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MANAGING BRAND EQUITY OVER TIME,

CASE MASKU

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1 INTRODUCTION

The global marketplace is arguably facing times of change. Increasing global competition, the accelerating pace of technological development and the consolidation of markets, to name a few, are shaping the corporate world to a truly dynamic, 21st century outlook. Still the main objective for marketers remains the same, to get as big a profit figure below the line, right? Try again – try brand equity.

The very power of branding has only been realized in the last few decades. As a result, branding has been one of the hot topics in marketing since the early 90s. Despite this, some authors like Klein (2002) have already been ready to proclaim the age of brands to reach an end, while others – including the writer – believe that the era of brands is still in the beginning, as intangible elements become increasingly important to customers (e.g. Dahlhoff 2000, 16; de Chernatony 1999, 158). Since the concept has only been discussed in-depth in the last few decades or so, it is understandable the discussion has been revolving around the main concepts, such as why is branding powerful as a marketing tool, or what can be done to harness its power. But why do certain brands excel while others fail as time goes by? It is all about managing brand equity the right way, and making the right choices concerning whether to reinforce or revitalize the brand.

Brand equity, obviously, is a large subject. To fully understand and appreciate it, other marketing concepts have to be discussed – positioning, brand image and integrated marketing communication, among others, are at the heart of brand equity.

1.1 Literature Review

Because many authors have been satisfied with providing an interpretive view of brand equity, it is yet to be thoroughly discussed in marketing literature. Aaker (1991) and Keller (2003) each devote a chapter of their respectable books to the issue of managing brand equity over time, but the debate is still broad and lacks specifics (Merrilees 2005, 201). In addition, Goodyear (1996) has proposed a six-stage

framework where the brand develops from "Unbranded Goods" to "Brand as Policy" level. Although illustrative as a descriptive model of the possibilities of brand development, it lacks a managerial point of view, and hence cannot be utilized in this study.

Also, many authors have realized and emphasized the importance of corporate brands, in contrast to the earlier focus on product brands (Macrae 1999, 5; Ind 1997, 1-3). One of the main factors contributing to this development is the move to the information age where intangibles like knowledge have become the critical success factors (de Chernatony 1999, 159). This study will concentrate on the corporate brand level, where the two need to be distinguished.

All in all, very little research effort has yet been put into managing an established set of brand equity. Thus the writer recognizes the need to explore and synthesize what has been discussed managing brand equity over time, and to illustrate the different means and options at the corporate level.

1.2 Initial Framework

The initial framework of the study has been constructed in the following manner:

Figure 1. Initial Framework

In this initial framework the starting point is the brand equity that an established company holds in any specific moment of time. Two key constructs are added for managing the brand equity over time, namely reinforcing and revitalizing the brand. At this stage reinforcing the brand implies strengthening the existing sources of brand equity, and revitalizing the brand finding new ones. This is a view offered by literature (e.g. Keller 2003) as not much discussion has yet revolved around the concept of

managing brand equity over time, and the aim is to build on this model and to create a context for it. A more advanced framework will be developed after studying the concept of brand equity thoroughly.

1.3 Research Problem and Objectives

As stated, the primary discussion topic of this paper is managing brand equity over time. Obviously, brand equity in itself is a vast concept, and therefore the aim is to study the most important concepts in relation to customer-based brand equity, as well as dig into the process of brand reinforcement and revitalization. The sources of brand equity are also in a major role, as managing brand equity over time requires the understanding of what constitutes brand equity.

Therefore, the main research problem of this study is:

- How can corporate brand equity be managed over time?

Also, to fully grasp the issue of a managing a pre-established set of brand equity, the following sub-questions have been set:

- What are the sources of brand equity?
- How can the existing sources of brand equity be reinforced?
- What does the company need to do to revitalize their brand?

The empirical illustration has to do with a company which has enjoyed tremendous growth in the recent years, both in terms of turnover and brand equity, and the reasons for success and the management process affiliated to it are explored.

1.4 Limitations

For the purposes of this study, first of all, some large concepts that are related to brand equity have to be more or less disregarded. Auditing the brand is arguably a

key factor in managing the brand over time – more precisely in analyzing the current state – but the focal concept of this study is brand equity and its management, not methods of brand analysis, and hence brand auditing will not be discussed thoroughly.

Corporate brand level will be adopted instead of, for example, the individual product brand level, wherever the separation is deemed necessary and feasible. However, many aspects of branding and brand equity are rather universal in terms of the brand hierarchy, and can be applied to all levels.

Although corporate identity is an important issue regarding brand equity, it is also a very large concept in itself. The research perspective in this study is on the receiver side of marketing, and the focus will be on how the company's actions over time affect its image and position in the market. Thus corporate identity will be paid little attention to.

Also, because this paper focuses also on managerial issues, the uncontrollable factors – e.g. competitor moves, changes in customer preference – affecting brand equity will not be dealt with in detail.

1.5 Definitions

Corporate brand   a set of core values, more than just the visual presentation of an organization (Ind 1997, 13)

Corporate branding   the sum of corporate philosophy and experiences that make up the company's reputation which is consciously projected to selected target audiences (Gregory 1997, 11)

Brand equity   the customer's subjective and intangible assessment of the brand, beyond its objectively perceived value (Kotler & Keller 2006, 151)

Corporate image	the stakeholders' perception of brand differentiation and associations (Harris & de Chernatony 2001, 441)
Brand reinforcement	protecting or strengthening of the existing sources of brand equity (Keller 1999)
Brand revitalization	the process aiming to keep the brand fresh, vital and relevant in the contemporary market (Merrilees 2005, 201) by recapturing lost sources of brand equity or obtaining new ones

1.6 Method of Research

The method of research will be to first use a constructive approach to build up the theory related to managing brand equity over time. The constructive research approach is a research procedure for producing innovative constructions, intended to solve problems faced in the real world and, by doing so, making a contribution to the theory of the discipline in which it is applied. One of the common aims of constructive research is to produce models and frameworks to aid in managerial decision-making, as the case is in this research. (Kasanen et al. 1993, 244-246; Labro & Tuomela 2003, 410)

In the empirical section, solely qualitative means will be employed. For their part, Masku management will be asked their view of the development of the company in the recent years, and the management process affiliated to it. Qualitative research enables the use of intensive, less-structured research to get an in-depth view of the interviewees' opinions. The interview conducted (see Appendix 4) is semi-structured, which means the interviewer attempts to cover a list of topics and sub-areas. (Aaker et al. 2001, 184-187) In addition to this, company material will be analyzed to help illustrate the changes in brand equity over time.

2 BRANDING

In this chapter, branding and the most relevant factors in relation to managing corporate brand equity over time will be discussed in detail. Why is branding important, then? One way to put it, it adds a level of mental shorthand to the product, significantly reducing the need to devote effort into analyzing all available choices in a product category (Arnold 1992, 20). Obviously, the associations and experiences making up the shorthand are then of great value to organizations.

2.1 Brand Equity

Without doubt, the ultimate aim of branding is to build brand equity, and thus it is indeed relevant to discuss it here. The concept in itself is relatively new in marketing literature, and no established definition exists. Emphasis can be either put on brand benefits to the customer or brand benefits to the company. One common way of looking at it is that brand equity is the value added to the core product or service by associating it with a brand name (Aaker & Biel 1993, 2). Kotler and Keller (2006, 151) also support the value-added perspective, and define it as the customer's subjective and intangible assessment of the brand, beyond its objectively perceived value. However, a financial perspective is also common, and for example de Chernatony and McDonald (1998, 397) define brand equity as consisting of "the differential attributes underpinning a brand which give increased value to the firm's balance sheet". The financial perspective derives from the field of accounting, while in marketing the concept of brand equity is devised to explain the relationship between brands and customers (Wood 2000, 662). While also bearing in mind that marketing is in essence a truly customer-oriented art and science, the value-added definition seems the most appropriate, and will thus be adopted in this study.

Companies can capitalize on brand equity by, for instance, using premium pricing: As the product or service is perceived as more valuable due to high brand equity, the customer is more ready to accept a higher price tag, as the case is with many jeans

and luxury brands, for example. Obviously, if the prices of competing products are the same, brand equity may well be the decisive factor. Brand equity is also important for marketers because it offers a means of interpreting past marketing performance and designing future marketing programs (Keller 2003, 64).

Brand equity is an intriguing concept. Think about what firms accomplish by, say, bringing good to the local community aside from money? The term goodwill has its limitations, as goodwill is not really a strategic objective per se. Brand equity, too, can be derived from socially responsible behaviour, and it can be harnessed to yield the firm profit in the long term. This is called the halo effect, and one of its benefits is that it also weakens the effect of negative publicity to the corporate image (Ross-Wooldridge et al. 2004, 160). So, if building brand equity is taken as a strategic objective instead of plain profit, the results can be even better in the long run.

What factors, then, constitute brand equity? Depending on the chosen perspective, very different views may be found. Even while sticking to the premise of customer-orientation, there seems to be a great deal of variation. According to Kotler and Keller (2006, 151), the sub-drivers of brand equity are customer brand awareness, customer attitude toward the brand, and customer perception of brand ethics. However, research has shown that customer attitude does not directly affect brand equity – the effect is shown to be indirect via brand image (Faircloth et al. 2001, 70). Aaker and Joachimsthaler (2000, 17), for their part, have proposed that the following factors constitute brand equity:
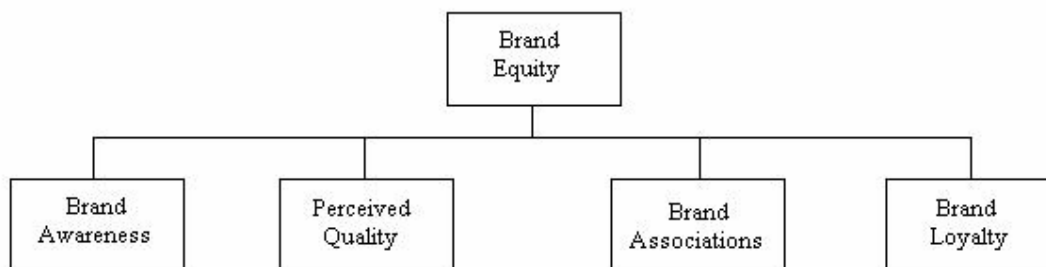

Figure 2. Brand Equity (Aaker & Joachimsthaler 2000, 17)

According to this view, the drivers of brand equity are the customers' awareness of the brand, perceived quality, the existing brand associations and customer loyalty

towards the brand. These four dimensions of brand equity also guide brand development, management, and measurement. It should be noted that these sources have in fact causal interrelationships (Aaker 1991, 43), meaning for instance that no loyalty can exist without awareness of the brand. Brand awareness is the ability to identify a brand within a category in sufficient detail to buy or use it (Percy et al. 2002, 130). Awareness also affects people's perceptions in a positive way. Perceived quality, in turn, influences brand associations and also affects profitability. Brand associations can be anything connecting the customer with the brand, and can include for example user imagery and brand personality. Arguably, brand image is the aggregate sum of the different brand associations. Brand loyalty is at the heart of any brand's value, and the size and intensity of each loyalty segment should be sought to be bolstered. (Aaker & Joachimsthaler 2000, 17) Aaker's model of brand equity is perhaps the one most often used in academic literature. Yoo et al. (2000, 204), among others, have researched Aaker's brand equity sources, and found that they indeed do have a direct effect on brand equity.

A consolidated view illustrating the sources of corporate brand equity can be seen in Figure 3. This view highlights the importance of brand image as a source of brand equity, which is derived out of reviewing literature and research papers concerning brand equity, and the interrelations and strengths of its sources. Obviously, there is a lot more to brand image than the constructs indirectly affecting brand equity, and thus brand image will also be examined separately later.
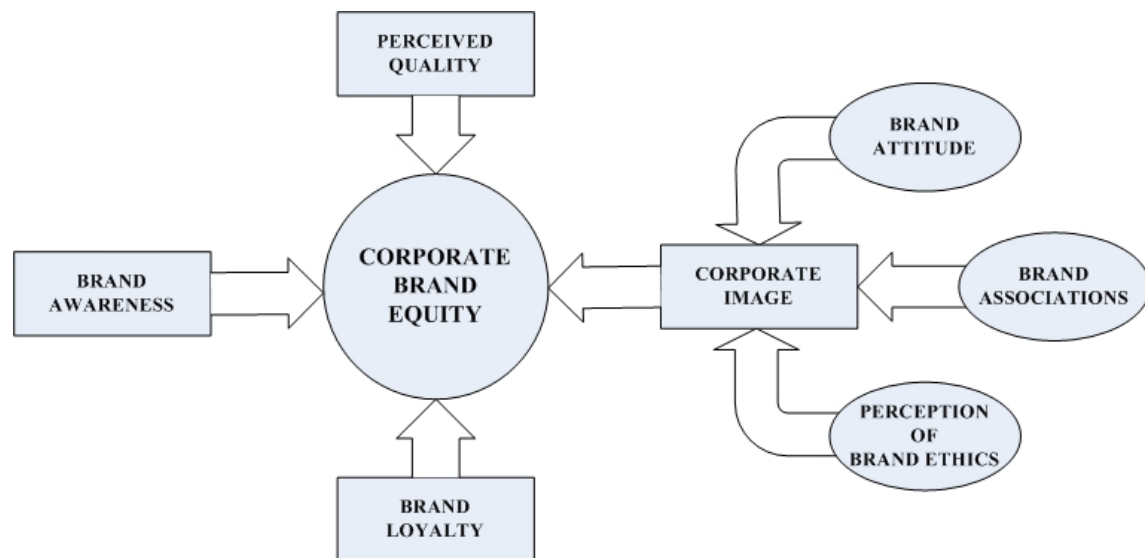

Figure 3. Sources of Corporate Brand Equity

2.2 The Corporate Brand

Because the focal concept in this study is managing brand equity over time at a corporate level, the particular aspects and characteristics of the corporate brand need to be discussed. According to Ind (1997, 13), a corporate brand is a set of core values, something far more than just the visual presentation of an organization. Corporate branding, in turn, can be defined as the sum of corporate philosophy and experiences that make up the company's reputation which is consciously projected to selected target audiences (Gregory 1997, 11).

In what ways, then, does the corporate brand differ from individual product brands? When compared to product or line brands, corporate branding necessitates a greater focus within the organization (Harris & de Chernatony 2001, 441), highlighting the important role of internal marketing. Also, three other key differences can be distinguished: intangibility, complexity and responsibility (Ind 1997, 3).

Although an individual product brand will have some intangible elements, a corporate brand is far more remote. Unless you work for a company, you seldom know much about its history, culture, strategy or values. People pick up bits and pieces of information from marketing communication and other media, as well as from personal experiences with the products and the employees of the organization, thus forming an overall picture. In order to create tangibility for the corporate brand, communication at two levels is essential. First and foremost, while accepting that individual views are bound to differ, it is imperative to build a consensual image through consistent marketing communication that is both accurate and facilitates following through the corporate strategy. Secondly, at the micro-level, building interactive one-to-one relationships with the company's stakeholders is of major importance. (Ind 1997, 4-6)

The issue of complexity is the second differential between product or line brands and corporate brands. Large corporations obviously contain numerous decision-making bodies, operating divisions, products and people, which render control very difficult. Communicating the corporate brand uniformly is also of major importance, and all forms of communication need to work cohesively together to build up the desired

image. This is because the consumers build up awareness not only through the overt means of communications, but also through the actions and behaviour of individuals. (Ind 1997, 8-10)

In addition to effective interaction and balancing the fickle needs of different audiences, the corporate brand also has a broad social responsibility, an ethical imperative. Because a company does not exist independently in the society it operates in, it needs to seek approval for its doings from its stakeholders, and use the resulting goodwill for the benefit of the corporate brand. (Ind 1997, 11-12)

To put corporate branding in proper perspective, it is also useful to review the other levels of brand hierarchy. As Keller (2003, 536) puts it, the following levels of brand hierarchy exist:

1. Corporate Brand
2. Family Brand
3. Individual brand
4. Modifier

Obviously, the highest level of brand hierarchy involves one brand, the corporate brand. At the next level, a family brand is a brand used in more than one product category, but one that is not necessarily the name of the company. An individual brand, in turn, is defined as a brand that is restricted to a single product category. At the lowest level, a modifier is a means to distinguish a specific item, model or version of the product. (Keller 2003, 536-537) Many other brand hierarchy models exist, but the reviewing of them is not all that important, as long as it is recognized that the corporate brand is inevitably at the top of all brand hierarchies.

The business strategy should ultimately drive the decision of which brand hierarchy level to employ, and hence the market environment has a sound importance (Aaker & Joachimsthaler 2000, 127). Ind (1997, 71) suggests that the following aspects support the adoption of corporate branding:

- an emphasis on organic growth
- a need to emphasize the points of commonality within an organization
- the need to communicate globally
- a tightly defined identity built around closely related businesses or a clearly defined idea
- the potential for economies of communication
- the parent brand has a strong reputation.

There are plenty of advantages when it comes to corporate branding, the "umbrella effect" being perhaps the most substantial. Basically successful corporate branding adds another level of shorthand for the consumer, which means that new products or services launched by the company can leverage the brand equity of the organization, and hence awareness is already built up, which lessens the costs of introducing the new market offering. (Arnold 1992, 142) It is also easier for the customer to remember and rely on a single corporate brand, when compared to processing multiple product or line brands. Also, from the internal perspective, a corporate brand promotes clarity among employees by signalling internally messages about the desired corporate culture, and thus helps the employees identify themselves with the company's values. (Aaker & Joachimsthaler 2000, 118; de Chernatony 1999, 159)

However, the flipside of the coin is just as clear: Using corporate branding may result in inflexibility, and if corporate branding is to go awry, the resulting negative associations hurt all the products of the company. (Arnold 1992, 142; Aaker & Joachimsthaler 2000, 118) This can be clearly illustrated by many cases in the automotive industry, for example when Mercedes-Benz suffered of quality problems with its C-line, and the resulting loss of image was also reflected on the sales of its flagship lines, like the E-series.

2.3 Positioning the Brand

To be able to fully understand branding, not to mention long-term brand management, one has to understand the basic strategic marketing process. Also, customer-based brand equity is largely derived out of a successful market

positioning, and clearly the two concepts are profoundly interlinked. Rann (1998, 24) even goes as far as to say that brand equity is "a positioning that has been created in the mind of the consumer." This view is rather narrow, as brand equity involves many other aspects as well, but does illustrate the common understanding that positioning is a major part of brand equity.

The essence of strategic marketing is the 3-stage, STP marketing process which includes segmentation, targeting and positioning, respectively (Kotler & Keller 2006, 37). The idea of this view is that every company has to go through the same stages when trying to establish themselves on the market, not to mention the fact that STP marketing functions as a base for any branding strategy. Basic explanations of segmentation and targeting will be provided but the focus will be on positioning which is one of the key elements in this study.

The first phase of the process is segmentation which stands for dividing the market so that different groups that are homogenous within, and hence require similar marketing efforts, can be distinguished. (Keller 2003, 120) Basically, markets can be segmented in countless different ways. The most common variables used are geographic, demographic, psychographic and behavioural aspects. For market segmentation to be effective, the segments need to be measurable, substantial, accessible, differentiable and actionable (Kotler & Keller 2006, 247-262). This is not to say that market segmentation is easy, quite the contrary, because companies need to find the right market segmentation criteria for their markets in order for the process to be of any use. One study even suggests that markets for different competitive brands are usually unsegmented, which should rather be considered a triumph than a loss because "instead of the potential market being limited -- all the world's your oyster" (Hammond et al. 1996, 39). This suggests that resources applied to market segmentation should be carefully considered, as the results may end up being arbitrary.

Logically, after identifying different market segments, the company has to decide which ones to target. Targeting is in essence trying to serve those segments that are deemed most lucrative, and can ultimately yield the most substantial profit for the company. It is also important to consider how the buying decision is made to reach

the influencers of the buying process (Carpenter 2005, 64). Targeting can thus not be done by just relying on gut feeling, but different uses and usage situations have to meticulously pondered, and the help of market research is hard to underestimate.

After the suitable market segments are selected, the brand has to be positioned on the market. As Arnold (1992, 96) wisely puts it, "positioning is a useful word because it emphasises that the key issue is how the offer is presented to customers, and how it is therefore perceived by them, rather than the ingredients of the offer". This definition also conveys the importance of positioning because a supreme product just is not enough to beat the competitors – a favourable positioning is just as important a factor. The difference between positioning and image is that positioning also implies a frame of reference, usually the competition (Aaker 1991, 110). Kotler & Keller (2006, 310) define positioning as "the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market". These very statements summarize why positioning is such an important tool in marketing – be your offerings as they may, if a successful positioning in the market is reached, customers are bound to be more satisfied with your company. However, to sustain the position, the offerings have to obviously back the positioning.

Associations that make up the positioning also have a level of strength which is the cumulative sum of exposures and experiences the customer has with the brand. These associations create value by the following ways:

- Help Process/Retrieve Information
- Differentiate/Position
- Generate a Reason-to-buy
- Create Positive Attitudes/Feelings
- Basis for Extensions

(Aaker 1991, 109-111)

Because positioning is in essence the place the company occupies in the mind of the consumer in relation to other companies in the market, a practical way of establishing

a positioning is by using points of difference (PODs) and points of parity (POPs). Points of differences are attributes or benefits associated to the company that are unique, strong and favourable in the mind of the consumer. A myriad number of different kinds of PODs can be used, for example differentiating the company by positioning it as the low-cost alternative, or by supreme service. (Keller 2003, 131-133) In addition to differentiating the market offering according to customer preferences, it is also important create a context in which brand differences are perceived as valuable (Kraus 2000, 97). This obviously demands quite a lot from the supporting marketing communications program, but does stress the important link between positioning and communication.

Points of parity, on the other hand, are associations shared by multiple companies. They are, however, not to be neglected as they offer no source of differentiating, but are imperative for the company to match its competitors to sustain a favourable positioning. Points of parity come in two forms – category and competitive. Category POPs are associations that customers feel are necessary to be included in any legitimate and credible market offering, for example air conditioning in a premium saloon car. Competitive POPs differ in that they are created to essentially negate the points of differences of competitors, and turn them into points of parity. Because there is a range of tolerance with POPs, it is necessary for the brand to be seen as good enough regarding the specific association. (Keller 2003, 133-134; Kotler & Keller 2006, 313-314) Points of parity are hence important, for they provide a necessary premise for differentiating the brand, and for establishing a positive image.

In building a positioning, the starting point is establishing category membership. This is essential if the brand is not well-known, and its benefits are unclear to the customer. (Kotler & Keller 2006, 314) Obviously, in the case of a widely-known corporate brand, always defining your category membership before the points of difference can be an underestimation of customers, and hence backfire.

After the category membership is clear to the customer, the firm can concentrate on establishing points of parity and points of difference. When choosing PODs, it is important that consumers find them desirable and the company can also deliver them. Criteria necessary for the desirability of the chosen PODs are relevance,

distinctiveness and believability. For the firm to be able to deliver them, they also need to be feasible, communicable and sustainable. (Keller 142-144). As a basis for differentiating the market offering, identifying the unique characteristics or attributes that will also resonate with the target market is essential (Carpenter 2005, 64). So, to sum it up, traditionally differences that have no value in the mind of the customer are regarded just differences, not bases for positioning. However, this might not always be the case: When high-equity firms are in question, even meaningless differentiation is shown to increase brand preference (Venkatasubramani & Moore-Shay 1998, 102; Carpenter et al. 1994, 348). A meaningless differentiation dimension can be for example the shape of instant coffee (crystals vs. powder) which has no effect on the taste. These findings further stress the importance of brand equity and its role in successful strategic marketing – brand equity should be carefully managed as it indeed also helps in positioning by facilitating the process of establishing points of difference.

Points of parity and points of difference also need to be in correct relation to each other. Consider the possibility of success for the brand if the aim is to position it as an offering of the highest quality with a low price. This implies that a certain tradeoff always has to be made when emphasizing different associations to a brand, which makes positioning all the more intriguing. Even though positioning can be examined from many different angles, the key to it all is simplicity: a tight positioning statement that gives only the essence is the most effective (Ritson 2004, 21). This implies that while certain PODs need to be made, it is crucial for the firm to achieve a positioning where the customers naturally assume that the firm delivers the necessary POPs. This requires a great deal of credibility, but when sustained, the company can concentrate on the most relevant issue, and avoid confusing the customers.

2.4 Brand Image

One concept that often emerges when talking about brand equity is image. It is perhaps the most important single factor affecting brand equity, as indicated by many researches (e.g. Biel 1992; Faircloth et al. 2001). As mentioned, this paper adopts the customer-based brand equity view, and thus the way the customers see the

brand is of utmost importance. After all, it is hard to imagine any brand equity would result without a favourable image. Because this study intends to focus on the corporate level, corporate image and its relation to brand equity will now be clarified.

Brand image is usually considered the combined effect of brand associations (e.g. Faircloth et al. 2001, 64; Biel 1992, RC8). Harris and de Chernatony (2001, 441) offer a definition perhaps best suitable for the perspective of this study, and define it as the stakeholders' perception of brand differentiation and associations. The terms corporate image and brand image can be used interchangeably, if the highest level of brand hierarchy is assumed, namely the corporate brand. Brand image is a result of the customer perception of all the signals emitted by the company, and the affiliated decoding and interpretation process (Kapferer 1997, 94). The corporate image is then critical to consumer decision-making, and holds a potential to biased evaluation of different brands. Also, as discussed, it is a key ingredient in making up the brand equity.

Although corporate identity is not discussed in-depth in this study, it is important to note its difference and relation to corporate image. A strong brand should have a rich, clear identity – a set of associations the company seeks to create or maintain. In contrast to corporate image which represents the current brand associations, corporate identity is an aspirational state. (Aaker & Joachimsthaler 2000, 40) One definition of corporate image is that it is the perception of the firm which results from the customers' perceptual process in response to the company's corporate identity programme (de Chernatony & McDonald 1998, 190). Thus, essentially, corporate image is the way customers see the company, whereas identity is the way the company intends itself to be seen, and by communicating the corporate identity to all the company's stakeholders, a corporate image is born.

Barich and Kotler (1991, 97) have devised a conclusive framework for determining the factors which contribute to the corporate image:
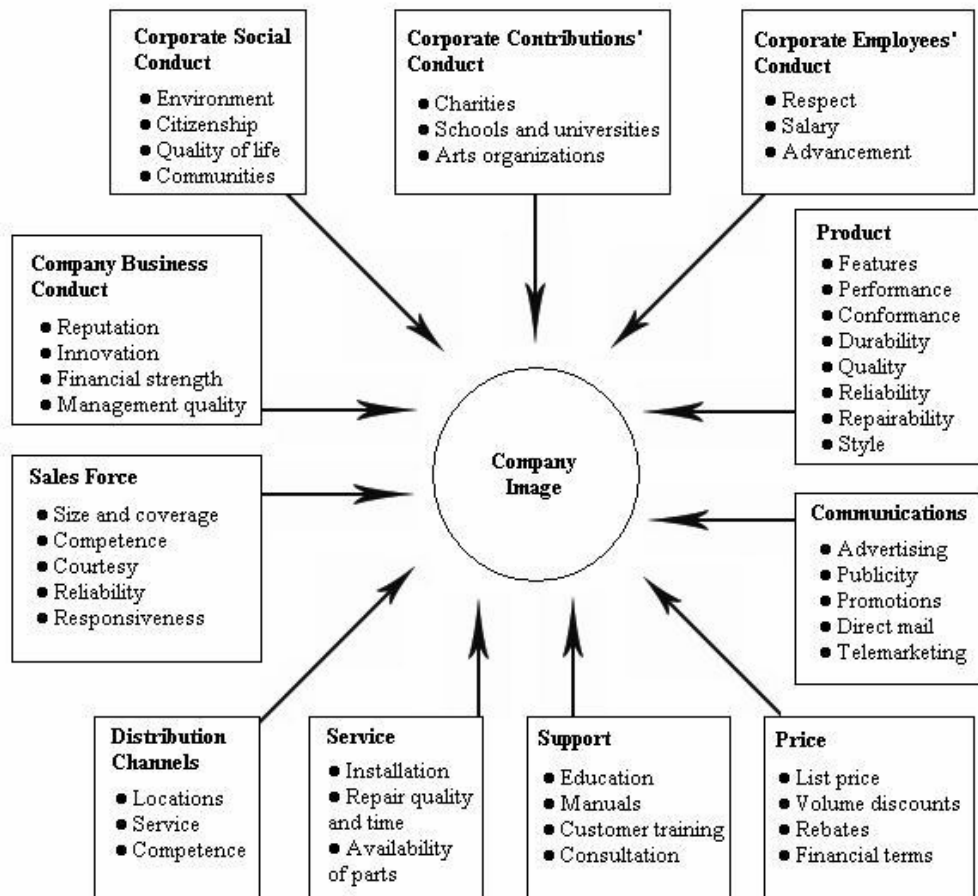
Figure 4. Determinants of Corporate Image (Barich & Kotler 1991, 97)

This view of corporate image suggests that the corporate image is determined by several things related to the company – its actions in the marketplace and overall conduct in the society, behaviour of its employees, products and services as well as communications. To separately discuss all the determinants of corporate image would be more or less in vain, for they are plenty and interlinked. What can be derived out of the framework, however, is the all-important perspective that every single interaction between the company and its stakeholders affects the image. This somewhat intimidating view also braces the importance of constant management of brand equity and holistic communication.

2.5 Integrated Marketing Communication

The main idea of integrated marketing communication (IMC) will now be approached. Although the discussion will not go to detail, the concept is important to be discussed, as it is very much related to many phases of managing brand equity over time, and to the other concepts discussed as well. Basically, the message of the company has to be delivered to the various audiences by employing integrated marketing communication because only then can it substantially affect and change the corporate image towards what the marketer wants.

Integrated marketing communication is more than just using several means of delivering a message: The essence of IMC is in the planning phase, and trying to get all the communication methods to support the same strategy and single positioning. In planning IMC, the strategic objectives of marketing communication should be made explicit first. Also choosing who to try to reach with the marketing communication is obviously important, and how to reach them in terms of location and media. (Percy et al. 2002, 270-273) The paramount role of IMC in this study will be made clear in chapter 3, where options for managing brand equity over time are elaborated in further detail.

In addition to outbound communication, internal communication also needs to be controlled and the set of core values functioning as the basis of the brand effectively communicated to staff. This will help in involving the personnel and also making them take in the desired identity. (de Chernatony & McDonald 1998, 359-360)

One specific term in IMC that is always a communication objective is of specific importance, for it is also a source of brand equity – brand awareness. Two types of brand awareness exist: Recognition brand awareness which occurs when someone notices the brand at the point of purchase and is reminded of a need for it; recall brand awareness which is when someone has a need and must remember the brand as something that will satisfy it (Percy et al. 2002, 53).

3 MANAGING BRAND EQUITY OVER TIME

Effectively managing brand equity over time requires taking a long-term perspective of marketing decisions. A long-term view necessitates proactive strategies designed to maintain or enhance brand equity over time in the face of external and internal changes. (Keller 2003, 632-634). What should be noted is that the concept is not the same as merely creating brand equity: Here the presumption is that the company is already established and has built up brand equity, and the existing sources of brand equity affect the management process. The two main options for managing brand equity over time are explored in further detail: reinforcing and revitalizing brands.

Not much is written about managing corporate brand equity over time, and the debate is often broad. Furthermore, traditional life-cycle theories do not apply to brands (Arnold 1992, 15), and hence will be disregarded here. Also, a framework is yet to be created for guiding the process. In this chapter the aim is to illustrate the concept by reviewing the literature concerning the subject, and to create a managerial framework as a summary.

3.1 Brand Reinforcement

Brand reinforcement, as a term, conveys the mental image of strengthening or fortifying the brand, which is not far from its meaning in relation to managing brand equity. There have, however, been some unclarities as to what exactly does brand reinforcement mean. Especially non-scholarly writers in the press, for instance Wilson (2004, 96), consider it plainly as strengthening the image of the brand. However, this view is problematic and rather general, for then no distinction is made between whether the image is strengthened by the utilization of new or existing sources of brand equity. Keller (1999) takes the view of brand reinforcement being the protection or strengthening of the existing sources of brand equity. This is the view that will be adopted in this study because of its clearness, and also for then the actual meaning of the word is harnessed to suit the concept in the most precise way. Basically, brand equity can be reinforced by marketing actions that constantly convey

the meaning or the essence of the brand to consumers. This requires the deep thinking of two matters:

- What products and benefits does the brand supply, and what needs does it satisfy?
- What brand associations existing in the minds of the consumers make the brand's products superior?

(Keller 2003, 634)

The careful elaboration and study of the above mentioned questions should provide the marketer a basis for really tapping into the existing sources of brand equity. Obviously, without the proper knowledge the reinforcement of the brand can hardly be effective.

Marketers can also create and grow brand equity by managing the independent constructs forming it (Faircloth et al. 2001, 71). This means independently managing brand awareness, image, loyalty and perceived quality. Brand awareness is critical because if increased, there is a fertile possibility to also enhance brand equity by expanding the reach of the brand. When considering brand image the main idea is the strength of brand associations instead of their prevalence – frequency and suitability of communication being essential. Loyalty should also be nurtured by treating the customer right and making the use experience as enjoyable as possible, taking care that he or she will be as satisfied as possible, and possibly creating switching costs (Aaker 1991, 49-52). Keeping the customers, instead of conquering new ones, has become a major concern for marketers (Kapferer 1997, 165). Perceived quality, although a subjective view, can be strengthened by taking care of the quality of the company's market offerings, and making sure the customer knows the foundations of quality, as well as putting resources on prompting innovation. All this implies that integrated marketing communication is of utmost importance, for reinforcing the different brand equity sources depend a lot on its effectiveness. For specific marketing mix elements, companies should invest in advertising and reduce the frequent use of price promotions to enhance the strength of the brand (Yoo et al. 2000, 208).

Perhaps the most important aspect in reinforcing brands is the consistency of the marketing support behind the process, in terms of both amount and nature of the support. Brand consistency is crucial in maintaining the strength and favourability of current brand associations, for without consistency the risk of confusing the customers is high (Faircloth et al. 2001, 71). Also Corsi (2004, 69) advocates the crucial importance of consistent, integrated marketing communication when it comes to reinforcing the brand. Consistency does not mean, however, that no changes should be made to the marketing program. On the contrary, the opposite may be quite true in some cases. Being consistent in managing brand equity may very well necessitate certain tactical changes to the marketing program in order to sustain the overall strategic direction of the brand. (Keller 2003, 634-637) This is largely due to changes in the marketing environment of the firm, for example customer attitudes, which may require new types of communication for the brand to stay vital. Nonetheless, the core message should stay the same, and certain key elements should be preserved to bolster the desired meaning of the brand over time.

There is little need to alter a successful marketing program, unless the strategic positioning of the brand is made less powerful by some change in the environment, which in turn renders the points of parity less desirable or deliverable. If a successful market position is reached, the critical points of parity and points of difference that represent the sources of brand equity should be vigorously defended. (Keller 2003, 637-638) Reinforcing brand equity, then, should be viewed in terms of strategic thrust and direction instead of tactical aspects at any given point of time. It is also important to note that brands should constantly be reinforced through marketing actions because otherwise the company runs the risk of diminishing brand awareness and eroding the brand image.

3.2 Brand Revitalization

At times reinforcing the existing sources of brand equity is just not enough, especially if their relevance and favourability have deteriorated. This calls for revitalizing the brand. In marketing literature brand revitalization, too, has almost as many definitions as there are authors, but brand revitalization is in essence the process of keeping the

brand fresh, vital and relevant in the contemporary market (Merrilees 2005, 201). Brand revitalization can be done in two ways: recapturing lost sources of brand equity, or obtaining completely new ones. Obviously, this is a more complex issue than simply reinforcing them. A successful turnaround strategy is indeed possible, and can boost the firm to a new high, as can be seen by examining, for instance, the revitalizations of Samsung and Tiger of Sweden (Tomioka & Aakesson 2006, 19). However, the revitalization can only be effective if the brand possesses values and associations that have been left dormant for a long time. If there is evidence that these values and associations exist, and that they were a part of the brand's magnetism during more successful days, then chances of revitalization are good. (Berry 1988, 19)

3.2.1 Levels of Brand Revitalization

It is important to note that the two ways – obtaining new sources of brand equity and recapturing lost ones – essentially form a continuum, with a pure "back to basics" strategy at one end and pure reinvention at the other (Keller 2003, 654). Basically, old sources of brand equity are tapped into by trying to strengthen lost brand associations, and new sources acquired by inventing new meanings for the brand. More often than not revitalization strategies combine elements of both strategies, as they are closely interlinked, and thus it is not reasonable to separate them. Also, the separation would require full knowledge of brand equity sources and structures for the company, which is extremely hard to accomplish.

In revitalizing the brand, without doubt, the role of communication is large, especially if the aim is to secure the once possessed market position. If a brand has indeed lost a desirable market positioning, this may have been due to either the loss of points of difference or erosion of points of parity. Although there is a possibility that the loss has resulted from substantial market environment changes, such as the emergence of new, respectable competitors or the introduction of new technology making the company's products obsolete, often the case is not as definitive. Usually, it is the marketing communication that has failed to live up to expectations, or the fact that the competitors have managed to more effectively manage their communication. This

can more easily be reversed, if the products behind the brand still support the desired market position.

In the worst case scenario, the brand may drift into total oblivion, and the customers lose touch of what the brand stands for. In this case the brand values and associations may be nearly forgotten, and the brand is no longer relevant as it is. Obviously this is most likely entailed by significant activity in the marketing environment that has rendered the brand obsolete. If the company does not believe they can recapture the lost sources of brand equity and gain back the desirable market position, it may very well be more reasonable to start from scratch (Berry 1988, 19). This is not to say, however, that all that is needed is a flick of the wrist and a new image is born. Quite the contrary, brand reinvention is often a painstakingly long and difficult road to dwell on, and requires more drastic measures than going back to the roots of brand equity.

3.2.2 Elements of Revitalization

Aaker (1991) presents a comprehensive view of the different elements and possibilities for brand revitalization. This view is not without its problems, unfortunately. Aaker studied the matter mainly from the product or line brand level, and obviously the corporate brand level requires a somewhat different view. Nonetheless, the figure provides a good overall insight to the different possible brand revitalization elements.
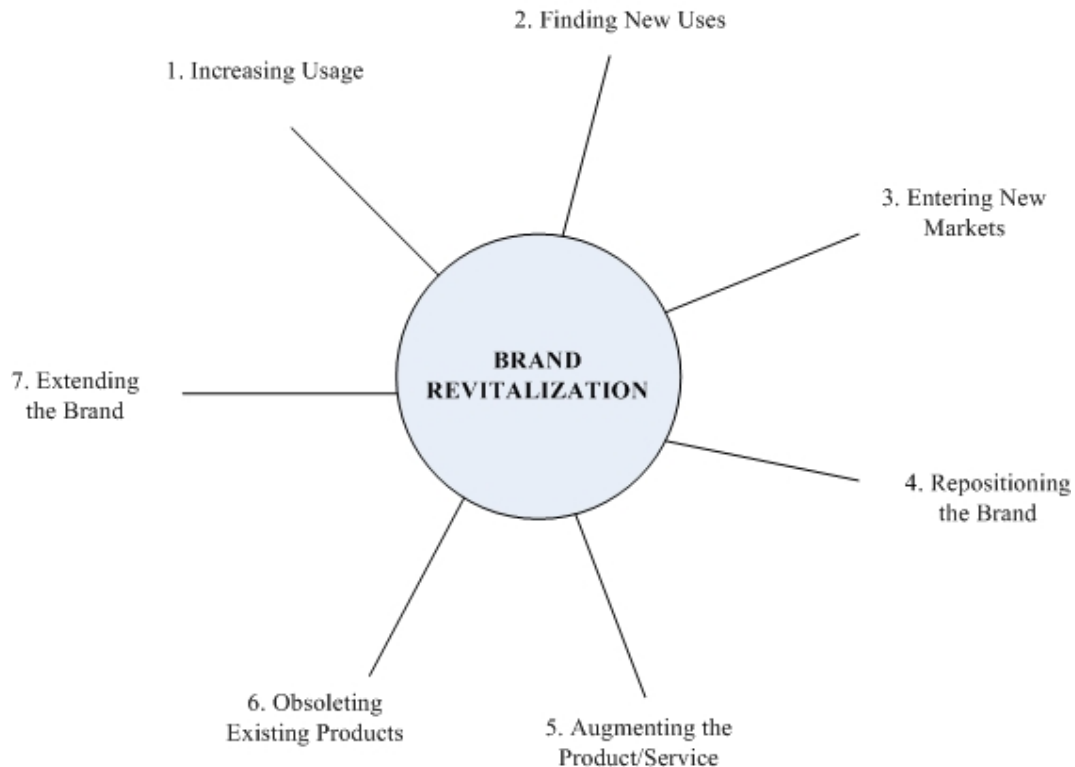
Figure 5. Elements of Brand Revitalization (Aaker 1991, 242)

Most often increasing the usage among current customers may prove to be the easiest path because it does not necessitate the use of more difficult and costly changes in brand image or positioning as much as potentially easier-to-implement changes in the salience and awareness of the brand. By revitalizing the brand in this way, competitive response may not be as drastic either. Usage can naturally be increased in two ways – by increasing the level (i.e. how much the brand is used) or frequency of consumption (how often the brand is used). Generally, it may be easier to change how often the brand is used than it is to affect the level of usage. (Keller 653-658) To increase the frequency of use different strategies may be adopted, e.g. using reminder communication and prompting the use of the brand in different situations. The level of usage, in turn, can be increased by for example providing incentives. (Aaker 1991, 243-246) At the corporate level, firms should make the consumers aware of all the different kinds of market offerings it has, and also try making the products complementary to support each other.

To find new uses for the brand, carrying out thorough marketing research on how the brand is used is crucially important. Then, and only then, can all the ways in which the brand is used be determined and additional ones explored and eventually emphasized. (Aaker 1991, 247) Also, creative types of clues may be needed to prompt the use of the brand in non-traditional consumption settings (Keller 2003, 658-659).

Entering new markets may be a way to gain additional growth for the brand. However, when adopting a customer-centred value-added view of brand equity, it is not really a main element of revitalization regarding the purposes of this study.

Sometimes the brand positioning and image have to be fundamentally changed by improving the strength, favourability and uniqueness of brand associations. As part of the process, positive associations that have been created earlier need to be strengthened, and any negative associations neutralized. Also, to fully revitalize the lost brand equity, additional positive associations often need to be created in response to the changed market conditions. Augmenting the product, another means in the diagram, is essentially the same thing, and deals with gaining brand equity by creating points of difference. (Aaker 1991, 252-255) Also, brand elements (e.g. the name or logo of the brand) need to be changed as part of the repositioning to convey information of the change to customers. (Keller 2003, 659-661). Consider how vain the efforts of a company to change their brand would be if all the old brand elements would be in place, and only the message different.

Obsoleting existing products is also one way to revitalize the corporate brand. The virtue of this is that brand meaning can be clarified if the company chooses to concentrate on a clearer selection of market offerings, hence helping the desired brand associations to form in the minds of consumers.

Extending the brand is somewhat controversial when a corporate level is adopted. Undoubtedly, many companies have managed to move from one product class to another by taking use of their established brand name. (Aaker 1991, 208) The problem is that Aaker (1991) has adopted a financial view of brand equity in his book. Nonetheless, if by extending the brand to another product class helps to create or

shape brand associations and image, then it is indeed a veritable way to revitalize a brand. Indeed, research into the area suggests that upscale extensions may very well be effective (Munthree et al. 2006, 159-164).

3.2.3 Revitalization Process

Merrilees (2005) proposes a three-stage framework for revitalizing the brand, where the phases are brand visioning, brand orientation process and strategic brand implementation, respectively.
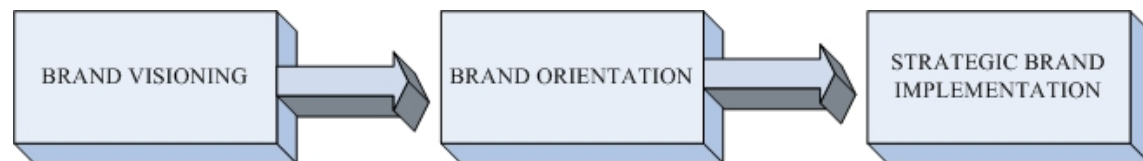

Figure 6. Framework for Brand Revitalization (Adapted from Merrilees 2005)

Brand visioning is the reformulation of the brand, where distinctive features and values are emphasized, and the competitive positioning of the brand mapped out. Brand orientation, in essence, is the process of making the brand the central and coordinating element of the total marketing strategy. Brand strategy implementation is the final phase of the revitalization, and here the brand strategy is implemented through the marketing mix. (Merrilees 2005, 202-204) This framework is useful, albeit simple, because it offers three clear stages for carrying out the revitalization of the brand.

Another theory for successfully revitalizing brands is presented by Ewing et al. (1995), and the most important concepts dealt with can be seen in Figure 7.

Figure 7. Successfully Revitalizing Brands (Adapted from Ewing et al. 1995)

Here the starting point is analyzing the current state of the brand, after which the desired positioning can be formulated in alignment with corporate strategy. Aggressive marketing research should then be undertaken to truly grasp the constructs of customer-based brand equity, and the results not overlooked. Once the strategy is in place, internal marketing should be heavy to truly get the whole organization behind the change. Although the revitalization might be a long-haul process, the organization should stay true to the core idea and embrace continuity. (Ewing et al. 1995, 24-25)

3.3 Advanced Framework

Now that the different options for reinforcing and revitalizing a brand are discussed, it is time to put them in a context to provide a more holistic perspective. The following model is the advanced framework of this study.
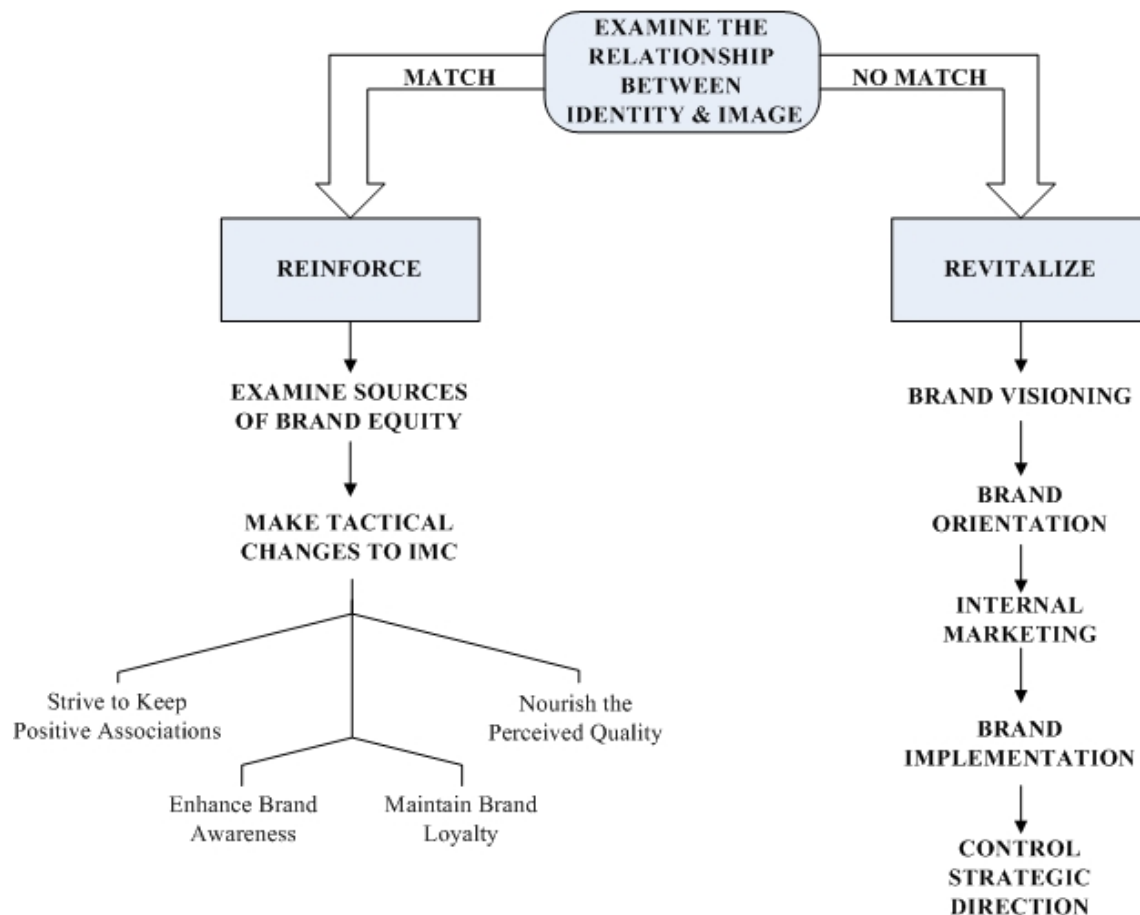

Figure 8. Advanced Framework

In this framework the starting point is to examine the relationship between brand identity and image. This is done in order to see whether the brand is where the company wants it to be, i.e. if the corporate image corresponds with the corporate identity. There are lots of issues here that are outside the limitations of this study, but it is important in this stage to basically conduct a strategic brand analysis to discover the environmental and competitive context of the brand, as well as auditing the brand by mirroring the views of the management to those of the public. Whether the actual products support the corporate identity should also be examined as a part of the brand audit. After this the question is whether there is a match between the corporate identity and image or not. If there is, the brand equity sources should be reinforced, and if not, revitalized.

If the brand is to be reinforced, the sources of brand equity and the underlying structures should be sought to be discovered by marketing research. After this, tactical changes to the integrated marketing communication program should be made to further reinforce the brand to maintain positive associations and brand loyalty, enhance brand awareness and nourish the perceived quality difference. Exact means of doing this depend on the company and its sources of equity. It is also key to recognize the importance of consistency while making tactical changes – strategic direction has to be kept on course, while the updating of the brand takes place.

Revitalizing the brands is another thing – undoubtedly a more challenging and difficult issue, but rewarding if pulled off successfully when needed. The process of revitalization starts with what Merrilees (2005) calls brand visioning – the task of emphasizing distinctive features and values, and mapping out the future competitive positioning of the brand. The second phase, brand orientation, calls for making the brand the central and coordinating element of the marketing strategy and aligning it with the overall strategy. After brand orientation a significant amount of internal marketing has to be done to get the full power of the organization and its employees behind the change. When the organization is ready to support the new, revitalized brand, the brand strategy should be implemented by effectively communicating it to all the stakeholders by means of the marketing mix. Last but not least the overall strategic direction should be controlled, for resistance of change within the organization may well prove to be a tough nut to crack. Controlling the strategic

direction does not mean, however, that the initial guidelines and rules should be in place forever: By openly discussing the revitalization process within the organization, new tactical insight may be shared concerning how to best make slight modifications to the action plan to carry out the strategic objectives.

4 BRAND EQUITY MANAGEMENT IN MASKU

In this chapter the aim is to discuss the success of a Finnish furniture store, Masku, and see how the brand has been managed over time. The section will be approached with a managerial view, and the company history will be the focal issue. As discussed, qualitative means will be employed and the Marketing Director of Masku, Pekka Sukari, is interviewed. The interview is carried out as a semi-structured theme interview (Appendix 4). Company material has also been used to gain a more comprehensive view of the company history. The theoretical findings are applied as best suited for this empirical part.

4.1 Company Overview and History

Maskun Kalustetalo Oy is a company selling furniture and other interior decoration material. The company was founded in 1983 by Toivo Sukari, who has guided and envisioned the firm's success story. He still participates in the management along with the six-member board of directors. (Internal report; Sukari) An interesting thing about the company is its sticking to its roots: Started as a family business, many relatives of the founder still hold key positions in the company.

The company aims to offer the customers stylish quality furniture at a good price point. Masku has a wide range of products, from the cheapest ones of any particular kind to the prestige level, which suits the company's philosophy of offering something for everyone. Although a large part of the company's offerings are in the low- or average-priced categories, the higher-priced products are also considered important as they bring more people in. (Sukari) The company concept is conveyed to the public by focusing a lot of effort to marketing.

The values of Masku are based on the well-being of the personnel, which is in a key role in the company. Along with the wide range of products and strong marketing support, these three aspects form the strategic core of Masku, which guides the everyday actions taking place in the company. (Sukari)

Marketing

Personnel
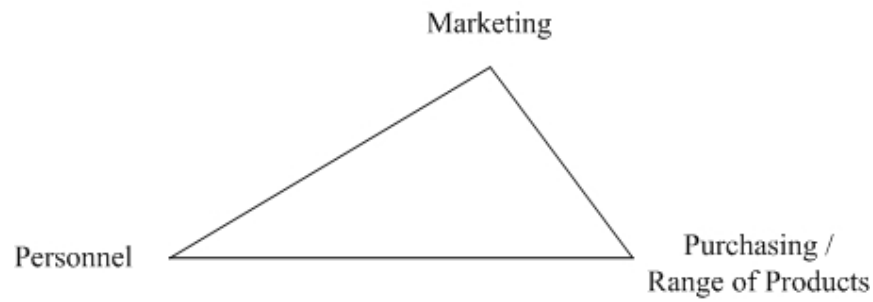
Purchasing /
Range of Products

Figure 9. The Strategic Core of Masku (Sukari; Internal report)

The skewness of the triangle represents the primary emphasis on the personnel, as previously mentioned. It is interesting to note that the key value inside the company is the well-being of the personnel. Obviously, productivity does increase when the employee feels good about what he or she does, but the family company roots may also have had an influence in this.

Masku has gone from having just 12 stores in the year 2000 to having 50 by the end of 2006. This huge growth has come as a result of taking expansion as a major imperative (Sukari). Figure 10 shows the yearly growth in the number of stores on a yearly basis.

Number of Stores

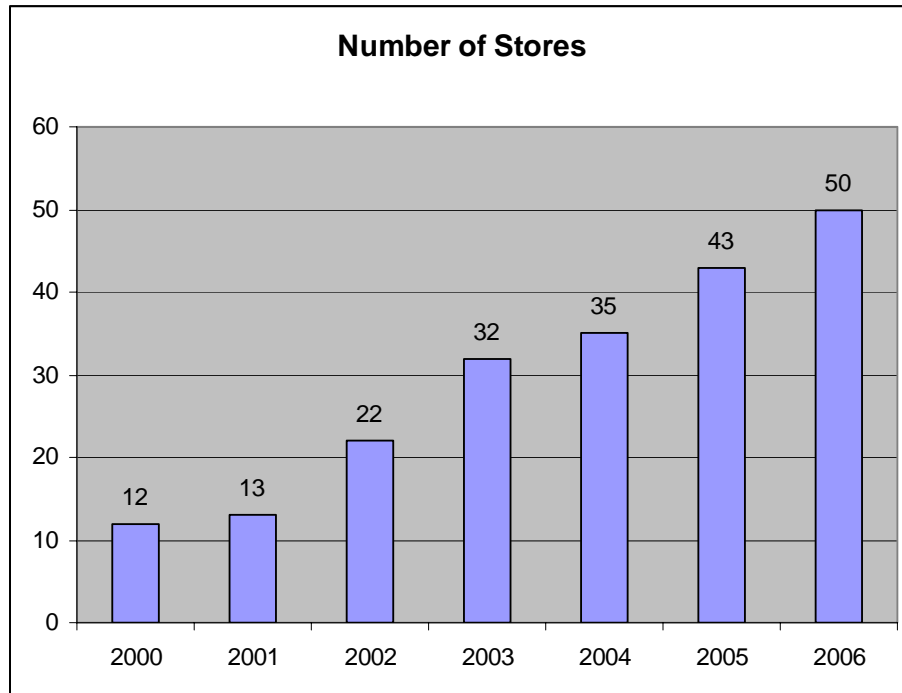|	2000	2001	2002	2003	2004	2005	2006
	12	13	22	32	35	43	50

Figure 10. Number of Masku Stores (Internal report)

Also, the corporate turnover (Figure 11) illustrates the phenomenal growth of the company in the recent years: While the number of stores has quadrupled in just six years, the corporate turnover has also tripled with the opening of new outlets. Few companies have managed to do the same in an established market, with the turnover already measured in tens of millions.

Corporate Turnover (M€)

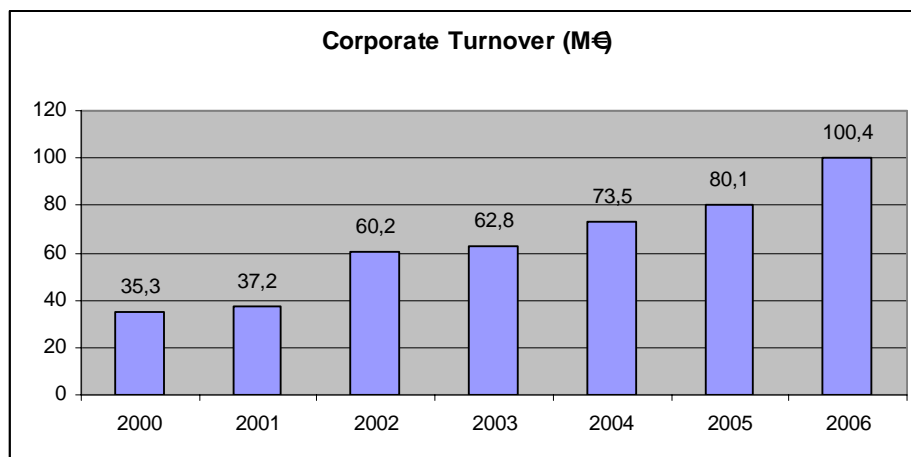|	2000	2001	2002	2003	2004	2005	2006
	35,3	37,2	60,2	62,8	73,5	80,1	100,4

Figure 11. Corporate Turnover (Internal report)

The vision in the year 2000 for Masku was to become the largest furniture group in Finland by the end of 2007 (Sukari). Although the aim was arguably ambitious, by tripling the turnover in a mere 6 years the company managed to achieve the objective a year earlier than envisioned, by the end of 2006 – as indicated by Figure 12.

Furniture Sales Shares in 2006

- Masku 10.1 %
- Sotka 9.7 %
- Ikea 8.5 %
- Asko 7.9 %
- Vepsäläinen 7.5 %
- Stemma 4.9 %
- Suomi-Soffa 4.7 %
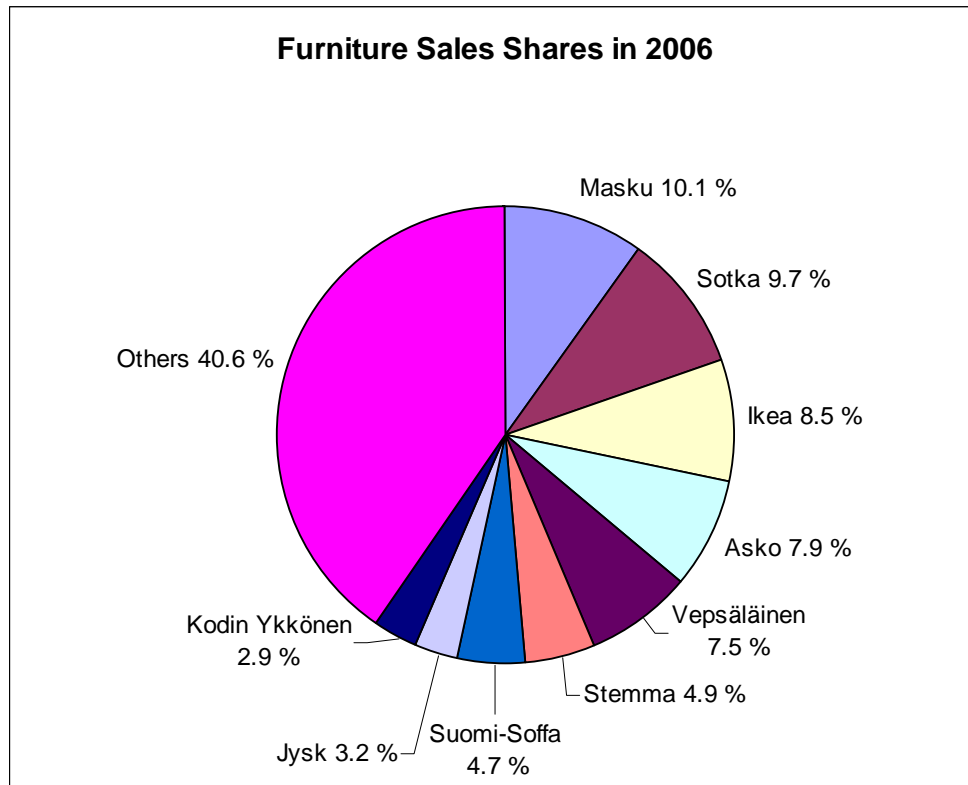- Jysk 3.2 %
- Kodin Ykkönen 2.9 %
- Others 40.6 %

Figure 12. Shares of Total Furniture Sales in Finland (Furniture and Interior Decoration Survey)

The Finnish furniture market itself has changed quite a bit in the recent years as well. The arrival of the Swedish giant Ikea to Finland in the late 1990s raised a large question mark regarding the future of Finnish furniture retailers. Nonetheless, Ikea actually sparked an interior design boom resulting in growth in turnover for all the Finnish companies too (Sukari).

4.2 Brand Positioning and Image

The primary target group of the company is 25-45-year-old women, the reason stemming from extensive market research: Women are usually the deciders in the buying process, and in this age the home is most often built, as people start settling down with their families. The company feels that they have the right target group, and that they have successfully managed to stay relevant to it. (Sukari)

The starting point in doing business for Masku has been merely to get people to come in and buy things to generate turnover, as it often naturally is. But what it also implies is that brand building itself has not been a major imperative of the company. Rather, the brand has built up over time along the side of doing business. (Sukari) The core idea of Masku has nonetheless remained unchangeable, which has undoubtedly helped in the brand becoming known.

The corporate identity at Masku is based on the two cornerstones of price and quality which are somewhat in balance. The emphasis has, however, slightly changed over time, as initially more stress was put on the price. An interesting development taking place at Masku during the year 2006 has been the addition of regional directors. This has been largely due to the fact that the flow of communication in the company has not been quite as effective as wished, and hence the job of the regional directors was designed to facilitate the downward communication of corporate identity, along with the other guidelines initiated by the top management. (Sukari) This is obviously a natural development because as the company expands, often more hierarchy levels are needed to effectively control and sustain direction.

The brand image of Masku is based on good, affordable prices, which has been shown by many market researches. Also, many perceive Masku as having the widest selection in the market. (e.g. Aamulehti Tracking 2006, 31) Thus, in effect, the company is where it wishes to be in the market, and has been there for quite awhile. The aim is not, however, to offer only the cheapest products, but more to provide stylish products at a good price. (Sukari)

A perceptual map showing the development of the Masku brand positioning can be seen in Figure 13. The numerous tracking surveys conducted over the years form the basis of the map with the view offered by Masku management. The starting point in the map is that Masku managed to position itself rather favourably considering the company objectives from the get-go (1). In time, as brand awareness has increased and the image formulated more clearly in the market, a better positioning undoubtedly resulted (2). The last development towards putting slightly more emphasis on quality has been a result to the change in customer preferences, and the interior design boom in Finland that started roughly at the turn of the millennium (3).

Figure 13. The Development of Masku's Brand Positioning

4.3 Reinforcing the Brand

As discussed, there is a definite match between the corporate image and identity, which is a sound basis for reinforcing the brand. In fact, Masku has made no major revitalizations to their brand, and has continued on the successful, original path. This

is arguably the right course of action, for if there is no need for major uphauls, why bother for the sake of it – especially when there is the risk of alienating the consumers?

The brand itself has not really been actively built, but it has rather come into being as a summary of the philosophy of the company – good relative price comes first, and the price-quality ratio must be the best on the market (Sukari). Still, as stated in the internal report, one of the ambitious long-term aims of Masku is to build a strong, international brand that would stay vital for centuries (internal report). There undoubtedly are still some discrepancies between the aims of the company and carrying it all out in practice. In addition, the brand equity sources have not been actively pondered, and it is interesting to study what means to reinforce the brand are employed in a case like this, if any, and will be discussed next.

4.3.1 Keeping the Positive Associations

The primary association of Masku's brand should be "quality furniture for a reasonable price". One thing Masku aims to do is to always have the cheapest possible option in the specific category in the furniture market, which is to convey the image of the company offering the cheapest relative prices. In essence, the main aspired differentiator for the company is the price in relation to the quality. (Sukari) Masku has indeed tried to strengthen this association throughout the history of the company, mainly by advertising and products that back up the brand promise. Although Keller (2003, 633) raises the issue of brand erosion when marketing emphasis is on the price, it is not considered a threat in Masku because the marketing and branding strategy is largely based on cheap prices to begin with (Sukari).

Furthermore, the company has invested heavily in marketing, which has been the major avenue of building the brand, and communicating the desired associations. A considerable amount of the total effort, around 90 %, goes into newspaper advertising. (Sukari) Although some might argue that this is not really a means to build a brand, it has definitely worked for Masku. A major factor in this is the

consistency of the marketing support: Throughout the years the company has always had the same strategic imperative, which has clearly been presented in the advertising by highlighting the good relative prices of the products.

4.3.2 Enhancing Brand Awareness

Masku puts a lot of money into marketing support – the sum has grown gradually from 7 % of the turnover to 9 % where it is now. This is a significant portion and is at the very top of the industry in Finland, along with Suomi-Soffa. Also, Masku was Finland's fifth biggest advertiser in 2006 in terms of absolute money. (Sukari)

When it comes to enhancing brand awareness, few campaigns aimed to specifically build it up have been used. However, the role of newspaper advertising has been enormous in enhancing brand awareness, as indicated by the 90 % share of total media costs. Direct marketing, TV advertising and also radio have been experimented with, and are still used to some extent, but their effectiveness have been found not to be on par with newspaper advertising. The first strictly targeted marketing effort that has had a clear impact on sales or awareness has been the direct mail summer furniture offer sent to all the restaurants (with more than 5 personnel) in Finland, in the spring of 2007. (Sukari)

In addition, the company has had a few specific tricks in its sleeve when it comes to building up brand awareness. Often rather unconventional and even provocative means have been used in advertising, which is and always will be a part of the brand (Internal report). For example, in the beginning of the new millennium, the company launched an aggressive marketing effort to boost awareness, spearheaded by a frontpage ad in the leading Finnish newspaper, Helsingin Sanomat (see Appendix 1). Also, when the company was trying to establish itself in the metropolitan area of Finland, a former Miss Finland was used in advertising in scarce clothing (see Appendix 2). This provocative advertisement was also used in Helsingin Sanomat, and prompted a lot of discussion, ultimately benefiting the brand awareness significantly, which was in fact the aim of the company (Sukari). In addition to the

advertising, the company has organized numerous special events, like marathons and Nordic walking events to increase the awareness (Internal report).

4.3.3 Maintaining Brand Loyalty

Brand loyalty has been primarily encouraged through sending direct mail to existing customers to prompt them into doing further business with the company. In addition, the everyday actions by salesmen, storage people and such are deemed important for brand loyalty, and company personnel are encouraged to maintain brand loyalty through warm, friendly behaviour. (Sukari) Although the former sounds rather universal, the use experience of the brand is the chief factor affecting brand equity (Aaker 1991, 42), and hence the role of service is crucially important for a corporate brand.

In part, brand loyalty has been evoked by controlling the strategic direction of the company. The company has been true to its roots and if, for instance, it has been apparent that some management personnel have started taking the company to a wrong direction, they have been quickly replaced. The risks concerning the loss of strategic direction are high, as are its implications to brand loyalty, and are taken seriously in the company. (Sukari)

4.3.4 Nourishing the Perceived Quality

The board of directors put a lot of effort into designing ways to make the customer benefit from using the services of Masku, which can be seen from the marketing campaigns – the different incentives the customer gets etc. A key influencer in making the customer actually realize this is the marketing communication. (Sukari)

Recently, there has been a major revamp of the advertising outlook (see appendix 3). This has also been identified as a risk for the company, as it might hurt the image of the company as offering quality furniture at an affordable price. Still, Finns seem to be constantly putting more emphasis on quality than before when it comes to interior

design. The change in the newspaper ad template has also been partially a reaction to this change, but the main reason was to stand out from the so-called cut-price competitors. (Sukari) Arguably, the new advertising template is a lot sleeker and clearer, which should be good to the premium offerings of the company.

5 SUMMARY AND CONCLUSIONS

The purpose of this final chapter is firstly to summarize the theoretical findings. A summary is then conducted of the empirical part, and finally the conclusion of the entire study is made by mirroring the empirical findings to the theoretical section.

5.1 Theoretical Summary

As discussed, intangibles are in an increasing role in the modern business environment, paving the way for the success of strong brands, and stressing the importance of branding in general. Brand equity is a major concept in branding and helps in conceptualizing the role of brands in business. In this study the customer-based brand equity perspective was taken, and thus brand equity was defined as the customer's subjective and intangible assessment of the brand, beyond its objectively perceived value. Brand equity, thus, basically adds value to the product or service, which obviously benefits the company in many ways.

An extensive study concerning the sources and contributors to brand equity was undertaken, and brand image, brand awareness, brand loyalty and perceived quality were found to be the main factors with direct influence. In concurrence with the customer perspective to brand equity, brand image was highlighted as a particularly important construct, which was due to its role as both a source and a medium of other contributors in brand equity.

As the corporate brand level was primarily taken, the concept was next clarified. A corporate brand is a set of core values, something far more than just a visual presentation of an organization. The corporate brand differs from individual product or line brands in that it necessitates a greater focus within the organization, is more intangible, complex and requires responsibility. The corporate brand is at the top of the brand hierarchy, and thus of the most importance, as it implies the base level of shorthand for the customer and allows companies to utilize the umbrella effect for brands of lower hierarchies.

Positioning is also of utmost importance when it comes to managing brand equity over time. Brand equity is not a separate concept, but is influenced by the marketplace the company operates in, and hence the relative place the brand occupies in the mind of the consumer is indeed worth exploring. The positioning process involves three steps – segmenting, targeting and positioning. After the market is segmented and the target group selected, the brand has to be positioned in the market. One way of explaining the process is by using points of parity (POPs) and points of difference (PODs): The company needs to establish its category membership and build competitive POPs to undermine the differentiation of other companies, and finally create its own relevant, distinctive and believable PODs.

The corporate brand image, stakeholders' perception of brand differentiation and associations, was then discussed. It was found that numerous contributors of brand image exist, and that it should be recognized that every action between the company and its stakeholders affect the formulation of the brand image. Ultimately, the corporate image is born by a cumulative effect of all brand associations over time. In addition to its role in brand equity, the corporate image is also critical to consumer decision-making, as it holds a potential to biased evaluation of different brands.

Integrated marketing communication also holds a key role, as it is directly related to various sources and phases of managing brand equity over time. The main thing in adopting integrated marketing communication is planning ways to send a consistent message through all media, and to all the stakeholders.

After the basic concepts were explored, the two options for managing brand equity over time were discussed. Brand reinforcement is, in essence, protecting or strengthening the existing sources of brand equity. The brand can be reinforced by means of affecting the sources of brand equity separately. Consistency of marketing support is paramount in reinforcing the brand but, nevertheless, tactical changes need to be made over time to preserve the strategic direction.

Brand revitalization, in turn, was defined as the process of keeping the brand fresh, vital and relevant in the contemporary market by recapturing lost sources of brand

equity or obtaining completely new ones. Brand revitalization is a more complex process than brand reinforcement because, for instance, the existing brand associations need to be changed and new ones created to enhance brand equity. The levels of brand revitalization form essentially a continuum, with a pure "back to basics" strategy at one end and pure reinvention at the other. Numerous elements of brand revitalization exist, most important of which at the corporate level perhaps being finding new uses and increasing the usage of the brand, as well as repositioning the brand.

Finally, the advanced framework for the study was constructed, synthesizing the options and process of managing brand equity over time. The starting point in the advanced framework was to examine the relationship between brand identity and image and determining whether there is a match between the corporate identity and image or not. If there is, the brand equity sources should be reinforced, and if not, revitalized. The main steps in brand reinforcement are conducting extensive marketing research to examine the sources of brand equity, and next to make tactical changes to integrated marketing communication to reinforce all the sources. The brand revitalization process was deemed as involving five distinct phases: brand visioning, brand orientation, internal marketing, brand implementation and controlling the strategic direction.

5.2 Empirical Summary

Maskun Kalustetalo Oy is a Finnish furniture store founded in 1983. The company's business concept has been to offer furniture of good quality at an affordable price point from the beginning. Since the year 2000, the company has more than quadrupled its number of stores and tripled the corporate turnover. By the end of the year 2006, the company managed to capture the first place in the Finnish furniture market with a share of 10.1 %.

Concerning strategic marketing, the primary target group of the company is 25-45-year-old women – the deciders in the buying process in an age where the home is most often built. There has always been two cornerstones in the brand positioning,

namely the prices and the price-quality ratio offered by the company. The company has been consistent in this throughout its existence, and only slightly changed the emphasis towards quality, as initially more stress was put on the price. This was a response to the changing customer preferences in the market. The brand image of Masku is based on good, affordable prices, which has been shown by many market researches.

In effect, Masku is where it wishes to be in the market, and has been there for quite awhile. This highlights the importance of creating the right set of brand equity from the get-go, as it arguably is harder to change existing brand associations than to strengthen existing ones. Thus, there is a definite match between the corporate identity and image, which provides an opportunity to concentrate on reinforcing the brand. An interesting fact is that the Masku brand has essentially come into being as a cumulative sum of all the actions undertaken, without being actively built. Nonetheless, the company has always been a heavy advertiser, and treated newspaper advertising as the primary avenue of communication.

Masku has, in fact, reinforced the sources of brand equity in many ways, even though the company itself has not actively sought it as a specific objective, or even considered building a brand a major imperative.

The primary association of Masku's brand is as a company offering good prices, one that the management has sought to keep. At Masku the emphasis on prices is not considered a threat because the marketing strategy has largely been based on cheap prices to begin with. Furthermore, the company has invested heavily in marketing which has been consistent throughout the years.

The company has enhanced their brand awareness mainly by putting as much as 9 % of the turnover to marketing, 90 % of which to newspaper advertising. This has made the company the fifth biggest advertiser in Finland. Also, even though no specific campaigns aimed to enhance the brand awareness have been conducted, Masku has used rather unconventional and daring advertisements at times of importance, and benefited from these tactics.

Brand loyalty has been primarily bolstered through sending direct mail to existing customers. In addition, the everyday actions by salesmen and other frontline personnel are deemed important for building brand loyalty at the company. Also, the strategic direction of the company has been firmly controlled, to avoid alienating existing customers.

The perceived quality has also been closely guarded and nourished. A key influencer in making the customer actually realize this has been the heavy emphasis on marketing communication. Recently, the company has also made the first major uphaul of its advertising outlook to further support the quality products offered by the company.

5.3 Conclusion

The first thing that should be noted is that the findings of this study are not generalizable, as the empirical part is arguably narrow and comprises of findings of only one company. Even within the company, only the marketing director was interviewed due to time constraints at the management team. Arguably, the theoretical section also lacks a holistic approach, as all the elements of the advanced framework are not thoroughly discussed. Nonetheless, by first conducting an in-depth review of brand equity and the interrelated concepts, and later studying how the concept is dealt with in practice, it has been interesting to see how the two fit together. Also, a few other concluding remarks are worth bringing up, and will be discussed next.

Although no real emphasis has been on building the Masku brand, it has still been undoubtedly successful, as the company is positioned like it wishes to be. Why, one might ask. Well, arguably one of the main reasons is that the company has only concentrated on reinforcing the brand, and has indeed been very consistent in their marketing programs over the years, albeit making tactical changes. This does highlight the major role of consistency, as was already discussed in the theoretical part. Furthermore, as indicated in the advanced framework, the match between the

corporate identity and image might well be a valid way to determine how to best manage brand equity over time, i.e. whether to reinforce or revitalize the brand.

Putting emphasis on the price in marketing communication is not necessarily a factor eroding the brand image in the long run, in contrast to what e.g. Keller (2003, 633) proposes. In Masku's case, it is due to the issue that the brand is largely built around affordable prices to begin with, which is arguably the main prerequisite. Also, in contrast to a view offered by some scholars, advertising can be an effective means to enhance brand equity, provided it is kept consistent. This is largely in concurrence to what Yoo et al. (2000, 208) suggest about the crucial role of advertising in managing brand equity. Thus, it should be noted that branding and advertising can work even in the long-term with emphasis on the price, as long as the corporate identity stands behind the effort and the marketing communication is kept strategically consistent over time.

Masku's brand concept and associations beyond the pricing and marketing communication strategies are still somewhat obscure, as both the management and the customers have stressed the importance of prices. This indicates that more in-depth customer research is needed to reveal the underlying values of the brand.

The main thing that can be derived from this study by applying the constructed framework to the empirical part is that the reinforcement process is often rather implicit, and means of reinforcing the brand – striving to keep positive associations, enhancing brand awareness, maintaining brand loyalty and nourishing the perceived quality – are used naturally to generate business. This is by no means a negative thing, as it links brand reinforcement to a bigger concept, the long-term success of the company, which is indeed the ultimate aim of managing brand equity over time. Still, if a firm adopts these four principals as strategic imperatives, the results of the company could well improve in the long run. In addition, if no major revitalizations to the brand take place, by customer-centred marketing actions the company should instinctively go about reinforcing the brand, as was the case in this empirical study – even without stressing the sources of brand equity in particular.

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Interviews

Sukari, Pekka   2 April 2007
Marketing Director

APPENDICES

Appendix 1: Masku Advertisement in Helsingin Sanomat, 1.1.2000
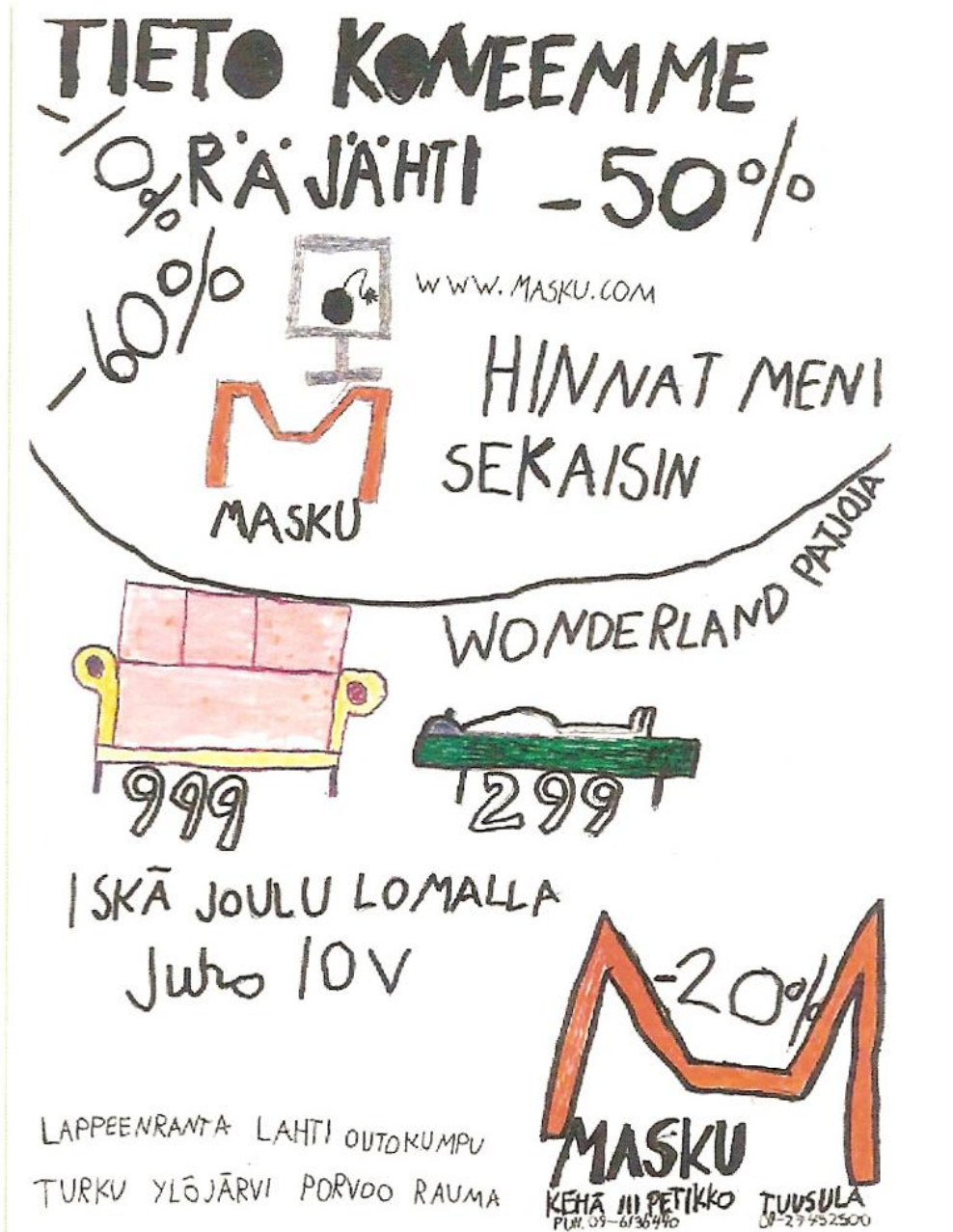
Appendix 2: Masku Advertisement in Helsingin Sanomat

Appendix 3: Masku Ads in Helsingin Sanomat, Weeks 40 (above) and 43, 2006
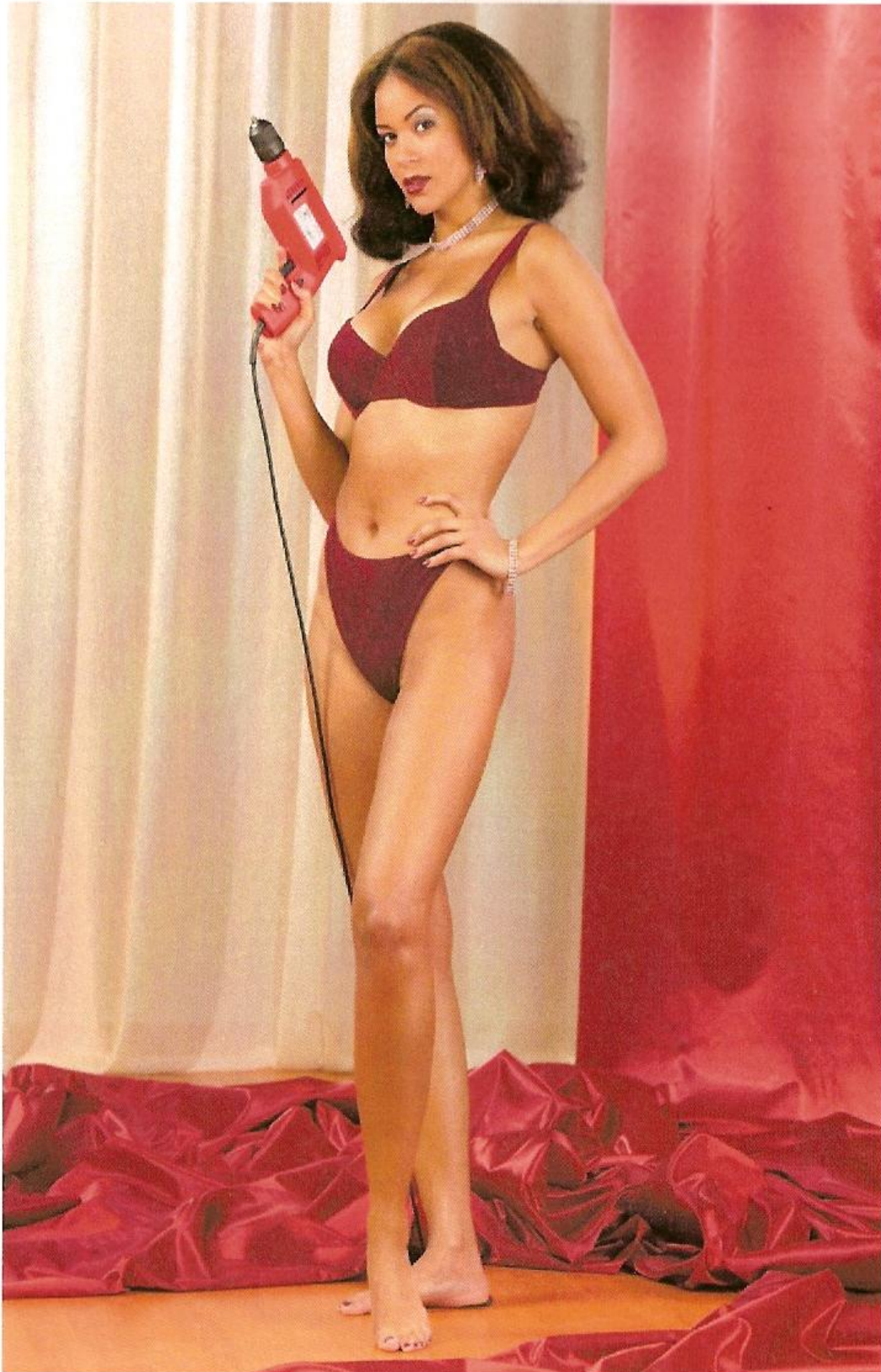
Appendix 4: Theme Interview Framework

Lämmittely:

- Kuinka pitkään olette toimineet Maskun Kalustetalo Oy:ssä?
- Missä eri tehtävissä olette olleet?
- Mitä nykyiseen toimenkuvaanne kuuluu?

Teema 1: Yleistä

- Yleisesti, mikä on brändäyksen rooli huonekalualalla?
- Onko Maskulla toimintaa ohjaavia arvoja? Jos, niin mitä?
- Mikä on yhtiön visio tulevaisuudelle?

Teema 2: Maskun brändin asema

Mielikuvat ja assosiaatiot

- Minkä tulisi olla ensimmäinen mieleen tuleva asia Maskun brändistä? Miten se pyritään välittämään?
- Mikä differoi yhtiön muista alan brändeistä?
- Mikä on Maskun brändi-identiteetti? Miten se näkyy markkinointiviestinnässä?
- Kenen vastuulla brändi-identiteetin kommunikointi yksittäisen työntekijän tasolle on?
- Minkälaisena näette Maskun brändi-imagon?

Historia ja nykyaika

- Mikä oli alunperin Maskun brändiasemoinnin lähtökohta?
- Mitä tietoisia muutoksia asemoinnissa on tehty ajan mittaan?
- Minkälaisena näettä Maskun asemoinnin huonekalumarkkinoilla nyt?
- Miten markkinointiviestintä tukee asemointia? Mitä viestinnässä painotetaan?
- Mitä eri viestinnän keinoja Masku käyttää?

Teema 3: Brandikehitykseen vaikuttaneet tekijät ja sen hallinta

Toimintaympäristön vaikutus

- Mitä merkittäviä tapahtumia tai muutoksia huonekalumarkkinoilla on tapahtunut Suomessa?
- Mitkä toimintaympäristön asiat (esim. uudet kilpailijat) ovat vaikuttaneet Maskun brändin kehityssuuntaan? Miten?
- Onko yhtiössä ollut henkilöstövaihdoksia tai muita tiedostamattomia sisäisiä muutoksia, jotka ovat vaikuttaneet brändin kehitykseen?

Tietoinen brändikehitys

- Onko brändikehitykseen mielestänne panostettu vahvasti? Onko asiakkaiden brändimielikuvia tutkittu tai seurattu aktiivisesti?
- Kuinka Maskun brändiä on yritetty muuttaa tai kehittää ajan mittaan? Entä tällä hetkellä?
- Onko Maskulla ollut bränditunnettuuden lisääminen erityisenä päämääränä (erityisiä kampanjoita tms.)?
- Pyritäänkö brändiuskollisuutta luomaan asiakkaiden keskuuteen erityisin keinoin?
- Miten ympäristössä ja organisaatiossa tapahtuneisiin brändiin vaikuttaviin asioihin yleensä reagoidaan?
- Miten ja missä päätökset brändäykseen liittyen tehdään?
- Kuinka brändäyksen suuntaviivoja kommunikoidaan yksittäisen liikkeen tasolle?