

NETWORK COMPANY ANALYSIS IN AUCKLAND

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ABSTRACT

In this research paper the role of networking companies for small to medium size businesses (SMEs) in Auckland is investigated using qualitative research. Primary data was collected by a questionnaire distributed to SMEs and analysed using descriptive statistics. This primary data has been compared to similar secondary data (Harris, Rae & Misner 2012). Results from this study indicate that business networking companies can benefit SMEs by using a range of networking methods including social media, face-to-face meetings and informal gatherings. Results from this study are limited by: the size of the sample, which is only 120; convenience sampling; and atypical results when compared to Statistics New Zealand (<http://www.stats.govt.nz/>) demographics.

Keywords: SMEs, business networking, marketing, word of mouth, competition.

INTRODUCTION

Business networking companies face problems such as increasing competitors and membership turnover rate. Recently, network companies like Venus and Chambers of Commerce have joined the networking company market, which means that competition between those companies is increasing. The primary focus areas for this research were to discover what activities SMEs engage in to create more awareness of their business, and the different ways in which SMEs interact with their clients. Networking companies provide a platform upon which SMEs can interact, and face growing competition, especially online. Therefore, this research also investigated this competitive market and considered cultural awareness, services and benefits provided, and the reasons why SMEs switch from one networking company to another.

Through analysis of the theory of Word of Mouth (WOM) (Lang 2015) communication, market competitor and business-to-business (B2B), this paper illustrates three different points about networking companies: WOM communication suggests that company A (the company requesting the research) can use some other marketing tools for presenting a product or service; negative WOM, this can cause loss of clients and reputation; and competitor analysis requires

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a company to do enough market research to prepare more information about any networking company competitors.

The structure of this paper is as follows: first a literature review is presented that explores the use of social media change in small businesses; next the research method employed for this study is described; then the findings from the primary and the secondary data is presented; and finally, findings and recommendations are presented.

LITERATURE REVIEW

Word-of-Mouth is an important communication tool for networking companies to be successful and this theory is addressed first in this literature review (Lang 2015; Lovett, Peres & Shakar 2013). This is followed by consideration of competitive analysis (Fleisher 2003) including a discussion on inoculation theory (Petty & Cacioppo 2012), optimal arousal theory (Berlyne 1971) and Business-to-Business theory (B2B) (Heit & Rotello 2012).

WOM Communication Theory

Word-of-mouth (WOM) communication has received considerable attention in the marketing literature (Lang 2015; Lovett, et al. 2013). However, these studies appear to be limited in scope as they have examined the consequences of WOM (Lang 2015), the flow of WOM within the marketplace (Lovett et al, 2013), and the moderating role of social and situational factors in the persuasiveness of WOM (Sweeney, Soutar & Mazzarol 2012). Surprisingly, only a few studies have examined the antecedents of WOM communication (Jabar 2014). For the most part, these studies have simply concluded that product dissatisfaction is the root cause of negative word-of-mouth (NWOM) (Lovett, et al. 2013). Richins (1988), however, in her study of the determinants of NWOM communication, identified several factors that trigger NWOM communication: retailers' failure to provide appropriate complaint handling mechanisms, inadequate response to customer complaints, and inefficiency regarding product repair (Moldovan, Goldenberg & Chattopadhyay 2011). It would appear advantageous for a company to use some other marketing tool for presenting a product or service, instead of following only WOM, as NWOM can cause loss of clients and reputation (Bonfrer 2010).

Another relatively unexplored area pertains to the motives underlying WOM communication. Over three decades ago, researchers examined the motivations for engaging in only positive word-of-mouth (PWOM). Based on anecdotal evidence, Sweeney, et al. (2012) identified four categories of motivations for engaging in PWOM: product involvement (to relieve tension or excitement caused by the use of the product), self enhancement (to gain attention, show connoisseurship, seek reassurance from others), other involvement (to help others), and message involvement (to share exposure to the unique or intriguing advertisement or selling appeals) (Sweeney, et al. 2012).

Therefore, it is imperative for company marketers to create an environment that is conducive for PWOM to develop and propagate. Further, marketing managers should understand how WOM operates in the marketplace and learn to manage WOM effectively. Further, the consumers' motivations needed to be explored in order to engage in the dissemination of WOM communications and examine the nature of the relationship between consumption experiences and consumers' motivations to engage in unsolicited WOM communication.

Competitor analysis in marketing and strategic management is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context to identify opportunities and threats (Fleisher 2003). Profiling coalesces all of the relevant sources of competitor analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment (Oo, Drew & Runeson 2010). Competitor analysis is an essential component of corporate strategy (Fahey 2003). It is argued that most firms do not conduct this type of analysis systematically enough (Mishrah 2012). Instead, many enterprises operate on what is called “informal impressions, conjectures, and intuition gained through the tidbits of information about competitors every manager continually receives” (Prata, Prata, Letouze, Cerri & Costa 2014). As a result, traditional environmental scanning places many firms at risk of dangerous competitive blind spots due to a lack of robust competitor analysis (Oo, et al. 2010).

Findings from consumer behaviour, sociology, and cognitive psychology studies suggest that consumption experiences produce affect (i.e., subjective feelings), which in turn acts as a powerful source of human motivation (Lang 2015). The resulting motivation determines the nature of post-consumption behaviour such as WOM communication, complaints, and repurchase intentions (Braver, Krug, Chiew, Kool, Westbrook, Clement, Adcock, Barch, Botvinick & Carver 2014). Therefore, it is reasonable to speculate that consumption experiences and motivations are related closely in the process of WOM transmissions. Hence, Company A should collect feedback from their clients about the products and services for more improvement. Recognising the possibility that consumers’ underlying motivations to engage in WOM may differ depending upon the nature of consumption experiences, a third purpose of this study is to examine the nature of relationship between consumers’ motivations and consumption experiences for both PWOM and NWOM communications. Both positive and negative WOM communications can have a strong influence on consumers’ behaviour and on ensuing business performance (Cheung & Thadani 2010). Studies show that positive WOM (PWOM) is likely to increase consumers’ purchase intentions for innovative products by reducing risks (Dichter 1966), help create a favourable image toward the brand and the firm (Cheung & Thadani 2010), and subsequently decrease a firm’s overall promotional expenditures. Conversely, negative WOM (NWOM) is likely to dissuade potential buyers from considering a particular product or brand, thus damaging the company’s reputation and financial position (Bonfrer 2010).

A study conducted by Low (2000) showed that implementing integrated marketing communication (IMC) may be strongly related to better marketing results in terms of sales, market share, and profits for an organization (Barker 2013). In seeking to understand the effectiveness of marketing communications, researchers have traditionally relied on measures of awareness, recall, and recognition (Barker 2013). Many researchers, through their theoretical and empirical contributions, describe the impact of marketing communications on organisation performance, particularly with a view to improving relations between the organisation and its public, for example, its customers (McKenna, Callan & Gallois 2012). Explanation of this relation can be found in the degree of marketing communication effectiveness and its impact on overall organisational performance (Kitchen 2010). Reid (2005) in a research model displays a potential way of measuring and evaluating the implementation of IMC. The results of his research show a strong and significant positive impact of the performance of IMC on market performance (Reid 2005). The relationship between the marketing communication and organisational performance is an important area of research, but only a few empirical studies have supported this link (Mihart 2012). An organisation that possesses marketing communication capabilities can create successful communication

programmes and ensure long-term market performance (Barker 2013). There is a positive impact between possessing strong marketing communication capabilities and organisational performance (Ewing 2009). The success of an organisation can also result from the effectiveness of its marketing communication. In this area, many authors highlight the positive impact of marketing communications on organization performance (Ewing 2009).

Competitor analysis may provide a wealth of information to enable an organisation to keep the business ‘one step better.’ Some of the main questions to consider in research with respect to the competition are:

- What are the key benefits offered by each competitor?
- How well do they communicate their competitive advantages?
- What other steps do they take to entice customers?
- How have they positioned their business in the market?
- What are their pricing and discount strategies?
- What other strengths and weaknesses does your research reveal?
- What can you improve on, or do better in your own business?

Inoculation theory (Petty & Cacioppo 2012) suggests that two-sided communication strengthens cognition by the inclusion of attacking arguments and then countering such negative arguments. According to inoculation theory, the consumer obtains some “practice” in refuting counterclaims. McGuire (1985) suggests that two-sided messages are more involved, requiring a person to generate responses that are more belief supporting. Exposing consumers to opposing views about a movie may stimulate individuals to actively communicate via WOM. The high variance in critics’ from well-matched consumers may secure higher levels of opinions of WOM (Sun 2012).

Optimal arousal theory (Berlyne 1971) argues that stimuli that are moderately novel and surprising will be preferred over stimuli that offer too much or too little novelty (Goldstein 2013). In the context of critical dispersion, optimal arousal theory may suggest that dispersed messages and evaluations by critics are “novel” and thus may generate positive affect. In contrast, consensus may represent the type of message or evaluation the consumer is expecting. Thus, according to optimal arousal theory, consumers may like such dispersion of critical opinions and may be more motivated to attend to and process such messages. This may favourably improve their attitude toward the service provided.

Competitor Analysis Theory

Competition among companies can enhance the competitive power of each company. However, too much competitor analysis will bring disadvantages to the company (Mishra 2012). There are six serious blind spots in competitive analysis:

1. Misjudging Industry Boundaries. Too often firms define their industry around their current products, customer groups, and geographies blinding themselves to adjacent competitors which subsequently enter their current space;
2. Poor Identification of Competitors. Strategists frequently focus on only the largest and most well-known companies to the exclusion of other viable competitors – those potential competitors noted earlier in this chapter;
3. Overemphasis on Competitors’ Visible Competence. Competitor analysis often focuses on competitors’ hard assets and technology skills and ignore equally potent capabilities such as logistics, product design, or human resources;

4. Emphasis on Where, Not How to Compete. Strategists too often assume that competitors' strategies will shift only incrementally to the exclusion of radical repositioning in how they could compete;
5. Faulty Assumptions about Competitors. Prisoners of assumptions about competitors – the overuse of stereotypes – cause strategists to misjudge competitors' competences and competitive advantages; and
6. Paralysis by Analysis. Obsession with the task of data collection results in information overload to the detriment of analysis and insight.

The competitor's marketplace strategy defines the way the competitor is currently competing in the marketplace. Competitor marketplace strategy defines the strategic choices the competitor has made about where, how, and why it seeks to attract, win, and retain customers (Fahey 2003). A competitor's marketplace strategy has three elements:

- a. Scope: the product-customer segments the organization is in or wants to be in;
- b. Posture: how it competes or wants to compete in those marketplace segments; and
- c. Goals: its purpose in being in those segments.

Scope defines the products offered to the market and the customers that purchase them. It needs to incorporate both "static" and "dynamic" analyses. A static analysis defines where the competitor is and what it is doing at the present time; dynamic analysis refers to the moves the competitor has or is making over time in its choice of products or customers or both (Upson, Ketchen, Connelly & Ranft 2012). Customer segments may be identified by needs or the demographics tied to those need states.

Posture defines how a competitor plays in the marketplace to win customers; most importantly it is about how it differentiates itself from competitors in the eyes of customers. As with scope, posture needs to be both static and dynamic. Common means of defining how the competitor competes are things such as product line width, and product features. Successful competitors generally employ a number of interrelated modes to compete. Seldom is the reliance on one dominant mode (say low price, for example) a successful strategy.

Goals address the why of the scope and posture strategies that a competitor uses. Goals are the end whereas scope and posture are the means to that end. While it is easy to say that the goal is to generate profit, which is an end result several steps beyond the scope and posture actions being taken. Goals may be at the highest level of the business's intent and vision, such as Apple's intention to integrate voice, data, and video. It may be at a lower level focusing on the short to medium term such as penetrating each major channel of distribution or the attainment of a specific gross margin objective. It may be even more short term as in achieving market share goals, cost efficiencies, or cash flow targets. Unless the goals have been announced publicly as a signal to the marketplace or to competitors, the analysis often must infer that the competitor's goals follow from the flow of observable actions the competitor has taken.

Business-to-Business (B2B) Theory

B2B is commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer (Hutt 2010). Contrasting terms are business-to-consumer (B2C) and business-to-government (B2G). B2B branding is a term used in marketing. The overall volume of B2B transactions is much higher than the volume of B2C

transactions. BNI believe one to one service is the best way to communicate with their members which fit the B2B mode (Heit & Rotello 2012).

B2B is commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer. Many e-commerce companies have already applied B2B theories to establish their own trade platform.

RESEARCH METHOD

The main research questions for this research project using a qualitative method (Merriam 2009) using descriptive statistics are:

RQ1: What are the benefits for SMEs in using network company?

RQ2: How can network Company A improve their understanding of the needs of potential SME customers?

Data was gathered by sending an email link (to a SurveyMonkey[®] online questionnaire) to small and medium-size enterprises (SMEs). Descriptive statistics were used to categorise industry type, employment years and knowledge about networking companies. Inductive reasoning was used to compare results from this primary data with secondary data (Heit & Rotello 2012).

Descriptive statistics are distinguished from inferential statistics (or inductive statistics), in that descriptive statistics aim to summarise a sample, rather than use the data to learn about the population that the sample of data is thought to represent (Gowan, Sunaina & Gregory 2015). This means generally that descriptive statistics, unlike inferential statistics, are not developed on the basis of probability theory. Company A is a business and professional referral organization whose primary purpose is to exchange qualified business referrals and develop word-of-mouth marketing techniques.

In New Zealand, there are many SMEs. Therefore, the data collected and analysed for this research project gave information to this networking company in the Auckland market.

Inductive reasoning is reasoning in which the premises seek to supply strong evidence for (not absolute proof of) the truth of the conclusion. While the conclusion of a deductive argument is certain, the truth of the conclusion of an inductive argument is probable, based upon the evidence given (Bickel 2010). Inductive reasoning involves making predictions about novel situations based on existing knowledge. These predictions are necessarily probabilistic. Through comparison with other network research and market research, some information can be inferred through inductive reasoning analysis.

For this research project, the sample was selected from a target population of SMEs with less than 20 employees in Auckland. In order to calculate the number of small businesses in Auckland the following information was used as shown in Table 1.

TABLE 1
Sample Size Calculation

Sample Size Calculation	
Businesses in New Zealand	469,120
Businesses in Auckland region (32%)	150,118
No of businesses in New Zealand with less than 20 employees from (www.stats.govt.nz) (91%)	426,899
Therefore, no of businesses in Auckland region (469,120 * 32%)	150,118
No of Auckland businesses with <20 employees (146,230 * 91%)	133,069
No of businesses in Auckland with no employees (150,118 – 146,230)	3,888
No of small businesses in Auckland region (133,069 + 3,888) (469,120	136,957

The target population for this research project of small businesses in the Auckland region therefore is calculated as **136,957 businesses**.

Because of time constraints, a convenience sampling method was chosen. As the name suggests, convenience sampling refers to sampling by obtaining people or units that are conveniently available (Zikmund, et al. 2010). For this project, the most convenient and economical method was to set up an online survey, using SurveyMonkey^c to send the questionnaire to small businesses in Auckland, selected from the 12 main sectors as shown in Table 2 below. These categories were chosen to align with Statistics New Zealand business categories.

TABLE 2
Convenience Sampling in Small Businesses

Business services	Consulting services	Education & training
Entertainment & sports	Financial	Health & fitness
Hospitality	Legal	Medical
Real estate	Retail	Trades & services

The questionnaire was sent out after carefully selecting small businesses in the industry fields listed in Table 3 below. Contact information was obtained from an online business directory. For convenience, a statistically significant sample size was calculated using the Sample Size Calculator from <http://www.surveysystem.com> where the formula below is used.

$$ss = \frac{Z^2 * (p) * (1-p)}{c^2}$$

Where:

Z = Z value (e.g. 1.96 for 95% confidence level)

p = percentage picking a choice, expressed as decimal (0.5 used for sample size needed)

c = confidence interval, expressed as a decimal (for instance, 0.04 = ±4)

This Sample Size Calculator identified that the sample size of 383 would provide statistically significant results. However, there were only 120 participants that responded to the online survey. It should be noted at this stage, that a statistically significant sample was not achieved. For this reason, statistical tests have not been used as the results would not be statistically significant. When the combined primary and secondary data were analysed the results were of interest and provided valuable recommendations to the client.

Data collection

An online survey was designed and the website link was emailed to the businesses selected for use with the descriptive research method chosen. 120 participants completed the online survey. Tables and figures produced by both the online survey tool (Survey Monkey) and IBM's SPSS have been used to summarise the survey results.

RESULTS and DISCUSSION

Table 3 below shows the participant numbers and percentages in each of the industry groups listed.

TABLE 3
Industry Group

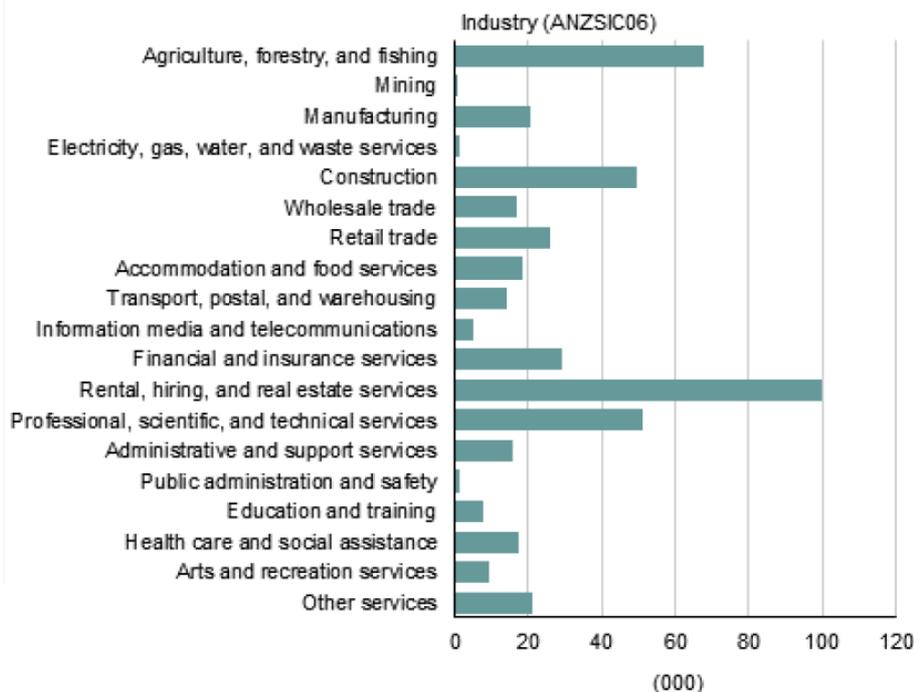
Industry group	N (%)
Agriculture, horticulture and forestry	0
Manufacturing and production	8 (6.67%)
Tourism	13 (10.83%)
Wholesale trade	62 (51.67%)
Others	37 (30.83%)

However, from the Statistics New Zealand Working Paper agriculture ranks in second place (Figure 1), which is different from these research results (Stats.govt.nz). This is because this research is targeted at people who work in Auckland CBD, which is not an agricultural area.

FIGURE 1

Number of enterprises

By industry
At February 2013



Source: Statistics New Zealand

Table 4 below shows how long the respondent has been in the business. 110/120 participants answered this question. More answers fall under the option 'more than five years' with 49 (44.54%) responses and fewer answers were in the option 'four to five years' with eight (7.27%) responses, followed by 'one to three years' and 'less than one year' with 39 (35.45%) and 24 (21.82%) responses respectively. It would appear from these results that most businesses are stable because most of these participants have been working for the same business for more than five years. On the other hand, some participants have been working for the same business between one to three years, which may mean there are some new businesses added to the market year by year.

TABLE 4
Years in Business

Years	N (%)
Less than One year	24 (21.82%)
One to three years	39 (35.45%)
Four to five years	8 (7.27%)
More than five years	49 (44.54%)

Table 5 below shows whether the respondents know about other networking companies. All participants answered this question (120). 37.5% answered others, followed by 20.83% stating that they knew about Company A. A minority number of answers were given to Venus (1.67%) and Chamber of Commerce (19.17%). A very small number answered North Harbour Business Association (1.67%).

TABLE 5
Knowledge of Other Networking Companies

Other networking company	N (%)
Company A	25 (20.83%)
Venus	18 (15%)
Chamber of Commerce	23 (19.17%)
North Harbour Business Association	2 (1.67%)
Business of Breakfast	7 (5.83%)
Others	45 (37.5%)

Table 6 below shows how the respondents (120) came to know about Company A. 79.19% answered that they did not know, while a minority came to know about Company A through friends (15.83%). A very small number came to know about Company A via advertisement (3.33%), social media (1.67%) and no participants nominated the Internet as a source of knowledge.

TABLE 6
How Do You Know About Company A?

Where knowledge is from	N (%)
Social Media	2 (1.67%)
Internet	0 (0%)
Friends	19 (15.83%)
Advertisement	4 (3.33%)
Don't know	95 (79.19%)

Table 7 below shows information collected about which kind of meeting the respondent preferred. 12.5% of participants answered by training and 16.67% of participants answered face-to-face. 70.83% answered VOIP.

TABLE 7
Kind of Meeting Preferred

Meeting preferred	N (%)
Face to face	20 (16.67)
VOIP	85 (70.83)
Training	15 (12.5)

From other research about Company A, individuals who prefer much larger networking groups are in the business of promoting a scalable business on a national or global scale, or are committed to online networking. Larger, technical European, scalable and global companies are more “online friendly” compared to smaller, local, non-scalable companies (Table 8).

TABLE 8
International Companies Online Meetings

	Face-book	Ecad-emy	Linked-In	Xing	Base-camp	Ning	Twitter	BNI	Face-to-face
Overall	16	26.2	30.7	7.2	2.0	4.3	6.5	53.7	39.2
1-2	14.2	27.2	26.0	4.6	0.0	3.6	5.0	57.4	37.0
3-6	14.6	22.2	33.5	7.8	0.6	4.8	5.5	51.2	39.8
6-20	19.2	26.0	33.4	9.7	7.5	4.4	6.4	49.0	36.1
20+	21.7	33.9	36.0	11.3	4.9	4.9	15.0	54.0	49.2
UK	15.1	34.1	35.2	2.5	2.6	3.2	5.8	31.5	36.1
US	7.6	5.1	19.0	1.6	0.5	1.2	0.0	89.0	43.9
Europe	28.8	47.5	56.6	31.1	0.0	10.5	16.5	30.3	36.8
Tech	17.2	28.0	40.5	13.2	5.0	7.7	11.6	39.3	35.9
Planners	10.4	18.7	33.3	5.8	1.9	3.9	4.8	63.9	32.1
On-line	28.9	60.7	51.2	18.8	3.9	16.9	23.5	28.9	50.0
Face-to-face	14.5	39.7	37.7	11.1	2.6	10.1	11.0	67.4	60.0
High growth	20.6	36.0	39.9	11.0	5.6	10.4	12.6	48.7	45.0
Scalable	21.5	31.8	33.4	9.8	3.7	6.8	11.8	54.7	45.6
Non-scalable	13.6	21.7	31.6	3.7	0.0	1.8	2.5	53.2	34.0
Products	16.2	23.3	25.7	7.6	1.6	4.3	6.0	63.3	37.7
Local	9.4	19.0	18.0	1.9	1.5	0.8	1.5	66.4	36.5
Global	25.9	36.7	44.1	13.6	3.5	9.7	13.3	35.1	42.1

According to this research, most SMEs who participated in this study are located in the Auckland CBD (Figure 2 map). Some SMEs were located in Takapuna, while other areas like New Market, Dominion Road and Browns Bay only had a few SMEs. Figure 3 shows the relationship between suburb and industry group and Figure 4 shows the relationship between duration of the SME in the location shown. It can be seen that the most stable businesses are in the Auckland CBD (highlighted in blue).

FIGURE 2

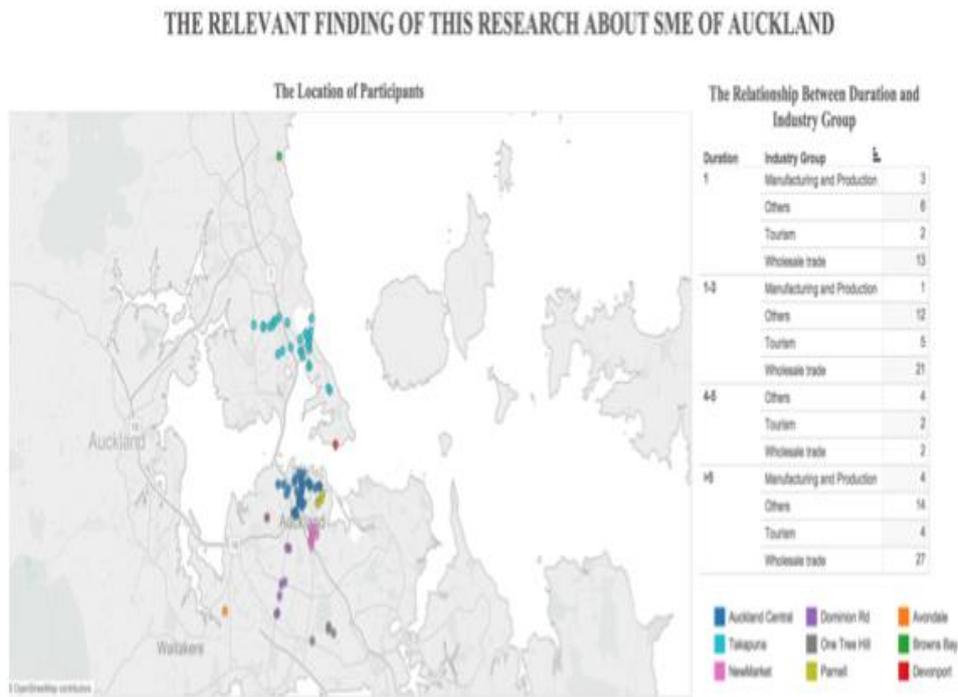


FIGURE 3
Suburb and Industry Group

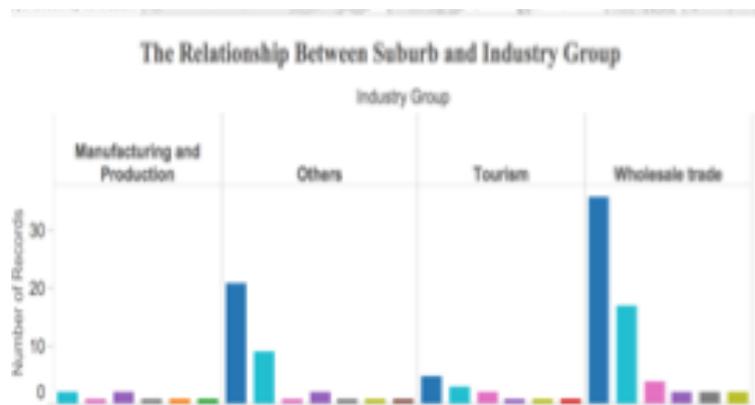
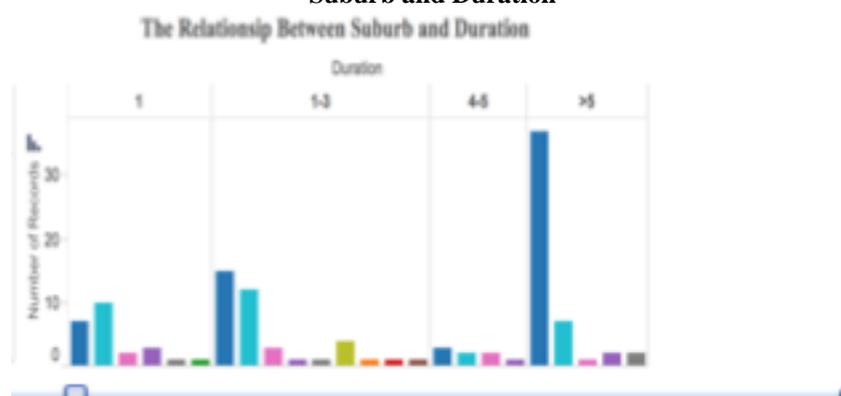
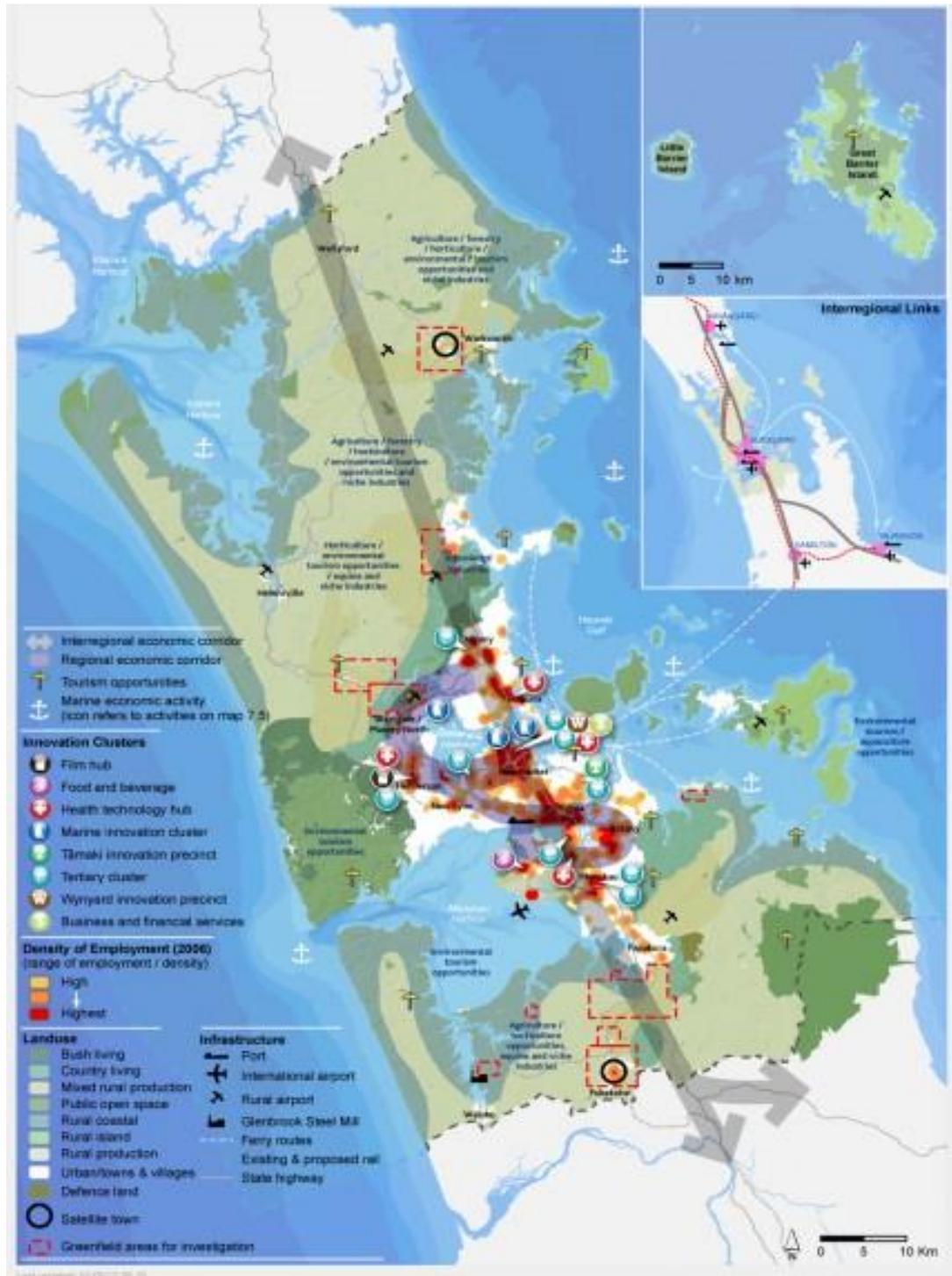


FIGURE 4
Suburb and Duration



Based on Auckland City Council’s annual report, Figure 5 outlines the key economic directions for Auckland. Understanding how Auckland is expected to grow and planning for this growth will ensure that Auckland maximizes its potential, while retaining liveability – aspects that attract investment and entrepreneurial talent. Figure 5 also identifies the major centres and business areas in Auckland and the economic corridors that connect them, and provides for new business activity. The corridors highlight the flows of economic activity from Auckland to the rest of New Zealand.

FIGURE 5
Auckland’s Economic Direction



process of Company A meetings are ninety minutes long, including fifteen minutes of open networking, 'sales manager minute', member ten minutes presentation and one-on-one meetings. It would appear from the description of Company A, that the company still uses traditional contact methods to provide services to their customers. Whilst this operating model suited Company A when it was established, there are other ways of communication and networking now that could benefit the company. It is suggested that, based on the principle of B2B, an online business-networking platform be established. Through this platform, Company A members can obtain other members' information that may include type of business, location of member, and relevant products information. In addition, members could communicate directly with each other through this platform. The business-networking platform may improve the rate of cooperation among members. If one member is interesting in other member's product or business, they could have a face-to-face interview at weekend meetings and discuss co-operation possibilities. Based on this B2B platform, the company has the possibility of providing better services to members. At the same time, following the increase in customers' satisfaction, the business-networking platform may attract more potential customers to join Company A. As well as the traditional contact meetings, the company could utilize this platform to publish relevant business information and hold different kinds of activities or workshops. The company could integrate the new business-networking platform and traditional meetings that may increase the company's work efficiency.

Business networking is an effective low-cost marketing method for developing sales opportunities and contacts, traditionally based on referrals and introductions - face-to-face at meetings and gatherings (Al-Mashari 2002). Therefore, based on WOM communication, competitor analysis and B2B business analysis, Company A needs to not only improve staff skills like communication skills and language skills, but also needs to conduct competitor research and market plan research in order to keep competitive power in today's changing market. However, both of these parts have their own limitation to obtain. For instance, improving communication and language skills of staff needs extra money for training. Market research, no matter the competitor research or B2B business application, all requires time and human resources to achieve these things. How to balance the relationship between those changes and Company A's profit is still a problem. Therefore, based on the characteristics of Company A, the company should pay more attention to analyse the situation of different markets to understand the needs of potential customers.

In considering the research questions being asked for this study it can be seen that there are benefits for SMEs in using a networking company, and that network company A can improve their understanding of the needs of potential SME customers by moving beyond traditional networking and more into online spaces.

LIMITATIONS

The following limitations exist for this research. First, most of the SMEs are located in the Auckland CBD, which means that business groups outside the CBD have not been included. Secondly, due to financial limitations, primary data for this research was gathered through an online survey and face-to-face interviews. Information that was collected was not statistically significant. Time limitations also confined the depth and width of the research. Difficulties with gaining responses from the target company led to less data being gathered that was expected. Based on this situation, the research only received primary data from 120 participants and the statistically significant sample size for the SME population in Auckland should have

been 383 (this assumes a confidence interval of four and a confidence level of 95%). This means that statistical testing would not have given statistically significant results, so these have not been included in this paper.

CONCLUSION

The use of networking by small businesses is clearly an important but under-researched area. Through research of this networking Company A, SMEs should benefit the service of such companies. However, the services provided by Company A still require additional features before other SMEs are persuaded to join. For instance, most SMEs in this research seldom cooperated with such network companies. This report contributes to the literature in that it is one of the first to analyse under what circumstances SMEs make use of a network company to supplement their existing, conventional, marketing activities.

Based on this research, Company A can create more market opportunities for SMEs, however, only a few SMEs use a network company to explore the market. Due to the current market situation, Company A has the opportunity to play an important role in the future. With the increased competitiveness of networking companies, a problem of choice arises for SMEs. How to select a suitable network company and create a special model for each SME is a question to solve.

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