

LAPPEENRANTA UNIVERSITY OF TECHNOLOGY
School of Business
International Marketing Management

Mikko Miettinen

**MANAGING AN INDUSTRIAL BRAND IN INTERNATIONAL BUSINESS
ENVIRONMENT**

Supervisor/Examiner: Professor Sami Saarenketo
Examiner: Professor Olli Kuivalainen

ABSTRACT

Author: Miettinen, Mikko
Title: Brand Management in International Industrial Company
Faculty: LUT, School of Business
Major: **International Marketing Management**
Year: 2017
Master's Thesis: Lappeenranta University of Technology
95 pages, 10 figures and 3 tables
Examiners: prof. Sami Saarenketo
prof. Olli Kuivalainen
Keywords: Brand, brand equity, brand management, brand communication, centralization.

This thesis examines brand management in an international industrial company. The aim of the study is to increase the understanding about brand management in a case where a company has business activities in more than one market at the same time.

The research is conducted by using qualitative methods because qualitative methods offer most benefits for this kind of research. This study uses theme interviews in order to understand the brand management process in the case company.

The purpose of this research is to define an industrial brand and its management in an international environment. The main findings of this study are the decision-making difficulties concerning the centralization and decentralization of the brand management process in multinational company. Also, the communication between different business units might be difficult due to different views about the brand and its management.

TIIVISTELMÄ

Tekijä: Miettinen, Mikko
Tutkielman nimi: Brändin hallinta kansainvälisessä teollisuusyhtiössä.
Tiedekunta: Kauppatieteellinen tiedekunta
Pääaine: **Kansainvälinen Markkinointi**
Vuosi: 2017
Pro Gradu-tutkielma: Lappeenrannan teknillinen yliopisto
95 sivua, 10 kuvaa ja 3 taulukkoa
Tarkastajat: prof. Sami Saarenketo
prof. Olli Kuivalainen
Hakusanat: Brändi, brändi pääoma, brändin johtaminen, brändiviestintä, keskittäminen

Tämä tutkielma tutki brändin johtamista kansainvälisessä teollisuusyhtiössä. Tutkimuksen tavoitteena on ymmärtää paremmin brändin johtamisprosessia tilanteessa, jossa yrityksellä on toiminta useammalla kuin yhdellä, toisistaan hyvin poikkeavilla markkinoilla.

Työ toteutettiin käyttämällä kvalitatiivisia tutkimusmenetelmiä, sillä ne mahdollistavat syvemmän tarkastelun tutkimusongelmaan. Tutkimus käyttää teemahaastatteluita tarkoituksenaan kuvata brändin johtamista case yrityksessä.

Tutkimuksen tarkoitus on määritellä teollinen brändi ja sen johtamisprosessi kansainvälisessä toimintaympäristössä. Tutkimuksen keskeisimmät havainnot liittyivät ongelmiin brändin johtamisen keskittämisessä ja paikallisessa johtamisessa kansainvälisessä teollisuusyhtiössä sekä ongelmista viestinnässä eri liiketoimintayksiköiden välillä johtuen erilaisista näkemyksistä liittyen brändiin ja sen johtamiseen.

TABLE OF CONTENT:

1 INTRODUCTION.....	1
1.1 Background of the study	1
1.2 Research questions	3
1.3 Delimitations	4
1.4 Definitions	5
1.5 Literature review	7
1.6 Framework of the study	11
1.7 Methodology	12
1.8 Structure of the thesis	13
2 MANAGING AN INDUSTRIAL BRAND IN INTERNATIONAL BUSINESS ENVIRONMENT	15
2.1 Definition of a brand.....	15
2.2 Brand Equity	17
2.2.1 Brand awareness	19
2.2.2 Brand values	21
2.2.3 Brand associations	21
2.2.4 Perceived quality	22
2.2.5 Brand loyalty.....	23
2.3 Brand image and identity	24
2.4 Brand positioning	27
2.5 Brand adaptation.....	29
2.6 Brand standardization	29
2.7 Brand management	30
2.8 Communication in brand management	32
2.8.1 Internal communication	35
2.8.2 External communication	37
2.9 Decision-making of centralization and decentralization in brand management.....	38
2.9.1 Centralization	39
2.9.2 Decentralization.....	39
3 RESEARCH DESIGN AND EMPIRICAL ANALYSIS.....	41
3.1 Background of the case company.....	43
3.1.1 Introduction of the chosen business units.....	44
3.2 Research methods and data collection	45
3.3 The Tikkurila brand	48
3.3.1 The Tikkurila brand in different markets	48
3.3.2 Core of the Tikkurila brand at the corporate level.....	55
3.3.3 Tikkurila brand equity	57
3.3.4 Brand promise	62
3.4 Brand management in Tikkurila	63
3.4.1 Brand management and the needs of different business units.....	64
3.4.2 Management of the Tikkurila brand at the group level.....	72
3.4.3 Positioning of the Tikkurila brand	74
3.4.4 Adaptation of the Tikkurila brand.....	77
3.4.5 Standardization of the Tikkurila-brand.....	77
3.4.7 Brand communication.....	78

3.4.8 Dilemma of centralization and decentralization in brand management	80
3.5 Guidelines for brand management.....	81
3.5.1 Needs from the head quarters	82
3.5.2 Global brand message	83
4 DISCUSSIONS AND CONCLUSIONS	84
LIST OF REFERENCES	88
LIST OF INTERVIEWS.....	91
LIST OF DISCUSSIONS	92
Appendix 1 Interview themes and questions	93

TABLE OF FIGURES:

Figure 1 Theoretical framework of the thesis.....	12
Figure 2 Brand identity prism (Kapferer 2008, 183).....	26
Figure 3 Distinctive characteristics of brand positioning (Kapferer 2008, 100)	28
Figure 4 Tools and interfaces of corporate, marketing and dialogue communication (Kotler & Pfoertsch 2006, 109)	34
Figure 5 Five ways to put internal communication right (Sherrington 2003, 134)	35
Figure 6 Core of the Tikkurila-brand	56
Figure 7 Tikkurila brand identity prism (modified from Kapferer 2008, 183)	59
Figure 8 the brand promise of Tikkurila-brand.....	63
Figure 9 Building of brand knowledge (modified from Arto Lehtinen)	73
Figure 10 Distinctive characteristics of brand positioning (modified from Kapferer 2008, 100)	76

TABLE OF TABLES:

Table 1 Table of interviews.....	46
Table 2 Awareness of Tikkurila brand in different markets	58
Table 3 Values of Tikkurila brand by Arto Lehtinen	61

1 INTRODUCTION

This research is made in order to explain an industrial brand and its management in international business environment. The case company, Tikkurila Oy and its consumer paint business unit Tikkurila Deco, has activities in many different market areas at the same time. Each market has its own vision about the Tikkurila brand and at the moment the brand is managed by local representatives. The purpose of this study is to define which brand management activities should be managed centrally in order to build a coherent brand image between different markets and which brand management activities should be managed market by market in order to customize the brand for local needs.

1.1 Background of the study

This research will discuss brand management in an international industrial company. The case company of this study is Tikkurila Oy which is a Finnish paint and coating manufacturer. The case company is the market leader in the domestic market, but most of its revenue comes from abroad. In domestic market Tikkurila has about 50 to 60 percent market share, and it is also the market leader in some foreign markets. On the other hand, in most of Deco International's market the market share is quite limited. The main objective of this paper is to describe how Tikkurila can manage its brand in different markets and how it can approach a similar brand image among all of its markets.

This research will focus on researching the Finnish domestic market and two different market-areas abroad. The chosen foreign markets are Russian and East European paint markets. At the moment, over 80 percent of The Tikkurila's revenue comes from abroad and foreign markets are the only possible place for growth. The Finnish market is already

reaching its highest capacity and opportunities to grow are meager, which drives a company abroad.

A rapid economical growth in Eastern Europe has enabled the quite fast internationalization of Tikkurila. For example, Tikkurila started its business in the consumer sector in Russia after the Soviet Union fell down in the beginning of 1990's. On the other hand, Tikkurila Oy has operated in business-to-business markets in Soviet Union already much earlier. At the moment, Tikkurila is one of the biggest paint manufacturers in Russia. On the other hand, the company's rapid growth has also created a lot of challenges to brand management. At the moment, the brand management process is quite scattered and different markets operate by themselves. This leads to a situation where the definition of the Tikkurila brand is impossible.

Brands and brand management are one of the hottest topics in the present marketing literature. For that reason, research of brand management is now more important than before. A strong brand will provide more value to a product or service among different products or services with the same qualities. In the brand and brand management literature, almost all authors have their own definition or at least own nuance about a brand and its management (Kapferer 2008, 9). The multitude of different definitions of a brand and brand management makes the defining of those concepts very challenging. The purpose of this research is to analyze the existing literature about brands and brand management and compare it to the empirical findings from the case company in order to describe the brand management process in Tikkurila Oy at the moment and create new guidelines for future brand management.

Brand management in an international business environment is always a combination of centralizing the most essential values of the brand and customizing the brand to the local needs of different markets. In a situation where a company has activities in different market areas at the same time,

it is always difficult to find out which characteristics of a brand and its management are possible to manage centrally from the head quarters and which characteristics should be adapted to local needs by local management.

1.2 Research questions

The goal of this study is to increase the understanding of the effects of brand management in a situation where there are many different markets, all of which have their own distinctions. The research will focus on specifying the differences in the brand management process between developed and developing markets. On the other hand, this study will also discuss the differences between the competitive situations in those markets and the effects of the competitive situations on the brand management process.

The research problem for describing the brand management in Tikkurila is:

- **How to manage an industrial brand in an international business environment?**

The research questions for defining the research problem are:

- **How does the brand differentiate within different markets?**
- **How to evaluate brand equity in an industrial company?**
- **How has the brand been adapted in different markets?**
- **How has the brand been positioned in different markets?**
- **What is the role of internal and external communication in brand management?**
- **Which brand management actions should be centralized and which should managed market-by-market?**

1.3 Delimitations

This research is done in order to consider brand management in a situation where a company has activities in more than one market and where the markets are very dissimilar. Specifically, this research focuses on a Finnish paint company and its problems in managing a brand portfolio in several markets. In this research the main focus is on Tikkurila's home markets in Finland and two different market-areas abroad. The chosen markets are Russian and Eastern European consumer paint markets. The study describes how the Tikkurila brand is managed in different markets at the moment, and on the other hand how it should be managed more effectively in different market-areas in the future. In other words, which characteristics are similar enough in all markets i.e. the management of those characteristics is possible to centralize and which characteristics should be adapted market by market i.e. the management of those characteristics should be different in each market area. Tikkurila operates in both industrial and consumer segments within all of the markets chosen for this research, but this research is limited to studying only the consumer paint markets.

The focus of this research is on customer-based brand management in order to increase knowledge about the brand among customers in different market areas. This study uses a managerial approach to brand management, which means that the main focus of this study is to analyze and develop the brand management system in the case-company. On the other hand, the study will focus only on managing the brand in different market-areas and the legal aspects of brand management i.e. how to manage a brand as a company's immaterial property and the financial characteristics of brand management are excluded.

1.4 Definitions

The following chapter acknowledges in detail the most essential definitions and key concepts used in this research. The research will define and use the most common terms related to a brand and its management in an international environment.

Brand

“A brand is a symbol, name, design, sign or term which will identify goods or services of some company and differentiates those from competitors' goods or services.” (Keller 2008, 2)

Brand management

The concept of brand management involves the design and implementation of marketing programs and the activities to build, measure, and manage brand equity. In other words, brand management includes four steps which are identifying and establishing brand positioning, planning and implementing brand marketing programs, measuring and interpreting brand performance, and growing and sustaining brand equity. (Keller 2008, 38)

Brand positioning

The idea behind the concept of brand positioning is how a company can create advantage against competing brands from a consumer perspective, i.e. how a consumer values the brand among the competitors' brands. Brand positioning is also part of the brand image and it should actively communicate with the target audience (Hartmann et al. 2005, 2). Also, Kapferer defines brand positioning as a concept which highlights the

brand's features and differentiates it from competitors' similar brands (Kapferer 2008, 99).

Brand adaptation

The term brand adaptation refers to how a brand has been adapted to the different needs of different markets. In other words, the needs, values and culture of markets might affect the buying decisions in a different way, so a brand should be adapted to local needs and values. (Keller 2008, 185)

Brand equity

Aaker defines brand equity as "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers"(Aaker 1991, 15)

Brand awareness

"Brand awareness is the consumers' ability to identify the brand under different conditions, as reflected by their recognition or recall performance" (Kotler & Keller 2006, 286).

Brand image

"Brand image is the perceptions and beliefs held by consumers, as reflected in the associations held in consumer memory" (Kotler & Keller 2006, 286).

Brand identity

Brand identity is defined as a unique set of brand associations that represent what the brand stands for and promises to customer (Kotler & Keller 2006, 279).

Brand promise

Kotler & Keller (2006, 278) define brand promise as a marketer's vision of what the brand must be and do for consumers.

Brand associations

Kotler & Keller (2006, 188) define brand associations as a mix of all related thoughts about the brand including feelings, perceptions, images, beliefs, attitudes, and so on that become linked to the brand node.

Perceived quality

Aaker (1991, 85) defines perceived quality as “the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives.”

1.5 Literature review

The focus of the following chapter is in existing research about branding and brand management. The chosen literature is divided into two different categories. The first category will focus on literature about the most essential characteristics of a brand and the second category will focus on brand management literature.

Kapferer (2008) mentions the definition of a brand to be one of the most debated issues in marketing, which generates different views among the experts in brand literature. All experts have their own definition or least nuance of definition. (Kapferer 2008, 9) According to Keller & Lehmann (2006, 1), brands serve several valuable functions, in other words, brands serve as markers for the offerings of a company. For customers a brand provides a simpler choice between similar products and a promise of the quality level, reduces risk, and/ or engenders trust. (Keller & Lehmann 2006, 1)

Brand equity is one of the most essential characteristics of brand management. Brand equity can be approached in two different ways, the financial or customer-based brand equity. This study will focus customer-based brand equity; hence, the literature review will also focus on examining brand equity from this perspective. Both, Keller (2008) and Aaker (1991) define consumer-based brand equity differently. On the one hand, Keller defines consumer based brand equity as follows: brand knowledge forms the basis for creating brand equity, because it creates a differential effect that drives brand equity. Brand knowledge has two different components: brand awareness and brand image. (Keller 2008, 51) On the other hand, Aaker defines brand equity as "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers"(Aaker 1991, 15).

In marketing literature, brand awareness is seen as a consumers' ability to identify or recognize a brand (Pappu et al 2005). Usually, brand awareness is divided into two parts: brand recognition i.e. consumer's ability to confirm prior exposure to the brand when given brand as a cue and brand recall i.e. consumer's ability to retrieve the brand from the memory when given the product category, or a purchase or usage situation as a cue (Keller 2008, 54). On the other hand, Aaker defines brand awareness as an ability of potential buyers to recognize or recall

that a brand is a member of certain product category (Aaker 1991, 61). Brand associations are generally everything that connects a customer to the brand (Kotler & Pfoertsch 2006, 70). Brand associations have two dimensions which are brand attributes and brand benefits (Keller 2008, 57), and brand associations can be both specific and abstract (Nandan 2005, 4).

Perceived quality is defined in brand literature as the consumers' perceptions of the quality or superiority of a product or service compared to other similar products or services (Keller 2008, 195). Aaker & McLoughlin (2007, 176) thinks that perceptions about the brand lead to a strong effect to buy for many people. Brand loyalty is seen in brand literature as a measure of the commitment a consumer has to re-buying the brand in the future (Aaker & McLoughlin 2007, 177).

Brand image and brand identity are related concepts. Brand image refers to the current perceptions and attitudes about the brand in consumers' eyes. Brand identity, on the other hand, is defined as the target message, which a company wants to send about its brand in the future. Brand identity is a unique set of brand associations which a company wants to send to customers (Aaker 1996, 68). Nandan (2004, 1) defines the difference between brand image and brand identity as follows: brand image the consumer's perceptions about the brand i.e. the consumer's approach, while brand identity, on the other hand, is the company's message about the brand i.e. the company's approach.

In the existing brand management literature the concept of brand positioning is described as consumers' perceptions about the brand when compared with other similar brands. Brand positioning is at the heart of the marketing strategy; it is the action which aims to locate a company's offering and image to the target customers' minds (Keller 2008, 98). Brand positioning is the part of brand identity and value proposition which is

actively communicated to target audience in order to differentiate a brand between competing brands (Aaker 1996, 176).

Standardization and adaptation of brands within different market areas are discussed in the existing brand management literature as a combination between global economies of scale and local market needs. Standardized brands gain widespread credence because of the globalization of markets. On the other hand, a global brand is not always optimal or even feasible (Aaker & McLoughlin 2007, 213).

Brand management is seen in the existing literature as a concept which generates additional value from the investments already made in the brands (Pappu et al. 2005, 1). Aaker and Joachimsthaler (2000) discuss the differences between brand leadership and brand management. While the classical brand management model is reactive and tactical the brand leadership model is more strategic and proactive. The classical model focuses on managing the brand image in order to reach short term financial targets, while the brand leadership model focuses on managing brand equity in order to measure it. The classical brand management model has many limitations. For instance, it is focused on managing only one brand within one market area and the brand communication includes only external communication between a brand and its customers. On the other hand, the brand leadership model has a broader focus. It is focused on managing multiple products and markets at the same time and the communication focus is internal as well as external. (Aaker & Joachimsthaler 2000, 8)

One of the most essential questions in brand management is how to find balance between standardization and how the adaptation of brand to the different cultural needs of the markets (Solberg 2004, 1). Three main approaches about the brand management are centralization at the home office, decentralization of decision making to the local representatives and a combination of those (Keller 2008, 622). In general, brand management

is a combination of centralized management of the core of the brand and local management of the characteristics which should be adapted to local needs.

Brand communication is divided in the existing brand management literature into two main classes, internal and external brand communication. Internal brand communication includes all kind of communication within a company which is used to communicate brand objectives or its management through personnel. On the other hand, external brand communication includes all communication between a brand and its target audience.

1.6 Framework of the study

The main variables of this study are introduced in figure 1, which shows how the main characteristics of this research are related. In the upper left corner of the figure, the most essential characteristics of a brand are introduced. In the lower left corner, the most essential characteristics of the markets are presented. The box in the middle of the picture presents the most important characteristics of brand management, which is also the focus of this study. The right side of the figure introduces the main target of this study i.e. common brand management activities and market specific brand management activities. The term common activities describe such brand management actions that can be implemented in the same way in all markets. In contrast to common activities are the market specific activities. All actions in brand management cannot be implemented in the same way within all markets, due to the different market situations, for example the development stage or competition.

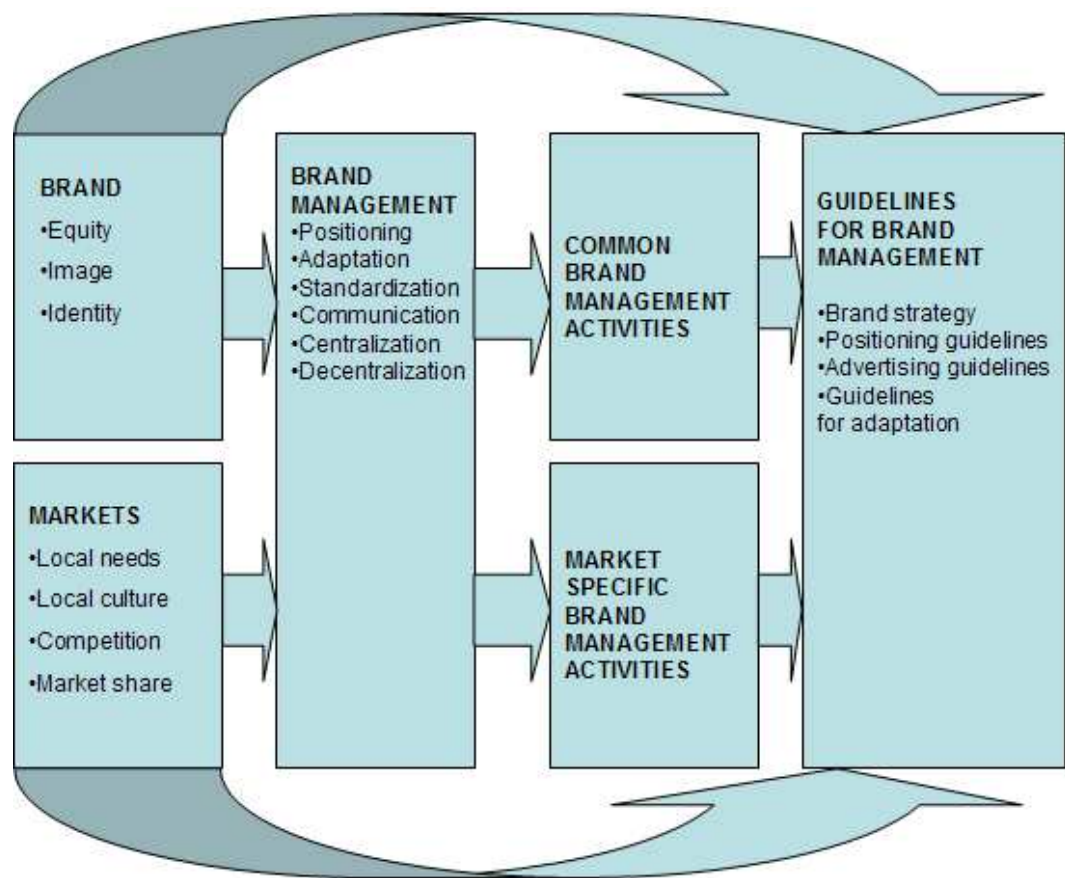


Figure 1 Theoretical framework of the thesis

1.7 Methodology

The research method of this study is qualitative, which means that the research focuses on examining on phenomena from a qualitative point of view. In other words, the objective of the research is to understand a phenomenon by analysing different models related to the phenomenon and qualitative aspects of the phenomenon. The basis of qualitative research is to describe real life (Hirsjärvi et al. 2007, 157). According to Hirsjärvi et al. (2007), the focus of qualitative research is on explaining a phenomenon in a holistic way. In qualitative research, the researcher should respect his own values because they have an effect on how the researcher understands a phenomenon. In general, the purpose of qualitative research is rather to find out or disclose facts than prove arguments that already exist. (Hirsjärvi et al. 2007, 157)

The empirical material has been collected from the interviews with the top and middle management of Tikkurila Oy. Also unofficial discussions have been used. The method of interviews is a theme interview, which means that the discussions do not have direct questions. Rather, the discussions are informal and advance based on themes that have been defined beforehand. Another important method in data collection has been observation.

1.8 Structure of the thesis

This paper consists of four main chapters. The first chapter introduces the most essential characteristics of the research, such as the background of the study, research questions, delimitations, definition of most essential terms and concepts, literature review, theoretical framework, methodology, and structure of the thesis.

The second main chapter introduces and analyzes the existing theories about brands and brand management. This chapter will focus on defining the most essential characteristics of a brand and its management. The first part of this chapter will describe the most essential characteristics of a brand. The later part will focus on brand management in an international environment, including decision-making in a case of adaptation or standardization, internal and external brand communication, and decision-making between centralization and decentralization of brand management.

The third chapter of this study includes the design and empirical analysis of this study, which is based on the empirical material collected from the case company. This chapter will introduce the empirical findings from different business units and analyze the differences in brand management between different business units and market areas. After the presentation of brand management in different business units, the paper will discuss

the differences and similarities in brand management on the corporate level in order to determine the central core of the Tikkurila brand and formulate guidelines to its management within different markets and business units.

The last main chapter includes the discussions and conclusions of this study. In this chapter, managerial discussion, future research options and general conclusion of the paper is presented.

2 MANAGING AN INDUSTRIAL BRAND IN INTERNATIONAL BUSINESS ENVIRONMENT

The purpose of this chapter is to define an industrial brand and its management in an international business environment. This chapter introduces the theoretical findings about brand management in an international context and this chapter creates the theoretical basis for this paper. At the beginning of this chapter, the focus is on defining the most essential characteristics of a brand and brand equity. After the definition of a brand, the study will focus on describing the management of industrial brands in an international business environment.

2.1 Definition of a brand

The goal of this chapter is to define the most essential features of a brand in order to find the purpose and needs of brands based on the existing brand literature. As was mentioned in the previous chapter, all researchers have their own views about the definition of a brand, which makes defining a brand more difficult. After the analysis of the existing literature the approach of this research, i.e. the most essential characteristics of a brand, is defined.

At the moment, brand and its management is one of the hottest topics in marketing research. Referring to Kapferer (2008) the definition of a brand is one of the most hotly debated topics between experts. Each expert has their own definition or nuance to the definition. (Kapferer 2008, 9) The purpose of this chapter is to introduce different approaches to brands and define a brand for use in this study. This chapter will also define the most essential characteristics of a brand and create the basis for the brand management part of this study.

According to Lynch and Chernatony (2004), branding is deemed an important element of marketing strategy. The benefits of the brand investments are perceived as investments of increasing competitive advantage. They also mention that, the psychological and emotional elements of a brand are highlighted in recent brand literature. Brands based on intangible, emotive characteristics like trust, reassurance, reputation, image and responsiveness are more durable and not so liable for competitive erosion. (Lynch and Chernatony 2004, 1)

According to Pappu et al. (2005), brands might develop a sustainable competitive advantage for firms, if consumers perceive a specific brand favorably. (Pappu et al. 2005, 1) On the other hand, referring Randal (1997), for customers and consumers a brand identifies the product or service, gives a short hand summary of the brand, give security and added value about the brand. On the other hand, from the brand owner perspective, a brand provides superior consumer value. (Randall 1997, 12)

“Brand is an asset that does not have physical existence and the value of which cannot be determined exactly unless it becomes the subject of a specific business transaction of sale and acquisition.” (Nandan 2004, 1) According to Kotler & Keller (2006), the definition of a brand, referring to American Marketing Association, is a combination of a name, term, sign, symbol or design intended to identify the goods or services of one seller or group of sellers and to differentiate from those of competitors. (Kotler & Keller 2006, 274)

According to Keller & Lehmann (2006, 1), from the customer perspective a brand can simplify choice, promise a particular quality level, reduce risk, and/ or engender trust (Keller & Lehmann 2006, 1). On the other hand, referring to Webster & Keller (2004, 2) “a brand can best be thought of as a psychological phenomenon.” On the other hand, they also define brand via personal experiences, commercial messages, and inter-personal

communication where the meaning of the brand exist from consumers. (Webster & Keller 2004, 2)

According to Randall (1997), the definition of a brand is categorized into six main themes which are visual, perceptual, positioning, added value, image, and personality. (Randall 1997, 4) “A brand is the product or service of a particular supplier which is differentiated by its name and presentation.” (Murphy 1990, 1)

According to Aaker (1991), the role of a brand is to protect both the customer and the producer from competitors who would attempt to provide products or services that appear to be identical. (Aaker 1991, 7) Chernatony et al. (2006) define a brand as a cluster of functional and emotional values that promises a unique and welcome experience for its stakeholders. (Chernatony et al. 2006, 1)

In this study, a brand is defined as a combination of the emotional and functional characteristics which consumers will perceive as differentiating between different products or services which are made in order to fulfil the same needs of consumers.

2.2 Brand Equity

In brand literature, brand equity is defined from two different approaches, the financial perspective and customer based perspective. This study will focus on describing brand equity from the customer based perspective. In other words, the purpose of this chapter is to explain what customer based brand equity is and how a company uses it in value creation.

According to Keller (2008), brand knowledge creates the basis for creating brand equity, because it creates a differential effect that drives brand equity. Brand knowledge has two different components: brand awareness

and brand image. (Keller 2008, 51) Brand awareness is related to the strength of the consumer's ability to identify a brand under different conditions. On the other hand, brand image is consumer's perception about the brand. (Keller 2008, 51) Aaker defines brand equity as follows: "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers" (Aaker 1991, 15).

"Customer-based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favorable, and unique brand association in memory" (Keller 2008, 53). According to Buil et al. (2008), a strong brand with high brand equity offers several advantages, for instance, high margins, brand extension opportunities, more powerful communication effectiveness and higher consumer preferences and purchase intention. (Buil et al. 2008, 1) Myers (2003, 1) describes brand equity as the added value endowed by the brand to the product. According to Pappu et al. (2005), "high brand equity levels are known to lead to higher consumer preferences and purchase intentions" (Pappu et al. 2005, 1).

Brand equity is divided into two parts, consumer-based brand equity and financial based brand equity. (Kocak et al. 2007, 3) Also, Pappu et al. (2005) discuss brand equity from two perspectives in two dimensions the financial-perspective and consumer-based perspective.

According to Pappu et al. (2005) from the consumer perspective, the four most important dimensions of brand equity are brand awareness, brand associations, perceived quality and brand loyalty. (Pappu et al. 2005, 2) The evaluation of brand equity should be divided into two problems, the evaluation of a firm's assets and on the other hand, the evaluation of the value of brand extensions (Aaker 1991, 30).

Even though the definitions about the brand equity may differ between different experts, all definitions are based on brand knowledge structures in the consumers' minds – individuals or organizations – as the source of the brand equity. (Hoeffler and Keller 2003, 1) Referring to Hoeffler and Keller (2003), “brand is thought to have positive equity to the extent that consumers respond more favorably to marketing activities when the brand is identified, compared to when it is not” (Hoeffler and Keller 2003, 1).

As the importance of brand equity has increased, so has the tendency to consolidate brand portfolios and globalize the strongest brands. (Johansson and Ronkainen 2005, 1) Nandan (2004) defines brand equity as the added value with which a brand endows a product. (Nandan 2004, 1) “The concept of brand equity is used in different ways to try to capture the idea that a brand has a value” (Randall 1997, 24). Raggio & Leone (2007) define brand equity as the perceptions or desire that a brand will meet a promise of benefits. “Brand equity involves the attributes of a product and the degree to which those attributes fulfill the consumer’s needs and desires” (Drobis 1993, 1).

This study defines customer based brand equity based on five dimensions by Aaker. As was discussed earlier in this research, Aaker measures consumer-based brand equity as a combination of brand awareness, brand values, brand associations, perceived quality and brand loyalty.

2.2.1 Brand awareness

Consumer-based brand equity is the sum of brand awareness and brand image. This chapter will focus on defining brand awareness in more detail. It is possible to divide brand awareness into two different parts, brand recall and brand recognition. Both aspects are discussed in this chapter.

Referring Pappu et al. (2005), brand awareness is defined as consumers' ability to identify or recognize the brand. On the other hand, according to

Keller (2008), brand awareness contains two different parts brand recognition and brand recall. The first, brand recognition, is “consumer's ability to confirm prior exposure to the brand when given brand as a cue”. The second, brand recall, is “consumer's ability to retrieve the brand from the memory when given the product category, or a purchase or usage situation as a cue.” (Keller 2008, 54)

According to Pappu et al. (2005), the concept of brand awareness is divided into two parts, brand recall and brand recognition. Brand recall refers to consumers' ability to retrieve brand from memory. On the other hand, brand recognition refers to consumer's ability to recognize a brand when it is given as a cue. Aaker (1991) defines brand awareness as an ability of potential buyers to recognize or recall that a brand is a member of a certain product category. In other words, brand awareness is a link between product class and the brand. (Aaker 1991, 61)

Referring to Aaker (1991), brand awareness creates value in at least four ways, which are, first, an anchor to which other associations can be attached, second, familiarity, in other words a link between product and brand, third, a signal of substance or commitment and, fourth a brand to be considered. (Aaker 1991, 63) “Brand awareness refers to the strength of presence of a brand in the memory of consumer. Brand awareness can create a reason to buy as well as a basis for a customer relationship” (Aaker & McLoughlin 2007, 174).

This study will define brand awareness as a combination of brand recognition and brand recall. On the one hand, brand recognition is defined as a consumer's ability to identify a brand when the brand is given as a cue. On the other hand, brand recall is seen in this study as a consumer's ability to recognize brand without any hints.

2.2.2 Brand values

In general, brand values are divided into two categories, the emotional values and functional values which a brand offers to its owner. Brand values are often discussed as a vision of the brand.

According to Raggio & Leone (2007, 8), “brand value represents what the brand means to focal company.” On the other hand, Kapferer (2008, 143) defines brand values as financial values attached to brand itself.

A strong brand will help a company in case a where it offers its products in new markets. A brand name helps a customer to articulate why an offering is superior to other brands. (Aaker 2000, 154) Lepla & Lynn (2002, 43) define values as beliefs that a company prizes above all else. Values drive a company and its employee’s actions.

In this research brand values are seen as a combination of different values and beliefs which make a brand so important to its owner. On the other hand, brand values are also seen as drivers which drive a brand to its target.

2.2.3 Brand associations

“Brand associations are generally everything that connects the customer to the brand, including user imaginary, product attributes, use situations, brand personality, and symbols” (Kotler & Pfoertsch 2006, 70).

According to Keller (2008), brand associations are divided into two dimensions, brand attributes and brand benefits (Keller 2008, 57). According to Nandan (2004), attributes can be both specific and abstract. For instance, size, color and weight are specific and, on the other hand,

brand personality attributes such as youthful, durable and rugged are abstract in nature (Nandan 2004, 4). The second dimension, benefits, refer to the consumer perception of the needs that are being satisfied (Nandan 2004, 4).

“Managing brand equity emphasizes that the brand equity is supported in great part by the associations that consumers make with a brand” (Aaker 1996, 25). Aaker also mentions that these associations might include product attributes; a celebrity spokesperson, or a particular symbol. Brand associations are driven by brand identity, in other words, what an organization wants a brand to stand for in customers’ minds. (Aaker 1996, 25) “Associations are important as they provide consumers with a connection to the brand that they can use to recall brand” (Aaker & McLoughlin 2007, 176).

Brand associations are the meanings a consumer associates with the brand when he or she sees its logo, name, or sees a related visual, hears a company jingle, sees a color and so on. Anything that a brand can say or look like that has made an impression on the consumer that he or she links with the brand an association. (Lepla & Lynn 2002, 91)

This study will describe brand associations as a combination of everything which connects consumers to the brand. Brand association can be both functional and emotional.

2.2.4 Perceived quality

The term perceived quality defines customers’ perceptions about the quality of some product or service. Perceived quality is always the subjective opinion of a consumer based his or her earlier experiences and attitudes about the brand.

According to Keller (2008), “perceived quality is customers’ perception of the overall quality or superiority of a product or service compared to alternatives and with respect to intended purpose” (Keller 2008, 195). Perceived quality is the heart of what customers are buying, and in that sense, it is the bottom-line measure of the impact of brand identity (Aaker 1996, 19). According to Aaker & McLoughlin (2007, 176), the perceptions about a brand provide a strong effect to buy for many people.

In this study, perceived quality is defined as consumers’ perceptions about the quality of a product or service compared to other similar products or services.

2.2.5 Brand loyalty

Brand loyalty is usually excluded from the conceptualization of brand equity. Aaker (1996) mentions two reasons why it is appropriate and useful to include it. First, a brand’s value to a firm is largely created by the customer loyalty it commands. Second, considering loyalty as an asset encourages and justifies loyalty-building programs which then help create and enhance brand equity (Aaker 1996, 21).

“Brand loyalty is a measure of the commitment a consumer has to re-buying the brand in the future” (Aaker & McLoughlin 2007, 177). They also mention that one of the most important aspects of brand loyalty is the role which loyal consumers play in promoting the brand to other consumers, via word-of-mouth communication about the brand (Aaker & McLoughlin 2007, 177). On the other hand, brand loyalty is also important for retailers, as well as, consumers. According to Aaker and McLoughlin (2007, 177), brands with high loyalty maximize retailers’ turnover and are more attractive in the supermarkets. From the consumer perspective, loyalty toward a brand makes the purchase decision-making process easier and save time. (Aaker & McLoughlin 2007, 177)

In the approach of this study brand loyalty is described as consumers' motivation to buy a brand again.

2.3 Brand image and identity

Brand identity and brand image are related concepts which refer to the images of a brand. On the one hand, brand identity is the message which a company sends to consumers. Brand image, on the other hand, is the consumer's perception about the brand.

Aaker (1996, 71) clarifies the relationship between brand image, brand identity and brand positioning as follows. Brand image refers to how the brand is perceived now, while brand identity refers to how the strategists want the brand to be perceived, in the future. Brand positioning, on the other hand, signifies the part of the brand identity and value proposition to be actively communicated to a target audience.

“Brand identity is a unique set of brand associations that the brand strategist aspires to create and maintain. These associations represent what the brand stands for and imply a promise to customers from the organizations members” (Aaker 1996, 68)

“Brand identity should establish a relationship between the brand and the customer by generating a value proposition involving functional, emotional or self-expressive benefit” (Aaker 1996, 68) Brand identity consists of twelve dimensions organized around four perspectives – the brand-as-product, brand-as-organization, brand-as-person, and brand-as-symbol (Aaker 1996, 68).

Brand image and brand identity are related concepts. Brand image is defined as consumers' perceptions about the brand i.e. consumer

approach. On the other hand, brand identity is defined as a company's message about its brands i.e. company's approach. (Nandan 2004, 1)

"Creating a positive brand image takes a marketing program that links strong, favorable, and unique associations to the brand in memory" (Keller 2008, 56). On the other hand, at the corporate level image is defined as follows: "the set of meanings by which people describe, remember and relate to it. That is, it is the net result of the interactions of a person's beliefs, feelings and impression about organizations at particular time" (Kareosmanoglu et al. 2006, 3). Thus, "Brand image is the sum total of impressions that consumers receive from many sources, all of which combine to form a brand personality" (Nandan 2004, 2).

Nandan (2004) differentiates brand identity and brand image as follows. Brand identity is company-focused because it is created by managerial activities and the identity is sent. On the other hand, brand image is received, and thus, target audience-focused i.e. created by the perceptions of the customers'. (Nandan 2004, 5)

Brand image is what exists in the mind of consumers. It is the total of all the information that they have received about the brand, for instance, the experiences, word-of-mouth, advertising, packaging, service and so on. That information is modified by selective perceptions, previous beliefs, social norms and forgetting. (Randall 1997, 6)

Brand identity is what a company transmits to the market place. It is under the company's control, provided that it understands the essence and expression of the brand. (Randall 1997, 6)

Kotler & Pfoertsch (2006, 94), define the difference of brand image and brand identity as follows Brand image is a more tactical asset that can change from time to time while brand identity is a long-lasting strategic asset that represents the timeless value of a brand.

According to Hsieh & Lindridge (2005, 2), brand image includes three different types of associations, the attributes, benefits, and brand attitudes.

Hsieh & Lindridge (2005, 2) define brand image as a set of perceptions about the brand as reflected by the brand associations held in the consumers mind.

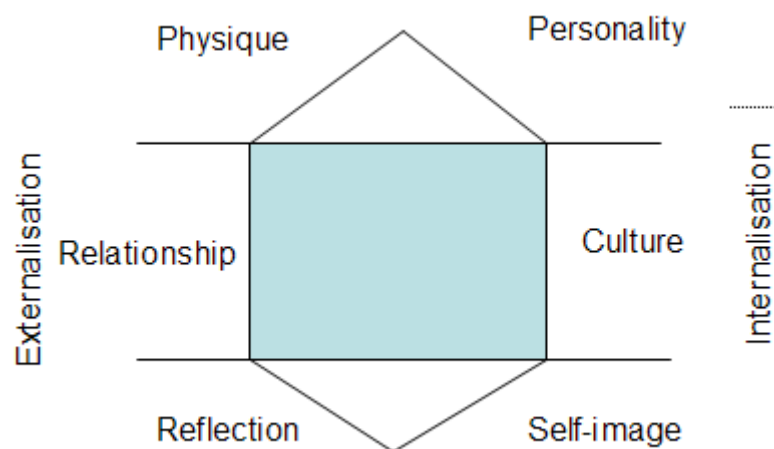


Figure 2 Brand identity prism (Kapferer 2008, 183)

Figure 2 presents the most essential characteristics of a brand identity. A brand identity prism is divided into two different dimensions, the internal, i.e. how a company sees the identity of its brands, and the external, i.e. how the target audience sees the brand. The internal aspects are the personality of the brand, culture (values) of the brand and self-image of the brand. On the other hand, the external characteristics are the consumers' reflections about the self-image, the relationship between brand and its target audience and the physical characteristics of the brand. (Kapferer 2008, 183)

This study will use both brand image and brand identity. Firstly, brand identity is defined in this study as a message about the benefits of the

brand sent by a company. Secondly, brand image is defined in this study as the consumer's perceptions about a brand.

2.4 Brand positioning

Brand positioning is defined as the consumers' perceptions about a brand relative to competing brands which provide same the benefits. In general, brand positioning might be both functional, as in which characteristics of a product make it more useful than competing products, or emotional as in which associations or emotional appeals make a brand more suitable than competing brands.

According to Keller (2008), brand positioning is the heart of marketing strategy. Brand positioning is the action which aims to locate a company's offer and image to target customers' minds (Keller 2008, 98). In other words, how a customer sees a brand between similar brands of competitors.

According to Aaker (1996, 176), "brand positioning is the part of brand identity and value proposition that is actively communicated to the target audience and that demonstrates an advantage over competing brands."

Brand can be positioned in two different ways. On the one hand, in a cognitive way, this means that the positioned characteristics are measurable, for example, price or quality. On the other hand brand can be positioned in an emotional way which means that the positioned characteristics are immeasurable, for example, consumer attitudes or experiences or perceptual images of the brand.

The question "A brand for what benefit?" gives an insight into the possible benefits of a product or brand to a customer. This question refers to the brand promises and possible benefits for the customer. The answer to the question "A brand for whom?" refers to the target aspect. In other words,

who are the target customers for the brand? This question helps a company to define their target segments. “Reason?” refers to factual or subjective elements of a brand that support the claimed benefit. In other words, which elements of the brand make it better than competing brands? Finally, the answer to the question “A brand against whom?” defines the competing brands and how those are related to the company’s brand. (Kapferer 2008, 99)

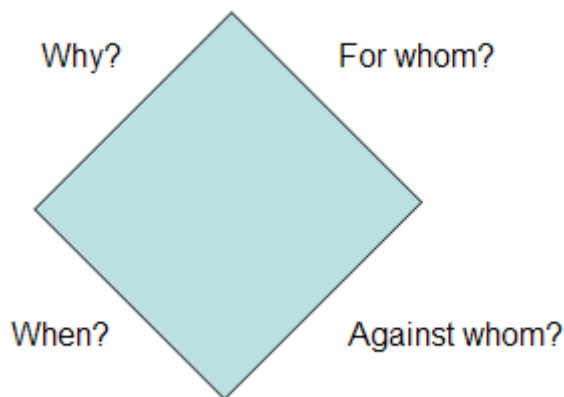


Figure 3 Distinctive characteristics of brand positioning (Kapferer 2008, 100)

The term brand positioning describes how a product appears in relation to other products in the market or in the minds of consumers or customers (mind share). In other words, the concept of brand positioning compares a brand to competitor's brands in the consumer's mind. According to Gwin's (2003, 2) estimate, brand positioning is designed to develop a sustainable competitive advantage on product attribute(s) in the consumer's mind.

This study defines brand positioning as a concept which differentiates a brand from other similar brands within consumers' minds and perceptions. Brand positioning can be based on both cognitive and emotional characteristics. On the one hand, cognitive brand positioning is described

as a combination of the functional benefits of a brand. Emotional brand positioning, on the other hand, is described as a combination of the emotional associations and perceptions about the brand.

2.5 Brand adaptation

The term brand adaptation means how brand has been adapted to different needs of different markets. In other words, in different markets needs, values and culture might affect buying decisions in different way, so brand should be adapted to local needs and values.

According to Johansson and Ronkainen (2005) one the most common features of the globally integrated marketing strategy is the adaptation of one brand name around the world. (Johansson and Ronkainen 2005, 1) On the other hand, according to Keller (2008, 142), due to changing of consumers values and opinions, or simply because of need to remain contemporary, most brand elements must be updated.

Brand adaptation is seen in this research as a process in order to fulfill different needs of the local consumers within different market areas. In other words, customers in different market areas have different needs and perceptions about the product or brand and adaptation will formulate brand for these needs.

2.6 Brand standardization

In contrast to brand adaptation, the target of brand standardization is to copy a similar brand to more than one market area. In this strategy, a company limits its brand foundation, which makes it easier to manage between different business units.

According to Keller (2008, 599), the most essential need for brand standardization is in economies of scale over the markets. If a company can standardize its brand in all the different markets, it can manage the brand in one big market. In a case where a brand is adapted to local needs, it should be managed by local authorities.

In this research, the term brand standardization is defined as the similarity of a brand in all the different markets. Standardization has a favorable effect on the global marketing costs, but on the other hand, it does not pay attention to local differences.

2.7 Brand management

This chapter focuses on analyzing brand management in an international business environment in order to describe the concept of brand management by using existing research about it. Brand building is part of the brand management process. For that reason, this chapter includes also brand-building theories. In other words, brand management is always revitalizing and re-building a brand within the brand portfolio. The beginning of this chapter discusses the most essential characteristics of brand building and brand management. Therefore, the focus is on internal and external communication in brand management. After that discussion, the research continues to the dilemma of centralization and decentralization in brand management.

According to Keller (2008) building a strong brand includes four steps, which create the basis of brand building. In the first step, a company should think about who they are (brand identity). In the second step, they should think about what they are (brand meaning). In the third step, they should think about what about them (brand responses) and in the last step a company should think about what about you and me (brand relationship). (Keller 2008, 60)

“Brand building is considered to be the best way to do business because of the constant changes in the market environment.” (Pappu et al. 2005, 1) They also mention that successful brand building could strengthen a producer’s competitive position to withstand the increasing power of retailers.

Referring to Pappu et al. (2005), “brand building can also bring advantages such as defending against competitors and building market share.” (Pappu et al. 2005, 1) According to Kapferer (2008), brand building is a combination of advertising, image creating, and development of awareness. The most essential focus is on communication. (Kapferer 2008, 52)

Kapferer (2008) mentions five conditions of brand building for mass markets, which are: enough volume, secure to stable quality, price, end-user driving, and national sales force. (Kapferer 2008, 53) Referring to Kapferer (2008), the building of strong brand can be executed in two ways; from a product advantage to intangible values or from values to a product. (Kapferer 2008, 55)

“Strong brands blend product performance and imaginary to create a rich, varied, but complementary set of consumer responses to the brand” (Keller 2008, 77). Keller (2008) defines the four steps of building a strong brand as identity, meaning, response, and relationship (Keller 2008, 60).

Referring to Pappu et al. (2005), the concept of brand management is considered useful in fully exploiting the assets of an organization and in generating additional value from the investments already made in a brand. (Pappu et al. 2005, 1)

According to Kapferer (2008), “since 1990s companies have been well aware that brands are assets, and that consequently they should always

be reinforced and nurtured by tangible innovations and intangible added values.” (Kapferer 2008, 137)

According to Aaker (2000), the classical model of brand management usually limited its scope to a relevant market in a single country and in the case of multinational environment; it was copied from one market area to another. In contrast to the classical, tactical, model, Aaker presents a brand leadership model which focuses on the strategic level. Where as the focus of a brand manager in the classical model was tactical and reactive, the focus of a brand manager in the brand leadership model is strategic and visionary. (Aaker 2000, 7)

Referring to Aaker (2000), the approach of the classical brand management model is external. The customer needs approach of the new the brand leadership model is internal as well as external. In general, the focus of brand leadership model is on strategy and brand identity as the driver of strategy, where as the focus of the classical model is short-term tactical activities, sales and market share. (Aaker 2000, 8)

In this research, the brand management concept is seen as a system of managing the different characteristics of a brand among the needs of different markets and cultures. The purpose of brand management is also to revitalize and rebuild a brand in a changing business environment. The approach of this study is divided into three main objects, which are brand building, brand communication and centralization of the decision-making process in brand management.

2.8 Communication in brand management

The definition of communication in brand management is the communication between brand and its target audience, which includes much more than only customers. Communication in brand management has two different aspects, internal communication, for instance between

head quarters and different business units, and external communication between brand and consumers or other stakeholders. The purpose of this chapter is to describe the role of internal and external communication in the brand management process.

According to Lynch and Chernatony (2004), “communication is central to human behavior, connecting individuals and creating relationships” (Lynch and Chernatony 2004, 8). They also mention that, the typical media used to communicate brand information, especially in business-to-business environment, includes personal selling, advertising, trade shows, direct marketing and the Internet. (Lynch and Chernatony 2004, 8) On the other hand, the use of those media is important also in business-to-consumer brand communication.

Brand communication at a corporate level is divided into two different parts, internal and external. Both internal and external communications are further divided into two parts Referring to Lynch and Chernatony (2004, 3) communication at an emotional level includes trust, prestige, career security, friendship and social needs. They also mention that the functional level of brand communication consists of the following factors: price, product specification, delivery, quality consistency, supplier reliability and customer service.

According to Kareosmanoglu et al. (2006), individual related communication is a combination of emotional and rational communication. (Kareosmanoglu et al. 2006, 3) According to Chernatony et al. (2006), brand values are communicated to consumers via employees and other channels raise the issue of the extent to which these are integrated. (Chernatony et al. 2006, 9)

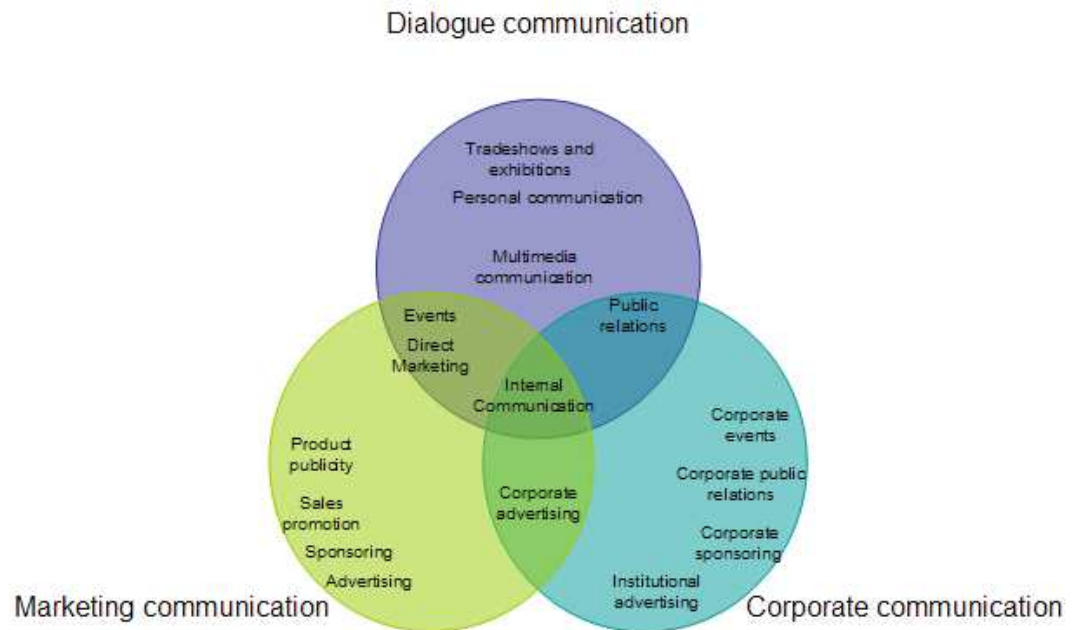


Figure 4 Tools and interfaces of corporate, marketing and dialogue communication (Kotler & Pfoertsch 2006, 109)

The figure 4 describes three different aspects of brand communication: corporate communication, marketing communication and dialogue communication. All of those dimensions have an external aspect, but the internal center puts those together.

This paper defines brand communication from two different aspects. The first aspect is internal brand communication, which includes communication between a brand and its owner within a company in order to implement guidelines for brand management and the core values of a brand to all employees and subsidiaries. The second aspect is external brand communication, which includes communication between a brand and its target audience, such as customers, in order to communicate knowledge about a brand and its values to a target audience.

2.8.1 Internal communication

Internal communication creates the basis of brand management within a company. It is extremely important that all employees understand the importance of a brand and its core values before a company communicates those values to an external audience, because all employees are ambassadors of the brand.

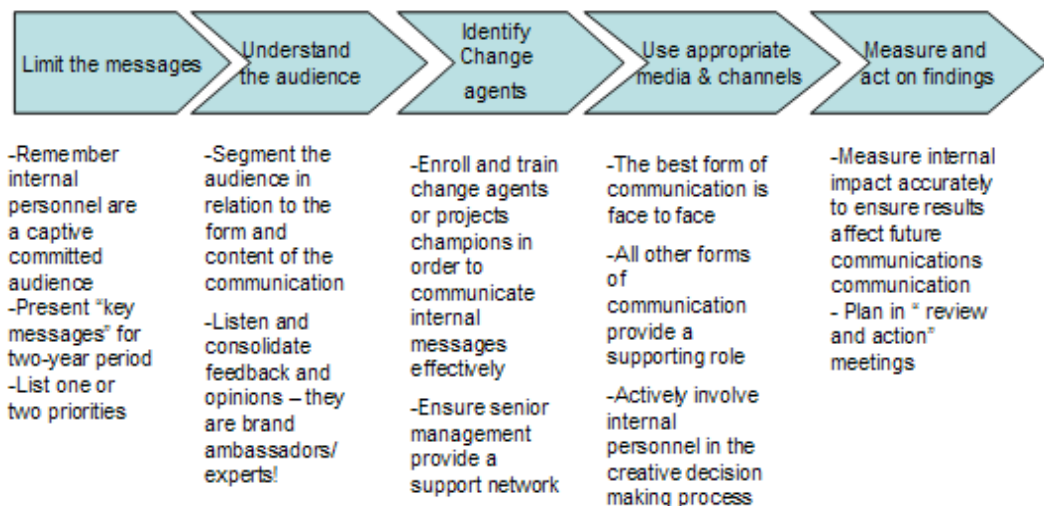


Figure 5 Five ways to put internal communication right (Sherrington 2003, 134)

According to figure 5, internal brand communication works better if the number of messages is limited. Another important characteristic of internal communication is to understand the target audience and their feedback. In internal communication, the clarification of change agents is also important in order to communicate message effectively. The most effective way to communicate brand values within a company is face-to-face communication and all other forms should play only a supporting role. The last important point of internal communication is the measurement of impact.

According to Lynch and Chernatony (2004), successful external brand communication is highly dependent on employees understanding and committing to brand values (Lynch and Chernatony 2004, 9). This approach increases the importance of internal brand communication in order to communicate brand values to other stakeholders such as customers.

Lynch and Chernatony (2004) describe the three core elements of internal brand building, which are effective communication to all employees, convincing employees of the brand's values and relevance, and linking every organizational position to the delivery of the brand essence. (Lynch and Chernatony 2004, 9)

Referring to Lynch and Chernatony (2004), the three main channels to communicate brand values internally are the organizational culture, internal communication media and, for sales people, sales force training. (Lynch and Chernatony 2004, 9)

According to Lynch and Chernatony (2004) internal brand communication includes all about an organization and its brands. They also mention different tools, such as, the use of symbols, rites and rituals, ceremonies, heroes, stories and jargon to communicate and reinforce values. (Lynch and Chernatony 2004, 9)

The importance of the internal communication of functional as well as emotional brand values is described as the need for staff to internalize brand values in order to deliver brand promise. The use of different tools of communication has an impact on how values are received and adopted by employees. (Lynch and Chernatony 2004, 9)

According to Keller (2008), most branding literature has taken an external perspective, focusing on strategies that firms should use to build or

manage its brands with customers. Equally important is the positioning of a brand internally. It is important that employees have an up-to-date and deep understanding of a brand. (Keller 2008, 125)

In this research, internal brand the communication is seen as the communication between a brand and its owner. On the other hand, internal brand communication includes also the communication between different business units in order to build and manage its brand or brands within different markets.

2.8.2 External communication

The external brand communication is a link between a brand and its target audience by using sales persons as messengers who communicate the emotional and functional characteristics of a brand to the customer.

Organizational communication of brand values to consumers is the sum of different messages from within an organization, such as PR, public affairs, environmental communication and investor relations. (Chernatony et al. 2006, 9) According to Marconi (1993, 38), external brand communication, especially advertising, raises brand awareness which leads to a bigger market share.

This study describes external brand communication as a process to transmit the message of a brand to different stakeholders, for instance consumers, customers, financiers and so on, by using different communication tools. External communication is divided into three parts, which are dialogue communication, marketing communication and corporate communication.

2.9 Decision-making of centralization and decentralization in brand management

In a case where a company has activities in several markets at the same time, the company should think about which brand management activities it can centralize and which should be done market-by-market. According to Solberg (2004), one of the most essential questions in brand management is how to achieve a balance of economies of scale and standardization and how to adapt brand to the different cultural needs of markets (Solberg 2004, 1). On the other hand, referring to Murphy (1990, 117), international brands have many advantages to their owners, such as the extensions to other markets being much cheaper in cases of global brands than in cases where brands are very local.

According to Keller (2008), there are three main approaches to organizing brand management for a global marketing effort. First, centralization at the home office or head quarters, second, decentralization of decision-making to local foreign markets and third some combination of those. (Keller 2008, 622) In general, in most cases companies prefer the combination of centralization and decentralization.

The level of centralization of brand management depends on the company objectives. If the target of a company is global strategies, which entail implementing standardized international marketing programs, high level of centralization will be required. (Harris 1992, 5)

Centralization of brand management is seen in this study as a process of managing the most essential characteristics of a brand from the head quarters in order to achieve a similar brand in all the different markets. On the other hand, decentralization of brand management is described in this study as a process to localize some parts of brand management to local representatives within different market areas.

2.9.1 Centralization

In a case where a company has activities with the same brand in different market areas, it should centralize all or a part of brand management activities to the head quarters. In general, all central brand management activities which are similar in all market areas should be managed centrally.

According to Keller (2008), in the mixed strategy, the core of the brand which includes branding, positioning product formulation is more likely to be managed centrally. (Keller 2008, 622)

In this study, the centralization of brand management is seen as a strategy where the most essential core of a brand is managed in a similar way in all market areas.

2.9.2 Decentralization

In contrast to the centralization of brand management, in a decentralization strategy, a company will localize brand management of its brand to local markets or subsidiaries. In general, brand management activities which are dependent on local needs or differences should be managed market-by-market.

According to Keller (2008), the secondary aspects of brand, for example distribution, should be managed locally. (Keller 2008, 622) According to Aaker & McLoughlin (2007, 323), there are also challenges in the decentralization strategies. The first challenge is the creation of cross-business synergies and the second responding strategically at the firm level to market dynamics. One way to address these problems is to centralize control.

In this research, the approach to the decentralization of brand management is seen as a strategy where the characteristics which require consideration of local needs, for instance customer interface and sales, are managed locally by market representatives in different market areas or business units.

3 RESEARCH DESIGN AND EMPIRICAL ANALYSIS

This paper will focus on defining the Tikkurila brand and its management in different market areas. The research is limited to the consumer paint markets in three different business units. Consumer paint markets include both B-to-C and B-to-B marketing, in other words, Tikkurila Deco and its business units operates in B-to-B markets with different distributors and, on the other hand, in B-to-C markets directly with constructors. The chosen business units of this paper are Tikkurila Deco Finland which operates in the Finnish markets, Tikkurila Deco East which operates in Russia and former Soviet Union, and Tikkurila Deco International which mostly operates in the Eastern European paint markets. The purpose of this chapter is to analyze the empirical findings from different market areas based on the existing theories which are presented in the theoretical part of this study.

This chapter introduces the empirical findings collected from the interviews and discussions with the top and middle management of the chosen business units of the Tikkurila Oy. Tikkurila has very different market positions in the different markets in which they have activities. For instance, in the domestic market, i.e. the Finnish consumer paint markets, they have approximately 50 or 60 per cent market share and also in Russia they are a market leader and have about over 20 percent share of the markets. In contrast to the leading situation in the Finnish and Russian paint markets, Tikkurila's market share is quite limited in some market areas of Deco international.

Due to the different situations within the markets, brand management at the corporate level is very challenging. At the moment, the different markets have their own views on how the brand should be positioned and managed in their market areas. The most essential problem, at the moment, is that Tikkurila does not have straight guidelines to brand

management i.e. different market areas and business units develop the Tikkurila brand separately. This research is made in order to find guidelines for brand management in Tikkurila DECO in all chosen markets.

Tikkurila group has a lot of different brand names for different markets. The focus of this research is on the management of the Tikkurila brand, but the paper will also introduce other brand names of Tikkurila Group in the chosen market areas. This paper will also focus on the brand of decorative paints, but it does not research industrial brands below the Tikkurila brand name.

According to an interview with the Marketing Director Arto Lehtinen, *“in the consumer paint business products which have the biggest volumes are almost identical between all competitors and that will lead to a situation where a company cannot achieve competitive advantage by supreme products or operational superiority. For that reason, Tikkurila will focus on increasing customer satisfaction”* (Marketing Director Arto Lehtinen). In a case where products are so similar and the consumer does not get benefits from buying more expensive products, a company cannot achieve competitive advantage by selling better products than the competitors. On the other hand, Tikkurila does provide added services, like education or better customer support, in order to increase customer satisfaction. According to the interview with Arto Lehtinen, *the target of Tikkurila is to provide products which are the best in their class. For instance, in the Finnish markets, Tikkurila is not positioned in the premium high category, but its target is to be the best product in the high end category.*

At first, the case company, Tikkurila Oy, is introduced shortly. After the introduction the study will focus on defining the Tikkurila brand at the corporate level and also at the brand name level. At the brand name level, the focus is on the Tikkurila brand and sub-brands are not discussed. After the definition of the Tikkurila brand, the study will focus on brand management in Tikkurila Oy, which is also limited to consumer paint

business. The brand management part will focus on the three main issues of brand management in Tikkurila Oy, which are internal and external communication, centralization and decentralization of brand management activities, and guidelines for global brand management. The global guidelines for brand management chapter will focus on defining market specific needs from the head quarters and the global image of the Tikkurila-brand. After the main body of this study, the managerial discussions and conclusions of the study are presented.

3.1 Background of the case company

The case company, Tikkurila Oy, is responsible for Kemira's paints and coatings business. It is the leading paints and coatings manufacturer in the Finnish, Swedish and Russian paint markets. Tikkurila is also one of the leading companies in its field in the Baltic States. Tikkurila provides branded products to consumers, professional painters and industrial users in approximately 40 countries. The product portfolio consists of decorative paints for consumer markets and coatings for wood and metal industries. In 2008, Tikkurila had revenue of approximately EUR 648 million and payroll of 4000 employees. (www.tikkurila.com)

In the consumer paint market, the company has several leading local brands: Tikkurila in Finland, Russia and Poland, Teks in Russia, Alcro and Beckers in Sweden, and Vivacolor in the Baltic countries. Other decorative brands include Polifarb, Debica and Jedyinka in Poland, Finncolor in Russia, Kolorit in Ukraine, and Pigrol in Germany. In the industrial coatings market Tikkurila Coatings is a well-known brand, but Tikkurila has also newer industrial brands such as Gamma and Ohtek in Russia. (www.tikkurila.com)

The decorative paints business is the responsibility of Tikkurila Deco, which is the focus of this study. The major customer groups of Tikkurila

Deco are consumers, professional painters, retailers, contractors and influencers. Tikkurila Deco is served either directly or through an extensive distribution network with over 5000 retailers in nearly 40 countries in Europe and Asia. (www.tikkurila.com)

Tikkurila Industrial Coatings is responsible for the industrial coatings business in the selected business sectors which are wood and metal industries. Tikkurila Coatings is served either directly or through a network of over 250 distributors in 28 countries. The role of the parent company, Tikkurila Oy, is to provide related services for supporting its business operations. (www.tikkurila.com)

“Tikkurila aims to become the market leader in decorative paints and selected industrial coatings segments by focusing on the chosen markets and generating continuous growth with excellent profitability. Tikkurila intends to fulfill this aim with the help of its highly competent and inspired personnel, through world-class marketing and service concept, innovative R&D and an efficient supply chain.” (www.tikkurila.com)

3.1.1 Introduction of the chosen business units

This research focuses on brand management in Tikkurila Deco and its three different, strategically important business units. These units are Deco Finland, which operates in the Finnish consumer paint markets, Deco East, has activities in the former Soviet Union, and Deco international, whose most important markets are in Eastern Europe and Scandinavia. A more specific introduction to the chosen business units is presented in this chapter.

Deco Finland

Tikkurila Deco Finland operates in the Finnish paint markets. In the Finnish markets, Tikkurila is the clear market leader and has about 50-60

percent share of markets. At the moment, Tikkurila Deco does not have sub-brands in the Finnish consumer paint markets, but is the manufacturer of a couple of private labels which operate in the Finnish markets.

Deco East

Tikkurila Deco East operates in the Russian and former Soviet Union paint markets. As well as in Finland, Tikkurila is the market leader in the Russian markets. The most important brands in the Russian consumer paint markets are Tikkurila, Finncolor, Teks, Alcro, and Beckers.

Deco International

The most important market areas of Tikkurila Deco International are in Eastern Europe. Deco International has business activities also in China, but the Chinese markets are excluded from this study. In most markets of Deco International, Tikkurila has only small market share and has activities in small niches. The most essential brand names in the Deco International's markets are Tikkurila, Alcro and Beckers. Tikkurila has also some small local brands in most of these markets.

3.2 Research methods and data collection

The purpose of this chapter is to introduce the research methods which have been used in this research and clarify the data collection process by introducing the interviewed persons and their roles in the Tikkurila Oy, in addition to the themes of the interviews. In the end of this chapter, the validity and limitation of this research are also introduced.

Methods

The research methods in qualitative research are not predefined or even narrowed. In qualitative research, the researcher uses the tools of his methodological trade using whatever strategies, methods or empirical materials are at hand. The researcher sometimes pieces together or invents new tools if needed to answer the research problem (Denzin et al. 1994, 14). This research uses qualitative methods in order to, on the one hand, describe and on the other hand, develop the brand management process in different business units in Tikkurila Deco.

Data collection

In qualitative research, an endless amount of methods for collecting empirical materials, such as interviews, direct observation, analysis of artifacts, analysis of documents and cultural records, visual materials and even personal experiences can be used (Denzin et al. 1994. 11). The most essential method of data collection for this research was the theme interview with the top and middle management of the case company. On the other hand, observation and internal and external written materials about Tikkurila Oy and its business units were used in the data collection process. The following table introduces the interviewed persons and their roles in the Tikkurila Oy, and the date and duration of the interviews.

Table 1 Table of interviews

Interviewed	Title	Business unit	Date	Duration
Eskelinen, Riitta	Brand Manager	Deco Finland	19.5.2009	60 minutes
Järvinen, Erkki	CEO	Tikkurila Oy	12.5.2009	60 minutes
Kontinen, Tomi	Vice President of Global Sourcing	Tikkurila Oy	19.5.2009	60 minutes
Lehtinen, Arto	Marketing Director	Tikkurila Oy	26.2.2009	60 minutes
Lichkatiy, Igor	Business Development Manager and Deputy Managing Director	Deco East	23.4.2009	60 minutes

Romanovska, Ineta	Marketing Manager	Deco International	11.5.2009	60 minutes
Rudinskaya, Natalia	Brand Manager TM Tikkurila	Deco East	23.4.2009	60 minutes
Taskinen, Maarit	Sales Director	Deco East	10.2.2009	60 minutes

Themes of interviews

The used method in interviews was the theme interview, which means that all interviews had the same themes, excluding the interview with Tomi Kontinen, the Vice President of Global Sourcing, because sourcing department sees the brand from a different aspect than the sales or marketing does. All interviews consist of six different themes and different questions in order to clarify the specific views of the different business units about those themes within the case company. More specific details about the interview themes and questions are introduced in appendix 1.

Validity

The data used in this study has been collected from interviews with the personnel of the Tikkurila group. The quality of data depends on the interpretation of the interviews. The interviews were not recorded, which has an effect on the analyses of the interviews. Also, the different cultural backgrounds of the interviewer and interviewee might affect the interpretation of the interviews.

Limitations

This study is focused on considering brand management in an industrial company which has business activities in more than one market areas at the same time. In this research, the markets are very dissimilar and for that reason the findings of this research cannot be generalized to all cases where a brand has activities in more than one markets. Brand

management in an industrial environment is usually not suitable to generalize to all industries and all markets.

3.3 The Tikkurila brand

The focus of this chapter is to define the most essential objectives of the Tikkurila brand. This chapter will build up the base for the next chapter, which will focus on brand management in Tikkurila Oy and its different business units. At the beginning of this chapter, the most essential characteristics of the Tikkurila brand are discussed. After that, the definition of the Tikkurila brand, the image, positioning, adaptation, equity, awareness, values, and associations about the Tikkurila-brand are discussed.

At the moment, the Tikkurila brand is a very highly-valued brand among professional users. Professionals value the brand much higher than non-professional end-users. The main benefit for both, professionals and non-professional end-users is a very high quality. Because of the high quality, the price is also very high.

3.3.1 The Tikkurila brand in different markets

Different business units see the Tikkurila brand in very different ways. The following chapter will introduce the most essential findings about the Tikkurila brand in different markets. A competitive situation and market share has an effect on opinions about the brand in different markets, which makes the definition of the core of the Tikkurila brand difficult from a group-wide perspective.

Brand In the Deco Finland's markets

In Finland, Tikkurila has a very strong competitive position and it has, at the moment, about 50 to 60 percent share of the paint markets in Finland. The Brand Manager Riitta Eskelinen defines the Tikkurila brand “*as a combination of helping customers, and enabling and actualizing customers' visions.*” As Riitta Eskelinen defines the Tikkurila brand, the product itself is not the most essential characteristic of the brand.

Brand awareness

According to an interview with the Marketing Director Arto Lehtinen, “*the Tikkurila brand is very well-known in the Finnish markets. About 99 percent of consumers recognize Tikkurila.*” The long history and big market share of Tikkurila in Finland might explain the high awareness of the brand in the Finnish markets.

Brand Values

Referring to the interview with the Marketing Director Arto Lehtinen, “*the most essential values of the Tikkurila-brand are trustworthiness, innovativeness and professionalism.*” Tikkurila should pay attention to these values in everything what they do.

Brand associations

According to the Marketing Director Arto Lehtinen, “*the Tikkurila brand is associated to innovations and solutions which help its customer to increase his or her well-being in home.*”

Referring to the interview with the Brand Manager Riitta Eskelinen, “*consumers have strong association between the Tikkurila brand and its slogan Paint your world (in Finnish maalaa maailmasi)*”.

Perceived quality

Referring to the interview with the Marketing Director Arto Lehtinen, “*the Tikkurila brand is known in the Finnish markets because its products have a very high quality.*” On the other hand, based on the interview with the Brand Manager Riitta Eskelinen, “*consumers see Tikkurila as a traditional Finnish paint maker.*”

Brand image and brand identity

In the Finnish markets, the identity of the Tikkurila brand is defined as the brand which helps its customers to increase their well-being in home. According to the interview with the Brand Manager Riitta Eskelinen, “*Tikkurila is the enabler which provides solutions and new ideas for customers who value more comfortable homes.*” On the other hand, the image of the Tikkurila brand in the Finnish markets is more expensive than competing brands but also the quality of its products is better than the quality of its competitors’ products.

Brand in the Deco East’s markets

According to an interview with the Brand Manager of Deco East Natalia Rudinskaya, “*In Russia, Tikkurila is known as a reliable partner whose products have very high quality standards. The Tikkurila brand has a very good reputation in Russia. The quality of Tikkurila’s products is perceived in Russia as Finnish quality (highest), not Russian-made quality.*” On the other hand, according to an interview with Igor Lichkatiy, “*the Tikkurila brand is known as high and equal quality, Finnish technology, trustworthy, as a small and flexible company, memorable, expensive which will affect the consumer positively or negatively.*”

Brand awareness

The awareness of the Tikkurila brand varies quite much within the Russian markets. Tikkurila is quite well-known in big cities, but brand awareness is very low in the countryside.

In the Russian markets, the corporate brand of Tikkurila is much better known than the specific product brands. According to the interview with the Business Development Manager Igor Lichkatiy, *“Consumers in Russia know Tikkurila, not its products.”* Igor Lichkatiy also mentioned in the interview that, *“Tikkurila tints its products in the shops, which increases the need for personal service. For instance, Pinotex has already tinted faces in shops, so they have twelve times more shelf space”.*

Also, in the Russian market area, especially in the Saint Petersburg and Moscow area, the Tikkurila brand is quite well-known. Referring to an interview with the Sales Director Maarit Taskinen, *“in the market areas of Moscow and Saint Petersburg, more than 55 percent of consumers can name Tikkurila by themselves and over 88 percent will recognize the Tikkurila brand.”*

Brand Values

In the Russian markets, the most essential values of the Tikkurila brand are the high quality products and trustworthy partner. According to the interview with the Brand Manager Natalia Rudinskaya, *“the most essential value of the Tikkurila brand is to provide high-quality products and solutions in order to increase consumers’ well-being.”*

Brand associations

In the Russian markets, the Tikkurila brand is strongly associated with its Finnish background. *“The Finnish origin is an important characteristic when raising positive attitudes.”* (Igor Lichkatiy) On the other hand, according to

the Brand Manager Natalia Rudinskaya, *“the Tikkurila brand is seen in Russia as a premium brand for premium consumers.”*

Perceived quality

Consumers have perceived the Tikkurila brand as high and equal quality products. According to the Brand Manager Natalia Rudinskaya, *“the quality of Tikkurila is seen as Finnish quality, which means highest quality in Russia.”*

Brand image and brand identity

Referring to the interview with Igor Lichkatiy, *“the image of the Tikkurila brand is seen as a high quality, Finnish technology, trust, small and flexible company, memorable, and price which might have either positive or negative influences.”*

The Tikkurila brand in Deco International’s markets

In the Deco International’s markets, the competitive situation is very challenging and Tikkurila has only a small market share in most of Deco International’s markets.

Brand awareness

According to an interview with the Marketing Manager Ineta Romanovska, *“about 5-20 percent of consumers have heard about Tikkurila and less than one percent can name Tikkurila by themselves. On the other hand, in the professional segment, about 50-80 percent know Tikkurila and about half of those who know the brand buy it.”*

Brand Values

According to the interview with the Marketing Manager Ineta Romanovska, *“one of the most essential values of the Tikkurila brand is to actualize the consumers’ individual dreams by providing different solutions, in order to increase personal well-being among the customers.”*

Brand associations

Referring to the interview with the Marketing Manager Ineta Romanovska, *“those who know, recognize Tikkurila as a high quality, but expensive brand. It is thought to be used by professionals.”*

Perceived quality

According to the interview with the Marketing Manager Ineta Romanovska, *“the quality of Tikkurila is seen as high, but also very expensive.”* In general, high price might have both, positive and negative associations among the customers. On the one hand, high price is a promise about the high quality, and on the other hand, in case where different brands are similar enough, it might have a negative effect.

Brand image and brand identity

The Marketing Manager Ineta Romanovska defined identity of the Tikkurila brand as follows: *“In the consumer segment, the most important qualities are: high quality of the products, ease of use, good coverage, and consultation availability in the shops. They are also willing to pay more for quality. On the other hand, in the professional segment the choice is strongly affected by the brand reputation and value-for-money.”*

According to Ineta Romanovska, *“in the market areas where Deco International operates, consumers who know Tikkurila recognize its high quality*

and very high price. It is thought to be used by professionals. On the other hand, among the professional users, the Tikkurila brand is evaluated higher than among the end users, because of its high quality.”

Consequences of the brand in the sourcing department

Usually, a strong brand has been seen as an essential characteristic of sales and marketing. On the other hand, a strong brand also has an effect on other business units in the company. For instance, in the sourcing department a strong brand plays a central role.

Referring to an interview with the Vice President of Global Sourcing Tomi Kontinen, *Tikkurila is the market leader in Scandinavia and Russia. That increases Tikkurila’s negotiating power among raw-material providers. If a raw-material provider wants to be a strong player in these areas, it is not believable if they do not have business with Tikkurila or least have negotiated with Tikkurila.*

From the global sourcing perspective, Tikkurila should be a trustworthy and wanted partner, which makes it an important partner to present partners and an interesting partner to new ones. Tikkurila is a demanding partner, which means that Tikkurila has very strict quality standards. (Tomi Kontinen)

Usually, brand and brand building have been as a part of sales and marketing strategy. On the other hand, the effects of a strong brand are also usable in the sourcing department. From the sourcing department’s perspective, a brand is also important. As a consumer, Tikkurila is known as a company which is trustworthy and has a low risk-level. (Tomi Kontinen)

According to Tomi Kontinen, *a strong brand creates a lot of opportunities. For instance, a strong Tikkurila brand makes Tikkurila more trustworthy, raises Tikkurila’s interest among new raw-material providers and makes Tikkurila more important for existing raw-material providers.*

3.3.2 Core of the Tikkurila brand at the corporate level

The core of the Tikkurila brand is defined in this study in two different parts. The first part defines the Tikkurila brand at the corporate level and the second part introduces the most essential characteristics of the Tikkurila brand at the brand name level.

On the one hand, at the corporate level, Tikkurila innovates consumers to improve their well-being by solving their problems in order to achieve more pleasure living at home by using inspiration and education. At the corporate level Tikkurila is also a trustworthy partner, which poses a low risk to business partners. On the other hand, at the brand name level, Tikkurila provides high-quality products and services for repairing homes and building new ones.

Tikkurila has a very well-known corporate brand and that leads to a situation where most consumers know Tikkurila, but not its products. For instance, Unilever has strong product-brands and consumers recognize those products, but hardly know that those are Unilever's sub brands. That strong "umbrella" will help to increase brand awareness in new and small market areas. It is easier and much cheaper to promote one strong brand than products under the umbrella.

The core of the Tikkurila-brand is very different at the corporate level than at the brand name level. At the corporate level, it is possible to define the Tikkurila brand as an innovator and enabler for consumers, conveying ideas or willingness to improve their well being at home. On the other hand, at the brand name level, Tikkurila is known as a guarantee of high and equal quality for users who value quality higher than price.

According to an interview with the CEO Erkki Järvinen, "*at the moment, the Tikkurila brand is not similar in every market area. The goal in the future is to create a similar Tikkurila brand for all important markets.*"

At the corporate level, the Tikkurila brand is defined as an immaterial brand, which enables consumers to actualize their dreams. On the other hand, Tikkurila also provides new ideas to consumers who willing to improve their well –being in the most important place of their lives, the home. As a business partner, Tikkurila is defined as a demanding and remarkable partner in the North and East European markets. Tikkurila has a good reputation which will affect its business in many different business areas. For instance, good reputation will increase its bargaining power with raw-material suppliers.

The following figure presents the most essential characteristics about the core of the Tikkurila brand. Referring to the interviews with the responsible personnel about the Tikkurila brand in different market-areas, the Tikkurila brand it is possible to define Tikkurila brand as a combination of high-quality products and services and a trustworthy partner who helps customers to actualize their visions and dreams.

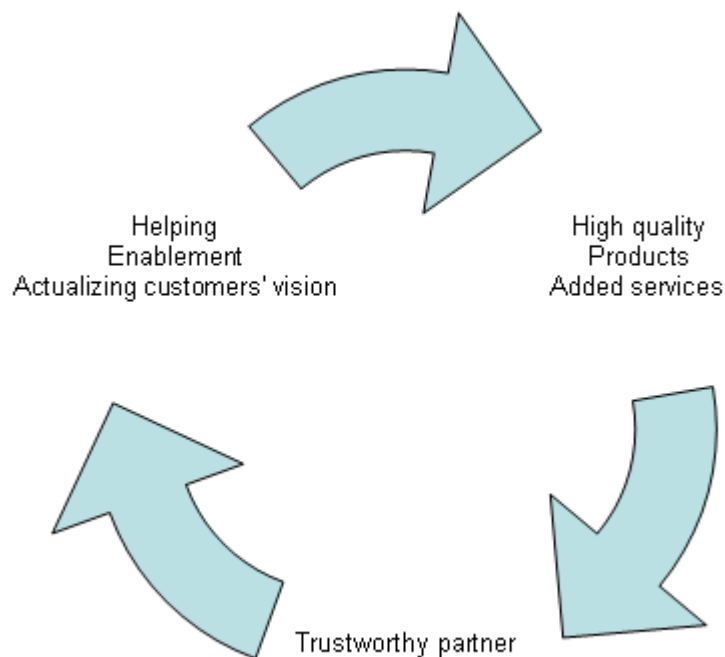


Figure 6 Core of the Tikkurila-brand

At the brand name level, the Tikkurila brand is defined as a combination of high-quality products and services. In contrast to the corporate level, where the brand is processed from an immaterial perspective, brand name level the brand is seen as a product.

As well as at corporate brand level, also at the brand name level the discussion about the Tikkurila brand is limited to the mother brand, Tikkurila, and its sub-brands are not discussed in this study. According to the interview with Natalia Rudinskaya, *“The Tikkurila brand is known about high and equal quality.”*

3.3.3 Tikkurila brand equity

According to Aaker (1991, 15), brand equity is defined as a combination of different brand assets. In this study, the characteristics of brand equity are divided into two different parts, brand awareness and brand image. In the first part of this chapter, the awareness of the Tikkurila brand in different market areas is discussed. The last part of this chapter will focus on defining the brand image of the Tikkurila brand.

Brand awareness

Existing theories about the branding define brand awareness as a consumer's ability to recognize brand. The awareness of the Tikkurila brand depends on the situation in different markets. For instance, in the Finnish and Russian markets especially in Saint Petersburg and Moscow area, the Tikkurila brand is very well-known and most consumers recognize Tikkurila. On the other hand, in smaller markets, where Tikkurila has only a limited market share, the brand is not so well-known among consumers. The awareness of the Tikkurila brand is presented more specifically in the table 2.

Table 2 Awareness of Tikkurila brand in different markets

BU	Brand Awareness	Brand recall	Brand recognition
Deco Finland	Good	99 %	99 %
Deco East	Depends on area	88 %	55 %
Deco International	Low	less than 1%	5-20%

According to the interview with the Marketing Director Arto Lehtinen, *“in the domestic markets, the Tikkurila brand is very well-known. Over 99 percent of consumers will recognize the Tikkurila brand”*.

On the one hand, in most of Deco International’s market areas the Tikkurila brand is not very well-known among non-professional consumers. About 5-20 percent of consumers, depending on the markets, have heard about Tikkurila, but only less than one percent can name Tikkurila themselves. In the Polish markets, the situation is better and the Tikkurila brand is better known. On the other hand, among the professional users, the Tikkurila brand is better known than among consumers in the same market area. About 50-80 percent of professional users know Tikkurila and about half of those buy it.

In general, Tikkurila is a well-known brand within the markets where it has a strong market share, but awareness within markets where Tikkurila has only a small market share is quite low. The awareness of Tikkurila brand varies also among the different customer segments, i.e. among the professional users Tikkurila brand is better known than among the non-professional end users.

Brand identity

In the existing theories, brand identity is described as a message about the benefits sent by the brand owner. In this study, the identity of the Tikkurila brand at the corporate level is created by using collected materials from different business units and these findings are placed to Kapferer’s brand identity prism.

Tikkurila brand is known as a high-quality paint provider. Consumers are willing to pay a little bit more money if they can paint their house only every ten or twenty years not have to paint it every five year. Tikkurila also provides education about painting, which also has an effect on the consumers' attitudes to company and its brand.

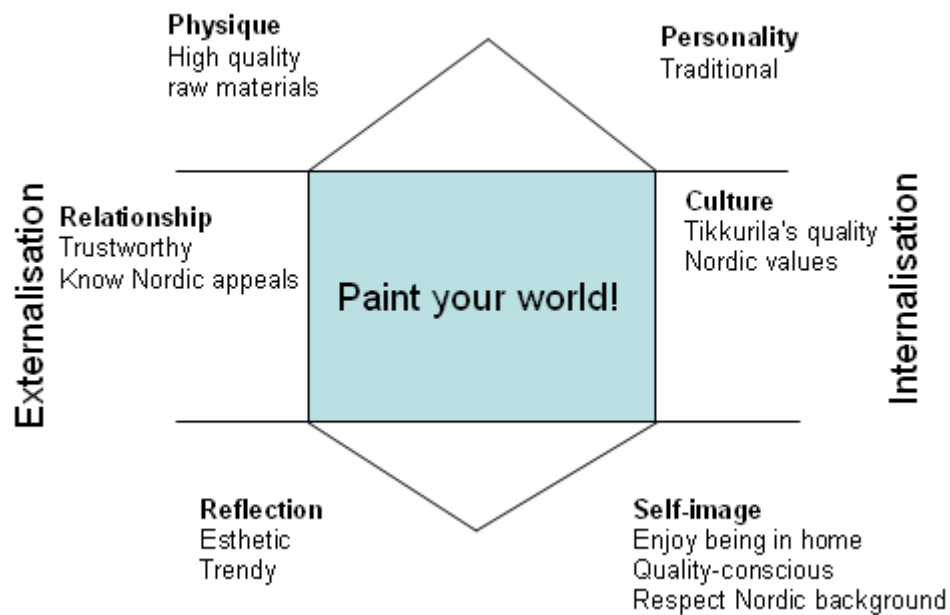


Figure 7 Tikkurila brand identity prism (modified from Kapferer 2008, 183)

Figure 6 is modified from Kapferer's brand identity prism in order to describe the identity of the Tikkurila brand. The personality of the Tikkurila brand has a long tradition. The culture of the Tikkurila brand represents values which are most essential to Tikkurila, in this case, Tikkurila's quality and Nordic background. The self-image describes the message which a company wants to send to the target audience. In the Tikkurila case, the target audience is seen as people who want to increase their well-being at home by painting. The reflection is a customer's perception about the brand, in other words, how a customer sees himself or herself when using this brand. In the Tikkurila case, the customer might use this brand in order to feel him- or herself esthetic or trendier. The relationship between

brand and its user is defined by using the customer's perceptions about Tikkurila as a partner. Tikkurila is seen as a trustworthy partner who utilizes the Nordic appeals. The physique shows how the customers see Tikkurila's products functional perspective. The most essential characteristics in this part are high-quality products, which are made by using high-quality raw materials.

Brand image

According to the existing theories, brand image is defined as a consumer's perceptions about the brand. The empirical findings from different business units show that the Tikkurila brand is seen as a high-quality but expensive brand. The image differs between different markets. For instance, in the domestic markets Tikkurila is not seen as a luxury brand, but in the most of other markets it is a luxury brand.

Values

In the theoretical approach, brand values are seen as a meaning of the brand for the brand owner. The following table will introduce the empirical findings about the most essential values of the Tikkurila-brand.

Table 3 Values of Tikkurila brand by Arto Lehtinen

Trustworthy	Innovative	Professional
We create and offer quality brands, services and products that people can trust are safe, reliable and environmentally sustainable	We can drive change in the market and offer novel solutions for our customers' needs	We add value to our customers, owners and the community - every day.
We deliver what we promise	We promote high environmental standards in the paint industry.	We are highly competent people who show efficiency and professionalism in everything that we do
We treat our customers and colleagues fairly and openly	We develop constantly our competencies, skills and the way we work	We are target-oriented and systematic
We care about and trust each other	We are agile and dynamic	We work actively in different networks, both inside and outside of our company
We communicate in a clear, reliable and timely manner		We are proud of our brands, services and operations; and we take good care of them

The most essential values of the Tikkurila are high and equal quality of the products, trustworthiness, customer satisfaction and nature friendly research and development.

Referring to the interview with Tomi Kontinen, *our code-of-conduct is one of the most important values of the Tikkurila brand. For instance, Tikkurila never offers payoffs to local authorities in order to achieve a better position in the markets.* On the other hand, the Marketing Director Arto Lehtinen defined Tikkurila's brand values as follows, *"our task is to ensure the success of our customers."* In other words, one of the most essential values of Tikkurila is to increase the success of its customers by providing high-grade solutions for their needs. In general, the most essential values of the Tikkurila brand are, on the one hand, be a trustworthy business partner and, on the other hand provide products and solutions which enable customers' success.

Associations

Brand associations are defined as links that connect the customer to the brand, including user imagination, product attributes, use situations, brand personality and symbols (Kotler and Pfoertsch 2006, 70). In the case of the Tikkurila brand, the most essential of those associations might be high-quality. For instance, Tikkurila provides high-quality painting solutions, which help customers save time and money i.e. they should have to paint their house less often. On the other hand, Tikkurila provides also education what makes the painting process easier and more comfortable.

On the other hand, Tikkurila is also perceived as an innovator. The home is the most important place for most people and Tikkurila provides opportunities to make living at home more comfortable. In other words, Tikkurila provides solutions which will help consumers to improve their lifestyle.

Especially in Finland, Tikkurila has been perceived as a traditional Finnish company whose products are made in Finland. On the other hand, also in other market areas Tikkurila's country-of-origin is seen as a positive influence. For instance referring to the interview with the Sales Director Maarit Taskinen, *“the Finnish origin of the brand is perceived as a guarantee of quality in the Russian markets.”*

3.3.4 Brand promise

The promise is defined by using the different objectives of the Tikkurila brand which were presented earlier in this study. According to the Marketing Director Arto Lehtinen, *“Tikkurila genuinely cares about the success of its customers.”* That point of view defines the most essential promise of the Tikkurila brand.

The following picture presents the promise of the Tikkurila brand. The promise of the Tikkurila brand is to enable the success of its customers by offering high-quality products, consultation and education, inspiring consumers, and providing solutions which enable the actualization of customers' dreams.

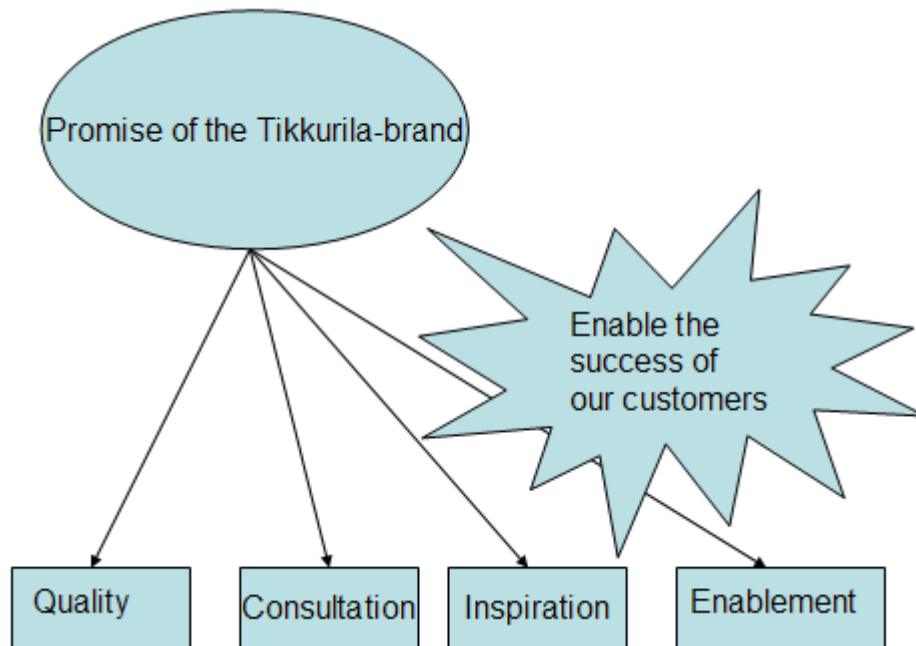


Figure 8 the brand promise of Tikkurila-brand

In general, the Tikkurila brand is much more than just a product. The most essential promise of the Tikkurila-brand is to provide opportunities to improve lifestyle, inspiration, consultation and high-quality products in order to make living more comfortable.

3.4 Brand management in Tikkurila

The focus of this chapter is on brand management in the Tikkurila Oy. The basis of the brand management chapter was created in the earlier chapter which defines Tikkurila brand within different markets. At the beginning of this chapter, the building of a strong Tikkurila brand is discussed. After that is the discussion about internal and external communication in brand

management. In the end of this chapter, the dilemma of centralization-decentralization decisions is discussed.

According to the interview with Igor Lichkatiy, “*People know Tikkurila, not its products.*” Due to the strong umbrella brand, Tikkurila will focus on increasing knowledge of the strong mother brand.

3.4.1 Brand management and the needs of different business units

This chapter introduces shortly the chosen business units and their markets. After the introduction of each business unit follows a discussion about the most essential differences and problems of brand management in those business units. In the end of this chapter, the consequences of the strong brand for the sourcing department are also discussed.

Deco Finland

Competitive environment and brand positioning

In the Finnish markets, Tikkurila is the market leader and has about 60 percent share of markets. The leading market situation helps Tikkurila to set the standards for markets and affect the development of the whole industry in Finland.

The Tikkurila brand is positioned in the Finnish markets in the high-end category, but Tikkurila also provides products in the lower price categories. According to the Marketing Director Arto Lehtinen, “*Tikkurila’s target is always being the best in class.*”

Brand adaptation or standardization

In the domestic market, the Tikkurila brand is quite standardized. On the other hand, the Brand Manager Riitta Eskelinen mentions that, *“in the Finnish markets, the Tikkurila brand is adapted to different lifestyles and wealth levels.”* In general, changing trends and economical situations have an effect to the consumer behaviour, which leads to situation where some characteristics of the brand should be adapt for changing needs.

Challenges in brand management

In the Finnish paint markets, the leading competitive situation creates some difficulties to brand management. On the one hand, the leading situations have an effect to attitudes about the brand; customers are more interested about the market leader than some smaller brands and they react more powerful to critic related to the brand. On the other hand, all brand management decisions affects to the whole industry.

Internal brand communication

Internal brand communication in the domestic market, consist of communication within the Deco Finland, but also, the communication between Deco Finland and other business units. According to the interview with the Brand Manager Riitta Eskelinen, *“the communication between different business units is, at the moment, easier than before and it is easier to get information.”*

External brand communication

In contrast to internal brand communication, the external brand communication consist of communication between brand and its target audience such as customers shareholders. In Finland, the knowledge about the Tikkurila brand is better than in most of markets, so

communication is also easier. On the other hand, bigger marketing budget also gives opportunities to communicate brand message via advertising.

Centralization in brand management

Centralization of brand management in Finnish markets is possible to see centralization of management between different brand names. On the other hand, centralization of brand management process in domestic markets has an effect to the brand in other markets. In case where a company has activities in more than one market all decisions related to the brand affects to the brand in all markets.

Decentralization in brand management

In case of domestic markets decentralization of brand management can be defined as a decentralization of brand management between different brand names and customer segments. For instance, brand management between B-to-B and B-to-C markets differs so radically that it is almost impossible to have similar brand image in both segments.

Deco East

Competitive environment and brand positioning

In Russia, Tikkurila is a market leader, but its market share is not as big as in the Finnish markets. Tikkurila's competitive situation also varies within the Russian markets. It is very well-known in the biggest cities, but in the countryside the brand is quite unknown. According to the interview with the Sales Director Maarit Taskinen, *“an effect of the economical crisis was huge in the Russian markets. That affected dramatically to sales of Tikkurila's products in the Russian markets.”*

According to the interview with the Russian Brand Manager Natalia Rudinskaya, *“the Tikkurila brand is positioned to the premium segment in the Russian markets. The quality is very high and also the price is very high.”* In general, Tikkurila is positioned in the Russian markets as a luxury product and in the lower price categories Tikkurila uses its sub-brands.

Brand adaptation or standardization

In the Russian markets, Tikkurila brand itself is quite standardized and the adaptation to local needs is actualized by using sub-brands. Referring to the interview with the Business Development Manager Igor Lichkatiy, *“Tikkurila is imported not adapted. The product has different names in Russia.”*

Tikkurila should also standardize its brand management between different brand names. According to the interview with the Russian Brand manager Natalia Rudinskaya, *“it is better to provide different brands for different segments.”* In other words, Tikkurila cannot sell the mother brand in lower price and quality segments, because it will negatively affect the associations of high-quality standards.

Needs from HQ

According to the discussion with the Russian Managing Director Evgeny Shupik, *“the most essential need from the head quarters is coherence in brand strategy for the whole organization. At the moment, they do not have any brand strategy.”*

The Russian Brand Manager Natalia Rudinskaya mentions in the interview that they do not receive any guidelines for brand management from the head quarters. In the same interview, she mentions that *the most essential objects which should be managed centrally are the brand book and general guidelines for brand management. Also, the communication message of the Tikkurila brand should be managed centrally for all market areas.*

Referring to the interview with the Brand Manager Natalia Rudinskaya, *“the Russian market area needs more support from head quarters to define key objectives of brand management. At the moment, they do not know which objects of the brand management should be managed market-by-market and which should be managed centrally at the corporate level.”*

Challenges in brand management

Referring to the interview with the Sales Director Maarit Taskinen, *“at the moment, brand management in Tikkurila is based on conventions about brand management in the Finnish markets, and does not take notice of the cultural differences in the markets.”*

According to the interview with Sales Director Maarit Taskinen, *“the Russian markets are worried about the quality of the Tikkurila brand in case of acquisitions.”*

Brand communication

According to the interview with the Business Development Manager Igor Lichkatiy, *“at the moment there are no problems in communication between the head quarters and Russian business area.”*

Referring to the interview with the Russian Brand Manager Natalia Rudinskaya, *“Communication between the premium brand and its customers should be actualized separately from other communications.”*

Referring to the interview with the Brand Manager Natalia Rudinskaya; *“there are a lot of problems in the communication between head quarters and market areas is lot of problems. For instance, the markets do not know the key objectives and the also brand book and guidelines for brand management are missing.”*

Centralization in brand management

According to the interview with the Business Development Manager Igor Lichkatiy, *“the most important brand management activities which should be managed centrally at the group level are brand the image strategy and general guide-lines for brand management. At the moment, the brand image strategy is good in the Russian business area.”*

Referring to the interview with the Brand Manager Natalia Rudinskaya, *“the most essential brand management activities which should be centralized are the general guidelines, brand book, brand cut and communication message. The communication message should be the same in every market area, but adapted to the local needs of the markets.”*

According to the Business Development Manager Igor Lichkatiy, *“the most important aspects which should be centralized in brand management are the brand image strategy and general guidelines for brand management.”*

Decentralization in brand management

According to the interview with the Business Development Manager Igor Lichkatiy, *“the most essential brand management activities which should be managed market-by-market are the operative brand management and product for local needs.”* In general, the brand management activities which are dependent on the local culture or needs are better to be managed by local representatives.

Deco International

Competitive environment and brand positioning

The competitive situation of Tikkurila varies between different markets where Deco International has business activities. For instance, in the Polish markets Tikkurila has a quite strong market share, but in many smaller markets Tikkurila has established only a niche markets.

According to the Marketing Manager Ineta Romanovska, *“in the Deco International markets, the Tikkurila brand is, usually, positioned in the premium high category.”*

Brand adaptation or standardization

For instance in the Polish markets, Tikkurila has two different price and quality categories below the same brand name. The Finnish-made Tikkurila is positioned in the higher category than the Polish-made Tikkurila. This leads to confusion among the customers. It also increases the competition between the company's own brand names.

According to the interview with the Marketing Manager of the Deco International, Ineta Romanovska, *“in the Deco International, the brand is adapted to the local needs by translating the marketing materials into the local languages.”*

Needs from HQ

According to the interview with the Marketing Manager Ineta Romanovska, *“the most essential need from the head quarters is marketing resources.”* Due to the many small markets and limited marketing budget, Deco International has problems with advertising, which leads to reduced brand awareness.

Challenges in brand management

Referring to the interview with the Marketing Manager Ineta Romanovska, *“Deco International has many small markets where the Tikkurila brand is not very well-known among consumers. In order to increase knowledge about the brand, Deco International needs a bigger budget for advertising in those market areas.”*

According to the Marketing Manager Ineta Romanovska, *“at the moment, the brand strategy does not work. Deco international has many small market areas and only a small marketing budget.”*

Referring to the discussion with the Marketing Manager Ineta Romanovska, *“There is a lack of advertising in most of Deco International’s market areas, which leads to brand unawareness. Maybe for that reason, the brand is not as well-known among the end-users as it is among the professional users.”*

“The Brand strategy does not work at the moment, because the markets are working so separately and small market areas have so limited resources to develop awareness of the Tikkurila brand in their markets.” (Ineta Romanovska)

Brand communication

According to the Marketing Manager Ineta Romanovska, *“the internal communication about brand management between the head quarters and Deco International does not work at the moment.”* On the other hand, Ineta Romanovska that the most essential challenge in external brand communication is limited marketing budget, *“there are challenges in marketing communication due to the small marketing budgets.”*

In general, limited marketing resources have an effect to external brand communication in most of the small market areas. On the other hand,

internal communication between head quarters and Deco International does not work very well.

Centralization in brand management

Referring to the interview with the Marketing Manager Ineta Romanovska, *“the most essential characteristics of brand management which should be centralized are the core values and brand strategy of the Tikkurila brand.”*

According to the interview with the Marketing Manager Ineta Romanovska, *“Deco International centralizes every possible brand management action. For instance, they use the same marketing materials in different market areas. Only the language is changed.”*

Decentralization in brand management

According to the interview with the Marketing Manager Ineta Romanovska, *“the most important brand management activities which should be managed market-by-market are the slogans, communication strategy, and brand message.”*

3.4.2 Management of the Tikkurila brand at the group level

This chapter will focus on solving the most essential problem about brand building and management process in a case where a company has activities in many different market areas at the same time. Building a similar brand in different market areas is difficult in Tikkurila's case, because markets they have their different needs and the market situation of Tikkurila is so different within the market areas. On the other hand, Tikkurila has business activities in many different areas which all have its own needs that make the brand management process very complicated.

According to the interview with the Marketing Director Arto Lehtinen, *“in the consumer paint category, the products are quite similar; this means that a*

competitive advantage is hard to reach with superior products or operational superiority. For that reason, Tikkurila has to focus on creating competitive advantage by increasing customer satisfaction.”

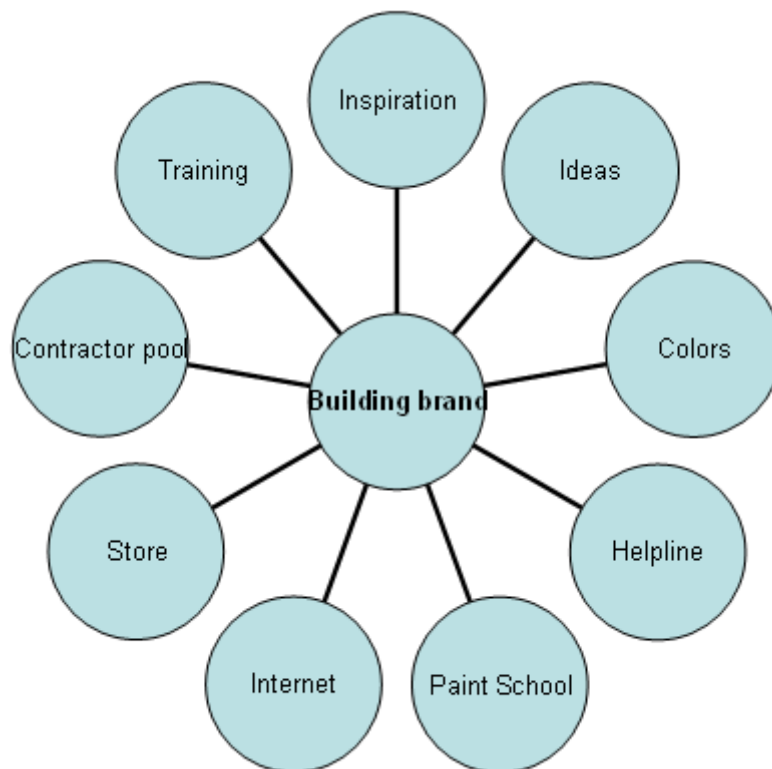


Figure 9 Building of brand knowledge (modified from Arto Lehtinen)

The Marketing Director Arto Lehtinen defines the most essential aspects of the building of brand knowledge in Tikkurila, which are shown in the figure 9 above. As it is shown in the figure 9 the most essential characteristics of building brand knowledge are not in the products. In the Finnish markets, the most essential characteristic of the building of brand knowledge is the education of different stakeholders not only consumers.

According to the figure 9, the building of brand knowledge is possible to be dealt with in two different categories: education and inspiration. Tikkurila provides ideas, inspiration, and colors by training consumers and other stakeholders. For instance, in the consumer segment Tikkurila provides

the customer with an opportunity for consultation by using its internet pages and helpline. On the other hand, Tikkurila also affects the knowledge about the brand by educating the constructors and store personnel in order to make them the marketers of the Tikkurila brand, not only the loyalists.

Brands and sub-brands should be positioned on the same line and own brands cannot compete against each other. At the moment, the Tikkurila products which are produced in Finland and the Tikkurila products which are produced in Poland are positioned in totally different price-quality segments in Poland. The quality should be equal in all cases and it cannot be related to country or manufacturing plant.

3.4.3 Positioning of the Tikkurila brand

The focus of this chapter is on specifying the positioning of the Tikkurila-brand in different market-areas. The positioning depends on the current situation in the markets and the future targets.

In the domestic market, the Tikkurila Oy has a market leader status and they have activities in many different customer segments. The brand is positioned in the high-end category, but at the same time, the brand is also for ordinary families. Competitive advantage begins from a strong market share and a strong brand, which conveys many different feelings to the customer. In the domestic markets, the price is higher than in the competitors', but also quality is higher. These arguments are based on the interview with the Brand Manager Riitta Eskelinen of the Tikkurila Oy.

In the domestic markets Tikkurila's brand is positioned in the high-end category, but at the same time, it is also a common brand for the typical end-users. The interview with the Brand Manager Riitta Eskelinen shows clearly the company's brand positioning. They value the high quality and

customers are also willing to pay more for their products, because of high quality and good product support.

Tikkurila uses both emotional and cognitive brand positioning when they are positioning their brands. The case company uses advertisements, which help create different associations for the customer, for example, of higher lifestyle. Advertisements will tell the customer that the home is not only a place to live in; it is also part of you and your lifestyle.

On the other hand, the brand is positioned to the highest quality category, and also the price is quite high compared with customer's other similar products. Customers value the high Finnish origin of the product.

To refer to an interview with the Marketing Manager Ineta Romanovska, *“it can be said that abroad the company's brands are positioned in the premium high segment.”* That means that the relative price and quality is higher than in competitor's products. Due to the limited market share the company should focus on a smaller niche of customers, so the brands are positioned in the highest category. The main segment in the foreign markets is the professional users, which already have a strong belief in the Tikkurila brand. Another major segment is users who can recommend products to non-professional users. Because of a lack of marketing money in these markets, the company should use indirect marketing to get end-users interested. On the other hand, despite the small market share, Tikkurila has a very well-known and highly-valued brand for professional users. For that reason, professional users are the most important customer segment for the Tikkurila in the foreign markets.

Referring to the introduction chapter, in this study the foreign markets are limited to two different market areas: the Russian and Eastern European paint markets. The brand of the case company is valued highly in these markets because of the quality and Finnish origin, but the problem is the very high price compared to local brands. In all those markets, the brand is

positioned in the premium-high segment, which means that the segment of potential customers is quite limited.

Within the foreign markets, Tikkurila has chosen a differentiation strategy for implementing their brand positioning. In other words, Tikkurila positions its brand as far as possible from their competitors' brands. As a result, the case company does not focus on the highly competed bulk-product-markets and they have a well-known brand in the most important customer segments of the case company.

In the Finnish and Russian markets Tikkurila operates all in market segments, from medium to premium high, with the Tikkurila brand and its sub-brands. On the other hand, in most market areas of Deco International, Tikkurila has less brand-names and a limited market share. It leads to a situation where Tikkurila should position its brands in the premium high segment and operate only in a small niche.

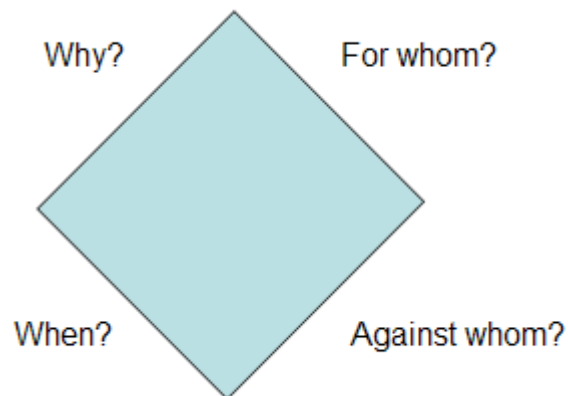


Figure 10 Distinctive characteristics of brand positioning (modified from Kapferer 2008, 100)

The figure 10 presents distinctive characteristics of brand positioning. In case of the Tikkurila brand, the answer to the question “why” is to enablement. The most essential purpose of the Tikkurila is to enable its customers to improve their well-being. Question “for whom” refers to brands’ target audience, in Tikkurila case, the target audience are all customers which are willing to achieve more comfortable time at their

homes. The answer for the question “when” is related to a using situation. In this case the answer is, always when customer want to improve his or her well-being by making the home more comfortable place to live with. The final question, “against whom” refers to competitive situation. In the Tikkurila case, the answer is other paint manufacturers, and also, other decorative solutions.

3.4.4 Adaptation of the Tikkurila brand

Tikkurila has activities in many different markets and all those markets have their own distinctions. Those differences of the markets lead to situation where it is necessary to adapt the brand and its management for local needs. On the other hand, Tikkurila should also adapt its brand in the Finnish markets. Referring to the interview with the Brand Manager Riitta Eskelinen, *“Lifestyle and wealth of consumers are affected by the Tikkurila brand in Finnish markets.”*

3.4.5 Standardization of the Tikkurila-brand

In contrast to brand adaptation, in some cases is better to standardize a brand and its product for every market area. Especially, in small market areas, it is impossible to adapt all characteristics of the brand to local needs and, in some cases, it is better to be a Scandinavian brand which is similar in different market areas.

In product categories where the price is low and products are similar, it is better to use standardized products for all markets, which will help to achieve cost savings and increase profitability.

Referring to an interview with the CEO Erkki Järvinen, *“Tikkurila is a Scandinavian company and it might probably standardize its products for different market-areas in order to achieve a Scandinavian image.”*

In a case where products and quality standards are similar in all market areas, monitoring of quality is much easier than in a situation where all markets have their own standards. Referring to the interview with the CEO Erkki Järvinen, *“Tikkurila should create quality standards for markets where market share is big enough.”*

3.4.7 Brand communication

The communication in brand management is dealt with in two different parts in this paper. The first part processes brand communication on the internal level i.e. communication between different business units and different brand names. The second part of brand communication discusses external brand communication i.e. the communication between brand and its target audience, for instance, consumers and distribution channels.

Communication between different markets and head quarters is a critical aspect of brand management. At the moment different business areas work separately and do not know the targets of brand management.

The problem, at the moment, in Tikkurila is how to centralize brand management in different market areas i.e. how all market areas know the targets of brand management and work together in order to achieve those targets.

Internal

Internal brand communication is communication about the brand management between different market areas and the head quarters in order to implement similar targets and strategies to all market areas.

According to the interview with the Brand Manager Riitta Eskelinen, *“communication between head quarters and different business units is better than earlier and nowadays it is easier to get information from different market areas.”*

At the moment, different business areas work separately and do not know the targets clearly. Without communication between different businesses, all business units try to develop the brand by themselves and a similar brand image between different market areas might be lost.

In general, the most central problems of internal brand communication in Tikkurila Oy are in the implementation of strategy and targets in different market areas. Due to the separately working business units, the Tikkurila brand looks different in different markets.

External

External brand communication is defined as communication between a brand and its target audience and other stakeholders in order to raise knowledge about the brand or its effects on the stakeholders' attitudes and associations.

On the brand name level, communication between brand and consumers should increase knowledge about and trust in the brand. It should also activate consumers to actualize their dreams by painting their homes.

The most essential target of communication between the brand and its professional users is to increase loyalty between the users and the Tikkurila brand. The target of increasing the level of satisfaction among the professional users is, on the one hand, to keep the users of Tikkurila's products also in the future, and on the other hand, to make them active marketers of the Tikkurila brand among the customers.

3.4.8 Dilemma of centralization and decentralization in brand management

Tikkurila has activities in many different market areas and all markets have different needs for brand management. According to the interview with the CEO Erkki Järvinen, *“the target into the future is that Tikkurila has a similar core of the brand in all important markets.”* All markets should adapt some parts of the brand to local needs, but some parts are possible to manage centrally from the head quarters to all market areas.

The focus of this chapter is to define which brand management actions are possible to centralize and which should be managed market-by-market in order to find a combination of global brand management and local needs of the markets.

The centralization of brand management will enable cost savings, and on the other hand, it will also help to build a similar brand image in all market areas. All markets are different and for that reason brand management will always be a combination of centralization and decentralization.

Centralization

Centralization of brand management will help a company to reach cost savings and, on the other hand, it enables the similar core of the brand in all market areas. According to the CEO Erkki Järvinen, *“critical aspects of brand management which should be managed centrally from the head quarters are the values, guidelines for brand management and positioning.”*

In general, those characteristics which are similar in all market areas or which are the most essential for a corporate brand should be managed centrally. Also, the most essential characteristics of the brand should be managed centrally from the head quarters.

Decentralization

In contrast to the aspects which are possible to implement centrally from the head quarters to all markets at the same time, some brand management decisions are better made market-by-market. All markets have their own special needs about marketing and brand management. For that reason, it is not possible to centralize all brand management actions in an international business environment.

Referring to the interview with the CEO Erkki Järvinen, *“marketing communication and customer interface should be managed market-by-market.”* In other words, customers in all market areas have so different cultural background that the marketing communication and consumer interface should be implemented for local needs. Also the Brand Manager Riitta Eskelinen mentions in the interview that, *“campaigns, emotional characteristics, and pictures should be localized for market needs.”*

In general, all brand management actions which are dependent on local culture or perceptions of local consumers should be managed locally. In other words, supporting characteristics of a brand should be managed locally in different markets.

3.5 Guidelines for brand management

The focus of this chapter is to analyze the collected information about the brand management in Tikkurila Oy, in order to create guidelines for brand management across the market areas and business units. This part includes two main themes, the global brand message of the Tikkurila brand and the critical aspects which need more support from head quarters.

All employees are kind of brand ambassadors. For that reason, it is very important to communicate brand values to all employees in all markets and business units. One good opportunity to communicate knowledge about the brand and its values to all employees is to create brand pages for the intranet. At the moment, Tikkurila does not have a group-wide brand pages whose target audience is all personnel.

Tikkurila can also increase knowledge about its brand by using different kind of social media as a marketing tool. Social media is a quite cheap solution in order to increase awareness of the brand and, on the other hand affect to consumers attitudes about the brand.

Tikkurila should think beforehand how the different characteristics of the brand and brand management process are possible to handle in case of acquisitions. In case where Tikkurila buy a new brand name, general guidelines which characteristics are possible to integrate to the Tikkurila brand and which should be managed as a different sub-brand should be decided beforehand.

Tikkurila should have similar brand identity in all important markets. All markets have their own views about the brand, but the core of the brand should be similar in all markets. On the other hand, supporting characteristics of the brand is possible to adapt for needs of different markets.

3.5.1 Needs from the head quarters

The focus of this chapter is to define the most critical aspects of brand management, which need the most support from the head quarters. Due to the different situations in the market areas Tikkurila cannot copy the brand management model used in Finland.

The competitive situation creates different needs for brand management in different market areas. For that reason, copying the brand management process will not be the best decision in brand management at the corporate level.

The empirical findings show that all markets have their own views on a brand so straight guidelines with an opportunity for local adaptation will be the best solution in order to reach more effective brand management system within the whole organization.

In general, the markets are confused because they do not know which aspects of brand management are their responsibilities and which aspects are managed centrally.

3.5.2 Global brand message

All markets are different and they need to adapt some parts of the brand and brand management. The focus of this chapter is to find the global heart of Tikkurila's brand message, which will be similar in all market areas. In conclusion about the earlier parts of this study, Tikkurila should centralize its core values and central message to all market areas.

In order to define the core of the global brand message, Tikkurila should pay attention to the cultural differences in brand communication. In other words, different market areas have their own distinctions, which will affect brand management in a cross-cultural environment.

Tikkurila should have a similar core of its brand within all market areas. That does not mean that the whole brand should be the same in all market areas. In other words, the core of the brand should be the same in all important markets, but the supporting characteristics of the brand, which are more dependent on the consumer behavior in local markets, should be adapted for local needs.

4 DISCUSSIONS AND CONCLUSIONS

This research has been made in order to increase the knowledge about brand management in an international business environment. This chapter will conclude all the theoretical and empirical findings about an industrial brand and its management in an international context, where a company has activities in more than one market at the same time and the needs and the development stage of those markets differ radically.

The theoretical findings show that the most essential characteristic of brand management is the management of brand equity by using internal and external communication. On the other hand, in a situation where a company has activities in more than one market it, it is critical to define the characteristics of brand management which are possible to manage centrally from the head quarters and the characteristics which should be managed locally by the local authorities in the individual markets.

The limitation of qualitative research is that the objective reality can never be captured. The data of this research has collected by the theme interviews with the Tikkurila's personnel. The empirical part of the research has consisted of interviews with people from different countries and the language used varies in different interviews. That has led to a situation where sent message and received message differ.

The main objective of this study has been to define the most essential characteristics of a brand and its management. The first part of this study focused on defining the core of the Tikkurila brand from two different approaches. The first part defined Tikkurila brand at the corporate level and the second at the brand name level. At the corporate level, the Tikkurila brand is defined as an immaterial brand which will provide ideas and solutions to the actualization of consumer dreams. On the other hand, at the brand name level, the Tikkurila brand is seen from the product perspective i.e. characteristics which provides benefits to consumers. The

brand equity, brand awareness, brand image, values of the Tikkurila brand, associations of the Tikkurila brand, positioning of the Tikkurila brand, adaptation of the Tikkurila brand, standardization of the Tikkurila brand, and the brand promise have also been discussed.

The latter part of this paper focused on brand management in the Tikkurila Oy. The main objective of this part of the study was in explaining brand communication and the decision of centralization or decentralization in order to create a global core of the brand management in Tikkurila Oy.

At the moment, Tikkurila has activities in many small markets where their market share is quite limited. Tikkurila should critically analyze which market areas are profitable enough for wide scale business and whether is there any possible niche for profitable business in markets where they have only a small market share. On the other hand, in the markets where Tikkurila has only a small market share it should focus on finding a niche in those market areas where it is not rational to have wide scale activities.

Tikkurila brand also differs in the different markets, at the moment. Despite the differences between the markets, Tikkurila has a very strong “umbrella-brand” in all markets. In other words, the consumers might know Tikkurila, but not its products. In any market area, it is important to care that the mother brand and its sub-brands are in line in order to avoid competition between the company’s own brand names.

The Tikkurila brand has a lot of differences in different markets. The target in the future should be to have a similar brand core in all of the most essential market areas. Tikkurila should create general guidelines about the core of its brand. This core should be similar in any markets.

The adaptation of the Tikkurila brand depends on the cultural needs of different market areas. On the other hand, the behavior of consumers changes in all markets, which leads to a situation where Tikkurila should

adapt its brand to the current needs of markets. Core of the Tikkurila brand should be similar in any market and it cannot be adapted for local needs.

The positioning of the Tikkurila-brand depends on the market areas. In the Finnish and Russian markets, where Tikkurila has a wide scale of different products it has brands in all segments, from medium to premium high. On the other hand, in the smaller markets, where Tikkurila operates only in a small niche, its products are usually positioned in the premium high category.

In some market-areas, for example in Poland, different brands of the Tikkurila group are competing against each other. In the Polish market, the Finnish-made Tikkurila and Polish-made Tikkurila are positioned in a totally different quality category, but both have the same brand name.

Challenges in brand communication on the different markets

Tikkurila should centralize the core of its brand communication message among different market areas. In other words, what is the most essential message that Tikkurila wants to implement in all market areas?

In the Finnish markets, Tikkurila provides a lot of added services in order to support brand management. In the future, Tikkurila should provide more services also in different market areas wherever it is possible. For instance, in Russia, Tikkurila has big enough market share for similar services than it already has in Finland.

In the Finnish markets, the education of customers has a central role in brand management in Tikkurila. In the future, Tikkurila should also introduce the culture of education to other market areas which have enough capacity.

At the moment, the different market areas are confused because they do not have any guidelines for brand management at the corporate level.

Tikkurila should create a brand book which defines the global core of the brand and its management in different market areas and also defines those characteristics of the brand which are possible to adapt for local needs.

At the moment, the different business units of Tikkurila Deco operate separately. In the future, Tikkurila should critically analyze which characteristics of brand management it can manage centrally for all market areas and which it should manage separately market-by-market.

Future research objectives related to brand management in an international business environment might be related to the measurement of brand value. On the other hand, this research has used a managerial approach to brand management and wider research about brand management within a whole organization might be a good research interest in the future.

LIST OF REFERENCES

Aaker D. A. 1991. *Managing Brand Equity*. The Free Press, New York, USA

Aaker D. A. 1996. *Building Strong Brands*. The Free Press, New York, USA

Aaker D. A. and Joachimsthaler E. 2000. *Brand Leadership*. The Free Press, New York, USA

Aaker D. A. and McLoughlin D. 2007. *Strategic Market Management European Edition*. John Wiley & Sons, West Sussex, England

Chernatony L., Cottam S. & Segal-Horn S. 2006. Communicating service brands' values internally and externally. *The service industries journal* 26, 8, 819-836.

Denzin N. & Lincoln Y. 1994. *Handbook of Qualitative Research*. London. Sage Publications.

Drobis D. 1993. Building brand equity with public relations. *Management Review* 82, 5, 52-55.

Gwin C.F. 2003. Product attributes model: A tool or evaluating brand positioning. *Journal of marketing theory and practice* 11, 2, 30.

Harris G. 1992. International marketing centralization: the case for balance. *European Business Journal* 4, 3, 50-54.

Hartman P. Ibanez V.A. & Sainz F.J. 2005. Green branding effects on Attitude: functional versus emotional positioning strategies. *Marketing Intelligence & Planning* 23, 1,9.

Hirsjärvi S. Remes P. & Sajavaara P. 2007. *Tutki ja kirjoita*. Otava Kirjapaino Keuruu

Hsieh M. and Lindridge A. 2005. Universal appeals with local specifications. *The Journal of Product and Brand Management*. 14, 1, 14-29.

Hoeffler S. and Keller K. L. 2003. The marketing advantages of strong brands. *Journal of Brand Management* 10, 6, 421-445.

Johansson J. K. and Ronkainen I. A. 2005. The esteem of global brands. *Journal of Brand Management* 12, 5, 339-354.

Kapferer J. N. 2002. Practice Paper: Is there really hope for local brands? *Journal of Brand Management* 9, 3, 163-170

Kapferer J. N. 2008. *The new strategic brand management 4th Edition*. Kogan page Limited, London, United Kingdom.

Karaosmanoglu E. and Melewar T. C. 2006. Corporate communication, identify and image: A research agenda. *Journal of Brand Management* 14, 1/ 2, 196-206.

Keller K. L. 2008. *Strategic Brand Management*. Pearson Prentice Hall, Upper Saddle River, New Jersey.

Keller K. L. and Lehmann D. R. 2006. Brands and Branding: Research Findings and Future Priorities. *Marketing Science* 25, 6, 740-759.

Kocak A., Abimbola T. & Özer A. 2007. Consumer Brand Equity in a Cross-cultural Replication: An Evaluation of Scale. *Journal of Marketing Management* 23, 1-2, 157-173.

Kotler P. and Pfoertsch W. 2006. *B2B Brand Management*. Springer Berlin, Heidelberg, New York.

Kotler P. and Keller K. L. 2006. *Marketing Management 12th Edition*. Pearson Prentice Hall, Upper Saddle River, New Jersey.

Lepa F. and Lynn P. 2002. *Integrated branding*. Kogan Page Limited, London, UK

Lynch J. and Chernatony L. 2004. The power of emotion: Brand communication I business-to-business markets. *Journal of Brand Management* 11, 5, 403-419.

Marconi J. 1999. *The brand marketing book*. NTC Business Books 4255 West Touhy Avenue, Lincolnwood, Illinois.

Murphy J. M. 1990. *Brand Strategy*. Director Books, Cambridge, England

Myers C. A. 2003. Managing brand equity: a look at the impact of attributes. *The Journal of Product and Brand Management* 12, 1, 39-51.

Nandan S. 2004. An exploration of the brand identity – brand image linkage: A communication perspective. *Journal of Brand Management* 12, 4, 264-278.

Pappu R., Quester P.G & Cooksey R. W. 2005. Consumer-based brand equity: improving the measurement – empirical evidence. *The Journal of Product and Brand Management* 14, 2/3, 143-154.

Raggio R. D. and Leone R. P. 2007. The theoretical separation of brand equity and brand value: Managerial implications for strategic planning. *Journal of Brand Management*. 14, 5, 380-395.

Randall G. 1997. *A practical guide to branding*. Kogan Page Limited, 120 Pentonville Road, London

Sherrington M. 2003. *Added Value: The Alchemy of Brand-led Growth*. Palgrave Macmillan, 175 Fifth Avenue, New York.

Solberg C. A. 2002. The Perennial Issue of Adaptation or Standardization of International Marketing Communication: Organizational Contingencies and Performance. *Journal of International Marketing* 10, 3, 1-21.

Tikkurila. About us (In Tikkurila www-pages). From:
http://www.tikkurila.com/about_us/

Webster F. E. and Keller K. L. 2004. Academic Papers: A road map for branding in industrial markets. *Journal of Brand Management* 11, 5, 388-402.

LIST OF INTERVIEWS

Eskelinen, Riitta. Brand Manager, Tikkurila Deco Finland

Järvinen, Erkki. CEO, Tikkurila Oy.

Kontinen, Tomi. Vice President of Global Sourcing Tikkurila Oy.

Lehtinen, Arto. Marketing Director, Tikkurila Oy.

Lichkatiy, Igor. Business Development Director and Deputy Managing Director, OOO Tikkurila

Romanovska, Ineta. Marketing Manager for Deco International

Rudinskaya, Natalia. Brand Manager TM Tikkurila, Finncolor, OOO
Tikkurila

Taskinen, Maarit. Sales Director, Deco East, Tikkurila Oy.

LIST OF DISCUSSIONS

Shupik, Evgeny. Managerial Director, Tikkurila Deco Russia

Appendix 1 Interview themes and questions

Core of the Tikkurila brand

Positioning of the Tikkurila brand

Adaptation of the Tikkurila brand

Market specific needs from HQ

Which brand management actions can be centralized?

Which brand management actions should be done market-by-market?

Core of the Tikkurila brand

How to define the Tikkurila brand?

Is the Tikkurila brand similar in different markets?

Is the target to get a similar Tikkurila brand in all market?

Positioning of the Tikkurila brand

How is the Tikkurila brand positioned at the moment?

How should the Tikkurila brand be positioned in the future?

Is the target to get a global position for the Tikkurila brand?

Adaptation of the Tikkurila brand

How is the Tikkurila brand adapted in the markets?

What characteristics of the Tikkurila brand should be adapted for local needs?

Communication

Do all business units understand the common targets?

Is it possible to get enough information about the needs of different business units?

Centralization

Which brand management activities are centralized in Tikkurila?

Needs of the different business units

Which brand management activities need more support from the head quarters?