MSc in Business Administration

LOCATION-BASED SOCIAL MEDIA AND THE STRATEGIC IMPACT FOR COMPANIES

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Preface

Primarily, I would like to thank to Professor Paulo Cardoso do Amaral, my academic advisor. His superior knowledge and especially his strategic insights and guidance during all the phases of this dissertation contributed for its final form, relevance and quality.

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Abstract

Location-Based Social Media and the Strategic Impact for Companies

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In the last couple of years online social networks expanded to a new field, location (Scellato and Mascolo, 2011). Technologies, such as smartphones and GPS, combined with users' interest in being connected regardless of their location, created the opportunity for the appearance of location-based social media (Chow et al, 2010).

This dissertation focuses in studying if location-based social media has a strategic impact for companies. To contextualize this subject, literature on Web 2.0 and online social media is reviewed. Furthermore, strategic frameworks (Resource Based View) and strategic concepts (Customer Relationship Management and Contextual Marketing) provide the theoretical base through which the discussion is carried.

Empirical data collection is conducted in order to understand what are users' preferences in the context of location-based social media, and to what extent they are willing to interact with companies. Through this process the research hypothesis presented in this dissertation are tested.

The results are then extended to the strategic domain, allowing to comprehend under what assumptions location-based social media can be strategic for companies. Through the Resource Based View framework application contextual personalization is considered a factor that may conduct companies to obtain a sustained competitive advantage, by inducing switching costs to their customers, depending on companies' propensity to appropriate returns from their existing superior capabilities.

This dissertation concludes that location-based social networks can have a strategic impact for companies, under the assumptions that network effects exist in location-based social networks and that companies are able to use them in order to perform contextual personalization, originating switching costs for their customers. Additionally, this dissertation aims to contribute for the increase of the current knowledge over an emergent and present subject.

Resumo

As Redes Sociais de Geo-Localização e o seu Impacto estratégico para as Empresas

Pedro Tiago Marques Gaio

Nos últimos dois anos as redes sociais online expandiram-se para uma nova área, localização (Scellato and Mascolo, 2011). Tecnologias, como os "smartphones" e GPS, combinadas com o interesse por parte dos utilizadores em estarem conectados, independentemente da sua localização, criaram a oportunidade para o aparecimento das redes sociais de geo-localização (Chow et al, 2010).

Esta dissertação foca-se no estudo da existência ou não de impacto estratégico das redes sociais de geo-localização para as empresas. Para contextualizar este assunto, a literatura sobre Web 2.0 e as redes sociais online é revista. Adicionalmente, "frameworks" ("Resource Based View") e conceitos ("Customer Relationship Management and Contextual Marketing") estratégicos providenciam a base teórica através da qual a discussão é conduzida.

A recolha de dados empíricos é conduzida com o intuito de compreender quais as preferências dos utilizadores das redes sociais de geo-localização, e até que ponto eles estão dispostos a interagir com as empresas. Através deste processo as hipóteses de investigação foram testadas.

Os resultados foram posteriormente estendidos ao domínio estratégico, permitindo compreender sob que pressupostos as redes sociais de geo-localização são estratégicas para as empresas. Através da aplicação do "Resource Based View framework" a personalização contextual é considerada um factor que pode conduzir as empresas à obtenção de uma vantagem competitiva sustentada, induzindo custos de mudança aos seus consumidores, dependendo da capacidade das empresas em se apropriarem de retornos gerados pelas suas capacidades superiores existentes.

Esta dissertação conclui que as redes sociais de geo-localização podem ter um impacto estratégico para as empresas, de acordo com os pressupostos de que os efeitos de rede existem nas redes sociais de geo-localização e de que as empresas são capazes de realizar personalização contextual através das mesmas, originando custos de mudança para os seus clientes. Adicionalmente, esta dissertação espera contribuir para o aumento do conhecimento actual sobre um tópico emergente e actual.

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CHAPTER I: Introduction

1.1. Background

In the last decade the original World Wide Web gave place to the appearance of the Web 2.0 (Raman, 2009). Despite the technical innovations that allowed for this change the most interesting shift was in the users' online behaviour (O'Reilly, 2007). In early Web stages the content creation was predominantly carried by web site owners, being users more focused in absorbing information and learning from it or consuming it (Cormode and Krishnamurthy, 2008). With Web 2.0 the Web entered in a process of democratization, with users being able to generate content with increased ease and speed (Cormode and Krishnamurthy, 2008).

Technical innovations and breakthroughs, namely HTML and JavaScript (Raman, 2009), allowed for the spread of activities like blogging, tagging (folksonomy) and behaviours as sharing and collaborating started to be performed by users (O'Reilly, 2007). The creation and appearance of online social networks was a natural evolution, being Myspace, Facebook, Youtube and Twitter between the most adopted by people (Schaedel and Clement, 2010). Socialization became a main trend in the Web being somehow an extent of the real relations in quotidian life (Lai and Turban, 2008). Users engaged in photo sharing, disclosure of personal information and content production (Smith, 2009). In fact, user generated content became a leading trend among Internet users (Deloitte, 2007). Consequently, great amounts of data started to be available on online social networks users (Casteleyn et al, 2009). Besides the traditional information on sex and gender, interests, hobbies, scholar education, political affiliations, religion, among others, were displayed online at a distance of a click (Casteleyn et al, 2009). The Social Graph notion appeared in result from the proliferation of information about each user. Cooke and Buckley recognize the importance in understanding and analysing this information for advertising and market research purposes (Cooke and Buckley, 2008).

However, not only personal content started to be created or shared on the Web. Wikipedia is an example of the combination between an open-source platform and Internet users' contribution (collaborative knowledge). It can also be viewed as a practical example of the wisdom of the crowds, a concept proposed by James Surowiecki, according to which a group of judgments on a specific subject provided that they are independent and knowledgeable, can be more valuable than the judgment of an individual, independently of his or her knowledge on that particular subject (Surowiecki, 2004).

Parallel to the development of Web 2.0, in the last decade certain companies achieved a leading position in their market. One example is Google. When Internet users think in

searching something on the Web they predominantly recur to Google's search engine[1]. Nevertheless, the accuracy of current search engines is considerably low. Coyle and Smith, cited by Shapira and Zabar, found in their research "low success rates among major search engines in providing relevant results; in 52% of 20,000 queries, searchers did not find any relevant results within the documents that Google returned" (Shapira and Zabar, 2011). From the referred study we can deduct that there is room for improvement and possibly for the launch of new search services types.

In recent years the domain of Web 2.0 went beyond the Internet reaching mobile phones, namely smartphones, through a wide variety of applications (Groover, 2010). Websites were also made compatible with smartphones, as is the case of Facebook or Twitter. Conversely, the new trend is related with mobile location based services, namely the appearance of Foursquare and the launch of Facebook Places (Reedy, 2010). The potential market for these applications is huge: a study conducted by Parker concluded that the market potential for mobile location-based services and software in Europe is equal to approximately $2.000 million for the each of the next three years (Parker, 2009).

1.2. Aims and Scope

The evolution of the Web was mainly driven by users needs and different applications, software, have been developed to fulfil those same needs (Raman, 2009). Recently, with the widespread use of smartphones, the Web became accessible everywhere, impacting the level of participation by users but also giving room for the creation of location based applications (O'Reilly and Battelle, 2009). It is in this context that websites like Foursquare[2], Facebook Places[3], Gowalla[4] and Yelp[5] appeared, defined as location-based social media. The four services were designed for smartphone users, by being accessible in those devices, focusing on location. The websites offer their users the possibility to interact with their friends by sharing their current location, making comments about the places where they are or have been or simply to find them in places nearby. Besides this socialization component, these services give focus to offering their users business opportunities: they can benefit from the latest promotions or offers made by companies or, at the same time, know from their friends where

[1] Source: Experian Hitwise available at http://www.hitwise.com/us/press-center/press-releases/experian-hitwise-reports-bing-search-increase/ [Accessed 14 April 2011]
[2] Available at: http://foursquare.com/
[3] Available at: http://www.facebook.com/places/
[4] Available at: http://gowalla.com/
[5] Available at: http://www.yelp.com

to find local deals. This is possible because companies set their own locations, having their own pages where they can interact with customers.

The information generated in these websites is considered to be part of a new trend called social media (Chung and Austria, 2010). Since the content is user generated, costs of searching, not only monetary but also in terms of time, are reduced and the information quality and relevance is higher (Hunter and Soberman, 2010). The potential impact of these concepts is substantial as, according to a Wall Street Journal article (Efrati, 2011), Google is considering to adapt its search process by incorporating social features.

Moreover, location-based social media impact may extend to the areas of consumer behaviour and marketing. According to Chung and Austria, citing the "2010 Social Media Report" by ForeSee social media websites have a usage of around 70% among online shoppers, with 56% recognizing that visiting an e-retail website through a social networking site affects their purchasing intentions (Chung and Austria, 2010). In fact, consumers that read comments of other users and receive recommendations on a specific service or a product are likely to be influenced in their own choices (Huang and Chen, 2006).

In accordance with what was stated above this dissertation aims to conduct a strategic analysis in the context of location-based social media having as scope the fields of marketing, consumer behaviour and competition. Therefore, the research question that this dissertation addresses is:

1. **Can location-based social networks have a strategic impact on companies?**

1.3. Methodology

This dissertation proposes itself to study the strategic impact that location-based social media might have on companies. The existing literature concerning word-of-mouth on the web, herding in online product choice and the influence of social media on marketing is revised to provide a sustained theoretical background for further research.

Subsequently, research hypothesis are established regarding which features users value in location-based social networks, in which companies should focus their actions, offers, and how the relationship consumer/company can be enhanced.

The hypothesis validity is accessed through the collection of empirical data, namely the conduction of an online survey to online social networks' users. The aim of the survey is to understand what features users value in websites like Foursquare, in what conditions they consider to make part of them, what type of services would they like to be offered by

companies and to what extent they are willing to make their personal information available to companies. Based on the information collected, this dissertation proposes three hypotheses under which location-based social networks might have a strategic impact for companies.

The strategic validity and usefulness of the hypotheses are evaluated by assessing their capacity to generate a sustainable competitive advantage for a company. This is performed through the application of the Resource Based View framework. This dissertation follows the definition proposed by Barney according to which "a firm is said to have sustainable competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy" (Barney, 1991).

Additionally, the hypotheses value is evaluated by relating them to the concepts of Customer Relationship Management and Contextual Marketing. According to the empirical data results this dissertation assesses what is the impact for companies' CRM framework, in the basis of contextual marketing, due to their presence in location-based networks.

1.4. Outline

The following chapter presents the literature review, including the theoretical background for this dissertation and a revision of the used strategic frameworks. Chapter 3 describes the methodology used to conduct the survey, how data collection was performed and its analysis. Additionally, it presents the results obtained from the survey together with a thorough discussion of its strategic impact, through the establishment of hypotheses and their subsequent testing through theoretical discussion. Chapter 4 is the concluding chapter of this dissertation, presenting the main findings and outcomes reached from the work carried throughout it. A section with the limitations of the empirical study and directions for future research is also included.

CHAPTER II: Literature Review

The Literature Review in this Chapter starts with a Web 2.0 definition. The following sections focus on online social media. The review starts with an overview about User Generated Content websites, namely online social networks, and proceeding to the study of their impact and present shortfalls.

In the section 2.4, literature on the main theme of this dissertation, location-based social networks, is reviewed. It starts with a broad view over location-based services, its definition and current usage, progressing then to a closer look at the most popular location-based social networks.

This chapter ends with a review on a strategic framework: the Resource Based View. Additionally, it presents a review on Customer Relationship Management, containing its definition and frameworks, and Contextual Marketing, which together contextualize the subsequent chapter.

2.1. Web 2.0

The emergence of social networks, the fall of the communication barriers between internet users and its content creators and the easiness and exponential growth of content creation and sharing are examples of a new phase of the internet: Web 2.0 (Cormode and Krishnamurthy, 2008). Web 2.0 can be described as a solar system with websites gravitating around a set of characteristics and principles that they all share (O'Reilly, 2007). MacManus sees the Web 2.0 as a platform that can be used by different actors according to their activities: marketers can use it to communicate; software programmers can use it to develop or create new applications; companies may use it to do business (MacManus, 2005).

According to Cormode and Krishnamurthy a Web 2.0 website can be identified through the following characteristics:

- User centred, with ease access for sharing content and interacting with others
- The possibility of users connecting through "friendship, groups or RSS updates"
- Control over the content sharing and the interactions made and the user privacy
- The opportunity for users to participate in the website development

This vision is shared by Kim et al through their Web 2.0 conceptual framework (Kim et al, 2009). In it the authors divide Web 2.0 in six different layers focusing on the technology and principle ones, which comprise six different attributes: participation, collaboration, social networking, rich user experience, semantics and interactivity responsiveness (Kim et al, 2009).

2.2. World Wide Web Evolution

Despite the technological innovations that mark the difference between Web 1.0 and Web 2.0, the main dissimilarity between the two is the users' behaviour (Cormode and Krishnamurthy, 2008).

The main activity in World Wide Web consisted in applying the existing technology (HTTP, HTML) to produce information and make it available for Internet users (Raman, 2009). Consequently, Web users were more passive, in the sense that they focused on reading and learning from content created mainly, by companies or technical experts (Cormode and Krishnamurthy, 2008).

Technologies like Mashups, RSS feeds and AJAX allowed common users to make part of the content creation, being this the main trend in Web 2.0 and the social attribute that detach Web 2.0 from traditional World Wide Web (Cormode and Krishnamurthy, 2008). Services that before were offered independently, like weather forecasts, could now be combined with other service, like a travel site, offering complementary information to users (Raman, 2009).

This vision of the Web 2.0 is shared by different authors. Tenenbaum sees the Web 2.0 as a cultural phenomenon, in which users are more engaged and the speed of information circulation is higher, giving birth to mass collaboration (Tenenbaum, 2006).

However, the differences between the Webs extend to the websites' structure and their content (Cormode and Krishnamurthy, 2008). With Web 2.0 websites dropped their traditional fixed structure, consisting in a front page with several links for subpages, to adopt a dynamic one, promoting content creation and allowing users to personalize the website according to their preferences (Cormode and Krishnamurthy, 2008).

In terms of content, the World Wide Web websites were mainly focused in one or two subjects, offering links to other websites for deeper understanding (Cormode and Krishnamurthy, 2008). With Web 2.0 websites primary goal is to create a connection with their users, insuring that they spend the most time possible in their pages (Cormode and Krishnamurthy, 2008). This sight is shared by Funk since he views Web 2.0 as a transition from traditional content creators to regular users in terms of web content creation (Funk, 2009). Consequently, registration and personalization by users are encouraged and the contents and information on the websites are diverse (Cormode and Krishnamurthy, 2008).

Raman provides a synthesis of the Web evolution: "the Web had thus evolved from a Web of content to a Web of content embedded with the needed user-interaction elements. Content embedded with user interaction evolved into Web applications that could over time be composed exclusively from Web components" (Raman, 2009).

2.3. Online Social Media

2.3.1. User Generated Content Websites

The Web 2.0 can be seen as a platform promoting not only users' interaction and contact but also websites' development and exposure (O'Reilly, 2007). A consistent view is that the internet is a tool that facilitates and promotes interpersonal communication, with social media allowing users to follow the most recent events worldwide (Riegner, 2007). Wikipedia, Flickr and Youtube are examples of this view and websites popular among internet users (Kim et al, 2009). eBay and Amazon also benefited from the input given by its users and consequently the network effects that appeared and developed (O'Reilly, 2007).

This dissertation would like to focus on user generated content (UGC) websites, namely social networks. UGC websites are websites that per se do not provide their content, limiting their action in providing users the tools to generate content (Zhang et al, 2011).

UGC is a growing tendency in the internet: according to a survey by eMarketer for the United States 82 million internet users were creating content and for example in Youtube the rate of creation was close to 20 hours of video per minute (Verna, 2009).

The success of a UGC website is directly related to its ability to engage users in content creation and content consumption and managing their needs (Zhang et al, 2011). The content creation at UGC websites is not equal between users, being possible to identify users that are more influential than others (Trusov et al, 2010). Identifying the most influential users allows to better understand the tendencies, how to increase retention rates and activity, and better address advertisement (Trusov et al, 2010). Failing to promote the generation of daily content may lead to users' inactivity, due to lack of motivation, and the online community decline (Schaedel and Clement, 2010).

Therefore, the presence of network effects is highly beneficial for a UGC website: on one hand it creates incentives for users to share more content and benefit from interactions with others; on the other hand the increased content and data attracts new users, the levels of activity and the buzz around the website (Zhang et al, 2011). Advertisers show a higher willingness to pay for advertisements made in influential users' profiles, due to their superior exposure (Trusov et al, 2010).

In their study about a consumer-to-consumer website Zhang et al conclude that network effects and seller acquisition have the highest financial value to that specific website (Zhang et al, 2011). Network effects, in order to increase participation and user engagement are therefore crucial for the financial prosper of an online social network (Trusov et al, 2010).

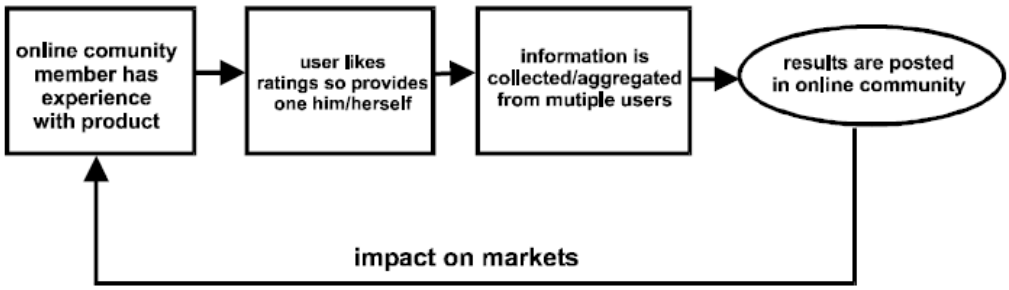
2.3.2. Social Media and its Impact for Companies

Social media websites are seen by customers as a source of information regarding products (Chung and Kristine, 2010). According to Chung and Kristine quoting the "2010 Social Media Report" from ForeSee "69% of online shoppers use social media", with "fifty-six percent of shoppers indicate that they visit e-retail websites on a social networking site and that website visiting affects customer purchase intention" (Chung and Kristine, 2010). Riegner quoting a study made by NepTop in the United States reached several findings regarding users' online behaviour: "fully half (50 percent) of all recent purchases among Broadbanders were influenced by at least one online source"; "nine percent of Broadbanders link at least one user-generated source to a recent purchase decision" (Riegner, 2007). According to Chung and Kristine, quoting a study from ROI Research, "33% of active Twitter users share opinions about companies or products while 32% make recommendations and 30% ask for them" (Chung and Kristine, 2010).

Hence, in the Internet is observable herding behaviour, defined as "consumers monitor the comments of others regarding specific topics and use them as a basis for their own choices" (Huang and Chen, 2006). The word-of-mouth referrals made by users have a high influence to attract new users to a website, being a relevant factor for the website's growth (Trusov et al, 2009). Positive word-of-mouth carried online influence consumers' purchasing intentions and perceptions, since it is more effective than recommendations provided by experts (Huang and Chen, 2006). Companies share this view, believing that through Web 2.0 they can shape consumers' attitudes and views alongside with providing them with better and more effective information about their products or services (Eccleston and Griseri, 2008).

The diverse content made available by users, in the form of ratings or comments, gives the opportunity to firms to explore word-of-mouth (Trusov et al, 2009). The activities carried by companies on social media, fostering interaction with users or enhancing information, have a positive impact on users' perceptions towards advertisement made on that channel (Chung and Kristine, 2010). The outcome of word-of-mouth has a bigger lasting effect on users, when compared to traditional marketing actions (Trusov et al, 2009). Customer's word of mouth at a specific website is capable of influencing customers' purchasing behaviour (Chevalier and Mayzlin, 2006).

In the model presented below, Hunter and Soberman synthesize "the creation, collection and dissemination of information in online communities":



The power of collective intelligence is higher, more influential, than the one of a single or limited number of persons: consumers rely on the best information available, believing that other consumers like themselves are the best source, influencing their purchasing decisions (Huang and Chen, 2006). In their work, Chevalier and Mayzlin proved that positive reviews about a specific book increase the book sales, in the website where they were made (Chevalier and Mayzlin, 2006).

Advertising through the social media brings benefits to the companies: information can be delivered faster and more accurately in comparison to traditional channels; new products and promotions reach customers in an easier way; a broader range of content and interaction can be produced and maintained (Chung and Kristine, 2010). In their work Fagerstrom and Ghinea demonstrated that by using internet as a social platform "companies can achieve brand awareness, positive attitude toward a brand, and increased sales in the target segment" (Fagerstrom and Ghinea, 2010).

Social media increases the interactivity between companies and users, giving a voice to the last (Chung and Kristine, 2010). This can be enhanced by companies through personalized answers and direct interaction increasing loyalty and awareness among customers (Chung and Kristine, 2010). Sales volume, customers' reviews and positive comments regarding products can be used by companies in order to increase purchasing intentions (Huang and Chen, 2006).

This process matches the concept of e-personalization: "providing content or recommendations that are relevant specifically to a user based on past behaviour, similarity with other users, explicitly defined preferences or individual characteristics" (Smith, 2005).

Smith proposes a model to evaluate e-personalization:

E-personalization is made through dynamic content, e-promotions, data mining and collaborative filtering. Dynamic content consists in offering different content to customers with different needs and wants. E-promotions are a way to establish a direct relationship with the customer by offering personalized products or promotions, being also a learning process about the customer. Data mining allows building a more complete picture about a customer,

making sure that he is targeted with the advertisements more suited for him. Collaborative filtering makes use of algorithms and other users' preferences to make more accurate recommendations.

Since e-personalization relies mainly in collecting data about users, companies should be cautious in respecting their privacy and insuring they have control over the information provided by them.

The e-personalization process allows companies to better know their customers and in the same time increase their loyalty and satisfaction. Deliver customized content to customers and recommend personalized offers are likely to increase purchasing rates and customer retention. The impacts of this learning process are highly beneficial for Customer Relationship Management (CRM), being able to create a strategic advantage for companies that better know and understand their customer's needs (Smith, 2005).

2.3.3. Social Media Existing Problems

Trusov et al identify the two main activities carried by users in an online social network: "either they create new content by editing their profiles (e.g., adding pictures, uploading music, writing blogs and messages), or they consume content that others create (e.g., looking at pictures, downloading music, reading blogs and messages)" (Trusov et al, 2010). Finding the right information on the Web, one search for, as fast as possible is one key factor for the Web's success (Shahabi and Banaei-Kashani, 2003).

The content proliferation in huge quantities raises problems to search and browse specific types of information, despite its availability online (Horrocks, 2008). And the problem goes beyond users since the recent spread of information and content creation on the Web has raised difficulties for search engines in providing the relevant information for its users' queries (Shahabi and Banaei-Kashani, 2003).

One technique that is used to overcome this problem is mash-up. Mazurek defines mash-up technologies as "web applications that combine multiple content sources and distributed processing modules, they create values deriving from the mixture of several tools, like corporate Website, blog platform, Google maps, etc." (Mazurek, 2009).Through mash-up technologies multiple sources can be combined to create a service, for example, that unite information about location and a map giving directions (Horrocks, 2008). Other technique used to better know users is web-usage mining (WUM). WUM "is the process of discovering and interpreting patterns of user access to web information systems by mining the data collected from user interactions with the system" (Shahabi and Banaei-Kashani, 2003). This technique is usually divided into two phases: one dedicated to understand how the user accesses the

internet and the other to analyse how he or she navigate through the Web (Shahabi and Banaei-Kashani, 2003).

O'Reilly believes that websites should strive to reach all the entire web population, focusing on what was defined as the "long tail" (O'Reilly, 2007). More and more people's social interactions occurs online (Raman, 2009). O'Reilly identifies as new business opportunities in the Web environment the ability of companies to engage consumers' activity in their application, learn from them in this process (O'Reilly, 2007). It is in this context that location-based social media appears.

2.4. Location-Based Social Media

The evolution of mobile technologies gave room to innovation and the appearance of new business models (Hosbond and Skov, 2007). Location-based services result from the integration of different tools such as the Web, mobile technologies and geographic information systems (Li and Longley, 2006).

The current trend shows that location is gaining importance for online services, with users being more willing to share their location and companies engaged in serving them with customized offers (Scellato and Mascolo, 2011). Location-based services rely on the principle that users demand faster and more accurate information nearby their location, displayed in an integrated content application (Li and Longley, 2006).

Brimicombe and Li C, quoted by Li and Longley, define location-based services as "delivery of data and information services where the content of those services are tailored to the current or some projected location and context of the user" (Li and Longley, 2006). Urquhart et al define mobile location-based services as "wireless services which use the location of a handheld device to deliver applications exploiting pertinent geospatial information about a user's surrounding environment, their proximity to other entities in space (such as people and places), and/or distant entities (for instance, future destinations)" (Urquhart et al, 2004). Xu et al, give a functional definition of location-based services: "use positioning technologies to provide individual users with reachability and accessibility that would otherwise not be available in the conventional commercial realm" (Xu et al, 2009).

The dissemination of location-based social networks was possible through the combination of mobile devices equipped with GPS, wireless and fast access to the Web, online maps (Google Maps, for example) and "database management systems" (Chow et al, 2010). Li and Chen describe location-based social networks functionalities: "allow users to see where their friends are, to search location-tagged content within their social graph, and to meet others nearby" (Li

and Chen, 2009). Scellato and Mascolo give a deeper description of those functionalities available in location-based social networks: "users willingly share their own location with their friends by broadcasting the place where they are, usually through a location-sensing mobile device. Sometimes it might also be possible to unlock particular benefits or commercial deals by virtue of the check-in itself (…)" (Scellato and Mascolo, 2011).

Location-based social networks combine the social side of traditional social networks with the delivery of information based on users' location (Chow et al, 2010). The data produced on location-based social networks might be of great value for companies to better know their customers and understand their actions and behaviours (Scellato and Mascolo, 2011).

Associated with these new social networks is the concept of mobile marketing, defined as "marketing services and goods using mobile technology", which appeared based on the idea that marketing can be more effective if the marketer knows customers' location (Hosbond and Skov, 2007). Dickinger et al define mobile marketing as "using interactive media wireless media to provide customers with time and location sensitive, personalized information that promotes goods, services and ideas, thereby generating value for all stakeholders" (Dickinger et al, 2004).

Location-based advertising is intended to establish a direct connection between consumers and companies, being more significant and helpful than other advertising channels (Banerjee and Dholakia, 2008).

2.4.1. Foursquare[6]

Foursquare is a location-based mobile platform launched in 2009. The website had an exponential growth since its creation counting today with over 6 million users, 2.5 million check-ins per day and 250.000 companies registered and active.

Foursquare functions as a platform through each users and companies can interact: by checking-in users share their location or information about a particular event with other users; companies are able to interact with their customers and collect information about them.

It operates through an application that users can download for free and install in their smartphone (the service can also be accessed online). To connect users are required to provide their log in credentials, which take them to their Foursquare profile. The log in can also be done through Facebook credentials. The website offers the possibility for users to ad people that are their friends in Facebook and Twitter as Foursquare friends.

[6] Source: Foursquare available at https://foursquare.com/; https://foursquare.com/business/venues and https://foursquare.com/business/brands [Accessed 16 April 2011]

Once this is done they can check locations around the place where they are at the moment our browse through their friends to see where they are at the moment or through tips about nearby happenings left by other users. When a location is selected, for example Starbucks in Rossio, users make a check in and they can share it with their friends on user's Foursquare, Twitter or Facebook profile. If the location where they are is not listed users can ad it. Additionally, users can provide tips to their friends in text format about a particular location or event and share their opinions about that some location. For example they can recommend a specific product or praise the service at a restaurant.

To engage users in checking in Foursquare created a reward system. According to the frequency of check-ins and the places users visit they can earn badges and points that are displayed in their profile, working as a reputational and informational figure. If a user check-ins in a particular location more than anybody else he or she is designed the Mayor of that location. This gives special benefits to the user as to know which users are on that location, how often they visit it and collect rewards from the companies owning the location: for example Starbucks often provides free coffee to their Mayors. Nevertheless, even regular Foursquare users might benefit from special promotions offered by the companies.

The website gives a high focus in its relationship with companies. They can sign up for free in the website creating their venue where their business is located. Within the registration process a thorough number of steps must be followed for companies to prove their veracity, including ownership and location.

Afterwards companies are encouraged to attract new customers or retain existent ones through promotions or special discounts. These include, for example, offering an extra meal after a certain number of visits or a percentage discount in an article if the user brings with him three or four friends.

Foursquare automatically collects a set of data about the users that visited the company's location, that are accessible for the company itself. This data include the amount of check-ins, who visited the venue, at what hour and with which frequency and tips and comments written by users. Customers' needs, perceptions and wants can be tracked through these data allowing for adjustments in the marketing efforts carried by companies.

To be acquainted with these efforts users don't need to go to companies' specific venue, since Foursquare automatically show available promotions and discounts in users' "nearby Places" or "Specials Nearby" tabs. Companies are also encouraged to advertise their Foursquare membership through traditional channels, like stickers and cardboards displayed in the stores. The entire process is controlled by Foursquare through their security mechanisms: before benefit from a discount or promotion the user must fulfil the requirements, and when he does

so the box where it was described changes colour and displays a message saying that that specific Special was unlocked by the user. Through these mechanisms companies' employees manage to keep track and avoid abuses. In addition, Foursquare provides companies the option to create the Special with a specific code that can be entered and tracked by their employees at the point of sale.

Besides business to business interactions, Foursquare also foment relationships with Brands. Louis Vuitton, Red Bull and Nasa are examples of brands that despite not having a specific physical location have a presence in Foursquare. This presence is possible through the creation of an own page or customized badges. The objective of a page is to provide customers with information about the brand, with special focus to tips: for example The History Channel provides users with information about historical places and the travel site TravelOK.com gives special insights on touristic spots. Users can follow brands, being notified with tips every time they are near their location. Even without being followers users are presented with brands' tips in the general tips' tab.

Badges are designed and thought to attract customers and keep them engaged with the brand: they should be earned through repeated actions and appeal to customers located in different cities.

2.4.2. Facebook Places[7]

Facebook Places is built in three principles: share with friends; interact with them; and benefit from promotions nearby. When users check-in in a specific location, they are sharing it through their personal Wall and News Feed. Browsing in friends' updates allows a user to interact with them, by posting comments, or even find out if they are in the same location, and in this case tagging them at it. Finally, if users search in the Deals section they might find promotions or discounts nearby their current location.

Places is completely integrated in Facebook being its primary goal to connect people. It is accessible through smartphones or alternatively, through a web browser. A place can be created by any user, having associated with it a page displaying a map with its location, a list of friends which are in it at that moment and a historic with users' friends that have been there in the past. However, and most often, the Place is claimed by the owner, whether it is a store manager or a company itself. The security and transparency of this procedure is guaranteed through the presentation of official documents. The certified representative can add extra

[7] Source: Facebook available at http://www.facebook.com/places/ and http://www.facebook.com/places/#!/help/?topic=places [Accessed 17 April 2011]

information to the page. Currently, Facebook Places is operating solely with businesses that have a physical location associated with them.

Facebook, as Foursquare, is giving more attention to the relationship with companies by developing the Deals feature. Deals are intended to be shared with friends, either by sharing or by benefiting from it in group, and to allow users to benefit from discounts and promotions. They are offered by individual business, being displayed in a yellow or green ticket next the location or in the place page. There are four types of Deals available in Facebook Places: offered individually to users; offered to groups of friends that have to check-in at the same time; offered to users that check-in at a location after a certain number of times (between 2 and 20); offered to the community, through a donation. Every deal can be created for free. Currently companies have to get in touch with a Facebook representative if they want to create a Deal outside the United States.

Another topic Facebook gives attention to is users' privacy. The amount of data each user makes available is fully controlled by him or her, through the personal privacy settings. For example, users can control who they share their location with, to appear or not in the public list of people who checked-in at a specific location and to remove tags made by friends. Users that don't want to share their current location are advised not to run the application.

2.4.3. Yelp[8]

Yelp was established in the year of 2004 as an online review and recommendation service based on the contribution of its users. It was initially launched in the city of San Francisco being gradually expanded worldwide. In January 2011 Yelp had around 45 million visits and 15 million reviews published in the website.

The website has a strong community sense, as it is a user generated content website. Yelp users have a hierarchy based on reputation: the ones with more and frequent reviews well appreciated by others users (since reviews are rated by users, except its publisher), are granted an "Elite" status, receiving a badge displayed in their profile. Users are engaged through rewards for the first user reviewing a business and physical events, like dinners and cultural reunions.

Yelp functions as a search engine for businesses. The data available on the website is provided by third-parties or by the users themselves. After registering, users, based on their location, can search for restaurants, hotels, bars or any other service business, as a hairdresser for example, being provided with a map and the search results location. The search results are

[8] Source: Yelp available at http://www.yelp.com/faq [Accessed 18 April 2011]

listed according to an algorithmic formula. Each business has a rating, reviews from previous customers and information about it. Users are responsible for rating and reviewing, while business owners have the option to edit the information concerning it. Additionally, they have the option to advertise their business through personalized content (photos, videos, detailed information) and by paying a fee to Yelp. Advertisements are displayed in a separate page called "Yelp Ads".

Participation in the reviewing process is open, being possible to write either positive or negative comments. The website reserves itself the right to filter comments that are classified as "suspicious", through an algorithmic process, or that don't comply with the website rules, and alert users for the possibility of being charged with lawsuits if providing false information. Filtered reviews are published in a separate page and don't count for a business rating. Business owners are granted the right to directly comment on reviews about it. The community sense is also present here, since users can access the reviewers' public profile and see what contribution he or she had to the website.

Yelp can be accessed through a web browser or by running its application on a smartphone.

2.4.4. Gowalla[9]

Gowalla is a location-based social network centred in its mobile application. It functions similarly to the ones described before: users are required to register being then granted with a profile. However, the main focus of the network is on travelling and it is designed to be similar to a game. Each user has a "passport" to which he or she can collect "stamps". These are collected through two ways: users can check-in at specific spots, mostly touristic places, or complete "trips", that consist on an itinerary linking "up to 20 related spots". Besides checking-in users can share photos, comments and reviews, with their friends and relatives or invite them to a travel they are going to make. The sharing can be made through Facebook and Twitter accounts.

Trips can be created by users or Gowalla partners, such as National Geographic. During the trips users may find virtual gadgets that may be switched for real items.

Gowalla latest version, 3.0, integrated location-based social networks services, allowing users to check-in simultaneously in Gowalla, Foursquare and Facebook Places.

[9] Source: Gowalla available at http://gowalla.com/ [Accessed 19 April 2011]

2.5. Strategic Conceptual Frameworks

2.5.1. Resource Based View of the Firm

According to Porter in order to make clear a firm`s success there are three main conditions that need to be fulfilled: firstly to create and execute internally a set of objectives and efficiency plans that will identify the position in the market, than to line up the strengths and weaknesses that the firm possesses with the "external opportunities and threats" and to make sure that "distinctive competences" are developed and utilized (Porter, 1991).

The Resource Based View is the most contemplative and centred on the organization (Porter, 1991). Its framework relies on the principle that a company's strategy should be established based on its own resources (Grant, 1991). The principle is that those resources give "the basic direction for a firm's strategy" and they "are the primary source of profit for the firm" (Grant, 1991). These are precious resources (or competences) that firms own, in the majority of cases intangible assets (mainly know-how, status or others), rather stationary, considered strengths which should direct the selection of a firm`s tactic (Porter, 1991). Lei et al, believe that a company's capacity to understand and develop its resources and skills is the key determinant for establishing its strategy (Lei et al, 1996).

Resources and capabilities heterogeneity between different firms is a principle from the resource based view literature (Peteraf, 1993; Barney, 1991). Peteraf defends that four conditions should be met for a company to benefit from a sustained competitive advantage: resource heterogeneity, ex post limits to competition, imperfect resource mobility and ex ante limits to competition (Peteraf, 1993). Barney supports that a company has a sustained competitive advantage "when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy" (Barney, 1991). According to Hall, in order for a company to benefit from sustainable competitive advantage it needs to offer products with characteristics corresponding to the "key buying criteria for the majority of the customers in their targeted market" (Hall, 1993).

Based on the literature of Grant, Peteraf and Barney three Resource Based View Frameworks are described in the following sub-sections.

Grant's Framework (Grant, 1991)

Grant proposes a framework with five stages for strategy creation: "analyzing the firm's resource base; appraising the firm's capabilities; analyzing the profit-earning potential of the firm's resources and capabilities; selecting a strategy; and extending and upgrading the firm's pool of resources and capabilities" (See ***Exhibit 1***).

Grant defends that a company's profitability depends on "the attractiveness of the industry in which it is located, and its establishment of competitive advantage over rivals".

The ability of a company to create a competitive advantage or to differentiate itself from competitors relies on its resources. For the example proposed by Grant see ***Exhibit 2***.

However, capabilities ("capacity for a team of resources to perform some task or activity") creation and management are also crucial for a firm's success. A company's profitability in the long run is determined by its ability to sustain its competitive advantage and to appropriate the income its resources and capabilities generate.

The company's resources erosion and competitors' actions put at stake the sustainability of a firm's competitive advantage, being essential to evaluate resources and capabilities in terms of their durability, transparency, transferability and replicability. For detailed explanation of this factors see ***Exhibit 3***.

For a company to benefit from its competitive advantage it is important to have appropriability, meaning that it manages to collect economic rents from that advantage.

Grant defines a company's essential capabilities and resources as "those which are durable, difficult to identify and understand, imperfectly transferable, not easily replicated, and in which the firm possesses clear ownership and control". Focusing on the Resource Based View may lead a company to focus its activity in the areas where it benefits from a competitive advantage. Durability, transparency, transferability and replicability features of a company's resources and capabilities should determine its strategy for the short or long run, according to their favourability or not to create a sustained competitive advantage.

Peteraf's Framework (Peteraf, 1993)

All the four factors proposed by Peteraf (resource heterogeneity, ex post limits to competition, imperfect resource mobility and ex ante limits to competition) are important to the creation and sustainability of a competitive advantage, being related between them. The framework is illustrated in ***Exhibit 4***.

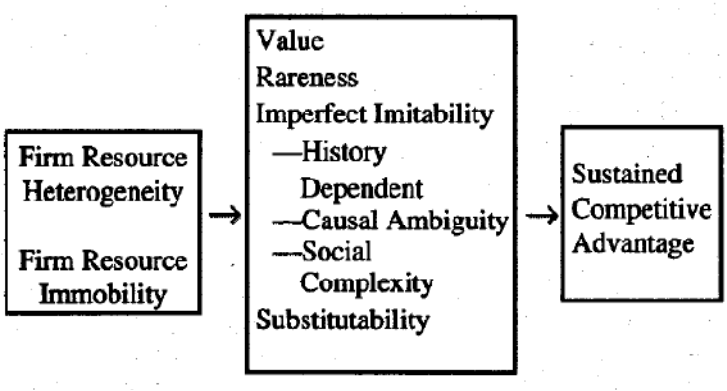
Companies that benefit from more efficient and productive resources are able to better serve customers and collect profits, defined as Ricardian rents – for this to be met is essential that "resources cannot be expanded freely or imitated by other firms".

Ex post limits to competition are related to the concepts of imperfect imitability and imperfect substitutability, proposed by Barney. They are defined by Peteraf as factors that limit competitors from eroding a firm's competitive advantage, for example by "increasing the supply of scarce resources".

Peteraf classifies resources as perfectly immobile if "they cannot be traded". Complementarily the same author also considers as perfectly immobile resources "somewhat specialized to firm-specific needs".

Ex ante limits to competition are defined as limits to competition regarding a specific competitive advantage, established through a company's resources.

Barney's Framework (Barney, 1991)



Barney's Resource Based View framework is constructed under the pillars of resource heterogeneity and resource immobility. Heterogeneity corresponds to different companies holding different resources – according to Barney this is a condition for the existence of first mover advantage in an industry; immobility is associated with exclusivity, being a firm's resources exclusive to it, without the possibility of being copied or replicated.

Besides heterogeneity and immobility a resource needs to have four other characteristics in order to be capable of generating a sustained competitive advantage. These four characteristics are defined by Barney as:

Value

"It must be valuable, in the sense that it exploit opportunities and/or neutralizes threats in a firm's environment". Barney defines valuable resources as "when they enable a firm to conceive of or implement strategies that improve its efficiency and effectiveness".

Rareness

"It must be rare among a firm's current and potential competition". A resource is rare when it is unique to a company. Imperfectly imitable resources are resources owned by a company that cannot be replicated or obtained by its competitors.

Imperfect Imitability

Barney presents three motives for a resource to be imperfectly imitable: unique historical conditions; a casual ambiguous relation between firm resources and its sustained competitive advantage; and the resource being socially complex.

Substitutability

For a resource to be a source of sustained competitive advantage "there must be no strategically equivalent valuable resources that are themselves either not rare or imitable".

2.6. Customer Relationship Management

In the literature several definitions for Customer Relationship Management (CRM) are provided. According to Boulding "CRM relates to strategy, the management of the dual creation of value, the intelligent use of data and technology, the acquisition of customer knowledge and the diffusion of this knowledge to the appropriate stakeholders, the development of appropriate (long-term) relationships with specific customers and/or customer groups, and the integration of processes across the many areas of the firm and across the network of firms that collaborate to generate customer value" (Boulding et al, 2005). Payne and Frow propose a more comprehensive definition: "CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications" (Payne and Frow, 2005). In their work Payne and Frow present two shorter CRM definitions quoting Buttle and Glazer. These definitions are, respectively: "CRM is about the development and maintenance of long term, mutually beneficial relationships with strategically significant customers" and "CRM attempts to provide a strategic bridge between information technology and marketing strategies aimed at building long-term relationships and profitability. This requires "information-intensive strategies" (Payne and Frow, 2005).

There are few CRM frameworks available on the literature, being described in this Dissertation the ones proposed by Winer and Payne and Frow.

Winer proposes a seven step process (See ***Exhibit 6***) in establishing a CRM system. The first step consists in creating a database, where customers' information, for example purchasing habits and contacts should be stored. Subsequently, the data collected should be analyzed, being this the second step. Segmentation should take place on this phase based on customers' lifetime value. The third step consists in selecting the customers that are going to be targeted in a fourth phase. Targeting takes place either through traditional channels (radio, tv, print

press) or the internet. The next step refers to the management of the relationship with customers. Winer proposes customer service, frequency/loyalty programs, customization, rewards programs and community building as solutions to perform this management. One topic that companies should take into account is customer's privacy (sixth step). Finally, Winer defends that an effective CRM depends on the appliance of the most advanced and up to date measurement tools (Winer, 2001).

Payne and Frow propose a framework with five CRM processes: strategy development; value creation; multi-channel integration; information management; and performance assessment (See ***Exhibit 7***). All the processes are connected between them and possess a degree of interaction.

The Strategy Development process comprises making compatible the company's strategy with its customer's analysis and segmentation. The Value Creation process consists in an analysis of what a company gives to and receives from its customers, segmenting them in terms of lifetime value and "understanding the opportunities for cross-selling, up-selling, and building customer advocacy". The Multichannel Integration process respects to the management by the company of the different channels where it advertises. Customer orientation, share of information and consistent quality levels should be carried in this process. The Performance Assessment process ensures that the efforts taken by the company are evaluated, being corrected or enhanced according to their effectiveness. At last, the Information Management process "is concerned with the collection, collation, and use of customer data and information from all customer contact points to generate customer insight and appropriate marketing responses". This process is crucial since customer data is required and generated at all the other CRM phases (Payne and Frow, 2005).

2.7. Contextual Marketing

Contextual Marketing, according to Xueming Luo, consists in "providing customized and contextual information to customers at the point of need in real time" (Xueming Luo, 2003). It attempts to collect consumers' information, with particular focus to their location at their activity at that specific place (Xueming Luo and Seyedian, 2003). For consumers it is a useful tool by providing information according to their specific needs (Xueming Luo and Seyedian, 2003).

Contextual Marketing gains even more importance in a time where the Internet is available almost everywhere – Kenny and Marshall call it "ubiquitous" (Kenny and Marshall, 2000). Companies must combine the two concepts in order to better target their customers, deepen

their relationship and deliver most suitable products or services, which may be sold at a premium (Xueming Luo and Seyedian, 2003). This ability might become a sustained competitive advantage for companies that control it (Xueming Luo and Seyedian, 2003).

This vision is shared by Kenny and Marshall, with the authors defending that the ubiquitous internet allows for companies to have a "greater intimacy with customers and more efficient targeting of market segments" and "offering customers a more valuable, more timely product, they'll be able to charge a premium price" (Kenny and Marshall, 2000). By using the Web companies are able to provide customers with contextual offers, eliminating the potential barriers that existed from location and time (Xueming Luo and Seyedian, 2003).

The described usage has the potential to transform value chains and influence established marketing concepts as price, product, placement and promotion, since customers' location and needs will be the main marketing determinants (Kenny and Marshall, 2000). Firms should strive to know their customers and their needs, providing information in a dynamic and interactive form (Xueming Luo and Seyedian, 2003). "Intimate knowledge of customer needs is the critical source of competitive advantage" (Xueming Luo and Seyedian, 2003).

In his work Xueming Luo proved the benefits of contextual marketing achieving the following results: "higher level of contextual marketing is associated with a higher level of perceived site value; higher level of contextual marketing is associated with a higher level of perceived user satisfaction; higher level of contextual marketing is associated with more online purchases" (Xueming Luo, 2003).

2.8. Chapter Summary

Web 2.0 is associated with the appearance of social networks, the proximity between content creators and internet users and the proliferation of content in different formats. User Generated Content websites gained special visibility with Web 2.0, attracting considerable number of users to make part of social networks and consequently attracting marketers attention. To keep its interest UGC websites must engage their users in content creation and promote conditions for users' activity. Network effects are crucial for the sustainability and growth of an online social network, an example of a UGC website.

The impact of social media for companies derives from users' behaviour: comments and suggestions, or reviews, made in social networks and frequently monitored and followed by users, influencing their decisions and purchasing patterns. Herding behaviour and word-of-mouth are two phenomenons present in these networks, creating the opportunity for companies to influence and target their customers through this platform. Personalization is

searched and offered by companies to their customers, enhancing the CRM process and impacting figures like purchasing rates and customer retention.

Despite the Web 2.0's websites success the content proliferation raises more and more difficulties for users to find what they search for. In this context, location-based services rely on the principle that users demand faster and more accurate information nearby their location, displayed in an integrated content application. The most popular location-based social networks are Foursquare, Facebook Places, Yelp and Gowalla.

The Resource Based View of the firm proposes that strategy should be designed and decided according to the company's resources and capabilities. Several frameworks are proposed in the literature, having in common the resource and capabilities heterogeneity, their difficulty in being replicated or copied by competitors and the necessity of a company to appropriate returns, in order for that same company to gain a sustained competitive advantage.

CRM together with Contextual Marketing are used by this dissertation to construct the questionnaire and contextualize the discussion presented in the following chapter.

Chapter III: Discussion

In this chapter, research hypothesis are presented and subsequently tested through empirical data collection and treatment. Previous to the hypothesis testing, the questionnaire conducted for this dissertation is presented in detail, being explained how it was thought and constructed.

The research hypothesis validation or not, initiates the discussion, with three additional hypotheses being established, under which location-based social media might have a strategic impact over companies. The hypotheses validity is tested theoretically, through the application of the Resource Based View framework.

3.1. Research Hypothesis

The research hypotheses presented on this section were the basis for the online questionnaire development and are directly connected to this dissertation research questions.

From the literature review is known that a website that is manly social depends on its ability to engage and promote current users activity and to attract new users, in order to grow in popularity and ensure its longevity. Therefore, the first research hypothesis defined in this dissertation is related with the location-based social media attractiveness for persons that are not aware of this concept.

> *H1: Location-based social networks are an attractive service to which non-users show interest to make part of.*

The second research hypothesis evaluates a pillar location-based social media feature, common to Foursquare and Gowalla. The aim is to understand if it is valued by users, being something in which companies may have participation.

> *H2: Collecting items and possessing unique ones is valued by users, increasing their engagement and activity in the website.*

The intent of the third research question is to understand if users view location-based social media as traditional social media, in the sense that connecting with friends is in the basis for online social networks popularity and growth.

> *H3: The possibility of interacting with friends, through content creation or by receiving recommendations, is the most valuable feature in location-based social networks.*

Location-based social media provide companies with a set of tools, features, through which they can engage users in participating in their page's location. For this dissertation aim it is crucial to understand which of these features are valued by users and considered interesting by them.

H4: Companies can attract users' interest by offering individual or group promotions and discounts; establishing direct contact with them; suggesting travels or city walks; providing additional information about a touristic location; supplying them with new products/services samples.

In addition to understand which features, is important to assess what are the main patterns in terms of usage by location-based social media users. Though they are available in any location this dissertation aims to understand in what time periods users preferably make use of these social networks.

H5: Users activity on location-based social networks happens mainly during the weekend or in holidays.

The following research question intends to test if there is a profile common to the survey respondents allowing companies to understand how they can better target users and promote their actions.

H6: The typical user has an active attitude looking for discounts and promotions, and also for his/her friends nearby his or her specific location.

From the literature review is known that users' privacy is an issue for online social networks and one that may risk their survival. Therefore, with the following four research questions this dissertation aims to understand how users and potential users perceive the possibility of sharing their information with companies or allowing them to collect users' data through other sources. Users' willingness to provide information is crucial to determine and comprehend how companies can compete in the location-based social media context.

H7: Companies can deepen their knowledge about their customers by collecting information from location-based social networks.

H8: Companies will be able to directly targeting their regular customers through marketing campaigns or promotions and discounts.

H9: Companies can evaluate their marketing efforts and promotions and discounts effectiveness and success, through questionnaires sent to users.

H10: Companies can increase their data mining opportunities due to users' interest in possessing and using a loyalty card specifically designed for them.

3.2. Questionnaire

In order to test the research hypothesis presented in the previous section and better understand how companies can compete in the context of location-based social networks an online questionnaire was conducted. This empirical study was carried during the months of April and May 2011, being collected answers from Portugal and other European countries. This dissertation sub-section explains how the questionnaire was build and analyzes the data collected from it.

3.2.1. Questionnaire Design

This dissertation´s main theme, location-based social media, is a typical online service; therefore conducting an online questionnaire was perceived to be the best alternative to survey users. An additional reason is the survey's interactive feature, namely a video display.

In order to test the presented research hypothesis, responses were accepted from people under 18 to more than 30 years old, being their location irrelevant for the purposes of this dissertation. This constitutes the statistical population of interest. No restrictions were applied in the questionnaire, even though respondents were asked if they posses and use regularly a smartphone since these devices are crucial for location-based social media interaction.

The questionnaire was divulgated through e-mail in a first phase and in a second phase through online social networks. The minimum size for the questionnaire to be considered valid was 40 answers, following the Central Limit Theorem.

Two versions of the questionnaire were created: one in Portuguese and the other in English, being the questions exactly the same for the two versions. This was done for this dissertation thesis to be able to collect responses from foreign persons, giving a more diversified representation to the collected sample. In addition, since the main theme is highly international, collecting foreign answers permits achieving results closer to reality and less biased. Both questionnaires were designed in QuestionPro and can be visualized is ***Exhibits 7 and 8***.

The questionnaire starts with a brief description of its aim and explains how data collected through it will be treated.

The first questions are intended to understand the respondents' profiling.

Equally important is the fourth question, being users asked if they are familiar with the concept of location-based social networks. If they answer negatively they are conducted to

question seven, where a short video[10] is presented describing how one of the referred location-based social networks in this dissertation works, in the case Foursquare. If respondents answer positively to question four, they follow the sequential questions' order, automatically, skipping question seven.

Questions 8 and 9 permit to comprehend what are location-based social networks' users or potential users' preferences and needs, when using them. Responses from persons that are not familiar with the concept of location-based social networks, defined as potential users, were considered due to the novelty of this service and their interest in benefiting from it, which was assessed through question seven. Respondents' answers were collected in a seven point Likert-type response scale, with extreme positions presented at 1 and 7. Through this technique this dissertation thesis aimed to avoid middle answers (4) and clearly assess each item score.

Questions 11 to 13 were thought with the purpose of understanding what companies can expect from users and what type of actions should they conduct in this context. Question 12 goes beyond this aim by allowing drawing a general, though limited, profiling of these questionnaire respondents. Through the answers evaluation a pattern or tendency may be established.

At last, it should be mentioned that only complete answers to the survey were considered valid.

3.2.2. Sample Size and Profiling of the Respondents

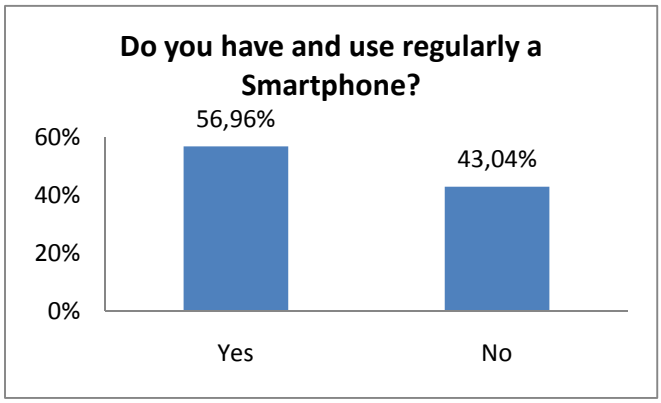
The questionnaire was viewed by 130 persons, from which 113 started to answer it. However, from those answers only 79 were considered complete and therefore valid. 49 answers were provided to the Portuguese version and the remaining 30 were provided to the questionnaire English version. The completion rate was around 70%.

From the 79 complete and valid answers, 31 were given by females (39, 24%) and 48 were provided by males (60, 76%). Regarding the respondents' age, even though answers ranged from less than 18 to a little more than 30, the average respondent belong to the interval 22 to 25 years old (65,82% of the answers).

[10] Available at: http://www.howcast.com/videos/386406-How-To-Unlock-Your-World-With-Foursquare [Accessed 19 April 2011]

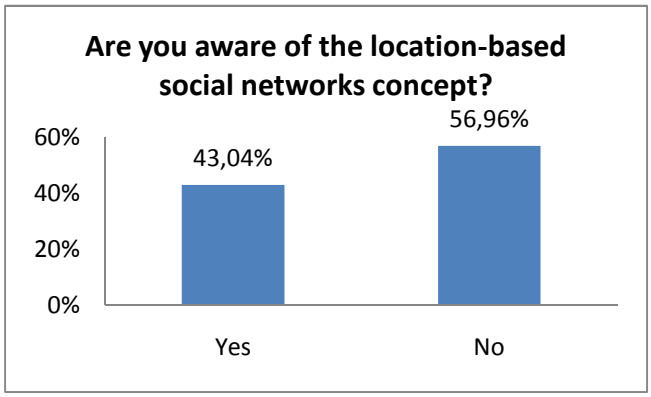
3.2.3. Questionnaire Results

The questionnaire demonstrated that a significant number of respondents (43, 04%) don't possess or use a smartphone regularly.



This represents a technological barrier for location-based social media since smartphone are the optimal platform where they can be used, enhancing the location feature. However, there is a clear tendency on the telecommunications market for consumers to replace their traditional mobiles for smartphones, therefore it's expected than in the next years the percentage of smartphones versus mobile phones will be higher (Brown, 2010).

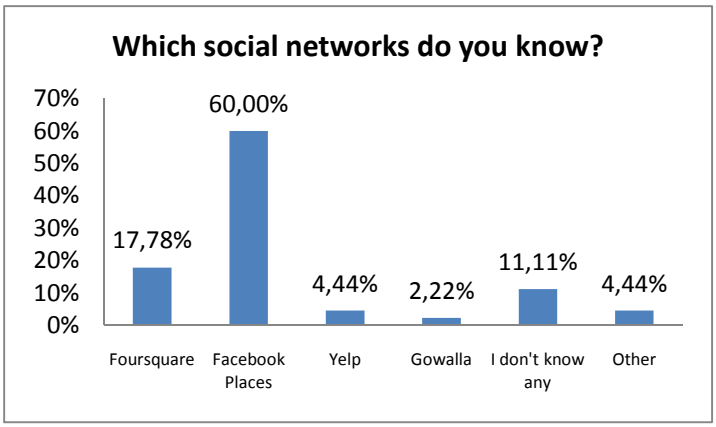
In addition to the technological barrier mentioned above, there seems to be a certain lack of knowledge about location-based social media, with 56, 96% of respondents stating that they are not familiar with it.



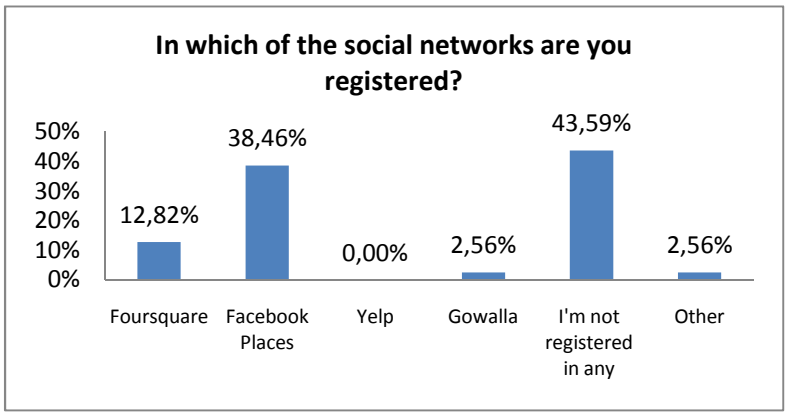
It is worth mentioning, though, that this unawareness is much higher among Portuguese respondents than European ones: 73, 47% of Portuguese respondents aren't familiar with location-based social networks, whether 70% of European respondents stated that they are aware of this concept.

Users that were not familiar with location-based social networks were asked to watch a brief video explaining how these networks function, in the case Foursquare. The results will be presented in the next sub-section, corresponding to the first research hypothesis testing.

Among the location-based social networks Facebook Places is the most popular with 60% of respondents stating that they are aware of it. The second most popular is Foursquare, even though only 17, 78% of respondents know about it. All the other referred networks (Yelp and Gowalla) have residual percentages in terms of respondents' knowledge, being these figures even inferior to the percentage of persons that are not familiar with any of the referrer location-based social networks.



These percentages are slightly different when respondents are asked in which of the location-based social networks they are registered: 43,59% state that they are not registered in any of these networks; 38,46% are registered in Facebook Places; and 12,82% are in Foursquare. The results might be influenced by the respondents' origin, since Foursquare is still a network focused in the United States, starting now to expand worldwide with more and more businesses using it (McHugh, 2011).

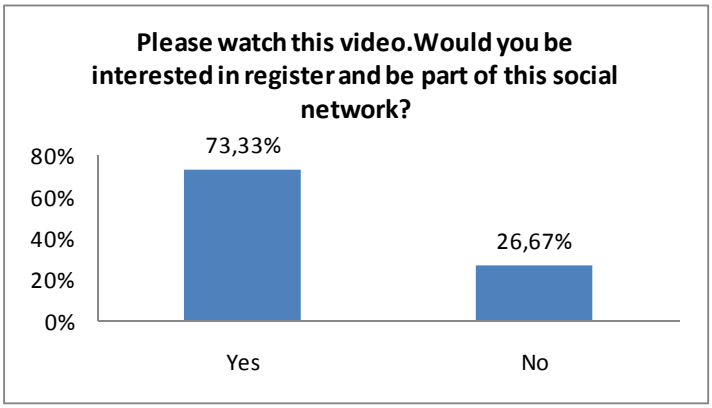


At last, in terms of the networks functionalities all the respondents stated that they wouldn't add any new feature to the ones already provided.

3.2.4. Test of Hypothesis and Discussion

In the previous subsection the testing of the first research hypothesis was introduced. From the questionnaire it is known that 45 respondents (56, 96%) are not familiar with the concept of location-based social media. These are considered by this dissertation the non-users of location-based social networks.

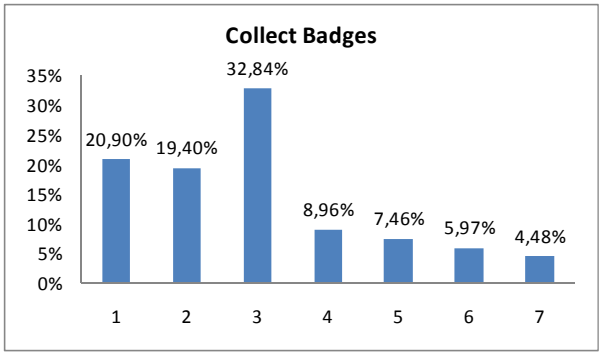
In order to understand their interest in becoming users and these networks attractiveness respondents were asked to watch a brief video, as explained before, and afterwards they were questioned whether they would register and become active users in location-based social networks or not. Users' response was clear and a majority (73, 33%) answered positively to the question. From the surveyed 45 persons only 12 answered "No". Consequently, they weren't asked additional questions ending the survey at this point.

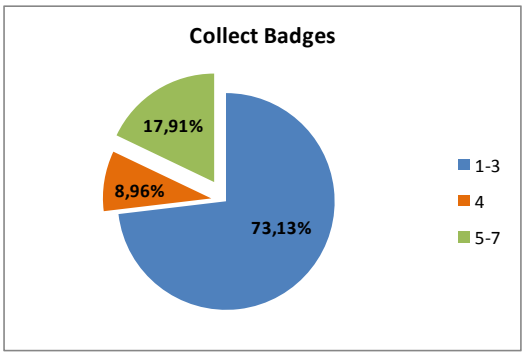


These results allow us to conclude that **H1 is confirmed**.

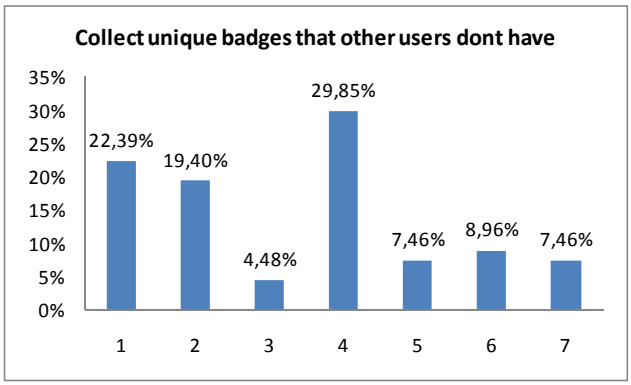
The next research hypothesis, with the exception of H5 and H6, were tested through a Likert-type response scale, with seven degrees. Answers between 1 and 3 were considered of rejection by users. Answers in the degree 4 were considered neutral. Answers between 5 and 7 were considered of acceptance by users. This dissertation adopted the criterion to consider a research hypothesis confirmed if 50% or more respondents' answers were situated between the 5^{th} and 7^{th} degrees.

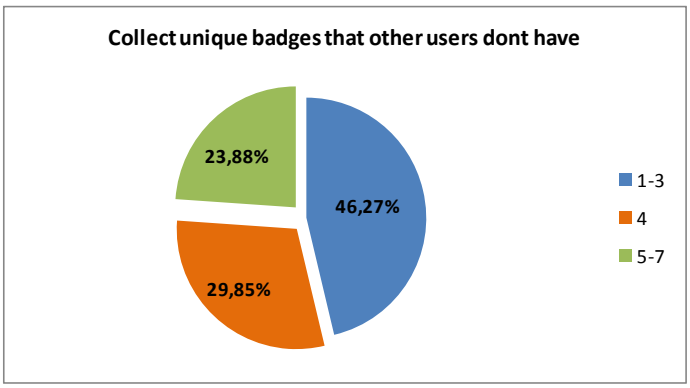
The criterion was first adopted to test H2. It was crucial in order to fulfil this dissertation´s aim to firstly understand how respondents' see the common features available in location-based social media. 73, 13% of respondents ranked the possibility of collecting badges between 1 and 3, meaning that they consider this feature irrelevant and uninteresting.





In addition, they were asked how they see or would see the possibility of collecting badges, if those badges were unique and personalized for each user. The answers were slightly more positive with the percentage of users ranking this feature between 1 and 3, lowering to 46, 27%. However, 29,85% also classified it with a rank of 4, being neutral about it.

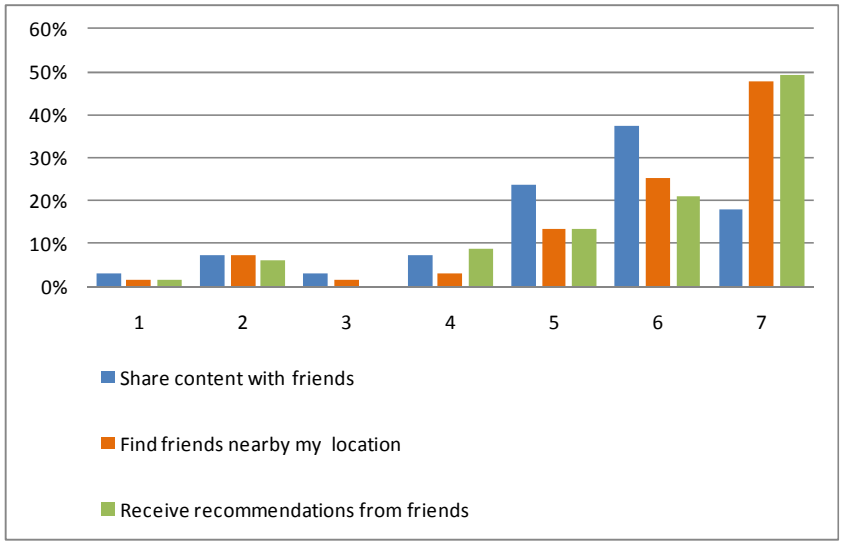


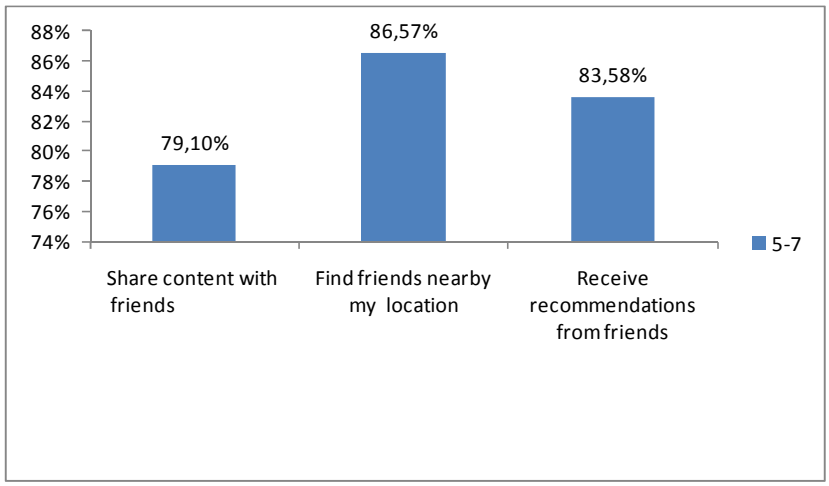


Therefore, considering the results, **H2 was not confirmed**, indicating that badges, even if they are unique, don't create value for users or increase their engagement and activity.

To test H3 the same criterion was applied. Additionally, to be confirmed this research hypothesis needed to obtain superior acceptance by respondents than the previous one. H3 was tested through three features: the possibility to share content with friends; find friends near users' current location; receive recommendations by friends about activities to develop near users' current location. 79, 10% of respondents ranked the possibility of sharing content

with friends between 5 and 7; 86, 57% ranked the possibility of finding friends near their location between 5 and 7; at last, also between 5 and 7, 83, 58% respondents ranked the possibility of receiving recommendation from friends about activities to develop near their location.

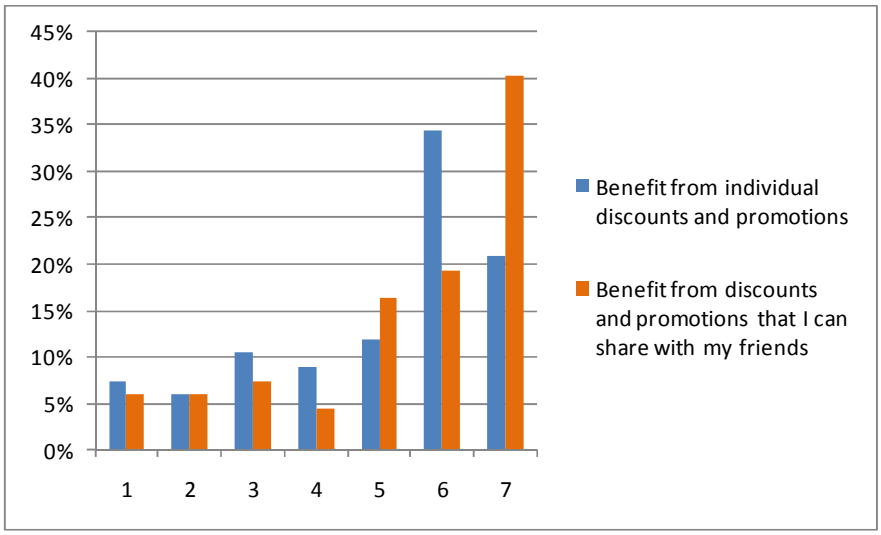


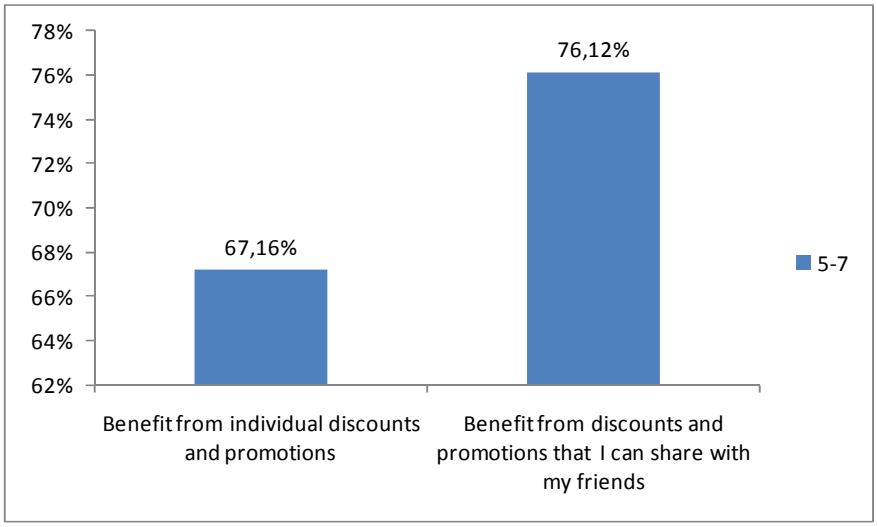


Therefore, it is confirmed that the possibility of interacting with friends, through content creation or by receiving recommendations, is the most valuable feature in location-based social networks. **H3 is confirmed.**

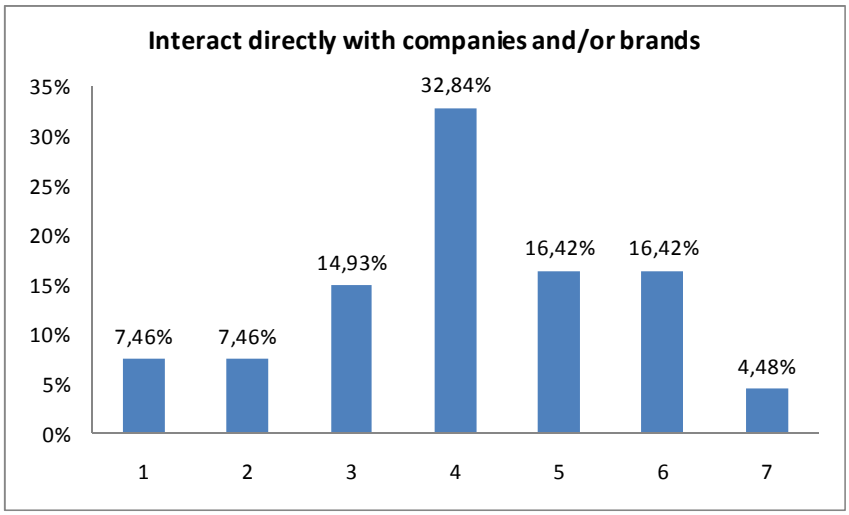
The following research hypothesis intends to understand how users value the current options through which companies can interact with them through location-based social networks. Consequently, H4 was tested through respondents' ranking of six features: benefiting from individual or group promotions and discounts; directly interacting with companies; receiving suggestions about travels or city walks; receive additional information about a touristic location; possibility of receiving or testing new products/services samples.

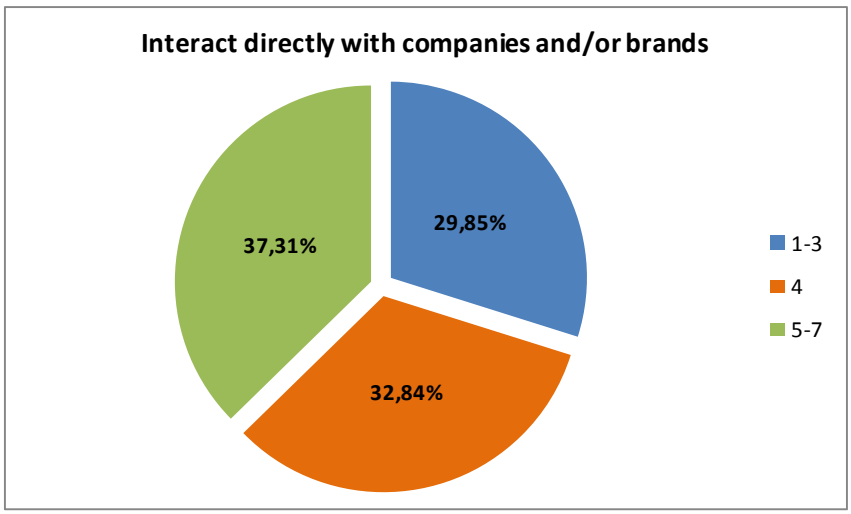
Regarding promotions and discounts 67, 16% of respondents ranked between 5 and 7 the possibility of receiving them individually. This percentage went up to 76, 12% when the feature was the possibility of benefiting from them in group.



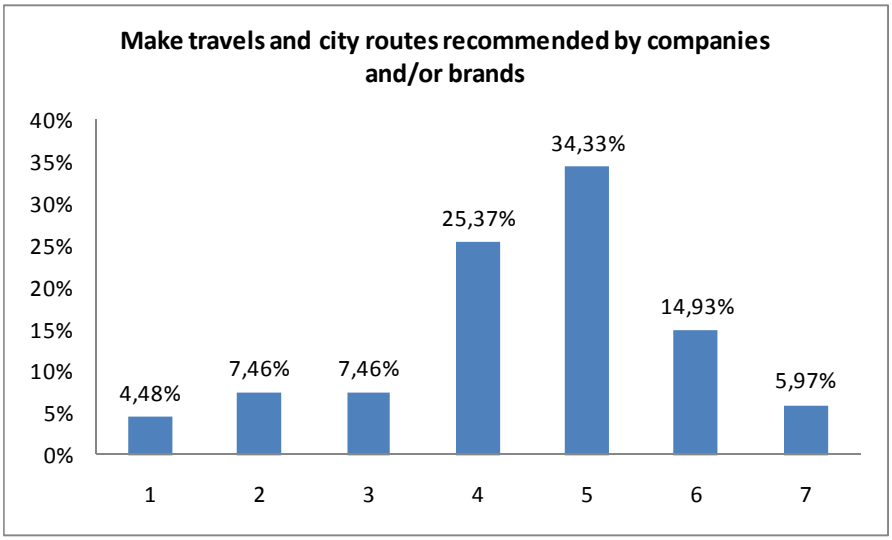


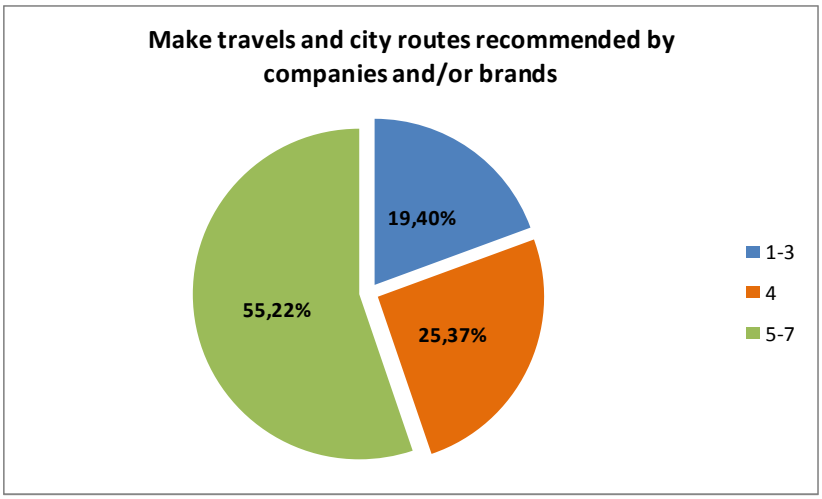
32, 84% ranked with 4 the possibility of directly interacting with companies and/or brands through location-based social media, while 37, 31% of respondents ranked it between 5 and 7. Therefore this feature did not receive enough acceptance by respondents according to the criterion defined by this dissertation.



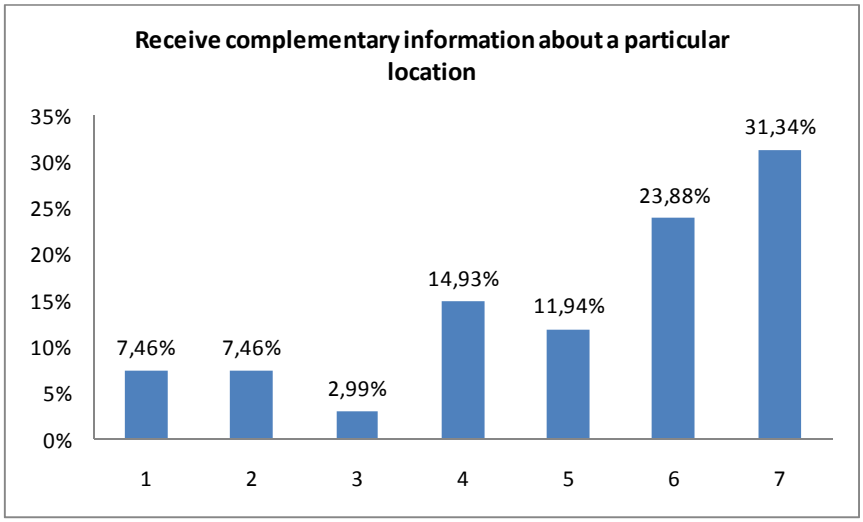


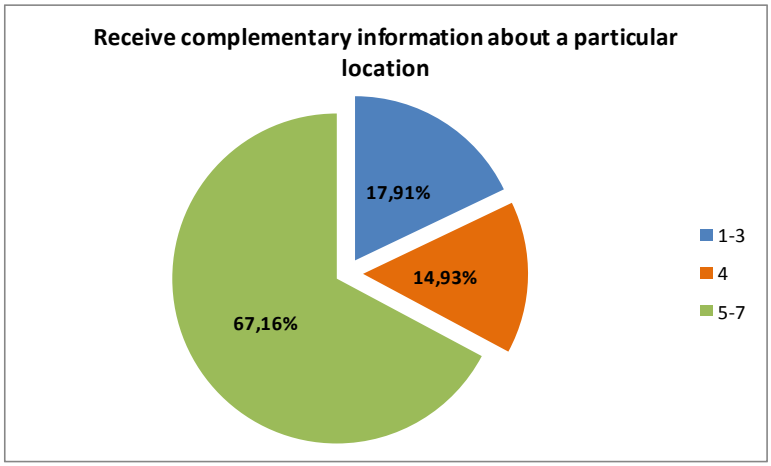
The possibility of making tours or city walks recommended by companies and/or brands, as the one made by Wall Street Journal described in the literature review, received greater acceptance by respondents: 55, 22% ranked it between 5 and 7, with 25, 37% ranking it with 4.



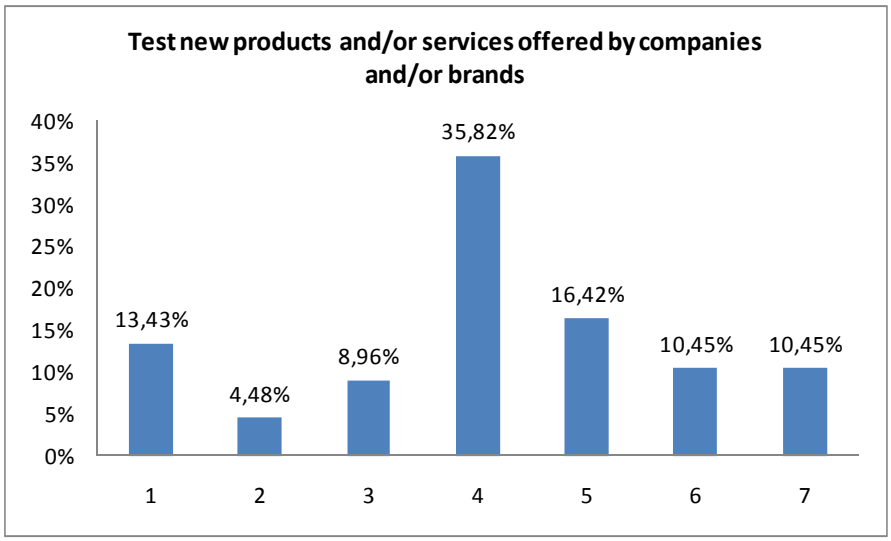


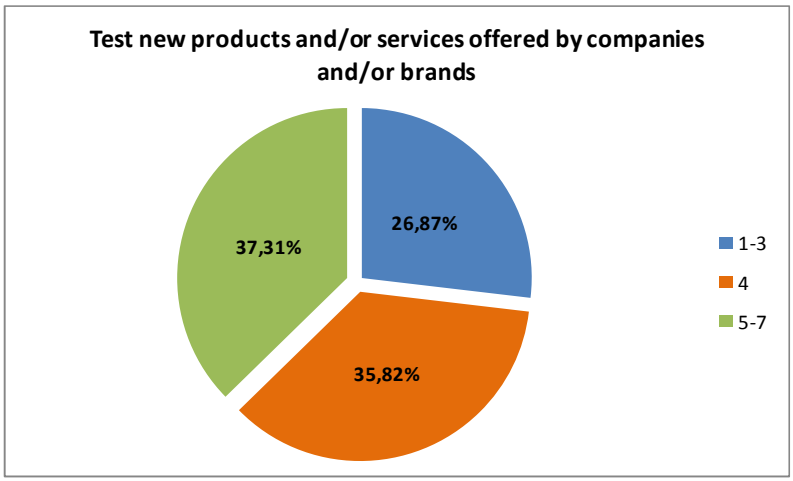
Receiving additional information about a specific location, for example about a museum, is positively viewed by this questionnaire's respondents: 67, 16% ranked this feature between 5 and 7, whether 14, 93% ranked it with 4, being indifferent about it.





At last, testing new products or services offered by companies and/or brands received similar amount of answers between neutrality and acceptance: 35, 82% respondents ranked it with 4 and 37, 31% ranked it between 5 and 7.

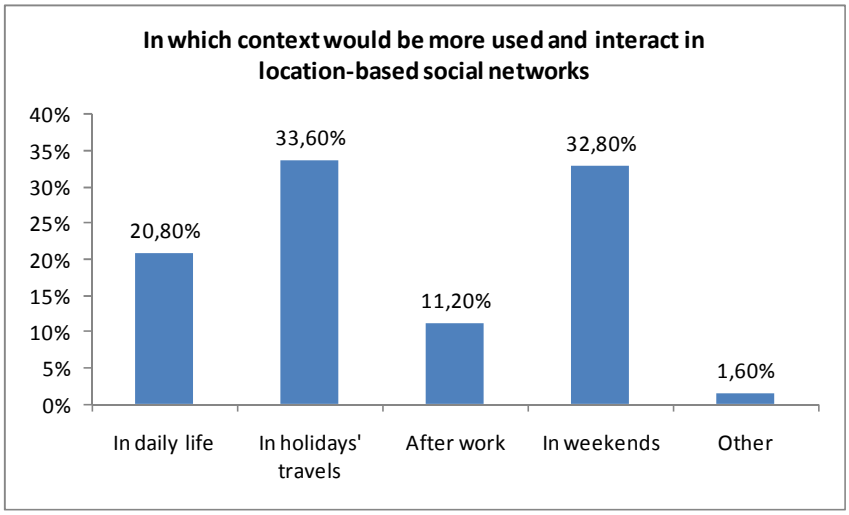




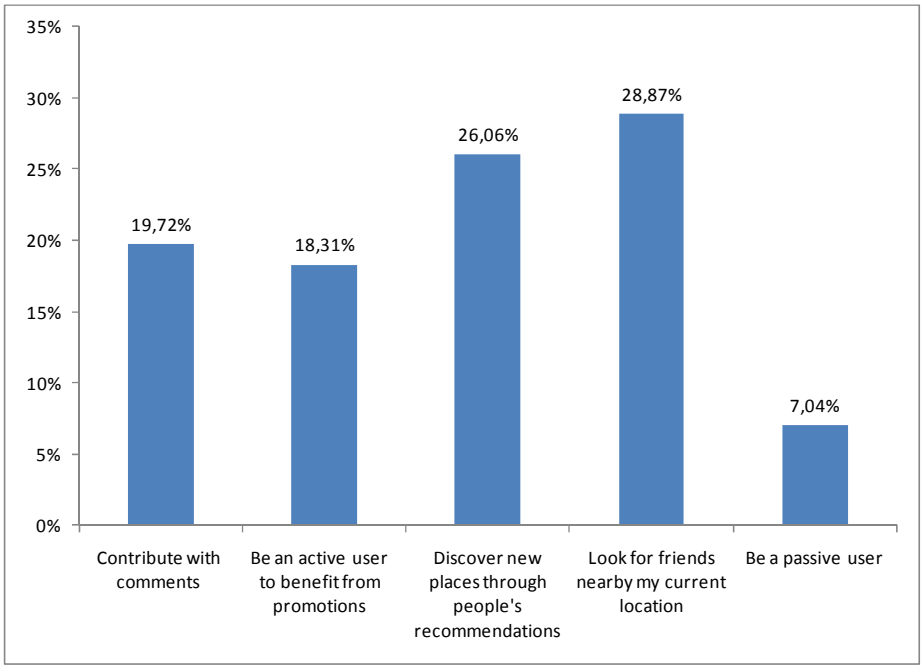
Through the described results this dissertation concludes that **H4 was partially confirmed**. To be fully confirmed it should be reconsidered in the following version: *Companies can attract users' interest by offering individual or group promotions and discounts; suggesting travels or city walks; and providing additional information about a touristic location.*

H5 and H6 are intended to understand if there is a common trend among these questionnaire respondents, allowing establishing a profiling of the typical location-based social media.

Regarding the periods of time in which users centre their activity in location-based social networks, 66, 40% stated they would use it during the weekend or in holidays. Therefore, **H5 was confirmed**.



Regarding users' behaviour in location-based social media the answers collected were somehow similar. 47, 18% stated they would have an active attitude benefiting from discounts and promotions and looking for friends nearby their location. However, 26, 06% stated they would focus in discovering new places through third parties recommendations, while 19, 72% would contribute with reviews and comments to the community. Being a passive user just received 7, 04% of the answers.

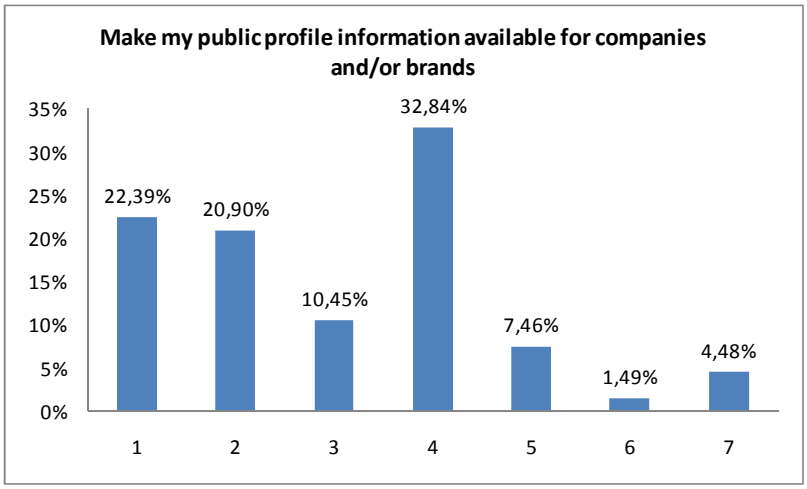


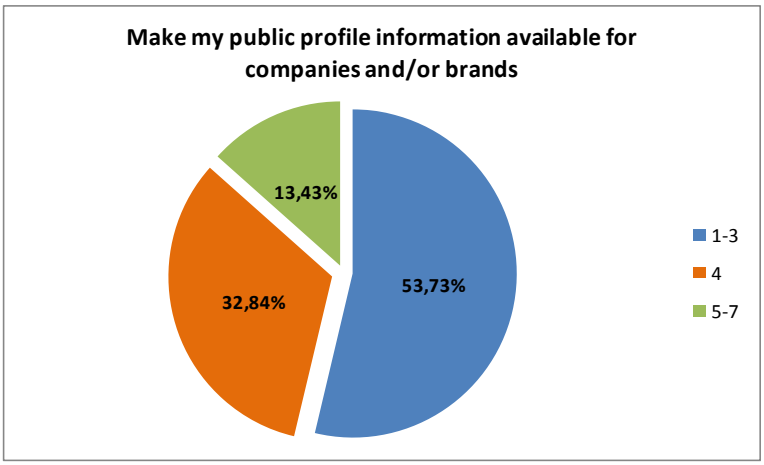
The results presented are not sufficient to confirm H6. However, it is worth mentioning that the large majority of respondents stated they would adopt an active behaviour as location-based social media users. This finding has an impact for companies and/or brands.

As it was stated in the previous sub-sections research hypothesis 7 to 10 intended to understand which actions can companies and/or brands perform according to users'

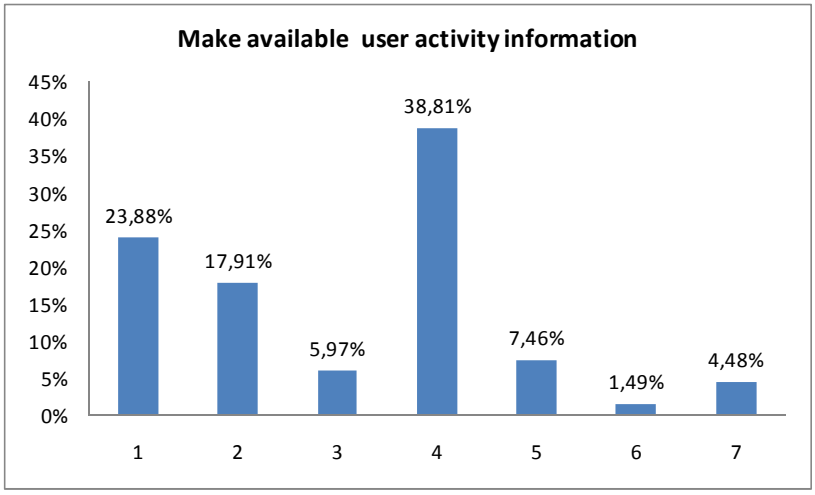
willingness. Each research hypothesis was tested through the same method used to test H1 to H4.

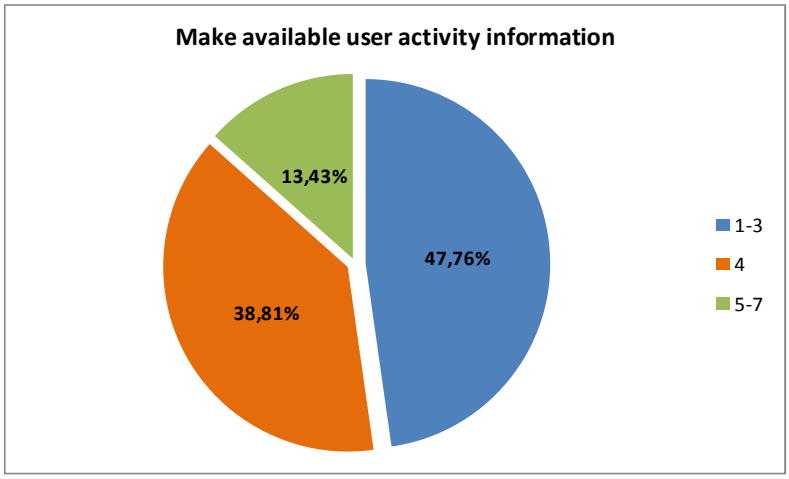
H7 was related with users' willingness to share their public information with companies and/or brands. 53, 73% ranked this option between 1 and 3, showing their unavailability to share their information. 32, 84% stated they would be neutral, ranking it with 4.





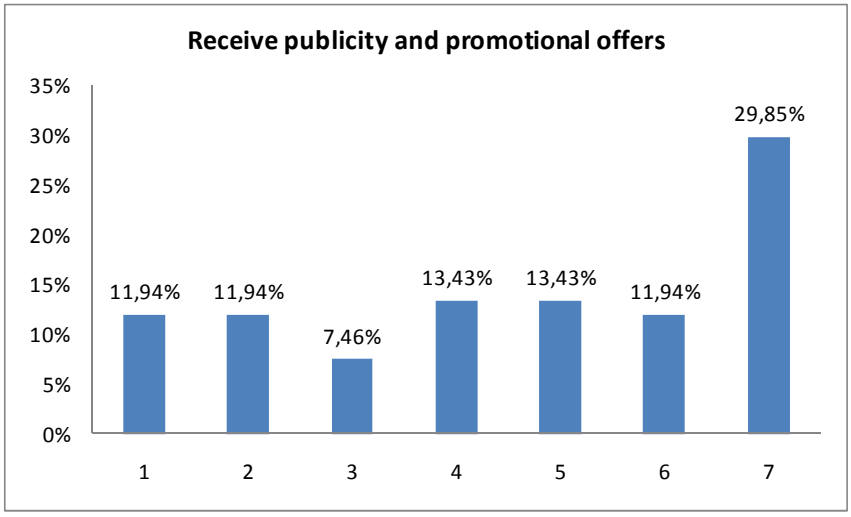
In addition, respondents were asked if they would allow companies to collect information regarding their activity as location-based social networks' users. The results confirmed respondent's unwillingness with 47, 76% ranking this option between 1 and 3, and 38, 81% ranking it with 4.

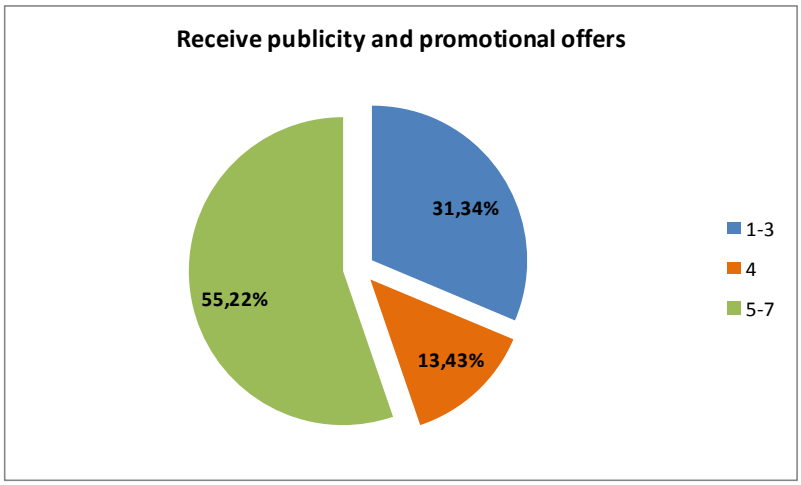




Therefore, the results indicate that companies cannot deepen their knowledge about their customers by collecting information from location-based social networks. **H7 is not confirmed.**

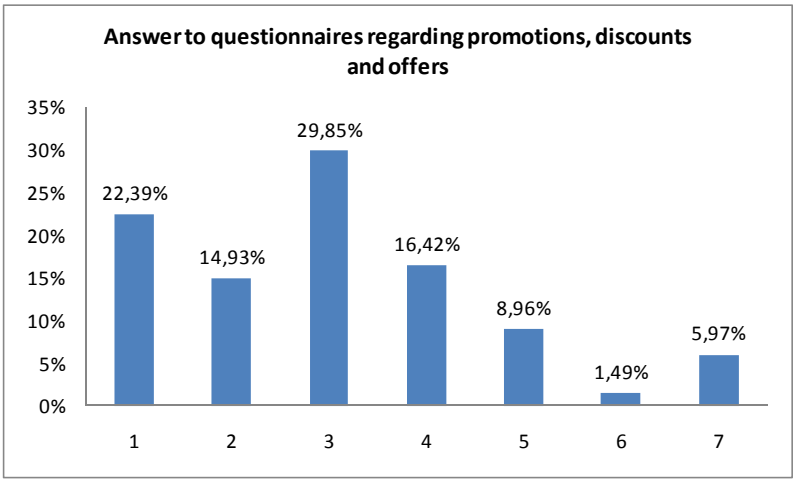
The following research hypothesis tested users' willingness to be targeted through contextual marketing techniques, by the companies/brands where they more check-in at. 55, 22% of respondents said they would be willing to be targeted, by ranking this option between 5 and 7.

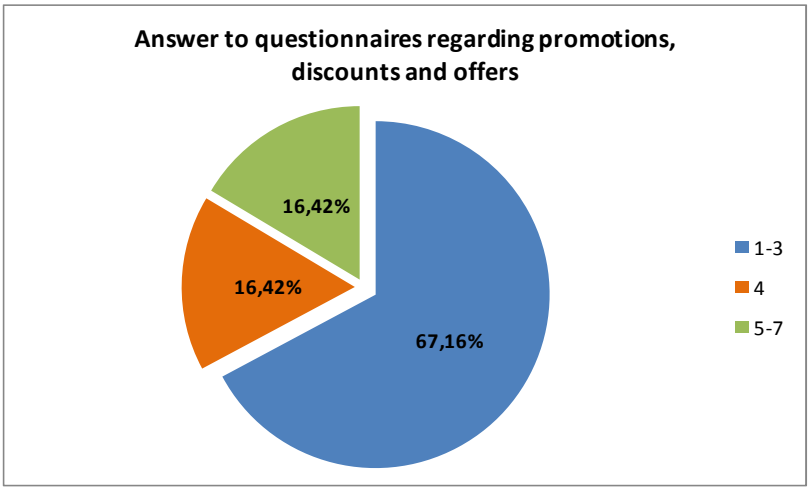




These results allow us to conclude that **H8 is confirmed**.

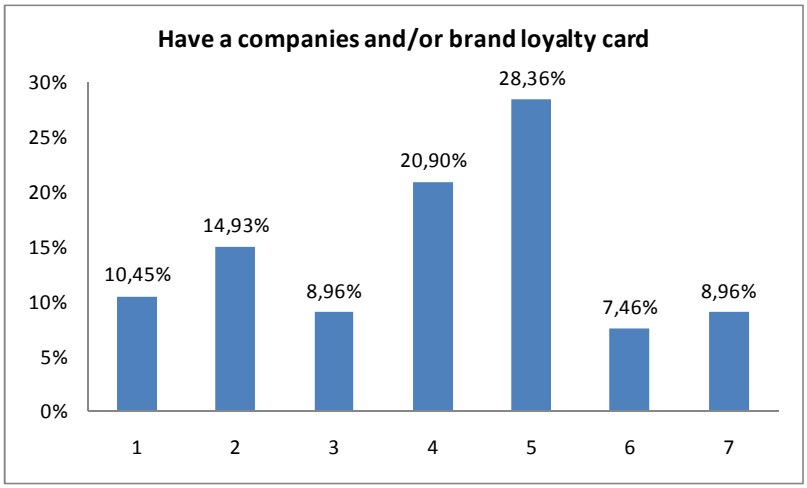
The possibility of interacting with users through questionnaires with the objective of understanding companies' marketing efforts effectiveness was rejected by this questionnaire's respondents. 67, 16% ranked this option between 1 and 3, clearly showing their unwillingness to interact with companies through this mean.

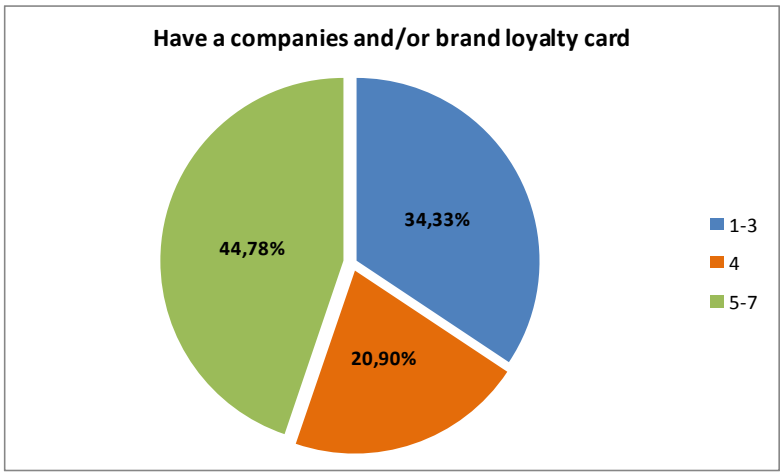




Contrary to H8, research **hypothesis 9 was not confirmed**.

At last, H10 tested users' willingness to possess a loyalty card from the companies and/or brands with which they interact more, for example Starbucks. 44, 78% of the respondents ranked this option between 5 and 7, while 20, 90% were neutral. Even though **H10 does not have enough answers to be confirmed** according to the criteria defined by this dissertation, there is room for companies and/or brands to exploit this possibility due to the considerable amount of respondents that ranked this option with 4.





3.2.5. Section Summary

From the questionnaire results we learned that location-based social media is an appealing concept for potential users, raising their interest in registering and making part of these social networks. Additionally, we learned that their users value the most the possibility of interaction with friends, through sharing or content creation, similarly to traditional online social networks.

Simultaneously, we learned that companies can make use of location-based social networks to carry their marketing efforts. Users have a propensity to make use of these networks during the weekend or when in holidays. In terms of direct use by companies they can attract users through promotions and discounts offered at their location or locations, suggesting travels or city walks and by providing additional information about a particular place. Furthermore, from the survey results companies have the insurance to be able to target their customers through contextual marketing techniques.

In the next section hypothesis on how location-based social media should be used by companies will be established based on the results from the questionnaire.

3.3. The Strategic Impact for Companies

Strategic frameworks traditionally assume that a technology is strategic under a specific series of assumptions regarding the method through which it should be used. Through the empirical data collected this dissertation proposes a set of hypothesis. If their validity is proven, through the RBV framework application, the hypothesis will be transformed into assumptions in how the technology should be used. This analysis is performed in this section.

It should be noted that other uses of the technology can exist that can also be strategic, but this would only confirm out research hypothesis further. That is to say that this work does not try to find all situations up on which this technology can be used strategically.

3.3.1. Hypotheses under Which the Technology is Strategic

As any concept which main features are social and further growth and development relies on its users (UGC website), location-based social media rely on network effects to grow and to attract companies (Zhang et al, 2011; O'Reilly, 2007). These network effects were achieved and are visible through the number of users in the location-based social networks described on this dissertation (Foursquare, around 6 millions, Facebook Places, around 30 millions, Yelp, around 2 millions, and Gowalla, around 1 million). Therefore, the first hypothesis through which location-based social media may have a strategic impact over companies is:

> *h1: Location-based social networks benefit from network effects in a scale large enough to attract and keep engaged a considerable number of users.*

Location-based social networks offer companies a new platform through which they can reach their customers, being this their main source of added value for businesses. For the purpose of reaching customers companies have to perform two different steps. Firstly, to make part of these networks companies are required to register and create their own page to which their

location should correspond. Considering Starbucks example, at each point of sale location the company has their stores identified and a page associated to them. Secondly, companies can use the structured location-based social networks' processes to target customers. Through the collected empirical data is possible to understand which features are strategic for companies. Location-based social media should be used by them to, as was stated above, offer individual or group promotions and discounts, suggest travels or city walks and provide additional information about a touristic location. These were the features confirmed in H4, being the ones perceived by users as relevant and attractive.

Nevertheless, the personalization can be carried one step further. The location element permits companies to carry contextual personalization. Users' actions, the checking-in, can be tracked and companies can understand what type of promotions and discounts their customers look for, who are their more loyal customers, with what periodicity they visit the point of sale, if customers prefer individual or group discounts, among others. The data mining about customers has enormous potential in location-based social media, with the limits of respecting users' privacy, as it was proved by H7 not being confirmed. In addition to data mining, the empirical data showed that together with location, time, namely when users tend to use location-based social media (H5), is an important factor that companies should take into consideration when deciding how to target and interact with their customers. In conclusion, a second hypothesis about the location-based social media strategic impact for companies is:

> *h2: Location-based social networks have a strategic impact for companies if used by them to perform contextual personalization.*

The third and final hypothesis of this dissertation is related with switching costs. Through the questionnaire it was possible to understand that users are willing to be directly targeted by companies with discounts and promotions, which was confirmed in H8. From the literature review on location-based social networks we know that some of the promotions and discounts that users might benefit from are related with the amount of check-ins they do at a specific location, being these campaigns aimed to increase customer loyalty. Therefore, users have incentives to return to a specific location and interact with that company or brand continuously. Let's consider the example of Starbucks. If a customer receives a Starbucks' coffee or a cup after visiting its shop five times, and he has a preference for this brand or the shop is located at a favourable location for him or her, it is normal that this customer will forgo other coffee brands becoming more loyal to Starbucks. Therefore, the third hypothesis about the location-based social media strategic impact for companies is:

> *h3: Location-based social networks have a strategic impact for companies if they are able through them, to create switching costs for users.*

3.3.2. Hypothesis Theoretical Study

The Resource Based View of the firm proposes that strategy should be designed and decided according to the company's resources and capabilities. Using the Resource Based View framework, considered in the literature review, it is possible to test the hypothesis presented in the section above, assessing if location-based social networks have a strategic impact for companies, constituting a source of sustainable competitive advantage, under those same hypothesis.

Regarding network effects its existence in location-based social networks was tested and confirmed by this dissertation's H1. A large majority of respondents confirmed the potential that location-based social media has for persons that never heard about this concept before. It is worth mentioning that the networks effects can be carried even further, as it was proved by H3 confirmation: interacting with friends, in the specific case of location-based social media, through places' recommendations, meetings at specific locations or discounts' sharing, is a powerful word-of-mouth feature capable of directly influencing companies business in terms of reputation and sales, among others. Consequently, **the hypothesis h1 is confirmed**, constituting a general assumption under which location-based social media has a strategic impact on companies.

The resources available for companies through location-based social networks are the same, since once they register they have access to a defined set of tools and features common to all. These networks allow companies to target their customers and conduct marketing campaigns through structured processes and pre-determined features, valued by customers. In other words, location-based social networks allow companies to personalize their offers according to users' preferences and actions (since the check-in made by users at a particular location is always required).

However, the capabilities are different. The possibility from a company to differentiate itself from the competitors will rely on its ability to create better or better suited promotions and discounts for its customers, to collect information on customers' preferences, patterns of usage and preferred locations, to better adjust to their customers' context and location and to promote loyalty among customers. If a company can perform these activities more effectively than its competitors it will have an advantage. Contextual personalization is relatively hard to imitate due to its specificity according to each customer preferences and needs. Additionally, the attributes and intangible assets that companies or brands possess outside location-based social networks might influence users' perceptions.

It is a complex set in which company's capabilities have to be evaluated in terms of their ability to generate a sustainable competitive advantage. Even so, it is adequate to consider

contextual personalization as a durable capability, involving complex resources, and hard to imitate, specific to a company's activity, immobile and concealed due to the techniques involved in data mining and customers' information collection and hard to replicate. Consequently, the referred capabilities have the potential to generate a sustainable competitive advantage depending companies on their appropriability capacity to reach it. **The hypothesis h2 is confirmed**.

From contextual personalization companies can derive the creation of switching costs. Creating interdependency between the customer and the brand, offering incremental benefits according to increasing loyalty and directly targeting customers, gives appearance to switching costs for the customer. All these capabilities are durable in the sense that they represent an intangible asset. In addition, by originating switching costs they constitute a barrier for imitation or transference by or to competitors since the relation created is irreplaceable and the investment required to replicate it is too high. By respecting the RBV assumptions the creation of switching costs by a company is likely to constitute a source of sustained competitive advantage. Consequently, **the hypothesis h3 is confirmed**.

3.3.3. Section Summary

In this section – The Strategic Impact for Companies – the hypotheses under which the technology creates value for users are presented and afterwards confirmed through the Resource Based View framework application. The existence of network effects presence in location-based social networks was confirmed with the empirical data collected by this dissertation. Contextual personalization is assumed to be a durable and immobile capability, specific to the company and its customers. In addition, it is assumed that contextual personalization induces the creation of switching costs, based on a relationship of interdependence between the company and its customers.

In the next chapter this dissertation conclusions will be summarized and its limitations and directions for future research presented.

Chapter IV: Conclusions and Implications

4.1. Conclusions

In conclusion, to compete in the context of location-based social networks companies have to develop and enhance their capabilities, always focusing not only in shielding them from competition but also in how to better serve and communicate with their customers. Due to the complexity of location-based social media and its highly dynamic and interactional character it is important for companies to specifically establish their strategy for this new channel of communication.

The resources associated with data mining should be protected from public disclosure, bearing in mind that the information collected about customers must respect their privacy. Even if it is not for now a primary channel of sales or marketing, location-based social media should be viewed as an opportunity to differentiate from competitors, with a focus on contextual marketing.

Making use of location and studying how customers react to promotions and discounts might influence a company as a whole, namely its strategy and how it positions itself in the market. In addition, the network effects and the word-of-mouth existent in location-based social media must be taken into account by companies.

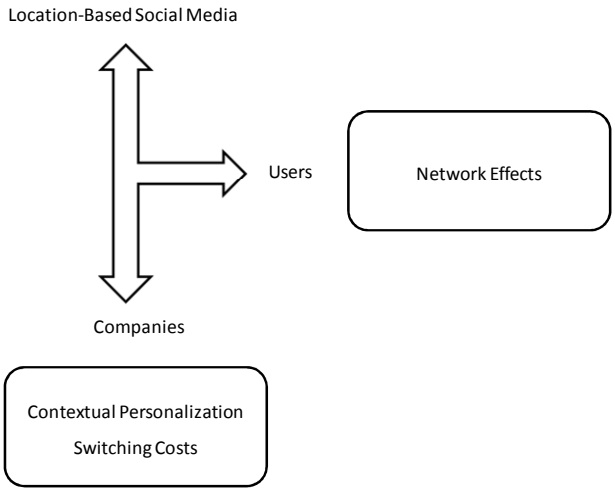
Initially through the collection of empirical data, and afterwards with the theoretical analysis of hypothesis using the Resource Based View, this dissertation concludes that under the assumptions following assumptions, location-based social networks, the technology, have a strategic impact for companies.

> *A1: Location-based social networks benefit from network effects in a scale large enough to attract and keep engaged a considerable number of users.*

> *A2: Location-based social networks have a strategic impact for companies if used by them to perform contextual personalization.*

> *A3: Location-based social networks have a strategic impact for companies if they are able through them, to create switching costs for users.*

The following figure summarizes the findings described above.



The fifth step proposed by Grant in its framework - "identify resource gaps which need to be filled" – (Grant, 1991) must be carefully conducted since the impact of a company's service and relationship management with its customers might be bigger than it would normally be, due to these networks social character and scale, in terms of users' number.

Following Winer's CRM framework (Winer, 2001) it's clearly assessable that location-based social networks have an impact in all the areas identified in the framework due to the high flows of information they generate about customers. When users check-in, when users go to the company's location and benefit from a promotion or discount and make additional purchases on those occasions, when the company gives an offer based on the amount of repeated visits, it is collecting information about its customers. Creating a database, analysing it, performing customer selection and targeting, promote relationship marketing, respecting users' privacy issues and in the end perform a metric on the CRM performed, as proposed by Winer, appears to be the natural and logic path through which companies can treat the information collected. Consequently, in the background of contextual marketing this framework can be seen as a step by step description of how the relationship with customers in location-based social media should be managed.

4.2. Limitations

The results obtained by this dissertation are conditioned to the population that responded to the questionnaire. In view of the fact that 82, 28% of the respondents were young adults (22 to 30 years old) the results cannot be extrapolated for other populations. In addition, all the

respondents were born and live in Europe therefore populations from different regions of the globe with dissimilar cultures may present different results.

The criterion used to evaluate Likert-type response scale results assume that responses between 1 and 3 have the same value, representing rejection by the respondent. The same principle was used for responses between 5 and 7, assuming that between this range the respondent was expressing his or her acceptance.

The conclusions that this dissertations reached are only valid in the context of the population representativeness. In other words, with another population, under a strategic point of view, the hypothesis being tested might not be the same and, consequently, the results might be different than the ones obtained in this work.

4.3. Future Research

For the future research in this dissertation's area it would be interesting to extend the collection of empirical data to companies, understanding how they view location-based social media and what their objectives from making part of them are.

Complementarily, it would be relevant to extend the questionnaire to different regions of the world, for example understanding if North American users' views are different from the ones collected in this dissertation, since these networks have a high penetration in that region.

At last, it would be interesting to study the role of privacy in location-based social networks and how it could influence users' perceptions and activity.

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Exhibit 1 – Grant's Resource Based View Framework

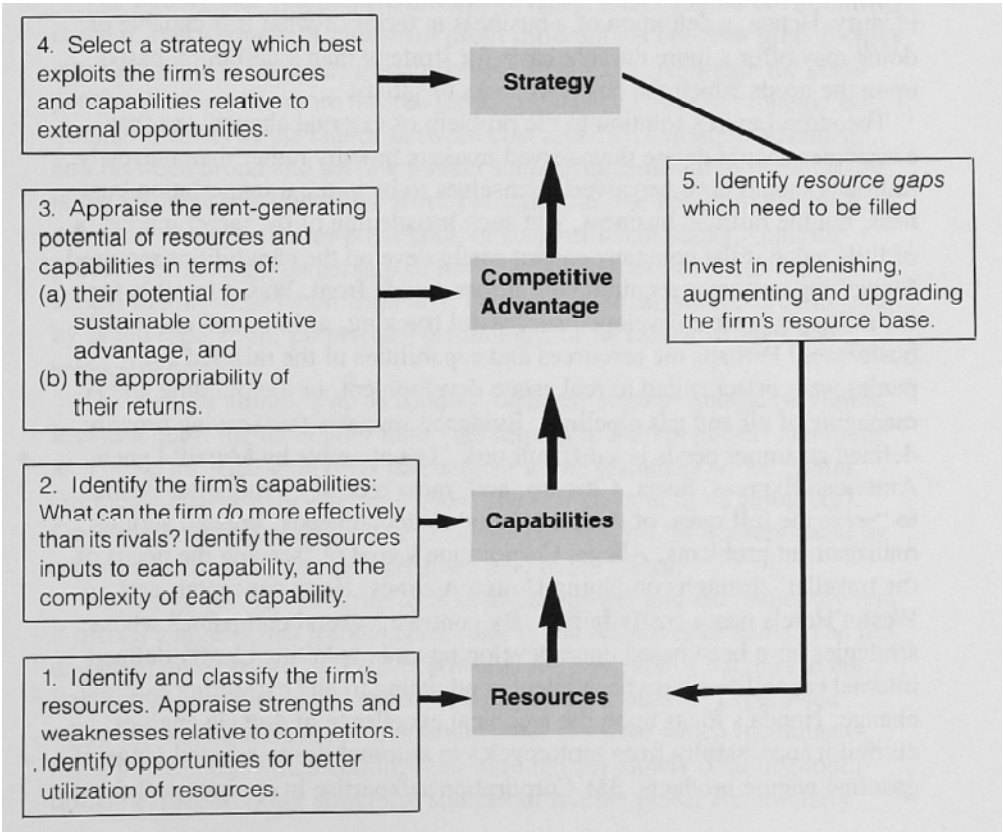


Exhibit 2 – Grant's Resource Based View Framework Application

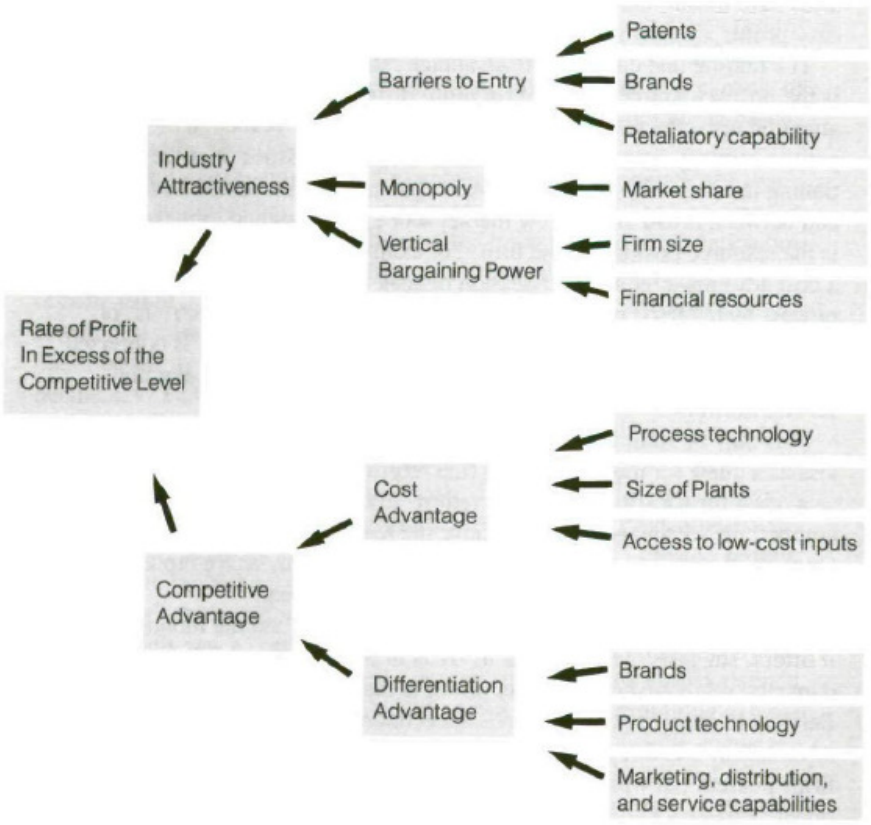


Exhibit 3 – Grant's Framework Definitions

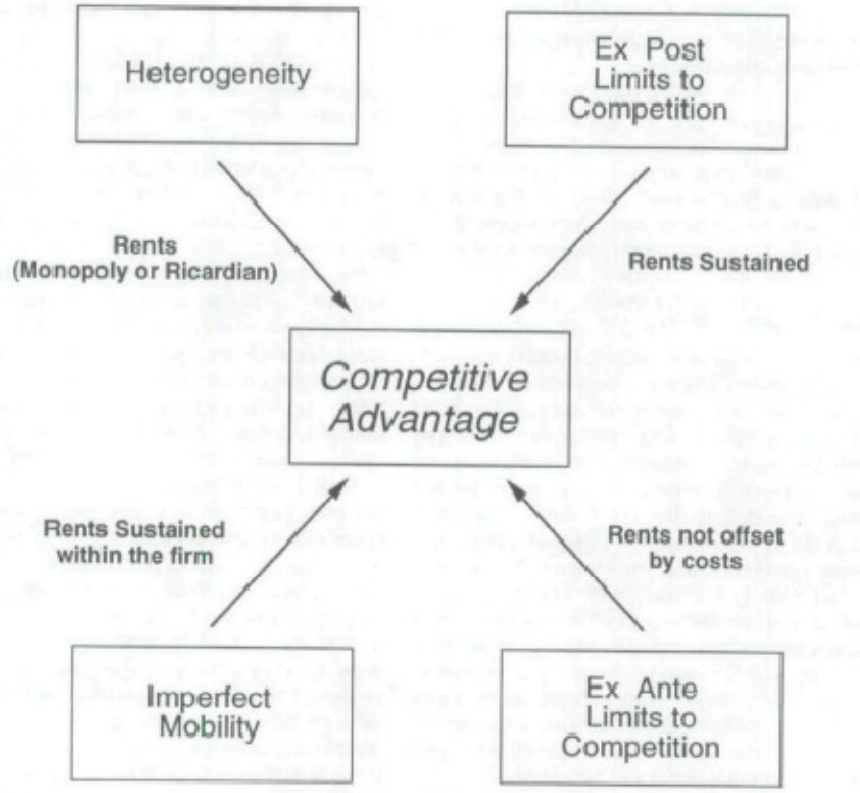
Durability is related with depreciation, namely the rate or speed at which resources and capabilities turn out to be outdated. Physical and technological items tend to be less durable due to constant innovations and breakthroughs. However, intangible assets like brand image and reputation are durable during time. According to Grant "firm capabilities have the potential to be more durable than the resources upon which they are based because of the firm's ability to maintain capabilities through replacing individual resources (including people) as they wear out or move on".

Transparency is used by Grant as a synonym for Imitation. It depends on the company's capabilities imitation degree and in the easiness to access the resources needed to replicate those capabilities. As more complex capabilities and resources are, the harder it would be for competitors to mitigate a company's competitive advantage.

Transferability is related with a competitor's ability to acquire the resources needed to replicate a competitive advantage. According to Grant the factors that may prevent transferability are: geographical immobility (costs of transferring capital and people); imperfect information (namely the limits of public information regarding resources); the resources' specificity (brand recognition, company's reputation, employees motivation); and the capabilities' immobility (organizational routines, team dynamics).

Replicability consists in competitors' ability to imitate or replicate the resources and capabilities of a company benefiting from a competitive advantage. As in the case of transferability complex and intangible resources or capabilities are harder to be replicated.

Exhibit 4 – Peteraf's Framework



"Resource heterogeneity creates Ricardian or monopoly rents. *Ex post* limits to competition prevent the rents from being competed away. Imperfect factor mobility ensures that valuable factors remain with the firm and that the rents are shared. *Ex ante* limits to competition keep costs from offsetting the rents" (Peteraf, 1993).

Exhibit 5 – Winer CRM Framework

Exhibit 6 - Payne and Frow CRM Framework

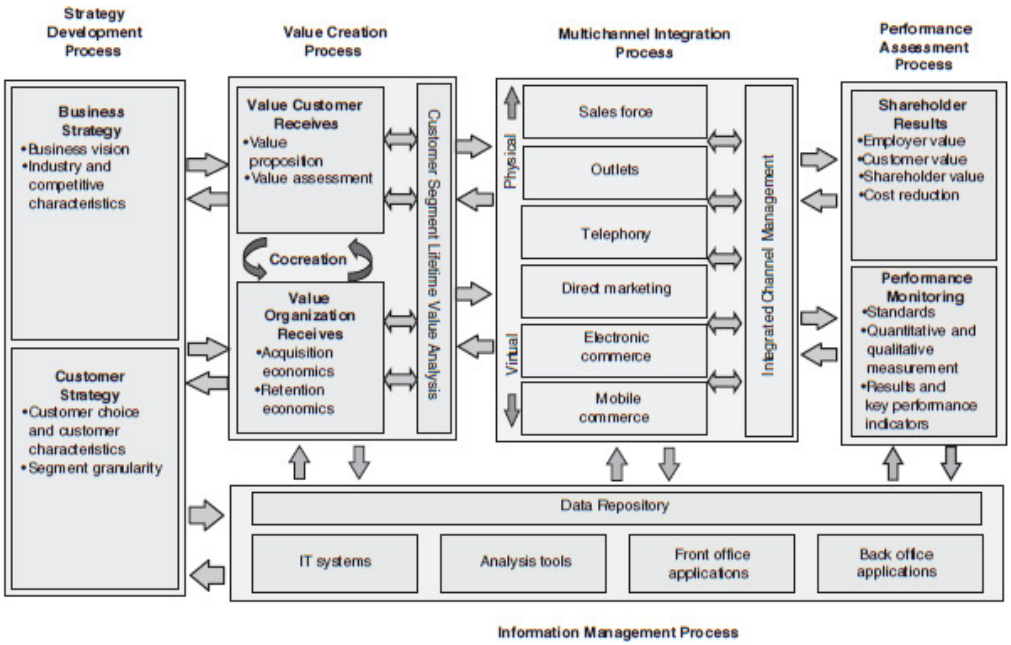


Exhibit 7 – Questionnaire (Portuguese Version)

Olá!

Este questionário incide sobre as redes sociais de geolocalização (locatio-based social networks) sendo o seu objectivo perceber quais são as percepções dos utilizadores ou potenciais utilizadores relativamente às mesmas.

Os dados recolhidos através deste inquérito destinam-se exclusivamente à realização da minha Tese de Mestrado e serão mantidos em total confidencialidade.

Obrigado pela sua colaboração.

1. Sexo

❍ Feminino

❍ Masculino

2. Idade

❍ <18

❍ 18-21

❍ 22-25

❍ 26-30

❍ >30

3. Possui e utiliza regularmente um Smartphone?

❍ Sim

❍ Não

4. Está familiarizado/a com o conceito de “location-based social networks”?

❍ Sim

❍ Não

5. Da seguinte lista, quais são as redes sociais que conhece? Pode escolher mais do que uma opção.

❍ Foursquare

❍ Facebook Places

❍ Yelp

❍ Gowalla

❍ Não conheço nenhuma

❍ Outra ☐

6. Em qual destas redes sociais está registado/a? Pode escolher mais do que uma opção.

❍ Foursquare

❍ Facebook Places

❍ Yelp

❍ Gowalla

❍ Não estou registado/a em nenhuma

❍ Outra ☐

7. Por favor visione este vídeo.
Estaria interessado em registar-se e fazer parte desta rede social?

❍ Sim

❍ Não

8. Numa escala de 1 a 7, de acordo com as suas preferências pessoais, classifique as seguintes funcionalidades disponíveis nas "location-based social networks".

(1=pouco interessante e irrelevante, 7=essencial e muito interessante)

	1	2	3	4	5	6	7
Possibilidade de coleccionar "badges"	❍	❍	❍	❍	❍	❍	❍
Possuir "badges" que outros utilizadores não têm	❍	❍	❍	❍	❍	❍	❍
Partilhar conteúdos, fotos e comentários, com os amigos	❍	❍	❍	❍	❍	❍	❍
Encontrar amigos próximos do local em que me encontro	❍	❍	❍	❍	❍	❍	❍
Receber recomendações de amigos sobre actividades a desenvolver próximas do local em que me encontro	❍	❍	❍	❍	❍	❍	❍

9. Numa escala de 1 a 7, de acordo com as suas preferências pessoais, classifique as seguintes funcionalidades disponíveis nas "location-based social networks".

(1=pouco interessante e irrelevante, 7=essencial e muito interessante)

	1	2	3	4	5	6	7
Usufruir de promoções e descontos de forma individual	❍	❍	❍	❍	❍	❍	❍
Usufruir de promoções e descontos com amigos	❍	❍	❍	❍	❍	❍	❍
Interagir directamente com empresas e/ou marcas	❍	❍	❍	❍	❍	❍	❍
Fazer viagens e percursos em cidades recomendados por empresas e/ou marcas	❍	❍	❍	❍	❍	❍	❍
Receber informação	❍	❍	❍	❍	❍	❍	❍

adicional sobre um determinado local (exº Museu, Monumento)

Testar novos produtos e/ou serviços oferecidos pelas empresas e/ou marcas ❍ ❍ ❍ ❍ ❍ ❍ ❍

10. Acrescentaria alguma funcionalidade à lista anterior? Se sim qual?

❍ Não

❍ Sim ☐

11. Em que contexto utilizaria e interagia mais nas "location-based social networks"?

❍ No dia-a-dia

❍ Em viagens turísticas

❍ Após o dia de trabalho

❍ Aos fins-de-semana

❍ Outro ☐

12. Quais as acções que mais efectua/efectuaria enquanto utilizador das "location-based social networks"?

❍ Contribuir com comentários e dicas sobre eventos ou produtos/serviços

❍ Ser um utilizador activo de forma a usufruir de descontos e promoções

❍ Descobrir novos locais através de recomendações de terceiros

❍ Procurar amigos perto do local em que se encontra

❍ Ser um utilizador passivo, limitando-se a recolher informações

13. Numa escala de 1 a 7, de acordo com as suas preferências pessoais, classifique as seguintes opções em termos da sua disponibilidade:

(1=indisponível, 7=disponível)

	1	2	3	4	5	6	7
Disponibilizar a informação	❍	❍	❍	❍	❍	❍	❍

pública do meu perfil às empresas e/ou marcas							
Receber publicidade e ofertas dos locais em que faço check-in regularmente	❍	❍	❍	❍	❍	❍	❍
Possuir um cartão de cliente de uma empresa e/ou marca	❍	❍	❍	❍	❍	❍	❍
Participar em questionários feitos pelas empresas e/ou marcas relativamente a promoções, descontos e ofertas	❍	❍	❍	❍	❍	❍	❍
Disponibilizar informação relativa à minha actividade enquanto utilizador (exº promoções que usufrui, locais em que fiz check-in)	❍	❍	❍	❍	❍	❍	❍

Exhibit 8 – Questionnaire (English Version)

Hello!

This survey is about location-based social networks; its objective is to understand what are users' or potential users' perceptions towards them.

The data collected through this questionnaire is exclusively destined to my Master Thesis and it will be maintained totally confidential.

Thank you for your collaboration!

1.Gender

❍ Feminine

❍ Masculine

2. Age

❍ <18

❍ 18-21

❍ 22-25

❍ 26-30

❍ >30

3. Do you have and use regularly a Smartphone?

❍ Yes

❍ No

4. Are you aware of the location-based social networks' concept?

❍ Yes

❍ No

5. From the following list, which social networks do you know? You may select more than one answer.

❍ Foursquare

❍ Facebook Places

❍ Yelp

❍ Gowalla

❍ I don't know any

❍ Other

6. In which of the social networks presented below are you registered? You may select more than one answer.

❍ Foursquare

❍ Facebook Places

❍ Yelp

❍ Gowalla

❍ I'm not registered in any

❍ Other

7. Please watch this video.
Would you be interested in register and be part of this social network?

❍ Yes

❍ No

8. In a scale from 1 to 7, according to your personal preferences, please classify the following location-based social networks functionalities:

(1=uninteresting and irrelevant, 7=essential and very interesting)

	1	2	3	4	5	6	7
Collect Badges	❍	❍	❍	❍	❍	❍	❍
Collect unique badges that other users don't have	❍	❍	❍	❍	❍	❍	❍
Share content, namely photos and comments, with friends	❍	❍	❍	❍	❍	❍	❍
Find friends nearby my current location	❍	❍	❍	❍	❍	❍	❍
	❍	❍	❍	❍	❍	❍	❍

Receive recommendations from friends about activities to carry nearby my current location	

9. In a scale from 1 to 7, according to your personal preferences, please classify the following location-based social networks functionalities:

(1=uninteresting and irrelevant, 7=essential and very interesting)

	1	2	3	4	5	6	7
Benefit from individual discounts and promotions	❍	❍	❍	❍	❍	❍	❍
Benefit from discounts and promotions that I can share with my friends	❍	❍	❍	❍	❍	❍	❍
Interact directly with companies and/or brands	❍	❍	❍	❍	❍	❍	❍
Make travels and city routes recommended by companies and/or brands	❍	❍	❍	❍	❍	❍	❍
Receive complementary information about a particular location (eg. Museum, Monument)	❍	❍	❍	❍	❍	❍	❍
Test new products and/or services offered by companies and/or brands	❍	❍	❍	❍	❍	❍	❍

10. Would you add any functionality to the previous list? If yes, which one?

❍ No

❍ Yes ☐

11. In which context would you more use and interact in location-based social networks?

❍ In daily life

❍ In holidays' travels

❍ After work

❍ In weekends

❍ Other

12. Which actions do you perform/would you perform more in location-based social networks?

❍ Contribute with comments and tips about events or products/services

❍ Be an active user in order to benefit from promotions and discounts

❍ Discover new places through other people's recommendations

❍ Look for friends nearby my current location

❍ Be a passive user, only collecting information

13. In a scale from 1 to 7, according to your personal preferences, please classify the following option in terms of your willingness:

(1=unwilling, 7=willing)

	1	2	3	4	5	6	7
Make my public profile information available for companies and/or brands	❍	❍	❍	❍	❍	❍	❍
Receive publicity and promotional offers from the places where I regularly check in	❍	❍	❍	❍	❍	❍	❍
Have a company's and/or brand loyalty card	❍	❍	❍	❍	❍	❍	❍
Answer to questionnaires carried by companies and/or brands, regarding promotions, discounts and offers	❍	❍	❍	❍	❍	❍	❍
Make available my user activity information (eg. promotions I benefited from, places where I checked-in)	❍	❍	❍	❍	❍	❍	❍