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Covid-19*

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**Abstract:** This research ought to understand how Swedish-based SMEs within the B2B sector have adopted digital marketing during the pandemic, and the factors that have served as enablers or barriers in the process. The findings identified three approaches taken by the SMEs, based on the enablers and/or barriers the companies faced in their efforts to adopt and utilize digital marketing, which were the following: an active approach towards implementing digital marketing activities, an exploratory approach where the SMEs aimed at transforming their marketing activities digitally and finally, a passive approach where minimum changes were made towards adopting digital marketing activities. Building on the framework by Taiminen and Karjaluoto (2015), barriers and enablers were used to empirically explore SMEs adoption of digital marketing. The findings indicate that knowledge and attitude as well as financial and human resources were the most significant factors. Companies who had these as enablers were more likely to adopt digital marketing, whereas the opposite was true for those who had these factors as barriers.

**Keywords:** Covid-19, SME, digital marketing, digital transformation, change.

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## 1. Introduction

The emergence of digitalization has transformed businesses worldwide throughout the last three decades, with the internet playing a significant role in the functionality of contemporary society (Kannan et.al 2017). This has increased the importance for corporations to create a digital presence, in which they interact with customers to stay ahead of their competitors and optimize their value offerings (Phillips, 2015). A company's digital maturity has also been proved to directly impact the company's profitability (Deloitte, 2020). The adage "*If a company cannot be found on Google it does not exist*" typifies today's business environment according to Taiminen and Karjaluoto (2015 p. 633), demonstrating the importance for

companies to adapt to the changes driven by digitalization. According to Think with Google (2015) more than 89% of B2B- buyers begin their buying processes with a search on the internet. Although there is an increased demand for digital solutions, the change has created difficulties for companies who face limitations in adapting to these changes, a characteristic common for small and medium-sized enterprises (SMEs) compared to larger firms, with the former referring to enterprises with up to 249 staff members and a turnover of a maximum of 50 million euros as defined by the European Commission (2017).

Furthermore, SMEs are to a greater extent faced with limitations in comparison to their larger counterpart when it comes to resources, which may create difficulties in keeping pace with the ongoing

digital transformation (e.g. Taiminen & Karjaluoto 2015; Ritz et.al 2019). In light of these challenges is the added pressure for companies to become *more* digital during the Covid-19 pandemic, as regulations, along with a general fear of the virus has resulted in an increased online presence (Reibstein et.al 2020). Examples include how traditional go-to-market sales for B2B companies decreased from 28 % to 13 % globally during 2020 due to restrictions (McKinsey 2020). As the need for digital transformation has increased, so has the digital development globally (Salesforce Sweden 2020). Thus, as the need for companies to become more digital was evident before Covid-19, the importance has become even more apparent during the pandemic. The challenges that SMEs face regarding digitalization are specifically evident in marketing, where strategies are more likely to be informal, unstructured and reactive (e.g. Reijonen 2010; Matarazzo et.al 2021). As SMEs face challenges in adjusting to the digital transformation and difficulties with their marketing capabilities, the limitations to digital marketing become apparent (Taiminen & Karjaluoto 2015). This is especially the case for businesses within the B2B sector, including SMEs, as face-to-face interaction is common through fairs for instance (Tóth et.al 2020), where it is noted that such communication cannot be satisfied online (Järvinen et.al 2012). As a result, digital marketing is rarely used as a tool for communication, but rather as a supportive role in achieving sales objectives (Ibid). Although the importance of digital marketing for SMEs has been highlighted by scholars in recent years (e.g. Karjaluoto & Huhtamäki 2010; Taiminen & Karjaluoto 2015; Ritz et.al 2019) , it is now described as an operational imperative as a result of the pandemic (Albonico et.al 2020).

Sweden is among the countries that have been at the forefront of digitalization (World Insurance report 2020). A study conducted on Swedish SMEs with 521 managers during 2020 showed that the pandemic negatively impacted approximately 50% of the SMEs (Salesforce Sweden 2021). Their findings show that factors such as a decreased customer demand and/or the lack of the digital transformation required to meet the customers where they are, online and offline, were prominent. SMEs with high levels of digitalization prior to the pandemic managed to perform well, which were

approximately 14% of the companies. The study also showed that among those negatively impacted during the pandemic were mainly companies selling products. Their findings show that the reasons behind the decrease in sales were due to difficulties in finding digital solutions, understanding the market and the changed consumer behaviour (Ibid).

With this in mind, we know that the extent to which digital transformation has been adopted differs between SMEs within the B2B sector (Taiminen & Karjaluoto 2015). The common challenges they face in becoming more digital, in regards to their marketing activities, has so far been widely studied (e.g. Quelch & Jocz 2009; O'Malley et.al 2012; Taiminen & Karjaluoto 2015). It is also known that the pandemic has increased the pressure for companies to adapt to the circumstances digitally (e.g. Reibstein et.al 2020; Cortez & Johnston 2020; Guillén 2020). However, the previous research (Ibid) focuses on firms of all sizes and not specifically SMEs. Thus, the connection between the common challenges to transform marketing activities digitally, and the added pressure caused by the pandemic, is a knowledge gap this research aims to explore. Therefore, the purpose of this study is to understand how Swedish SMEs within the B2B sector have adopted digital marketing during the pandemic, how it has impacted their digital marketing activities within the B2B sector and how this can be explained. More specifically focusing on companies who have been negatively affected in terms of decreased sales.

The article is structured as follows; in the next section we highlight previous literature regarding SMEs and marketing, thereafter introducing the theoretical framework for this study. In continuation, the chosen method is presented, explaining the data collection and analysis. This is followed by the findings and a discussion of the main contributions. Finally, the conclusion is presented in addition to implications and future research suggestions.

## 2. Literature review

This section will contextualize the role of marketing within SMEs, first introducing the

general characteristics of marketing in SMEs and then B2B marketing, followed by a combination of the two in which digital marketing for SMEs within B2B is presented. Next, building on the framework by Taiminen and Karjaluo (2015), we introduce barriers and enablers for adoption of digital marketing activities that can be categorized into three factors; firm-specific/owner-manager factors, environmental factors and resource-related factors.

## 2.1 Marketing in SMEs

The characteristics of SMEs and the claim that their marketing differs from their larger counterparts is widely agreed on by scholars (e.g. Gilmore et.al 2001; Nguyen et.al 2015; Taiminen & Karjaluo 2015; Stankovska et.al 2016). The multiple resource constraints are considered as the main reasons for the differences, in addition to the role of the owner-manager. The influence of the owner-manager tends to be pivotal for the business, as they are usually also in charge of implementing the activities themselves, making their ambitions and skills strongly linked to the company's performance (Gilmore & Carson 2018). As a result, SMEs are considered to be at a disadvantage compared to larger firms (Taiminen & Karjaluo 2015). Furthermore, the manner in which SMEs conduct marketing activities is considered to be unconventional in comparison to large companies, described as more informal, unstructured and reactive (e.g. Reijonen 2010; Matarazzo et.al 2021). With little attention paid to the plans, strategies and analysis, marketing tends to be used in the needs of the moment (Matarazzo et.al 2021), where changes are made gradually or urgently in response to changes in the marketing environment, rather than proactive (Gilmore & Carson 2018). Gilmore and Carson (Ibid) further argue that SMEs usually implement changes to survive or remain profitable due to the small size of the business, making change unavoidable in some instances. Other aspects distinguishing SMEs from larger firms is the objective of their marketing activities, where the common main goal is to create awareness of the products. SMEs are thereby described as strongly sales-focused (Taiminen & Karjaluo 2015).

### 2.1.1 B2B marketing

Bains et.al (2011) define B2B marketing as *"marketing of products and services that are bought and sold between organisations"* (p.515), making B2B marketing fundamentally different from B2C marketing in several manners. The essence of B2B marketing is that the customer purchases for the organization and not for their personal use (Ibid). The nature of the B2B sector is also considered to differ from the B2C sector, as long-lasting relationships are more common with emphasis put on the importance of consistent and direct interaction with customers (Järvinen et.al 2012). Direct interaction is considered a requirement in cases where both parties are actively involved in the purchasing process for instance (Van Weele 2018), which according to Järvinen et.al (2012) cannot be satisfied online, preventing firms from transferring such activities to a digital sphere. As a result, face-to-face interaction is considered to be the preferable option, especially in the buying process, whereas non-personal communication channels, such as advertising and digital channels, play supportive roles by creating synergies in achieving sales objectives (Ibid). B2B companies in particular are therefore often reliant on the annual circuit of trade shows and exhibitions (Tóth et.al 2020). Although the adoption of digital channels has become more common among B2B companies, the tools are not considered to be utilized to their full potential (Taiminen & Karjaluo 2015). For instance, social media is mainly used as a tool to spread awareness and is more rarely used for the purpose of dialogical communication (Stovanska et.al 2016).

### 2.2 Digital marketing in SMEs within the B2B sector

Based on the above, SMEs are considered to be at a disadvantage compared to larger firms in regards to their marketing. More specifically, when it comes to digital marketing, the disadvantage is evident in how it is adopted and utilized, which

ultimately contributes to the success of the activities (Barnes et.al 2012). As a result, SMEs are described as being slow adopters to digital marketing (Taiminen & Karjaluo 2015). The use and implementation of digital marketing has however become more common among SMEs according to Albonico et.al (2020), especially when it comes to digital channels such as social media. However, Albonico et.al (Ibid) state that the increase is due to companies perceiving it as a requirement in contemporary society, as reflected by how the channels tend to not be utilized. Based on this, the extent to which digital marketing is adopted can be explained by the barriers and enablers related to the three main factors presented by Taiminen & Karjaluo (2015). Their framework was found to be related to environmental factors, resource-related factors and firm-specific/owner-manager factors (Ibid). In this study, the factors will be analyzed to identify and understand the ones that have influenced SMEs adoption of digital marketing during the pandemic. With this in mind, the factors are presented below.

### 2.2.1 Environmental factors

The environmental category concerns factors related to the external world of SMEs, referring to aspects they typically have no control over. Examples include factors such as consumer behaviour, laws and regulations, the competitive landscape and the products or services the consumers are exposed to in terms of how these are developed, consumed and demanded (Taiminen & Karjaluo 2015). According to Karjaluo and Huhtamäki (2010), these factors influence the need SMEs have towards digital marketing. For instance, the market they operate in regards whether the sector operates as a B2B or B2C. As both handle their marketing activities differently, they will also get different benefits out of it (Ibid). The characteristics of the product or service will also determine whether there is motivation towards the adoption of digital marketing or not. Although the environmental factors influence the extent to which companies will adopt and utilize digital marketing as earlier mentioned, Taiminen and Karjaluo (2015) state that the external factors do not exceed the importance of the internal ones,

meaning that the firm-specific/owner-manager and resource-related factors tends to overpower the environmental factors, which are discussed further in the upcoming sections.

### 2.2.2 Firm-specific and owner-manager factors

The firm-specific and owner-manager factors refer to the level of knowledge among the employees and the owner-manager in terms of their background and experience. As the owner-manager of SMEs tend to have a strong influence over the whole firm, the firm-specific and owner-manager factors often merge (Karjaluo & Huhtamäki 2010). Thus, the personal factors related to the owner-manager, such as attitude, are considered to be intertwined with the firm-specific factors (Ibid). The attitude towards the use of digital marketing further refers to the perceived benefits in terms of the advantages of new channels, ease of use and the opportunity to try the channels for instance. The attitude, in combination with the level of knowledge, determines how and to what extent digital marketing activities are optimized (Taiminen & Karjaluo 2015). Further, Taiminen and Karjaluo (Ibid) place emphasis on the importance of technological knowledge in regards to the adoption of digital marketing. Thus, in addition to marketing knowledge, technology is considered to influence the extent to which digital marketing is adopted (e.g. Karjaluo & Huhtamäki 2010; Taiminen & Karjaluo 2015; Ritz et.al 2019).

### 2.2.3 Resource-related factors

The resource-related factors include human, financial and technological resources. The former refers to having sufficient human resources with the right competence, ultimately influencing the extent to which SMEs adopt digital marketing (Taiminen & Karjaluo 2015). Karjaluo and Huhtamäki (2010) also highlight the relationship between the owner-manager's responsibility to perform several tasks and the limited time left to invest in the adoption of digital marketing, a common issue SMEs face as a result of not having sufficient human resources. The adoption to digital

marketing is also determined by the company's financial resources, an area where SMEs tend to have constraints (Ibid). Furthermore, the technological resources refers to the access that firms have in regards to technology (e.g. IT infrastructure, computer sophistication) (Ibid). The latter factor is considered to have a less substantial impact on SMEs adoption of digital marketing than the human and financial resources according to Karjaluoto and Huhtamäki (2010). However, Stankovska et.al (2016) states that this claim has become even less relevant in recent years. The technological advancements have resulted in tools becoming more user-friendly, cheap and easily accessible, among other things, ultimately changing the interaction within marketplaces. Thus, as the technological resources were previously considered to have less influence on the adoption of digital marketing, compared to human and financial resources (Karjaluoto & Huhtamäki 2010), the changes in recent years are considered to have diminished the challenges SMEs face in adopting new technologies even further.

As SMEs are characterized by having limited resources, it is not uncommon for the owner-managers to engage in many activities themselves (Ritz et.al 2019). Limited financial resources are also typically considered a barrier to growth for SMEs, impacting the adoption and usage of digital marketing. This is especially evident in cases where there are no clear sales goals associated with the usage of digital marketing, where testing new tools are described as a "luxury" that SMEs do not have (Taiminen & Karjaluoto 2015, p.646).

### 2.3 Barriers and enablers

The barriers and enablers SMEs face in adopting digital marketing are described as related to the three categories mentioned above (Taiminen & Karjaluoto 2015). Emphasis tends to be on the barriers to adopt digital marketing activities, resulting from how SMEs are usually characterized as having limited resources (Ibid). The owner-manager is described as central in this manner, as they are usually just not the decision-maker but also in charge of the marketing activities. As a result, their lack of knowledge in marketing and technology creates barriers in the SMEs adoption

of digital marketing. Other barriers include management resistance due to fears, assumptions and unfamiliarity with how different channels and tools work and how to utilize their marketing and communication. Examples include SEO and how the utilization of the tool is often not fully understood, and therefore not commonly used among SMEs (Matarazzo et.al 2021). Other parts of digital marketing that are not considered as fully utilized concerns social media (Taiminen & Karjaluoto 2015). Examples include their tendency to create sales-focused content on social media, rather than creating dialogues with their audience and presenting themselves in an authentic way, which is a more efficient strategy according to Taiminen and Karjaluoto (Ibid).

In addition to the barriers is how the lack of a clear goal, confidence and low perceived value of digital marketing is considered as one of the significant barriers. Furthermore, digital marketing is primarily implemented in ad hoc rather than in a well-planned manner, highlighting the small efforts put into strategy (e.g. Reijonen 2010; Matarazzo et.al 2021). Based on this, digital marketing barriers largely correspond to previous research on the limitations SMEs face with traditional marketing (e.g. Gilmore et.al 2001; Reijonen 2010; Gilmore & Carson 2018). Matarazzo et.al (2021) further argue that the lack of human resources, time and expertise are among the obstacles SMEs face with regards to the adoption and usage of digital marketing. Although the aspect of time is related to human resources, Taiminen & Karjaluoto (2015) also highlight it in relation to knowledge, stating that some SMEs might be surprised by the resources digital marketing requires in terms of labour intensity in this new dynamic environment, where continuous attention and participation is demanded. However, Taiminen and Karjaluoto (Ibid) highlight the significant difference in SMEs adoption of digital marketing compared to traditional marketing. The limited resources related to finance are considered somewhat different, as it stated that digital marketing at its best has no variable costs, thereby making it an enabler, given that the firm is aware of how it should be utilized. However, it should be noted that the fixed costs may still be prohibitive for many companies (Ibid).

## 2.4 Research question

Based on the presented theoretical framework and recent studies on the Covid-19 pandemic, this paper aims to understand how Swedish-based SMEs in the B2B sector have adopted digital marketing during the pandemic, and the factors that have served as barriers or enablers. More so, the impact of the pandemic on Swedish SMEs' digital marketing activities within the B2B sector, and how this can be explained. Thus, the research questions are the following:

1. *How have Swedish SMEs within the B2B sector adopted digital marketing during the pandemic?*
2. *How have different environmental, resource and owner-manager/firm-specific factors impacted the adoption of digital marketing during the pandemic?*

## 3. Method

This research ought to understand how Swedish-based SMEs within the B2B sector have adopted digital marketing during the pandemic, and the factors that have served as enablers or barriers. A qualitative approach was chosen for this research, as the aim was to gain in-depth knowledge about the SMEs' experience with digital marketing before and during the outbreak of the pandemic. Patel and Davidson (2011) argue that a qualitative approach allows the researchers to get a glimpse into the interviewees' world and understand the reasons behind their behaviour, perceptions and attitude, in addition to their decision-making process as emphasized by Gillmore et.al (2001). Furthermore, an inductive and deductive approach was combined, which Patel and Davidson (2011) describe as an abductive approach. The study initially started with a review on prior research regarding SMEs adoption of digital marketing in addition to recent research on the impact the pandemic has had in this field. After the interviews, additional literature was reviewed to gain a better understanding of our empirical data.

## 3.1 Data collection

The study was based on companies within the Swedish market, which was due to several reasons. First, Sweden is among the countries that have been at the forefront when it comes to digitalization (World Insurance report, 2020). Secondly, the country ranks number two worldwide when referring to the amount of SMEs per capita, which is a reflection of the importance SMEs have in Sweden (World Insurance report 2020). Sweden's digital maturity and the increased need for digital transformation during the pandemic, combined with the challenges SMEs face in adopting digital marketing, made the Swedish market suitable for this study. Furthermore, the interviews were conducted with respondents from companies that fall under the category of SMEs, according to the definition by the European Commission (European commission 2017). Moreover, a total of seven respondents were interviewed, each interview lasting for 40-60 minutes. The number of interviews was not predetermined, as the aim was to reach theoretical saturation, meaning that new collected data no longer contributes to the analysis, but rather confirms the already collected data (Patel & Davidsson 2011). As a result, no further samples were deemed necessary.

Next, the primary empirical data was collected through performing semi-structured interviews, in which follow-up questions took place to gain a deeper understanding of the subject. In addition, the interviews were conducted during the pandemic, approximately one year after the initial Covid-19 outbreak took place in Sweden. The interview guide and questions were thus shaped by prior knowledge, aiming at gaining further insights into the respondents' perception, behaviour and decision-making processes. Thus, the structure of the interview was segmented mainly by the three categories from the theoretical framework: environmental, resource-related and owner-manager/firm specific factors.

Further, the study was conducted on companies across industries, but share the similarity of operating in the B2B sector and selling products. The choice of including companies from different

industries is supported by previous research, stating that it is the nature of SMEs and the B2B sector that affects the level of adoption to digital marketing, as opposed to industry-related aspects, such as products or competitors for instance (Taiminen & Karjaluoto 2015). Thus, the variation between the companies in regards to industry becomes of less importance. As aforementioned, studies show that the companies that sell products have been more negatively impacted by the pandemic than the service economy (Salesforce Sweden 2021), thus becoming interesting to research and therefore, our limitation. Other criteria in the data selection were that the companies were wholesalers of non-essential products and had been negatively impacted by the pandemic in terms of decreased sales, with the purpose to find whether the increasing need for a digital transformation had affected their adoption and perception of digital marketing. Another criteria for selecting the respondents, to ensure the quality of the interviews, was based on the respondents' role in the company and their insights in the company's marketing activities. Thus, the interviewees were either the owner-manager or in charge of the marketing activities. Furthermore, a convenience sampling technique was chosen for this study, as it was determined to be the most suitable and efficient method to find interviewees that fitted into the described criteria.

Due to the restrictions that followed the pandemic, the interviews were performed digitally through video calls. The central focus of the interviews was also to protect the respondents' information as internal strategies and activities were discussed, which Patel and Davidsson (2011) define as critical rules of ethics. The respondents were therefore sent a consent form before the interviews, where they were informed about the purpose of the study, how their data would be used and preserved, and the anonymity of the respondent and company.

### 3.2 Analysis of the empirical data

The interviews were recorded and transcribed shortly after, which enabled us to go through the material several times and more thoroughly. After each interview, the emerging themes and findings were reviewed. The empirical data was reduced

and coded according to the factors in our framework to find the emerging themes and identify the barriers and enablers. The factors mentioned several times across the interviews were defined as significant findings with a stronger influence on the companies' adoption of digital marketing. As the empirical findings were analyzed, the study was completed with a review of additional literature to better understand the relations between the significant factors and compare them to previous research. Through this process, three different approaches were identified among the participants and therefore the three concepts emerged: an active approach, an exploratory approach, and a passive approach.

Table 1. Sample characteristics

Company label	Industry and number of employees	Respondent's role
Company 1	Furniture industry (12)	CEO
Company 2	Beverage industry (2)	CEO
Company 3	Fabrics and plastic industry (5)	CEO
Company 4	Textile industry (12)	Product manager (also in charge of marketing)
Company 5	Construction & Real Estate (21)	CEO
Company 6	Beverage industry (9)	Logistic sales (also in charge of marketing)
Company 7	Hygiene industry (4)	CEO

## 4. Factors influencing the adoption of digital marketing

The following section presents the findings of the empirical data from the interviews, starting with presenting the most evident environmental-related factors, firm-specific/owner-manager and resource-related factors found in the interviews. The characteristics of the respondents discussed in this section are presented in Table.1.



## 4.1 Environmental factors

The respondents discussed several environmental factors that influenced their marketing. Among those were three factors: regulations/recommendations (from the government), the customer behaviour among the companies they work with, and finally, the behaviour of the end-consumers, which will be discussed further below. All three factors had been influenced by the pandemic, which created different meanings for the companies.

### 4.1.1 Regulations & recommendations

Regulations and/or recommendations from the government played a big role in how everyday life changed for many people, which according to the studied SMEs were evident in their interaction with customers and the demand from the end-consumer. The recommendations to stay at home, in combination with restrictions regarding travelling and larger gatherings, affected how the SMEs in our study conducted their marketing. As attending international fairs, visiting factories and clients abroad were common for all companies, the majority experienced that a digital solution had to be found rapidly (Company 1, 2, 4, 6 & 7), whereas the remaining companies hoped that things would return to normal (Company 3 & 5). The restrictions on larger gatherings had also affected many of the SMEs customers that were retailers or had restaurants and cafes, where a limited number of people were allowed in the physical stores. This further affected the consumption and demand on the products sold by the SMEs.

### 4.1.2 Consumer behavior

When it comes to consumer behaviour, all SMEs expressed that the pandemic had influenced the way their products are consumed as well as the demand for them. For some, it was that some products were more profitable than others, due to an increased demand from the end-consumers (Company 1 & 3). For others, it was that certain customers were more profitable, due to the shift in consumer behaviour (Company 2, 3 & 7). To cope

with these changes and avoid a major impact in cash flows, these companies were forced to modify their strategy regarding their products and customers. One solution was to invest more in the profitable *customers* with end-consumers who still had sufficient demand in the products, which was the case for Company 2, 3 and 6.

*“It went really bad for our two largest retailers, cafes and restaurants. So then it was like, okay, now we have to change the strategy. Now it's just a matter of paying a “visit” to all the grocery stores (trying to acquire them as customers). So, we changed our direction pretty quickly”-*  
Company 2

Another solution was to focus on increasing the sales of the more profitable *products*. Company 1, that operated in the furniture industry, had experienced that some products were in higher demand and thus more profitable than others. They had experienced an increased demand for furniture due to more people staying home, and decreased demand for furniture for public spaces, such as offices. As a result, the company started to focus on producing and/or importing a higher amount of the products that were in demand, and less of those that were unprofitable. The number of sales became more stabilized, although still below their annual revenue goal.

Company 7, operating in the hygiene industry, experienced a boom in the market after first experiencing a hit financially. As they stated that health became a trending topic during the pandemic, they gradually recovered as the demand increased with time due to the demand from the end-consumers. The empirical data indicate that although the SMEs were operating across different industries, the way the industries have coped with the shift in consumer behaviour affected how the SMEs further marketed their products to the B2B customers.

### 4.1.3 Customer behaviour

Prior to the pandemic, all respondents claimed that their companies were involved in traditional marketing and/or digital marketing. Common for

the companies was how these activities were conducted, meaning that they were not planned in a structured manner, with the exception of Company 7 that had a more formalized marketing approach. The remaining respondents stated that their activities were instead implemented in ad-hoc when other parts of the business were considered stabilized. The process of obtaining new customers and how the interaction was performed was also similar for all respondents. Communication was mainly done face-to-face with B2B customers, by participating in fairs or having physical meetings with potential leads. The importance of word-of-mouth was thereby considered crucial in their efforts to find and attract new customers, which was the case for six out of seven companies (the exception being Company 7). One respondent in particular (Company 5) believed that this was the main activity that would generate more leads and did therefore not perform any digital marketing to attract new customers before the pandemic.

*“It is mostly because all the customers know each other so they talk to each other. So we do one good job...that is our marketing that we do good jobs and it spreads so we get more work.”- Company 5*

The company that differed significantly from the others prior to the pandemic was Company 7, who had a digital marketing strategy in place, although they were conducting offline marketing as well. The importance of direct communication was mentioned, through fairs for instance, but was not considered a crucial element in their efforts to attain new customers as for the other respondents, but was instead considered an additional tool to increase brand awareness. As all companies expressed the importance of having direct interaction with customers, through fairs and meetings for instance, the majority of them faced uncertainty on how to meet the customers during the pandemic (Company 1, 2, 3, 4, 5 & 6), due to them not having an established digital marketing approach from prior to the pandemic. The need to find digital alternatives became crucial, as a shift took place in the customer behaviour. This shift impacted the companies differently.

For Company 1, 2, 4, 6 and 7, they felt a need to acquire new customers and maintain strong

relationships. The traditional way of interacting with customers was no longer sufficient. However, as digitally mature companies (Company 7) were better prepared to meet the changed customer behaviour through digital channels, less experienced companies (Company 1 & 6) had to explore new ways to interact with their customer:

*“ Every week someone was traveling the world (prior to the pandemic)...I think that without the pandemic we wouldn't have reflected so much regarding the traditional way of doing it (marketing activities).. due to the pandemic I think we are starting to use different channels to like try how LinkedIn can be used to reach our customers, how Instagram performs, how many visitors we have in our webpage.”- Company 1*

Two companies (Company 3 & 5), had a different approach to the shift in customer behaviour. They believed that the previous marketing strategies were still the most suitable for their business, such as word-of-mouth and physical client meetings, regardless of the circumstances caused by the pandemic. Although they had participated in digital activities, such as online meetings with customers, they both claimed that they did not see value in engaging in digital marketing. Although they both experienced a shift in customer behaviour, they hoped that things would return to normal and that they could continue with their previous marketing activities.

#### 4.1.4 Marketing activities impacted by the shift in consumer-and customer behaviour

The three evident factors (legal aspects, consumer behaviour and customer behaviour) had all been influenced by the pandemic, which made the companies re-evaluate how to operate their business. The regulations and restrictions from the government also played an influential part on the companies' target audiences (the B2B companies) and the end-consumers, which further affected their digital marketing activities.

The SMEs that had not experienced a larger shift in the behaviour of the customers and the end-consumers remained passive in their digital marketing activities (Company 3 & 5), while the

companies that experienced a larger shift felt a need to perform digital marketing activities (Company 1, 2, 4, 6 & 7). The latter mentioned companies could be divided into two groups; one group that knew how they would invest in digital marketing and which channels or platforms to utilize (Company 4 & 7), and one that experienced difficulties performing digital marketing activities due to lack of knowledge or limited resources (Company 1, 2 & 6). An example of the companies in the first group is Company 7, which had previously been active in their digital marketing activities and felt the need to utilize their channels further:

*“...we need to scale everything up in order to reach more customers... and the price for reaching these customers is so high online because the market is so saturated, so we need to try to be different, try to work in different channels to keep up with all these different marketing communication channels...”* Company 7

Another example is Company 4, who had a combined offline and online marketing, and replaced the cost of the offline marketing activities to invest in digital substitutes, such as social media. They hired an influencer with the task of taking charge of their social media platforms. The goal was to increase the exposure of their products, both to customers and directly to end-consumers, to become more profitable:

*“... on one hand we want to find more customers, and on the other hand, we want to be seen by the end-consumer. Because that is how it works, the more people that are exposed to our products, the more the demand for them increase and therefore also the sales”*  
- Company 4

Similar to Company 4 and 7, there were other companies who also felt a need to perform digital marketing activities, however experienced difficulties in finding the right alternative (Company 1 & 6). For Company 1, they experienced difficulties in finding a digital marketing activity that would be suitable for the specific industry they are in. They believed certain

channels could be more beneficial for their industry, however they did not know which ones that could be. The lack of knowledge in which options to choose also refrained them from making any investments in digital marketing. For Company 6, it was how to market themselves in the “right” way. As they sell alcoholic beverages, they abruptly stopped their digital marketing activities (specifically social media posts) during the pandemic due to fears of receiving backlash for promoting alcohol during difficult times, thus stepping back due to ethical reasons. As they experienced financial challenges, they expressed a willingness to market themselves, however; refrained from digital marketing activities to avoid damaging their brand image.

*“...we didn't really spend much on promotion, because it also felt bad to promote products in such hard times where people are losing their jobs and people are losing their lives or loved ones even, so we felt like it wasn't ethical to promote products that are not really the basis for a household. We decided to lay low instead, connect directly with our clients, and retail, and just make it more efficient because we can not do much when it comes to promotion.”* - Company 6

As mentioned earlier, Company 3 and 5 believed that their offline marketing activities were more suitable for their business. Although they experienced a shift in both customer and consumer behaviour, their low perceived value of digital marketing resulted in them being passive in implementing the activities. Company 3 had, prior to the pandemic, hired an external marketing expert to conduct SEO. Although the visitors of the website increased and more leads and customers reached out, they believed it was not necessary for them today. As long as they were surviving in their business, they were content with continuing doing “business-as-usual”, and not investing in digital marketing unless the circumstances forced them to.

## 4.2 Firm-specific and owner-manager related factors

The findings indicate that firm-specific/owner-manager factors influenced the companies' incentives to adopt digital marketing, with the most prominent factors being knowledge and attitude. However, the level of knowledge and the attitude towards marketing differed between the companies. The two factors were also shown to be closely related to one another. The findings in regards to the factors, as well as the relation between the two, is presented below.

#### 4.2.1 Knowledge

The level of marketing knowledge was shown to differ between the companies. Among those who shared similarities was Company 2, 4 and 7, who all had a high level of marketing knowledge. The latter refers to an educational background within marketing, which was the case for Company 2 and 7, and experience with digital marketing, as for Company 4 and 7. The experience concerns previous use and implementation of digital marketing activities, such as conducting the company's social media activities (Company 2). Furthermore, several employees at Company 7 had a high level of marketing knowledge, whereas this was only true for the owner-manager of Company 2.

Contrary to the three above mentioned companies is how Company 1, 3, 5 and 6 had a low level of marketing knowledge, referring to how the owner-managers and the employees did not have an educational background within marketing nor experience within the field. The lack of marketing knowledge was acknowledged by the four, but was also evident in how digital marketing had actually been implemented without it being viewed as such activities, which was the case for Company 3. The latter refers to the company's use of SEO, which was highlighted after the respondent stated that the company was not implementing any digital marketing activities both prior to and during the pandemic.

#### 4.2.2 Attitude

The attitude towards digital marketing differed significantly between the respondents, referring to the perceived value of implementing such

activities. Five of the companies (Company 1, 2, 4, 6 & 7) shared a positive attitude towards digital marketing, as evident by the emphasis put on the importance of digital marketing in contemporary society, both before and during the pandemic. The positive attitude was also evident in the future goals and ambitions highlighted, where a willingness to expand current digital marketing activities was expressed (Company 1, 2, 4, 6 & 7). To achieve these goals, Company 1, 2 and 6 explained how they wished to hire employees to take charge in these activities, whereas Company 4 considered creating a more structured strategy.

In contrast to the four companies mentioned above, the owner-managers of two SMEs had a negative attitude towards digital marketing (Company 3 & 5), with the perception of marketing as irrelevant for their business due to it being B2B.

*"...in B2B, it's more that if you know a buyer well and he's on the board at another company then that rumour spreads, so if you play your cards right you don't need any marketing"* - Company 5

As shown by the statement above, digital marketing was considered unnecessary in Company 5s' efforts to attract new customers. This perception was also shared by Company 3, who emphasized the importance of word-of-mouth. Both companies viewed digital marketing as activities that extend beyond businesses core operations, but could be used as a tool to increase sales. The latter objective was shared between all companies, but others also believed that it could increase brand awareness (Company 1, 2, 4, 6 & 7), as evident by how Company 2 would continue to post on social media despite running out of stock for instance.

#### 4.2.3 The relation between knowledge and attitude

In addition to the difference in the level of knowledge and attitude between the companies, the findings also indicate that the two factors were in several cases related to each other when it came to their incentives to adopt digital marketing, and how this would affect their implementation.

Among those who had a positive attitude towards digital marketing (Company 1, 2, 4, 6 & 7), there were only three who had specific and detailed ideas on what activities they wished to implement (Company 2, 4 & 7). For instance, Company 4 wanted to invest more in influencer marketing, with specific influencers in mind as well as the budget they could spend. Contrary to the former three is how Company 1 and 6 also viewed digital marketing as important, but lacked the knowledge to implement the activities. As a result, their digital marketing activity remained low, as their low marketing knowledge refrained them from implementing the changes they wished to make, both before and during the pandemic. Thus, this demonstrates that despite their positive attitude, the extent to which digital marketing is adopted was related to the level of knowledge. Furthermore, a positive attitude also increased the willingness to gain more marketing knowledge (Company 4, 6 & 7). As mentioned earlier, Company 4 had goals and ambitions regarding their digital marketing as well as experience within the field, but acknowledged their limitations in ensuring that they could optimize the activities. As a result, they sought external help by hiring an influencer to take charge of their social media platforms. Acquiring further marketing knowledge was also emphasized by Company 7, despite already having the competence among both employees and the owner-manager. They claimed that the aim to constantly stay innovative would require external insights, regardless of already having marketing knowledge acquired through both education and experience.

*“Marketing is like military strategies. You cannot go from one point to the other because that would be obvious and that is what people would expect...you cannot be in marketing and have a marketing campaign or a brand that is obvious... You need to do something really really different”* - Company 7

Based on the statement above, the owner-manager did not believe that the goals or ambitions could be achieved or optimized by the continuous use of the same internal knowledge. In order for the digital marketing activities to be successful, they needed to constantly find ways to stay innovative.

Further, the relation between the level of knowledge and attitude towards digital marketing

was also shown to influence *how* and to *what extent* these activities were implemented. As demonstrated above, two of the companies who had a high level of knowledge and a positive attitude towards digital marketing (Company 4 & 7) were putting efforts into optimizing their activities by gaining more knowledge, both internally and externally. This was especially evident for Company 7 who emphasized the importance of digital marketing and had clear goals and strategies in place to reach these. Digital marketing was thereby viewed as a central part of their business model, contrary to Company 3 and 5 who considered the activities as separated from their core business operations as mentioned earlier. Company 7 placed emphasis on the online model, which was considered to bring brand awareness and the storytelling of the brand, whereas the offline activities aimed at generating sales, thereby combining the objective of sales and creating brand awareness. Ensuring that the right message was conveyed in their digital marketing activities was therefore well thought out before implemented so that it would correspond to their goal of staying innovative in their marketing activities. Although Company 4 also had a positive attitude and marketing knowledge, the way in which the latter was acquired caused their approach to differ during the pandemic, compared to Company 7. As marketing knowledge had been acquired through experience, they acknowledged their limitations to utilize activities through tools they were unfamiliar with. However, as they still considered digital marketing as important, while their current efforts were described as insufficient, the influencer became the solution. The highlighted benefits of the influencer did not only include increased competence, but also benefits related to costs as it was shown to require less spending than their previous marketing activities, such as showrooms.

The differences between those with a high level of knowledge and a positive attitude (Company 2,4 & 7) was also evident in regards to their adoption of digital marketing activities during the pandemic. Differing from Company 2 and 4, Company 7 had plans and strategies in place, despite their similar background. Although the former two also had clear goals for the future prior to the pandemic, regarding what tools to use and specific marketing ideas, there were no specific plans as to when they

would be implemented. This was also the case during the pandemic as shown by their mind-set of “taking things as they come” with regards to digital marketing. As a result, digital marketing activities were usually initiated prior to the pandemic, but failed to be maintained or further developed, such as web-shops (Company 4) or consistency on social media (Company 2). However, during the pandemic, Company 4 increased their efforts by finding other solutions to conduct digital marketing, such as replacing the fairs with digital showrooms.

Different from Company 4 and 7 was the approach taken by Company 2, despite also having a high level of marketing knowledge and a positive attitude towards digital marketing. Although the importance of digital marketing was heavily emphasized and current efforts were considered insufficient, making significant changes to the digital marketing activities were not considered a priority, resulting in further investments in the activities becoming postponed indefinitely. Thus, although the emphasis on the importance of digital marketing becomes contradictory, as they are simultaneously refraining from implementing changes, the respondent explained that limited resources were the reason for this issue, which will be highlighted in the next section. As a result, the owner-manager of Company 2 was reluctant to make significant changes if it involved greater costs, but was open to other ideas. The latter was also true for Company 1 and 6 who wanted to implement changes to their digital marketing activities during the pandemic, similar to Company 2, but also faced difficulties in doing so. Their challenge was however not related to factors outside of the firm-specific/owner-manager category as for Company 2, but was rather due to a lack of knowledge. Despite expressing a willingness to improve digital marketing by transferring the activities to a digital sphere, they often faced challenges in doing so, which limited their options. Examples include how Company 1 started to explore social media platforms to find potential customers, as well as providing them with an online course as a way to interact with them during the pandemic. There were however uncertainties regarding how these activities could be fully optimized, as they expressed that they were unfamiliar with the tools. Similar challenges were

also evident for Company 6, who viewed digital marketing as important. Still, they would often refrain from making changes due to a lack of knowledge on how to implement the activities properly. Examples include whether to transfer the fairs that they usually attend to a digital sphere. However, they concluded that due to the nature of their product (as they were not able to provide any tastings), they would not be able to reach the customer in the same way as they did through fairs. Therefore the hesitation to substitute this event with digital marketing activities grew even stronger. Digital fairs were still considered for some time as their competitors had offered similar solutions, but the respondent stated that the owner-manager was reluctant due to fears of harming the brand. However, their usage of SEO was considered to replace the fairs to a certain degree, as this would be the first point of interaction with new customers, as opposed to fairs. Resistance from the owner-manager was also evident in their choice to decrease all marketing activities during Covid-19, which was motivated by the unethical aspects of promoting alcohol during a pandemic. Such resistance was however also evident prior to the pandemic, stemming from fear of infringements, seeing as they are in the alcohol industry and were uncertain on the marketing regulations. Thus, management resistance became even more evident during the pandemic, but was not due to financial reasons according to the respondent.

Management resistance was also apparent for Company 3 and 5, stemming from a belief of digital marketing as unnecessary as mentioned earlier, thereby demonstrating the negative attitude towards adopting such activities. As digital marketing was considered a potential tool to increase sales, the decision to not utilize such activities were motivated by their content with the existing customer base, despite experiencing decreased sales during the pandemic. Thus, digital marketing would only be suitable if they wished to expand, which was not the case. The companies did therefore not see any value in digital marketing for them, which in some cases were related to their level of knowledge. Examples include the use of SEO by Company 3 as highlighted earlier, which was shortly mentioned after they stated that they were not conducting any digital marketing

activities, thus demonstrating how their lack of knowledge influenced their perception and attitude towards the activities.

Furthermore, the resistance to implement digital marketing activities was also apparent in how the two companies interacted with customers during the pandemic. Company 3 did for instance not offer customers the possibility to view their product assortment online, both before and during the pandemic, leaving customers with the only option to visit the physical store. Further adjustments were however made months into the pandemic on the customers' request, where they could be sent samples and in some cases view products digitally through video-calls with sales people. The resistance to offer permanent solutions, such as a web-shop, stemmed from the belief that "things would return to normal" after the pandemic, thereby making temporary solutions more fitting. Company 5 had a similar approach in which the owner-manager would not offer digital meetings to customers as opposed to physical meetings, which they previously relied on. The inability to provide customers with the full experience was stated as the reason, arguing that a digital meeting could not meet the same standard as a physical one, as it usually involves showcasing products. Instead, the owner-manager chose to postpone the meetings with the expectation that physical meetings would soon again become possible. As time went on and the issue remained, the company started offering digital meetings, as it was considered to have become an operational imperative.

### 4.3 Resource-related factors

The resource-related factors prominent in this study concerned human and financial resources, as they were shown to play a significant part in the companies digital marketing adoption. The two factors were in some cases also shown to be correlated, as the companies that lacked the required to implement digital marketing often also lacked sufficient financial resources, and were therefore unable to invest in human resources.

#### 4.3.1 Financial resources

One common pattern among all companies was the decrease of sales they encountered as a consequence of Covid-19 and naturally, this resulted in a retrenchment of their financial resources. For Company 1, 2 and 6, having limited access to financial resources proved to be an obstacle when it came down to maintaining or implementing digital marketing activities. As their financial resources were not sufficient to maintain their usual operations, they focused on how adjustments could be made, leaving digital marketing as a secondary activity. Some changes concerned efforts to boost sales by exploring new target markets, and even going as far as cutting on operational costs. For instance, Company 6 acknowledged that marketing activities were disrupted and that they were unable to substitute them, which was not only due to financial restrictions, but also due to limited human resources.

*"...we were also losing staff and people had to work from home. We had to cut budgets in salary. We took a really big hit" - Company 6*

Thus, it becomes evident that a shortage of financial resources did not only pose an obstacle for continuing their usual activities, including marketing activities, but also affected other operations and thus also other factors such as human resources. Limited financial resources made it difficult for some companies to seek external assistance (Company 1, 2, & 6). Yet, they still expressed a desire to invest in digital marketing once the circumstances allowed it. Company 1 did for instance implement some digital marketing activities to replace offline marketing activities such as customer dinners, in which they started using LinkedIn and provided an online course as a way to engage with potential customers. All three companies expressed their desire to substantially increase their digital marketing activities. Thus, their ambition of improving digital marketing was what placed them in a state of exploration.

On the other hand, companies that had access to financial resources were more willing to venture more aggressively in new digital marketing activities. Company 4 sought out external marketing experts, while Company 7 already had such resources internally, where both shared

the objective of increasing brand awareness and sales. In order to be able to venture in new digital marketing activities, Company 4 reallocated their financial resources from discontinued marketing activities, where the budget usually used for offline marketing activities, such as fairs, was now reallocated to online activities, such digital showrooms and social media. Thus, the companies re-allocated their financial resources to remain active through their digital marketing activities.

In contrast, other companies (3 & 5) refrained from investing further in digital marketing, despite expressing that they, as Company 4 and 7, had the financial capabilities to do so. Instead, they kept their investments in digital marketing to a bare minimum. The reason for the significant difference between the two groups were however not related to aspects concerning resource-related factors, but rather firm-specific/owner-manager factors as presented earlier.

#### 4.3.2 Human resources

Human resources were a key element in the adoption of digital marketing, as this translated not only to having a sufficient amount of employees to perform digital marketing activities, but also their competence. Although the majority of the owner-managers agreed that hiring more employees would be beneficial for their company, due to the competence and time the digital marketing activities require, they all had a shared belief that it would require excessive financial resources. This belief was evident when five out of seven companies revealed that they did not have owners or employees with the right competence to implement digital marketing activities (Companies 1, 3, 4, 5 & 6). In spite of this, the companies that actively implemented digital marketing activities used external human resources to manage and perform different activities, through social media and SEO for instance (Company 4). Similarly, Company 7 reached out to external actors to collaborate and gain new ideas regarding their digital marketing activities. Thus, those who were able to invest and focus on incorporating marketing experts in their digital marketing activities proved to be the most

active ones (Companies 4 & 7). In contrast, the companies that were less active in digital marketing (Company 1, 2, & 6) expressed that insufficient human resources was restricting them from becoming active, as reflected by their digital marketing exploration and implementation. Moreover, the scarcity of human resources left the owner-managers in charge of a wide variety of tasks, facing the dilemma on how to allocate their time efficiently to avoid falling behind with the company's operations. Naturally, having an extensive amount of responsibilities left them not much time to perform activities such as digital marketing. For instance, in contrast to Companies 1 and 6, the owner-manager of Company 2 had marketing knowledge, however, was not able to perform digital marketing activities. Thus, in this case it became particularly evident how the time and number of employees could be traced to insufficient human resources.

*"...we have a Facebook and Instagram page, but we don't have much time to work on them. I constantly have a bad conscience about this... as I am a marketer I am a little ashamed of our marketing because it is close to non-existent..." - Company 2*

Acknowledging that insufficient human resources was a challenge was followed by the intention to improve this situation once the desired production capacity and distribution was reached. Once this happened, there were plans on investing in human resources as this would be a step towards improving their marketing activities. Similar to this, Company 1 and 6 expressed that incorporating marketing experts would also be beneficial for their company and would be implemented if their circumstances allowed it.

#### 4.3.3 The relationship between Human and Financial Resources

The financial and human resources were among the aspects differentiating the companies who managed to implement changes from those who did not. Although Company 2 and 7 shared a similar view on the importance of digital marketing, referring to the previous findings regarding firm-specific/owner-manager factors, the activities were



approached differently, where Company 7 implemented digital marketing activities to a greater extent than Company 2. The latter stated that their limitations could be traced to insufficient human resources (time and the amount of employees) as the owner was conducting the activities single-handedly and wanted to hire someone that could take over those responsibilities, however lacked the financial resources to do so. This was not the case for Company 7, as there were several employees in charge of different aspects of the marketing activities.

Further, Company 1, 2, 4 and 6 directed the allocation of resources towards establishing a stable core business and parts that had a direct/short-term effect on sales (i.e production, distribution, supply chain), compared to marketing investments that were perceived as a long-term investment. The same companies claimed they would invest more in digital marketing activities if they had more financial and/or human resources. Although financial resources were initially spent on other parts of the business, the companies that did allocate such resources to digital marketing had invested in external competence, both in hiring them and by providing them with time and budget, according to the experts recommendations. Owner-managers/decision-makers had little knowledge about the process and specific outcomes, and rather trusted the external experts to utilize the different channels and present results.

As most of the respondents discussed human and financial resources as challenges, the discourse was also linked with their overall goal for the business. Two companies did not have ambitions to grow (Company 3 & 5), as they had been profitable before the pandemic and the following year. Using digital marketing to grow the business was considered to require extensive workload and the use of more resources. As they were not aiming to grow the business, it reflected on how they allocated resources, especially on digital marketing. On the contrary, four out of seven companies (Company 1, 2, 4 & 7) had future plans to grow and become more competitive, both due to the uncertain times that followed the pandemic but also in general. This reflected on the plans they had for their resource allocation regarding marketing. Company 2 wanted to find investors and acquire

capital once the production and distribution management was stable, another had already started utilizing their social media (Company 4) and a third was exploring different digital marketing activities that suited their business, that they could invest more in (Company 1).

## 5. Marketing approaches during the pandemic: the three approaches

As presented in the findings, the significant factors were related to the environmental, firm-specific/owner-manager and resource-related factors, which appeared as barriers for some companies and enablers for others. The most significant enablers were the companies' high level of knowledge and positive attitude towards digital marketing activities (firm-specific/owner-manager related), the access to human resources (resource-related) and the pressure caused by the pandemic and its influence on the other identified environmental factors. On the contrary, the most significant barriers were a lack of knowledge within marketing (firm-specific/owner-manager), a negative attitude towards digital marketing adoption (firm-specific/owner-manager) and a lack of financial and human resources (resource-related).

Many of these factors also appear in relation to each other. For example, in many cases where companies lacked knowledge in digital marketing, the attitude appeared to be negative. In cases where companies lacked human resources, they also often lacked financial resources (many wished they could hire people with relevant knowledge and experience, however were not able to). On the contrary, companies with higher levels of marketing knowledge also appeared to have a positive attitude towards the adoption of digital marketing. Thus, different factors appear as barriers for some, while they appear as enablers for others. The factors' relation to each other, and whether they appeared as barriers or enablers, impacted the companies' incentives and capability to implement digital marketing activities. In the following order, the most significant factors in the findings were visible in three different approaches, which are: 1) an active approach towards digital marketing, 2) an exploratory approach where they

adopted digital marketing to a certain extent, however, are trying to transform by exploring different options and 3) a passive digital marketing approach. Each approach had similar factors in common, but differed as they constituted barriers for some and enablers for others.

### 5.1 An active approach

The findings show that two of the SMEs implemented significant changes to their digital marketing activities to adjust to the circumstances caused by the pandemic (Company 4 & 7). These companies recognized the benefits of digital marketing and thereby took measurements to adopt practices prior to, or during the pandemic. Thus, the companies demonstrated an active approach, in which they had a positive attitude towards digital marketing, knowledge of the field, and the human and financial resources needed to implement the activities.

Common characteristics for the owner-manager of these companies was a positive attitude towards digital marketing, a high level of marketing knowledge, and sufficient human and financial resources in the company to perform the activities, corresponding to Taiminen and Karjalotos (2015) claim on how such characteristics contribute to SMEs adoption of digital marketing activities. Although there was an existing active approach towards marketing prior to the pandemic, there was a shift after the outbreak, resulting in modifications of their activities. The financial impact that Covid-19 had was apparent in how the company's objectives of the activities changed. It was evident that the previous strategy to spread brand awareness had become more sales-centric. Hence, the objective of the activities was to reach a broader audience and encourage them to consume, aligning with previous research stating that SMEs tend to be more sales-centric (Järvinen et.al 2012). However, the context in which Järvinen et.al (Ibid) discuss the objective of sales differs from the situation caused by the pandemic, as communication was previously achieved face-to-face through fairs for instance (Tóth et.al 2020), whereas the sales objective would be achieved through digital marketing activities (Järvinen et.al 2012). Thus, one might argue that companies would shift focus

towards finding solutions on how such communications could be achieved during the pandemic, which was not evident in the findings, but rather the opposite. Therefore, the findings differ from previous research, as the sales-centric approach is even more evident in this study, which is not due to a lack of knowledge on how to utilize digital channels, rather the financial impact that followed the pandemic and the need to become more profitable. However, the objective of creating brand awareness was not replaced with a sales-driven approach, but was rather incorporated into the same activities. Examples include Company 7's efforts to increase sales through authentic content with storytelling, which would instead directly encourage customers to purchase sooner. Thus, the claim that SMEs tend to be more sales-centric and do not authentically utilize digital channels, but rather push-sales driven content (Ibid), was not fully accurate in this study in regards to the respondents who had an active approach, as the activities were implemented with several objectives in mind. However, the issue of not utilizing digital marketing activities to create dialogical communication, as emphasized by Stovanska et.al (2016), was accurate as the most respondents did not use the tools for such purposes before and during the pandemic.

Furthermore, the digital solutions implemented by the companies with the active approach included replacing fairs and events with digital showrooms, or to shift the allocation of financial resources and spend it on hiring external parties for instance. The active approach was partly a result of a positive attitude, which was closely related to the level of marketing knowledge. The level of knowledge and how this was acquired was however considered to influence *what* and *how* activities were implemented. The respondents who had an educational background within marketing were performing the marketing activities themselves, both prior and during the pandemic, whereas the company who solely had experience within the field sought out external help due to unfamiliarity on how to use the new channels and tools. The unfamiliarity is usually among the aspects constituting a barrier for SMEs to adopt digital marketing (Taiminen & Karjalotos 2015), but was in this case eroded by the companies' positive attitude towards digital marketing. External help

was instead acquired, as they acknowledged their limitations but still wanted to find a solution. Therefore, the attitude became an enabler in their adoption of digital marketing activities during the pandemic.

## 5.2 An exploratory approach

Similar to the active approach, the companies who had an exploratory approach saw value in digital marketing activities and expressed a desire to implement changes, but faced more barriers to do so. The factors that appeared as barriers for companies with this approach were firm-specific/owner-manager factors (including lack of knowledge on how to perform digital marketing activities, despite the desire to do so) and resource-related factors (lack of human resource acquired to perform the activities, and the financial resources to hire skilled people). On the contrary, the enablers that allowed them to see value in digital marketing, and to aspire for a digital transformation of their marketing activities, was the external pressure followed by Covid-19. Also, a positive attitude to implement change among the employees and managers. Among the companies in which this approach was evident was Company 1, 2 and 6.

From the firm-specific/owner-manager-perspective, the companies explored different digital marketing activities but faced challenges forming a strategy due to lack of knowledge, ultimately distinguishing this approach from the active. The aim was to find digital solutions and/or replacements for previous marketing activities interrupted by the pandemic, such as fairs, client dinners and similar activities, but faced uncertainties on how this could be achieved. Others faced the challenge of finding digital marketing activities suitable for their products, for example alcoholic beverages (Company 6), as it raised concerns regarding the ethical aspects of promoting the products during the pandemic. Unsure on how to proceed, an active choice to refrain from marketing was made, not because digital marketing was deemed as unnecessary or because they saw no value in it, but rather because conducting marketing activities could have the opposite effect. Promoting alcoholic beverages could instead result in the company appearing as unethical, which

would damage their brand. Thus, according to Company 6, the lack of knowledge resulted in them not forming any digital marketing activities, which made them stuck in the exploratory stage.

Furthermore, although respondents expressed a willingness to implement changes, as well as difficulties in doing so, there were contradictions with the statements made. The incentives to transform digitally stemmed from external pressures (Covid-19), which motivated them to explore different alternatives, a generally common approach taken by companies during the pandemic (Reibsten et.al 2020). At the same time, there was a resistance to invest in digital marketing activities due to a lack of knowledge and unfamiliarity with different channels and its usage, restricting them to implement changes, regardless of having such ambitions. This was especially evident for Company 6, who had a positive attitude towards digital marketing, as it was considered important along with wanting to improve their activities. However, the lack of knowledge became a barrier, as they were hesitant to utilize digital marketing activities due to fear of infringements regarding the marketing of alcohol as aforementioned, but did not want to invest further in hiring individuals with such competence. Thus, although there was an expressed willingness to implement changes, there was resistance towards realizing such goals. The contradiction demonstrates an interplay between the environmental and owner-manager/firm-specific factors. The companies expressed a willingness to transfer marketing activities to a digital sphere, making the environmental factor with regards to the pandemic an enabler. At the same time, they were resistant due to aspects relating to firm-specific/owner-manager factors by management resistance through the lack of knowledge and unfamiliarity. The greater influence of the firm-specific/owner-manager factors, as opposed to the environmental factors, corresponds to Taiminen and Karjaluo (2015) discussion on how internal resources overpower external factors in the decision making in SMEs. The approach of wanting to implement changes due to the pandemic, but failing to do so, as a result of management resistance, is thereby a contradiction that is supported by previous research.

Further contradictions relating to the firm-

specific/owner-manager factor, with regards to the companies with the exploratory approach, was how different digital marketing activities were implemented, without the respondents perceiving it as such activities. Examples include Company 1s' launch of online courses aiming to reach potential customers, serving as a replacement of the annual fairs. As the replacement was not perceived as a digital marketing activity, the company continued exploring other alternatives to invest in, but still unsure as to what to implement. Although digital marketing activities were still being implemented, the unawareness and the distorted perception of what it constitutes demonstrates the lack of knowledge, which could arguably become a barrier if one argues in line with Taiminen and Karjaloto (2015). This refers to how the level of knowledge determines the success of digital marketing activities (Barnes et.al 2012), along with how the activities, at its best, have no variable costs (Taiminen & Karjaloto 2015). Thus, the lack of knowledge results in companies not optimizing and utilizing their digital marketing activities, which may result in greater costs that could be avoided, potentially creating further barriers to implement digital marketing activities due to financial barriers.

Based on the previous discussion, the prominent factor distinguishing the exploratory approach from the active is the level of marketing knowledge, where those with the latter approach had acquired higher levels through education or experience. However, this was not true for all companies, as some had different approaches despite sharing similarities. Examples of such include the high level of knowledge and positive attitude shared between Company 2, 4 & 7. The latter two had a more active approach compared to Company 2 (that belongs to the exploratory approach), despite sharing a high level of knowledge and a positive attitude as enablers. The difference can be explained by the resource-related factors, as the amount of financial and human resources became a great barrier for Company 2. The owner-manager wished to have sufficient human resources to reduce the time it took to establish an optimal digital marketing strategy, however lacked financial resources to hire more employees. Thus, although there was a common understanding of the importance of digital

marketing, through their level of knowledge and positive attitude, the existing resources did not enable the company to fulfill their aspirations. The lack of resources further led to the digital marketing activities being implemented in ad-hoc, aligning with previous research on how SMEs marketing in general tends to be unstructured and reactive due to their limited resources (e.g Reijonen 2010; Matarazzo et. al 2021). This further explains the approach taken by Company 7, where much effort was put into conducting a digital marketing strategy, as they did not face the limitations that are generally prescribed to SMEs to the same extent as the other companies. Thus, although knowledge played a significant role in the selected approach, the choice was also influenced by other factors, such as human and financial resources. Based on this, the level of knowledge and the amount of human and financial resources, and their relation to one another, are the prominent factors differentiating the active approach from the exploratory.

The aspect of technology is of relevance when highlighting the exploratory approach, as Company 1 was the only company that discussed the factor in the study. The factor was however briefly discussed in terms of potential improvements, but was not considered to constitute a barrier for the company. Therefore, the influence of technology in this study is different from previous research, in which the factor was emphasized as crucial in regards to SMEs adoption of digital marketing (eg. Karjaloto & Huhtamäki 2010; Taiminen & Karjaloto 2015; Ritz et.al 2019). Thus, the study reveals a contradiction in comparison to previous research. However, the discussion by Stovanska et.al (2016) supports our findings, as the emphasis on technological knowledge is considered outdated. Karjaloto and Huhtamäki (2010) were also already placing less emphasis on technology than on human and financial resources when highlighting the factors, showcasing its less significance years prior to the research conducted by Taiminen and Karjaloto (2015) and Ritz et.al (2019). The aspect of technology is considered to have become even more irrelevant in the context of barriers and enablers if argued from the discussion by Stovanska et.al (2016), as the advancements have resulted in tools becoming more user-friendly,

cheap and easily accessible. Therefore, the findings in this study, with regards to the insignificance of technological resources and knowledge, is aligning with previous research to a certain extent.

### 5.3 A passive approach

In the third identified approach, SMEs remained passive by refraining from implementing digital marketing activities, which was the case for two companies (Company 3 & 5). The activities were restricted to the bare minimum, as they did not consider digital marketing to bring any value to their business, as they operate within the B2B sector. The apparent factors for this approach were only barriers, consisting of a negative attitude, lack of digital marketing knowledge among the employees and owner-managers, and low ambitions to grow as a company, all belonging to the firm-specific/owner-manager factor. The companies desired to operate with a “business as usual” approach, by focusing on their core business and doing the bare minimum when it came to marketing. The main goal was to be profitable and as long as that was the case, no marketing activities were considered necessary. As they managed to remain profitable during the pandemic, although both companies were met with decreased sales, they did not invest in digital marketing.

Furthermore, the approach to refrain from digital marketing activities remained for months until they faced pressure from customers, which was also evident prior to the pandemic in terms of how social media activities were initiated, as it was considered necessary in today's business environment. In addition to the pressure caused by the Covid-19, changes were considered necessary for their survival, thus making digital solutions an operational imperative during the pandemic as argued by Albonico et.al (2020). Still, these changes were met by resistance from the owner-manager and were done with minimum efforts if implemented, as evident by offering unofficial solutions for customers on their inquiry. Thus, although the environmental factor was an enabler through the factor Covid-19, as expected due to the pandemic causing pressure for companies to become more digital (e.g Albonico et.al 2020; Reibstein et.al 2020), it did not exceed the several significant barriers. The latter refers to the owner-

manager/firm-specific factors such as lack of knowledge and low ambition, as well as a negative attitude towards marketing in general. Based on Taiminen and Karjaluotos' (2015) discussion, this is of no surprise as the internal factors (firm-specific/owner-manager factors & resource-related factors) are considered to overpower the external (environmental factors) as aforementioned, which was also evident in this study. Furthermore, although the companies implemented some changes, such as digital meetings (Company 5), there were plans to return to the previous activities regardless of their outcome, demonstrating the influence the firm-specific/owner-manager factors have on the incentives to adopt digital marketing activities, as it constituted the greatest barrier. Therefore, there was a low perceived value to digital marketing, which stemmed from a belief that it was not suitable for their business due to them operating in the B2B sector. Thus, emphasis was on traditional ways of implementing marketing, such as attending fairs and other ways of direct face-to-face communication or relying on word-of-mouth, and how it could not be replaced digitally, a common perception shared among B2B businesses (e.g. Järvinen et.al 2012; van Weele 2018). However, the importance of conducting marketing activities in the traditional sense, as expressed by Company 3, was contradictory. This refers to their usage of SEO both before and during the pandemic, contradicting their claim that digital marketing would not generate new client leads, as it would instead be achieved through word-of-mouth for instance. The respondent also stated that they were content with the existing customer base and did not wish to expand, arguably making the usage of SEO unnecessary, as it generates a cost for something they do not wish to achieve. However, Company 3 did not perceive it as marketing, let alone a digital marketing activity, thereby explaining the contradiction. Thus, the level of knowledge and its relation to the perception of digital marketing becomes evident. The lack of knowledge and the negative attitude towards digital marketing are thereby the prominent factors constituting the barriers for adopting such activities, distinguishing the passive approach from the active and exploratory.

## 6. Conclusion

This research ought to understand how the Covid-19 pandemic has impacted Swedish SMEs within the B2B sector and their adoption of digital marketing. The findings identified three approaches taken by the SMEs, based on the enablers and/or barriers the companies faced in their efforts to adopt and utilize digital marketing activities, which were the following: an *active approach* taken by SMEs with prior digital maturity and an established digital presence, thus continued utilizing it after the outbreak of the pandemic. Secondly, the *exploratory approach*, taken by SMEs with awareness of the vast digital development taking place in society due to the pandemic, and the importance of a digital transformation, however lacks the knowledge and/or the financial and human resources to implement the desired changes. The last approach, referred to as *passive*, was taken by the SMEs with a negative attitude in terms of low ambitions for growth, unfamiliar with digital marketing and believed that the “old way of doing business” would be more suitable, thus creating a resistance to implementing change. A factor that differed the passive approach from the other approaches was attitude, as those with a positive attitude had an active or exploratory approach, depending on if they had the knowledge and the resources required to perform digital marketing activities. Meanwhile, SMEs with a negative attitude took a passive approach, thereby making the firm-specific/owner-manager factors crucial in determining the chosen approach taken by the companies. The pandemic was a driving force for companies to become more digital and adopt digital marketing activities, but the extent to which this was implemented was highly reliant on their knowledge regarding digital marketing, the attitude and the financial means to acquire sufficient human resources. Thus, companies who had these as enablers were more likely to adopt the activities and become active, whereas those who had it as their barrier were less likely. Additionally, a negative attitude and lack of financial and human resources have also been found to be restricting SMEs from utilizing digital marketing, which aligns with previous research.

To sum up everything that has been stated so far, this research offers insight to help understand the driving forces behind SMEs digital transformation of marketing activities in light of the pandemic, in

order to inform future research and marketing practice. Thus, the purpose of this study is not to draw generalizable conclusions, but to obtain in-depth knowledge and insights regarding this phenomenon.

### 6.1 Managerial implication

This research reveals that although the digital development in the society has taken a rapid pace, SMEs within the B2B sector in general have not fully adopted digital marketing. Previous research shows that SMEs are slow adopters to digital marketing in comparison to their larger counterparts (Taiminen & Karjaluo 2015), and as many activities were a part of an offline marketing strategy, many SMEs experienced difficulties in transferring these activities to a digital sphere. The challenge was mainly due to four factors: attitude, the level of knowledge and the amount of financial and human resources, as previously discussed. Managerial implications would involve re-evaluating the company's internal factors (firm-specific/owner-manager and resource-related factors) and external (environmental factors) to understand how the company's prerequisites can allow or restrict them from fully adopting and/or utilize digital marketing. As the study reveals how slow adoption of digital marketing is common for many Swedish SMEs, this also implies opportunities for digitally mature companies to become early adopters. Thus, be exposed to market opportunities and gain a competitive advantage. The benefits of digital awareness was for instance apparent for Company 7, as they were active with their digital marketing prior to the pandemic. This made them adapt rapidly to the new circumstances, establish marketing activities and strategy which helped them recover from the loss the Covid-19 outbreak initially resulted in, in comparison with the remaining SMEs in the study.

### 6.2. Limitations and future research

The findings of this paper contributes to the previous research regarding SMEs adoption of digital marketing (e.g. Karjaluo & Huhtamäki 2010; Taiminen & Karjaluo 2015; Stovanska et.al 2016; Matarazzo et.al 2021) and addresses the barriers and enablers in the light of the current

pandemic. As it has had a significant influence, this research offers insights and an understanding of how the modified circumstances has affected SMEs adoption of digital marketing. However, as this study was conducted a year after the initial outbreak of the pandemic in Sweden, adapting to the new normal is still an ongoing process. As previous research describes SMEs as “slow adopters” to digital marketing in addition to radical changes happening across countries, through changes in legislation and the rapid development of digital technology, this leaves a gap in our study in not grasping the latest insights on the changes in the Swedish market, if further radical changes would occur. A following study, covering this gap, could provide updated insights on the impact the pandemic has had on SMEs digital transformation of marketing activities and if any changes have occurred. Moreover, considering that this study is based on Swedish SMEs, where the Swedish policies applied were not as restricted as in other countries (Reuters 2021), these conclusions of this paper cannot be generalized to other countries. Comparing this study with SMEs in other countries would thereby be recommended.

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