

CHAPTER II: THEORY AND RELATED RESEARCH

MyAgent is a Finnish startup company established in 2014. It is a business process outsourcing (BPO) company and it is based on business to business (B2B) service industry. Their service range involves outsourcing and delegating operations, responsibilities and business processes such as marketing and communication, content creation, customer service, sale support activities, IT- support, event management and planning, customer relationship management and business research.

As a BPO company, MyAgent business idea is helping business owners to focus on core competences. They are finding right assistants for their customers' needs to manage client's non-core business functions. This will ultimately help customers to grow their businesses, when they don't have to spend hours on every day repeating routine tasks, or when they simply lack expertise in certain field. Also, by delegating their tasks, they will avoid complex and time-consuming recruiting processes. Thus, outsourcing and delegating processes for third-party assistants can be the most efficient and cost-effective solution to expand business.

MyAgent target their services to niche market, consist of startups, private entrepreneurs and small business owners based in Finland. In BPO industry top-of-funnel leads acquisition can be a challenging process, as many businesses may not even have identified that they are in a need of assistance. Also, many entrepreneurs think they can manage everything by themselves rather than outsourcing tasks for third party members, or they are simply afraid of losing control over a certain task of their business.

MyAgent has high middle-of-funnel conversion rates, and they are strong at closing deals through personal selling. However, they do not generate leads enough, because lack of top-of-funnel tactics. They have identified there is a great demand for their services, but they need to generate brand awareness to utilize this market opportunity. They are hoping that improved brand awareness would eventually generate more monthly leads.

For these purposes, MyAgent have decided to implement content marketing as part of their overall marketing strategy. MyAgent concluded, that in terms of limited resources, the best strategic approach to communicate with target audience is via non-paid on-site content and they wish to transform their website myagent.fi into a content hub to build trust with target audience and eventually convert visitors into leads. They have implemented

several prior paid search campaigns, they have a corporate blog, and they have promoted content via LinkedIn and Facebook. However, no matter their great efforts, content marketing hasn't brought them any success.

Because of the failed attempts, they have now understood that they need to locate current content gaps and analyze site performance to understand why their prior online marketing efforts failed to succeed and identify content marketing success factors in future.

2.1 Characteristics of the industry

As an industry, BPO has evolved with time and the rampant innovation in technology and the BPO trend is accelerating. Originally, outsourcing was associated with manufacturing firms, but today even private entrepreneurs can outsource their business functions to professionals or utilize industry specific consultation from virtual assistants (Kimmel, 2015).

It is only logical that business owners do not easily let third party members to intervene their businesses, but when they consider such solution, the purchasing decision doesn't happen overnight. Customer journey from prospect to customer is a challenging process and creating trust through lead nurturing is key to success.

The exhausting process for BPO companies begins with introduction of the problem, by educating potential customers that they have a problem in their hands which need to be solved. Only after this, when the customers are aware about the problem, they need to be convinced that outsourcing is the best solution to solve the given problem. This doesn't mean yet potential customers would choose the introducer as their service provider, and the one who introduced the problem also must make sure that bottom-of-funnel tactics will eventually convert leads into customers and repeat customers.

New trends are raising to marketing playground, today mostly dominated by number inbound marketing tactics, in turn of decreasing role of outbound marketing techniques. Because cold-calling or set up a meeting with each prospect only to introduce the problem takes a huge amount of resources, today many BPO companies implement their tactics with alternative ways, such as creating relevant on-site content for their target audience. Also, numerous studies have pointed out, that content must be based on customer insights, rather than company-centric marketing messages.

Moreover, alternatively for personal selling or other hard-sale practices, now many BPO companies have started building trust through lead nurturing by providing potential clients timely and relevant content marketing. Building trust is the key to success in this industry, and as an addition to traditional techniques content marketing has become very valuable top and middle-of-funnel tactic to generate awareness, build trust and increase overall conversion rates.

In terms of content marketing, the great news for marketers who worked in BPO industry is that coming up with content ideas during the process of content ideation only sky is the limit. There are almost limited number of content ideas to pick from and build trust with potential clients. People who are looking to outsource or delegate their tasks, are likely first trying to search information about the “how-to-topics” themselves. And this is the time capture these potential customers, by offering them valuable industry knowledge and tips to educate them.

Yet, as the content marketing has become such an important marketing method, it has proven success, and is used by nearly 90% of businesses (Content Marketing Institute, 2016), then why MyAgent feel like their content marketing has been useless and ineffective? This, and much more will be answered in this study. However, before diving into this problem, first readers must understand the concepts of digitalization and content marketing.

2.2 Digitalization

After digital innovation and engagement emerged, businesses soon realized that to maintain their competitive advantage, they now must also utilize online. However, many businesses have been shocked how fast the process of digitization need to happen, or how transformational it needs to be. New technology has not only provided numerous new marketing channels for companies but has also been changing customer behavior and old buying patterns significantly in very short time.

What does digitalization mean concretely for businesses? It forces companies to pursue innovation to disrupt their own business model before the competition does. Without adapting new marketing strategies, there is a great risk of losing the competitive advantage in an increasingly commoditized world. As technology change

accelerates exponentially and new digital platforms and devices are emerging there is no time to lose. Furthermore, the expectations of the new generation of digital natives mean that businesses must identify new digital marketing trends or lose relevance (Erns & Young, 2011).

The implications of digitalization have led companies to face digital change, particular in areas such as increased competition, the loss over the customer relationship and the need to engage digitally with business partners, employees and suppliers in addition to customers. Resolving research problem of this study, perhaps the most relevant factor to consider is the rapidly changing customer needs and understanding how digitalization has influenced over customer lifecycle. How drastically has the 'balance of power' changed between companies and micro environmental factors due to new technology?

Porter's 5 forcers are a framework for company managers and marketers to analyze the global overview of 'balance of power' different markets between various types of organizations, and to identify the potential profitability and attractiveness of an industry sector. According to Porter's 5 forces the process of identifying strengths of a market position are based on five key forces: threat of new entrants, buyer power, threat of substitution, supplier power and competitive rivalry (Hanlon, 2016).

Porter's 5 forces framework was introduced first time in year 1979 and now after the impact of digital transformation it is important to understand how it holds up today for companies seeking to build or maintain share or the market. This brief analysis of Porter's key forces relationship to emerged technology is not industry specific and it only aims to give reader a general overview of how the marketing playground have changed due digitalization. It is good to keep in mind the fact that before rapid penetration of Internet usage companies held the power over buyers.

The first factor is threat of new entrants. This refers to the force of potential of new entrants into market that can affect company's power. The less money and time it cost for a competitor to enter a company's market and be an effective competitor, the more a company's position may be significantly weakened (Investopedia). As technology adoption grows worldwide, barriers to entry aren't as strong as they were. Today anybody can create a webpage from scratch in short time without any significant investments. Therefore, today many companies choose to practice their businesses only through digital channels, rather than investing any resources to brick-and-mortar stores i.e. the founder of Facebook Mark Zuckerberg launched world's most popular social media

site from his dorm room. However, the ability to enter an industry more easily also makes it more difficult to dominate or sustain a position which can lead to the next force, the increasing threat of substitutions.

Threat of substitutes refers to the competitor substitutions that can be used in place of a company's products or services pose a threat (Investopedia). If there are available alternative products or services, then the threat of substitution increases, and a company's power can be weakened. Developing technology drives new innovations

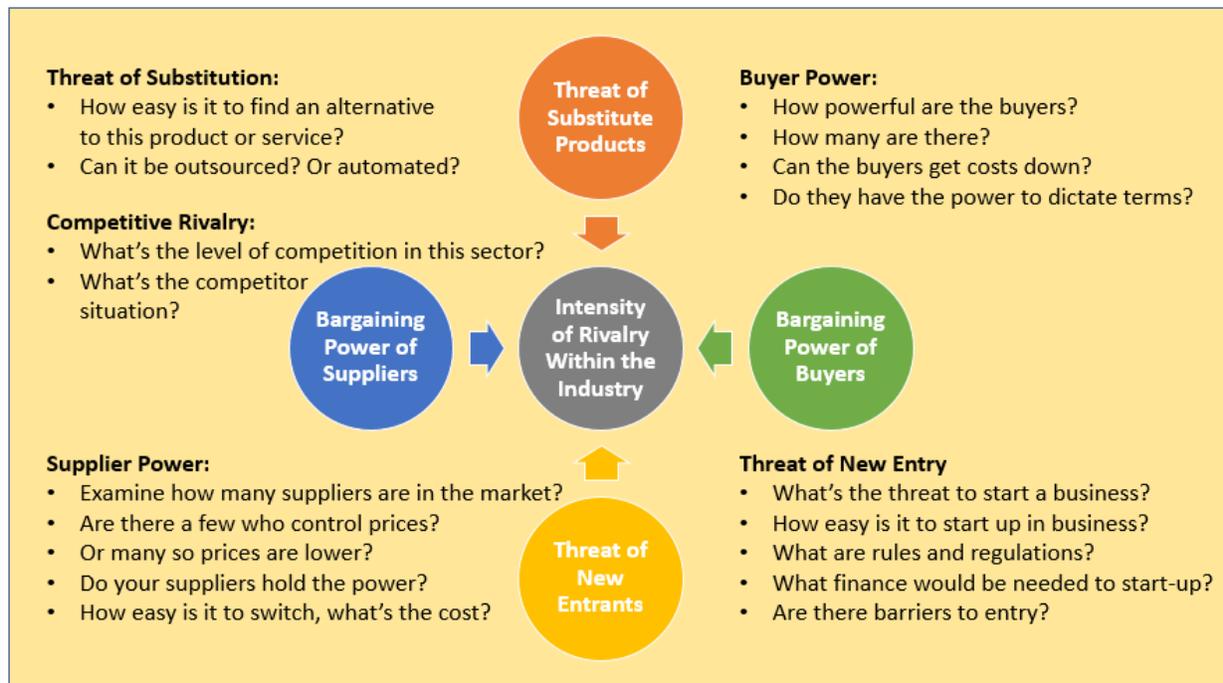


Figure 2. Porter's 5 forces related questions (Smart Insights, 2016).

enabling the creation of new substitute alternatives faster than ever before being available online ubiquitously and not being limited or blocked by the distribution channels like before. Companies such as Netflix and Spotify have replaced CD's and DVD's by digital substitute products which have led industries like video rental shops and music stores to apply completely new business models in order to stay in business.

Also, the worldwide penetration of mobile devices enables companies like transportation network company Uber to compete with taxi companies without buying a single car (Chaffery, 2016).

Lower entry barriers and increasing threat of substitutes leads to higher competitive rivalry. Competitive rivalry refers to the number of competitors and their ability to threaten a company. The larger the number of competitors, along with the number of equivalent products and services they offer, dictates the power of a

company (Investopedia). Digitalization is shifting the world away from self-contained national markets toward integrated global market and substitutes are defying traditional products and services. Another significant factor to consider is that in addition to direct competition companies face now also increasing amount of indirect competition i.e. search engine optimization (SEO) managers from different industries can compete for same keywords (Chaffery, 2016).

Fourth force is power of suppliers. Power of suppliers addresses how easily suppliers can drive up the price of products and services. The fewer number of suppliers, and the more a company depends upon a supplier, the more power a supplier holds (Investopedia). While in certain industries suppliers can still hold considerable amount power and they are taking advantage of new technology, generally digitalization has made the supply chain far less relevant than before.

Low entry barriers, increased competition and high number of substitutions have led to a situation where power has shifted to customers and today the greatest focus of every business should be on buyer power. Customers have identified their favorable position and they are using the abilities new technology has given them: the power of searching, commenting, bargaining, recommending, re-selling, and making or breaking a products or services, from any location where they can plug their devices online. Now, because of this significant change in the balance of powers, businesses are continually re-evaluating how to learn from and engage the customers. According to a recent study, 89% of businesses are soon expected to compete mainly on customer experience (Kulbyte, 2017). This clearly indicates that customer-orientated content planning is, and will be in future, the determinant for running a successful business.

In a nutshell, Porter's 5 forces demonstrate that technology has shifted the balance of power from producers to buyers. It also points out that today businesses can lose their competitive advantage if they do not adapt utilization of digital media channels as part of their marketing strategies. Now, that there is a broad understanding on how technology have influenced the traditional model of Porter's 5 forces, next topic will discuss the concept of digital marketing and the rapid penetration and development of online medias.

2.3 What is digital marketing

When a company is launching i.e. social media campaign, majority of people will associate the term social media to digital marketing, because the promotional effort goes online. However, as a concept, digital marketing is much broader than that. History of digital media starts in 1896 when Guglielmo Marconi invented public transmission of wireless signals and after 10 years from that it was introduced to public. Shortly after this the first live radio broadcast was held from an opera performance. After hearing the broadcast most listeners enjoyed what they had heard and bought tickets for next show (Neilpatel). New marketing strategy was born implementing digital mediums and it was instant success.

Digital marketing is an umbrella term for any form of marketing that involves electronic devices i.e. promoting products or brands via one or more offline and/or online electronic medium. Offline digital marketing refers to promotion and advertising in electronic mediums such as electronic billboards, radio channels. SMS marketing, telemarketing and televisions that are not connected to Web. However, smart TV's are gaining more popularity and they can access Internet, which makes them mediums for online digital marketing. More specifically, online digital

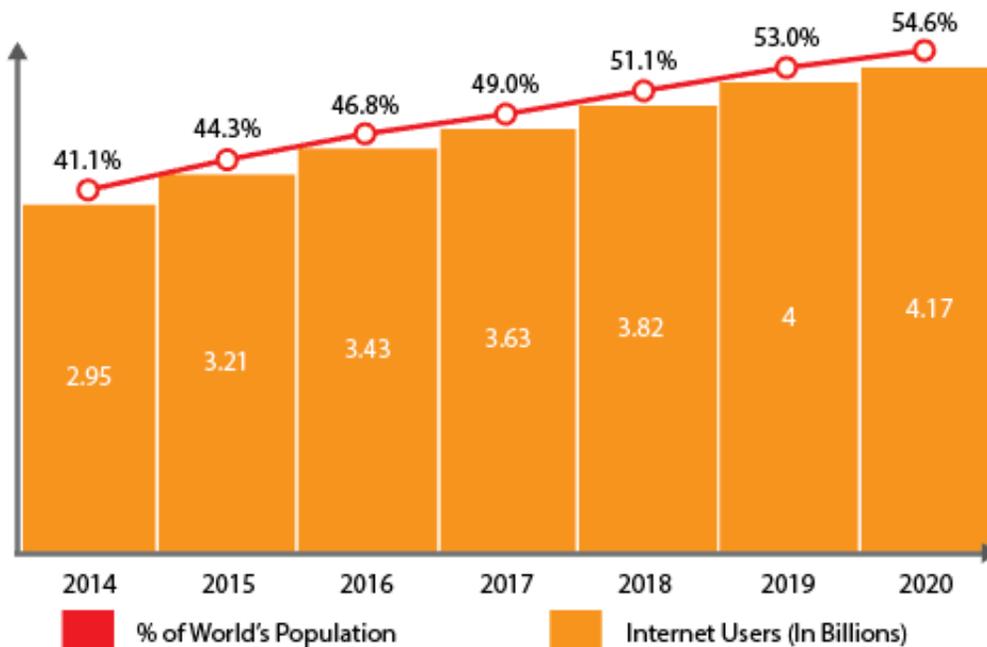


Figure 3. The growing percentage of Internet users compared to world population 2014 – 2020 (Staista, 2017).

marketing refers to all advertising and marketing efforts that use the Web such as Internet marketing, social media marketing, mobile marketing etc. (Alexander, 2016).

There are two key factors why online digital marketing has become a vital part of successful marketing strategy as offline medias have been steadily losing their popularity. Firstly, as discussed in previous chapter, worldwide internet penetration is rapidly growing and in 2017 the internet user penetration worldwide reached already 49.1 % (Staista, 2017). Secondly, internet users spend twice as much time online as they did a decade ago which have had a major impact to customer behavior. These two factors explain the increasing popularity of online marketing today (Alexander, 2016).

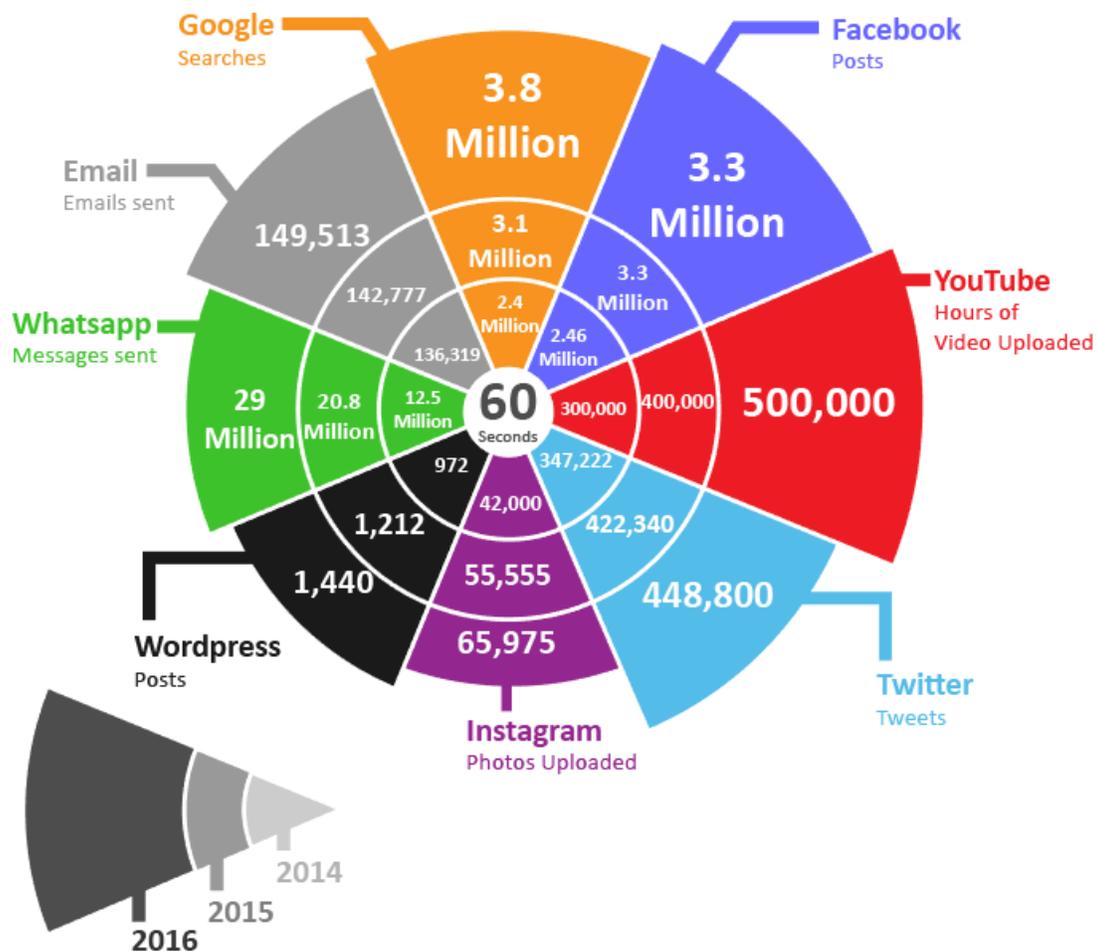


Figure 4. Infographic visualizes what happens on some of the most popular online platforms in every 60 seconds. It also points how the amount of digital content is growing year by year, from year 2014 to 2016 (Allen, 2017).

As the Internet penetration and its average daily usage are rapidly increasing, so is the amount of digital content as well. Smart Insights has created a fascinating infographic that visualizes what happens in just one minute on the web. The amount of Google

searches, Facebook posts and WhatsApp messages etc. sent in 60 seconds is simply massive. Again, this proves the fact that online marketing and digital content offers a great opportunity for marketers. However, all that content and constant bombardment with messages forces businesses to face the fact that it requires quality content to compete online and to get their messages heard by right audiences ([Allen](#), 2017).

In addition to the Internet usage, other notable factors for rapidly increasing popularity of online marketing channels are high return of investment that they offer for businesses, they also provide very specific customer segmentation techniques and numerous free analytical tools in Web that it gives marketers an opportunity to measure their online marketing efforts in real time. Especially for startup companies and small firms who often find it very difficult to enter new market and compete with bigger players due to their limited business resources and to reach customers online marketing is an excellent alternative to outbound marketing like running expensive TV commercials (Alexander, 2016).

This far the study has been discussing how digitalization has changed the traditional marketing playground and what type of toys marketers and managers can play with. The sandbox has expanded to a size of a whole yard and now there are much more people engaging the game and many new toys to play with. However, not everybody likes to toy with tractors and some might prefer playing with dolls which brings us to topic of content marketing.

2.4 What is content marketing

Most marketers have heard the buzz "content is the king" or "content is everything", but what exactly is the true meaning of content? In simplest terms, content refers to all marketing efforts firms do; how they communicate with their customers and readers, and what is their message, regardless of what form it takes, it is content. Every email, every Facebook publication, every landing page, and every product description are all examples of content. CEO of Portent Inc. Ian Lurie defined the concept of content in following way: "*Content*

isn't 'stuff marketers write to rank higher or infographics or long-form articles. Content is anything that communicates a message to the audience. Anything.' (Lurie).

In turn, the concept of content marketing refers to the process on how businesses tend to use that content to communicate with audience, any of it, to meet their marketing goals. In the year 2016 lead generation and sales were the two most important content marketing goals of most B2B marketers, no matter what their effectiveness level is or whether they have a documented strategy and editorial mission statement. However, the goal could be i.e. customer acquisition, retention of existing ones, building brand awareness, or really anything else as figure 5 points out.

Although, content marketing hasn't been trending not until recent years, brands have been telling their stories to audiences for hundreds of years. The history of content marketing is rich, and merchants have been practicing earliest form of content marketing since 19th century. One of the earliest success stories of content marketing is from year 1895 when Deer & Company introduced a new magazine for farmers called The Furrow. The Furrow is a free educational magazine for farmers. The magazine was published in hopes of creating added value for target audience. Deep & Company provided farmers knowledge they needed to improve their farms and lives, instead of sending them catalogues of expensive products most farmers couldn't afford (Pulizzi, 2016).

Today, for over than hundred years, the magazine reaches 1.5 million farmers across 40 countries in 12 languages, making The Furrow largest farming magazine in the world. As before, it still aims to help its target audience by sharing them information to improve lives, answer nagging questions and solving problems. As a result, it is the most successful brand in agricultural equipment and they continue to reap the rewards of their cultural commitment to content marketing (Pulizzi 2013). The Furrow is still a model of content marketing that any marketer can continue to learn from.

2.5 Content marketing today

How is content marketing doing today? It is fair to state that content marketing is now at its peak of popularity as online media publishers are fighting for the attention of consumers. It can be seen how essential part of marketing it has become since businesses predicted it as the most important technique for driving incremental sales in 2017 (Allen, 2017). It has become a worldwide tactic for marketers, with roughly 88% of firms practicing it in 2016, and even more utilizing in this year 2017 (Content Marketing Institute 2017). In fact, every minute, i.e. 1440 WordPress blogs are published, and 500 hours of content are uploaded to YouTube as figure 4 pointed out, and that is a lot of content (Allen, 2017).

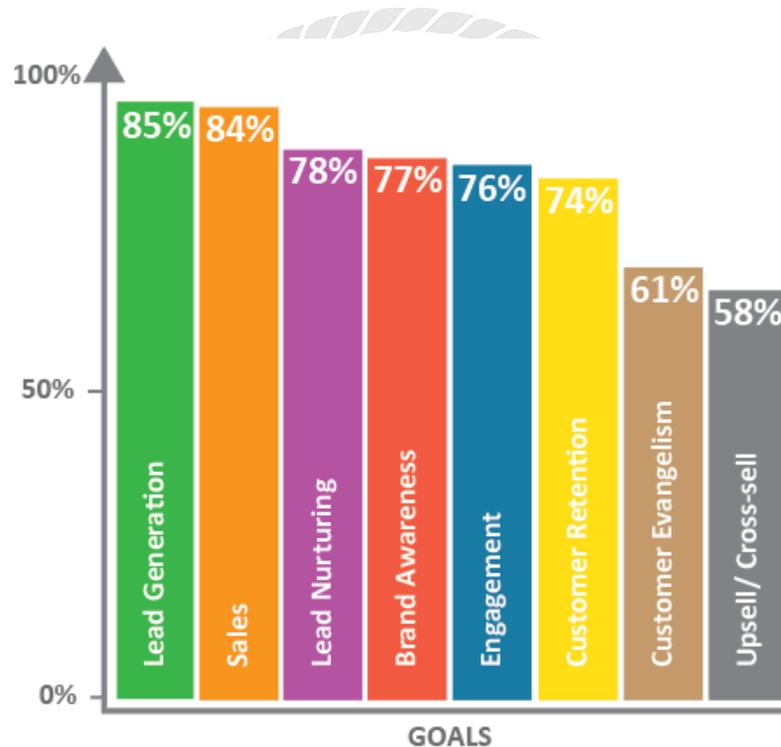


Figure 5. Organizational Goals for B2B Content Marketing 2016 (Content Marketing Institute, 2016).

In addition, according to an eMarketer, 60% of digital marketers are creating one or more pieces of content daily to further their cause and gain more brand exposure and saturation (eMarketer). These statistics simply proves that marketers can't ignore the influence of content marketing today.

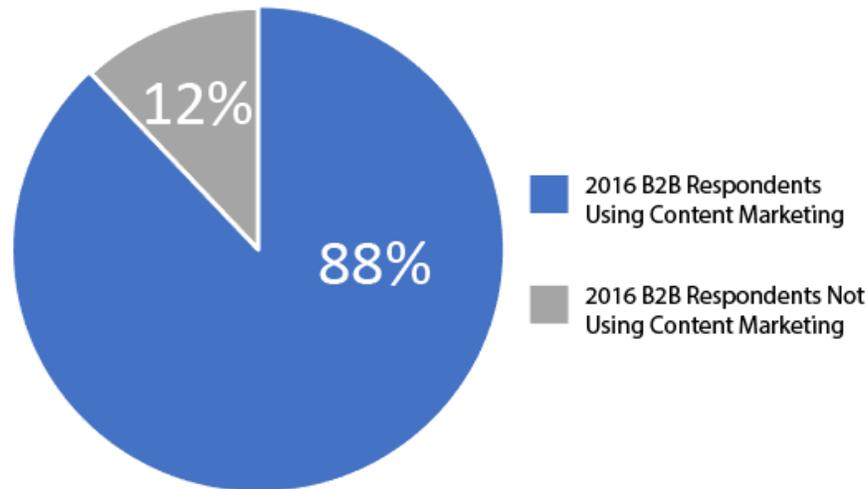


Figure 6. Study show that 88 percent of respondents said they use content marketing, according to Content Marketing Institute. (Content Marketing Institute, 2016).

Popularity of content marketing has led to high competition rivalry as online media publishers are fighting for the attention of consumers as demonstrated previously in figure 2. This forces marketers to become more creative to find ways to win attention of potential customers and to maintain existing ones. To maintain competitive advantage in such a highly competitive environment, it is crucial to constantly benchmark competitors and identify the current and future trends to understand where the industry is headed. The figure 7 demonstrates which content marketing tactics does most organization used for B2B marketing in the fiscal year 2016.

The world has fallen in love with nonmedia and businesses publish more digital content than ever before, but what are the benefits of implementing content marketing and how does it help to achieve goals? Moreover, despite business sector, can every company utilize it?

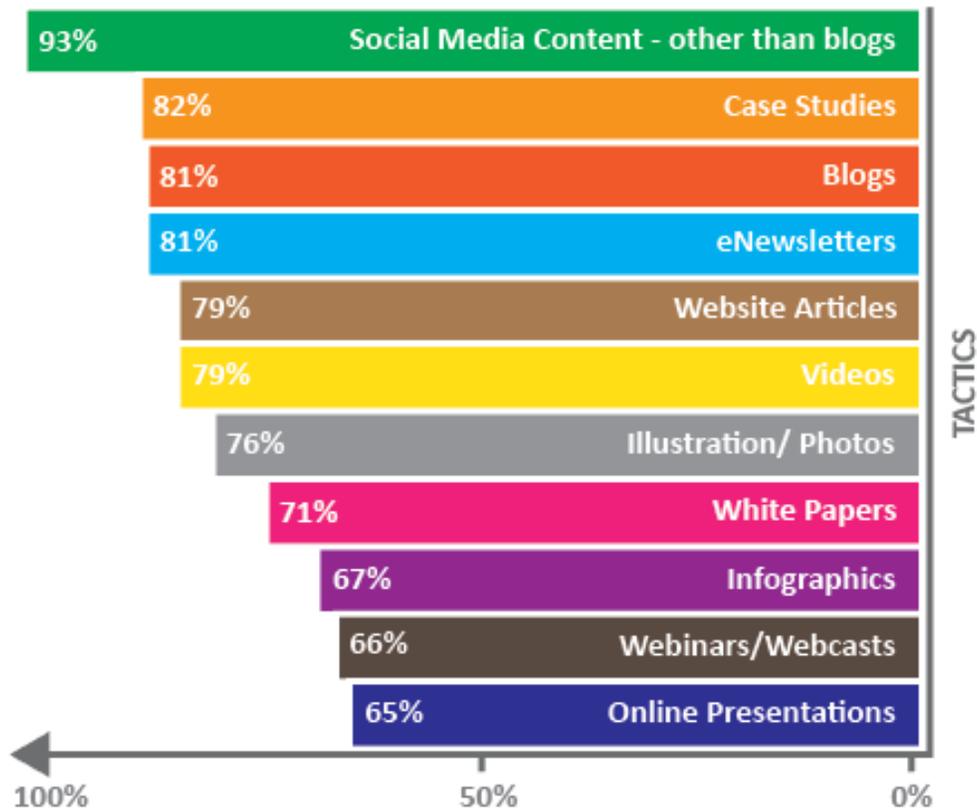


Figure 7. B2B content marketing tactic usage. Fewer than 50% of B2B marketers said they use the tactics shown in this figure. Average number of various tactics companies are using is 13. (Content Marketing Institute, 2016).

2.6 Benefits of Content Marketing

Content marketing is now at the heart of marketing and based on predictions it will gain even more popularity in future. What are the benefits behind this rapidly growing trend? And, if it's so popular, why not everybody is not doing it? The reason why some companies hesitates to invest to content marketing is because its benefits can be rather challenging to understand. There are two types of results content marketing can bring for businesses: intangible and tangible results. Intangible results refer to strong brand awareness, the level of respect admiration in the industry and indirect customer conversion. In turn, tangible results refer to those benefits that are easier to measure such as site traffic, improved SEO and direct conversions.

Every company can benefit intangibles and tangible results and there's no such thing as a bad industry for content marketing, simply because there is always a niche for every product and/ or service. Organizations in any business sector can use content as a part of their overall marketing strategy. Even traditional, "un-sexy" industries, like manufacturing, can still provide insights on industry developments or just make their industry more approachable and relatable to target audience (Demers, 2016).

2.6.1 Intangible results

The first intangible is gaining stronger brand awareness, giving customers something to discuss about. Viral marketing has always been marketing gold for brand awareness and great content spreads fast in Web. It means the process of creating content that inspires potential customers to share it with their social circle, to help building brand recognition. When people are chatting positively about one's brand, they have become so called "brand messengers", meaning that in the process they are teaching each other, sharing recommendations and links about one's business (MOZ). Social shares are very important KPI to measure popularity of published content.

The second intangible is the level of respect admiration in the industry. It refers to the process of building and earning trust of the target audience. When creating content, marketers need to be very patient, because earning the trust of audience is a time-consuming process, but in the end absolutely worth it. The goal of all efforts to prove knowledge and integrity is to become guiding light that target audience turn to when they don't find answers elsewhere.

However, still many companies think quantity goes over quality, in other words they do not care about the quality of their content and they are giving poor, misleading information, in hopes of getting clicks. People do not know what information can be trusted and this which creates lots of confusion and frustration amongst visitors. Thus, creating high-quality content is key to stand out from the crowd, being the guiding light in the dark. This earned authority then transfers to products or services and customers are much more likely to choose company with higher authority over the competition (Content Marketing Institute, 2016).

Indirect customer conversion refers to the creation of content that targets potential customers and aims to shorten the gap between those customers and products. If the content style is hard or of soft selling, it is more likely that people who were exposed to this content are making purchase later from the company who is utilizing indirect customer conversion as part of their content strategy.

2.6.2 Tangible results

As mentioned before, there are also various tangible results that are much easier to measure than intangibles. First, and the most important intangible is site traffic and when running online marketing, the importance of traffic is crucial, and not only the number of visitors but more importantly the overall quality of the traffic. Creating great content will bring added value for customers and it will increase the site traffic and today many companies have realized that success of their businesses may depend on it.

The second tangible is improved search engine optimization (SEO). There are great number of ways how content benefits SEO. Therefore, it is fair to state that SEO is all about content marketing because without content, what is there to optimize for search engines? In summary, quality content draws editorial links, which tell search engines the site's authority and importance. Search engines will also crawl the site content, understanding what the site owner's business is about, allowing it to return site for more relevant queries including numerous long-tail queries (Content Marketing Institute, 2016).

The last tangible is direct customer conversions. Yes, content marketing is not only great way to implement non-aggressive soft selling marketing techniques, but also to capitalize harder selling techniques for direct customer conversions. I.e. product descriptions, case studies and/ or price guides that convince potential clients about the superiority of one's product or service and how they can level customers up, are extremely effective ways to get customer numbers up (MOZ).

Managers need to understand that when their marketing staff start creating and publishing new content these benefits are not going to show immediately. Content marketing is often referred to as how flywheel works. Jim Collin's described the flywheel in his book as *"a mechanical device that generates and stores energy Content marketing is a wonderful example of what's referred to as flywheel; describes the flywheel, a mechanical device that generates and stores energy. Through a lot of hard work and persistent effort in the beginning, a flywheel*

slowly builds up momentum as it rotates and picks up speed. This momentum grows and develops more and more energy until, before very long, it becomes a virtual powerhouse.” (Collins, 2014).

This said, flywheel is a perfect example of how content marketing works, and therefore it is sometimes referred as flywheel marketing. At first, it takes time and effort to get the wheel turning, and it is important that managers don't let this fool them. Over time the wheel's own momentum lessens the effort required to see the same results. Managers shouldn't expect results the next day, but through clear, concise and consistent planning, content marketing will gradually build momentum and realize long-term success.

As it can be seen from figure 10, many marketers have those initial moments of success, but then they see their site traffic to decrease to back to previous levels and they give up just before the real traction begins to take hold.

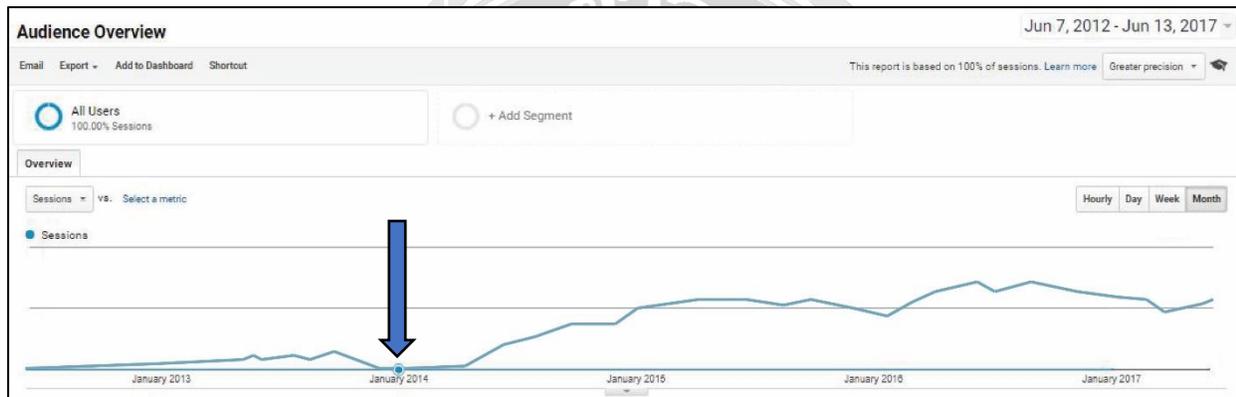


Figure 8. Example of Google Analytics audience overview and when company starts implementing content marketing. The blue line represents company's website traffic and demonstrates the early point where many companies give up. However, if they remain patient, after this line content marketing efforts will start bear fruit (MOZ).

In addition to flywheel marketing and what been discussed in this chapter, there are many more intangibles and tangibles companies can benefit from. Just how many benefits content marketing can bring is dependent on the marketing goals which defines meters of 'success' for each company. Some argue, that content marketing can be even efficient way to boost team coordination. However, keeping in mind the scope of research problem, only the most relevant benefits were introduced in this chapter. In summary, every company can benefit

intangibles and tangible results and utilize content marketing strategy as a part of their overall marketing efforts, but it will take time to take effect.

2.7 What is content marketing strategy

To achieve consistent tangible and intangible results through content marketing, marketers need to come up with set of marketing tactics. However, publishing random content does not result success, but more likely it causes negative impacts to one's business. Content without a purpose or without an identity will only confuse the audience and consume company resources. That's where content marketing strategy comes in: content marketing strategy is the planning process of any marketing content. While it is very common mistake to mix up the terms of "content strategy" and "content marketing", they are two different practices consisting of whole different components. Understanding the differences between these two processes and planning how they work together effectively, is one of the most crucial relationships to understand for one's business to succeed online and beyond (Secrist, 2015).

Content strategy is all-inclusive while content marketing refers to a single part of an overall content strategy. A content strategy is ultimately a company's blueprint that lays out precisely how its onsite/offsite content will be used to achieve marketing objectives. It focuses in delivering strategy and recommended tactics to implement, while content marketing refers to the execution of marketing strategy, determining what assets to have, creating and marketing them (Hess, 2016).



Figure 9. Relationship of content marketing strategy and content marketing. Content marketing strategy is about of how and why content will be created, whereas content marketing focuses on the execution of tactics. Content strategy overlaps with content marketing, because where the strategy ends, content marketing begins (MOZ).

