY AND RELIABILITY

Reliability is defined as “the degree to which measures are free from error and therefore yield consistent results” (Zikmund, 2003, pg. 300). Zhang (2006) notes that coders’

knowledge and experie 1 research results. As an entrepreneur involved in using Web 2.0 to build a start-up, the researcher acknowledges the potential bias.

Hence, to ensure reliability interview schedules followed the same standardised script, and verbatim transcription of the interview was performed providing access to the raw data and transparent coding. Zhang (2006, p. 2) argues that in order to ensure the validity and reliability of inferences from the data, qualitative analysis requires a “set of systematic and transparent procedures for processing data”. The researcher has attempted to provide such validity by providing access to the raw data as well as the original files used in the content analysis software utilised for coding. This therefore provides full transparency to the coding that was performed. To ensure the validity of the data gathered the researcher used a form of triangulation by logging onto each respondents company website, blog and the other online channels that respondents made use of to verify the information that was given.

It is noted that the researcher performed an integral part in analysing the data, making the analysis subjective and susceptible to bias.

4.7 LIMITATIONS OF THE STUDY

The following aspects are limitations to this study:

- Due to the choice of a non-probability sample, projecting data beyond the sample is statistically inappropriate (Zikmund, 2003).
- There is a potential for interviewer bias during the data analysis phase as the interpretation of such data is judgmental and subject to interpreter bias. The

researcher is involved in the use of Web 2.0 technologies, adding to the potential interpreter bias.

- There is potential for sample bias as snowball sampling has a higher probability of respondents being similar (Zikmund, 2003).
- The research is dependant on the respondents' ability to provide adequate insights during the depth interviews.
- A significant limitation of the study is that the target population was not determined and therefore the significance and relevancy of the sample is undetermined and limits the generalisability of the study.

4.8 CONCLUSION

The research design and methodology selected was intended to meet the objectives of the research report. An exploratory research method was deemed to be appropriate, and was selected. Semi-structured depth interviews were used as the data collection method, allowing the researcher to perform the necessary analysis to gain insights into the research topic results, which are discussed in the next chapter.

5 RESULTS

5.1 INTRODUCTION

Chapter 5 summarises the information and results gathered from the in-depth interviews conducted with the nine start-ups. A key objective of the interviews was to gain a deeper understanding from practicing start-ups about the role Web 2.0 plays in building the brand for the start-up. As such, the questions asked of respondents aimed to elicit information that would answer the main research question highlighted in Chapter 3, by answering five sub-questions focused around what, how and why start-ups have been using Web 2.0 to build their brand. The interviews followed the structure of the interview discussion guide (see Appendix 1).

Each interview lasted between 30 and 75 minutes, was tape-recorded and later transcribed. The large volumes of information generated were analysed using thematic content analysis highlighting major themes, which were then aggregated and are discussed in detail in this chapter.

The discussion of the results is broken up into the following sections:

- Demographics of The Start-Ups
- Results of Research Questions

5.2 BACKGRTOUND TO THE START-UPS AND DEMOGRAPHICS

Table 2 below highlights the details of the nine start-ups that participated in the study. To preserve their anonymity respondents have been classified from P1 to P9. Each start-up was selected using a snowball sampling technique with each respondent recommending other start-ups that could be interviewed.



Table 2: Start-up Demogra

Start-up	Founded	Company Age	Number of Employees	Revenue	Profitable	Type of Company	Business Nature
P1	2005	4	11	R 6 million	Yes	Retail Coffee Shop	B to C
P2	2005	4	3	Not Disclosed	Yes	Law Firm	B to B
P3	2006	3	3	R 3 million	Yes	Online Blog Themes	B to C
P4	2006	3	21	Not Disclosed	Yes	Marketing Agency	B to B
P5	2008	2	6	R 2.5 million	Yes	Software Development	B to B
P6	2003	6	25	Not Disclosed	Yes	Software Development	B to B
P7	2007	2	1	Pre-Revenue	No	Online School Portal	B to B
P8	2007	2	4	Not Disclosed	No	Online Sports Site	B to C
P9	2007	3	10	R 2.5 million	Yes	Online Community	C to C

The youngest start-up is two years old and the oldest is six. Seven of the nine start-ups reported that they were profitable, but none were willing to disclose their actual profitability. Eight of the start-ups reported that they are generating revenue, while only one start-up (P7) indicated that it was pre-revenue.

The start-ups employ a range of between one and twenty-five employees and are generating revenues of between R 2.5 and R 6 million (of those that disclosed their revenue). The types of companies interviewed ranged from ‘offline’ businesses, such as a retail coffee outlet and law firm to majority ‘online’ businesses focusing on software development, website design, and online communities. An emphasis of online start-ups in this study could be a result of the sampling technique chosen, and because the use of Web 2.0 may lend itself more readily towards online businesses. In terms of business nature, the majority of the start-ups (six out of nine) have a business-to-business focus.

Table 2 below categorises the start-ups according to their business and development phase classification outlined in Chapter 2, Section 2.3.3.

Table 3: Classification ar

Respondent	Number of Employees	Turnover	Business Classification	Phase Classification
P1	11	R 6 million	Small	Success, Proving
P2	3	Not Disclosed*	Very Small	Success, Creation
P3	3	R 3 million	Very Small	Success, Proving
P4	21	Not Disclosed*	Small	Success, Growth
P5	6	R 2.5 million	Very Small	Success, Proving
P6	25	Not Disclosed*	Small	Success, Growth
P7	1	Pre-Revenue	Micro	Existence, Creation
P8	4	Not Disclosed*	Micro	Survival, Proving
P9	10	R 2.5 million	Small	Success, Growth

* Where revenue was not disclosed number of full-time employees was used to determine classification criteria.

5.3 RESEARCH QUESTIONS

5.3.1 RESULTS FOR RESEARCH QUESTION 1

What Web 2.0 tools are start-ups making use of to build their brands?

The purpose of this research question was to identify, firstly, if start-ups are making use of Web 2.0 to build their brands, and if so what specific tools are they using in order to do so. The results of the interviews show that start-ups are making use of a range Web 2.0 tools to build their brands as demonstrated in this typical response,

P2: "...I'm on Jaiku, I'm on Twitter, I've got accounts on Identica, I've even got an account on Clerk for some reason. If there's a service, I've at least signed up and I've got an account. I don't necessarily use it but I have a presence in all of these places."



P3: "... use all so *book and their fan pages... and... our blogs too, to get our brand out there and to just talk about ourselves.*"

P5: "Ya, just about everything."

Eight of the nine start-ups acknowledged their use of Web 2.0 tools to build their brands. One start-up, P7, indicated that they are not currently making use of Web 2.0 but have intentions of doing so in the near future.

P7: "I'm certainly using it from a personal perspective But using it as a branding tool I haven't been using it that much mainly because of time restraints on myself, being the only one in the company and also my audience....In terms of us having our own brand online through Twitter and Facebook, it's not really a huge thing for me at the moment, no".

When probed further, P7 indicated the following:

"[P7] is still very much a start-up in terms of we've got to get things, because it's a digital platform. We can't explode too heavily just yet, we've got to pace ourselves with how many schools we're getting on in one go, and just to test it, stress the system and to test all out. So that's why I've been holding back slightly, and as of next year it'll explode hopefully"...I should be using it... I'm fully aware that I need to get going on that but it's taken a back seat. So I think as I said earlier, as [P7] itself grows, I'll be getting more people on and that is definitely something that I'll need to start making time for".

In terms of the Web 2.0 tools that are being used, Table 2 below outlines the aggregated findings of the tools that are being used, classified according to categories defined by Constantinides and Fountain (2008) and discussed in Chapter 2 section 2.2.1. However, Constantinides and Fountain (2008) make no reference to micro-blogging sites (such as Twitter) in their paper, Therefore the author included all references to usage of such sites under the category "Blogs".



Table 4: Web 2.0 Categc

Category	P1	P2	P3	P4	P5	P6	P7	P8	P9	Count
Blogs	✓	✓	✓	✓	✓	✓	x	x	✓	7
Social Networks	✓	✓	✓	✓	✓	✓	x	✓	✓	8
Content Communities	x	✓	✓	✓	x	✓	x	✓	✓	6
Forums / Bulletin Boards	x	x	x	x	x	x	x	x	x	0
Content Aggregators	x	x	x	x	x	x	x	x	x	0
Total Categories Used	2	3	3	3	2	3	0	2	3	

From Table 2 we can see that eight of the start-ups are actively making use of at least two forms of Web 2.0 to build their brands. In the majority of cases start-ups are making use of (in order of popularity) *social networks* (eight out of nine), *blogs* (seven out of nine) and *content communities* (six out of nine) to build their brands. This was further confirmed by means of a word frequency count across the entire data set (see Table 3 below), with Twitter, Blogs and Facebook ranking highest.

Table 5: Web 2.0 Tools Word Frequency Count

Rank	Keyword	Count
1	Twitter	203
2	Blogs	178
3	Facebook	172
4	LinkedIn	27

None of the start-ups interviewed made reference to using *forums/bulletin boards* or *content aggregators* as tools used in the building of their brand, although through further investigation (by analysing each start-up's website) the researcher found three instances of start-ups allowing for RSS feeds to be accessed from their websites. This may be explained by the fact that the technology chosen to build these sites (an open source blogging platform) allows for RSS syndication by default. The researcher was not able to ascertain how many users were subscribed to these feeds or their impact. The fact that none of the respondents made reference to either category may indicate that the respondents see no value in the usage of such tools to build their brands, or that the

South African market d them. Further research is therefore required.

When analysing the specific tools used by the start-ups, Twitter once again ranks highest, with eight out of the nine start-ups making active use of the micro-blogging tool. Creation of written blogs ranks second highest, while the use of Facebook, video blogs and video sharing rank^sthird. Least utilised are the social networking site LinkedIn and photo sharing, with only four of the respondents indicating having made use of either.

Table 6: Specific Web 2.0 Tools Used by Start-ups

Respondent	Twitter	Facebook	LinkedIn	Written Blog	Video Blog	Video Sharing	Photo Sharing	Total No Used
P1	✓	✓	x	✓	x	x	x	3
P2	✓	x	✓	✓	✓	✓	✓	6
P3	✓	✓	x	✓	✓	✓	✓	6
P4	✓	x	✓	✓	✓	✓	✓	6
P5	✓	x	✓	✓	x	x	x	3
P6	✓	x	✓	✓	✓	✓	x	5
P7	x	x	x	x	x	x	x	0
P8	✓	✓	x	x	x	x	x	2
P9	✓	✓	x	✓	✓	✓	✓	6
Total	8	4	4	7	5	5	4	

Additionally, Table 5 indicates that there is a varying degree in terms of the number of tools that are utilised by each start-up, focusing on the most frequently cited tools used by each start-up. Excluding P7, the least number of tools used was two (Twitter and Facebook), while the most used was six. What is interesting to note is that ,excluding P7, all of the start-ups make use of Twitter. Additionally, start-ups vary in terms of when they first started making use of Web 2.0, as well as the frequency of such usage.

P1: *“We haven’t been going too long [on [Facebook]... maybe two months now, maybe a little longer... three months would be the most.”*

P2: *“I got into Twitter, it must have been sometime in 2007.... And I’ve been blogging for my practice ever since I started the practice actually... I mean I’ve been tweeting now for it must be for about two years, two and a half years.”*

P4: *"We realised with [P4] right at the beginning that if we wanted to be successful we'd have to invest heavily in the social media community in South Africa."*

With regards to frequency of usage, respondents noted:

P2: *"I have to maintain that kind of momentum, I've got to keep the posts going. You know it's not enough to put out a post every two weeks. Ideally I need to have two or three posts going out a week."*

P3: *"We were posting shows every day... It's kind of decreased now that we've got someone who posts the videos, but it used to be four hours a day, four to six hours a day."*

P6 referring to the frequency of updating their blog:

"Not often enough probably, about once a month on average, which is bad."

Table 7 below provides a summary across all respondents in terms of length of usage, number of tools used and frequency of usage (across all tools). A ranking was then given to each start-up to classify the extensiveness of their usage, moving on a sliding scale from 'none' to 'extensive'. The classifications given were arbitrary and used purely for the purpose of classification and clustering of the start-ups into categories.

Criteria for rankings used were as follows:

- None: start-up is not making any of use of Web 2.0 to build the start-up's brand.
- Minimal: start-up is using two or less tools, updating infrequently (weekly to monthly).
- Moderate: start-up is making use of between two and five tools, updating fairly frequently (weekly).
- High: start-up is making use of five or more tools, updating regularly (daily to weekly).



- Extensive: start-ups, updating often (hourly to daily).

Table 7: Length, extensiveness and frequency of usage

Criteria	P1	P2	P3	P4	P5	P6	P7	P8	P9
Use of Web 2.0	Moderate	Extensive	Extensive	Extensive	Moderate	High	None	Minimal	Extensive
Length of Usage	3 Months	4 Years	1.5 Years	3 Years	1 Year	3 Years	-	1 Year	3 Years
Number of Tools Used	3	7	6	6	3	5	0	2	7
Frequency of usage	Weekly	Hourly to Daily	Hourly to Daily	Hourly to Daily	Weekly	Daily to Weekly	NA	Weekly to Monthly	Hourly to Daily

An analysis of the start-ups' Twitter accounts reveals a significant difference in the frequency of usage between the start-ups. 'Tweets' range from 1 to 11,403, and number of followers range from 2 to 3,855, signifying a significant difference between start-ups.

Table 8: Comparison of Twitter Activity of Start-ups

Tool	P1	P2	P3	P4	P5	P6	P7	P8	P9
Following	64	818	121	178	170	0	0	2,001	2,002
Followers	88	1,627	3,855	414	153	77	2	1,386	733
Tweets	97	10,093	11,403	134	200	101	1	879	288

5.4 RESULTS FOR RESEARCH QUESTION 2

Why did the start-up choose to make use of Web 2.0 to build their brand?

This question attempts to explore the rationale behind why the start-up selected Web 2.0 to build their brand. The question further explores if any alternatives were considered before selecting Web 2.0.

The results show an emergence of three major themes each discussed below in detail:



The previous experience of the founder with Web 2.0 was found to be a significant factor in why start-ups selected Web 2.0 to build their brand. Founders who used Web 2.0 to build their brand noted that they had either come from an online marketing background, had been blogging for a period before or made extensive use of social networking and micro-blogging before founding the company.

P2: "I started getting into social media about the time...actually no... Blogging's about December 2004, so I was involved in blogging by the time I left and I started [P2], ... I've been involved in social media in some form or another since 2004, I mean I was here when social media started becoming something in South Africa."

P4: "I kind of discovered this whole blogging thing that was going on online and I thought, hold on... [I] always had a bit of a web profile and that kind of thing so I was always able to leverage that for publicity, for the business."

P8: "I have spent most of my time on the web since then, had one other position in one other industry; mainly earlier on the marketing side. I used to have an online agency."

P9: "I personally have been online publishing for about ten years. I started numerous websites, I own a blog network, which has some of the biggest blogs... I have design and programming qualifications and can manage both design and programming."

In addition to this, the founders own personal philosophy on the usage of the Internet and Web 2.0 as a branding vehicle emerged as a dominant theme.

P1: "I felt right at the beginning, even when we were operating from my garage, it was important to...you know the beauty of the web is that you can create a presence and a perception far greater than you are."

P2: "One of the books that really shaped my thinking about social media was the Clue Train Manifesto so I have an aversion to the traditional, 'Here's my message,



I'm giving it to you that kind of thinking."

sation. I have an aversion to

P4: *"I discovered that I think that Web 2.0 is far more an ethos than a set of technologies. It's a way of thinking, it's a way of doing business, and it's a way of connecting more than its blogs or wikis, Facebook or YouTube I really believe that social media as such and the world of social media, is a microcosm for effective society."*

P2: *"I'm really passionate about social media, and I didn't want to lose my participation in that space."*

Respondents weren't all as positive about Web 2.0, despite making use of it.

P5: *"We actually spend more time working than messing around on the social..."*

P6: *"The biggest issue is it's a distraction."*

P5: *"I have a problem with these guys that blog...or maybe I don't know enough about the stats... but these guys that blog full-time, twenty-four/seven, they seem to be putting in more work than what they're getting out. And the same is with Twitter."*

2nd. ***Perceived minimal cost and failed experience with other media***

Respondents listed the minimal costs of using Web 2.0 as one of the major reasons why they chose to make use of it. With the majority of Web 2.0 tools and applications being freely available and accessible on the Web, it would appear to be a logical explanation to their uptake and adoption.

P6: *"I also think that social media is a good way to have a big impact with a small budget."*

P8: *"It's expensive to keep getting people in through paid advertising. It's just more a change in the strategy of the company."*

P2: *"Well for one thing, it's going to cost me a hell of a lot less... I didn't have the budget for advertising."*



Failed experiences with Web 2.0 emerged as a reason why respondents selected Web 2.0.

P7: *“We’ve tried a lot of things... We realised that advertising doesn’t work for our type of business because the sales we make are typical...they’re quite high in price...and ... they’re not that frequent.”*

P2: *“I tried some selected advertising here and there, mostly in community newspapers. I think I had ads going in the Jewish Report for a little while and the thinking there is it’s kind of the right market segment so give it a go and see what happens. And nothing came of it.”*

P3: *“We have before but..., we found that generally the click through rate’s... not that high. What ... is actually better for us is we try and push out really good designs and... they’ll get featured on design sites, like a site like Bethway Gallery which lists ... really good designed websites. Then we get more click throughs through being featured on websites than we do with advertising”.*

3rd. **Target customers**

The third theme explaining the choice to use (or not use) Web 2.0 to build the start-up’s brand is the start-up’s target customers and the specific channels that can be used to reach them. The results show that the start-ups take into consideration what channels may be most effective in communicating with and reaching their target customers, and invest resources in those specific channels.

P2: *“I’m obviously not going to reach anybody who’s not on Twitter and who isn’t reading... But then again the people that I tend to focus on are already tweeting, they’re involved with social media already.”*

P4: *“I’d rather pour a lot more effort into understanding the South African Twitter community than making sure we get onto the front page of Digg because from a financial perspective in terms of our market, we want to be talking to South African people.”*



P7 highlighted that their *therefore Web 2.0 would be ineffective.*

P7: “In terms of dealing with my intended audience, and that at the moment is the decisionmakers at the school, it’s taken a back seat. I’ll rather be going in and doing face-to-face contact with them or what they’re used to in terms of PR and that way of going about things.”

However, P7 further acknowledged that while their target customer (those making the purchasing decisions) is not online, the users of their system are, and therefore need to be reached using the channels that they are on.

P7: “Getting onto Facebook, that’s certainly where all the kids are at the moment as well, so we’re definitely going to be creating a presence there... just the market that it’s in you have to know and to just have that dialogue with kids through the platforms that they’re using.”

This sentiment was echoed by P6, who make use of Web 2.0 but not Facebook.

P6: “We’re very inactive on Facebook because I feel it’s not the right platform for us. We’re very much a business-to-business brand at the moment. We don’t have as many brands for the end consumer or immediate product.”

5.5 RESULTS FOR RESEARCH QUESTION 3

How have start-ups implemented Web 2.0 to build their brand?

The purpose of this research question was to identify the specific ways that start-ups have incorporated Web 2.0 as part of their brand building strategy also It also seeks to explore the reasoning behind why such methods were selected. Although each start-up shared different experiences and insights into their strategies for building their brand, common themes emerged and are discussed in detail below:



P4: *“... Few people actually get that though, that’s the funny thing, that they look at it as being a geeky, techy platform and it’s got nothing to do with that, it’s just the more you share, the more you get back. That’s a centuries old Buddhist principle and that happens in Web 2.0 – the more you give away, the more you get back. So the more you blog and the more information you share and the more information you put on your Posterous account and the more links you share via Twitter, the more your profile grows. I mean it’s not rocket science, you know, and yet people still go, “How do we grow...?” and I just say to them, “How much are you willing to give away?”*

The creation, sharing and dissemination of unique content through various Web 2.0 channels is seen as a central ingredient to the effective use of Web 2.0 in building a brand. Respondents who experienced the most success with Web 2.0 all mentioned a significant investment in the creation of unique content that is shared and distributed through as many channels as possible. One start-up, a web design company (P4), went so far as to create a video blog on how to create good websites, teaching viewers the principles of good website design, giving away their own ‘trade secrets’ while discussing emerging trends about the web and website design.

P4: *“Our top shows are ones where ..., we teach people how to do things or we speak about design trends, that usually gets the best hits. When I say teach people, I mean give ... a screen cast ... We teach them how to design something or how to code something. That’s definitely the highest ... hit rate”.*

P4 acknowledged that there is a significant difference in the results they achieve based on the type of content that is shared.

P4: *“Well, at the start we’re getting about two hundred to three hundred hits a day, and then spikes would be like six hundred a day. Then, after a while, we started getting between seven hundred to a thousand hits a day, quite consistently, just*

The sharing of unique content was echoed by P2 who stated,

P2: *“There’s another thing: the legal profession’s always been very much about silos of knowledge. They don’t like to share and they don’t like to share certainly amongst each other because of the fear that they’re going to putting themselves out of business. But another reason why it’s so important for me to create original content on my blog is because I think it’s important to share some of the knowledge that I have ... put the blog post out there. In fact I’ve licensed my blog post under creative common’s licence so anybody can take the post and they can reuse it within the parameters of the licence without asking me for permission.”*

Once such content has been created start-ups are using a range of Web 2.0 tools and channels to distribute and disseminate the content. Such distribution is seen as a source of competitive advantage.

P4: *“I think what we’ve tried to do is ... to create as many digital spaces, decentralised digital spaces, so things like Facebook groups or Twitter pages or whatever it is and then when we create any content, be it a video of our corporate team-building event on the ski slopes last year, or a white paper that one of our community or content managers writes, we then make sure that that information, that document, that video, that content, ..., is dispersed and distributed across as many of those channels as possible. In doing that we’ve quickly become synonymous with being a resource... for really great content, really good stuff. And it’s not necessarily that we create more than anyone else, it’s because we disperse it better, we disseminate it better than anyone else.”*

When asked if different channels are chosen based on the content being distributed, the general response was that there was no real difference and that as many channels as possible are used, with Twitter and Facebook being the most commonly used to promote the content which is normally located on the company’s blog.

P4: “You just get t can, so if you can you publish on all of those platforms, any and all.”

P9: “We built technology that tweets prim and proper content, so whenever there is content on our blog and [P9] that becomes popular it will tweet to their respective Twitter accounts automatically.”

P3: “Whatever you paste on your Facebook fan page automatically gets tweeted, it pulls the feed from both your blogs to your fan page.”

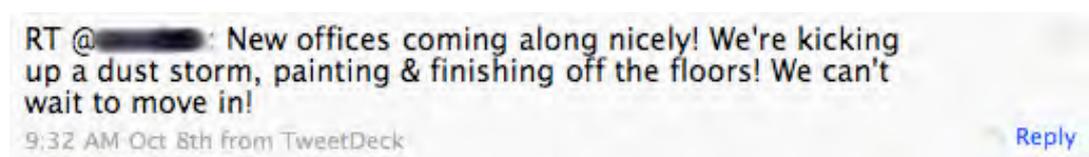
Respondents also make use of their own personal networks that have been built on Twitter and Facebook to promote news about the company and new content. A strong link between the start-up brand and founder’s was commonly cited.

P4 talking about further promoting news announced by the company and visa versa:

P4: “I have 2500 [followers] so it makes sense for me to retweet what [P4] does and for [P4] to retweet some of what I do because that connection works really wel,I cause you’re then benefiting from the 2500 people.”

Such activities are highlighted by the ‘tweet’ below. The founder here is ‘retweeting’ a post made by the start-up, giving an update about their new office renovations.

Figure 4: Twitter Post



This was additionally distributed to the respondent’s personal Facebook page, providing a link to the start-up blog.



By using both the respondent's personal and company profiles to distribute the news, approximately 4,000 people potentially saw these messages, as opposed to just 414. (This excludes making use of staff members' profiles to further promote, bringing the total number up to approximately 7,500 people.)

The linkage between respondents' personal profiles and promotion of the start-ups' profiles was viewed as common, with respondents stating that they use their personal profiles to discuss and share information that is of both personal and of a business nature.

P2: "I blog or tweet about so many different things that it kind of breaks up my identity a bit. So I don't have a really strongly focused identity as a lawyer, but it really depends on who you're talking to. Part of that is because my personal blog, I've shifted the focus a little bit just to gadgets and technology."

Some respondents did, however, see this as a possible risk to the brand.

P4: "... though probably not strongly advisable from an entrepreneurial perspective because one doesn't necessarily want to be synonymous with a brand."

Table 6 below highlights the difference in followers on Twitter between the start-up's profile and the respondents' personal profile. A number of the founders have created a personal and company profile (P4, P6, P7, P8 and P9). What is interesting to note is that

four of the five have r personal capacity than their companies do. In addition to this, the number ‘tweets’ is significantly greater on these personal profiles than on the start-ups’ profiles.

Table 9: Comparison of Start-up and Respondent Personal Profile on Twitter

Start-up Company Profile on Twitter									
Tool	P1	P2	P3	P4	P5	P6	P7	P8	P9
Following	64	818	121	178	170	0	0	2,001	2,002
Followers	88	1,627	3,855	414	153	77	2	1,386	733
Tweets	97	10,093	11,403	134	200	101	1	879	288

Respondents Profile on Twitter									
Tool	P1	P2	P3	P4	P5	P6	P7	P8	P9
Following	0	818	121	468	170	54	137	697	660
Followers	0	1,627	3,855	2,490	153	176	185	343	1,810
Tweets	0	10,093	11,403	9,093	200	592	72	154	5,606

5.5.2 Extending the founders network and building relationships

A strong theme emerged from the respondents’ answers about how they are using Web 2.0: the ability for Web 2.0 to facilitate the extension of the entrepreneur’s network within the industry, allowing the respondent to build a relationship with people that they typically would not have been able to access or be exposed to if it wasn’t for Web 2.0.

The extracts below highlight the use of Web 2.0 to extend the respondents’ networks.

P5: “We do use Twitter. We do find Twitter’s very useful for making those connections with people that we wouldn’t otherwise be able to reach ... [What] the social media ... helps us for is getting into markets outside our country, especially the States, that’s where we have a lot of contacts that we’ve built up.”

P6: it facilitates meetings and you get to know who’s doing similar interesting things in your space and your area... to easily get to them and have a conversation and that results in business... that’s how it works. And I think it’s been very significant for us.”



P2: *"I think what's relationships ticking over and just build relationships with people, maintain relationships and engage with people more."*

In line with building networks, the engagement with individuals to form strong relationships was also viewed as being important.

P9: *"If somebody takes the time to comment on my post, that means they're interested in the subject matter and I want to engage with them... because who knows what will happen down the line? They may not be a client now but they could be down the line. They could know somebody who may turn out to be a fantastic client. You never really know."*

P2: *"... [T]he relationships are really, really important. I mean ... I think that ... this personal engagement online just seems to be a lot more effective, both as a relationship building tool and a way to get business."*

5.5.3 Creation of a community both online and offline

What was interesting to discover was that many of the start-ups see value in using online efforts to promote offline events that were designed primarily to build a community or network, and to allow like-minded people to meet, while improving the overall experience with the start-up brand. Four out of the nine start-ups each mentioned the use of Web 2.0 to promote offline events as being a key ingredient to building their brands through the creation of a community. These events were organised with a strong secondary link to the start-ups' brands (either because of the association with the entrepreneur organising the event, or the event was hosted at the start-up's office venue). Both Twitter and Facebook were cited as very effective Web 2.0 tools for the promotion of offline events.

P4: *"... [W]e try and tie in a lot of the online efforts with real world events. The idea is that we're building an event that allows people from a multitude of walks of life to come and share information and idea and insights around the web, [and a]*

common passion i undabout way is... there's an association with [P4] to that, even if it's not a direct association. We don't put any banners up. It's not '[P4] brings you [P4] Dinners', nothing like that. But we've put so much into the community and people love the dinners so much – we now have in excess of 150 people at each dinner, they're huge – that ...it's been wonderful PR for us. So it's been a really cool profile-building tool for individuals, but more importantly there's this association that [P4] cares about the community, we put effort into the community and the projects that we build for our clients have the community in mind."

Events such as the event described above have their own blogs, Twitter profiles, Facebook fan pages, and allow for attendees at the events to upload photos they may have taken there and comment on each photo.

Figure 6: Example of online promotion for offline event

[Redacted] Experience coffee diversity firsthand in a cupping (tasting) evening at the roastery. Take a sensory coffee journey with the *[Redacted]* and engage in the alluring aromas and fascinating flavours of Africa's finest coffees.

Booking Essential



Coffee Cupping Evening

A Coffee Adventure...

Time: 7:30PM Thursday, August 20th

Location: *[Redacted]*

 July 26 at 8:22pm · [Comment](#) · [Like](#) · [Share](#)

5.5.4 Authenticity and Co-ownership of the brand

Another strong theme emerging from the data was that the entrepreneurs found that the use of Web 2.0 was influential in allowing the customer to 'co-own' the start-up's brand, and become passionate participants in it. The co-ownership of the brand was seen as something positive and not a threat to the formation of the brand.



P4: “What we’ve a . . . we use that for . . . everything from very informal engagement like, “Hey good morning guys, how’s it going?”, “It’s a beautiful day in Jozi, pop right through and have a cup of coffee with us if you’re in the area”, kind of thing, all the way through to, “We’ve just landed a new client”, you know, “whoot, whoot ding ding, good times”, to “Guys we’ve just discovered this really awesome article, this is what we think, we think it’s really insightful, take a look at it”. So it’s all of that kind of interface all the way through to, “Happy birthday to Vincent” – the nice thing is that people feel a part of the business through that interaction. So customers, potential customers, the community we build around our brand, feel like they are participants in our brand because of what we do on Twitter.”

P1: “... [T]o me this is the biggest advantage of this. How much the sort of Facebook or Twitter resulting sales maybe hard to give an exact number or conversion, but people love the fact they feel like they own us. They feel like they are part of it. To me that’s the biggest thing. I’ve had people like come in here, [and say,] “Oh, I saw your coffee arrived eh?”, or “I saw you on the bag” – cause I had a picture of me climbing up the bag when our rags arrived – ... or, “I saw the coffee’s arrived, I’m really looking forward to trying the new Tanzanian”. I think they feel it is more theirs, which is exactly what we want out of it.”

5.6 RESULTS FOR RESEARCH QUESTION 4

Which of the Web 2.0 tools selected have been most effective in building the start-up’s brand?

This question attempted to explore, from the start-up’s perspective, which Web 2.0 tools have been most effective in the building of their brand, why that is, and how the start-up ascertained effectiveness i.e. what measurements were put in place.

To answer the question on the effectiveness of Web 2.0 tools used, the researcher first asked if the respondent felt that their use of Web 2.0 had been effective in the building of the start-up’s brand. Barring P7, every respondent indicated their belief that Web 2.0

provided an effective means for respondents citing specific cases in terms of acquiring new business, launching a product, building a reputation and building the brand.

Some examples follow:

P1: “ Social media has, for me, proved to be a lot more effective as a marketing tool than mainstream stuff [O]ne of my clients who could potentially be one of my biggest clients in the next few months, I know the group marketing guy from a previous company he was at, and he’s just been following me on Twitter and he just moved across to this company and along came that business.”

P4: “The most obvious thing would be business leads. We’ve never advertised, I’ve never made a cold-call in my life, ever ... it’s been incredibly beneficial in terms of acquiring business.”

Launching a new product

P6: “Prominent Blogger picked up on the release and he actually released it about half an hour before we were going to go live and he put it on Twitter and he got retweeted about sixty times... and we had like fifty people sign up in the first hour! And then that day we had about 200 people sign up, just out of people being inquisitive and so on. So it was quite a good launch.”

Building of the brand

P6: “Well it’s so hard to quantify but ... I’d say at least half our brand awareness is from social media.”

When prompted on which specific tool the respondents felt was most effective, the majority of respondents showed a strong preference towards Twitter. Table 4 outlines a word frequency count of the top tools mentioned, highlighting Twitter as the most prominent followed by Blogging and then Facebook.

With regards to respondent 6's assessment of Twitter, respondents noted that:

P4: *"Twitter's been incredibly powerful. Twitter's powerful I think because of the network that's on Twitter. It's much smaller than Facebook, but it's a highly networked, highly informed group of people that I think have got a lot of really valuable stuff to offer."*

P5: *"We do find Twitter's very useful for making those connections with people that we wouldn't otherwise be able to reach ... I think Twitter's been the most useful."*

P8: *"Twitter works very well for us."*

Two of the respondents cited Facebook as being effective, with P3 specifically citing a move away from Twitter and towards Facebook.

P3: *"Twitter used to be a lot more popular. It's kind of died down a little bit so we've been using our Facebook fan page, ... to quite good effect, because... there quite a number of reasons. One – whatever you paste on your Facebook fan page automatically gets tweeted, it pulls the feed from both your blogs to your fan page, and you can have a better platform of discussion than just putting something on Twitter, on your fan page."*

P9: *"I think Facebook has been really cool for us It helps lower the barrier of registration or with already registered users it helps us improve the level of their profile by just importing their Facebook profile, which they spent a lot of time on. So I think Facebook connect technology has been quite nice for us."*

The respondents that are making use of video (either through their blogs or sharing through other channels) indicated that video was a very effective tool in building their reputation and for engaging with customers.

P6: *"[I] find that you get far more people engaging with video content so you don't get perhaps as many views but when people look at it they're much more likely to comment and so on. So it's interesting, video seems to be a way to get people*

more engaged in posts and text where people seem to just skim read it and go away”. ‘Oh I saw you at [P6] Conference event and I watched the video’ and it’s just building that credibility.”

P5: “Usually the people who buy from us watch our ‘video blog’, so they know they’re kind of buying from us. They’re not just buying from the company with no personality behind it, and I think that’s what video gives, it gives ... such a deeper ... understanding of who you’re interacting with on the other end.”

5.7 RESULTS FOR RESEARCH QUESTION 5

What are the barriers to the adoption of Web 2.0 in building the start-up’s brand?

The purpose of this research question was to ascertain what specific barriers the start-up faces in the adoption of Web 2.0, as well as to highlight the possible obstacles that start-ups may face in the foreseeable future. A single major theme emerged as the biggest barrier to the adoption of Web 2.0 in building the start-up’s brand: the time required in order for it to be effective.

Time investment required to be effective

P4: “The interesting thing about social media is that there’s this misconception that it’s free, and it’s not free... it might be very affordable to start and publish a podcast, but the amount of time that it takes is expensive. The amount of time to maintain a very effective and market-leading blog ... it takes massive effort. So it’s free as in you don’t have to pay to start it up, but it’s not free with the amount of effort to make it a very effective platform. That takes an enormous amount of time.”

The amount of time required to be successful with Web 2.0 was listed as a frequent barrier for the start-up. The word frequencies count across the data set shown in Table 4 confirms this, with ‘time’ ranking as the sixth highest word above Blogs, Facebook and brand. Out of all the opinions expressed by the respondents, none was as unanimous,

with all respondents indicating time as being the number one barrier to Web 2.0 adoption.

P2: *“I just haven’t got time to really sit and spend a lot of time with it. I’ve got to spend most of my time on my practice and get that going.”*

P3: *“It’s a matter of finding enough time to spread your resources, and that’s something we could run out of, a lot, quite often. And you’ve got to work, you’ve got to blog, you’ve got to video blog, you’ve got to promote your stuff ... it’s super time consuming if you’re going to do it properly.”*

P5: *“... It’s quite time consuming.”*

P6: *“It’s very time consuming. I think it takes about four hours to write a decent blog post. It can be very time consuming. I remember when we launched our new product ... for a whole week I was exclusively spending my whole day on Twitter, just answering people and tracking certain key phrases and things like that, it just ate my time and I just had to deliberately do less even if it meant not answering some people and things like that.”*

P8: *“Social media marketing is a lot more time intensive than traditional marketing; it is not as capital intensive but you do need time and effort, and if you put the time and effort there you will get the sales but there is a lot of time and effort.”*

Despite the acknowledgement of time as the biggest barrier to adoption most of the respondents were positive about their Web 2.0 efforts, and expressed that these efforts were likely to increase into the future.

P6: *“I think it’s going to be more ... Social media is a good way to have a big impact with a small budget so over time hopefully as our budgets increase for marketing we won’t be expected to be using social media any more, we’ll have other avenues as well. So as a percentage of our total marketing spend, social media will probably decrease over time, but the actual amount of money will, no doubt, continue to increase.”*



P8: *“We are putting social media marketing. It is more of a long-term growth thing for us. This year it will be almost 100% social media.”*

P9: *“I think it will only increase, more and more people especially in the emerging markets get onto these platforms which is where most of them are finding their growth now. We will grow with them as well.”*

5.8 CONCLUSION OF RESULTS

The results from the research questions highlight significant themes in the role that Web 2.0 plays in the building of a start-up's brand. The results demonstrate support for the existing literature, and provide unique and insightful findings into how start-ups are making use of Web 2.0 to build their brands, the reasoning behind such strategies and the challenges that they face in doing so. In Chapter 6, these results are discussed in further detail.



6 INTRODUCTION

This chapter discusses in detail the research findings outlined in Chapter 5. These findings are compared with the literature review in Chapter 2 and outlined in accordance with the five research questions proposed in Chapter 3. The in-depth interviews with the nine start-ups provided an extensive set of data from which emergent themes were drawn, providing insights into the role, usage, effectiveness and challenges faced by start-ups when using Web 2.0 as a branding building tool.

The research results discussed in this chapter contribute to an improved understanding of the literature regarding the use of the Internet as a branding medium specifically for the start-up, and further explore the Web 2.0 for this purpose.

6.1 RESEARCH QUESTION 1

What Web 2.0 tools are start-ups making use of to build their brands?

This question sought to identify if start-ups are making use of Web 2.0 to build their brands and, if so, what specific tools they are making use of to do so. The results from the in-depth interviews with the nine start-ups and thematic analysis of the data set provided the following answers.

6.1.1 USE OF MULTIPLE WEB 2.0 TOOLS

The interviews revealed that start-ups are making use of a wide array of Web 2.0 tools to establish, promote and communicate their brands. Eight of the nine respondents are making use of a minimum of two tools, with six being the most. Table 2, section 5.4.1 outlines the respondents' use of Web 2.0 within the categorisation framework provided by Constantinides and Fountain (2007). The use of social networks by category proved

most popular, followed by Facebook and LinkedIn. When the categories are broken down into individual tools that, Twitter proved most popular, with each of the eight start-ups involved in using Web 2.0 stating that they make use of the micro-blogging site. Facebook ranked third on the list.

This is surprising when considering that within the South African context, Facebook has over 3.8 million registered users, reaching just over 50% of the South African Internet market (Google Ad Planner, 2009), and is ranked as the number two most-visited site in South Africa (after Google), while Twitter has only 570,000 users and is ranked fourteenth (Google Ad Planner, 2009). Reasons for this may be that respondents perceived Facebook as more of a ‘consumer’ medium than a business-to-business medium. The start-ups that do make use of Facebook (P1, P3, P8 and P9) are focused on the business-to-consumer or consumer-to-consumer markets (see section 5.3, Table 1). A quote from one of the respondents below supports this hypothesis.

P6: "... [E]veryone has a Facebook account but they want to use it for personal conversations and things that they're interested in, in their personal capacity. So a businessperson will ... spend time in Google, on Twitter, perhaps LinkedIn to take care of business services and then they'll go home, log into Facebook and chat with their friends and at the moment I don't see how Facebook would work well for business-to-business brands."

Another reason cited by respondents for the popularity of Twitter is that ‘tweeting’ in 140 characters or less is low overhead when compared to setting up a Facebook fan page and keeping it updated. The novelty of Twitter as a new platform may also have an impact on its popularity, a phenomenon described by Gunning (2009, p.1) as “techno-ecstasy”, whereby companies rush to be part of the latest technology trend, excited by the promises of what it has to offer and driven by the fear of being left behind.

Regardless of the reasons, a significant portion of the start-ups' Web 2.0 brand-building arsenal cannot be overlooked.

In addition to Twitter, the majority of the respondents saw writing, maintaining and managing a blog as a critical Web 2.0 tool with seven of the nine using a written blog (see Chapter 5, Table 4). These blogs were used to provide news and information about the start-up, opinions and articles about the latest trends in the industry and a personal account of the entrepreneurs' life experiences and passions. Adding video content to the blog was noted as an effective method to increase engagement with customers and helped develop brand personality (see Chapter 5, section 5.3.5).

Of the five categories of Web 2.0 provided by Constantinides and Fountain (2007) only three (blogs, social networks and content communities) appear relevant to the start-up in their brand building efforts (see Chapter 5, section 5.3.1, Table 3). It is interesting that no start-up reported making use of forums or content aggregators as part of their strategy, indicating that these two categories may not be relevant to brand building within the Web 2.0 context.

These results show that start-ups are actively making use of Web 2.0 tools to build their brands. Also worthy of discussion is that a clear difference between the length, frequency of use, number of updates and intensity of effort employed by each start-up was identified and is discussed in further detail.

6.1.2 FREQUENCY OF USAGE

Table 6, section 5.4.1, outlines the length of usage, frequency of updates and the extensiveness of Web 2.0 effort employed by the start-ups, ranked on a scale from 'none' to 'extensive'. Four of the start-ups make 'extensive' use of Web 2.0; one 'high' usage, two 'moderate' usage; one 'minimal' usage and only one 'no usage'.

As a case example shown in Table 6, section 5.3.1, highlights the activity of each of the start-ups on Twitter. There is a large range difference between respondents in terms of the number of ‘tweets’ and number of ‘followers’ (from 1 to 11,403 ‘tweets’, and 2 to 3,855 ‘followers’). Although it is not certain which comes first, the ‘tweets’ or the ‘the followers’, the findings are in line with Cheng and Evans (2009), who found that as users began to attract more followers they tended to ‘tweet’ more often; but simultaneously, the greater the investment in the channel (e.g. the more tweets), the greater the results (e.g. more followers). The degree of usage of each respondent is linked to the entrepreneur’s previous experience with Web 2.0 and overall philosophy with regards its use. It is therefore not surprising that respondents who felt more positive about the investments made in Web 2.0 were more active in their efforts than those that were making use of it but saw it as a “distraction” or “time waster” (see Section 5.3.3, theme 1). This is in line with the literature, which states that the entrepreneur in a small business plays a central role in forming strategic choices with regards to the branding, marketing and market orientation of the start-up (Hill, 2001; Krake, 2005; Rode and Vallaster, 2005; Wong and Merilees, 2005; Merilees, 2007).

When compared with the life cycle phase of the start-up (Churchill and Lewis, 1983; Witt, 2004) the researcher found it interesting to note that the start-ups making no or minimal use of Web 2.0 are micro companies that fall into ‘existence’ or ‘survival’ phase of the start-up. These start-ups were still primarily focusing on the development of their products and were either pre-revenue or earning very little revenue. The start-ups making ‘high’ or ‘extensive’ use of Web 2.0 all fall into the ‘success proving’ and ‘growth’ classifications and primarily focused on attracting new customers and growth. Although no causality can be drawn from the sample, it is interesting to note the differences in effort employed by each start-up in relation to their development phase. This is in line with (Krake, 2005; Rode and Vallaster, 2005) who state that small businesses face

their business development. Further research into this area is required.

6.1.3 CONCLUSIVE FINDINGS OF RESEARCH QUESTION 1

The results of research question one reveal that start-ups have embraced Web 2.0 as a brand-building tool and are employing a varying range of tools. Twitter and blogs appear to be the most commonly used tools. What is interesting to note is that the degree of usage between start-ups varies and could possibly be linked to the different development phase that the start-ups are at, as well as differences in previous experience of the entrepreneurs with Web 2.0, and their philosophies towards branding using Web 2.0.

6.2 RESEARCH QUESTION 2

Why did the start-ups choose to make use of Web 2.0 to build their brands?

Research question 2 attempted to identify the rationale behind why start-ups selected Web 2.0 to build their brands. The results from the thematic analysis of the in-depth interviews identified three major themes as outlined in Chapter 5. These themes are discussed in further detail below.

6.2.1 Previous experience and philosophy of founder

The greatest determinant of why the start-up made use of Web 2.0 was based on the entrepreneur's willingness to attempt and invest in the tool to build the start-up's brand. This is in line with the start-up branding literature that places the entrepreneur as central to the start-up branding process (Krake, 2005; Rode and Vallaster, 2005) and choices, with regards to the marketing orientation and channels chosen (Gilmore *et al.* 2001; Hill, 2001; Simpson, 2006). Respondents with previous experience on Web 2.0 (for example, those who had managed and maintained a personal blog before founding the start-up)

were found to have invested in Web 2.0 as a brand-building tool almost immediately after starting their business. All of the four respondents classified as 'extensive' users of Web 2.0 (see Table 7, section 5.4.1) cited experience with blogging or Twitter prior to starting the company. These respondents were also found to be more positive about the impact that Web 2.0 had on the start-up and the successes that they experienced.

The philosophy of the entrepreneur also played a significant role in the adoption of Web 2.0 as a branding tool. Respondents cited an aversion to traditional "push" media and believed building the brand involved "communicating and collaborating with the customer" (P2), an affinity towards co-ownership of the brand (P1) and the belief that Web 2.0 was all about "community and collaboration" and not a set of technology tools (P4), as reasons for their efforts. These philosophies are compatible with the new dominant logic in branding (Merz, 2009), in which the brand is built through customer collaboration and co-creation (see Table 1, section 2.4). This is in line with the findings of Parise and Guinan (2009, p.1), who state that the "Web 2.0 approach aligns with an emerging dominant logic in marketing: value is defined by collaborating and co-creating with customers," and requires a change in mindset that involves giving up some control of the marketing and branding processes.

6.2.2 Perceived minimal cost and failed experience with other media

The second major determinant for why the start-up selected Web 2.0 to market and build their brand was the perceived minimal cost involved with using it, and failed experiences with other 'paid for' media such as targeted search advertising on Google (P8) or advertising in the classifieds (P2).



The results of research question two provides ample insights as to why the start-up selected Web 2.0 to build their brand and highlights the three major influencers to the selection of it. Firstly the previous experience and philosophy of the entrepreneur towards Web 2.0 was seen to be significant in both the decision to make use of Web 2.0 and the extensiveness that it proliferates throughout the daily operations of the start-up. Secondly, the perceived minimal cost involved with making use of Web 2.0 made it more appealing than traditional media. Lastly, the ability for the start-up to reach its target customers or not.

This research question aimed to explore the specific ways that start-ups have incorporated Web 2.0 into their brand building strategies. From the results outlined in Chapter 5, section 5.4.3, three dominant themes emerged that are discussed in further detail here.

6.2.1 *Creation, sharing and dissemination of unique content*

In the Web 2.0 world content appears to be 'king' when it comes to an effective Web 2.0 brand building strategy, with some respondents referring to content as being 'magical', placing a strong emphasis on the need and desire to create unique content. This is in line with Simmons (2007), who on review of the branding literature from 1996 to 2006 identified four components to brand building, with 'content' specifically added as a requirement for Internet brand building, and Ibeh, Luo and Dinnie (2005) who state that unique content online is essential to Internet branding. What is interesting to note is that the entrepreneurs' blogs appears to be the central point for the creation of such content rather than the start-ups' corporate blogs. A reason for this was cited by one of the respondents:

This is in line with Hanson (2006), who argues that the blog is personal and is meant to be a first-person account covering a topic of interest to the particular audience. Hanson (2006) further argues that the blog can be a powerful tool for businesses when used by an individual (typically a subject-matter expert) to communicate one central idea. Nonetheless, the entrepreneur’s blog was seen as a successful channel to drive traffic to the start-up website, and was viewed as a influential tool broadening the brand through strong secondary associations. This is reiterated by Keller (1998) and Krake (2005) who recommend such strategies for small businesses in building their brands. Respondents also indicated that the more unique the content provided, the more traffic such content generated to the blog, and the more it was shared amongst readers or viewers of the blog. The majority of respondents were creating the content themselves, investing significant time into the creation of such content (four hours for each blog article and four to six hours per video blog) in an attempt to stay ‘relevant’ and ensure that they were taking part ‘in the conversation’ happening online about specific topics within the industry.

The use of the entrepreneur’s personal blog as the central blog for the start-up was believed to create further transparency into the personality and passions of the entrepreneur. A result of which would be strengthening the entrepreneur as the “personification of the brand” (Krake, 2005, p. 232) and is in line with Krake’s (2005) recommendation that a clear link between the character of the entrepreneur and the brand be established. The use of a video blog was noted to be even more successful in creating such transparency, as respondents could no longer “hide behind good grammar” and “engineer blog posts” (see Chapter 5, section 5.3.5). It is worth noting that respondents themselves specified that the creation of such transparency and authenticity

was not the original intent simply trying to see what worked, and could post-rationalise why they thought video was so effective and the impact it had on their brand.

Respondents wrote about a vast range of topics, with one respondent indicating that he wrote about everything from legal matters to cell-phone reviews. This is in contrast to Ibeh *et al.* (2005) and Simmons (2007), who argue that a strong understanding of the customers' unique content needs is essential in order to remain relevant. The approach employed by respondents appeared to be rather haphazard, without much concern to relevancy or consistency, but rather a focus on getting as much exposure through as many channels as possible. In addition to the creation of unique content, dissemination of such content across as many channels as possible was seen as an important factor to driving traffic to the blog, improving search engine rankings and building the reputation of the brand. Integration of the blog with Twitter and Facebook to automatically post the headings of new articles was frequently cited as a method employed by respondents. Using the entrepreneur's personal Twitter account, as well as staffs' Twitter accounts, to 'retweet' new articles and information was another method mentioned as effective to increase exposure.

6.2.2 *Extending the founders network and building relationships*

Establishing, maintaining and strengthening the entrepreneur's network was highlighted as a particular strength of Web 2.0. Respondents felt that Web 2.0 helped them to expand their network, giving them access to people and contacts that "they wouldn't otherwise be able to reach" (see Chapter 5, section 5.3.4, theme 2).

The use of personal networks by entrepreneurs is an important aspect of the way in which small businesses do business and market themselves (Gilmore *et al.*, 2001; Hill,

2001; Witt, 2004; Krakauer 2, the network success hypothesis argues a positive relation between the networking activities of the founders and their start-ups' success (Elfring and Hulsink, 2003). The larger and more diverse such a network the greater the chance of success for the small business (Witt, 2004).

Twitter once again ranked top on the respondents' lists as the best tool to be used in expanding the respondents' networks and forming key relationships, followed by LinkedIn and then Facebook. Table 8, section 5.3.4, outlines the number of Twitter followers for each respondent's start-up and personal Twitter accounts. What can be seen is that four of the nine respondents have well over 1,000 followers. Table 9, section 5.51, further indicates the number of Facebook friends each respondent has, with two respondents having over 1,000 friends. Both these figures confirm the respondents' use of Web 2.0 as an effective network-building tool. The respondents noted that they by no means knew everyone that followed them on Twitter (this was however not the case for relationships established on LinkedIn and Facebook), but that it nonetheless enabled them to create more easily informal relationships that over time would foster into something more formal.

"Twitter is nice because we can interact directly and it's a little less formal than email. We've found that ... [with]... a company that we'd want to work with or we'd like to help them on a project... if you email them it sort of goes unnoticed or gets lost in their message box; on Twitter you can interact for a little bit, build up ... a relationship, and then send the message through."

In addition to this, Witt (2004) stipulates that the greater the frequency of communication with the network, the more diverse and more dense it is; and the greater the frequency of new information being provided, the stronger the entrepreneurial network and the support that it may provide. What is interesting to note is that the literature on Internet

networking as a component of Internet branding.

6.2.3 Creation of a community both online and offline

A fundamental principle of Web 2.0 is that users add value by creating their own content (through the use of the various online applications) which is shared among the community of users, resulting in a network effect (O'Reilly, 2005). This was confirmed in the findings with respondents making use of this 'network effect' by allowing users to upload their own content, comment and create their own blog posts and share this information openly with other users in the community. In all of the cases where respondents cited the creation of online communities as central to their Web 2.0 strategies (P1, P3, P4 and P9), they were referring to online communities that centred around the start-up's brand, known in the literature as *brand communities* (Muniz and O'Guinn, 2001; McAlexander *et al.*, 2002). Respondents indicated that these brand communities allowed the start-up to engage better with their customers, promote new products and spread word of mouth through incentives specific to the online brand community.

Out of the four start-ups that invested in such communities, only one made use of their own technology to do so, with the rest making use of the Facebook 'fan page' facility to create their own community profiles. The predominance of using Facebook as the brand community platform has a number of implications worth considering. Firstly, Lin (2007) argues that the ease of use of the online system used to build the 'virtual community' is a strong predictor of the acceptance and use of such a virtual community. Facebook, with over 300 million users worldwide, has proven its usability and is already familiar with users, simplifying the process for a customer to become a brand 'fan' and get involved with the brand's online community. This lowers the barrier for both the start-up to create

a community presence on Facebook (technology component), and for potential community members to take part as it forms part of their usual Facebook behaviour.

However, the use of Facebook limits the degree of customisability available to the start-up around the brand community, in terms of design, content and usability, seen as critical components to the development of successful brand communities (Kim *et al.*, 2009; Schau *et al.*, 2009), Figure 6, Section 5.5.3, provides an example of the brand experience and customisability on Facebook. It is safe to assume that Facebook users that are 'fans' of one brand on Facebook would be 'fans' of another, "commoditizing" (Schau *et al.*, 2009, p. 36) the users' experience of the brand community. This is seen as removing value in the creation of the brand community (Schau *et al.*, 2009). Nevertheless, the simplification of the technology component in creating an online community platform, ease of use of Facebook for both the start-up and its community members, and access to large member base are compelling reasons for the start-up to make use of Facebook as a brand community platform.

To enhance and strengthen the brand community experience, respondents noted the use of 'offline' events and gatherings as particularly important and extremely effective. As discussed in Chapter 5, section 5.5.6, these events were promoted online and often only available to online members. Figure 6, section 5.5.6 is an example of such promotion. The use of both online and offline communities by the start-ups supports the literature, which states that simply providing a web-based community network does not guarantee the development of a successful brand community (Lin, 2007), which requires the frequent facilitation of social interaction among community members (Muniz and O'Guinn, 2001; Algesheimer *et al.*, 2005).



The results to research question three provides significant insight into how start-ups are making use of Web 2.0 to build their brand. It highlights the importance of the creation and dissemination of unique content as central to the success of a Web 2.0 brand building strategy. It also revealed that the various Web 2.0 tools perform different functions for each start-up allowing the start-up to establish relationships with customers, facilitate the creation of an online brand community, extend the network of the founder and enable customers to identify as co-owners of the brand. The results further outlined the practical strategies employed by each start-up behind each tool selected and how they've gone about making use of such tools on a daily basis. Table 10 below provides a detailed summary of these findings.

6.3 RESEARCH QUESTION 4

Which of the Web 2.0 tools selected have been most effective in building the start-ups' brands?

The purpose of this research question was to ascertain which specific tools start-ups felt were most effective in building their brands, why that is, and what measurements were in place to ascertain effectiveness. With the array of Web 2.0 tools available, from blogs, to wikis, to podcasts, to social networking and more, simply understanding what is being used and what is effective from the start-up's point of view can aid in the understanding of how to utilise Web 2.0 as part of an effective brand building strategy for start-ups.

Chapter 5, section 5.4.4, indicates that the majority of respondents felt that their investments made in Web 2.0 proved an effective method for the building of their brands. This is in line with the findings of Parise and Guinan (2008) who indicate that marketers could benefit from incorporating Web 2.0 tools to build their brands and that Web 2.0 has significant potential to provide value to customers that use it effectively.

Although the question posed was susceptible to respondent bias and subjective in nature (as each respondent had their own opinion of what was deemed successful), respondents did provide anecdotal evidence as to why they believed their efforts were successful, quoting increases in sales, feedback from customers, invitations to speak at public events, reputation in the marketplace and interviews with the media as common examples of effectiveness.

6.3.1 EFFECTIVENESS OF TOOLS USED

Although each start-up reported using a range of Web 2.0 tools, a definite preference for certain tools was revealed. Table 6, section 5.4.1, outlines that the start-ups interviewed primarily invest their branding efforts in three of the five Web 2.0 categories defined by (Constatinides and Fountain, 2007): blogs, social networks and content communities. Table 6, section 5.4.1, provides further clarity to the specific tools being used by each start-up with Twitter, blogging (written and video), Facebook and LinkedIn being most popular (in that order).

When asked which of the specific tools proved most effective, respondents varied in their responses, with some citing Twitter, others Facebook and others video blogging as most effective, despite the majority making use of Twitter extensively (see Chapter 5, section 5.4.4, for respondent responses). The reasoning behind the respondents' choices was also different for each respondent, even when they chose the same tool as most effective. For example, P9 believed that Facebook was most effective for them as it lowered the barrier for users to register on their website, while P1 felt that Facebook was most effective as it improved their ability to create a sense of co-ownership with the brand. P2 felt that Twitter was most effective, as it proved successful in driving traffic to the respondent's blog, while P5 cited Twitter as most effective because of its ability to expand the entrepreneur's network and make new connections.

Reasons for this could be based on the subjectivity of the question, as respondents each defined effectiveness differently, but could also relate to the specific challenges that each start-up was facing. For example, P9 was worried about increasing user registrations on their website, while P1 wanted to ensure that customers bought into the story of their

premium coffee brand. Tl (2001), who state that small businesses are often reactive when deciding on marketing channels to use responding to the most pressing 'crisis'. This does however highlight that the same tools can be used to achieve different branding purposes and no single approach is deemed to be correct. Further research into this area would prove meaningful.

What was clear amongst respondents, however, is that a combination of tools is used and proves most effective. Uploading a new article onto a blog, Tweeting about it and posting the article to the Facebook fan page combined is seen as a far more effective strategy than relying on a single tool alone. The use of video content to compliment a blog post and give further information about a product is another cited example of how the combination of tools proves more effective. This is compatible with the findings of Parise and Guinan (2009), who recommend that marketers experiment with multiple Web 2.0 tools to create a rich user experience and increase the chances of users engaging with the content.

6.3.2 CONCLUSIVE FINDINGS FOR RESEARCH QUESTION FOUR

Research question four aimed to identify the effectiveness of the specific tools selected by each start-up. The results to this question revealed that each start-up gauged effectiveness differently and that no consensus as to which tool was most effective was reached with the same tool being identified as most effective but for different reasons. What was however identified is that the combination of tools that centre on the start-ups blog appears to be the most effective strategy for the building of a community following and establishment of the start-ups reputation in the marketplace.



What are the barriers to the adoption of Web 2.0 in building the start-up's brand?

The purpose of this research question was to ascertain what specific barriers the start-up faces in adoption of Web 2.0 and highlight possible barriers that the start-up may face in the future.

Of all the questions asked, none provided such a unanimous answer: time. The time investment required was seen as the greatest barrier and challenge to the adoption of Web 2.0. As most of the Web 2.0 tools are freely available for any one to make use of, cost was not seen as an issue or an inhibitor by the start-up. What is surprising to note about these findings is that technology was never mentioned as a barrier to its usage. This may be based on the skewed sample that was used which was primarily made up of technology companies and therefore most respondents had the necessary skills to make use of Web 2.0. Another possible reason for this would be related to the increase in usability of the Web 2.0 which is one of the reasons driving its growth.

For the start-up in its early stages of development money saved seems to be a more valuable resource than time spent to that of the entrepreneur and therefore is willing to make the investment in time to use Web 2.0. As the start-up grows and develops and the entrepreneurs' time becomes more critical to the entrepreneur he / she will need to invest in alternative resources to make use of Web 2.0.

6.4.1 CONCLUSIVE FINDINGS FOR RESEARCH QUESTION FOUR

The results of research question five indicate that the constrained start-up founder invests a significant amount of personal time and effort into the use of Web 2.0 and was

cited by all respondents as a branding tool. Successful utilisation of Web 2.0 as

6.5 CONCLUSION OF DISCUSSION

The exploratory investigation into the role of Web 2.0 in building the start-ups brand aimed to identify how start-ups have incorporated Web 2.0 into their branding strategy, outline the specific Web 2.0 tools that have been used and indicate the impact of such efforts. Additionally the research aimed to identify the challenges faced by these start-ups in making use of Web 2.0 to build their brand. The main objective for this research was therefore to understand the role that Web 2.0 plays in building the brand of the start-up.

The results showed that Web 2.0 had been used effectively by a number of start-ups to establish their brand in the marketplace and overcome their 'liability of newness'. It was found that Web 2.0 performed a number of branding roles for the start-up. These were:

- Reputation building: By sharing unique content on industry and customer specific topics, start-ups were able to establish themselves as experts within their area of focus and successfully overcome their 'liability of newness'.
- Establishment of the brand personality and authenticity: The use of video, sharing of photos and personal updates to blogs was seen as an effective method for the start-up to appear transparent with its customers and forge a strong brand personality link between the personality of it's founder and that of the start-up.
- Community creation: By allowing customers to contribute their own content on branded community sites, encourage the interaction amongst community members and by providing specific benefits exclusive to online community

members, start-up community. This combined with 'offline' brand community events proved extremely successful for building a strong community following.

- Network and relationship building: Through the use of micro-blogging, inviting comments on start-up blogs and encouraging feedback online from customers, start-ups were able to forge stronger relationships with customers and extend the reach of their networks more easily and with greater effect.

In addition to these findings the research identified the key role that the entrepreneur or start-up founder has in both the adoption of Web 2.0 as a branding tool and the formation of the start-ups brand personality. Investment in Web 2.0 efforts was more prominent and extensive in start-ups where the founders believed in the principles of co-creation, collaboration and community. The additional transparency created with Web 2.0 and the extensive usage of the founders' personal blog, micro-blog and social network appears to blur the lines between when the start-up brand was being built and that of the founder.

With regards to the identification of specific Web 2.0 tools that start-ups have used to build their brand the findings indicated a strong preference towards the micro-blogging site, Twitter; the use of both personal and start-up branded written and video blogs; and the use of social networking sites with a preference towards Facebook and LinkedIn. No single tool could be identified as 'the most effective' in building the start-ups brand but what was found is that the blog appeared central to the start-ups Web 2.0 strategy with the other tools (Twitter, Facebook, etc) used to provide exposure to the blog rather than the start-ups website. In addition to this, it was found that start-ups placed relatively little emphasis on measurements for success and relied primarily on intuition and feedback as determinants of success. This is surprising when considering the detailed measurement

tools available for free to



icking results within a digital

environment.

Lastly, the findings identified the significant investment of time and daily dedication towards a Web 2.0 branding strategy as a key barrier to the adoption and utilisation of Web 2.0 as an effective branding tool. Surprisingly, technology and expertise were not mentioned as barriers to adoption though this may be related to the convenience snowball sample selected as it contained a high number of respondents who were involved in either technology businesses or have had previous experience with Web 2.0.

7 CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

This chapter summarises the findings of the research with reference to its achievement of the original aim, and assess if the research objectives have been met. Additionally the chapter highlights contributions made to the existing academic literature, offers recommendations for start-ups based on the findings, and concludes the chapter with recommendations for future research.

7.2 SUMMARY OF KEY FINDINGS FROM THE RESEARCH

The exploratory investigation into the role of Web 2.0 in building the start-up's brand aimed to identify how start-ups have incorporated Web 2.0 into their branding strategies, outline the specific Web 2.0 tools that have been used, and indicate the impact of such efforts. Additionally, the research aimed to identify the challenges faced by these start-ups in making use of Web 2.0 to build their brands. The main objective for this research was therefore to understand the role that Web 2.0 plays in building the brand of the start-up.

7.2.1 *WEB 2.0 IS AN EFFECTIVE BRANDING TOOL FOR START-UPS*

A key finding of this research is that Web 2.0 can play an important role in the building of the brand for a start-up. It was found that Web 2.0 performed a number of branding roles for the start-up. These roles have been outlined in great detail in Chapter 6, section 6.5 and in summary were identified as: 1) reputation building; 2) Establishment of the brand personality and authenticity 3) Community creation 4) Network and relationship building.



Rode and Vallaster (2005) argue that the entrepreneur is seen as central to the corporate brand building process, this was inline with the findings of this research but deserves specific mention due to the extensive usage of the entrepreneurs personal brand, networks and insights as part of an effective Web 2.0 branding strategy. The entrepreneurs were found to upload content to their own personal blog rather than that of the start-up, make use of both a personal and start-up specific Twitter account and when uploading video content were normally the central figure in the videos. The implication of this is that the resulting brand personality of the start-up is significantly linked to that of the founders' own personal brand.

7.3 RECOMMENDATIONS FOR START-UPS

Web 2.0 represents a significant opportunity for start-ups to overcome their 'liability of newness' and establish their brands in the marketplace, initially at potentially zero monetary costs. However, the investment in terms of the start-ups' time and dedication of effort is significant and can't be overlooked. Therefore start-ups need to view the use of Web 2.0 as a long-term commitment that will generate results through consistent effort over time. With this view in mind the research outlines the following recommendations and considerations for start-ups to incorporate Web 2.0 into their brand building strategy.

First to consider is the business case for Web 2.0 within the specifics of the start-up.

Questions to consider are:

- *Is my target customer currently making use of Web 2.0?* If the start-ups target customers are not currently online, then investing in Web 2.0 may not be required.

- *What is the intended outcome?* This question is important as it relates to the required investment. There is a great degree in difference between trying to establish the start-up as a thought leader within the industry or simply provide updates to customers about developments within the start-up. Therefore an understanding of the intended outcome is seen as critical.
- *Do we have the resources (time or money) to commit to Web 2.0 over the longer term?*

These three questions are essential to framing the necessity for the start-up to be involved with Web 2.0 as a brand-building tool as well as the degree of investment required for it to be deemed successful. If the resulting decision is then that Web 2.0 strategy for the building of the start-ups brand will be of value then the researcher offers the following set of recommendations.

- Begin establishing a culture of blogging in the early stages of the start-up. Involve members of the founding team in Web 2.0 efforts to reduce the time investment burden from being placed solely on the founder and to extend the brand beyond the personality of the founder and towards the start-up as a whole. Getting employees used to having to update their blogs on a daily basis will go a long way to the sustainability of the Web 2.0 strategy of the start-up and increase its exposure immediately.
- The ability to establish and grow the start-up's brand community is in proportion to the willingness of the start-up to contribute and share content that is perceived of value to the targeted audiences. The more unique and meaningful the content provided to the community, the more valued it is.

- Authenticity of the  key elements to the formation of trust with the community. Being seen as simply marketing and promoting products will quickly diminish efforts and have a negative impact on the brand.
- Understand where your customers are engaging online. Not all Web 2.0 tools are necessary to be used to reach your targeted customers but the use of a blog that is visibly updated by an individual is seen to be central. If uncertain the combination of Twitter, Facebook and the central blog should provide the start-up sufficient exposure without having too many channels to maintain.
- The commitment of time and effort that it will take to establish the start-up as a contributor of content, build a network of followers and fans and begin to receive exposure is significant and requires daily dedication.

7.4 LIMITATIONS OF THIS STUDY

The results of this study are subject to certain limitations. The largely exploratory research has inherent methodological limitations.

- The small sample of start-ups interviewed and inability to determine the target population size severely limits the generalisability of these findings beyond the sample.
- The snowball sampling technique chosen resulted in a bias towards technology companies, further limiting the generalisability of the study beyond the sample.
- The sample chosen may have been prone to bias as respondents were all personally involved in the start-ups' Web 2.0 efforts, and therefore may have presented information more favourably.



The aim of the research was to broadly explore the role that Web 2.0 played in the building of the start-up's brand, the findings of which provide a number of opportunities for future research outlined here.

- The founders' belief that different Web 2.0 tools were appropriate for different customer markets (e.g. Facebook was suitable for business to consumer but not business to business markets) presents an area for a great deal of future research. How is the usage of Web 2.0 in the building of a brand for a start-up in the business-to-consumer market differs to that in the business-to-business market? Does the principal of content, collaboration and community still apply within this content or is stronger personal ties and networking a more prominent focus?
- The 'Four Pillars of Internet Branding' (Simmons, 2007) framework places content, customer, interactivity and market communications as central to the use of the Internet as a branding tool. Mapping these four pillars across the various Web 2.0 tools could provide further clarity as to how they should be utilised and the Impact that Web 2.0 has on the model. In the context of the start-up, the role of the entrepreneur is highlighted as central
- The evolving brand dominant logic as explained by Merz, He and Vargo (2009) places the customer and all stakeholders as central to the co-creation of value and the brand. This is inline with Web 2.0 which places the user as the co-creator of content
- The founders of the start-ups invested significant personal time and energy into the utilisation of Web 2.0 as a brand-building tool. What is the actual cost of this

engagement to the measured against this cost?

Can the entrepreneur invest too much time into Web 2.0? Each of these questions represents a potential avenue for future research.

- Content in Web 2.0 appears to be a key ingredient to success and yet no meaningful measures are in place to ascertain what kind of content achieves the best result, how this content should be disseminated effectively and the impact that various content has on both brand reputation and brand personality would be interesting avenues of future research to explore.
- The emergence of Twitter as a significant tool utilised by start-ups needs to be understood further. Twitter was effectively being used as networking tool, PR tool, promotion tool, brand personality and content aggregation tool. A varying degree of 'tweets' between respondents was shown with some in the excess of tens-of-thousands and others only in the hundreds. Future areas of research in this regard could look at the impact that Twitter has on the network success hypothesis, how social connections on Twitter impact loose and formal ties and a more detailed exploration into the type, frequency and message that is effective on Twitter
- The reliance on third party platforms such as Twitter and Facebook for the creation of branded community sites
- The risks of Web 2.0 for the start-up are that negative messages can spread across the community networks just as quickly as positive messages. What are effective methods

7.6 CONCLUSION



This study achieved its overall objective as outlined in Chapter 3, of identifying the role that Web 2.0 plays in the building of the start-up's brand. The in-depth interviews provided sufficient richness of data, represented in Chapter 5 and Chapter 6. Five major roles of Web 2.0 in start-up brand creation were identified: reputation building, establishing brand personality, community creation, relationship building and co-ownership. In addition to this, the findings provided anecdotal evidence to confirm the usability of the Internet as a branding tool, finding support of the literature in this regard. Further to this, the research was able to provide introductory insights into the usability of Web 2.0 as a branding tool within the start-up context.

In conclusion, Web 2.0 presents a significant opportunity for start-ups to overcome their 'liability of newness' in the marketplace; enabling start-ups to engage actively with their customers, co-create value and establish their brand through community and collaboration.

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Interview Schedule

The following schedule serves as an outline that will prompt the researcher during the interview process.

Background information

1. Questions relating to:
 - a. Background of start-up
 - b. Industry
 - c. Focus
 - d. Position and role of respondent

The brand

2. Brand meaning
 - a. Prompt for understanding of what brand stands for
 - b. Strategy to build the brand
 - i. Is there one?
 - ii. How was it formulated?
 - iii. What channels are used?
 - iv. Who is responsible for it?

Utilization of Web 2.0

3. Channels utilized
 - a. Investigate which mediums are being used
 - i. Blogs, RSS, Video, Podcasts, Social Media, Etc
 - b. Gain understanding as to why those specific mediums were chosen
 - i. What was the thought process behind them
 - ii. What are they primarily used for?
 - iii. What was the persons previous experience with the medium
 - iv. What alternatives were considered and why weren't they chosen?
 - c. Gain understanding as to what gets done utilising each medium



- i. Is the  in terms of the content provided, frequency of use, communication methods, etc?
4. Impact on brand
 - a. How has the use of Web 2.0 impacted the brand?
 - i. Are there any measurements in place?
 - ii. If yes, what are the findings?
 - iii. Control over impact
5. Effectiveness
 - a. What medium has been the most effective?
 - b. What medium has been least effective?
 - c. How is the effectiveness measured?
 - d. What is the reasoning for the effectiveness?
6. Resources
 - a. Costs
 - b. Resource commitment