

# Customer Engagement Strategy on Social Media

*How can Sport2000 Bakker use social media to increase its customer engagement?*



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## 1. Executive Summary

‘Old’ marketing, such as flyers and newspaper ads, did not work that well anymore for Sport2000 Bakker, and was becoming too expensive. They assumed that social media would be a cheaper, more effective, and goal-oriented marketing tool. Sport2000 Bakker was also seeking more customer participation and engagement on its social media channels. Therefore, the aim of this research was to find out how Sport2000 Bakker could increase its customers’ engagement by the use of social media. The research methods that were used mainly consisted of literature review, qualitative research in the form of a semi-structured interview with the owner of Sport2000 Bakker, and quantitative research in the form of a questionnaire among its customers. Furthermore, research on the marketing process of Sport2000 Bakker has made it clear that the online marketing and promotional tools of Sport2000 Bakker were quite weak. The results have shown that the majority of the customers had not visited their social media channels yet. In addition, customer engagement was defined as having an intimate long-term relationship with customers, and building deeper interactions with them. With the results of this present research, the customer engagement behaviors (CEBs) at Sport2000 Bakker could be identified. It became clear that they should evaluate the CEBs by monitoring them over time, and eventually, they should (re)act on these customer engagement behaviors, and apply them to the company. Research results on their current level of customer engagement have shown that the majority of their customers are most likely delighted customers who are quite satisfied. Furthermore, this research has shown that the six stages of social business transformation could be a useful strategy to reach better customer engagement through social media since the stages are approached from the perspective of the organization, and how they could make a change to reach a higher level of customer engagement among the target audience through social media. The results have shown that Sport2000 Bakker has probably already completed the first stage, which was the planning stage, since they had already made a presence on social media channels. In this case, they would currently be in the presence stage. They could make more process by using creative, informative, or sharable content to start creating social activity. Additionally, Sport2000 Bakker could keep track of the metrics of its social media channels. However, article 5 of the European ePrivacy Directive (Directive 2002/58/EC) could bring a legal pitfall for this since it requires permission from customers to track their activities. Another risk became clear when customers were asked if they found the interaction on social media between them and Sport2000 Bakker important. The results have shown that 42% of the customers did not find interaction on social media important. As a result, it is recommended that Sport2000 Bakker should keep in mind that it is likely that moving too quickly onto the engagement stage would not be very profitable. It was also recommended to Sport2000 Bakker to evaluate the CEBs periodically by the use of a scoreboard to be able to recognize and monitor the different CEBs that are important for them.

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## 2. Introduction

In this chapter, the background of Sport2000 Bakker, the company for which this research is conducted, will be discussed. It will also explain the problem statement of Sport2000 Bakker, and the goal of this research. In addition, the research questions, and the structure of this research will be presented.

### 2.1 Background

Sport2000 is one of the largest purchasing cooperatives of independent sports retailers in the world. They have an international market presence with more than 3,800 stores in more than 20 countries (Sport2000 Europe, n.d.). One of those independent retailers, Sport2000 Bakker, started in 2008 when entrepreneur Norbert van Oosterhout took over one of the stores of Sport2000. Later on, he opened two additional Sport2000 stores in Scheveningen and Bodegraven under his private company I-Sport B.V.

### 2.2 Problem Statement

The digital market of sports products is growing, and it is essential to keep up with effective marketing. Corporate executives are having difficulties to control the power of social technologies. It is often difficult for them to merge these activities into their marketing efforts. Nowadays, customers discuss products and companies on Twitter, Facebook, YouTube, blogs, etc. Therefore, the business environment is getting highly dynamic and interactive. If a company does not have any experience or influence on social media, they are probably vulnerable (Bernoff & Li, 2011). The function of customer engagement also plays a bigger role since it could create enhanced corporate performance, such as sales growth, competitive advantage, and profitability. Thus, customer engagement is becoming an important concept for marketing (Brodie, Hollebeek & Juric, 2011).

Because of the trends mentioned above, Sport2000 Bakker is seeking more customer participation and engagement on social media. Eventually, they would like to obtain more revenue through higher customer engagement. 'Old' marketing, such as flyers and newspaper ads, does not work that well anymore for Sport2000 Bakker and is becoming too expensive. Sport2000 Bakker thinks that social media is a cheaper, more effective, and goal-oriented marketing tool. In addition, brands that are sold within the shops are encouraging them to use social media. Sport2000 Bakker acknowledges this, and would like to become better at social media. Therefore, the aim of this research was to find out how Sport2000 Bakker could increase its customers' engagement by the use of social media to eventually increase its revenues.

### 2.3 Research Questions

The central research question of this present research is: *“How can Sport2000 Bakker use social media to increase its customer engagement?”*

In order to answer the central research question, five sub-questions have been composed:

1. *What is the marketing process and how does this apply to Sport2000 Bakker?*
2. *What is customer engagement and how can companies reach it in general?*
3. *How is the customer engagement at Sport2000 Bakker at the moment?*
4. *Which strategy could Sport2000 Bakker use to reach better customer engagement through social media?*
5. *What are the laws of the European Union on social media marketing that could affect Sport2000 Bakker?*

### 2.4 Structure

This thesis will first describe the methodology of the research. After the methodology, the theoretical framework will be provided which includes research on the marketing process, concepts of customer engagement, and social media marketing. In the following chapters, the results and analysis will be presented per sub-question. First, the results and analysis on the marketing process of Sport2000 Bakker will be given including an internal analysis, external analysis, SWOT analysis, and the marketing mix. Second, the results and analysis on the current customer engagement of Sport2000 Bakker will be provided, and a strategy to improve their customer engagement on social media. At the end of these chapters, a conclusion and recommendations will be given. Finally, references and appendices will be provided.

### 3. Methodology

This chapter describes the different methods that were used to conduct this present research. The methods that were used have helped to be able to answer the central research question and the sub-questions. First, the methods to check the reliability and validity will be described. Second, the different research methods that were used to obtain information will be presented and explained per sub-question. Finally, the limitations of this research will be discussed.

#### 3.1 Reliability and Validity

The reliability of desk research has mainly been checked by searching on Google Scholar, which is a search engine that only gives academic results. Google Scholar gives results about how many times an author has been cited and its background. This has made it easy to check if an article or book was reliable. Furthermore, the validity has been checked by looking at dates. Especially since social media marketing and customer engagement are relatively new concepts, it was important to use the most recent sources.

#### 3.2 Research Methods

The central research question of this thesis was: *“How can Sport2000 Bakker use social media to increase its customer engagement?”*

To be able to answer this central research question, the first sub-question was: *“What is the marketing process and how does this apply to Sport2000 Bakker?”*. To answer the first sub-question, desk research and qualitative research methods have been used. First of all, desk research was used in the form of a literature review. The literature review gave information about how the marketing process works. The information in the literature review was obtained by reading academic books. Secondly, qualitative research methods have been used in the form of a semi-structured interview with the owner of Sport2000 Bakker. The interview has been used to gather information about the current situation of Sport2000 Bakker in the marketing process.

The second sub-question was: *“What is customer engagement and how can companies reach it in general?”*. In order to answer this sub-question, desk research has been used in the form of a literature review. Websites such as Google Scholar have been used to find academic articles about customer engagement, and strategies to achieve a higher customer engagement. Several articles about customer engagement have been found, and through the literature review, the most useful parts have been chosen. These parts will be described in the theoretical framework.

The third sub-question was: *“How is the customer engagement at Sport2000 Bakker at the moment?”*. To be able to answer this question, quantitative research has been used. Information from customers of Sport2000 Bakker was required to determine the current level of customer engagement. Therefore, a questionnaire was set up to gather information from customers. After the literature review on customer engagement, it became clear that the dimensions of customer engagement behavior (Van Doorn, et al., 2010) were useful to compose the questionnaire. After analyzing the dimensions, the level of customer engagement could be determined with the help of the customer engagement behavior matrix (Van Doorn, et al., 2010). These results could also have been achieved through a focus group where several customers are interviewed at the same time. However, with this type of field research, it could be that some customers’ opinions are influenced in the proximity of other customers. A questionnaire can be handed in anonymously, and therefore, customers are more honest. Thus, the choice has been made to use a questionnaire.

The fourth sub-question was: *“Which strategy could Sport2000 Bakker use to reach better customer engagement through social media?”*. In order to answer this sub-question, desk research has been used in the form of a literature review. Websites such as Google Scholar have been used to find strategies to create customer engagement through social media.

The final sub-question was: *“What are the laws of the European Union on social media marketing that could affect Sport2000 Bakker?”*. To be able to answer this sub-question, desk research has been used. Mainly information from the website of the Council of the European Union was used.

### 3.3 Limitations

There were a few limitations while collecting information for this final project. First of all, Sport2000 Bakker had approximately 4,000 customers in its customer base. According to the sample calculator, the questionnaire needed 351 respondents to reach a confidence level of 95%. However, this was impossible to reach since Sport2000 Bakker did not have a program or tool to send all of the customers in its customer base an e-mail at the same time. Therefore, all of the customers’ separate e-mail addresses needed to be typed in before sending the e-mail. There was not enough time to type in every e-mail address manually. In addition, Hotmail only allowed to send a certain amount of e-mails a day, otherwise, it would be recognized as spam. Instead, a confidence level of 80% was chosen with 150 respondents. Even though valuable information has been achieved, the results may not be as accurate as desired due to a lack of time.

Another limitation is that it was not possible to speak to the marketing manager of Sport2000 at the headquarters of ANWR-GARANT Netherlands. Valuable information could be derived from the

marketing manager, but he was very busy and did not have time for an interview. Nevertheless, the owner of Sport2000 Bakker was able to give the most important information.

## 4. Theoretical Framework

In this chapter, key concepts are identified and chosen on utility to use in further analyses. In addition, conceptual models from previous literature are used to simplify the reality. This makes it easier to discuss, analyze, and research. The first part of this chapter discusses the explanation of the marketing process of Armstrong and Kotler (2012) briefly. The second part discusses an explanation of the concepts of customer engagement and social media marketing. Moreover, strategies to reach a higher customer engagement on social media will be considered.

### 4.1 The Marketing Process

According to Armstrong and Kotler (2012), the marketing process is a five-step model as can be seen in Figure 1. During the first four steps, a company works on understanding customers, creating customer value, and building strong customer relationships. During the final step, a company collects the rewards of creating a superior customer value. When companies create value for their customers, they will eventually receive value back from them. Companies take this value out of sales, profits, and long-term customer equity. Each step of the marketing process will now be further discussed.

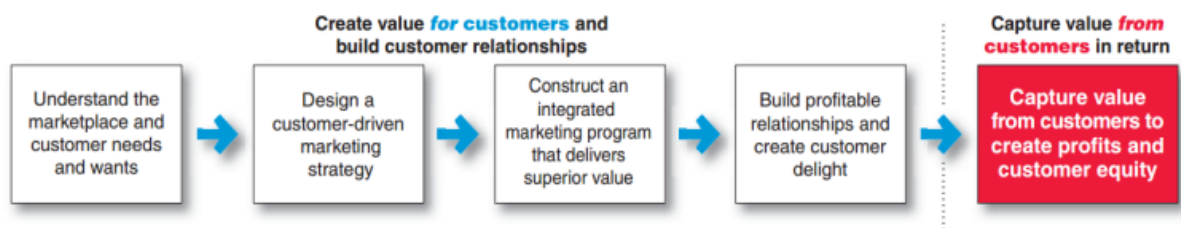


Figure 1. A Simple Model of the Marketing Process (Armstrong & Kotler, 2012)

#### 4.1.1 Understanding the Marketplace and Customer Needs

The first step of the marketing process is to understand the marketplace and the needs of the customers. Within this step, companies should find out the needs, wants, and demands. The *needs* can be physical, social, or individual. For example, physical needs include food and clothes. The *wants* of customers are created by cultures and individual personalities. For example, when the needs of Americans are food, the wants could be a Big Mac. Eventually, wants become *demands* because customers demand products that give them the most value and satisfaction.

In addition, the needs and wants of customers are realized through *market offerings*. Market offerings could be products, services, information, or experiences that are presented to a market to satisfy the needs or wants from customers. For example, services include airlines, hotels, etc.

Companies need to look further than just the features of the products and services they sell, otherwise, a marketing myopia could occur. This is when companies focus more on the specific products rather than the benefits and experiences produced by these products.

Furthermore, *the micro-environment* needs to be analyzed. First, the company itself should be analyzed. This can be done through an internal analysis. In addition, the industry, suppliers, competitors, distribution, and customers should be analyzed. This can be done in an external analysis with the help of the five forces of Porter model (Porter, 2008). This model has been developed by Michael Porter, and argues that there are five forces that shape competition. These forces are the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitutes, and the rivalry among existing competitors.

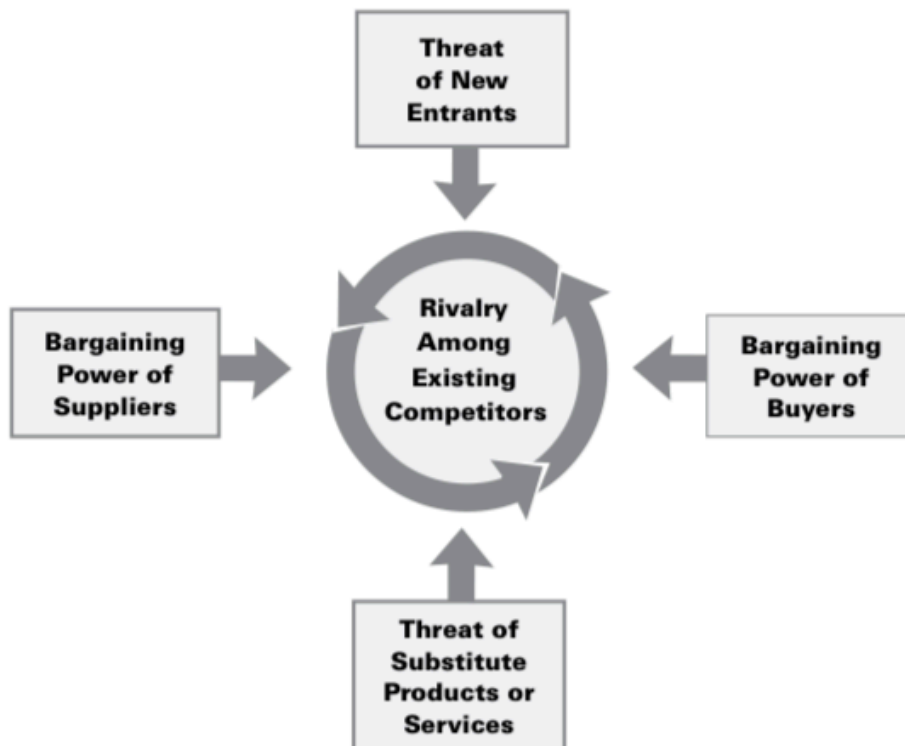


Figure 2. The Five Forces of Porter (Porter, 2008)

The threat of new entrants could shape the competition since they strive for market share and provide extra capacity. When analyzing the threat of new entrants, it is important to find out how easy it is for new entrants to start selling the same market offerings in the same industry, and thus, if there are entry barriers. Research should be done to know how much it costs for new entrants to start in the industry, and if a lot of knowledge is needed to start in the industry.

The power of suppliers is the second force. If there are powerful suppliers in the industry, they will capture more of the value for themselves by charging higher prices, limiting quality or services, or shifting costs to the industry participants. Therefore, this force is often less important for companies that only sell services. Within this force, it is important to know how dependent the company is on the suppliers. In addition, it is meaningful to know if a company can easily switch to another supplier.

The third force, the power of buyers, looks at how dependent the company is on the buyers. Powerful customers can have a big impact, for example, by forcing down prices, demanding better quality or service, and playing industry participants off against each other. Especially when buyers are price sensitive, they can be powerful.

The threat of substitutes looks at the number of substitutes. A substitute has the same or a comparable function as another industry's product. Since this can change the demand for a product, it is important to know if there are substitute products or complementary products.

The final force is the rivalry among existing competitors. The rivalry among existing competitors can take many forms, such as price discounting, new product introductions, advertising campaigns, etc. When the rivalry is high, it will limit the profitability of an industry. Thus, it is important to find out if there are many competitors in the industry, if there are market leaders, and if there is a fierce competition in price, communication etc.

Moreover, the competitors can be analyzed with the help of the multi-attribute attitude model (Lindgren & Konopa, 1980). The concept of this model is that when customers will go shopping to purchase a product, they will be confronted with multiple brands and may not know what to choose. Therefore, they will evaluate these brands in terms of attributes. The brands could indeed possess these attributes, or the consumer could perceive that the brands possess them. The different attributes can be assessed in different manners. In this research, they will be ranked on scores from 1 to 5 for each competitor. The total score of the companies will indicate which one is the biggest competitor. The attributes that will be used in this thesis are price, marketing, service, and website.

Besides the micro-environment, the *macro-environment* should to be analyzed. For the macro-environment, the demographic, economic, social-cultural, technological, ecological, and political forces need to be analyzed. These can be analyzed in an external analysis.

After analyzing the actors in the micro-environment, and the forces in the macro-environment, a SWOT analysis (Armstrong & Kotler, 2012) could be conducted. In this analysis, the strengths and weaknesses of the company that are found in the internal analysis will be evaluated. In addition, the most important opportunities and threats of the company that were found in the external analysis will be evaluated. After making the SWOT analysis, a confrontation matrix (Johnson & Scholes, 1999) could be made. Within a confrontation matrix, the strengths and weaknesses of the company are confronted with the opportunities and threats that were described in the SWOT analysis.

#### 4.1.2 Designing a Customer-Driven Marketing Strategy

The next step is to design a customer-driven marketing strategy. *Marketing management* is defined as “the art and science of choosing target markets and building profitable relationships with them” (Armstrong & Kotler, 2012). In this step, the company needs to figure out which customers it will serve, thus the target audience, and the best way to serve these customers. Therefore, the company needs to choose who they will serve. This can be decided by *market segmentation*, which is separating the market into segments, and by *target marketing*, which is selecting the segments they want to focus on. In addition, the company should choose how it will serve its targeted customers. This could be done by finding out how it will *differentiate* and *position* itself in the market.

According to Armstrong and Kotler (2012), there are five marketing management orientations for companies to design and execute their marketing strategies. The first one is the *production concept* which assumes that customers give a preference to products that are accessible and affordable. The *product concept* assumes that customers have a preference for products with the best quality, performance, and features. The *selling concept* assumes that customers will not buy much from the companies’ products unless the company takes a large-scale selling and promotion effort on itself. This concept is mostly used for unsought goods such as insurances. Another orientation is the *marketing concept*. This concept assumes that accomplishing a company’s organizational goals rely on knowing the needs and wants of target markets, and giving the desired satisfactions better than its competitors. Customer-driven marketing is a part of this orientation and considers that a company needs to understand its customers’ needs better than the customers themselves. The fifth concept is the *societal marketing concept*, which assumes that customers’ wants, the firm’s necessities, customers’ long-term interests, and society’s long-term interest should be thought out when making a company’s marketing decisions.

#### 4.1.3 Constructing an Integrated Marketing Program that Delivers Superior Value

In this third step, an integrated marketing program needs to be developed to transfer the destined value to the target markets. The marketing program will build customer relationships as the marketing strategy goes into action. The marketing program includes the *marketing mix*. This is the set of marketing tools that a company uses to start its marketing strategy. The marketing mix includes four groups: product, price, place and promotion. First, the company needs to create a market offering that satisfies the needs of the target audience (product). Subsequently, it needs to consider the costs for the offering (price), and in what way they will make the offering accessible for target customers (place). Eventually, the company needs to communicate the offering with their target audience and convince them of its advantages (promotion).

#### 4.1.4 Building Profitable Customer Relationships and Creating Customer Delight

*Customer relationship management* is possibly the most important part of marketing. According to Armstrong and Kotler (2012), this is “the overall process of building and maintaining profitable customer relationships”. It deals with aspects such as acquiring, preserving, and increasing customers.

Furthermore, it is important for a company to create superior customer value and satisfaction if it wants to build long-lasting customer relationships. A customer will purchase from a company that provides the highest *customer-perceived value*. This is the assessment that customers make when they are comparing the differences between the benefits and costs of a market offering of different competitors. For some customers, value could mean functional products with affordable prices. For other, value could mean paying more for a product to receive more.

Moreover, *customer satisfaction* is important. Customer satisfaction is the degree to which a product’s performance meets the expectation of a customer. If a product’s performance meets the expectation of a customer, the customer is satisfied. If a product’s performance surpasses the expectation of a customer, they will be highly satisfied and delighted. Studies have shown that if the customer satisfaction is high, it will lead to bigger customer loyalty, and eventually a better performance of the company. Companies can create more delighted customers by only promising what they can actually deliver, and eventually deliver more than what they had promised so that the customer’s expectation will be surpassed.

In addition, there are different levels on which a company can build customer relationships. The levels depend on the target market. For example, *basic relationships* are suitable for companies

with many low-margin customers. Companies with key customers in markets that have very few customers and high margins usually concentrate on *full partnerships*. Companies could also use specific marketing tools to create stronger relationships with its customers. One of those tools is offering *frequency marketing programs* that reward customers who often buy products, or customers who buy in large amounts. For example, these rewards can be discounts. Another tool is *club marketing programs* in which customers can get a membership to receive benefits. For example, H&M has created H&M Club to let customers save up points to get special offers. However, companies cannot have relationships with every customer. Therefore, they should get rid of customers that cost more than what they give back to the company, and focus on the profitable customers.

Furthermore, companies should relate to profitable customers in deeper ways than just one-way mass-media. There are new interactive approaches that stimulate targeted two-way customer relationships. New technologies help to create these two-way customer relationships. These new technologies contain e-mail, websites, blogs, and social networks such as Facebook and YouTube. Instead of using traditional flyers to advertise, it is a lot easier to reach younger target audiences on Facebook without having to spend a lot of money (Becker, 2017). These tools help companies create a deeper customer involvement and making the brand a part of customers' conversations and lives.

Nevertheless, this also brings challenges since customers gain more power and control. Customers have more information about brands, and there are a lot of platforms available where they can share their opinion about a brand with other customers. Therefore, they have more power. This creates *customer-managed relationships*. These relationships include interactions between customers and companies, but also interactions between customers alone. For example, companies often create dialogues with customers through their own or existing *online social networks*. With the goal of engaging customers on a more personal and interactive level, companies post their latest ads and videos on these social networks. However, it is still hard for companies to use social media efficiently. It is mainly important for companies to be a part of customer conversations. *Consumer-generated marketing* is a rising part of these customer conversations. In this type of marketing, customers have a stronger role in creating their own brand experiences, and those of other customers. Companies can ask customers for new product ideas on their online social networks. For instance, the brand Vitamin water asked proposals for a new flavor through a Facebook app. Nonetheless, consumer-generated marketing takes a lot of time, and can still be quite expensive.

Moreover, the marketing department of a company cannot build customer relationships all by themselves. They need to work together with partners from other departments of the company and outside of the company, such as suppliers, distributors, and retailers, to be able to give a higher value to customers. This is called *partner relationship management* (Armstrong & Kotler, 2012).

#### 4.1.5 Capturing Value from Customers to Create Profits and Customer Equity

The final step of the marketing process is capturing value in return, such as sales, market share, and profits. When a company creates high customer value, it also develops highly satisfied customers who will be loyal and purchase more. Highly satisfied customers will also excite others about the company and its products. According to studies, it is five times cheaper to keep old customers than bringing in new ones. Therefore, profitable customers need to be treated carefully to keep them loyal. Still, some loyal customers are not profitable while some disloyal customers could be profitable. Armstrong and Kotler (2012) divide customers into four relationship groups as can be seen in Figure 3.

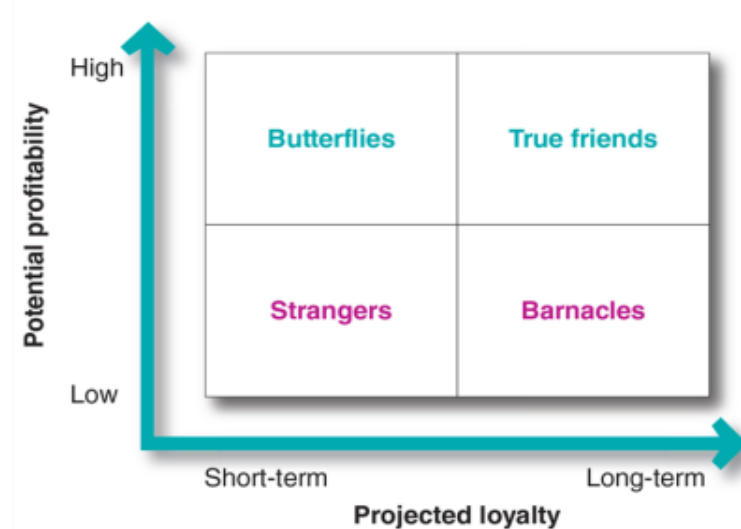


Figure 3. Customer Relationship Groups (Armstrong & Kotler, 2012)

The first group are *strangers*. For this group, the offerings that the company has does not really fit their needs. Companies should not invest in this group. The second group are *butterflies*. This group could be profitable, but they are not loyal. The offerings that the company has does fit with their needs, but only for a small amount of time. Companies should keep them satisfied, and profit as much as possible from them for the time being. *True friends* are profitable and loyal. Companies should make constant relationship investments to delight and keep them. The last group, *barnacles*,

are loyal, but not profitable. Companies can try to make them profitable, but if that is not possible they should not focus on them. These four groups all need different relationship management strategies.

The first part of the sub-question “*What is the marketing process and how does this apply to Sport2000 Bakker?*” has now been answered. For this thesis, the first three steps will mainly be used. The information that could be derived from these steps is probably already known by Sport2000 Bakker. Nevertheless, the situation in the environment is continuously changing, especially since the arrival of digital marketing. Therefore, the first three steps will be described in the results and analysis chapter. The book of Armstrong and Kotler (2012) does not really focus in-depth on the last two steps, and does not provide enough information to find out the current level of customer engagement on social media at Sport2000 Bakker. In addition, it does not provide clear strategies to improve it. Therefore, these steps will be examined by the theories that will now follow.

## 4.2 Customer Engagement

The fourth step of the marketing process was building profitable customer relationships, and creating customer delight. According to Armstrong and Kotler (2012), it is probably the most important step of the marketing process. However, customer engagement is a new term that is used more often in the marketing world. Customer engagement goes beyond just having customer relationships, it deepens into interaction. An engaged customer becomes an advocacy of the company. In this part of the theoretical framework, the definition of customer engagement is discussed. In addition, the different dimensions of customer engagement, and the process to manage customer engagement are explained.

### 4.2.1 Definition of Customer Engagement

The exact definition of customer engagement is in doubt since there are a lot of different interpretations, and professionals have all developed their own definition of customer engagement. Van Doorn, et al. (2010) argue that that customer engagement has a behavioral focus. Therefore, it is useful to know the customer engagement behaviors (CEBs) to examine how, and why customers behave in different ways that are relevant to the company and its stakeholders. Therefore, Van Doorn, et al. (2010) state that “*customer engagement behaviors go beyond transactions, and may be specifically defined as a customer’s behavioral manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers*”. The behavioral manifestations can be positive, such as posting a positive brand message on a blog, or negative, such as organizing public

actions against a firm. According to van Doorn, et al. (2010), customer engagement also contains customer co-creation. Customer co-creation is the participation of the customer in the creation of the market offering itself. Different forms of co-creation include making suggestions to improve the products, helping and coaching service providers, and supporting other customers to consume better. However, the definition of van Doorn, et al. (2010) is more focused on the customer engagement behaviors, and not on customer engagement in general.

The Advertising Research Foundation (2008) has defined customer engagement as “*turning on a prospect to a brand idea enhanced by the surrounding context*”. However, the problem with this definition is that customer engagement could include a wide variety of situations that vary from awareness, interest, desire to purchase, retention, and loyalty.

The definition that will be used in this thesis is the definition of the Economist Intelligence Unit who define customer engagement as “*an intimate long-term relationship with the customer*”, and when it comes to strategy they explain that “*engagement refers to the creation of experiences that allow companies to build deeper, more meaningful and sustainable interactions between the company and its customers or external stakeholders*”, and suggests that “*it is not a fixed point that can be reached but a process that expands and evolves over time*” (Economist Intelligence Unit, 2007). Eventually, it is all about building long-lasting relationships with customers to keep receiving value. With this description, it is now possible to answer the first part of the sub-question “*What is customer engagement and how can companies reach it in general*”.

#### 4.2.2 Dimensions of Customer Engagement

According to Van Doorn, et al. (2010), it is useful to consider the different ways in which consumers might choose to engage to understand the nature of customer engagement. This is shown in the five dimensions of customer engagement behavior (CEB). The dimensions will now be further explained.

The first dimension of customer engagement behavior is *valence*. When looking at valence, customer engagement can be distinguished into positive and negative. Positive customer engagement includes actions that in the short and long run have positive consequences. They could be financial or nonfinancial for the firm. Customer actions, such as word-of-mouth (WOM), blogging, and online reviews can be positive or negative for the firm based on the valence of the content. Actions such as recommending the brand to friends and family can be positive at first, but have the potential to be negative. For example, when the new customer does not fit with the brand.

The second dimension is the *form and modality* of customer engagement. This refers to the different ways in which customer engagement could be expressed by customers. This dimension could be separated into in-role behaviors, extra-role behaviors, and elective behaviors. In-role behaviors, such as complaint behavior, typically occur within limits defined by an organization. Extra-role behaviors are activities that customers may choose to engage in, for example, offering useful suggestions to other customers in the store or informing the sales staff in the store that the price of a product is displayed incorrectly. Elective behaviors occur when customers want to achieve their consumption goals. For example, they could make suggestions to the company for product improvement and enhancements.

The third dimension is *scope*. The geographic scope of customer engagement can give an answer to whether customer engagement is local or global. Local customer engagement includes actions delivered in person, such as WOM. An example of global customer engagement is posting a message on a global website. The geographic scope of CEB can also be driven by the modality and form used by consumers. For example, if a customer has suggestions to improve the brand, and posts these on a very popular website, the geographic impact will be widespread. If the suggestions are only verbally communicated to a single employee in the local outlet where the customer shops, the geographic impact will be low.

The fourth dimension is the *impact* of CEBs on the firm and its elements. This impact can be visualized in the immediacy, intensity, breadth, and the endurance of the impact. The immediacy of the impact refers to how quickly the CEB affects any of the elements of the company, especially its target audience. For example, the immediacy of CEBs on the Internet is probably faster than writing a letter to a store. The intensity of the impact refers to the level of change that has occurred after the CEB. The breadth of the impact refers to the reach or the number of people that were affected. For example, when you convince a close friend in person why he or she should buy a particular brand, it has a narrow breadth. However, this does have a high intensity. The endurance of the impact depends on several factors. For example, if someone posts an online review on a website that is continuously visited by people, the review will have more endurance because it is likely to be there for a longer period of time. This is in contrast with WOM, which is more likely to be forgotten in a short period of time. Channels on which customers may choose to engage include: in person peer to peer, in person in a retail setting, via the Internet, phone, e-mail, etc. The choice of the channel will influence the overall impact of CEBs.

The last dimension is the *customer's goal* when engaging. This dimension focuses on the following three questions: to whom is the engagement directed, to what extent is the engagement planned, and to what extent are the customer's goals aligned with the firm's goals? Factors that influence behaviors directed towards the company can be different from those directed towards the market. For example, a customer who assists another customer in a shop, to find a particular item or part of the store, is expressing a different type of CEB than a customer raging about a bad experience they saw online. It is also useful to understand the differences between planned and unplanned engagement behaviors. An example of planned engagement behavior is when a customer identifies a need, and develops a new free application. Unplanned behavior could occur when a customer makes an unexpected recommendation about a product or service to a stranger. The latter can be measured with the Net Promoter Score (NPS). This is a method that has been discovered by Fred Reichheld in 2003 to measure the loyalty of a customer. To measure the NPS, customers are asked the following question: "On a scale from 1 to 10, how likely are you to recommend organization x to friends and family?". The answer of the customer can be categorized into three categories as can be seen in Figure 4 below.

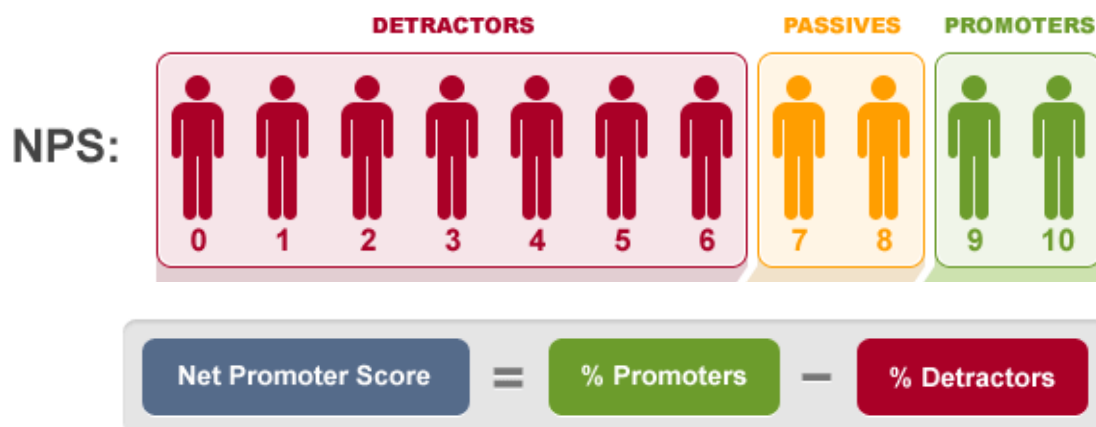


Figure 4. Net Promoter Score (NPS)

The first category are detractors, they give a score between 0 and 6, and are probably dissatisfied with the organization. The second category are called passives, they give a score of 7 or 8. These customers are satisfied about the organization. The last category are promoters, the customers within this category are very satisfied and enthusiastic about the organization. This measurement can be made during different stages of the customer journey to find out which aspect of the process could be improved. As can be seen in Figure 4, the NPS could be calculated by subtracting the percentage of detractors from the percentage of promoters of the total number of respondents. The boundaries of a good and a bad NPS depend on the organization and the industry it is in. A score of -30% is usually extremely bad, and a score of 30% is extremely good (Alles over Marktonderzoek,

2017). Furthermore, if the customer's goals are aligned with the firm's goals, the CEB should have a positive overall impact on the firm. But, if the customer's and the firm's goals are misaligned, CEB may have more negative consequences.

#### 4.2.3 Customer Engagement Matrix

Customers can be in different stages of customer engagement. As can be seen in Figure 5, Sashi (2012) proposes a matrix to describe these different stages of customer engagement. The relational exchange varies from transactional exchanges at one side, to enduring relational exchanges at the other side. Emotional bonds vary from rational relationships with low emotional attachment at one side, to intimate relationships with strong emotional bonds at the other side.

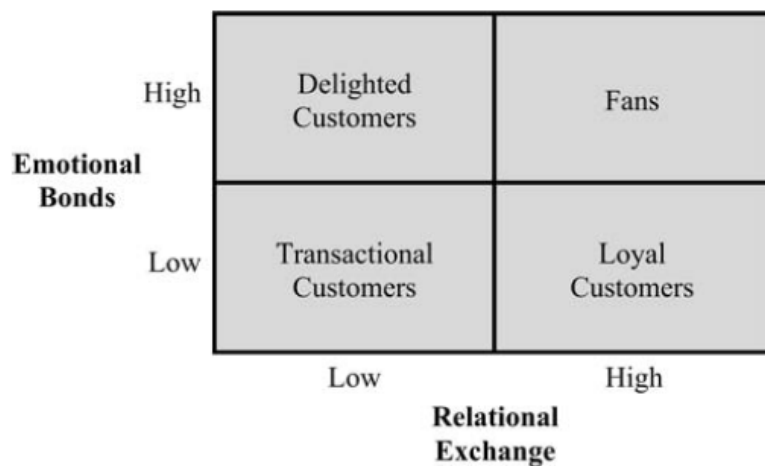


Figure 5. Customer Engagement Matrix (Sashi, 2012)

The first group are the *transactional* customers. Their relational exchange is low, and the emotional bonds are low. These customers have poor personal relationships, and have no expectation or obligation to exchange with the company in the future. They are sensitive to prices and focused on deals. They will buy products from the seller that offers the cheapest price, and therefore, they will easily switch to different sellers. However, the other blocks in the matrix search for transactional customers. They can only be turned into loyal or delighted customers, and possibly even into fans, by creating overall satisfaction.

The second group are *delighted* customers. Their relational exchange is low, and the emotional bonds are high. The expectations of these customers have been surpassed. This encourages highly positive emotions and a high level of satisfaction. However, customer interactions with the company are still limited and purchases are exceptional. Delighted customers do not have a long-term relationship with a company, but they build an affective commitment with them. Affective

commitment is characterized by emotional connections, and is caused by the trust and exchange in a relationship with a company. Affective commitment is connected to word-of-mouth communication, which means that delighted customers often communicate their delight as advocates to people within their social networks. When a company wants to turn delighted customers into fans, they should build a long-term relationship with them.

The third group contains *loyal* customers. Their relational exchange is high, and emotional bonds are low. Loyal customers have a calculative commitment in relationships with companies. Calculative commitment is rational, and is caused by limited choice of other sellers or switching costs. Therefore, they stick with the current seller and this causes higher customer loyalty and long-term relationships with companies. Loyal customers will not voluntarily recommend a company. Companies can encourage loyal customers to have an advocacy role by building an affective commitment with them, and they can turn them into fans by building trust.

The final group consists of *fans*. When the relational exchange and the emotional bonds are high, a customer is a fan. Fans have long-lasting relationships with affective and calculative commitment. In addition, they are delighted and loyal. Fans trust sellers and evolve into enthusiastic advocates. Even though it would seem logical that a seller wants all of his customers to be fans, they also want customers from the other groups because they can develop into future fans. A combination of offline and online strategies could be used to receive a higher degree of customer engagement. Social media is a useful tool to improve the connection with (potential) customers, and the richness of the interactions with them. This increases the chances of satisfying transactional customers which creates delighted or loyal customers, and turns them into fans.

The earlier mentioned customer relationship groups matrix of Armstrong and Kotler (2012), as shown in Figure 3, is similar to this matrix. However, the customer engagement matrix from Sashi (2012) will be used for this thesis because it is far more extensive, and it is more focused on the stages of customer engagement rather than just relationships with customers in general. The customer relationship groups matrix of Armstrong and Kotler (2012) also focuses on profitability while it has been discussed that profits are an outcome of customer engagement, and thus, are not a focus point when building customer engagement.

#### 4.2.4 Managing Customer Engagement

Companies should manage customer engagement productively because customers interact with other customers, brands, companies, and regulators that are independent of the company, and

therefore, they have a lot of influence on the company or brand. Van Doorn, et al. (2010) propose a customer engagement behavior management process of how companies should identify, evaluate, and react to key customer engagement behaviors (CEBs). As mentioned earlier, it is useful to know the customer engagement behaviors since companies could examine how and why customers behave in different ways that are relevant to the company. This process describes how the behaviors of customers could be identified, and how customers could be encouraged to become fans. Therefore, this process for managing CEBs has been chosen for this research.

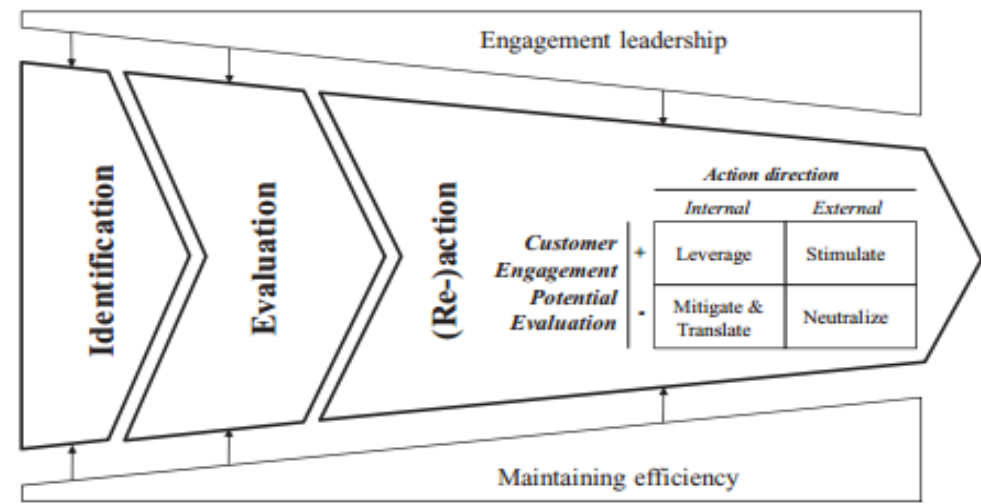


Figure 6. Customer Engagement Behavior Management Process

The first step in the process is *identifying* engagement behaviors and customers. The company should identify the different forms of CEB, the different actors, places, the content of CEB, and they should understand their potential effect. They should also identify the channels where CEBs take place. These can be online or offline channels, one-to-many channels or one-to-one channels. By identifying these channels, the company could understand the impact of them. The company should also focus on the customers themselves. They should know their most and least engaged customers, and the relative proportion of positively and negatively engaged customers. Furthermore, companies should think about how CEBs can be identified in a structured way throughout customers and channels. Thus, it is important to understand both the CEBs and the customers.

The second step is *evaluating* engagement manifestations. Companies should look at possible results for short-term and long-term goals. When evaluating CEBs, their emotional force, attraction, quantity, the used channels, and the effects on short-term and long-term should be considered. In addition, a lot of forms of CEBs could cause long-term changing effects, and could

influence other customers' engagement behaviors. Nevertheless, some CEB actions are clearly noticeable to the company, but others may not. Companies should develop a CEB scorecard, which is a graphical representation of the progress over time, to monitor and evaluate the different CEBs that are important for their strategies.

The last step is *(re)acting* on customers' engagement behavior. In this step, the company should develop capacities and resources to manage CEBs effectively. Van Doorn, et al. (2010) suggest four areas of activities that should be taken into account. First of all, the positive possibilities of a specific CEB should be leveraged internally and externally. In the case of internal leveraging, the relevant people within the company should be informed about the content of CEBs, such as suggestions of customers, since they could apply these suggestions to create new product ideas. Therefore, companies should build efficient information systems and processes. In addition, companies should encourage and control the positive possibilities of CEBs by creating processes and locations. For example, companies could give engaged customers a place or platform to express their ideas and thoughts. Companies could also improve CEBs by creating encouragements, such as rewards for recommending a product or service. Furthermore, companies could get engaged with customers by creating and contributing to customer communities. When companies listen to customer feedback, especially to complaints, it could create a lot of value for them. Even though this is negative, this kind of feedback could be essential to improve the performance of the company. The last area of activity is that negative forms of CEBs need externally visible *(re)actions* from the company in some cases. Research on service recovery has shown that such actions could turn negative CEBs into positive CEBs. An important step in this activity is entrusting the frontline staff to guarantee an acceptable outcome and procedural justice. For example, consequences, such as refunds and apologies, and the process of these consequences, such as the speed of the response, could be critical in discouraging negative engagement.

The first step of this process will be completed for Sport2000 Bakker in the results and analysis chapter of this research by conducting a questionnaire. The second sub-question, which was "*What is customer engagement and how can companies reach it in general?*" can now be fully answered.

#### 4.3 Social Media Marketing

The interactivity of social media helps the process of creating long-lasting intimate relationships with trust and commitment between companies and customers. Eventually, this could create a higher level of customer engagement. In this part of the theoretical framework, the definition of social media marketing will be explained. In addition, a strategy to become a social business will be described.

#### 4.3.1 Definition of Social Media Marketing

Before knowing what social media marketing is, it is good to know the definition of social media in general. The precise definition is difficult to describe because social media is present in a complex and fast changing environment. Solis (2010) states that one-way channels disappear through social media. In addition, he explains that social media has become a community that companies can use to inform target audiences, and to interact with them. He defines social media as *“a never-ending source of lessons and insights, and it provides new communication instruments with more possibilities. It is a tool, and not a goal”* (Solis, 2010). However, this is not a clear explanation of what it actually entails, and because social media has changed a lot in the past few years, this definition is more or less out of date.

Tuten and Solomon (2015) define social media as *“the online means of communication, conveyance, collaboration, and cultivation among interconnected and interdependent networks of people, communities, and organizations enhanced by technological capabilities and mobility”*. Social media changes the way customers live their daily lives, and therefore, also influences the way that companies deal with their marketing. This brings Tuten and Solomon (2015) to their definition of social media marketing, which they define as *“the utilization of social media technologies, channels, and software to create, communicate, deliver, and exchange offerings that have value for an organization’s stakeholders”*. Based on the previous theory of the marketing process and customer engagement, this seems like a good explanation.

Because social media marketing has increased rapidly in the last decade, the goals that companies can achieve through it have also grown. Tuten and Solomon (2015) have placed these goals across a variety of marketing activities in four different types of social media marketing. The different types of social media marketing are shown in Figure 7.

The first type of social media marketing is a social community. Within a social community, companies could create ads, have conversations and share content with customers, influence customers’ impressions, and get likes and fans. To create a social community, companies should use their social media channels to have interactive dialogues with their (potential) customers.



Figure 7. Brand Applications Across Social Media Zones (Tuten & Solomon, 2015)

The second type of social media marketing is social publishing. Companies could publish commercials on social media, and create branded channels. Through these publications they could earn comments, shares, links, and higher search rankings. To create social commerce, they could create corporate blogs, but also create branded media through sharing websites such as YouTube.

Moreover, social entertainment is a type of social media marketing. Companies could create social game ads, and in-game interactions. Social game ads could be created on platforms such as Facebook. In-game interactions can be created by, for example, posting an ad on an in-game billboard.

The last type is social commerce in which companies create sales promotions, such as placing a discount on Groupon. In return, they could earn it back through reviews and ratings on websites such as TripAdvisor.

#### 4.3.2 Strategy to Become a Social Business

Li and Solis (2013) have created a strategy to give organizations an insight on how they could deal with the growing interest of transparency and engagement. They describe the six stages of social business transformation. The stages are based on the results of the book *Groundswell: Winning in a World Transformed by Social Technologies* (Bernoff & Li, 2011). Additionally, they used the results of interviews with 26 executives and social strategists at 15 companies about the development and success of their social strategies. Finally, they used the results of a survey that

was conducted among 698 social strategists and executives about their social media adoption efforts.

The report on the six stages of social business transformation is put together with Altimeter Group who defines the development into a social business as: “*The deep integration of social media and social methodologies into the organization to drive business impact*”. Most social media strategies focus on the perspective of the customer, while Li and Solis (2013) focus on the organization. This research is approached from the perspective of the organization, and how they can make a change to create and maintain better relationships, and eventually, reach a higher level of customer engagement with the target audience through social media. Therefore, this theory is very useful for this research. As can be seen from Figure 8, the six stages of social business transformation include planning, presence, engagement, formalized, strategic, and converged.

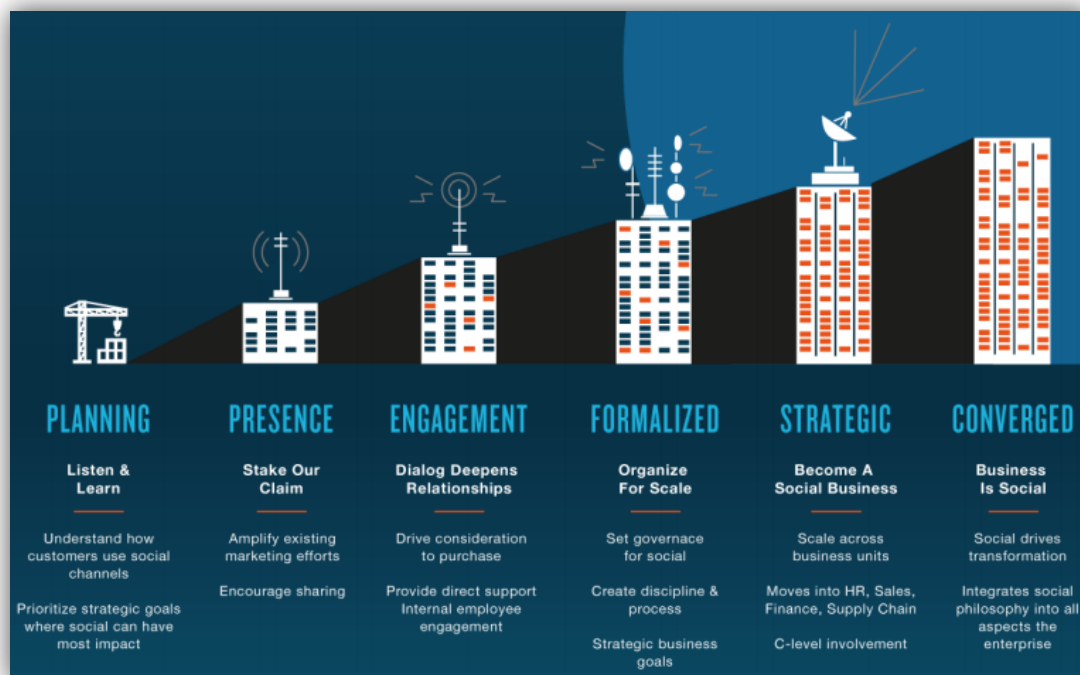


Figure 8. Six Stages of Social Business Transformation (Li & Solis, 2013)

In the first stage, the goal is to assure that there is a strong basis for strategy development, organizational adjustment, resource development, and execution. The second stage brings planning into action. The goal in this stage is to create a presence. This could include setting up a Facebook page or introducing a Twitter account. Some organizations combine this stage with the third stage and start engaging at the same time. The third stage is engagement in which social media are not just something that organizations have anymore, but it has become an important aspect in

relationship building. The fourth stage is formalized. Within this stage, companies focus on the strategic organizational goals, and on offering services through social media. Within the fifth stage, strategic, companies focus on integrating social media, and spread tasks throughout the departments of their organization. The last stage, converged, is where the whole organization has become social. Li and Solis (2013) clarify that social media does not create a social business, but it helps to become more social overall.

For this thesis, mostly the second and third stage of the six stages of business transformation are relevant since Sport2000 is already active on different social media channels. Therefore, these two stages will now be further described.

The second stage, *presence*, brings planning into action. The company begins to create a presence on social media. Li and Solis (2013) have found that successful organizations invested mostly in three actions. First of all, companies could use social content to intensify their existing marketing efforts. Media programs of the company that have already caused earnings could be used to encourage sharing through social media, to create more traffic, and to reach a wider audience. It is essential in this stage to establish a clear, integrated content strategy. To create this strategy, companies need to fund positions. For example, Sephora became more present in social venues. In addition, companies should provide information to support issues after purchases. Some companies even only use social media for customer support. Furthermore, the metrics need to agree with the departmental or functional business goals. When a company creates a presence on social media, the engagement metrics, such as the number of visits, fans, followers, shares and likes, will arise rapidly. Goals for the strategy and metrics should be made.

Li and Solis (2013) give the following suggestions to help companies go through the presence stage. First of all, the social presence of the company should be linked to the company's goals. The social media presence activities need to be connected to direct business results. In addition, engagement should be avoided in the beginning. Therefore, presence strategies, in which the company is not setting expectations for responses and engagement, should be determined. Moreover, companies should develop content that can be shared to create some social activity. Finally, governance should be established while paying attention to the future. Companies should think about how they will respond to early requests to extend their presence on social media, and boundaries for social media presence need to be decided.

Within the third stage, *engagement*, companies start relationship building. Companies who successfully get through this stage know that social media could affect the whole customer

lifecycle. Li and Solis (2013) describe five usual aspects of this phase. The first aspect is that organizations should participate in conversations to create communities. Engagement programs could begin at the marketing or communication department to entertain, or to have general conversations. Over time, engagement programs could grow by using creative, informative or sharable content, such as blog posts, infographics and videos. The goal is to give and receive value from the community, and to grow presence. In addition, companies could use engagement and influence to make the purchasing process of customers quicker. Relationships that are built through social media could make potential customers accelerate their purchase. Companies could do this by listening to customer needs and offering solutions. This creates a win-win situation for the company and the customer. Moreover, support should be provided via direct engagement. For example, care conversations with customers could become public instead of having private conversations. Furthermore, social media brings a lot of risk. A risk management and training method should be created for the organization. By creating an understandable social media policy, and social media content guidelines and playbooks, these risks can be reduced. Annual social media training for staff could also be organized. Finally, employee engagement could be supported via enterprise social networks to engage employees internally.

To understand the business impact within this stage, Li and Solis (2013) give the following suggestions. First of all, companies should take little steps to create engagement and tasks, and responsibilities should be appointed. For example, companies could join a discussion that has arisen in a blog post comment. Afterwards, companies could shift to incidental responses on its existing social media channels. In addition, rules and processes for engagement should be established. The social media content guidelines mentioned earlier should ensure that every employee knows when and how to engage. The engagement strategy should be updated every now and then. Moreover, organizations should look further than engagement activity metrics to understand the value creation. For example, the amount of interactions, percentage of messages with replies, or shares should be understood. In addition, the effect of engagement should be communicated widely. Companies should often share engagement activity and effects with stakeholders and executives to show the progress and to get support. Another suggestion is to invest in a social media management system. This could help when the company has a large number of customers and has to coordinate engagement from a lot of people. Companies could use enterprise tools such as HootSuite and Radian6 that create control for employees that manage local Facebook pages. Finally, companies should often check for new social media usage. Different groups within the organization, such as local groups, often start their own social media efforts without the permission of the company.

## 5. The Marketing Process at Sport2000 Bakker

Within this chapter, the answer will be given for the sub-question: “*What is the marketing process and how does this apply to Sport2000 Bakker?*”. The results and analysis of this sub-question will be provided.

The first step in the marketing process was to understand the marketplace. The needs of the customers needed to be determined, and the micro- and macro-environment of the company. The needs in this case are sports products. Afterwards, the needs needed to be realized through market offerings, which were the products and services that the company offers to satisfy the needs and wants. Every Sport2000 store in the Netherlands is exploited by independent entrepreneurs. Although Sport2000 advises the entrepreneurs a core collection, the entrepreneurs can still decide about their own product range, and have a specialization in a certain sport. This could be in running, soccer, tennis, hockey, winter sports etc. Therefore, the entrepreneurs have a lot of freedom in choosing their product range, and are able to adjust it to local needs. They also offer a broad product range online with sports shoes, sports clothes, and sports accessories. Customers can also get professional advice online (Sport2000 Netherlands, n.d.). Examples of brands that are sold at Sport2000 Bakker are Nike, Adidas, Puma, Björn Borg, Brunotti, Mizuno, Under Armour, etc.

However, the micro-environment and macro-environment of the company also needed to be analyzed, and these were not clear yet. The micro-environment included the company, which will be analyzed in the internal analysis. The other actors within the micro-environment were suppliers, competitors, customers, and the industry. These actors will be analyzed within the external analysis. Moreover, the macro-environment consisted of demographic, economic, social-cultural, technological, ecological, and political forces. These forces will also be analyzed within the external analysis. As a result of the internal and external analysis, a SWOT analysis will be presented. At the end of the chapter, the customer driven strategy, and the marketing mix of Sport2000 Bakker will be provided.

### 5.1 Internal Analysis

An internal analysis will now be provided with the history, organizational structure, mission, vision and goals, and the strengths and weaknesses of Sport2000 Bakker.

#### 5.1.1 History

In 1966, 36 retailers merged and established Sport2000 in France. These retailers included famous French football players, such as Pierre Batteux, Just Fontaine, and Jean Djorkaeff. In the following years, the sports chain developed internationally as the central retail platform for the biggest

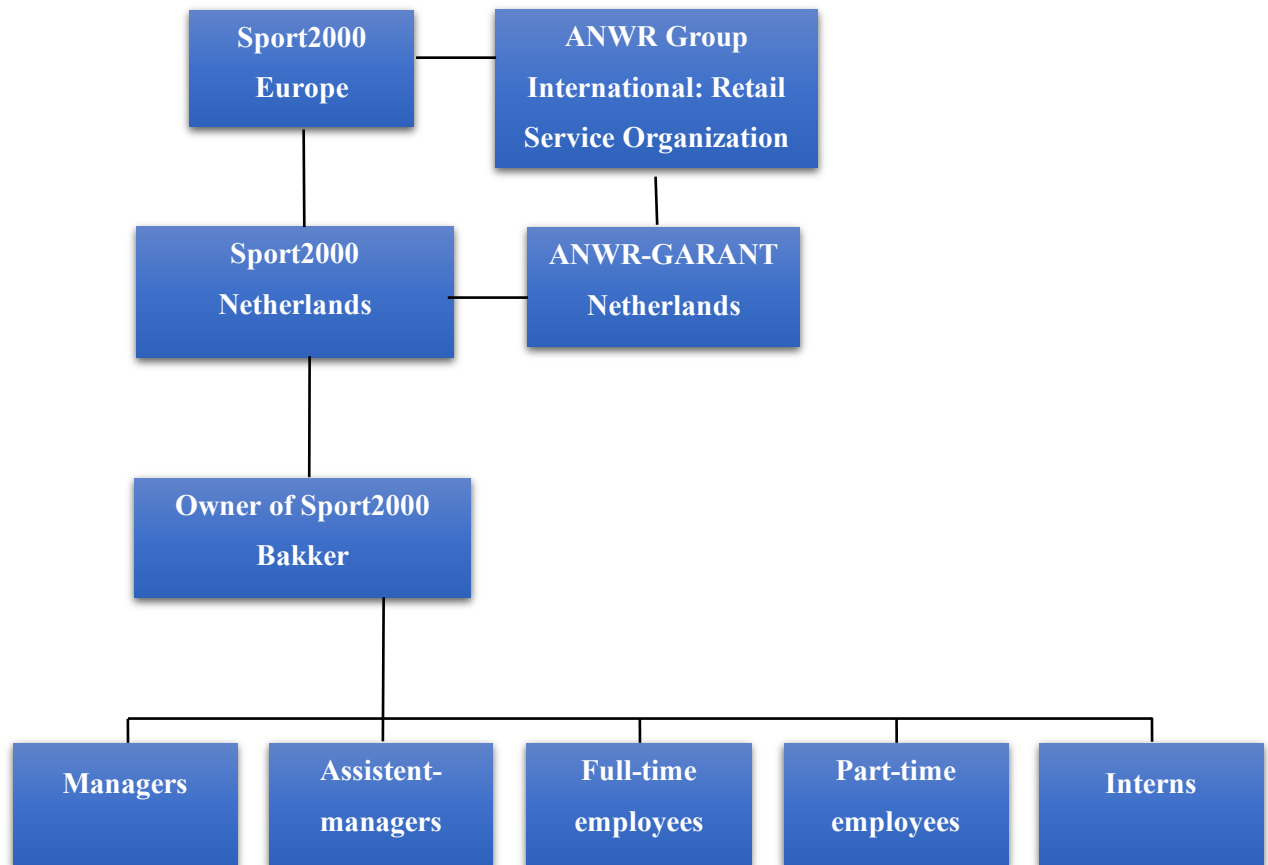
athletic brands. Since 2000, Sport2000 is also one of the largest ski rental organizations in skiing areas all over Europe. They have more than 600 ski rental stations. Today, Sport2000 is one of the largest purchasing cooperatives of independent sports retailers in the world. They have approximately 3,800 stores in more than 20 countries (Sport2000 Europe, n.d.).

Sport2000 Bakker used to be called BakkerSport. The first store of Bakkersport was opened 35 years ago by the Bakker brothers. Eventually, Bakkersport expanded to approximately ten stores. These stores were sold to Sport2000 in 2008. Within that same year, entrepreneur Nobert van Oosterhout took over their store in Zoetermeer, and gave it the name Sport2000 Zoetermeer. In 2011, he also took over the store in Bodegraven, however, this store was closed in 2016. In 2014, he opened a store in Scheveningen, and in 2016, he opened a store in Amstelveen.

Sport2000 used to be a chain of Euretco Label Company. In 2012, Euretco merged with Intres, the company behind international sports chain Intersport. Euretco had to choose between Sport2000 and Intersport because international sports organizations did not allow that Sport2000 and Intersport were active within one organization. Therefore, Euretco and Intres decided to sell Sport2000. As a result, ANWR Group took over the chain. Due to this acquisition, entrepreneurs of the Sport2000 chain were no longer franchisees but free members, which also means that they have a lot of freedom in stock acquisition possibilities.

#### 5.1.2 Organizational structure

As mentioned above, Sport2000 is a part of ANWR Group. This is an international retail service organization for independent entrepreneurs. In the Netherlands, they represent about 550 members. Approximately 350 of them are in the shoes branch, and 200 of them in the sports branch. They offer Sport2000 financial and retail advice, and support in digital service, marketing, and acquisition (ANWR-GARANT Nederland, n.d.). Sport2000 Bakker is a part of Sport2000 Netherlands as a free member. However, the entrepreneurs all work together. Therefore, every product on the website of Sport2000 is offered by one or more stores of Sport2000 Netherlands. The entrepreneur has the decision-making authority, and is responsible for the business risks (Sport2000 Netherlands, n.d.). Each store of Sport2000 Bakker has a manager and an assistant-manager. In addition, each store has full-time employees, part-time employees and interns. In Figure 9, the organizational structure is explained in an organizational chart.



*Figure 9. Organizational Chart Sport2000 Bakker*

### 5.1.3 Mission, Vision and Goals

The mission, vision and goals have been formulated in consultation with Sport2000 Bakker, and after analyzing the website of Sport2000 and activities within the organization.

The *mission* of Sport2000 is to sell clothes, shoes and hardware that are useful both for sports and leisure. Additionally, the mission of Sport2000 Bakker is to have a healthy organization. For example, employees should get their salaries paid on time.

The *vision* of Sport2000 Bakker is to aim at an ultimate balance between the collection and the needs of the local customers.

The *goal* of Sport2000 is to be the market leader in Europe. Therefore, the goal of Sport2000 Bakker is to be regional market leader by focusing on customer's needs. In addition, their goal is to provide excellent service to every customer.

### 5.1.5 Strengths and Weaknesses

After analyzing activities within the organization, the strengths and weaknesses of Sport2000 Bakker can be described as following:

<i><b>Strengths</b></i>	<i><b>Weaknesses</b></i>
<p><b>Professional culture:</b> high priorities at Sport2000 Bakker are professional and excellent advice.</p> <p><b>A lot of focus on customers:</b> it is important for Sport2000 Bakker to give excellent service and to be focused on the customer to make sure they feel seen.</p> <p><b>Good contact with sports clubs:</b> An important part of Sport2000 Bakker is the product range for regional sports clubs with their logos. They are the only ones that offer these products in their region, and therefore, members of these clubs will need to shop at Sport2000 Bakker.</p>	<p><b>Little strategic awareness:</b> the goal of the company is not really continuously and clearly communicated, which causes less success.</p> <p><b>Poor promotion:</b> There is not much promotion for Sport2000 Bakker other than ‘old’ media such as flyers. There is not a lot of knowledge of (online) marketing strategies.</p> <p><b>Financially limited:</b> They do not have a lot of financial ability to fund marketing campaigns since the marketing budget is in hands of ANWR Group.</p>

## 5.2 External Analysis

In the external analysis, the forces in the macro-environment that could affect Sport2000 Bakker will be discussed. These will be explained in the DESTEP analysis. In addition, the actors in the micro-environment will be examined in the customer analysis, industry analysis, and competitor analysis. Finally, the most important opportunities and threats that have been found will be described.

### 5.2.1 DESTEP Analysis

The DESTEP analysis focuses on the demography, economy, social-cultural, technological, ecological, and political forces that could influence the organization. Sport2000 Bakker is only present in three cities in the Netherlands at the moment. Therefore, this analysis will focus mainly on forces within the Netherlands.

### *Demography*

The general target group of Sport2000 Bakker is very broad and varies from people around the age of 4 until people with the age of 85. However, the customers whom they usually sell the most to are in an age group up till 35 years. They target on both men and women. Their target group are mostly people in the region of the store itself. An opportunity for Sport2000 Bakker is that the number of households will grow a lot in the future. According to the CBS, there will be a yearly increase of 50.000 households in the Netherlands until 2025 (CBS, 2013). This is convenient for Sport2000 Bakker since it can attract more customers. In addition, the aging population is becoming an issue for sports stores. In 2016, there were nearly 3,1 million elderly people in the Netherlands. Therefore, this group consists of 18% of the total population of the Netherlands (Volksgezondheidszorg.info, n.d.). The aging population bring a challenge because there will be more demand for sports such as biking, hiking, aerobics, and fitness. As a result, there could possibly be less demand for sports such as soccer and hockey. Aged customers prefer sports that could be performed until a high age, and sports that have a social character. However, this could also be positive because the purchasing power of elderly people is also rising. The number of elderly people that do sports is a lot higher than 20 years ago because they rejuvenate, they feel younger than their actual age, and are more adventurous. They even spend more time on exercise than young people (Visser, 2016). This is the reason why they could potentially buy more sports products. Another development that has impact on sports retail is the urbanization. The number of inhabitants in bigger cities is significantly increasing. The consequence is that the demand in bigger cities will continue to grow. This should not be a threat for Sport2000 Bakker since its stores are in relatively big cities (Quadvlieg, 2016).

### *Economy*

The Dutch economy grew with 2.2% in 2016. The economic crisis in the Netherlands appears to be passing by. This is good news for Sport2000 Bakker since there will be more purchasing power of customers. Furthermore, the gross domestic product (GDP) per inhabitant has grown significantly in 2016 compared to last years. This shows that the welfare in the Netherlands is growing. The GDP per inhabitant in the Netherlands is one of the highest in the European Union. According to a personal data questionnaire of the Gemeente Zoetermeer (2015), the municipality of Zoetermeer, only 53% of the respondents had a paid job at that moment. On the other hand, this report is from 2015, and the situation could have changed due to economic reasons. In addition, the majority of the respondents, 69%, was older than 50. Consequently, the reason that most of the respondents did not have a paid job could be because they were already retired. Furthermore, 58% of the respondents lived in a household where two people had an income. In addition, more than 44% of the respondents stated that their household had a total monthly net income of more than €3,000.-.

According to the CPB (2016), households in the Netherlands had an average gross income of €36,500.-. Per month this would be a gross income of €2,808. -. This means that the net income was approximately €2,021. - on average. It could likely be concluded that people in Zoetermeer are relatively prosperous. Although there is still a high rate of unemployment as a result of the economic crisis, there is an increase in jobs, and the percentage of employed people is growing gradually (CBS, n.d.).

### *Social-cultural*

The society is getting social due to the arrival of social media. The growth of social media platforms such as Facebook, Twitter, Instagram, and LinkedIn is extreme, and companies should adjust to this growth. Social media is a great tool to connect with customers, and also to learn from them. Presence on social media leads to relationship building and customer engagement. It is also recommendable to hire someone that takes care of the social media management, or an online PR agency to prevent inadequate content (Copp, 2016). In addition, a lot of competitors of Sport2000 Bakker are getting social and they should grow in it too, even if it is just to see what their competitors are doing (Visser, 2016). Furthermore, the insecurity about the safety in the outer world is growing because of the recent terrorist attacks. The consequence is that people have more needs for warmth and security. They can fulfill these needs by being close to home and in their well-known circle. Therefore, social reasons play a large role when people enroll for a regional sports club. They find it important to spend more time with family and friends. Sport2000 Bakker can profit from this trend by using its partnerships with local sports clubs to give a better offer to customers, and to join the close-to-home trend. Additionally, people have less leisure time. This mainly applies to people between the age of 20 to 50. This is in contrast to people that are above that age as mentioned earlier. Time has become scarce, and customers demand high quality standards. This could give pressure to Sport2000 Bakker because customers have a need for one stop shopping. They have less time, and thus, they want to buy everything they need at once at one store. As a matter of fact, this brings the threat of online web shops such as Bol.com, Zalando, and Coolblue.com where customers can buy a huge range of sports products and accessories. Customers can shop from home which saves them a lot of time (Sport-Koepel, 2017). On the other hand, Sport2000 Bakker profits from it too since they also have an online web shop.

### *Technology*

The arrival of smart phones and smart watches allows people to measure their own sports performances and health. These new technological resources make it more attractive for people to work out. Thus, more people will need sports equipment. The developments in 3D printing, robots, augmented- and virtual reality create tools for sports retailers. These tools could add something to

customers' needs. Sport2000 Bakker could reconsider the function of its stores, and research which role these new technologies could play in their stores. However, technological developments also bring the threat of passive consumption and inactive behavior. As mentioned earlier, social media is becoming more important for marketing campaigns, but it also causes that people will become too lazy to work out because they are too busy with social media. Nevertheless, the role of technology could also change from passive to active since new gadgets and wearables make a personal use of technology possible. In addition, virtual reality could make it possible to participate in real-time sports events, such as the color run (Visser, 2016).

### *Ecological*

Sustainability is becoming an important topic for companies since the deterioration of the environment is affecting businesses. The world population is growing, and so is the consumption. To be able to produce more products for this growing population, more resources are needed. However, there are finite resources, and the demand is bigger than the supply. This causes ecological degradation, social instability, and eventually conflicts. Everything is interconnected, and everyone plays a role in the deterioration of the environment. Businesses will need to look at their ecological footprint, and consider what they could do to improve sustainability (Molthan-Hill, 2014). In addition, there is more demand for social responsible products from customers. People are becoming aware of the environmental risks. For example, when they know that a certain brand uses child labor to make their products, they might not buy it anymore. Sport2000 Bakker should look into its supply chain to see what they can do to contribute to sustainability.

### *Politics*

Marketing and sales on social media can bring legal pitfalls for companies. There are many European rules that they must follow. Most of these rules can be found in the European ePrivacy Directive (Directive 2002/58/EC). This directive was made in 2002, and revised in 2009. Since 2009, the directive was often called 'the cookie law' because it required websites to let users give prior consent regarding cookies, which is saved data of a user's behavior (Kothari, 2017). Especially article 5 is important for marketers since it describes the prohibition of spamming and rules regarding cookies. However, technological developments happen quickly, and therefore, the European Commission needs to continue adjusting the ePrivacy Directive (Directive 2002/58/EC). In other words, the rules can change rapidly and Sport2000 Bakker should be up to date about it. The latest modifications to the guideline came into force on May 26, 2016. These are some examples of the modifications in the ePrivacy Directive (Directive 2002/58/EC):

- The rules with regard to cookies written in article 5 (3) have been modified. In the old version, it was written that the company needed to have permission from the customer if

they wanted to store their information, or when they wanted to obtain information that was already saved. The new article 5 (3) has made this rule more technological neutral. For example, companies could not obtain information from customers through passive tracking (tracking where customers have been) on computers, but they could on smartphones and other devices. They were able to do this because smartphones sometimes release their MAC addresses when they are connected with a WiFi network. After the modification, article 5 (3) applied for every device, such as smartphones, tablets, etc.

- Article 13 of the ePrivacy Directive has also been modified. This article describes the prohibition of undesirable communication such as spam, direct marketing, and online advertising networks. In addition, it protects users from irritation and costs from this kind of electronic communication. Every form of undesirable communication is now included in the article, including e-mails, video messages, behavioral advertising, texts, messages from apps, etc. Moreover, if customers did give permission to receive these messages, they should be able to give up their permission to receive these messages easily at any time.
- Article 6 about traffic data and article 9 about location data of the ePrivacy Directive used to apply only for traditional providers of public electronic communication services, such as telecom providers, and not to other data processors. Therefore, app developers who had detailed information about travel and communication patterns of users did not apply to article 6 and article 9. After the modification, these two articles have been merged to give users better protection (Wolters Ruckert & van der Laan 2016).

In this manner, there has already been made a legal framework for online and social media marketing. In fact, the digital market is changing so fast that the European Commission has already made a proposal for a Regulation on Privacy and Electronic Communications. After a series of workshops with stakeholders, online public consultation, and a survey among citizens, the European Commission adopted a draft regulation in January 2017. This regulation will focus on strengthening trust and security in the Digital Single Market, and will also apply to new players that supply electronic communications services such as WhatsApp, Facebook Messenger, and Skype (European Commission, 2017). The regulation has not yet been implemented. In September 2017, the Council of the European Union had proposed some modifications regarding this new ePrivacy Regulation (Council of the European Union, 2017).

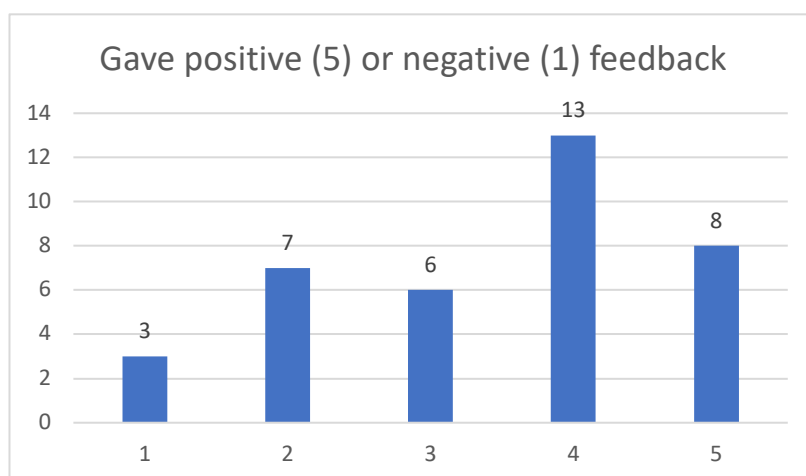
### 5.2.2 Customer Analysis

This research has been extended with a questionnaire that has been filled in by 150 customers of Sport2000 Bakker. The questionnaire was based on two different theories that have been described in the theoretical framework. First of all, to find out the degree of customer engagement, the five

dimensions of customer engagement behavior (Van Doorn, et al., 2010) have been used. With the results of the questions that were based on these dimensions, it will be possible to measure the current level of customer engagement by positioning the customers of Sport2000 Bakker in a group of the customer engagement matrix (Sashi, 2012). Furthermore, it will be possible to make the first step in the customer engagement behavior management process (Van Doorn, et al., 2010). In addition, the six stages of social business transformation (Li & Solis, 2013) have been used to find out in which stage Sport2000 Bakker currently is with its social media. First, the results of the questionnaire will be discussed per dimension of customer engagement behavior (CEB). Afterwards, the results of the questionnaire that are based on the six stages of social business transformation will be discussed. The results will be further analyzed at the end of the chapter.

### *Customer Engagement Behavior*

The first dimension of customer engagement behavior was valence. This dimension could be distinguished into positive or negative. Valence included customer actions, thus feedback, through word-of-mouth (WOM), blogging, online reviews, recommendations, etc. Therefore, the customers were asked if they had ever given feedback on Sport2000 Bakker. Only 21% of the customers had ever given feedback on Sport2000 Bakker, and 4% did not know if they had ever given feedback. This means that 75% of the customers had never given feedback to Sport2000 Bakker. As a result, the customers are probably not really engaged with the activities within the company. However, the customers who did ever give feedback were asked to rank their feedback positive or negative on a scale from 1 to 5. As can be seen in Figure 10, 13 customers answered that they had given quite positive feedback, and eight customers answered that they had given very positive feedback. Additionally, men were more positive than females. 64.3% of the men that answered to this question gave a score of 4 or 5, while among the women, 52.1% gave a score of 4 or 5.



*Figure 10.*

The second dimension was the form and modality of customer engagement behavior. This referred to the different ways in which customer engagement could be expressed by customers, mostly in the store. This dimension was separated into in-role behaviors, extra-role behaviors, and elective behaviors. In-role behaviors would occur when customers give suggestions, for example, giving suggestions for improvement to staff in the store. Extra-role behaviors would occur when customers give suggestions to other customers in the store. For example, helping other customers when they are looking for something. This behavior could show how engaged the customers really are with the store. Therefore, the customers were asked in the questionnaire if they had ever given suggestions to other customers in the store. As can be seen in Figure 11, 25% of the customers has ever given suggestions to other customers in the store. The last type of behavior that could occur within this dimension was elective behavior. These were behaviors that customers engage in to achieve their consumption goals, such as making suggestions to the company for improvement. Thus, the customers were asked if they had suggestions to improve the social media channels of Sport2000 Bakker. 14.7% of the customers answered that they did have a suggestion. Most of the suggestions of the customers were to inform customers better about their social media channels, and to be more active on their social media channels, for example, by posting fun facts or discounts. Two customers also answered that they would like to see more interaction with customers through social media.

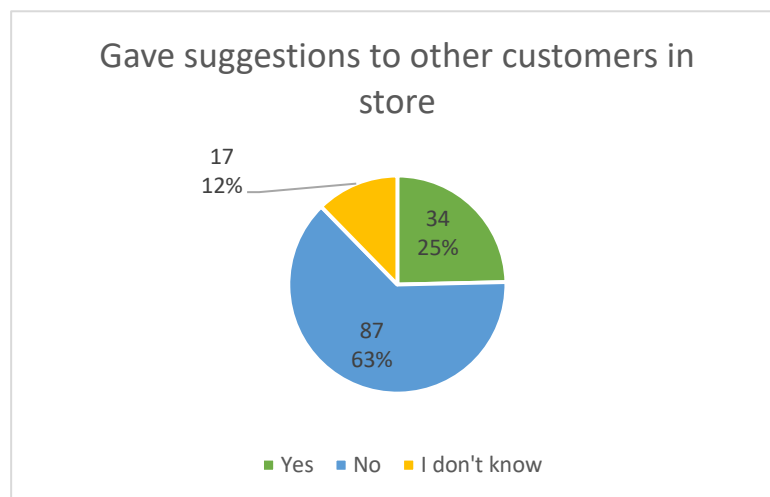
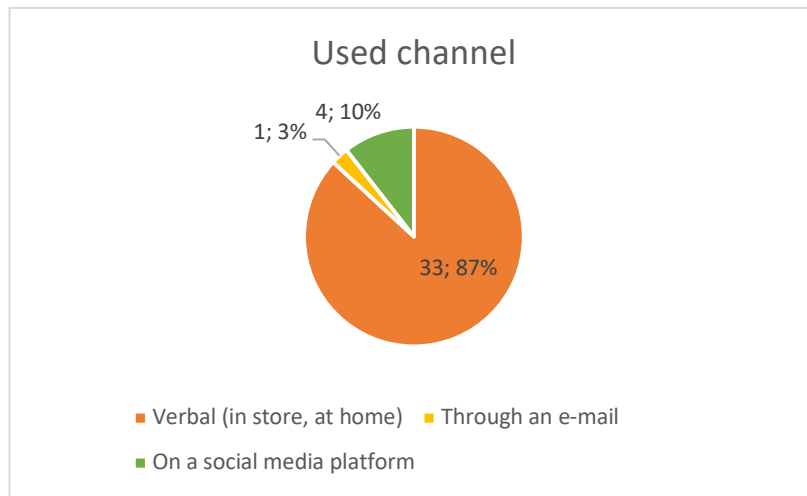


Figure 11.

The third dimension of customer engagement behavior was geographic scope. The geographic scope of customer engagement behavior could give an answer to whether the CEB occurred local, such as WOM, or global, which could include posting feedback on a global website. To find out

which geographic scope the feedback had, customers who had ever given feedback were asked through which channel they had given feedback.



*Figure 12.*

The results in Figure 12 show that most customers, 33 of the 38 customers, gave verbal feedback. Only four people had given feedback on a social media platform of Sport2000 Bakker. This shows again that the social media channels of Sport2000 Bakker are not that well-known among its customers. Thus, the results from this question show that the geographic impact of their customer engagement behavior is probably low. However, since Sport2000 Bakker is focused on local customers, this is not really a problem. Moreover, it is remarkable that the majority of the eight people who were between the age group of 18-36 years did not give feedback on a social media platform, but verbal. Only one of the eight customers in this age group stated to have given feedback on social media. The other three customers that had given the answer 'On a social media platform' is in the age group of 36-54 years, while it would be more likely that younger customers would be on social media since they grew up with it.

The fourth dimension was the impact of CEBs on the firm and its elements. This dimension could be divided into the immediacy, breadth, intensity, and the endurance of the impact. The immediacy referred to how quickly CEB affects any of the elements of the firm. For example, the immediacy of the impact of CEBs on social media is faster than writing a letter. Therefore, customers were first asked why they had chosen the channel through which they had given feedback. As can be seen from Figure 13, 21 of the 150 customers had answered that they used their channel because it was quick. It is remarkable that 17 of these 21 customers had answered in the previous question that they had given their feedback verbally. This could mean that they find it quicker to tell friends or family members verbally about their experiences, or that they find it quicker to give feedback to

Sport2000 Bakker directly in their stores. The breadth of the impact referred to the reach or the number of people affected by CEB. Therefore, the option 'Because it reaches more people' was also given. However, only two of the customers gave this answer.

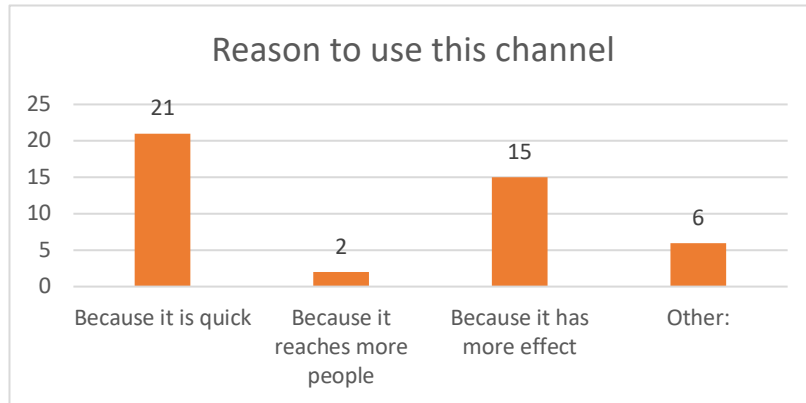


Figure 13.

On the other hand, 15 of the 150 customers gave the answer 'Because it has more effect', and the breadth of the impact is also about how many people are affected by the CEB. 13 of these 15 customers had answered that they had given their feedback verbally. Therefore, customers apparently think that giving feedback verbally has more effect, and that it is quicker. Furthermore, the intensity of the impact referred to the level of change that had occurred among customers because of their feedback. Hence, customers were asked if their feedback had changed their purchasing behavior. The majority, 56.8% of the customers that had given feedback, has stated that it did not change their purchasing behavior. Additionally, 32.4% answered that it did change their purchasing behavior and 10.8% did not know. The customers that had answered that it did change their behavior were asked how the feedback had changed their purchasing behavior on a scale from 1 to 5. Figure 14 shows that the majority stayed neutral or made less purchases after the feedback. The average answer to this question was 2.5 which is not that positive. The last part of this dimension is the endurance of the impact. This part referred to the endurance of the feedback, thus, how long the behavior of making less or more purchases lasted. This question was asked to the customers.

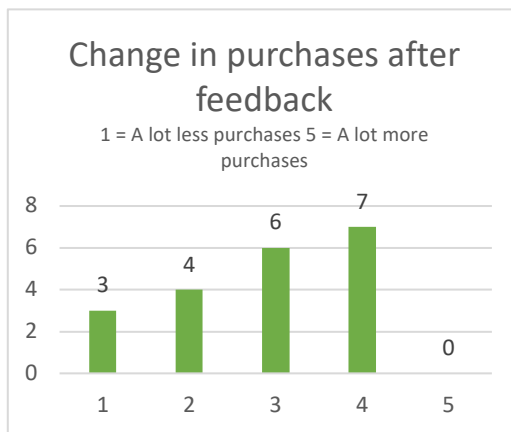


Figure 14.

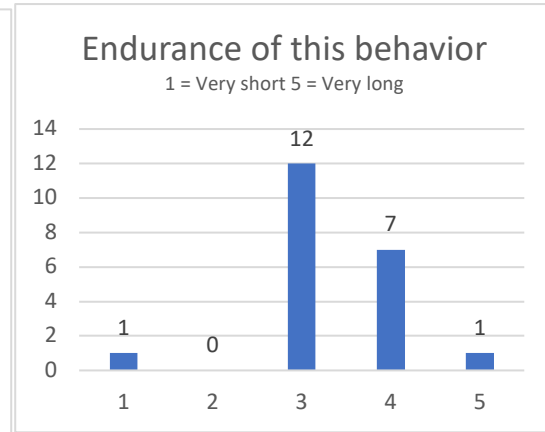


Figure 15.

The results of this question, as shown in Figure 15, state that most customers experience a neutral endurance of their behavior. However, eight customers experience a long or very long endurance of their behavior. To know if this has a positive impact on Sport2000 Bakker, it is important to know if these eight customers have made more purchases due to their behavior, otherwise, it will likely not be positive for Sport2000 Bakker. When both questions were compared, it became clear that it was probably not that positive for Sport2000 Bakker. Five of the eight customers that had stated that their change in purchasing behavior had lasted long, had also indicated that they have made less purchases because of their feedback.

The last dimension of customer engagement behavior was the customer's goal when engaging. This dimension was mainly focused on whether the customer's goals aligned with the goals of the organization or not. This dimension could be divided into planned and unplanned engagement behaviors. Planned behavior was something the organization could control. If the customers' and the organizations' goals were misaligned, the CEBs could have negative consequences. During the interview with the owner of Sport2000 Bakker, he described that giving excellent service, and transferring knowledge to each customer is of great importance to the company. Therefore, customers were asked if they would rather have cheap products, but unprofessional staff who have no knowledge and no focus on the customer in the store, or more expensive products, but excellent professional staff who have more knowledge and a lot of focus on the customer.

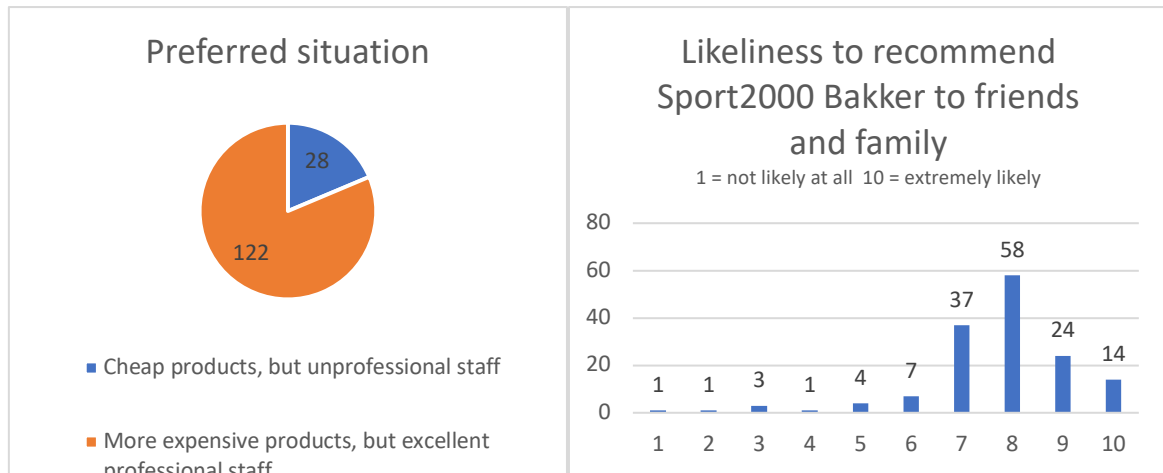


Figure 16.

Figure 17.

As presented in Figure 16, the vast majority is in consent with the goal of Sport2000 Bakker of providing excellent service. Furthermore, unplanned engagement was something the organization could not control, such as an unexpected recommendation of a product or service. This type of behavior could be measured with the Net Promoter Score (NPS). Therefore, the customers were asked how likely they were to recommend Sport2000 Bakker to friends and family on a scale from 1 to 10. Figure 17 states that the majority, 95 of the 150 customers, gave a score of 7 or 8, and 38 of the 150 customers even gave a score of 9 or 10.

In order to position the customers better in the customer engagement matrix, three supplementary questions were asked. First of all, customers were asked how often they buy products at Sport2000 Bakker. Figure 18 shows that 58% of the customers responded that they purchase products every three to six months.

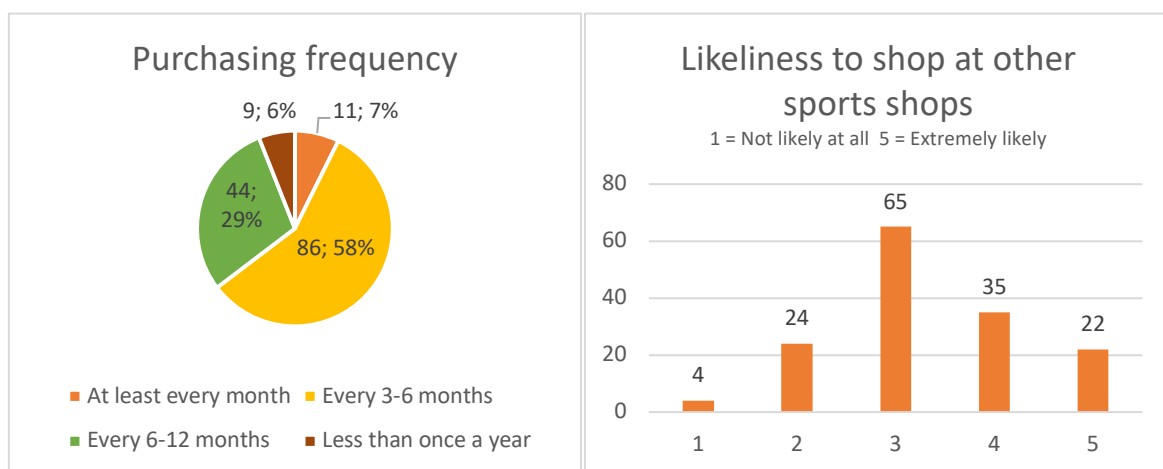


Figure 18.

Figure 19.

Secondly, customers were asked how likely the chance is that they will shop at other sports stores on a scale from 1 to 5. As can be seen from Figure 19, the average customer gave a neutral answer.



*Figure 20.*

Finally, customers were asked what their reasons were to shop at Sport2000 Bakker. As can be seen in Figure 20, 105 of the 150 customers stated that they shop at Sport2000 Bakker because they have good quality products. In addition, 75 of the 150 customers answered that they shop at Sport2000 Bakker because they have excellent service and skilled staff. The most answers that were given under the option 'Other' were because only Sport2000 Bakker sells the sports uniforms of a few sports clubs in their region. In this regard, the customers of Sport2000 Bakker that need sports uniforms from a specific sports club do have a limited choice. However, selling sports uniforms of regional sports clubs is only a part of the product range of Sport2000 Bakker, and not its main activity.

Furthermore, the customers were asked which store of Sport2000 Bakker they usually visit. Figure 21 shows that the majority of the respondents of the questionnaire, 93%, usually visits the store of Sport2000 Bakker in Zoetermeer.

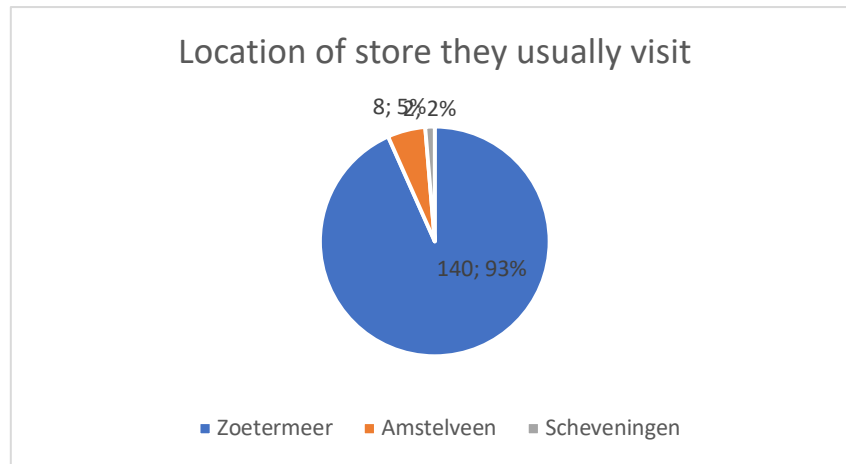


Figure 21.

### Customer Engagement on Social Media

The questionnaire contained questions to determine in which stage of the six stages of social business transformation (Li & Solis, 2013) Sport2000 Bakker was in. It was already known that Sport2000 Bakker is active on different social media platforms, such as Facebook and Instagram. Therefore, they were already in the planning stage. However, they did not do much with it yet. The second stage of social business transformation was the presence stage. Within this stage, companies should create a presence on social media. Therefore, the customers of Sport2000 Bakker were asked if they had ever visited one of its social media channels. Figure 22 shows that only 16% of the 150 customers had ever visited one of the social media channels of Sport2000 Bakker. When the customers that did visit one of the social media channels were asked which ones they had visited, 20 of the 23 customers answered Facebook, and 5 of the 23 customers answered Instagram.

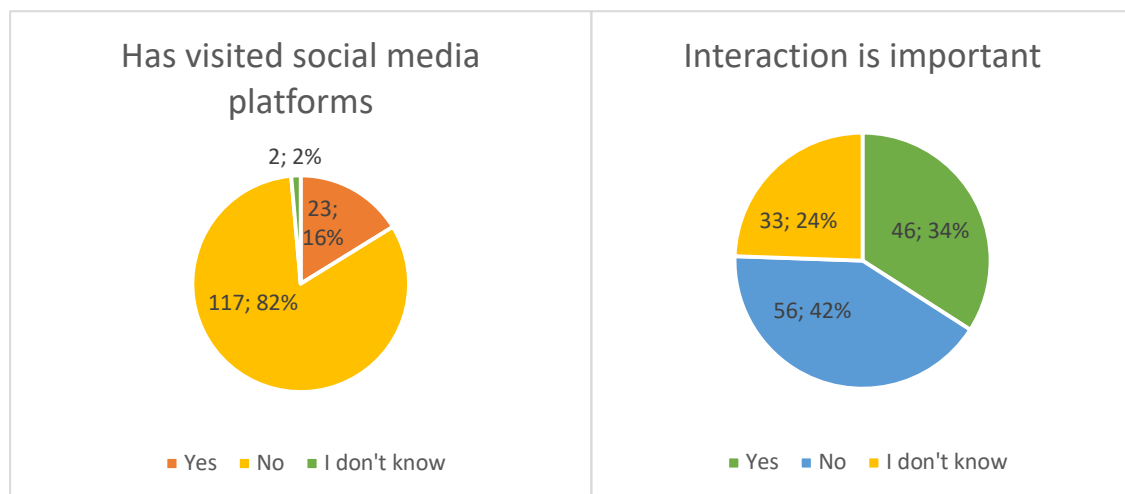


Figure 22.

Figure 23.

In the third stage, engagement, a company should start building relationships. An aspect of this phase was that organizations should participate in conversations with customers to create communities. Therefore, customers were asked if they found the interaction on social media between them and the company important. Figure 23 shows that 42% of the customers do not find interaction important, 34% did find it important, and 24% does not know. Thus, the opinions on this topic are very divided.

The results will be further analyzed in chapter 6.

### 5.2.3 Industry Analysis

In order to analyze the industry of Sport2000 Bakker, the five forces of Porter will be used. As explained in the theoretical framework, the five forces of Porter contained the threat of new entrants, the threat of substitutes, the bargaining power of suppliers, the bargaining power of buyers, and the rivalry among existing competitors. These forces will now be further discussed.

#### *The threat of new entrants*

The costs of purchasing, storing, and distributing inventory continues to be a barrier to enter the sports retail industry. Profit and margins are the biggest challenges for potential new sports retailers. Traditional sports retailers such as Sport2000 Bakker are losing market share, and are dealing with a decline in margins. The sports industry is growing in the Netherlands, however, the number of sports shops that have the sales of sports products as primary activity remains stable. There were approximately 1,557 sports shops in the Netherlands in 2016. Compared to 1,580 sports shops in 2009, there is a slight reduction. This is because of a reduction of stores from USG, Bever, etc. On the other hand, there is an increase in stores from Decathlon and JD Sports. Sport2000 Bakker should also keep an eye on new retailers such as TK Maxx, Snipes, and Hudson Bay because these stores could potentially bring them under a lot more pressure. The competition is increasing and this will continue to increase more in the future. Therefore, it is essential for Sport2000 Bakker to differentiate themselves and their position (Quadvlieg, 2016).

#### *The threat of substitutes*

New entrants in the market have made customers aware of prices because of transparency on the Internet. As a consequence, customers have more opportunities to compare prices. In addition, shops such as Primark, H&M, and even Lidl are responding to customers' needs for sports products. These shops do not have sports products as their primary activity, but they do often offer

them for a lower price (Quadvlieg, 2016). Nevertheless, as could be seen in the results of the questionnaire, most customers still prefer to buy more expensive products with good advice rather than cheaper products from shops that do not have much knowledge about the products.

#### *The bargaining power of suppliers*

A close collaboration with suppliers is very important for Sport2000 Bakker because they get their products mainly from suppliers, such as Nike, Adidas and Puma. This could be a challenge because sports retailers want the largest margin to make profits. In addition, buying directly online from the suppliers is becoming more popular in the sports industry. Suppliers notice an augmentation of 17% in 2013 to 26% in 2016. Suppliers foresee that within five years, they will get 10% of their profits from their own online web shop (Quadvlieg, 2016).

#### *The bargaining power of buyers*

The Internet is becoming an essential sales channel for buyers. Customers get smarter and better informed through the Internet. Even though customers still have a preference to buy sports products in physical shops, this preference is decreasing. Customers mainly have a preference to buy sports clothes and hardware (rackets, hockey sticks, etc.) online. However, to try on new running shoes, customers still have a preference to come to the store. Therefore, Sport2000 Bakker does not really need to worry yet about losing customers to the Internet. As mentioned earlier, the number of specialized and professional sports stores that have sports products as its primary activity remains the same, and is even declining which might be positive for Sport2000 Bakker (Quadvlieg, 2016).

#### *The rivalry among existing competitors*

As mentioned earlier, new entrants in the market have made customers more aware of prices because of transparency on the Internet. The market share of online shops and discount shops is rising. However, according to the owner of Sport2000 Bakker, Intersport is the biggest competitor of Sport2000. They offer the same kind of products as Sport2000. The only difference is that Intersport cannot adjust its products to local customers since entrepreneurs need to have a mandatory core collection of products. This leaves little space to sell products of own choice that are adjusted to regional customers. In addition, Perrysport and Aktiesport are comparable stores that are present in the same regions as Sport2000 Bakker. Similar to Sport2000 Bakker, they offer products for multiple sports. Furthermore, Sport2000 has a competitor in almost every product category. In sportive fashion, JD Sports is the biggest competitor. In the category of footwear, Footlocker and The Athlete's Foot are big competitors. Moreover, the number of competitors online is rising. Especially online stores, such as Zalando, are big competitors. As mentioned

earlier in the DESTEP analysis, time has become scarce and customers demand high quality standards. They want to buy everything they need at once at one shop to save time. Online web shops, such as Zalando, offer a broad range of sports products, but also many products in other product categories. Therefore, customers only have to be at one place at a time, and could save time. However, the rise of buying online also brings opportunities for Sport2000 since they can also grow online. The owner of Sport2000 Bakker states that *“the advantage is that customers can find us easier, and they can look up the products they need at our online shop in advance. For this reason, they already know what they want, and you have to give less information about the products in the store”* (van Oosterhout, personal interview, December 20, 2017).

#### 5.2.4 Competitor Analysis

Intersport, Perrysport, and Aktiesport have been chosen as the biggest competitors since they are also mainly focused on selling products for multiple sports. Each competitor will now be discussed based on the following criteria: price, marketing, service, and website.

##### *Price*

In order to compare the price of the competitors, a product has been chosen that they all offer. Prices could indicate the buyers' power which has been discussed in the industry analysis. If the quality of a product is the same, but the prices differ, a customer will choose to switch easier. Therefore, it is essential to compare prices. During the interview with the owner of Sport2000 Bakker, it became clear that the suppliers give a recommended retail price. The stores can choose for themselves if they want to stick to that price or not. All of the chosen competitors offer the Adidas Predator 18.3 FG soccer shoes. This pair of shoes will be used to compare the prices. The prices of this pair of shoes, as mentioned on the websites of the competitors, are shown in the table below.

	<b>Intersport</b>	<b>Perrysport</b>	<b>Aktiesport</b>	<b>Sport2000</b>
<i>Price (€)</i>	€89,99	€89,99	€89,99	€89,95

The table shows that Sport2000 actually offers the lowest price. However, this is only a difference of €0.05. thus, it is likely that most customers will not see this difference nor get influenced by it. The three competitors of Sport2000 all offer the same price, which means that customers will probably not let their choice of a store depend on the price.

### *Marketing*

The companies are also compared on their marketing and promotional tools. The better the marketing, the better the brand will be known by customers. The marketing of the competitors will be analyzed by looking at their different marketing and promotional tools mainly on their website, Facebook, and Instagram for the Dutch market. The number of followers will be analyzed, and the types of messages.

### Intersport

First of all, a certain marketing tool was described in the theoretical framework, the club marketing programs. Intersport uses this marketing tool by offering their customers an 'Intersport VIP' membership. Customers can download the Intersport VIP app and register. If they show the app in the store during purchases, they can save for discounts at their next purchase. It also gives customers special offers. Besides this marketing tool, there are not many other marketing tools found on the website from Intersport except for partnering marketing campaigns with suppliers. On Facebook, their community consists of 27,809 followers. The Intersport VIP app is highlighted in their banner. Furthermore, the content of the messages they post are based on marketing campaigns of their suppliers, but also focused on creating customer dialogues. They post messages asking questions to the followers, messages in which they give funny facts, and messages in which they announce giveaways. As mentioned in the theoretical framework, these messages are focused on creating customer-managed relationships in which customers are engaging on a more personal and interactive level. While it is important for companies to be a part of the customers' conversations, Intersport does not seem to really engage in them. In addition, the average number of comments of customers is low. When looking at their Instagram, the same messages are posted as on Facebook. They have 3,198 followers on Instagram which is a lot less than on Facebook. Nevertheless, they have a lot more likes on the same posts. For example, they have received 15 likes on Facebook, and 53 likes on Instagram on the same message.

### Perrysport

On the website of Perrysport, they mainly show offers and discounts on the home page. This is smart because customers will probably immediately click to see the discounts, and will probably stay on the website for a longer period of time because of these discounts. Another smart tool of Perrysport is that they have blog posts on the website in which they give tips for working out, but also healthy recipes. For example, they have a blog in which they talk about safety tips when running in the dark. Customers like to read these blogs for tips and advice. When looking at their Facebook page, their community is a lot smaller than the community of Intersport. They have 14,900 followers, which is half of the followers that Intersport has. Their Facebook page is less

focused on customer dialogue, and more focused on communicating announcements and discounts. Their Instagram page has 6,089 followers which is surprisingly a lot more than the Instagram page of Intersport. Similar to Intersport, they post the same content on Instagram as on Facebook, and they get a lot more likes on Instagram. In addition, they post more on Instagram, but often about the same offer only with different pictures. This could make it boring to follow.

### Aktiesport

When looking at the website of Aktiesport, they mainly show offers and discounts comparable to Perrysport. On Facebook, Aktiesport has 9,455 followers. Their Facebook page is mostly filled with announcements and discounts, but they are not very interactive with their followers. However, on Instagram they are very active. They have more than 12,000 followers on Instagram, which is a lot more than the other competitors. Moreover, their content on Instagram is different than on Facebook. They are very interactive and post so called 'memes'. These are pictures with a message in which followers could relate, or with a message to tag a friend. This is a smart way to create a bigger community. Furthermore, they work together with street football players who make branded videos for their Instagram page. Overall, Aktiesport probably has the strongest content on Instagram.

### Sport2000

The homepage of the website of Sport2000 also shows a big banner with discounts. In addition, they have a cooperation with a famous television channel in the Netherlands of which they sponsor a TV program. They have a link where customers can find all of the products that have been discussed during the program. Furthermore, their Facebook page has 7,247 followers. This is the least number of followers compared to the other competitors. However, the reason behind it could also be that most entrepreneurs have a Facebook page which is targeted on regional customers, such as Sport2000 Bakker. The general Facebook page contains mostly announcements, and discounts. Their Instagram page has 2,104 followers. Thus, they have the least followers on Instagram compared to their competitors. Nevertheless, as mentioned before, the regional stores have their own social media pages. For example, the Instagram page of the Sport2000 store in Amstelveen already has 961 followers. Therefore, it makes it harder to examine.

### *Service*

When a company is easy and simple to reach for questions or complaints, this will give the company a better image. Since the arrival of the Internet and social media, customers demand a quicker service. Therefore, the options to reach the company and the average review grade on Facebook have been analyzed. In addition, answering questions via Facebook Messenger is

becoming an easy and quick way to provide customer service, especially for younger customers. Therefore, a test question about a product has been sent to the Facebook Messenger of all four companies to see how quick they would respond.

#### Intersport

It is possible to contact the customer service via telephone, e-mail, or by sending a letter. Their customer service is available on working days from 9:00-17:00. Therefore, it will not be possible to contact them that easy for people that work during those hours. In addition, customers can give review with a score between one and ten on Facebook. Out of 2,612 reviews the customers give an average score of 7.9. Without a doubt, this is an excellent score. Moreover, Intersport was the quickest to respond on Facebook Messenger. Within only two minutes they had already responded.

#### Perrysport

At Perrysport, customers are able to contact the customer service via telephone or e-mail. Their customer service is available on working days from 9:00-20:00 which is easier to reach for customers that work during the day. Furthermore, customers can give a score between one and five on their Facebook page. Out of 372 reviews on Facebook, they have an average score of 2.3. Perrysport answered on Facebook Messenger within one hour and 16 minutes, which is not very quick, but also not very slow.

#### Aktiesport

The available customer service channels at Aktiesport are via telephone or e-mail. They are available on working days from 9:00-20:00. Additionally, 474 customers gave Aktiesport an average score of 2.3 on Facebook when asked to give a score between one and five. Aktiesport responded on Facebook Messenger after 18 hours, which is very slow compared to the competitors.

#### Sport2000

It is possible to contact the customer service at Sport2000 via telephone or e-mail. The customer service is available from Monday until Thursday from 9:30 until 17:00, and on Friday from 9:30 until 16:00. Thus, they do not provide customer service in the evening. The average score of customers on Facebook is 3.1 when asked to give a score between one and five. However, there are only seven customers that have given their score. Thus, this is not very reliable. Moreover, they responded quickly on Facebook Messenger. Within 22 minutes, they gave an answer.

### *Website*

When looking at the website of the competitors, it is important to know if the lay-out attracts attention, and if information can be found easily. Additionally, it is important to know if they offer a wide range of products on their website since purchasing online is becoming more popular. Therefore, the number of sports for which they offer products will be analyzed.

### Intersport

The website of Intersport is clear, colorful and dynamic, but still structured. They use the colors of their logo for the lay-out which creates consistency, and is pleasant to look at. According to their website, they have products for 30 different sports.

### Perrysport

Perrysport also has a clear website. However, the headings on top could be clearer. The headings contain three sports, probably the most popular sports. However, it might have been clearer to keep all sports under one heading. Nevertheless, the other sports are also easy to find. Looking at the product range, they offer products for 21 sports.

### Aktiesport

The website of Aktiesport is very structured and products are easy to find. In addition, they have dynamic banners that are in consent with their sportive products. Nevertheless, they offer the smallest product range since they only offer products for 10 different sports.

### Sport2000

Sport2000 also has a very dynamic website, but still structured. They have a clear style which comes back on every page and makes it structured. Moreover, the heading 'Sports' offers pictures with each sport so that the customer could recognize the sport quickly. Sport2000 offers products for 24 sports on their website.

<i>Attribute</i>	<b>Intersport</b>	<b>Perrysport</b>	<b>Aktiesport</b>	<b>Sport2000</b>
<i>Price</i>	4	4	4	5
<i>Marketing</i>	5	3	4	2
<i>Service</i>	5	3	2	4
<i>Website</i>	5	3	2	4
<i>Total:</i>	19	13	12	15

Figure 24. Multi-Attribute Attitude Model (1= very bad, 5= very good)

The model shows that Intersport is the biggest competitor of Sport2000. Perrysport and Aktiesport score beneath Sport2000, thus, these are not really big competitors of Sport2000. However, Sport2000 Bakker should improve its social media accounts since Aktiesport already had stronger content on Instagram.

#### 5.2.5 Distribution Analysis

Sport2000 Bakker does not have a very large distribution chain. The owner of Sport2000 Bakker has explained that they have their own warehouse where the suppliers deliver, and where they get their supply from. Besides the warehouse, they also get deliveries directly from the suppliers in the stores. Sport2000 Bakker eventually sells its products in its three stores. The steps before the delivery of the suppliers are unfortunately unknown. On the website of Sport2000, all Sport2000 stores work together. When a customer makes an order through the website, the product will be sent from one of the Sport2000 stores. It will be sent from the store that has the product in stock. The profits will go to the entrepreneur that had the product in stock, and partially to the administrators of the web shop.

### 5.3 SWOT Analysis

From the information that has been retrieved during the internal and external analysis, the most important strengths, weaknesses, opportunities, and threats can be described in the SWOT analysis.



Figure 25. SWOT Analysis

#### 5.3.1 Confrontation Matrix

As mentioned in the theoretical framework, the confrontation matrix connects the strengths, weaknesses, opportunities, and threats that were described in the SWOT analysis. These connections will describe how Sport2000 Bakker could use its strengths to respond to opportunities and decrease their threats, and how their weaknesses could obstruct their opportunities and strengthen their threats.

	S1	S2	S3	W1	W2	W3
<b>O1</b>	0	++	++	-	0	0
<b>O2</b>	0	++	++	-	0	0
<b>O3</b>	+	++	+	-	0	0
<b>O4</b>	++	++	+	--	-	-
<b>O5</b>	0	0	0	-	+	--
<b>T1</b>	+	+	--	-	0	0
<b>T2</b>	0	-	0	--	--	-
<b>T3</b>	-	0	-	--	-	0
<b>T4</b>	0	0	0	0	-	0
<b>T5</b>	-	-	0	-	-	0

++ = The points have a highly positive connection

+ = The points have a positive connection

0 = The points do not have a connection

- = The points have a negative connection

-- = The points have a highly negative connection

#### *Positive connections*

First of all, the strength of Sport2000 Bakker of having a lot of focus on customers complements the opportunity of the growing number of households. If Sport2000 Bakker keeps up with its excellent service, the chance of more customers will likely be fortified. This also applies to three other opportunities that are complemented by this strength: the urbanization, the growing Dutch economy, and the opportunity to build customer relationships and engagement through social media. Especially the latter opportunity is important since Sport2000 Bakker wants to improve its social media. They should transfer the focus on customers onto their social media channels to build customer relationships, and to build customer engagement. Moreover, their strength of having a professional culture and excellent advice could also be their advantage in growing on social media. Furthermore, the strength of Sport2000 Bakker of having good contact with local sports clubs has a positive connection with the opportunities of a growing number of households and urbanization. Sport2000 Bakker is located in bigger cities, and could profit from it when there will be more households and more people that live in the cities.

*Negative connections*

The first weakness, little strategic awareness, has the most negative connections. Because they have little strategic awareness, and do not really know how they should handle things, it will be harder to build customer relationships and engagement through social media. To achieve this opportunity, a social media policy, guideline, or playbook could be made within the company to communicate the company's social media strategy to all employees. Little strategic awareness also causes a negative connection to the weaknesses of competitors that are getting more social, and people having less leisure time. Sport2000 Bakker should think of better strategies to keep up with its competitors. In addition, the threat of the aging population has a negative connection to the strength of having good contact with local sports clubs. Sport2000 Bakker mostly sells products for sports clubs of which many of the members are young people. Thus, when there are less young people within a few years, this strength could decline. Furthermore, Sport2000 Bakker has poor promotion tools, and a poor marketing strategy at the moment which causes a negative connection with the threat of competitors that are improving their social media. They should improve their promotion to keep up with competitors. Additionally, Sport2000 Bakker's weakness is that they are financially limited which causes a negative connection with the opportunity of new technologies. When they do not have the budget for it, it will be hard to invest in new technologies.

#### 5.4 Customer-Driven Strategy of Sport2000 Bakker

As described in the theoretical framework, the second step was creating a customer-driven strategy for Sport2000 Bakker. Before the customer-driven marketing strategy could be designed, the company needed to figure out which customers it would serve, thus, the target audience. According to the owner of Sport2000 Bakker, the general target audience are customers in the age group of 4 to 85 years old. They target on both men and women. However, the customers whom they usually sell the most to are in an age group up till 35 years.

In addition, it needed to be examined how the company wants to differentiate themselves, and how they wanted to position themselves in the market. The owner of Sport2000 Bakker stated that the entrepreneurs of Sport2000 Bakker have a lot of freedom in stock acquisition, thus, they can adjust their products to local customers. This is often different than its direct competitors, such as Intersport where entrepreneurs cannot adjust its products to local customers since entrepreneurs need to have a mandatory core collection of products. Furthermore, they want to position themselves as a company that gives excellent service for both cheaper and more expensive products.

Furthermore, in the theoretical framework, the five marketing management orientations for companies to design, and execute their marketing strategies were described (Armstrong & Kotler, 2012). Sport2000 Bakker's marketing management orientation is most likely based on the product concept. The product concept assumed that customers have a preference for products with the best quality. The owner of Sport2000 Bakker explained that they always have statement products to attract customers. He stated that when customers know that they have those products, they will come to the store to look at them. Eventually, they may not end up buying the statement products, but they could end up buying cheaper products. Moreover, as mentioned above, every customer needs to receive the same good quality service for each product. He also explained that one of their selling strategies is to offer a more expensive product to a customer when they ask for a cheaper product to try it on. When the sales employee explains the benefits of the more expensive product, the customer will probably understand why the product is more expensive. Therefore, if the customer actually knows the difference, they will buy the more expensive product easier.

## 5.5 Marketing Mix

In this third step, an integrated marketing program needed to be developed to transfer the destined value to the target markets. This is translated into a marketing mix. The marketing mix has been made with the help of the internal analysis, and the results of the interview with the owner of Sport2000 Bakker. This marketing mix is based on Sport2000 Bakker since every independent store has a lot of freedom in stock acquisition, pricing, and promotion.

### 5.5.1 Product

Professional advice and excellent service are high priorities at Sport2000 Bakker. Every Sport2000 store in the Netherlands is exploited by independent entrepreneurs. Although Sport2000 advises its stores a core collection, the entrepreneurs can still decide about their own product range, and have a specialization in a certain sport. This could be in running, soccer, tennis, hockey, winter sports etc. Therefore, Sport2000 entrepreneurs can adjust their product range to the needs and wants of the local customers. They also offer a broad product range online with sports shoes, sports clothes, and sports accessories. Customers can also get professional advice online (Sport2000 Netherlands, n.d.). Examples of brands that are sold at Sport2000 Bakker are Nike, Adidas, Puma, Björn Borg, Brunotti, Mizuno, Under Armour, etc.

### 5.5.2 Price

First of all, they use the recommended retail price of suppliers. In addition, they try to have products in a low and high price ranges to have suitable prices for their whole target group. Additionally, they often offer products at discount prices. They do not have a specific price strategy. However, the owner of Sport2000 Bakker says that he learns his staff a certain selling strategy. For example, when a customer wants to try on a certain type of shoe, the seller could always pick a more expensive pair of shoes to compare them with the cheaper pair. More expensive shoes usually have better quality, have a better fit, the stability is better etc. Thus, when customers will know and feel the difference, they will understand why the shoes are more expensive, and they will buy them faster.

### 5.5.3 Place

Sport2000 Bakker has its own warehouse where they get their supply from. Besides the warehouse, they also get deliveries directly from the suppliers. Sport2000 Bakker eventually sells its products in its three stores. On the website, all Sport2000 stores work together. When someone orders something, the product will be sent from the store in which the product is available. The profits will go to the entrepreneur that had the product in stock, and partially to the administrators of the web shop.

### 5.5.4 Promotion

The owner of Sport2000 Bakker says that they have just started with social media. Starting next year, the whole marketing budget of Sport2000 will be spent entirely on marketing through the national social media channels of Sport2000 and their website. As a consequence, offline marketing will slowly fade away. The entrepreneur has decided with other entrepreneurs of Sport2000 that they will continue to publish flyers together to keep their offline marketing. Flyers still work among the customers, especially during the holiday season. Therefore, he does not think that it is a good idea to let the offline marketing disappear entirely. He says that it is a lot more expensive, but on the other hand, customers still find it nice to have something tangible. He also explains that the flyers need to be powerful. To achieve this goal, it needs to have a good discount page. Another strategy that they maintain, is that they have exclusive products in their range that other stores do not have. They call it statement products. For example, they have a pair of exclusive shoes that cost €250. -. Therefore, customers will come to the store, maybe just for looking at the statement products, and they could end up buying products in a lower price range.

## 6. Customer Engagement at Sport2000 Bakker

The definition of customer engagement and how companies could reach it in general was described in the theoretical framework. The customer engagement at Sport2000 Bakker was analyzed through a questionnaire among customers. The results of the questionnaire were described in the customer analysis of the external analysis. In this chapter, answers will be given to the sub-questions “*How is the customer engagement at Sport2000 Bakker at the moment?*”, and “*Which strategy could Sport2000 Bakker use to reach better customer engagement through social media?*”. The results and an analysis for these questions will be provided.

### 6.1 Current Customer Engagement

With the results of the questionnaire, it could be analyzed in which group of the customer engagement matrix (Sashi, 2012) the customers of Sport2000 Bakker are most likely in. This matrix was described in Figure 5 of the theoretical framework.

It is likely that the customers of Sport2000 Bakker are in the group of delighted customers. Some customers could also be transactional customers. Transactional customers were sensitive to prices, focused on deals, and mostly buy products from the seller that offers the cheapest price. Consequently, they will switch to different sellers easily. When asked how likely the customers were to shop at other sports shops, the majority of the customers gave a neutral answer, which means that they will probably shop at other sports shops if they have better deals.

However, customers were also asked how often they buy products at Sport2000 Bakker. Figure 18 showed that 58% of the customers responded that they purchase products every three to six months which is quite often. Moreover, delighted customers experience a high level of satisfaction. The level of satisfaction could be described with the Net Promoter Score (NPS). To measure the NPS, customers were asked how likely they were to recommend Sport2000 Bakker to friends and family on a scale from 1 to 10. Figure 17 showed that the majority, 95 of the 150 customers, gave a score of 7 or 8. Thus, most of them are passive customers. These customers were described as being satisfied about the organization. This is very positive for Sport2000 Bakker. 38 of the 150 customers even gave a score of 9 or 10, which means that they are promoters. Promoters were described as very enthusiastic and satisfied about the organization. This means that most customers are satisfied with Sport2000 Bakker. Additionally, the NPS could be calculated by subtracting the percentage of detractors from the percentage of promoters. The total percentage of detractors is 11.5%. The total percentage of promoters is 25.3%. This means that the Net Promoter Score is 13.8, which is likely a quite good score. In addition, delighted customers have an affective

commitment to the company, which meant that they do not have a long-term relationship with the company, but they do have an emotional bond with them. When the customers who had ever given feedback were asked if it was positive or negative feedback, the majority answered that it was positive feedback. Furthermore, when asked through which channel they had given their feedback, the greater number of customers answered verbally. Affective commitment was connected to word-of-mouth communication, which meant that delighted customers often communicate their delight as advocates to people within their social networks. Therefore, it is likely that the majority of Sport2000 Bakker's customers are delighted customers.

## 6.2 Strategy for Customer Engagement on Social Media

First of all, a management process for customer engagement behavior (Van Doorn, et al., 2010) has been described in the theoretical framework. The conceptual model of this process could be seen in Figure 6. The process consisted of three main steps: identification, evaluation, and (re-)action. The first step of this process could be completed with the results of the questionnaire.

This first step of the process was the identification of engagement behaviors and customers. The channels where CEBs take place needed to be identified. First of all, it should be noted that Figure 21 showed that the majority of the respondents of the questionnaire (93%) usually visits the store of Sport2000 Bakker in Zoetermeer. This is probably because the other two stores are relatively new, and may not have as many regular customers. The store in Zoetermeer has been open since 2008, while the store in Scheveningen has opened its doors in 2014, and the store in Amstelveen has been open since 2016. This could be the reason why Zoetermeer has more regular customers. Figure 12 showed that CEBs take place at both online and offline channels. However, the majority of the customers gave feedback verbally, at home or in the store, and only a few customers gave feedback on a social media channel. Moreover, the most and least engaged customers needed to be identified, and the relative proportion of positively and negatively engaged customers. Figure 10 showed that the average feedback of customers was quite positive with an average of 3.5 on a scale from 1 to 5. Men were also more positive than females. 64.3% of the men who answered to this question gave a score of 4 or 5, among the women, 52.1% gave a score of 4 or 5. Therefore, men are probably more engaged than women.

To further manage the customer engagement behavior process, it is advised to evaluate the CEBs periodically. This can be done with a CEB scorecard, which is a graphical representation of the progress over time, to monitor and evaluate the different CEBs that are important for Sport2000 Bakker. For example, they could examine the NPS periodically or in different stages of the customer journey to see if there are any changes, and further research them.

When these results have been analyzed over time, it will be possible to move onto the next step of the customer engagement behavior process, which is (re)acting. In order to find out the content of CEBs, such as suggestions, ideas, and thoughts, Sport2000 Bakker should build a place or platform where engaged customers could express these CEBs to create communities. They should be active in these communities too by contributing to them. Within these places or platforms, they need to make sure that they listen to customer feedback, especially to complaints, since it could create more value for the company. Sport2000 Bakker should also make sure that all relevant people within the company are informed about the content of CEBs, such as suggestions of customers, so that they can apply these suggestions. This could be reached by building efficient information systems. Since they already have social media channels, this could be a good place to start these communities. Furthermore, Sport2000 Bakker could stimulate positive forms of CEBs by creating encouragements, such as rewards, for recommending their products to others. Finally, the (re)actions of the company to negative forms of CEBs, such as complaints, should to be visible to other customers in some cases. According to Van Doorn, et al. (2010), actions of service recovery could turn negative CEBs into positive CEBs. For example, giving refunds and apologies, and showing the process of these consequences, such as the speed of the response. These aspects could be critical in discouraging negative engagement.

Overall, the management process for customer engagement behavior gives valuable information on how to deal with customer engagement. Nevertheless, to focus more on customer engagement on social media, the six stages of social business transformation (Li & Solis, 2013) have been used. The conceptual model of these stages can be found in Figure 8 in the theoretical framework. With the results of the questionnaire, it could be examined in which stage of the six stages of social business transformation (Li & Solis, 2013) Sport2000 Bakker is likely in. It is important to mention that Sport2000 also has a national Facebook and Instagram page, which probably differs from Sport2000 Bakker in strategy. However, the advises in this research are made for Sport2000 Bakker and its local customers.

In the first stage, planning, the goal was to assure that they understood how customers use social channels. Afterwards, the company could start by setting up a Facebook page or introducing a Twitter account. Sport2000 Bakker was already active on different social media platforms, such as Facebook and Instagram, thus, they had already fulfilled the first stage.

However, they were not very active yet on their social media channels, and did not have many followers. This information also became clear by looking at the results of the questionnaire. When

customers of Sport2000 Bakker were asked if they had ever visited one of the social media platforms of Sport2000 Bakker, only 16% of the 150 customers answered that they did ever visit one of the social media platforms, and 2% did not know. As a result, it is likely that Sport2000 Bakker is still in the second stage: presence. Within this stage, the company begins to create a presence on social media. When the 23 customers who did ever visit one of the social media platforms were asked which platforms they had visited, 20 answered Facebook, and 5 answered Instagram. Therefore, Sport2000 Bakker could still do more to promote its social media platforms to achieve a bigger presence.

To make more progress within the presence stage, it is advised to link the social presence of Sport2000 Bakker to their goals. Their goal was to be regional market leader by focusing on local customer's needs, thus, they should adjust their content to this goal. Furthermore, they should develop content that could be shared by customers to start creating social activity. Additionally, Sport2000 Bakker should make goals for the strategy and metrics. This could be useful since the engagement metrics on social media, such as the number of visits, fans, followers, shares and likes, may rise rapidly.

If Sport2000 Bakker wants to move onto the third stage, engagement, they should start relationship building. At the beginning of this stage they should take little steps. As mentioned in the management process for customer engagement behavior, Sport2000 Bakker should start participating in conversations to create communities. The goal is to give and receive value from the community and grow presence. The first engagement programs could be focused on entertaining customers, or to have general conversations. Sport2000 Bakker could join discussions, or give incidental responses on its social media channels. When the customers were asked in the questionnaire if they had any suggestions to improve the social media channels of Sport2000 Bakker, most of the customers suggested to inform customers better that they have social media channels, and to be more active on their social media channels by posting fun facts or discounts. Two customers also answered that they would like to see more interaction with customers through social media. Therefore, the engagement programs of Sport2000 Bakker could grow over time by using creative, informative, or sharable content, such as blog posts, infographics, and videos. In addition, as mentioned in the social media marketing part of the theoretical framework, they could create branded media on sharing websites such as YouTube, or create corporate blogs. Moreover, as mentioned in the management process of customer engagement, support needs to be provided via direct engagement. Customer service conversations with customers should become public instead of having private conversations. Li and Solis (2013) advised that employees that manage local Facebook pages could use tools such as HootSuite and Radian6 that create control. This

could be useful for Sport2000 Bakker since they have a local Facebook page. Furthermore, social media brings a lot of risk. Sport2000 Bakker could reduce these risks by creating a clear internal social media policy, social media content guidelines, and playbooks. In addition, annual social media training for staff could be organized. If Sport2000 Bakker would like to engage employees internally, they could create social networks for its employees.

Finally, customers were asked if they found the interaction on social media, thus answers on their questions and comments from Sport2000 Bakker, between them and the company important. The results in Figure 23 show that 42% of the customers do not find interaction on social media important, 34% did find it important, and 24% does not know. As a result, Sport2000 Bakker needs to keep in mind that it is likely that moving too quickly onto the engagement stage would not be very profitable.

## 7. Laws of the EU on Social Media Marketing

With the results of the DESTEP analysis, it is possible to give an answer to the last sub-question *“What are the laws of the European Union on social media marketing that could affect Sport2000 Bakker?”*.

The most important rules for social media marketing could be found in the European ePrivacy Directive (Directive 2002/58/EC). This directive was made in 2002 and revised in 2009. The latest modifications to the guideline came into force on May 26, 2016.

As mentioned earlier in the DESTEP analysis, marketing on social media can bring legal pitfalls for companies. The most important pitfall for Sport2000 Bakker could be the European ePrivacy Directive (Directive 2002/58/EC). The latest modifications of this guideline came into force in 2016. Especially article 5 is important for Sport2000 Bakker since it describes the prohibition of spamming, and rules regarding cookies. Since the revision in 2009, it required websites to let users give prior consent regarding cookies, which was saved data of a user's behavior. As a consequence, it is harder to store information from customers, or to obtain information that was already saved. The latest modification in 2016 has also made this rule more technological neutral. For example, on smartphones, permission for passive tracking, which tracks where customers have been, was not required. Since 2016, this directive applies to all devices. Sport2000 Bakker was advised to keep up with the engagement metrics on social media, such as the number of visits, fans, followers, shares and likes. As a consequence, it is harder to store information from customers, or to obtain information that was already saved. As a consequence, ads are difficult to adjust to the customers since they need to give permission for retrieving their information.

However, the digital market is changing so fast that the European Commission has already adopted a draft for a Regulation on Privacy and Electronic Communications: the ePrivacy Regulation. This regulation focusses on strengthening trust and security in the Digital Single Market, and also applies to new players that supply electronic communications services such as WhatsApp, Facebook Messenger, and Skype. Sport2000 Bakker should keep an eye on these developments.

## 8. Conclusion and Recommendations

First of all, the marketing process consisted of three steps, and has made it clear in the internal and external analysis that the online marketing and promotional tools of Sport2000 Bakker are currently quite weak. Especially on social media, since only 16% of the customers had ever visited one of the social media channels of Sport2000 Bakker, and 2% did not know. Thus, the majority has not visited them yet.

In addition, customer engagement was defined as having an intimate long-term relationship with customers, and the strategy contained the creation of experiences that will allow companies to build deeper interactions with its customers. Companies could reach it in general by identifying the customer engagement behaviors, and the channels where they take place. With the results of this present research, the customer engagement behaviors at Sport2000 Bakker could be identified. Afterwards, they should evaluate the customer engagement behaviors by monitoring them over time, and eventually, they should (re)act on these customer engagement behaviors and apply them to the company. The results have also shown the current customer engagement at Sport2000 Bakker. The majority of their customers are most likely delighted customers who are quite satisfied.

Furthermore, this research has examined which strategy Sport2000 Bakker could use to reach better customer engagement on social media. This research has shown that the six stages of social business transformation could be useful since the stages are approached from the perspective of the organization, and how they could make a change to reach a higher level of customer engagement among the target audience through social media. The results have shown that Sport2000 Bakker has probably already completed the first stage, which was planning, since they had already made a presence on social media channels. In this case, they would currently be in the presence stage. They could make more process, and enter the engagement stage by using creative, informative, or sharable content to start creating social activity. Additionally, Sport2000 Bakker could keep track of the metrics of its social media channels. However, article 5 of the European ePrivacy Directive (Directive 2002/58/EC) could bring a legal pitfall for this since it requires permission from customers to track their activities. Another risk became clear when customers were asked if they found the interaction on social media between them and Sport2000 Bakker important. The results have shown that 42% of the customers did not find interaction on social media important. As a result, it is recommended that Sport2000 Bakker should keep in mind that it is likely that moving too quickly onto the engagement stage would not be very profitable. In addition, it is recommended to evaluate the CEBs periodically by the use of a scoreboard to be able to recognize and monitor the different CEBs that are important for them.

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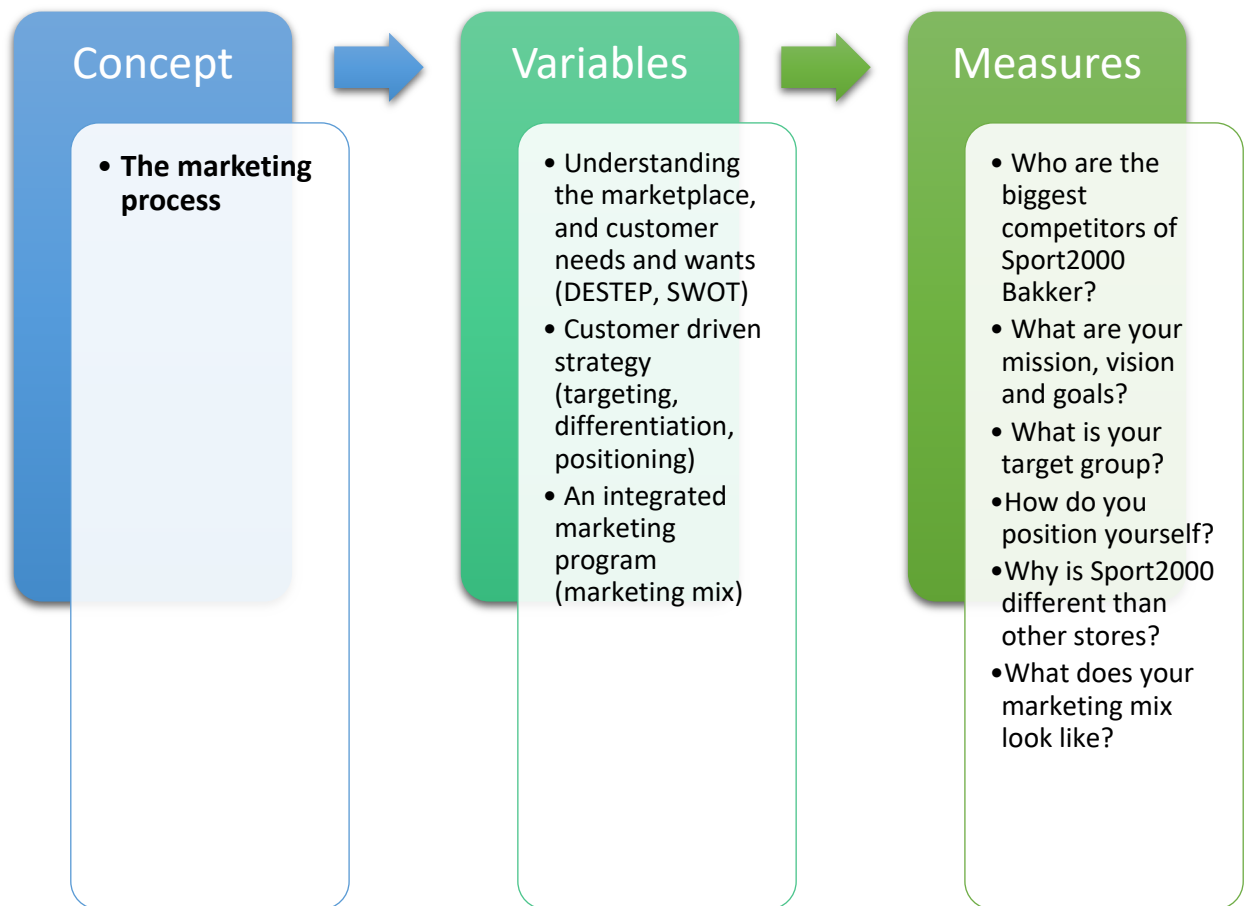
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## 10. Appendices

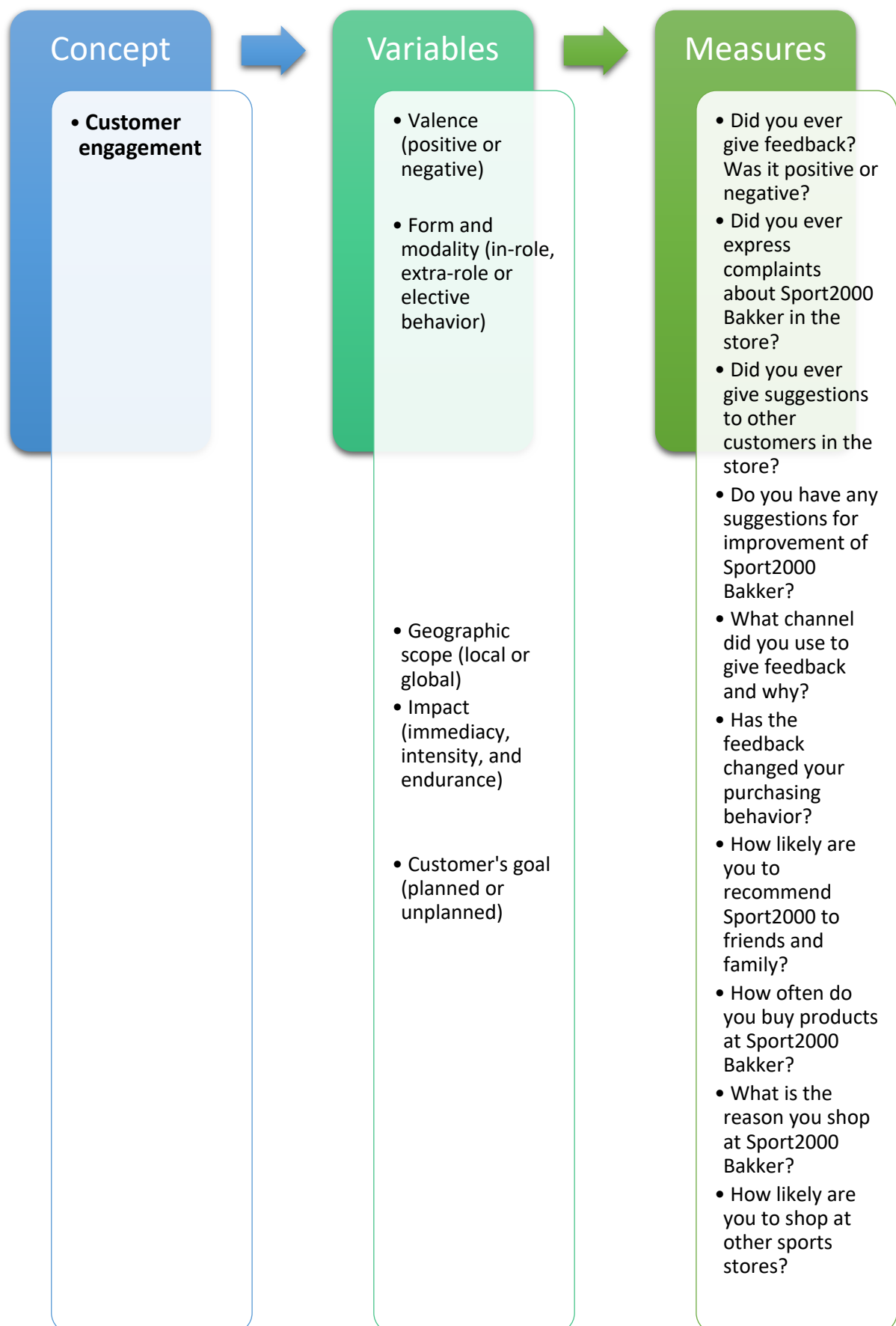
### Appendix 1. Student Ethics Form

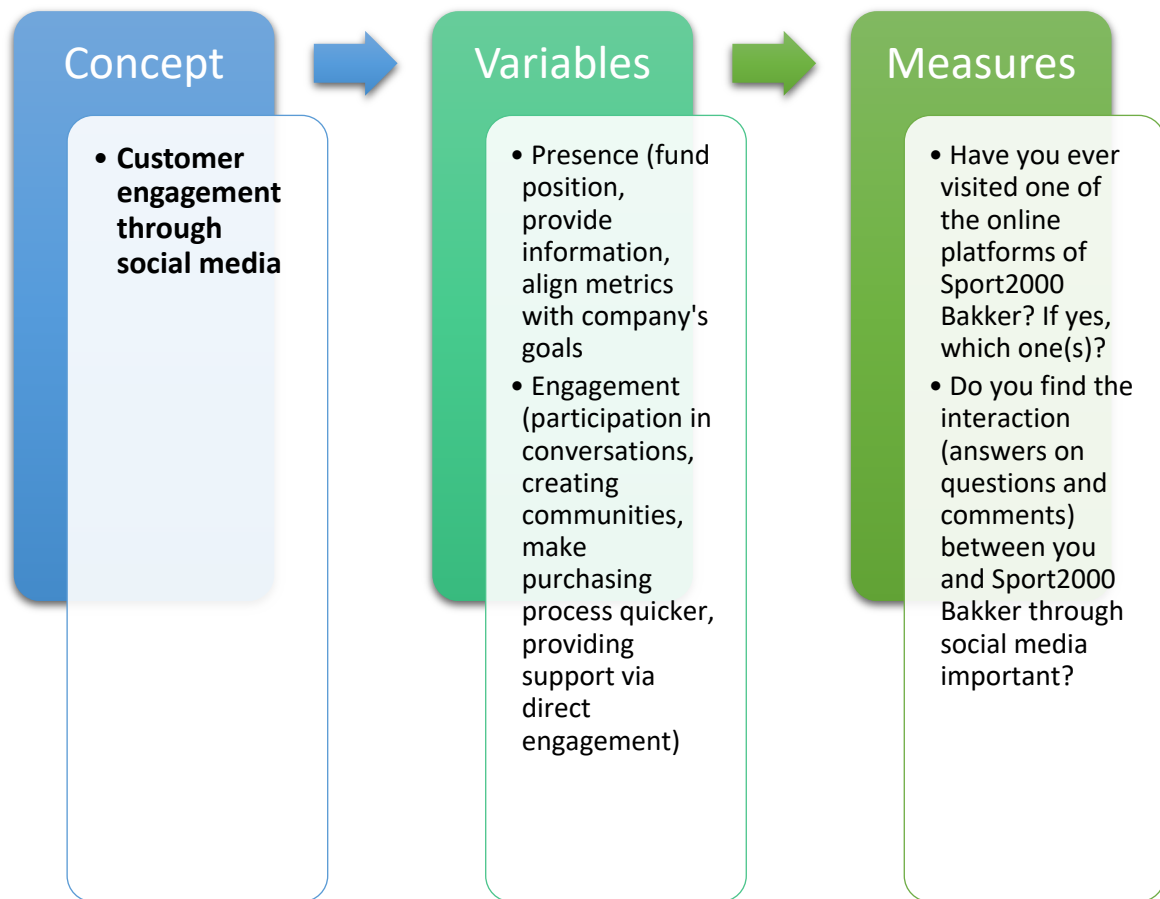
#### PERSONAL INFORMATION

## Appendix 2. Interview Sport2000 Bakker Operationalization



## Appendix 3. Questionnaire Customers Operationalization





## Appendix 4. Questionnaire Customers Sport2000 Bakker

(Translated from Dutch)

**Customer Engagement at Sport2000 Bakker**

First of all, thank you for filling in this questionnaire. My name is Marisa Haddad and I am a European Studies student at The Hague University of Applied Sciences. For my final project, I am currently doing research on the level of customer engagement of customers from Sport2000 Bakker, and how Sport2000 Bakker can improve this through social media. Customer engagement arises when there is an intimate long-term relationship between the customer and the company. If you have ever made a purchase at Sport2000 Bakker, your opinion is of great importance to make this research a success and to improve the engagement of customers of Sport2000 Bakker via social media. This questionnaire should take less than five minutes to complete. All answers will be kept in strict confidentiality. Thank you in advance.

**Please fill in this questionnaire as honest as possible and as complete as possible. Thank you in advance.**

**Engagement**

**1. How often do you buy products at Sport2000 Bakker? If your answer is 'never' you do not have to proceed this questionnaire. Thank you for your participation.**

- A. At least every month (1)
- B. Every 3-6 months (2)
- C. Every 6-12 months (3)
- D. Less than once a year (4)
- E. Never (5)

**2. What is the reason why you shop at Sport2000 Bakker? Choose as many answers as you like.**

- A. They have good quality products (1)
- B. They have excellent service (skilled staff) (2)
- C. They offer the best prices (3)
- D. There is a limited choice of sellers (4)
- E. Other..... (5)

**3. If you would have to choose, which situation would you prefer?**

A. Cheap products, but unprofessional staff who has no knowledge and no focus on the customer

(1)

B. More expensive products, but excellent professional staff who has more knowledge and a lot of focus on the customer

(2)

**4. On a scale from 1 (not likely at all) to 10 (extremely likely), how likely are you to recommend Sport2000 Bakker to friends and family?**

	1	2	3	4	5	6	7	8	9	10	
Not likely at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely likely

**5. On a scale from 1 (not likely at all) to 5 (extremely likely), how likely are you to shop at other sports shops?**

	1	2	3	4	5	
Not likely at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely likely

**6. Did you ever give feedback to Sport2000 Bakker? If not, skip to question 13.**

A. Yes (1)

B. No (2)

C. I don't know (3)

**7. If yes, was it positive (5) or negative (1) feedback? (An example of negative feedback is a complaint. An example of positive feedback is recommending the store to family and friends)**

	1	2	3	4	5	
Very negative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very positive

**8. Through which channel did you give feedback?**

A. Verbal (In store, at home) (1)

B. Through a letter (2)

C. Through an e-mail (3)

D. On a social media platform (4)

**9. Why did you choose this channel? Choose as many answers as you like.**

- A. Because it is quick (1)
- B. Because it reaches more people (2)
- C. Because it has more effect (3)
- D. Other..... (4)

**10. Has this feedback changed your purchasing behavior? If not, skip to question 13.**

- A. Yes (1)
- B. No (2)
- C. I don't know (3)

**11. If yes, how did it change your purchasing behavior?**

	1	2	3	4	5	
Less purchases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	More purchases

**12. How long did this behavior remain?**

	1	2	3	4	5	
Very short	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very long

**13. Did you ever give suggestions to other customers in the shop? (By helping them when they are searching for something in the shop)**

- A. Yes (1)
- B. No (2)
- C. I don't know (3)

**Social media**

**14. Have you ever visited one of the social media platforms of Sport2000 Bakker? If not, skip to question 18.**

- A. Yes (1)
- B. No (2)
- C. I don't know (3)

**15. If yes, which ones have you visited? Choose as many answers as you like.**

- A. Facebook (1)
- B. Instagram (2)
- C. Twitter (3)
- D. Other..... (4)

**16. Have you ever placed a question or comment on one of the social media platforms of Sport2000 Bakker?**

- A. Yes (1)
- B. No (2)
- C. I don't know (3)

**17. If yes, did you receive an answer back?**

- A. Yes (1)
- B. No (2)
- C. I don't know (3)

**18. Do you think that the interaction (thus, answers on your questions and comments from Sport2000 Bakker) between you and Sport2000 Bakker through social media is important?**

- A. Yes (1)
- B. No (2)
- C. I don't know (3)

**19. Do you have any suggestions left for Sport2000 Bakker to improve their social media platforms?**

- A. Yes, namely: (1)
- B. No (2)

**General information****20. Which store of Sport2000 Bakker do you usually visit?**

- A. Zoetermeer (1)
- B. Amstelveen (2)
- C. Scheveningen (3)

**21. What is your gender?**

- A. Female (1)
- B. Male (2)

**22. How old are you?**

- A. Younger than 18 years (1)
- B. 18 – 36 years (2)
- C. 36 – 54 years (3)
- D. 54 – 72 years (4)
- E. 72+ (5)

Appendix 5. Interview Transcript Sport2000 Bakker Norbert van Oosterhout

PERSONAL INFORMATION

Appendix 6. Informed Consent Form Norbert van Oosterhout

PERSONAL INFORMATION