Master’s thesis,

**Development of brand equity in microbrewery business**

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This qualitative research aims to investigate the process of brand equity building in marketing activity of a particular microbrewery with relation to existing branding literature. The study mainly focuses on the way, how the microbrewery implements practices linked to the process of brand equity creation. The main pattern for understanding this process is based on brand resonance model, which proposes specific steps for brand equity building.

The theoretical part provides insights on different scientific views in terms of brand equity construction, as well as on facilitators for development of this process – marketing communications and brand elements. The empirical part presents a real microbrewery case – Hiiumaa Pruulikoda, and investigates the brewery’s practices in terms of brand building. The data was gathered through conducting of interview with marketing director of the brewery, as well as through materials, which were presented by the company.

The results of the research provide a detailed view on how the microbrewery creates its brand equity, in particular how the company develops brand meaning and brand awareness, along with brand relationship and responses managing. Moreover, the results present the way in which the company utilizes brand elements and communication channels. More specifically, it was found that the microbrewery pays detailed attention to brand meaning and brand awareness creation, and deliberately focuses on brand elements development. Finally, the results of the case are compared to findings of many studies that are presented in the theoretical part of this work.
Acknowledgements

The moment, which was seen as a distant milestone, eventually appeared. A long way for obtaining Master’s Degree is almost finished, and now it looks, that the journey flew very fast. I would like to express a big gratitude to LUT Business School, especially to teaching and organizational teams of International Marketing Programme, for providing a chance to study and to be a member of this amazing faculty throughout 2 years in Lappeenranta. I’m very thankful to my supervisors – Associate professor Jari Varis and Professor Asta Salmi, for guiding my thesis work and always devoting their time to help me with issues. Additionally, I want to thank the microbrewery Hiiumaa Pruulikoda for giving me the possibility of conducting the research based on their activity.

I want to say, that without my family it would be difficult to achieve this goal in my life, and the big gratitude goes to them – my mom, father and brother, for always supporting me. I really appreciate their help and attention. Also, I would like to mention the care and support that I felt from my girlfriend. She is one of those, who gave me the stimuli to obtain Master’s degree.

Looking forward for new opportunities,

Lappeenranta, May 2017

Evgeny Talanyuk.
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1 Introduction

1.1 Background

The market of craft beer produced by microbreweries is relatively small nowadays comparing to a market of beer produced by large brewery corporations. However, new microbreweries appear and market is growing. For example, according to Creative Bloq (2015), nowadays in The United Kingdom there are 1,400 new microbreweries with new openings on average three a week and over 8,000 craft beer brands in USA. For instance, in Russia many microbreweries have emerged on the wave of ‘beer revolution’, and as Russian beer experts call the transformation of beer drinkers’ preferences toward more sophisticated and quality product.

According to Hop and Wine, (2015) a microbrewery can be also called as ‘craft brewery’ and differs from the large ones by the quantity of beer barrels produced. The number of it shouldn’t overcome 15 000 barrels per year, in order to be in the category of microbreweries. They are independent and fully controlled by a craft brewer-owner. (Brewers association 2016). The products made by microbreweries are typically ‘specialty beers’ with quality ingredients and experiment proportions or different fermentations. With growing market of craft beer, there is a challenge to compete and differentiate for many breweries and therefore they are willing to conduct the process of brand development along with creating quality products.

The process of branding, according to previous studies (Aaker 1991; Amber and Styles 1997; Kapferer 1997; Keller 2008) consists of building value by creation a brand meaning and brand identity accompanied by proper eliciting of brand responses with tight brand relationship through implementing marketing communication tactics. This process usually refers to customer-based brand equity (Aaker 1991) and reflected in brand resonance pyramid blocks (Keller 2008). Additionally, the process of branding usually refers to the model of brand equity creation. As it was analyzed in the study of Aaker (1991) brand equity consists of brand awareness, brand associations in consumers’ minds, perceived quality by consumers and brand loyalty.

However, Keller’s (2008) brand resonance model also reflects deeply each step in brand equity building and can be considered as a pattern for practical implications in branding process of any business, in particular in this study – microbrewery.
1.2 Research questions

The theory of branding is widely reflected in various industries and businesses, but in microbrewery business, as a growing industry, it is important to research how a branding process is implemented. No doubts, there are breweries in the market, that rely on brand development, and this is what needed to be researched: the process of brand development of microbreweries, issues and difficulties that were faced during this process and the most important steps which were made by companies in regard of branding. Thus, the research question is how a microbrewery builds brand equity? The goal of the research is to investigate the process of brand building by a particular microbrewery with relation to existing branding literature about this marketing activity.

Additionally, the research question includes many branding aspects to investigate, thus it can be followed by other sub-questions in the context of microbrewery business: 1) How and which brand elements are used for brand building? 2) Which marketing communications are used for development of brand equity? 3) How microbrewery creates brand awareness and brand meaning? 4) How brand responses improve brand building? 5) How brand relationship is managed? 6) Are all blocks of brand equity considered by the company? Which are the most important?

1.3 Literature review

For consecutive approach to understanding the basic theory and concepts of brand equity development it is needed to discuss the basic definition of brand. The theory of branding comprises a big number of studies and researches nowadays and can be described as well-studied. Although, there are still differences in studies of various scholars that put their effort for the purpose to study the concept. Thus, it is necessary to investigate existing brand studies and elicit a proper knowledge from it in order to reflect the theoretical part of this thesis. It can be started from defining the concept of brand itself. Branding has taking place for long years as a helpful tool for differentiating things of one goods producer from another ones. Basically, ‘brand’ is firstly appeared from the old word ‘brandr’, what actually has a meaning ‘to burn’ (Keller 2008, 30). Also, brands designation was and nowadays is to be the tools for marking owner’s animals and to identify them from others.

Considering scientific definitions, the American Marketing Association (AMA) identified a brand as a ‘name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them
from those of competition’ (Kotler 2015). According to Business Dictionary, brand is ‘a unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors, and this image becomes associated with a level of credibility, quality, and satisfaction in the consumer's mind’ (Business Dictionary 2016).

Ambler and Styles (1997) developed two approaches to a brand definition. One of them is traditional approach. It considers a brand as the product with added value through branding which is added to the good at the last stage of a product chain. Therefore, the brand is recognized basically as an identifier. Another approach to study the concept is the holistic view on it. The brand is defined to be the overall of elements in the marketing mix: product is just one element, along with price, distribution and promotion as other elements. Thus, the discussed approach defines brand as ‘the promise of the bundles of attributes that someone buys and that provides satisfaction with the attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible’ (Ambler and Styles 1997). It can be added, these aspects derive from 4Ps model (marketing mix). Therefore, a brand is considered as something more than a product. Keller (2008, 32) supports it by stating that ‘it can have dimensions that differentiate it in some way from other products designed to satisfy the same need’. Logo, symbol, name, jingles, packaging, design – are examples of brand elements which can serve as those identifiers (Kapferer 2012).

After defining the concept of brand it is possible to proceed to Kotler (2015), who stated that branding conveys importance and relevance for aspects in marketing that appeared and studied in recent years. Among them, the concept of brand equity, which is viewed by Aaker (1991,1996) as the value, which is associated by consumers in relation to a chosen brand. Consequently, this will be detailed below. The concept of brand equity became popular and important for marketing discipline as some researchers discovered that brands are valued by companies as specific assets. It was argued, that brand equity with a high level can perform to ‘higher consumer preferences and purchase intentions’ (Cobb-Walgren et al. 1995). It was also discussed, that brand equity can lead to greater stock returns and successful brand extensions (Aaker and Jacobson 1994)

Considering that marketers can approach the concept in different ways, there is a clear vision that brand equity can be identified based on economic and marketing effects that bring contribution to the concept. According to Chieng and Lee (2008) and Keller (2008), the concept of brand equity started to be used in practice in 1980s by various advertising
agencies. It is important to mention, that marketers and scientists which contributed to the study of the brand equity concept are Aaker (1991, 1996), Kapferer (1997), Keller (1993, 1998) and Shocker and Srivastava (1991). Their early research was focused on defining brand equity, what led to the importance of measuring it. Scholars came up with the conclusion that there is a need to measure brand equity with financial techniques (Kapferer 1997). Moreover, scholars that studied brand equity definition, conclude that the concept greater encompasses added value to a product. Basically, added value appears when right associations are developed in consumers’ minds and desired attitude toward a brand is elicited (Wood 2000; Keller 2008). Therefore, as stated by Chineg and Lee (2008), brand equity definition received more customer-based aspects rather than financial side.

Considering what is discussed above, two distinct and debatable visions that have been utilized by scholars to learn the concept of brand equity are divided into financial and customer based views. The first vision is related to financial issues that markets usually have, in which the asset value of a brand is considered and evaluated as more important (Simon and Sullivan 1990; Kapferer 2012). Whereas, customer-based view on brand equity is related more to the consumer’s reaction to a specific brand (Shocker et al. 1991; Keller 2008). Wood (2000) and Keller (2008) support it by stating, that the concept of brand equity was discussed in various managerial literature, such as marketing and accounting studies, and has a strong spotlight on its vitality for obtaining a relevant focus in terms of branding issues. When the concept is used by marketers, according to Wood (2000), it is used to have a meaning of ‘brand description or brand strength’, what can be addressed to ‘consumer brand equity’. This helps to distinguish it from the financial valuation of asset meaning of a brand (Wood 2000).

Moreover, consumer based perspective on brand equity is supported by various studies according to Rosenbaum-Elliott et. al (2011, 92). For instance, Franzen (1999) gives arguments on how he sees a brand’s value to consumers that he describes as ‘mental brand equity’. It includes awareness, perception, attitude and behavioral brand equity. Following this, Aaker (1991) distinguishes brand equity as ‘a set of assets and liabilities with four grouped categories: brand awareness, brand associations, perceived quality and brand loyalty’. Also, Aaker (1991) argues about how brands can bring value to consumers by reducing their perceived risk and provides information about functions of a brand that help to create a value, for example an advantage of being easily identified by consumers (brand salience), also a guarantee of quality and consistency that a brand brings to consumers (perceived quality).
Therefore, basing on the fact, derived from brand studies, that brand equity has more customer-based contexts rather than financial. Consequently the following definitions of customer-based brand equity were identified:

<table>
<thead>
<tr>
<th>Author; year</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>Aaker (1991, 1996)</td>
<td>The value which consumers associate with a brand, as reflected in the dimensions of brand awareness, brand associations, perceived quality, brand loyalty and other proprietary brand asset.</td>
</tr>
<tr>
<td>Keller (2008)</td>
<td>The differential effect of brand knowledge on consumer response to the marketing of the brand. Brand knowledge is the full set of brand associations linked to the brand in long-term consumer memory</td>
</tr>
<tr>
<td>Lassar et al. (1995)</td>
<td>The consumers’ perception of the overall superiority of a product carrying that brand name when compared to other brands. Five perceptual dimension of brand equity includes performance, social image, value, trustworthiness and attachment.</td>
</tr>
<tr>
<td>Shocker and Srivastava (1991)</td>
<td>The aggregation of all accumulated attitudes and behavior patterns in the extended minds of consumers, distribution channels and influence agents, which will enhance future profits and long-term cash flow.</td>
</tr>
<tr>
<td>Swait et al. (1993)</td>
<td>The consumer’s implicit valuation of the brand in a market with differentiated brands relative to a market with no brand differentiation. Brands act as a signal or cue regarding the nature of product and service quality and reliability and image/status.</td>
</tr>
</tbody>
</table>

Table 1. Customer-based brand equity definitions

By looking at various definitions, it becomes clear that throughout the years of studying the concept of brand equity different kinds of dimensions were discovered which can be linked to brand equity. According to Keller (2008), Kim et al. (2003) and Wood (2000) the most common definition and widely used model is the model of Aaker (1991) where the it is defined an a sum of four branding blocks, including brand awareness, brand associations,
perceived quality and brand loyalty (Chieng and Lee 2008). These dimensions are briefly described below and will be more analyzed in the theoretical section of this thesis.

Brand awareness is the first essential of brand equity blocks, viewed by Aaker, is brand awareness. Some scholars that studied brand equity issues (Aaker 1991, 1996; Aaker and Biel 1992; Kapferer 1997; Keller 1993, 1998; Krishnan 1996; Rossiter and Percy 1992) identify awareness as a ‘key block’ in various brand equity models. Keller (2008) describes brand awareness as ‘the ability of customers to recall and recognize a brand in a number of other brands by identifying under different conditions brand logo, name, symbol and to link it into associations in their brain’. For instance, Aaker (1996) and Keller (1993) suggest brand recall along with brand recognition are two compounds of brand awareness block.

The second vital element of brand equity model conceptualized by Aaker in 1991 is brand associations. The scholar claims that associations reflect a foundation for buying decision and for brand loyalty of consumers. Keller (2008) relates brand associations to the concept of brand image, where associations is a key path to crafting a strong brand image. It is argued, that brand associations are able impact on brand equity in two various ways: ‘an attribute-based part and a non-product attribute-based part of brand equity’ (Park and Srinivasan 1994).

Consequently, as it was proposed by Kotler and Keller (2015, 164) ‘brand associations consist of all brand related-thoughts, perceptions, feelings, images, experiences, beliefs and attitudes toward a brand.’ In other words, everything that is in memory of a consumer related to a brand. Rosenbaum-Elliott et. al (2011, 94) explain that in brand equity building process the brand awareness comes at first place with the beginning of knowledge about a brand and learning process emerges, therefore salience for the brand is being developed.

Third block of brand equity in the model of Aaker (1991) is perceived quality. A number of scientists defines perceived quality as a separate block of brand equity (Aaker 1991; Kapferer 1997; Feldwick 1996). However, some scientists put emphasis on the assumption that perceived quality can be a part of brand associations (Keller 1993; Rosenbaum-Elliott et al. 2011). Consequently, Zeithaml (1988) identifies perceived quality in brand equity model as ‘consumer’s judgment about a brand’s overall excellence or superiority which differs from objective quality.’ Keller (2008, 117) discussed perceived quality in his brand resonance model under broad definition of brand responses, including judgments and feelings about a brand use.
It is considered that usually for consumers it is difficult to achieve correct and full judgments about objective quality of a brand, therefore they utilize quality attributes which can be connected to quality (Zeithaml 1988; Richardson et al. 1994). Yu et al (2008) provide examples of what can be recognized as consumers’ subjective judgments of perceived quality: product experiences, unique needs, consumption situations. Thus, perceived quality supports its presence in brand equity by serving as a judge of the overall quality of a brand.

The fourth block of brand equity is viewed by Aaker (1991) as brand loyalty. The author sees the goal of brand loyalty as a final step of building brand equity and a core dimension of it. As it defined by the scholar brand loyalty is ‘the strong degree of the attachment that a consumer possesses toward a brand’. Franzen (1999) describes it as ‘high degree of bonding with a brand and reluctance to switch for another’. Some scholars divide brand loyalty into behavioral and cognitive loyalty (Grembler 1996; Keller 1998; Oliver 1999). Behavioral loyalty is referred to consumer behavior in the market of products that can be highlighted by a quantity of repeated buying or desire to repurchase a brand as a first choice among other brands (Keller 1998; Oliver 1999). According to Keller (1998) cognitive loyalty represents an occasion when a specific brand appears first in consumer minds during decision making process making up this brand the consumer’s first choice.

Eventually, scholars introduce the process of brand equity development by analyzing the essential parts of brand equity, from awareness to brand loyalty and come to the conclusion that in modern business environment brand equity is built through marketing communications. Rosenbaum-Elliott et al. (2011,112) argues that without marketing communications there would not be any brands.

Keller (2009, 139) speaks, that modern interactive space has changed the view on how brands should be built. For example, the scholar argues that traditional approaches to the process of branding that mostly supported by mass media tools are seen disputable in such marketplaces where consumers have an ability to obtain big quantities of information about brands, products and companies. Thus, along with traditional approaches new perspectives are needed to be evaluated and discussed to understand the process of brand equity building in fast changing communication environment.

Additionally, Kapferer (2005) states that to build a strong brand it is needed to provide the right knowledge structures existence in memory of actual or potential consumers. Aaker (1991;1996) adds that marketing communications are the essential instruments for implementing this, and can force consumers to respond positively. Keller (2009, 141) defines
marketing communications as ‘the means by which companies/organizations attempt to inform, persuade and remind consumers about products and brands that are being sold’. In other words, it helps companies to represent itself and its brands to consumers (directly or indirectly) with establishing a dialogue that builds relationships with consumers.

Communications facilitate the meaning of a brand under which consumers desire to see it (Bennet 1995), and according to Rosenbaum-Elliott et al. (2011, 113) play a crucial role in two strategic elements of brand equity building: effective positioning and right brand attitude strategy. Many authors (Heckler and Houston 1998; Keller 2008; De Chernatony 2010; Aaker 2010; Kohli and Thakor 1997; Grohmann 2008; Dimofte 2007) also pay attention to brand elements, that are important for successful positioning and further brand building, especially for brand awareness and brand image creation. It can be packaging, brand name, slogan, jingles, logos, symbols, characters and so on.

More than that, Keller (2008, 2009) for the explanation of the process of brand equity building describes the concept of customer-based brand equity along with different ways, in which marketing communications contribute to brand equity creation. Eventually, it is needed to say, that Aaker’s model of brand equity (1991) and Keller’s customer-based brand equity (1993; 2008) are main branding concepts in this research.

Aaker’s model is discussed above and opens a general view on brand equity, while Keller’s model explains more deeply the process of brand equity building itself and along with connecting concepts (types of communications; branding elements) will be discussed in later theory chapters, in order to have a clear understanding of these aspects.

1.4 Theoretical framework.

Basing on literature review and analyzing different brand concepts it became essential to create a theoretical framework that represents relationship between brand equity blocks and the context of a microbrewery in terms of branding process. The theoretical framework is presented below:
Figure 1. Theoretical framework

The framework can be explained as following: from the perspective of building brand equity, marketing communications activities along with proper choice of right brand elements contribute to the development of brand equity block in various ways. For instance, it helps to create awareness of a brand, to connect the right associations in consumers minds to brand image, to elicit positive and right brand judgments (brand response) and to enhance a consumer-brand/company connection. That is how brand equity building process is viewed in this research and challenged in the context of microbrewery products (craft beer).

1.5 Research methodology

In order to conduct a research and answer established research questions it was decided to use an exploratory qualitative research method, in particular a single case study. According to Yin (2009), one of the goals of case study is to understand in-depth real-life events in managerial and organizational processes. In this thesis brand equity is considered as development process in managerial actions of a company, what can be related to the goal of the case study method to explore and understand phenomenon.
As the data collection technique, it was considered to conduct semi-structured interviews with a microbrewery manager, in particular, with the marketing director of Estonian microbrewery Hiiumaa Pruulikoda. Additionally, to support gathered data, it was preferred to do analyzing of secondary sources, such as microbrewery point-of-sales materials (POS) and other personal selling presentation materials from the company.

1.6 Structure of the thesis

This section provides information about how the research is structured. The thesis contains six chapters and divided into theoretical and empirical parts.

The first chapter consists of introduction to the topic and begins this thesis work. It contains analysis of background of the research relating to the aspects of microbreweries’ branding, and after that research questions are presented. Additionally, this chapter provides a thorough literature review including relevant branding theory, in particular brand equity building process. Then, basing on the literature review the theoretical framework is developed. Eventually, the first chapter includes research methodology and the structure of the thesis.

The second chapter establishes the theoretical part of the thesis. This chapter introduces theory, which is related to brand building process. Basically, this theory reflects the knowledge gained through many researches considering the process of brand development, from creation of brand awareness to building of positive brand equity. Also, branding elements and marketing communications are reviewed as facilitators of brand equity building.

The third section of the study provides information, gathered from several studies, which are devoted to craft beer branding. In particular, trends and approaches that are seen in the market of microbreweries are discussed in this chapter.

The fourth chapter includes the empirical part of the research. It provides research and data collection methods. The section also includes analysis of the reliability and validity of the results.
The fifth chapter introduces empirical analysis and results of the research, which was conducted by interviewing Estonian microbrewery in terms of its practices and methods of brand building in their marketing activity. The theoretical and empirical parts of the thesis are compared and combined in this section.

The sixth chapter is the last section of this research and consists of conclusions and discussion, based on results. In this chapter the research questions are answered and discussed by the author. Also, summary of the findings are presented in this chapter along with managerial implications and recommendations for future research.
2 Theoretical background of brand equity building
2.1 Construction of brand equity

To start with theoretical part of this research, it should be said that the definitions of brand and brand equity are reflected in the literature review part and this section is devoted to a deeper analysis of brand equity building blocks along with process of brand equity creation.


Additionally, consumer-based perspective on brand equity is supported by various studies according to Rosenbaum-Elliott et. al (2011). For instance, Franzen (1999) gives arguments that brand’s value to consumers is reflected in his model of ‘mental brand equity’. It consists of brand awareness, perception, attitude and behavioral brand equity. Following this, Aaker (1991) distinguishes brand equity as ‘a set of assets and liabilities with four grouped categories: brand awareness, brand associations, perceived quality and brand loyalty’. Also, the scholar argues about how brands can bring value to consumers by reducing their perceived risk and provides information about functions of a brand that help to create a value. The example of it is an advantage of being easily identified by consumers that leads to creation of brand salience. Another scholar’s argument is the guarantee of quality and consistency that a brand brings to consumers, in other words perceived quality (Aaker 1991; Keller 1993).

Basically, customer-based brand equity has an ability to measure consumers reaction on the experience with a given brand (Shocker et al. 1991; Keller 2008;). Moreover, Wood (2000) and Keller (2008) state that the concept of brand equity was discussed in various management studies, such as accounting and marketing literature. When the concept is used by marketers it usually assumes such attributes as ‘brand description’ or ‘brand strength’. Also, brand strength and brand description are usually related to the construction of brand equity (Wood 2000).

According to Keller (2008), Kim et al. (2003) and Wood (2000) the most common definition
and widely used model is the model of Aaker (1991) where it is defined as a sum of four branding blocks, including brand awareness, brand associations, perceived quality and brand loyalty (Chieng and Lee 2008).

**Brand Awareness**

It is the first and the essential dimension of brand equity. Many scholars that studied brand equity issues (Aaker 1991, 1996; Kapferer 1997; Keller 1993, 1998; Krishnan 1996; Rossiter and Percy 1992) describe brand awareness as a ‘key block’ in various brand equity models. Keller (2008) identifies brand awareness as ‘the ability of customers to recall and recognize a brand in a number of other brands by identifying under different conditions brand logo, name, symbol and to link it into associations in their brain’. Other studies also have examined the essence of brand awareness in terms of brand equity creation. This is reflected in such studies as Bauer et al. (2008), Berry (2000), Fairecloth, et al. (2001), Yoo and Donthu 2001). According to Keller (1993), brand awareness considered as important block due to the fact, that it has an ability to increase the 'likelihood of brand selection', that consequently leads to the creation of brand salience in minds of consumers. Moreover, brand awareness directly impacts brand image in a way that it becomes a vital step in creation of 'strong, favorable and unique associations' in the mind of the consumer (Campbell and Keller 2003). Thus, these studies point out that brand awareness is a crucial and responsible issue in brand associations creation in consumers' minds. More than that, Yoo and Donthu (2001) state that brand equity can be positively linked to the way of how brand awareness is essential to consumers. The scholars also found out, that for having positive and favorable associations for a brand, consumers should possess a decent level of awareness for their mind.

Aaker (1996) and Keller (1993) suggest that brand awareness includes such aspects as brand recall and brand recognition. Rossiter and Percy (1992) described brand recognition as ‘the ability to recognize a brand at the point-of-purchase with enough information to facilitate purchase’. Keller (2008) identified brand recognition as ‘consumers’ ability to confirm prior exposure to the brand when given the brand as a cue’. For example, recognition can be reflected in the situation when consumers go to stores and they are capable to recognize the brand which they already bought and experienced.

Another part of brand awareness is brand recall. For the purchase decisions a brand name or logo should be recalled by a consumer from the memory. This leads to a brand recall, which is described by Keller (2008, 74) as ‘ability to retrieve a brand from memory when given the product category, the needs fulfilled by the category, or a purchase situation as a cue’.
Differently, when a craft beer drinker thinks about buying a craft beer for a dinner he can have an ability to retrieve from his memory a specific beer brand that he already tried and has information about it. This leads to a bigger probability of choosing already known brand and facilitates a purchase what is essential in creation of brand salience (Rossiter and Percy, 1992). Being salient means for brands to be ‘associated in memory with consumers’ set of preferred brands to meet a particular need and is more likely to come into their minds when the need for such products occurs’ (Rosenbaum-Elliot et al. 2011, 99).

Moreover, According to Kapferer (2012) the strength of brand awareness derives from the feeling of similarity that it provides to customers, and he claimed that this familiarity includes a simple knowing feeling of a brand without a need for new specific details for recalling or recognizing the brand. Also, Aaker (1998) claims, with a sense of similarity, strong brand awareness includes ‘presence, commitment and substance for the brand.’

However, combining brand recall and brand recognition Keller (2008, 74) suggests that a big number of consumer decisions is made at the point of purchase. Therefore, brand elements such as logo, name, packaging and other should be presented and visible at the purchase point, what to leads to the understanding of brand recognition importance in this case. But, if buying decisions are preferably made on distance from the point of purchase then brand recall seems more relevant than brand recognition (Rosenbaum-Elliot et al. 2011, 94).

Keller (2008, 74) speaks about main benefits that high level of brand awareness brings to brand equity. One of it is learning advantage. The scholar argues that brand awareness impacts the building and strength of the associations that create a brand image. The establishment of ‘brain node’ in consumers’ memory is necessary since it affects how easily consumers learn and keep specific brand associations. Aaker (1998) suggests the first consideration in brand equity development - to ‘register the brand in the minds of consumers’ with the right choice of brand elements. Another benefit is consideration advantages (Keller 2008). According to Nickerson (1984) consumers typically have in mind only few brands for purchase, making sure that a preferable brand is in the consideration set with other brands, and thus makes other brands less favorable. It leads to the importance of high level of brand awareness that increases likelihood of a preferred brand to be in the consideration set and become chosen by a consumer (Keller, 2008).

*Brand Associations*
The second essential dimension of brand equity model conceptualized by Aaker in 1991 is brand associations. The scholar argues that associations are the foundation for eliciting buying decision and for building brand loyalty of consumers. Keller (1993) relates brand associations to the concept of brand image, where associations is a key instrument to development of strong brand image. The scholar classified associations into 3 categories: ‘attributes, benefits and attitudes’. Keller (1993) eventually categorized brand associations into: attributes, benefits, and attitudes. Attributes are identified as features that are able to describe a chosen product or service and are 'split into product and non-product related categories'. Firts one, are the elements which bring the necessity character to the performance of a brand, preferred by consumers. The latter one, are described as brand elements: price, packaging, labeling, perceptions. Benefits are identified as the value which consumers adhere to a given product or service. They are divided into three categories: 'functional, experiential, and symbolic'. Functional benefits are 'the advantages of the product related attributes.' This type of benefits is often linked to a number of basic motivations, which are placed in Maslow Pyramid, for instance, safety and physiological needs. Experiential benefits can be identified as 'feelings associated with the use of a product.' They refer to satisfaction searching and are typically related to hedonistic values that brand brings to consumers. Symbolic benefits relate to extrinsic aspects, such as feeling of proudness or self-expression, and linked to a brand.

Park and Srinivasan (1994) also state that brand associations influence brand equity in two ways. One of it is that brand associations which are linked to specific product attributes develop an attribute-based part of brand equity that is formed by the distinguishes among ‘subjectively perceived attribute levels’ and ‘objectively measured attribute levels’. Another one is that brand associations are capable to develop ‘a non-product attribute-based part of brand equity’ that is a part of a brand’s common preference with no relation to product attributes (Park and Srinivasan, 1994). Yu et. al (2008) figured out that non-attribute based component can be formed by various image-oriented communications that are able to develop consumers’ imagery relating to a specific brand and create the right brand personality.

Consequently, Kotler and Keller (2015, 252) claimed that brand associations are built by ‘all brand related-thoughts, perceptions, feelings, images, experiences, beliefs and attitudes toward a brand.’ In other words, everything that is in memory of a consumer related to a brand. Rosenbaum-Elliott et. al (2011, 89) explain that in brand equity building process the brand awareness comes at first place with the beginning of knowledge about a brand and
learning process emerges, therefore salience for the brand is being developed. Later on, basing on that knowledge and experience associations are developed leading to creation of brand attitude with judgments and feelings (perceived quality). So, before building a strong brand attitude the positive and unique brand associations should be created.

Chen (2001) discussed about that brand associations have two types – product associations and organizational associations. Keller (2008) discusses brand associations under a meaning of brand image and divides them into ‘attributes and benefits’. It can be said that it is almost the same as Chen’s (2001) and Aaker’s (1991) division of brand associations, so many scholars agree upon it just they they call it in different ways. So, in this thesis the theory about brand associations is stick to the division on product and organizational associations. Product associations are divided into functional attributes and non-functional associations. Functional attributes relate to the tangible features of a brand (Keller, 2008). Lassar et. al (1995) state, that during cognitive process in evaluating a brand consumers often bond the score of functional attributes to a brand. It leads to the understand that if a brand does not represent a good performance of the functions for which it was meant, then a brand can have a poor performance of brand equity creation (Chen 2001). Non-functional attributes represent so-called ‘symbolic attributes’ (Keller 1993; Chen 2001) that are intangible attributes that have a possibility to ‘meet consumers’ needs for social approval, personal expression or self-esteem’. According to various studies (Aaker 1991; Biel 1992; Keller 1993; Krishnan 1996) consumers usually link ‘social image of a brand, trustworthiness, perceived value, differentiation and country of origin’ to a brand as intangible features which are leading to creation of personal expression and self-esteem.

Social image of a brand can be characterized as ‘a consumers’ perception of the esteem in which he/she relates himself/herself to a social group which holds a specific brand’ (Lassar et al. 1995). In other words it relates to the beliefs of the consumer which he/she makes and thinks about it in a way that other consumers tend to do in relation to a specific brand category.

Trustworthiness can be defined as ‘the confidence of a consumer which he puts in the firm and the firm’s communications toward a brand’ (Lassar et al. 1995). It is argued in the study of Chieng (2008) that consumers usually decide to value high the brands to which they trust.

Perceived value as an intangible feature of a brand equity was discussed in studies of Aaker (1991) and Feldwick (1996) and presented in various equity models. Also, it can be defined as ‘perceived brand utility that is related to its costs, estimated by a consumer and formed
upon simultaneous thinking of what is received and what is sacrificed to receive it’ (Chieng et al. 2008). Additionally, Keller (2008) states that consumer’s choice usually is dependent on the balance, which is perceived between the price and functions/benefits, which a given product brings to consumers.

Differentiation of a brand has very important character to brand equity since it, according to Hoyer and Brown (1990), ‘facilitates and processing and retrieval of information about a brand in a given products category’. Also, Kapferer (2005) states the importance of distinction made by brand positioning which can lead to success of a brand and represent the degree to which a consumer realizes that a brand is different from its competitors. Keller (2008) speaks about the essence of brand positioning, which is reflected in the understanding of how a brand can achieve a ‘competitive advantage or unique selling proposition’ that transmits to buyers a real reason, why the exact brand should be bought by them. Basically, it should lead to uniqueness of brand associations.

Country of origin is one of the strongest intangible brand features, which according to Aaker (1991) and Keller (1993) leads to establishment of associations in minds of consumers. It can be defined as ‘a place, region or country to which the brand is perceived to belong by its customers’ (Thakor and Kohli 1997). Keller (2008) claims that choice of brands with increased national links can impact on a thoughtful decision to facilitate a ‘product utility and better communicate self-image’, based on what consumers think about brands from given countries.

It can be said that intangible features of brand associations discussed above, and additional ones will be more reflected in theory part of this thesis where the implementation of brand equity development is analyzed.

Speaking about organizational side of brand associations it is needed to address back to the study of Chen (2001) where he argues that it includes corporate ability associations that related to a company’s activity and expertise its operations such as production, delivery, corporate social responsibility (CSR). Aaker (1996) provides the information that consumers perceive organization associations in terms of people, values and programs that presented behind a brand. The scholar inserts the definition of ‘brand as organization’ which can be a really helpful in situation when brands in some product category are pretty similar with respect to attributes, then visible organizations and organizations with corporate brand involved will be better associated in minds of consumers (Chieng et. al, 2008).
In summary, brand associations form the foundation of consumers’ knowledge about brands and can be used to make evaluations in the process of choosing products. Considering brand associations in terms of tangible and intangible features of brands leads to the understanding of the role which brand associations play in building brand attitude and therefore in strong brand equity. (Rosenbaum-Elliott et al. 2011, 95).

**Perceived Quality**

Number of scholars identify perceived quality as a separate block of brand equity (Aaker 1991; Kapferer 1991; Feldwick 1996). Although, some scientists emphasize the assumption that perceived quality can be a part of brand associations (Keller 2008; Rosenbaum-Elliott et al. 2011). Interestingly, Zeithaml (1988) identifies perceived quality in brand equity model as ‘consumer’s judgment about a brand’s overall excellence or superiority which differs from objective quality’ and divides it from brand associations dimension.

Speaking about objective quality, it can be referred to technical, measurable and viable perspective of products/services as it proposed by Anselmsson et al. (2007). Zeithaml (1988) and Richardson et al. (1994) argue that usually for consumers it is difficult to obtain correct and full judgments about objective quality of a brand, therefore they utilize quality attributes which can be connected to quality. Yu et al. (2008) provide examples of what can be recognized as consumers’ subjective judgments of perceived quality: product experiences, unique needs, consumption situations. It can be said, perceived quality supports its presence in brand equity by serving as a judge of the overall quality of a brand. (Rossiter and Percy, 1996)

Consequently, the concept of perceived quality is divided by Steenkamp (1997) in two categories of factors: extrinsic attributes and intrinsic attributes. Intrinsic ones are referred to physical issues of a product. For instance, it can be flavor, color, appearance, fragrance and material used. From the other side, extrinsic attributes of a brand represent all other parts of a product, but not physical. It can be brand name, logo, price, packaging, product information, promotion efforts. (Bernues et al. 2003).

According to Yu et al. (2008) high level of perceived quality over long-time experience leads consumers to the realizing of better superiority, differentiation and excellence of a brand comparing to others in a given product category. Therefore, a greater perceived quality would give to a consumer a preference to choose a specific brand rather than others. This
means that the degree to which the consumer perceives quality influences brand equity raise or fall. (Zeithaml 1988).

Rosenbaum-Elliott et al. (2011) link perceived quality as subjective aspects of a brand with brand associations, that was discussed above, as objective aspects of a brand under the meaning of brand attitude. Authors speak about essential mix of brand associations with perceived quality that helps to form beliefs, overall judgment and attitude toward a brand, what facilitates the creation of strong positive brand equity. Keller (2008), Aaker (1991) and Franzen (1999) argue that perceived quality, assumptions and knowledge about a brand reflects consumer’s attitude toward a brand. The building of strong and positive brand attitude usually emphasizes the chance of preference for the brand among consumers and consequently leads to brand loyalty over time (Rosenbaum-Elliott et al. 2011).

Brand Loyalty

Aaker (1991) states that brand loyalty is a goal of building brand equity and a core dimension of it. The scholar describes brand loyalty as ‘the strong degree of the attachment that a consumer possesses toward a brand’. Franzen (1999) describes it as ‘high degree of bonding with a brand and reluctance to switch for another’. Some scholars divide brand loyalty into behavioral and cognitive loyalty (Grembler 1996; Oliver 1998; Keller 1998). Behavioral loyalty is referred to consumer behavior in the market of products that can be highlighted by a quantity of repeated buying or desire to repurchase a brand as a first choice among other brands (Keller 1998; Oliver 1998). Cognitive loyalty represents an occasion when a specific brand appears first in consumer minds during decision making process making up this brand the consumer’s first choice (Keller 1998). This kind of loyalty is connected with a superior level of brand awareness, so-called ‘top of mind’, with which consumers usually recall first a given brand in specific product category. Therefore, according to Keller (1998), strong brand loyalty should consist of becoming a first-choice brand (cognitive) and repurchased constantly (behavioral).

Rosenbaum-Elliott et al. (2011, 99) argue that when loyalty for a brand becomes the result of greater preference for it, then it contributes to brand equity. But when brand loyalty occurs from rational decision then it becomes supported by already existing brand equity. The scholars also conclude that strong positive brand equity preferably leads to a greater loyalty with creation of significant advantages. One of them is when a brand has a big core of loyal consumers the marketing costs are therefore reduced (Rosenbaum-Elliott et al. 2011, 99). Rossiter and Percy (2009) support this argument stating that to sustain already existing
positive attitude toward a brand is much more easier and less expensive than create brand attitude again.

Aaker (1998) also states, that strong brand loyalty builds barriers for new brands to enter in the product category. To become successful a new entrant should take a significant share of the market and it requires from existing consumers of the product category to consider switching for a new brand. But the stronger brands’ equity and the higher brand loyalty, the more difficult it can be to perform (Rosenbaum-Elliott et al. 2011).

After discussion the most common brand equity model proposed by Aaker (1991) it can be said that marketers are utilizing a big number of different types of communications for building brands, therefore more cohesive and and comprehensive model is needed. This model was proposed by Keller (2008, 2009) and is called brand resonance pyramid.

### 2.2 Brand resonance model

Many scholars (Aaker 1991; Kapferer 1997; Franzen 1999; Keller 2008; Rosenbaum-Elliott et al, 2011) argue that customer-based brand equity is deeply dependent on the knowledge that a brand strives to develop in consumers’ minds by the help of marketing activities, in particular brand elements development and communication mix. Therefore, in terms of this understanding, brand knowledge is identified not as the facts about brands, but as all thoughts, feelings, perceptions, images and experiences associated with a brand. Specifically, Janiszewski abd Osselaer (2000) state that the vitality of brand equity is in the extent of the power with which brand presented in the memory of consumers along with the meaning, which brand tries to transmit. As it was discussed in previous chapter, brand equity consists of brand awareness, associations, perceived quality and loyalty. Keller (2003) combined brand associations and perceived quality in one block – brand image, which is defined as consumers’ perceptions and preferences of a brand, reflected by different associations in minds of consumers’. Hoeflfler and Keller (2003) claim that unique, strong and favorable brand associations create a positive brand image and serve as differential factors to position a brand in the market, as one of the main premises of branding.

According to Keller (2008), the model of customer-based brand equity has been broaden in terms of deeper understanding about how brands should be built considering consumer knowledge about a brand. Basing on the Aaker’s (1991) model, brand building is viewed by Keller as ‘an ascending series of steps, from bottom to top.’ Firstly, a brand should be
ensured by identification in consumers minds and by associations with a specific product class or customer need. This is identified as brand identity. Second aspect, the average consideration of brand meaning should be instilled in the minds of customers by linking of tangible and intangible brand associations, what means creation of brand meaning. Thirdly, it is needed to elicit the proper consumers’ responses in terms of brand-related judgments and feelings, what is named brand responses. Finally, brand responses should be converted to create an intense, active loyalty relationship between consumers and the brand – to achieve brand relationships (Keller 2008, 2009).

To better understand the steps of brand equity creation, a model of brand resonance pyramid was developed (Keller 2008, 107). The model consists of six brand building blocks (Figure 2). This model puts emphasis on the duality of brands. It means that brand development has two routes - the rational and emotional. According to Keller (2008, 107), the creation of strong brand equity needs reaching the top of the brand resonance pyramid, which can appear when each of the building blocks is put into right place and all branding activities conducted well. In the context of this thesis, it is needed to identify and understand each step of building customer-based brand equity based on Keller’s model, in order to receive a full picture of the process and to compare it with empirical research of branding products in microbrewery business.

Figure 2. Brand resonance model (Keller 2008, 108)
As it can be seen from the Figure 2, stages of brand development are divided into 4 categories with some blocks in each of it: starting from creation of brand identity and meaning moving to eliciting brand responses and creation of relationships, as a final step of brand development.

**Brand identity**

The first step of brand equity development is creation of brand identity. Kapferer (2012) specifies that brand identity approaches to identify both the brand's meaning and self-image. Relating to Keller's model, companies are willing to realize what is needed to be said in communications to customers, and then customers play role of brand information receivers with an ability to decode and interpret the brand identity projected. Obtaining the right brand identity provides creating of *Brand Salience*, which relates to issues of consumers’ awareness about a brand. Basically, brand awareness relates to consumers’ ability to recall and recognize a brand, as it was discussed in previous chapter in Aaker’s model of brand equity (Keller 2008, 109). According to the scholar, salience is viewed as that a customer is able to think about a brand at some point of time. Also, the concept of silence was described by Alba and Chattopadhyay (1986) as the prominence of a brand with top-of-mind awareness measure in a chosen product category. However, for having a decent level of brand awareness, consumers should not only to know and remember a brand name, but also to link a brand to certain associations in their mind. Therefore, creation of brand awareness includes making sure that consumers realize and recognize the product or service category in which a brand is presented. Usually, brand awareness involves development and decision about which brand elements should be utilized, such as brand name, logo, symbol, packaging, characters, slogans, theme songs. (Keller 2008, 110).

Salience represents the essential and foundational building brick in creation of brand equity and underlines three useful functions. One of it, is that salience impacts the formation and strength of brand associations that lead to formation of brand image and creates brand meaning for consumers. Another function, is development of good level of brand salience in the scope of product category identification along with consumers’ needs satisfaction. This leads to increasing of the probability that a brand will become a part of decision-making set in a customer’s mind during alternatives search purchase decision process. Moreover, third function that brand salience brings to brand equity is enhancing of consumers’ willingness to choose a brand when they have low-involvement with a product category, what means having a lack for purchase motivation, when consumers do not care much about a product,
and absence of purchase ability – the situation when consumers do not possess much information about brands in a chosen category. In this case, customers make decisions based on brand salience alone. (Keller 2009, 148)

However, Keller (2003) differs two main parts of brand awareness – depth and breadth. Briefly, depth of brand awareness can be described as how easily customers can recall and recognize a brand, that can be correlated with other brand equity studies (Aaker 1991, 1996; Rossiter and Percy 1997; Yoo and Donthu. 2001). In the other hand, breadth of brand awareness represents the quantity of purchase and consumption cases in which a chooses brand comes to the mind of customers. Clearly, a decently salient brand has an ability to have both dimensions.

To sum up, brand salience is a very important first step to consider and make in terms of brand equity building, however, it is not enough just alone, because for a big number of consumers in many cases other considerations are more valuable, such as brand image and meaning.

**Brand meaning**

**Brand Performance.** The second step of brand equity development in Keller’s model is creation of brand meaning, which is built up by two main elements of brand associations related to brand performance and brand imagery. According to Rosenbaum-Elliott et al. (2011, 52) these associations usually can be built directly (through customer’s experience with a brand) and indirectly (through marketing communications). In this case, brand performance relates to direct path of brand associations formation.

It is argued by Keller (2008, 114) that product itself play a central role in brand equity, due to its primary impact on how consumers feel a brand, what they hear about it from others, what a company can transmit to consumers about a brand in their marketing communications. Consequently, brand performance identifies how properly the product or service meets customers’ functional needs. Also, it describes how well consumers rate the brand basing on objective analysis of quality. Additionally, brand performance identifies the ‘extent to which the brand satisfies aesthetic and economic needs of customers in the scope of the product categor.’

Moreover, as many other scholars (Aaker 1991; Park and Srinivasan 1994; Yu et al. 2008) Keller (2008, 114) states that brand performance is often supported by attributes and benefits. Basing on this, the author then continues to distinguish four different types of these
features that affect brand performance. On of it is *primary ingredients and supplementary features* of a product. Typically, products have essential parts/ingredients that are necessary for a brand to perform and be used, as well as supplementary features that enable customization and more personalized usage. Another aspects are *product reliability* (consistency of performance over time), *durability* (expected economic life of a product) and *serviceability* (the ease of repairing if needed). Also, *style and design* are considered. Consumers associations can be formed basing aesthetic aspects of a product, such as size, shape, material and colors. Finally, *price*, which is able to build associations in consumers’ minds in a way, that forces consumers to think if a brand is expensive or not. It is important, because consumers can form their product category knowledge in the scope of price frontiers of various brands (Keller 2008, 114).

*Brand Imagery*. It is the second block of brand meaning and it relies more on extrinsic aspects of a product or service. For instance, it encompasses the means by which brands try to satisfy customers’ social and psychological needs. Comparing with brand performance, brand imagery refers to more intangible considerations of a brand. Consumers can create imagery associations by both direct and indirect paths, from their own experience as well as through marketing communications, organized by companies (Keller 2009, 149).

Apparently, the concept of brand positioning becomes vital in this issue. According to Crawford (1985) brand positioning refers to creation of perceptions of consumers about a company’s product or service. In other words, it means a way in which a company presents positioning information about a brand to consumers by creating associations related to that brand. Usually it is done through various marketing communications (Krishnan 1996). Based on received positioning information, customers from their perceptions about a brand and develop thoughts, beliefs that help them to differentiate that brand from others (Ellson 2004). Perhaps, companies can position their products basing on various types of associations. However, several scholars categorized these associations into different groups, and according to them (Aaker and Shansby 1982; Crawford 1985; Keller 1993; Tybout et al. 2005) four types of positioning were identified: positioning on product features, on abstract attributes, on direct benefits and on symbolic benefits. *Positioning on product features* refers to the situation when a company highlights concrete attributes of a brand in order to achieve a distinction. These attributes are usually tangible and specific to a product category (e.g. inches of screens; horsepower for vehicles). *Positioning on abstract attributes* usually seen as associations based on not tangible benefits (quality, style). *Positioning on direct benefits* communicates about advantages that a brand will bring to consumers, creating by this
personal value. (ease of use, durability, comfort). *Positioning on symbolic benefits* relates to addressing benefits that satisfy hedonic or experiential needs. Leads to psycho-social consequences and symbolic associations in consumers minds, therefore creates self- and social-image for customers (craft beer, luxury watches).

Although, Keller (2008, 114) identifies four main kinds of intangible associations that can be linked to brands in terms of brand imagery creation: user profiles, purchase and usage situations, brand personality and history/heritage and experiences. *User profiles* refer to the development of image of users in customers’ minds, based on the type of persons who uses/buys a brand. These image associations can be formed upon descriptive demographic factors (gender, age, race, income) and psychographic factors, such as attitudes toward life, professions, career, politics, social aspects.

The second set of associations is *purchase and usage imagery* which can tell consumers under what situations they are able to or can purchase and utilize a brand. It can refer to the kind of a place, where consumers can make a purchase (stores, specialty stores or Internet) as well as to the time of a day, week, even month when a brand can be bought and used by consumers; location – inside or outside; type of activity – formal or informal. For instance, if to consider beer commercials, many beer producers try to associate their brand with a relaxing time, holidays, sun and leisure activities (e.g. Corona, Heineken)

The third ingredient of brand imagery is *brand personality*. Keller (2008, 115) argues that brand personality is usually referred to descriptive usage imagery and includes contextual underlining. It refers also to social image and a personality with which a consumer wants to associate himself with a brand. Therefore, positioning and marketing communications are very influential in this case. J. Aaker (1996) argues that ‘brand personality is the set of human characteristics associated with a brand and that symbolic utilize of brands is possible because customers regularly match brands meaning with human personality traits.’ Malhotra (1988) states that ‘the greater congruity between human characteristics that consistently and distinctively describe a brand, the greater the preference for this brand’. Keller (2008, 334) identifies five dimensions of brand personality, that consumers associate a brand with and companies are using in their marketing communications: sincerity (honest, down-to-earth, wholesome, cheerful); excitement (daring, spirited, imaginative); competence (reliable, intelligent, successful); sophistication (upper-class, charming); ruggedness (outdoorsy and tough).
The fourth part of brand imagery is *brand history/heritage and experiences*. (Keller 2008, 114). The associations based on these aspects are linked to past and certain important occasions/events in the brand history as well as on consumers’ personal experiences and situations with family, friends, colleagues. Consequently, these types of associations can be strongly individual or well-known and shared by a circle of people.

In summary to the second block of brand resonance model, which is brand meaning, it consists of brand performance and brand imagery, and contributes to the process of brand equity building.

**Brand responses**

*Brand Judgments*. Keller (2008, 117) refers brand responses to the way how customers respond, react to a brand, marketing communications and other knowledge about a brand, and that is, what do customers think or feel about a brand. Brand judgments can be presented with perceived quality block in Aaker’s model of brand equity. Brand responses can be categorized in two types – brand judgments and brand feelings. The first one describes how customers form their personal opinions and evaluations toward a brand usage. It includes the process of how customers combine together various performance and imagery associations about a brand to develop a number of different opinions. Keller (2008, 117) distinguished four main types of brand judgments in the scope of creating a strong brand: *brand quality*, *brand credibility*, *brand consideration* and *brand superiority*. *Brand quality* can be described as perceived quality in Aaker’s model in previous chapter.

The second, *brand credibility*, described as the extent to which a brand is seen as wholly credible in the context of three blocks – perceived expertise (is a brand competent or innovative), trustworthiness (is a brand sensitive to interests of customers) and likeability (is a brand fun and interesting for customers).

The third part of brand judgments viewed by Keller, is *brand consideration*. That is when customers increase the probability of choosing a specific brand by including it in the number of brands, which they can buy or use. Thus, it is more than just a simple brand awareness and depends on how strongly customers relate a brand to the extent of being appropriate and truly meaningful for them. Also, being considered by customers a brand should be able to establish positive and favorable associations as a part of brand image in the minds of customers.
The last section of brand judgments is *brand superiority*, which refers to the way how customers see a brand unique and more favorable in compare with other brands. In particular, customers tend to seek for advantages that allow them to separate a superior brand and to choose it. Usually, it is based on unique associations that form a positive brand image.

*Brand Feelings*. It is the second part of brand responses in Keller’s model. It can be identified as customers emotional reactions toward a brand. These reactions can be raised by marketing communications as well as personal experience with a brand usage. Keller states, that these feelings can be mild or intense and positive or negative, and divides six categories of brand equity feelings. One of it is *warmth* emotions, that are able to make customers to feel a sense of calm and peacefulness with sentimental notes. Another is *fun* feelings, that make customers feel joyful, playful and amused. One more is *excitement* emotions, which force customers to feel energized and experiencing something new. *Security* feelings are evoked when customers feel safety, comfort and do not feel worry about a brand usage in terms of usage. Also, there are emotions of *social approval*, that appear when customers witness how others look favorably to them in their brand experiences. The last one, is *self-respect*, when a brand forces customers to feel pride and fulfillment. It can be noted, that usually brands choose on which type of brand feelings they should work in marketing communication and product development, in order to elicit the right one, depending on the category, in which product or service is presented as well as on how the brand sees itself and position (Keller 2008, 120).

*Brand relationships*

The final block of the brand equity model, proposed by Keller, is *brand resonance*. It mainly deals with the superior relationship and extent of identification that customers obtain relating to a brand. It is related of this relationship and the level to which customers feel synchronized with a brand. (Keller 2008, 120). Resonance is categorized in the scope of intensity and depth of psychological link that customers possess with a brand along with the extent of activity evoked by this kind of loyalty, which is assumed by repeated purchases, aligning with a brand personality and with other loyal customers. The scholar divides these aspects of brand resonance into four categories: *behavioral loyalty, attitudinal attachment, sense of community and active engagement*.

The first type, *behavioral loyalty*, assumes repeating of purchases and share-of-wallet, that customers contribute to a brand.
Another type, *attitudinal attachment*, is needed to be created, due to the fact, that to have behavioral loyalty alone is not sufficient for brands. Because, according to Keller (2008, 121), in some cases customers can buy out of necessity when a brand is the only option and accessible at the market place. For resonance building, it is considered to have a strong personal attachment to a brand, assuming that, customers evaluate positively a brand usage.

One more type of brand resonance is *sense of community*. It can be described as feeling affiliation with other customers of a chosen brand, bringing an identification what is an important social aspect that influence choice of customers.

The last category of brand resonance is *active engagement*. Keller defines it as the strongest connection to a brand, when customers are ready to invest time, money, energy or other personal resources into a brand throughout the brand purchase and use. In some cases, it might be a club joining that is devoted to a brand, updates receiving or knowledge share with other customers or prospect ones. Therefore, these customers become brand ambassadors, when they communicate about a brand and improve brand ties for others. According to Oliver (1999) developed sense of community and brand attachment are the prerequisites for active engagement with a brand to appear.

To sum up this chapter of the thesis, it can be stated that brand resonance model, developed by Keller, provides a deep understanding of steps for development of strong and positive brand equity: starting from creation a right brand identity and appropriate brand meaning, moving to extracting desired brand responses and installing tight bonds with customers. In particular, the model insists on the fact that to create a strong brand equity it is needed to create deep and broad brand awareness, establish unique and favorable brand associations with eliciting proper responses, and eventually, develop active brand relationships with customers. According to Aaker (1991), Keller (1996, 2008), Rosenbaum-Elliott et al. (2011) and Kapferer (2012) in order to implement these activities, it is required to choose specific brand elements and instill them into product development along with marketing activities. This is discussed in the next chapter of the thesis.

### 2.3 Branding elements

According to Keller (2008, 142), brand elements are the means which enable development of brand identity and serve as differentiators of a brand. In particular, Aaker (2010) states that brand elements represent the factors that influence brand personality, which is perceived by customers, and the effect of it comes from associations with brand attributes. The scholar
defines these attributes as brand elements, which can be name, logo, symbol, packaging, a way of communication. Keller (2008, 147) adds to this category URLs, slogans, jingles and characters. Typically, the appropriate brand elements convey a desired contribution to brand equity development (Rosenbaum-Elliott et al. 2011, 176).

*Brand name* is probably first and fundamental choice for choosing brand elements (Keller 2008, 147). De Chernatony (2010) states that this element is perceived by customers as the most visible information about a brand. Heckler and Houston (1998) add that brand name serves as facilitator of brand awareness and brand image. At the same time, Keller (2008) claims that brand names can be very efficient first step for communications means. However, scholars argue that choosing a brand name is a difficult process, but the first premise of it should be creation of brand awareness through brand names that are easy to pronounce or spell, as well as, meaningful, unusual, distinctive or familiar (Keller 2008).

*Logos and symbols*, according to Kohli and Suri (2002) are important elements for brand’s visual identity. Additionally, a number of studies showed that there is an evident importance of logo graphic design on brand awareness and brand recognition (Janiszewski and Meyvi 2001). Grohmann (2008) indicates that logo is able to impact consumers’ perception of brand personality. Keller (2008, 148) states that logos are the means for indication of brand origin, ownership or association. Sometimes, brand’s logo is different from word marks, in in this case they serve as symbols, that are entirely separated from written brand name, for instance a Mercedes star (Keller 2008, 156). Some logos are literal representations of a brand name, what can improve brand meaning and awareness. At the same time, logos and symbols are usually easily recognized by customers and help to identify products. In contrast to brand names, these elements can be changed or improved over the time (Rosenbaum-Elliott et al. 2011, 178).

*Characters* refer to a distinct type of brand symbol that incorporates human being or real-life traits and characteristics. Usually they are introduced through advertising and can represent a crucial role in positioning, advertising and packaging campaigns. (Keller 2008). Usually they are created to be colorful and with rich imagery, in order to create more brand awareness. It is argued, that human elements in brand characters can facilitate likeability of a brand and develop perceptions of a brand as fun and interesting (Pomerantz and Rose, 2010)

*Slogans* refer to short phrases that provide communication with descriptive and persuasive information about a brand (Keller 2008, 158). These elements can serve as helpers for
customers to understand meaning of a brand, what it represents and for what it states, according to Dimofte (2007). The scholar also states that slogans have an ability to summarize and translate the premises of a brand’s marketing program just in few words. Powerful and proper slogans are able to contribute to brand equity by building brand awareness and image (Dimofte and Yalch 2007). The authors also state that slogans can contain product-related messages and reflect a reminder of a brand to customers.

**URLs** – another brand element. Literally it is ‘uniform resource locators’ that underline locations of web pages. Another name for it is domain names (Keller 2008). Many companies tended to register their unique web URLs at once internet marketing appeared in the scope of brand management. Keller (2008, 155) states that URL is very useful for creation of brand recall due to its ability to enhance the likelihood of a brand, with which consumers can easily remember the brand and its web-site.

**Jingles** are short musical messages developed for brands to sound around it. Usually it is used for brand identification and brand awareness enhancing in media and advertisement campaigns (Keller 2008, 164).

**Packaging** is defined by Keller as ‘activities of designing and producing containers or wrappers for products’. According to Bassin (1988) packaging has five main functions for branding: ‘identifying a brand, conveying descriptive and persuasive information, enhancing product transportation and protection, helping for customers’ to store at home and aiding for consumption. Serafin (1985) states that for right packaging companies should choose aesthetic and functional components correctly in order to meet customers needs and obtain marketing goals. Under aesthetic considerations category, the author defines package’s size and shape, material, color, graphics and texts, which are able to transmit colorful and informative messages on the package for customers. Functional considerations refer to the ability of a package to be easy to hold, open, store, use and bear. Nickerson (2008) claims that one of the strongest associations that customers have with a brand are inspired by packaging, by giving an example of Heineken green bottle. Keller (2008, 164) adds that the right packaging can develop a strong appeal on the store aisles and help brand to differ from each other. Interestingly, in the study of consumer perceptions of packaging, Ampuero and Vila (2006) proposed that for products of ‘upper class’ which are highly priced, packaging is tend to have cold and dark colors with bolded and large letters or words. For the price sensitive consumers, packages usually have light colors and with small size of letters.
Eventually, Keller (2008, 143) proposes six criteria for choosing brand elements. First three of them provide means for offensive marketing strategy and building brand equity, whereas other three support defensive marketing activity and maintaining brand equity in the context of competition.

**Memorability.** Brand elements should be memorable and attention grabbing in terms of achieving high extent of brand awareness, and by this, enhance brand recall and recognition in purchase situation for customers. (Keller 2008, 143).

**Meaningfulness.** A necessary character of a brand element is to contain descriptive and persuasive meaning. Usually, it implies having general information about function and goal of a product or service. Also, it can contain specific information about attributes and benefits of a brand. (Keller 2008, 143).

**Likeability.** It refers to whether customers find a brand aesthetically appealing, visually likeable with rich imagery and fun or interesting. (Keller 2008, 144).

**Transferability.** This criterion of brand elements attempts to measure the extent to which a brand can be transferred from one market to another. In other words, the ease with which it can survive brand extension process.

**Adaptability.** Brand elements choice also depends on considerations about its adaptability over time period. It is essential, due to changes of customers’ values and opinions, as well as for being contemporary in the market it should be updated at right time. (Keller 2008, 145).

**Protectability.** This criterion refers to the ability of a brand element to be protectable in a legal and competitive sphere. It is about legal registration of trade marks and patents by legislative bodies, and also, about difficulty of a brand element to be copied by competitors. (Keller 2008, 145).

In conclusion to this chapter of the research, it can be said that the main goal of brand elements, discussed above, is to identify and differentiate a brand, therefore, they serve as means for enhancing brand awareness and development of unique and favorable associations, what are the first two steps in brand equity building. As argued by Rosenbaum-Elliott et al. (2011) choosing brand elements also depends on brand positioning, which is typically transmitted by companies trough marketing communication channels. This issue is discussed in the next chapter of the thesis.
2.4 Role of marketing communications in brand building

Considering customer-based brand equity, which is the central concept of this research, marketing communication actions positively influence and contribute to brand equity building and drive sales volume in several ways (Keller 2009, 147). The author claims that communications facilitate brand awareness creation, enhance probability of linking the right associations to a brand image in customers’ minds, help to elicit positive brand judgments/feelings and create a stronger relationship between customers and brands.

However, with new technologies and internet possibilities the communication environment has changed. According to Kiley (2005) the fast dissipation of broadband connections, smartphones and other gadgets for portable music and video playing, what according to Bianco (2004) and Pendleton (2004) have undermined traditional advertising media effectiveness (TV, radio, magazines, newspapers) and forced all companies to re-think these practices.

Rosenbaum-Elliot et al. (2011, 121) state that marketing communications activities should be instilled in order to transmit and deliver a consistent message and obtain desired positioning in customer minds. In other words, communications represent ‘voice’ of a company and its brands, or means by which a dialogue and relationship with customers is installed. Consumers can learn about how to use a product, who creates a product, what brand and company stands for it. Also, communications allow linking brands to other images, people, places experiences, feelings and events (Keller 2009, 143). Thereby, as argued by Luo and Donthu (2006) they are very useful for brand image creation with establishing brand in the minds of customers. Consequently, it is argued by Schultz and Tannenbaum (1993) that for developing a marketing mix program it is needed to review many factors, such as type of product market, willingness of consumers to purchase, brand’s share and positioning. Keller (2009) argues that it is vital to consider and evaluate all possible communication channels according to effectiveness criteria in order to build brand equity, in particular, for improving brand awareness. Also, according to Naik and Raman (2009) communication options should be mixed and matched for creation of a better brand meaning. Rosenbaum-Elliott et al. (2011, 113) states that, it is not important how the message delivered to consumers but it should be rightly positioned and correctly address brand awareness and brand attitude.

The discussed above, can be categorized as integrated marketing communications, it is when, according to Rossiter and Percy (2009), there is an ability to plan and select appropriate
media channels in order to optimize and the delivery of a desired brand image. Therefore, marketing communications mix should be discussed, but briefly, since this thesis is not dealing with marketing communications precisely, but the concept is relevant, due to its importance to brand equity building.

According to Bennet (1995), Kotler and Keller (2015) and Belch (2015) the mix consists of mass media types and more personal modes of communication. There are main six types of it: advertising, sales promotion, public relations, personal selling, direct marketing and digital marketing. Advertising is identified as ‘any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor’ (Keller 2009, 141). Sales promotion is a variety of incentives to motivate trial or purchase of a product on the short-term basis and stimulate extra sales (Belch 2015, 23). Public relations is defined as a bunch of programs developed to establish special brand-related reactions on a daily basis through many publishing or events channels in order to promote or protect brand image (Belch 2015, 25). Direct marketing refers to ‘use of mail, telephone, fax, email to communicate directly with customers and receive responses from them’ (Keller 2009, 141). Personal selling is defined as face-to-face interaction with customers for the purpose of presenting a product/service with a potential to sell it. Digital marketing represents on-line activities and programs developed to engage customers for receiving, sharing and altering the information about a brand, which leads to awareness raise and improving brand image (Belch 2015, 21).

The latter communication option, digital/interactive marketing, received broad response from companies due to technology change and internet connection evolution and considered as non-traditional media (Belch 2015, 22). According to Keller (2009, 142) internet brings to brand and consumers opportunities for ‘greater interaction and individualization.’ The scholar also points out that on-line communications allow companies to transmit tailored messages that enable engagement of various segments of consumers by encompassing their interests and attitudes, because Internet provides opportunities for contextual placement that belongs to brands’ offerings. Moreover, Internet has a trait to be monitored and effects of interactive communications can be highly traced (Belch 2015, 23). Steel (2007) adds that brands’ owners are able to obtain response immediately by reaching the number of how many unique visitors clicked on a web-site’s ads or other links. Keller (2009, 147) identified main advantages of interactive marketing communications in terms of each step of brand equity building. For creation of brand salience, these tools can improve both breadth and depth of brand awareness, because Internet allows to conduct specific targeting of potential segments with ability to receive customers as they look for information about a brand.
leads to increasing of awareness. The author also states, that interactive marketing communications are able to contribute for establishing a number of brand performance and imagery points. Moreover, these tools are facilitators for judgments and feelings blocks of brand equity, due to its ability to encourage attitude formation and decision making by delivering sound, motion and side in all forms. Finally, the author claims that interactive marketing communications are more useful in the context of relationship support with customers. Also it allows to improve brand attachment along with brand community via blogs or social media, where customers are able to share with opinions, see other brand users, express commitment with a brand and ask questions. It creates bonding of customers with other customers and impact on active engagement.

Therefore, it can be noted, that interactive marketing communications are very useful nowadays and include many tactics to implement it: internet category (web-sites, search engine optimization, search ads, display ads, sponsorships, e-mail, blogs, interstitials), social media and mobile marketing (Keller 2009; Belch 2015).

Social media and mobile marketing are very relevant nowadays (Kapferer 2005; Naylor et al. 2012). The first one, is identified as ‘a variety of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation of and exchange of user-generated content’ (Belch 2015, 507). Social media allows customers sharing information and networking in relation to specific brands trough social networking web-sites, such as Facebook, Twitter, Instagram or YouTube. According to Steizner (2013) the report about social media including 3,000 companies showed that 97% of marketers include social media in their marketing activity, and 86% said that it is very crucial and important for marketing success. The same report stated, that companies are willing to use social media for gaining brand exposure, communication with customers and drive traffic to their web-sites. Mobile marketing can be defined as ‘the use of the mobile medium as the communications and entertainment channel between a brand and end user’ (Rosenbaum-Elliott et al. 2011, 131). It can be stated, that with the grow of web-enabled smartphones, new opportunities of reaching customers appeared and allowed mobile marketing to emerge.

In summary to this chapter, it is clear that marketing communications play a crucial role in brand equity building, allowing companies to have flexible and easy-to-monitor communication tools. It also helps to create brand knowledge and support intense, active relationships with customers. Eventually, the choice and mix of specific communications depends on the market, market share and product category, in which a brand is presented.
3 Craft beer branding

In this section the attention is focused on studies that were conducted in order to investigate the phenomenon of branding process in microbreweries’ and craft beer makers. Murray (2012) describes craft beer as a beer brewed by small independent brewery with using traditional and non-traditional methods and ingredients to produce handcrafted uncompromised beer. It can be said, that branding received much attention and the number of studies comprises a sufficient quantity due to growing popularity of craft beer.

According to Murray (2012) craft beer products have been constantly taking share in the market from big national and international beer breweries, and the biggest quantity of such beer is produced by microbreweries and brew pubs. This scholar argues that since 1980s the number of small independent breweries has developed rapidly in the US market. Kleban and Nickerson (2012) state that since 2006 the industry of microbreweries has started to be a barrier for regular beer segment development, due to their unique beer features, organizational structure and another marketing approach. In the borders of craft brewing industry, microbreweries achieve most competition. Nowadays, there are many start-ups that receive funds for developing the idea of a microbrewery. Microbreweries usually operate locally and involved in the life of the area they serve. Companies are tend to participate in corporate social responsibility events and sustainable development (used hops and barley are transported to farmers as a food for animals).

It was found out, many beer theme web-sites contain information about microbreweries microbreweries, but probably, this data does not present academic or scientific character. However, there are researches that reflect branding aspects in microbreweries’ marketing efforts.

Craft beer market is viewed as a niche market, that has an ability to demonstrate a strong commitment from consumers to an offered product (craft beer) and, thus, the satisfying of the needs of consumers within this niche segment corresponds with consumer self-identification in relation to the product (Garver 2009; Kleban and Nickerson 2012). This actually means that branding in producing of craft beer becomes essential.

Eberts (2014) states that a big number of microbreweries nowadays often include geography and place in their branding efforts, in order to facilitate connection to their locations. Flack (1997) identifies it as ‘neolocalism’ and provides evidence that microbreweries tend to use this strategy more than large breweries. Eberts (2014) provides the example of Canadian
microbreweries which tend to encompass their location in marketing and branding processes and suggests, that microbreweries are ‘great examples’ of the phenomenon, along with farmers and artisanal producers.

The scholar also states, that microbreweries are local by nature and operate on a small volume, what leads to participating in local markets. Eberts (2014) also adds, that in The US a number of successful microbrewers have tried to broaden their geographic operations from local to regional, and even to international, but many companies achieved unsatisfying result for this strategy and distant markets did not bring much profits.

More than that, American breweries association (2016) supports Eberts’ arguments by stating that craft breweries tend to be local in their supply chain and usually start to sell beer in their location. It can be said, that the industry of microbreweries typically is filled by marketing strategies that are primarily linked to a specific place (Eberts 2014). The scholar also argues, that the simplest implication of neolocalism is presented in the names of breweries (e.g. Niagara Falls Brewing, Vancouver Islands Brewing). Other neolocal elements can be referred to important historical events or remarkable things of the brewery’s location. Flack (1997) also adds that craft breweries often try to integrate themselves into local community and convey the history/landscapes of the area through label design, logos and names of the products.

Additionally, American Breweries Association (2016) claims that usually, the focus of craft brewers relates to differentiation. Additionally, as the organization states, their value arises from utilizing both traditional and non-traditional brewing styles: using malted barley with combination of interesting recipes and adding experimental ingredients, thus, discovering new beer styles which do not have existing alternatives.

Findings indicate, that craft breweries are horizontally differentiated basing on taste and quality, and probably receive a small quantity of substitutes. That is true because the main differentiating factors between craft beers and usual beers is brewing styles, ingredients, quality and better taste (Brewers association 2016).

By analyzing craft beer industry in US Kleban and Nickerson (2012) found out that microbreweries aim on the segment of beer drinkers who are in the search of ‘taste revolution’. For this consumer segment, the increase of product features improves their perceptions and thus their satisfaction, what leads to a better perceived quality, which results in strong brand equity of a microbrewery. One of the findings of this study states, that success
of craft breweries depends on three main factors: perceived value which consumers receive, economic benefits to the brewery and the experience of drinking craft beer itself. Linking this to the literature of branding, that was discussed in previous chapters, it becomes clear that marketing efforts in building brand equity are essential for microbreweries.

The scholars (Kleban and Nickerson 2012; Eberts 2014) also argue, that for successful branding activity microbreweries are willing to identify their customers, develop a brand message, create the image of brand through packaging and design, and always provide decent quality of the beer. Identifying customers and target market is very important, every craft brewer should possess the information about market’s demographics and understand age groups, income levels, who are repeat buyers. As it is stated by Kleban and Nickerson (2012), once a base of loyal consumers created, microbreweries have a chance to expand by developing targeted promotion campaigns. Speaking about brand message, breweries tend to establish ‘a clear communication channel’ with its consumers and consider company’s vision and mission, what will lead to identifying a brand and create image. Image creation also is implemented through packaging and label design, what conveys how the beer drinker perceives a brand.

Brewers Association (2016) state that packaging tends to be compelling, comfortable and interesting, in order to grab attention of buyers. There are debates going about the type of material for bottling craft beer (glass or metal), and it was proven that the taste and integrity in metal cans is completely the same with a beer in a glass bottle. In The US, a big number of breweries offer canned beers, what allows to create more compelling and interesting design, rather than small space on glass bottle stickers.

However, the quality is viewed as a core factor for consecutive branding of craft beer. Without it, it can be difficult to create a loyal base of drinkers, even though if a marketing program is implemented properly.

Beer and Brewing Magazine (2016) researched the industry of craft beer and found out the factors that are usually considered by microbreweries nowadays. For instance, the magazine investigated that breweries tend to define a niche for which they want to brew their beer. Especially, craft beer drinkers focus on value propositions such as ‘fresh and local’, ‘authentic’, ‘award winning’, ‘style-focused’. Finding a niche helps to microbreweries to create brand identity and message to deliver.
Also, there is an importance of storytelling in the market of craft beer for building emotional statement. According to the magazine, it creates the reason and logic for breweries to make a beer and propose it to their consumers. Moreover, visual identification and color strategy are also considered by many companies. Typically, it is addressed to packaging, logos and labels design. Codo Design (2016) identified several approaches and trends that microbreweries are using for visual identification of their beer: nostalgic regional (e.g. Transmitter Brewing Co; Uinta Brewing), collar industrial (e.g. Red Hook Brewery), premium and luxurious (e.g. Braxton Brewing), hand-rendered illustrative (e.g. Mikkeler Brewery), outdoor chic (e.g. Due South Brewing) and grunge (e.g. BrewDog). Each of this approaches reflects the desired brand personality and brand image that a brewery wants to convey.

Brand associations and perceived quality remain important parts of brand equity for craft breweries, since it allows potential consumers to identify themselves as craft beer drinkers. It can be supported by the study of beer tourism conducted by Murray and Kline (2015), which found out main factors influencing brand loyalty of craft beer drinkers, which are connection with the community of drinkers, desire for unique products and satisfaction.
4 Research Methodology

This section represents the empirical part of the thesis which is based on qualitative research. The aim of the empirical part is to find out how a microbrewery conducts the process of brand equity building. Theoretical part of the research along with established research questions contributed to the development of semi-structured interview, which was conducted with a marketing director of Estonian microbrewery Hiiumaa Pruulikoda. It was implemented in order to receive a full picture of brand building process by a microbrewery business and to answer the developed research questions. Also, this microbrewery presented their marketing materials and power-point presentation, what helps for a deeper analysis of the data.

In particular, this section of the study includes the research approach with research method, data collection and analysis methods.

4.1 Research design

According to Ghauri and Gronhaug (2008, 56) empirical research is conducted in order to answer research questions. The authors also state that research design is the overall plan for comparing theoretical (conceptual) research problems to relevant empirical research. More than that, it provides a framework for data collection and data analysis, as well as the type of the research (exploratory, causal or descriptive). In exploratory research the research problem is not fully understood and unstructured, and it is usually conducted to understand and assess critical aspects of problems. Often, it is not suited when a precise result is desired. As a main premise of exploratory research is to obtain information and develop a coherent understanding of phenomenon or process along with analyzing of a problem context, assess alternatives and detect new insights (Anusree et al. 2014, 31). Also, Saunders et al. (2009, 139) speaks that exploratory studies are valuable means of finding out what are the issues of processes, seeking new insights and assessing phenomena. The author also adds, that one of the principle ways of conducting exploratory research is interviewing ‘experts’ in the subject, what is in the case of this study is a manager of the microbrewery.

In contrast, in descriptive research design the problem is structured and understood, with key premises to have precise rules and procedures to conduct a research, while causal design aims to find a relationship between cause and effect problems (Ghauri and Gronhaug 2008, 59). Sekaran (2003) emphasizes that exploratory studies are conducted in terms of better
understanding a phenomenon in the situation and comprehend a nature of the problem. The author also states, that usually qualitative studies are exploratory by the essence. Therefore, in the context of this thesis, the exploratory design of the research is suited, because it helps to understand all issues and aspects in terms microbreweries’ brand building process.

Also, there are methods of conducting empirical research which are distinguished into quantitative and qualitative. Usually, basic characteristics of qualitative research involve utilizing of the perspective of already researched issues, conceptual (theoretical) analysis and the view of the researcher (Anusree et al. 2014, 32). Consequently, as this thesis strives to relate and compare existing brand equity theory in the context of microbrewery business and understand the process of brand building, the choice and use of qualitative research method in this study appeared.

Eventually, basing on established research questions, literature analysis, qualitative and exploratory character of this thesis, a single case study was chosen as the main research strategy (method). Saunders (2009, 145) defines case study as ‘a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context’. The author also claims, that this method is useful when it is needed to obtain a deep understanding of the research context and processes being implemented. Yin (2009) states that case study has a positive ability to explore and understand phenomenon without limited number of variables as it could be in survey strategy. The author also identifies two possible dimensions of this method: single case and multiple case study. The first one, usually represents a critical, unique case, under which the phenomenon is uniquely analyzed. In opposite, multiple case study allows to compare results and findings from single case study with other cases, and, as consequence, brings the possibility to draw a general findings. Saunders (2009, 147) also claims that case studies are able to contribute to exploring and challenging of existing theories in different contexts.

The discussed above, relates to the goal of this thesis, in which there is an attempt to understand the process of brand equity building, as phenomenon, in the context of a microbrewery business. Additionally, secondary data provided by the microbrewery allows to receive a better understanding of the phenomenon. Therefore, a case study is chosen as the research method of this thesis.
4.2 Data collection

Since the research method is defined as exploratory case study, therefore the data collection method should obtain a qualitative character. According to Gnauri and Gronhaug (2008) the most common qualitative methods are observation, text analysis, focus groups, interviews and some kind of surveys, that have a qualitative character. Although, as argued by Saunders (2009, 318) interviews are one of the best options for gathering information in qualitative analysis. The scholar admits that when the goal of the research is to answer to the questions ‘how’ and ‘what’, interviews are often used for data gathering.

Interview is identified as a discussion between two or more people with a specific purpose (Saunders 2009, 318). The aim of interviews is to systematic gathering of valid and reliable information. The author divides interviews into three types: structured, semi-structured and in-depth interviews.

Structured interviews typically involve questionnaires built on pre-developed or identical set of questions with usually pre-coded answers. This type can be referred to so-called ‘quantitative interviews’. Semi-structured interviews represent a questionnaire that has a list of topics and questions to be covered, depending on the context, and, in contrast to structured, do not have prepared answering options. In-depth interviews usually have informal character with no pre-determined list of questions, and interviewee has an ability to respond freely about asked topics. Semi-structured and in-depth interviews are usually used for exploratory and explanatory researches, while structured are used for descriptive and some times for exploratory researches. The author claims, that there are many situations when interviews are conducted not only on face-to-face basis, but as well by Internet, e-mail, telephone or intranet However, the research can incorporate few types of interviews. For instance, structured section of interviews can elicit specific themes that may be explained and explored in semi-structured sections (Saunders 2009, 319-321).

Basing on the discussed above, the data collection method for this research can be described as semi-structured interview with a number of structured sections. The questions of the interview are developed in accordance with the research questions, brand building theory and theoretical framework. They represent issues related to brand elements, communication channels, brand awareness, brand meaning, responses and brand relationships – aspects to consider in brand equity building. The interview guide is presented in Appendix 1.
Due to geographical remoteness of the interviewed microbrewery, the advantage of Internet to be connected was undertaken. Saunders (2009, 349) states that Internet interviews can be conducted in real time, as well as off-line, and categorized them as asynchronous electronic interviews. It means that e-mail or discussion messages are normally conducted during an extended period of time by establishing a contact with interviewees and sending questions by e-mail, skype or other sources.

Eventually, the interview with the marketing director of Hiiumaa Pruulikoda microbrewery was conducted via Skype face-to-face on the 3rd of April 2017, and it was held during 1 hour 45 minutes. The name of the marketing director is Alexey Gavrilov, who is a LUT graduate in Industrial Management, what underlines a tight cooperation of former students with the present ones. He is a Russian speaker, the same as the author of this thesis, and he asked to have a discussion in Russian language in order to have a better understanding of the topic.

The first step of data analysis in this case study is data transcription. Therefore, the discussion was audio-recorded on a voice recorder. The record of the discussion was translated and transcribed into the text. The transcription is resulted in 9 pages of text. The translation of the interview was conducted by the author of this research. More than that, the brewery provided several secondary data sources, in particular their marketing materials and power-point presentation, what leads to a better analysis of their brand equity building and case presentation.

According to Yin (2009), one of the goals in case study methods is to compare generated data with existing theory or developed framework, what matches with the goal of this research. Therefore, the data gathered with the conducted interview was analyzed according to themes which were established beforehand and derived from the theoretical framework based on the literature review. Provided marketing materials also were considered. More than that, to develop more reliable results and deepen into the case, thematic analysis was implemented along with theory comparison. It matches with the goal of such analysis to explore, through conducting an examination of obtained content, what can be learned from the respondent’s understanding of phenomenon, in this case brand equity building.
4.3 Reliability and validity

No matter what kind of research is being done, there is always an evident issue of whether the method and results are reliable and valid. Reliability refers to the situation when a data collection techniques or analysis can produce consistent findings. In this case, there are always concerns relating to the questions, if the method and techniques will create the same results in other situations, and is there a transparency of how the results were achieved from gathered data (Saunders 2009, 156). In other words, according to the author, reliability represents the accuracy of measurement and answers the issue if the results of the research are objective. In other hand, validity explains whether the results represent exactly what they should be about. Additionally, validity describes whether the research questions are appropriate for desired findings, the right methodology is suitable for answering established questions and results of the research are valid for the context of phenomenon. (Leung 2015).

In summary, in broader meaning, these terms can be described as following: validity relates to the extent of the research integrity and use of the chosen methods with the precision, in which the results relate to the gathered data, while reliability explains the consistency in terms of applied analytical procedures.

According to Noble and Smith (2015) reliability and validity have been argued in qualitative design, and can be fulfilled just partly in a such research. The authors also argue, that qualitative methods have its own philosophical attitudes and purpose, thus measures to establish reliability and validity are defined specifically for qualitative methods. Qualitative researches strive to establish strategies for ensuring trustworthiness of the results. For instance, it can be reducing personal biases; ensuring right sampling for sufficient depth and relevance of the data; establishing a comparison of results in multiple cases; thorough description of respondents; providing clarity in data analysis; choosing respondents that adequately provide information about the researched phenomenon (Noble and Smith 2015).

This research aims to provide findings about branding in microbrewery business with decent extent of validity and reliability. This could be supported by an incremental approach from the thorough literature review to the need of analyzing the phenomenon in real case situations, what brought up the necessity of the exploratory research design, in order to receive a full picture of how a microbrewery builds brand equity. Therefore, the interview with the microbrewery, as a data collection method, provides depth and relevance of the gathered data, since the respondent could adequately discuss the phenomenon of branding in the context of his businesses.
However, the reliability level can be undermined by choosing a single case company. It means that there are many other craft beer breweries, geographically dispersed in the world, with their own understanding and experience of branding procedures, with their own consumers and positioning. Probably, it could be resulted in other findings, but the guide for the data collection method in this research could be used for other cases, since it is backed by literature analysis and the theoretical framework of the research.

Additionally, the reliability of the results is decreased due to the fact that only one interview was conducted, even though the respondent is responsible for this activity in the brewery. It means, that there is one view on the process of branding. It leads to a thinner understanding of the phenomenon, what can bring not very reliable results. For better successfulness, it is considered to conduct more interviews with other personnel of the brewery in order to achieve greater reliability. Due to one conducted interview, the validity is also undermined in this case, but in less manner. This is because the information was received from marketing manager, who implements branding activity and knows this issue. Thus, results represent brand equity development of a particular microbrewery, what is intended to research in this study.
5 Findings and results

The contents of this chapter include the results of the empirical case study, which are discussed and analyzed in accordance with theoretical framework (Figure 1). Firstly, the case company (Hiiumaa Pruulikoda) is introduced, basing on the information provided by the brewery (interview; power point presentation). After it, the findings, appeared from the interview’s data, are discussed and related to existing branding literature, which was presented in the theoretical part of this research. Typically, the structure of the case is built by the six themes that were formed in the theoretical framework and discussed during the interview. As it was discovered, the themes are the important components in brand equity building. All results and findings derived from the conducted interview and supported by secondary data, provided by the brewery, what is also presented in appendices.

The first theme discusses the choice of brand elements and actual brand strategy of the chosen company. The second theme addresses to understanding of marketing communications’ role in brand equity building, as well as the choice of communication types. The third theme presents issues in brand awareness creation, the fourth – brand meaning development, the fifth – the role of brand responses, the sixth – brand relationships importance. Finally, the last theme presents an overall view on the microbrewery’s brand equity building.

5.1 Case presentation: Hiiumaa Pruulikoda

Hiiumaa – is one of the Estonian islands in the Baltic sea. Archeologists could tell about the ancient history of the island, based on archival documents and historical findings, that were discovered in the ground of the island. In particular, these documents prove, that the first people arrived to the island 7000 years ago. However, it proves as well, that the life on the island was seasonal, due to its remoteness and bad weather conditions. Mostly, people were fishing near the island when the weather could allow them to do so. Gradually, the island started to be populated and, therefore, various kinds of human activities started to be developed in order to support a decent life on the island. In particular, such activities were fishing, bee keeping and beer brewing. The latter became very popular later throughout all Estonia.

It is considered, that beer brewing traditions in Estonia were formed starting from 1850. Breweries of Hiiumaa island also took part in brewing industry of the country.
Unfortunately, tough times came to the island when the country was under German occupation during The Second World War, and all population’s activities, in particular beer brewing, were in decrease. Eventually, the war’s aftermath led to losing beer brewing experience, recipes and ingredients. But later, the number of small family breweries on the Hiuumaa island started to grow. However, it was not any serious business development or true immerse into the deed. As a result, it wasn’t any brewery or guild that could unite all small breweries on the island.

Eventually, with a goal to reborn beer brewing traditions of the Hiuumaa island and accompanied by the craft beer revolution worldwide, brothers from this island, Arvi Pink and Tarvi Pink, in 2015 decided to invest in building of a microbrewery business on the island in the city of Kärdla. The brewery started to work during spring 2016 and received the name of the island – Hiuumaa Pruuliodaa, what means “Hiiumaa’s brewery house”. According to their marketing director (Alexey Gavrilov), the sum of total investments comprised the number of 1.5 million EUR, what consisted of personal funds, loans and EU financial aid for small businesses. As a result, the brewery’s production facilities contain a beer tank of 1200 liters, where the beer is brewed, what allowed to the company to brew 300 000 liters of craft beer during the first year of operating. These figures put Hiiumaa Pruulikoda to the fifth place by produced volume amid Estonian breweries. Along with the beer making, the company also established a restaurant in their facilities, where locals and tourists can try fresh craft beer along with delicious food and sports events on tv-screens. It can be said, that due to seasonal character of life on the island not many cafes and restaurants are working during winter times, but Hiiumaa Pruulikoda decided to make their restaurant to work throughout all the year for tourists’ attraction.

The beer portfolio of the brewery consists of four main brands (Appendix 2) and some seasonal beers, when they want to conduct craft experiments. Usually, the company brews its beer in 5 styles: lager, pilsner, pale ale, German marzen and wheat beer. The brewery uses only best and quality ingredients, in order to make a real craft beer and meet consumers’ expectations. For example, the malt for brewing is bought from the German company Weyermann, which is one of the best malt suppliers in Europe, according to the Hiiumaa Pruulikoda. The use of only quality ingredients allowed to the brewery to win several medals by presenting its beers in international beer competition, which took place in Riga “Baltic Beer Star 2016” (Appendix 3). The company views craft beer as the beer produced by microbreweries in small volumes, unfiltered and unpasteurized, and also, the beer should be
presented in unique assortment of tastes. ‘To be a craft brewer it is a philosophy of how much you are ready to brew a true and real beer with quality ingredients’ (Alexey Gavrilov, 2017).

The company views itself as a sustainable and responsible business. They participate in all island’s events (trade fairs, charity), attract tourists to come to the island, create working places in the remote area, reborn island’s traditions and history. It can be added, that business owners and workers of the company view the brewery as the Hiiumaa’s craft brewery. It means, that the company is located on that island and brews authentic craft beer with the use of best ingredients. The company understands, that they are brewing not just a true craft beer, but also trying to tell the story, heritage of beer brewing on the Hiiumaa island. They want the island to be associated with the brewery name. As the company assures, this is reflected in all their activities: from beer recipes development to the branding process of the company.

5.2 Choosing brand elements and brand strategy
Marketing director of Hiiumaa Pruulikoda is sure, that brand building for craft beer is strongly dependent on choosing of the right brand elements in accordance with developed brand strategy.

We are trying to integrate deeply into the life of the island and to convey this value in our branding. So, our branding strategy represents the understanding that we are brewing not just a true craft beer, but also trying to tell the story, heritage of beer brewing of the Hiiumaa island.

(A. Gavrilov 2017)

He pointed out, that the brewery is happy for having a possibility to use the history of the island in branding of their beer. The understanding of it is reflected in all brewery’s activities linked with labels and packaging development, choice of re-sellers, communication with customers. That is how the company integrates their brand strategy. Also, the brewery has in its brand strategy the offer of premium and authentic quality of the beer to the segment of craft beer lovers with medium or high level of income (A. Gavrilov 2017)

Speaking about the choice of brand elements, Hiiumaa Pruulikoda tries to include all possible elements in their branding. They believe, that the more elements are used and considered, the more satisfied their beer drinkers will be. And also, the more visible the
brand will be. It is important due to the character of a craft beer market, where it is necessary to be seen and different in terms of a big number of competitors. It can be addressed to the assumption of Keller (2008) that brand elements are the means which enable development of brand identity and serve as differentiators of a brand.

*Often, beer drinkers are able to notice each detail on the bottle and are interested in it. All brand elements, when they are integrated and used in the complex, they can bring a better result for branding a craft beer. The deeper you will go in choosing brand elements, the more interesting it will be for the end consumer.*

(A. Gavrilov 2017)

As the example of brand elements’ alignment with the brand strategy, the company speaks about their German style beer “Hele Lager” (Appendix 4). Marketing director said, that for development of the label for this beer, the company went to Hiiumaa’s historical museum and looked for the old pictures that were made during German times on the island. As the company assumes, the designed label reflects those old times and brings the history inside the bottle, what adds a value to the taste of the beer and create associations in consumers minds. This can be compared to Aaker’s (2010) statement, that brand elements, such as logo and labels are able to affect associations in minds of customers.

*Our goal is to make not just standard/minimalistic and similar labels for bottles, as a big number of craft brewers try to do, but to create labels that show authenticity of island’s life, history of it.*

(A. Gavrilov 2017).

The same approach for designing a label is taken by the brewery for another german style beer – “Tommu Ildlane”, Munich dark lager (Appendix 5). The label, which is put on the bottle of that beer, contains a photo of the man, taken during the times when the island was controlled by Germany. Also, the label also includes German fonts and colors, such as black, dark red, dark yellow. The man on the bottle serves as a character, which is a distinct type of a brand symbol, according to Keller (2008) and allows to convey a real-life trait of the beer. Pomerantz (2010) pointed out, that this can facilitate likeability of a brand. The company describes such approach in brand elements design in a way, that it can provoke the interest of consumers about Hiiumaa island, which was always, kind of remote and closed area.
According to the interview, the brewery always put on the beer labels the name of the brewery, slogan, the name of a beer, beer sort and the picture, that shows some historical moments of the island. The brewery’s brand name is related to the name of the island (Hiiumaa), and it is done, because the company desires to be associated with the island. This is the example of ‘country-of-origin’ use in branding and corresponds with a meaningful, distinctive character of the name, what is proposed by Keller (2008)

The company’s slogan is “Ehe Hiiu Olu”, what is translated from Estonian as “The true Hiiumaa’s beer”. The company believes that this slogan helps to to assure consumers that the beer is made with quality ingredients and mostly, with ingredients from the island. Dimofte (2007) states about the trait of slogans to serve as as helpers for customers to understand meaning of a brand, what it represents and for what it states. So, Hiiumaa Pruulikoda tries to follow this knowledge.

As it was mentioned, the brewery pays attention to the use of specific colors in branding, and in general, the are trying to use ‘natural and dark tones/colors’.

*Almost all our labels are done in natural and dark tones/colors, what underlines our heritage, authenticity of our brewery, may be it even supports a premium character of our craft beer.*

(A. Gavrilov 2017).

According to Ampuero and Vila (2006) for products of ‘upper class’ which are highly priced, packaging is tend to have cold and dark colors with bolded and large letters or words. Considering premium character of Hiiumaa Pruulikoda’s beer and upper-class brand personality (later in the results) the colors are implemented correctly by the brewery.

The company also takes into consideration packaging as a brand element. For instance, they created a well-designed package, which consists of six bottles, in order to sell the product as a present for beer lovers. (Appendix 6).

*If your friend likes whiskey – you will find a premium whiskey bottle as a present for his birthday, if he likes cognac – you will easily find a premium cognac. But if he likes beer - to find a premium bottle is quite difficult and we are giving an opportunity for it by our premium wooden packaging.*
By looking at those packages (Appendix 6), it can be clear that it is able to bear functional and aesthetic components to meet consumers’ needs, as it was proposed by Serafin (1985). The wooden material, shape, color and size refer to aesthetic, while the easiness to hold, give as a present and store those packages refer to functional components.

The discussed above branding elements, in particular how the brewery utilizes it, show the understanding of their marketing director about how they make their beer ‘recognizable and different from other microbreweries’. During the interview he put the emphasis on the main aspect in their choice of brand elements, which is concluded as they ‘do not use elements just to make a valuable brand, but to closely show character, authenticity and uniqueness of the Hiiumaa island’ (A. Gavrilov 2017). It matches with Keller’s identification (2008) of brand elements criteria. In particular, Hiiumaa Pruulikoda with chosen elements tries to make its brand memorable, meaningful and likeable. As it was said in the interview, to find creative ideas for the labels, the brewery managers are constantly going to domestic museums and inspiring the nature around.

To conclude, Hiiumaa Pruulikoda tries to use all possible brand elements in accordance with their brand strategy, in order to facilitate the creation of brand equity. Generally, the brewery puts emphasis on labels’ design, slogan, creative packaging with relation to specific colors and tones.

5.3 Choosing marketing communications

As it was highlighted in the theoretical part of this research, marketing communications play a crucial role in brand building. According to a number of studies (Keller 2008, 2009; Luo and Donthu 2006; Naik and Raman 2003; Rosenbaum-Eliott et al. 2011) marketing communications positively contribute to brand equity by facilitation of brand awareness, development of brand image and meaning, creation of right associations in consumers’ minds. Scholars discuss many possible ways of communications, from traditional tv-advertising to the use of non-traditional digital media. However, according to the interview, Hiiumaa Pruulikoda utilizes mostly two channels: social media and generating of word-of-mouth.
Mostly, we have two channels for promotion and branding: social media and word-of-mouth works for us. These channels are are viewed by us as most effective and less expensive in our case. I believe it is a great opportunity and it will help us to promote our brewery.

(A. Gavrilov 2017).

Belch (2015) links social media to digital/interactive marketing, which received broad response from companies due to technology change and internet connection evolution. Moreover, according to Keller (2009) the development of internet allowed to bring to brands and consumers opportunities for greater interaction and individualization, as Steizner (2003) adds, social media allows consumers to share information and networking with brands. Hiiumaa Pruulikoda tries to take these advantages in their promotion activities.

*In Instagram and Facebook our consumers upload photos with our beer and tagging us there, what leads to a wider promotion. Also, we are writing stories about our beer, different facts that might be interesting to our drinkers. In other words, social media is a good field for us to create content and conduct story telling.*

(A. Gavrilov 2017)

The company sees social media as a very effective way of communication with their consumers, where they create interesting content, for example, the company posts historical pictures and stories about the island, what leads to creation of brand image and desired associations about their beer. The brewery has accounts in Facebook and Instagram, where they can be followed by consumers. Marketing director adds, that the content in social media should be aimed on persons, who do not pay attention to ad posts, but on those, whose attention can be grabbed by interesting and informative story telling, what the brewery actually does. It matches with Keller’s assumption (2009) that on-line communications allow companies to transmit tailored messages that enable engagement of targeted segments of consumers by encompassing their interests and attitudes.

As it was discussed in the interview, another marketing communication used by the brewery is word-of-mouth. However, marketing director speaks that it has a passive character of implementation. It means, that generally the company does not control the way in which the information about them spreads by consumers. As the example, the brewery’s restaurant is the only one restaurant on the island that works all year around, what means that tourists will
always have a possibility to come to them while staying on the island. As marketing director thinks, it can lead to association of the island with their brewery and to spreading information about them.

*It makes us famous in the area and people, that travel from costal Estonia, no matter what time, they will visit our place for sure and then they are able to associate the island with our brewery, and we believe, they are spreading info about us later, in other words, word-of-mouth works very well in this case.*

(A. Gavrilov 2017)

Also, marketing director is in the search of additional investments for creation a viral video in YouTube with a goal to be the most viewed video in Estonia. He thinks, that if it will be done, then it brings a bust for wider promotion and creation of a better brand awareness.

Although, it wasn’t discussed in communications’ theme during the interview, but it appeared later that Hiiumaa Pruulikoda participates in various trade fairs and exhibitions in Baltic region. Also, by requests, the company conducts personal presentations about their beer. All this can be addressed to personal selling as a marketing communication tool. According to Keller (2009) personal selling is conducted in order to interact with customers for the purpose of presenting a product face-to-face with a potential to sell it. The company uses specially designed vehicles for personal selling and trade fair activities. These vehicles, according to the company, are able to attract attention of potential buyers. Therefore, the brewery takes into consideration advantages of this channel for conveying a brand’s identity and interaction with prospect consumers.

However, considering all chosen methods to communicate and facilitate branding, the brewery is not currently measuring the effectiveness of marketing channels. As marketing director claimed, the company does not invest much money in any promotion channel, so there is no need to pay attention it, in his opinion. Keller (2009) argues that it is vital to consider and evaluate all possible communication channels according to effectiveness criteria in order to build brand equity, in particular, for improving brand awareness. However, the brewery has an understanding of the importance of this aspect and the fact that communications help to brand their company and their beer.
I have an understanding, that when we will grow and invest more money into marketing, then no doubts we would start to measure effectiveness of chosen channels. I am pretty sure that communications help a lot to brand our company and beer.

(A. Gavrilov 2017).

To conclude this section, basing on what was discussed above, Hiiumaa Pruulikoda assures that they selected appropriate channels for delivering the desired brand image, and their integrated marketing communications consist of social media, personal selling and word-of-mouth.

5.4 Brand awareness creation

Kapferer (2012) points out that companies are willing to realize what is needed to be said in communications to customers, and then customers play role of brand information receivers with ability to decode and interpret the projected brand identity. Keller (2008) adds to it that obtaining the right brand identity provides creating of brand salience, which relates to issues of consumers’ awareness about a brand. The intended brand identity of Hiiumaa Pruulikoda is described below by their marketing director.

We are presenting the beer brewers of Hiiumaa island on the world level and identify ourselves as Hiiumaa Craft Brewery, what means that we are located on this island and brew authentic craft beer with the use of local ingredients.

(A. Gavrilov 2017)

This is how the brewery wants to be seen in the market of craft beer. Therefore, the company should be sure that consumers realize and recognize them in this product category amidst other microbreweries. Keller (2008) states that brand awareness involves development of brand elements which should be utilized and physically present and visible at the purchase point, what leads to a brand recognition. Luo and Donthu (2006) give to marketing communications an important role in creation of brand awareness. This is reflected in the brewery’s activities, ss the company says, the chosen brand elements (see section 5.2), trade fairs, exhibitions, social media and word-of-mouth help them to create brand awareness.

We are constantly participating in various trade fairs and beer exhibitions in Baltic region. By requests we are also conducting personal presentations about our beer. Well, and
social media activities are increasing our brand awareness. More than that, as I said before, all our brand elements are used in a way to make us recognizable and remarkable in the market of craft beer.

(A. Gavrilov 2017).

As a result, speaking about the level of awareness, Hiiumaa Pruulikoda is known almost by everyone on the Hiiumaa island, as well as they are quite popular in Tallinn, due to many trade fairs there, constant tourists and word-of-mouth in the capital. The participation in various beer contests brought them to win several medals in all sorts of beer where they were presented on Baltic Beer Star contest. This allowed the brewery to put small medals’ signs on their labels in order to show to consumers that Hiiumaa Pruulikoda is professional brewery of a craft beer.

This result can serve as a reference for those, who buy our beer for the first time. It can be a prove of quality. This, for sure, leads to a greater brand awareness.

(A. Gavrilov 2017)

5.5 Brand meaning development: brand performance and image

In the theoretical part of this research the creation of brand meaning block (see section 2.2) is divided into two parts – brand imagery and brand performance, what was proposed by Keller (2008). Typically, according to Rosenbaum-Elliott et al (2011) this step of brand equity building is responsible for generating of desired associations in consumers minds, which are built both directly (through brand performance) and indirectly (through brand image). Marketing director of the brewery is sure that their beer’s performance as a basic thing. He claims, that without true and quality product all branding process would be meaningless. This is supported by Keller (2008), who argued that product itself plays a central role in brand equity, due to its primary impact on consumers’ experience. But at the same time, Hiiumaa Pruulikoda states that without creation of brand image it would be impossible to differ and brand their brewery.

In a sense, it is a difficult question to consider. From one side, the product should be with a decent quality, rich taste and appearance. It is a basic feature of the product. But branding allows us to add features, to instill history, heritage and image behind the bottle, what we are actually doing.

(A. Gavrilov 2017)
Therefore, it is considerable to divide the results of how the company develops brand meaning into beer performance and their brand image. Firstly, company speaks about the value which they are bringing to beer drinkers for supporting brand performance.

*We are trying to make a true and quality craft beer, which is not well presented in the market, in our opinion, due to the short time of storing and difficult recipes of brewing. And that’s why we bring the value of true craft, which can be tasted by many people.*

(A. Gavrilov 2017)

The brewery emphasizes that the use of best natural ingredients with a proper brewing process are the essential things in their business. For example, it is expensive for the brewery to grow own malt for the beer, thus Hiiumaa Pruulikoda constantly orders one of the best malts in Europe offered by German company Weyermann, in order to keep a decent level of beer quality and taste. Also, the brewery uses local ingredients, such as honey, for their seasonal honey ale. They believe that it supports authentic character of their beer. Eventually, it is evident that the brewery tries to keep their brand performance on a good level. Park and Srinivasan (1994) and Keller (2008) state that product’s features, such as primary ingredients along with style and design, often support brand performance in brand equity. According to the interview, the brewery tries to follow this by proper designing of labels and packaging (see section 5.2) together with the use of quality ingredients for beer brewing.

Considering the imagery part of the brand meaning, the brewery claims that they are responsible for transmitting the knowledge about their beer into customer’s minds. For doing this, marketing director relies on the use of social media, as well as personal selling during trade fairs. More than that, he says that their brand image is supported by brand elements, those that underline the brewery’s uniqueness and authenticity (see section 5.2).

Aaker (1991) states that brand imagery relies more on extrinsic aspects of a product that strive to satisfy customers’ psychological needs upon which they create associations toward a brand. Therefore, in order to meet these needs the brewery tries to project their target consumers. The manager says, that it is ‘considerably more easier to create brand image when you know your target group’. However, as the brewery said, they did not conduct any research in this filed, but anyway have a understanding of who are their end-consumers.
Honestly, we did not conduct any research in this field. But I would say, our target consumer is a person who likes and values craft beer, with medium or high level income, who wants to try something quality and what he hasn’t tried before.

(A. Gavrilov 2017)

Speaking about this, Keller (2008) identifies main kinds of intangible associations that can be linked to brands in terms of brand imagery creation. One of them is user profiles, which refers to the development of image of users in customers’ minds, based on the type of persons who uses/buys a brand. These image associations can be formed upon descriptive demographic factors (gender, age, race, income) and psychographic factors, such as attitudes toward life, professions, career, politics, social aspects. Hiiumaa Pruulikoda claims that they do not pay attention to such factors in brand image creation, except aiming on drinkers with higher income.

Additionally, the scholar identifies brand personality as another factor for brand image creation. Aaker (1997) argues that brand personality is the set of human characteristics associated with a brand and the symbolic utilize of it is possible because consumers often match brand meaning with human personality traits. There are five dimensions of brand personality, developed by scholars (Malhotra 1988; Keller 2008), but it is very interesting how Hiiumaa Pruulikoda views its brand personality.

I would say that our personality tends to be more premium and upper-class, but at same time authentic and not arrogant. Maybe, I could say brutally premium

(A. Gavrilov 2017)

Probably, this sophisticated and at the same time brutal brand personality of the brewery is nicely reflected on their labels, packaging and point-of-sales materials.

Moreover, another factor for brand image creation is identified as purchase and usage imagery (Keller 2008). It can tell consumers under what situations they are able to or can purchase and utilize a brand. It can refer to the kind of a place, where consumers can make a purchase (stores, specialty stores or Internet). In this case, the brewery pays a detailed attention.
It is a very important aspect, because breweries always want to gain revenues by high sales volume in grocery chains with small margins. But in our case it is different. We want to put stakes on uniqueness, rather than on sales volume.

(A. Gavrilov 2017)

As the example of it, the brewery provides the way in which they sell their beer in Moscow. The week before the interview, the company had first shipping of our beer to Russian market, in particular to Moscow. But before that it was necessary to prepare agreements with wholesale buyers there (restaurants, stores) and to find a place for storages. The shipping method here is direct, without any re-sellers or distributors. As the brewery assures, they want to “touch” and “feel” the market.

In Russia, it is more desirable to sell our beer not in beer stores but in Estonian restaurant in Moscow, where people will see and mention our products. And when they, let’s say, visit Hiiumaa island or Estonia, then they will remember our beer and would like to try it one more time.

(A. Gavrilov 2017)

The marketing director believes, that associations play a big role here. He claims that their craft beer is viewed as the ‘treasure’ of the Hiiumaa island and the island, therefore, should be associated with the beer. He provides an example, when people are going to Paris – they want to see Tour Eiffel, but when people come to the Hiiumaa island - they should want to buy and try their true craft beer (A. Gavrilov 2017).

For example, in Tallinn many stores showed a desire to sell the brewery’s beer. However, the company chose only one option – Stockmann Mall, in the alco corner, and their beer stands on the shelves with elite alcohol. The marketing director explained it by following:

All big grocery chains require constant supply of your beer and a lot of money for promotion, what is very difficult for us to implement. So, we decided to underline our uniqueness by choosing the option with Stockmann.

(A. Gavrilov 2017)

More than that, the company desires their beer to be sold with an ability to be presented, to tell the story about a brand, the history of the Hiiumaa island. The brewery says, that it is
very important to see the atmosphere and the place where the beer stands. This is related to
the factor of purchase imagery.

Speaking about domestic market, there the brewery’s distribution policy is more ‘soft’. On
the Hiiumaa island their beer is very popular and the company sells it in their restaurant,
brewery, stores – everywhere. For instance, American breweries association (2016) stating
that craft breweries tend to be local in their supply chain and usually start to sell beer in their
location, what was actually done by the case company until they went to Baltic and Russian
markets of craft beer.

One more intangible feature that company uses for brand meaning creation is country-of-
origin. According to Aaker (1991) it is one of the strongest intangible brand features that
leads to associations in minds of consumers. Thakor and Kohli (1997) identified it as ‘a
place, region or country to which the brand is perceived to belong by its customers’. Keller
(2008) states that country-of-origin can impact on a thinkful decision to facilitate a product
utility and better communicate brand image. Another study, devoted to craft beer markets
(Eberts 2014), showed that a big number of microbreweries nowadays often include
geography and place in their branding efforts, in order to facilitate connection to their
locations. The scholar identified it as neolocalism and provides evidence that microbreweries
tend to use this strategy more than large breweries.

Without it - it would be much more difficult to brand our beer and to tell the story about it.
We are very proud to present in our product the history of Estonian island. And, we hope,
consumers’ associations about us are right.

(A. Gavrilov 2017)

To conclude brand meaning theme, it can be said that Hiiumaa Pruulikoda tries to combine
both parts of brand meaning creation and pays attention to it equally. According to Keller
(2008), this is the goal of brand meaning creation – to consider both, performance and
imagery aspects.

In my opinion, there is no good craft beer in the market without any background or history
behind it. All this can add value to the beer and brings it to customers. Performance and
image are always going along, they are strongly connected, as in our case, for example.

(A. Gavrilov 2017).
5.6 Brand responses experience

Keller (2008) refers brand responses to the way how customers respond, react to a brand, marketing communications and other knowledge about a brand, and that is, what do customers think or feel about a brand. Aaker (1991, 1996) views this issue under the meaning of perceived quality. Brand responses play a big role in understanding of how consumers react and respond to a brand performance and imagery.

Hiuumaa Pruulikoda states, that they pay attention to this issue in their branding process and improving their beer. In particular, the brewery says, that they constantly receive feedback and reviews on their beer from the buyers. Marketing director provides an example, when one of the buyers made a review on the beer and criticized it because of strong carbonization when he opened a bottle and foam spilled on the floor. He said, that it was their wheat beer, which is difficult in transporting and storing due to its characteristics.

*We decided to contact him and to give a new bottle of the same beer, what can improve his attitude toward our brewery with a positive experience, and as well, improve our knowledge about beer brewing.*

(A. Gavrilov 2017)

Under improving their knowledge, he means, that they reviewed the recipe and brewing process of that beer in order avoid such situations. So, brand responses brings advantages for both sides. Moreover, the brewery says that if a consumer will come to them with the bottle of their spoiled beer inside or post it somewhere in social media– with 100% probability they will give him a new one for free. Marketing director supports it by following:

*It is much more important than to grow profits by any means. We think, it will result in a better attitude toward our brewery, and our beer will bring positive experience of beer drinking to consumers.*

(A. Gavrilov 2017)

The similar thing the brewery is doing with restaurants that have contracts with them. If the beer that is stored in their places is soon out of due – then the brewery replaces it with fresh bottles for free. The company always tries to keep the quality of their beer on high level.
This is supported by the part of brand responses proposed by Keller (2008), which is brand quality and perhaps intensify another part – brand consideration, which increases the probability of choosing a specific brand out of number of offerings.

The cases with reviews on their spoiled beer can be consumers’ subjective judgments, what You et al. (2012) categorized under experiences, consumption situations and unique needs. Thus, it is relevant for Hiiumaa Pruulikoda in their brand equity building. The same scholar argues that attention to brand responses helps companies to lead consumers to the realizing of better superiority, differentiation and excellence of a brand comparing to others in a given product category. Zeithaml (1988) supports it by stating that the degree to which the consumer perceives quality influences brand equity increase or fall. So, the aspiration of Hiiumaa Pruulikoda to always support their beer quality is clear. More than that, Rosenbaum-Elliott et al. (2011) add that the building of strong and positive brand attitude usually emphasizes the chance of preference for the brand among consumers.

Additionally, another of goal of brand responses consideration is developing of positive brand feelings (Keller 2008). It can be identified as customers emotional reactions toward a brand. For example, these reactions can be raised by brand elements, marketing communications, as well as personal experience with a brand usage. The scholar identified six categories of brand feelings (see section 2.2). Hiiumaa Pruulikoda states that they consider this issue and the feelings that the company strives to develop relate to Keller’s identification:

*We want our buyers to feel as true craft beer specialists, those who can differ true craft from not good one. Probably, it can relate to social approval, let’s say. Or in other way, those people who live on our island, they are proud to have their own, local beer, so it can bring the feeling of self-respect, proudness.*  
(A. Gavrilov 2017)

Speaking about the way the brewery tries to develop these feelings, they pointing out about how they use their brand elements, in particular labels’ development:

*We are trying also to transmit the atmosphere of Estonian coziness on our labels with photos of local faces. When our bottle is opened abroad, the drinker should feel as he drinks together with the people from our island.*
To sum up brand responses theme, the brewery tries to consider feedback and reviews, made by beer buyers, along with brand quality support to increase the attitude toward their brand. Additionally, the company chose self-respect and social approval as the types of brand feelings they instill in marketing communication and product development, in order to elicit them properly.

5.7 Managing brand relationship
The final block in brand resonance model proposed by Keller (2008) is creation of brand relationship, in other words development of consumers’ loyalty. According to the scholar, it mainly focuses on the superior relationship and extent of identification that customers obtain in relation to a brand. It refers to the nature of this relationship and the level to which customers feel synchronized with a brand. At the same time, Aaker (1991) states that brand loyalty is a goal of building brand equity and a core dimension of it. Interestingly, when marketing director of Hiiumaa Pruulikoda was asked about this aspect, he answered that at the moment the brewery does not possess any data about loyal consumers.

*I wouldn’t say that we have any data about our loyal consumers, but I know that there are constant buyers and drinkers of our beer.*

(A. Gavrilov 2017)

However, knowing that there are constant buyers of their beer means existence of behavioral loyalty among buyers, just the company does not have numerical data or did not the research in this field. The existence of such type of loyalty is supported by the scholars’ explanation of it. Behavioral loyalty is referred to consumer behavior in the market of products that can be highlighted by a quantity of repeated buying or desire to repurchase a brand as a first choice among other brands (Keller 1998; Oliver 1999). Also, it is evident that another type of loyalty – cognitive – is difficult to track for the brewery. Keller (1998) explained cognitive loyalty as it represents an occasion when a specific brand appears first in consumer minds during decision making process making up this brand the consumer’s first choice. According to Rosenbaum-Elliott et al.(2011), strong brand loyalty consists of becoming a first-choice brand (cognitive) and repurchased constantly (behavioral).
The main reason for the lack of the data about loyal customers the manager explained by considering the stage of the business and their size right now. However, it can be seen from the interview, that the brewery desires to grow their consumers’ base.

*Considering the stage of the development of the brewery and our actual size, I believe that this issue is not very important for us right now. But of course, we aim to creation of a constant base of our beer buyers.*

(A. Gavrilov 2017)

Brand resonance implies constant support of relationships with consumers. According to Keller (2008) except brand loyalty companies should aim to relationships with their consumers by creation of sense of community and offering of active engagement. The latter one is explained as situations, when consumers are ready to invest time, money, energy or other personal resources into a brand. Probably the example, provided by the interviewee, about posting reviews and feedback by consumers about their beer in social media, serves as a prove that there is an initiative from beer drinkers.

*We are ready to communicate with consumers constantly through social media, e-mail. We are pleased when we receive feedbacks and integrate it in our beer brewing.*

(A. Gavrilov 2017)

As it can be seen, social media is a base field for the brewery to communicate with consumers. The manager also provided the example about a situation when their beer was bought and when the buyer came home, the bottle started to explode because of gases inside and it was broken. He then posted it in Instagram with the brewery’s hashtag and the company noticed it. The brewery contacted him, apologized and sent him a new bottle of the same beer. But interestingly, how the brewery sees its way of communication:

*But in general, we think that our beer speaks about it itself in the way of taste and quality. It can be said, that this is our constant way of communicating with drinkers – always tasty beer.*

(A. Gavrilov 2017)

However, as it was discussed scholars (Aaker 1991,1996; Keller 1993, 2008; Rosenbaum-Elliott et al. 2011), generally product plays a central role in branding due to its primary
impact on how consumers experience a brand. Anyway, to communicate with consumers it is needed to implement marketing communication strategy along with brand elements development (Kapferer 2012). Perhaps, the interesting statement of the interviewee above can be used in promotion activities of the brewery, for example in slogan creation or in points-of-sale materials. Although, it is difficult to prove that the beer communicates with consumers itself.

In conclusion to this theme, it should be stated that brand relationships step, according to brand resonance model (see section 2.2), is not fully reflected in the activity of Hiiumaa Pruulikoda. The brewery knows that they have constant buyers, but the company does not aim to research it. However, the company supports relationship with consumers through the use of social media channels.

5.8 Existence of brand equity development

In the end of the interview it was interesting to ask the manager if he understands, that all their branding activities imply the meaning of brand equity and if they have it, in his opinion.

After the interview with you I would say that yes, we have it. Also, during the discussion I looked to it from another, more deep side. I truly believe, that all what we are doing is brand equity development.

(A. Gavrilov 2017)

According to Keller’s brand resonance model (2008), or Aaker’s (1991) construction of brand equity, where along with brand awareness there are brand associations, perceived quality and brand loyalty, after the analysis of the interview it can be proved that Hiiumaa Pruulikoda implements the process of brand equity development.

Speaking about the most important steps in brand equity development in relation to the model of Keller (2008), the manager named brand meaning, brand elements development and brand awareness creation. Interestingly, during the discussion it was the feeling that these three areas are the most interesting and challenging for the brewery.

In brand meaning we put our soul, our philosophy and we believe that it leads to a better understanding of us in consumers minds. Brand awareness is the thing that pushes us to expansion, and everything is ahead. It helps us to tell who we are and what is our beer.
However, in the model of brand resonance Keller (2008) underlines the ascending character of steps for brand equity creation, as it was discussed in section 2.2 of this thesis. Perhaps, as the brewery stated, the development stage of the company stops them to pay much attention to brand responses and brand loyalty considerations, and keeps focus of managers on awareness and brand meaning creation.

In the end of the discussion, marketing director mentioned their plans for near future. In particular, the brewery wants to brew new sorts and present them on stores shelves. For instance, he speaks about classic stout sort. When it will be brewed, then the brewery wants to keep this beer in oak barrels, for special enriching of taste. Then, they will spill this beer into sparkling wine bottles and close it with a wooden cork. Next, the label of it will be stamped in order to underline the premium character of our beer. (A. Gavrilov 2017). Also, the brewery is looking now for more distribution channels. In the conclusion of the interview, the manager confidently said the following:

To conclude, we have our own path and we keep it. We have our own strong side with which we will come to success, I believe.

(A. Gavrilov 2017)
6 Discussion and conclusions

6.1 Summary of the findings

Microbrewery business industry grows rapidly nowadays and the market of craft beer becomes saturated by various products, offered by a big number of breweries worldwide. With growing market of craft beer there is a challenge to compete and differentiate for many breweries and therefore, the process of brand development along with creating quality products become essential aspects to consider. A big number of studies is devoted to the brand development process, and many of them emphasize the fact of brand equity existence. The process of branding, according to previous studies (Aaker 1991; Amber and Styles, 1997; Kapferer 1997; Keller, 2008) consists of building value by creation a brand meaning and brand identity accompanied by proper eliciting of brand responses with tight brand relationship through implementing marketing communication tactics. Keller (2008) proposed a brand resonance model, which reflects steps that are encompassed by brand development: brand awareness, meaning, response and relationship.

This study strives to investigate the process of brand equity creation in the context of microbrewery business. The case study was chosen as an appropriate method to understand the phenomenon and have insight in real practice of craft beer’s branding. Estonian microbrewery Hiiumaa Pruulikoda agreed to participate in the research as a case company.

In order to sum up the results and to make text more convenient to the reader, it is considered to remember the main research question of the study, which is how a microbrewery builds brand equity? The goal of the research was to investigate the process of brand building of a particular microbrewery with relation to existing branding literature about this marketing activity.

As it was mentioned, the research question includes many branding aspects to investigate, in order to receive a full picture of the process. Therefore, the main research question included sub-questions, that were developed according to the literature review and formed theoretical framework. Research sub-questions are the following: 1) How and which brand elements are used for brand building? 2) Which marketing communications are used for development of brand equity? 3) How microbrewery creates brand awareness and brand meaning? 4) How brand responses improve brand building? 5) How brand relationship is managed? 6) Are all blocks of brand equity considered by the company? Which are the most important?
As it was discovered in the literature review, these sub-questions represent important issues in brand equity building. Thus, it was decided to roll out the summary of the results in the way of how brand equity building is viewed in this study (see theoretical framework). In essence, this order leads to the case summary and answering to the main research question, and to the important points that are reflected in sub-questions.

Here, it is considered to start the summary from the brief description of the case company. As it was mentioned, Hiiumaa Pruulikoda – is the Estonian microbrewery from the Hiiumaa island in the Baltic sea. The brewery was opened in spring 2016 by to brothers – beer enthusiasts. So, at the time of writing this study the brewery has reached a one year of operating with 300 000 liters of brewed craft beer and taking 5th place in Estonia by this figures. Also, in the facility area the brewery has a restaurant, where their beer is offered to guests. Nowadays, the company brews 5 styles of beer and some seasonal types. The brewery uses only best and quality ingredients, in order to make a real craft beer and meet consumers’ expectations. The company participated in the beer context “Baltic Beer Star” where they won several medals for their presented beer. Finally, the brewery tries to combine brewing a true craft beer along with telling the story, heritage of beer brewing of the Hiiumaa island. And as it was found, this is reflected in all their activities: from beer recipes development to the branding process of the company.

How and which brand elements are used?

In order to follow the combination of beer brewing with the history of Hiiumaa island’s beer brewing, the company resorts to branding process in their business activity. Starting point in this activity is defined by the case company as the choosing of right brand elements in accordance with their brand strategy. The brewery sees the advantage in the use of the history of the island in branding of their beer. As it was found, it is reflected in brewery’s activities linked with labels and packaging development, choice of re-sellers, communication with customers. In particular, speaking about the choice of brand elements, Hiiumaa Pruulikoda tries to include all possible elements in their branding. The company believes, that the more elements are used and considered, the more satisfied their beer drinkers will be, and the more visible the brand will be.

Generally, the brewery puts emphasis on brand elements such as labels’ design, slogan, creative packaging with relation to specific colors and tones. All these elements are used by the company in regard with showing the character, authenticity and uniqueness of the
Hiiumaa island. In particular, according to the results, Hiiumaa Pruulikoda includes in the beer labels the name of the brewery, slogan, the name of a beer, beer sort and the picture, that shows some historical moments of the island. Eventually, it can be said that these findings present explanation of the answer to the first research sub-question.

By relating findings of the case study to the data about craft beer industry trends in branding, discussed in the chapter 3, it becomes clear that, in fact, many breweries are willing to consider a big number brand elements for brand identity creation. In particular, Eberts (2014) states that successful branding activity for microbreweries involves image creation through packaging and design of labels, what conveys how a beer drinker perceives a brand. Companies attempt to create visual identification, what helps to differ their brand from others. Hiiumaa Pruulikoda tries to implement premium and luxurious approach in designing of their labels and packaging in order to focus on their ‘authentic’ value proposition. However, there are other approaches (e.g. nostalgic; grunge) that are used by microbreweries in their designing, but the choice of it is dependent on the niche for which they want to make a beer, in other words target segment.

**Which marketing communications are used for development of brand equity?**

Considering second sub-question, the brewery pays attention to its communication activity in branding process. According to the results, Hiiumaa Pruulikoda utilizes three channels: social media, personal selling and generating of word-of-mouth. A huge number of microbreweries rely on social media as the main channel for communication and delivering a message about them. In social media the case brewery has official accounts in Facebook and Instagram, where consumers upload photos and tagging with the beer what leads to a wider promotion. The company sees social media as a very effective way of communication with their consumers, where they create interesting content. For instance, the company posts historical pictures and stories about the island, what leads to creation of brand image and desired associations about their beer. In other words, social media is the main field for the brewery to create content and conduct story telling. More than that, Hiiumaa Pruulikoda participates in various trade fairs and exhibitions in Baltic region. Additionally, by requests, the company conducts personal presentations about their beer, what can be addressed to personal selling as a marketing communication tool. However, considering all chosen methods to communicate and facilitate branding, the brewery is not currently measuring the effectiveness of marketing channels. As the brewery states, the company does not invest much money in any promotion channel, so there is no need to resort to effectiveness
measuring. Anyway, the company understands the importance of this issue and the fact that chosen marketing communications help them to build their brand.

**How microbrewery creates brand awareness and brand meaning?**

The third sub-question strives to investigate the way how the brewery creates its brand awareness and brand meaning – first two steps in brand resonance model (Keller 2008). The desired brand identity, which the brewery tries to transmit to consumers is that they are craft brewery, which is located on the Hiiumaa island and brews authentic craft beer with regard to the history of the island. Keller (2008) states that brand awareness involves development of brand elements which should be utilized and physically present and visible at the purchase point, what leads to a brand recognition. At the same time. Luo and Donthu (2006) assign to marketing communications an important role in creation of brand awareness. This is actually reflected in the brewery’s activities. As the results show, the chosen brand elements, trade fairs, exhibitions, social media and word-of-mouth help them to create brand awareness. Speaking about the level of awareness, Hiiumaa Pruulikoda is widely known on the Hiiumaa island, as well as they are quite popular in Tallinn.

As it supported by the results, brand meaning creation was broadly discussed during the interview with the company’s marketing director. In this aspect, the brewery puts emphasis on the quality of the beer, but at the same time, they believe that without creation of brand image it would be impossible to differ and brand their brewery. As it stated by the brewery, the use of best natural ingredients with a proper brewing process are the essential things in creation of quality product, and it leads to delivering a value to consumers, which is seen by the brewery as true and tasty craft beer. Brewers Association (2016) claims that the quality is viewed as a core factor for consecutive branding of craft beer. Without it, it can be difficult to create a loyal base of drinkers, even though if a marketing program is implemented properly.

Considering the imagery part of the brand meaning, the brewery claims that they are responsible for transmitting the knowledge about their beer into customer’s minds. For doing this, marketing director relies on the use of social media, as well as personal selling during trade fairs. Also, brand image of the brewery is supported by brand elements, those that underline the brewery’s uniqueness and authenticity.

More than that, the results showed that the company considers brand personality, in particular the brewery says, that their beer is upper-class product, sophisticated category in
Keller’s (2008) identification. Moreover, another factor for brand image creation, which is used by the brewery, is purchase and usage imagery. Hiiumaa Pruulikoda, in order to underline authentic and unique character of their beer, tries to distribute the product through bars, restaurants and specific alco-stores, rather than big grocery chains.

Finally, Hiiumaa Pruulikoda relies on country-of-origin in their brand meaning creation. This is one of the strongest intangible brand features according to Aaker (1991), that lead to development of desired associations in consumers’ minds. The company is proud to present the history of small Estonian island. This is related to the trend of microbreweries industry of ‘neolocalism’. Eberts (2014) states that a big number of microbreweries nowadays often include geography and place in their branding efforts, in order to facilitate connection to their locations. Flack (1997) also states that craft breweries often try to integrate themselves into local community and convey the history/landscapes of the area through label design, logos and names of the products.

**How brand responses improve brand building?**

Keller (2008) refers brand responses to the way how customers respond, react to a brand, marketing communications and other knowledge about a brand, and that is, what do customers think or feel about a brand. Hiiumaa Pruulikoda states, that they pay attention to this issue in their branding process and improving their beer. The brewery constantly receives feedback and reviews on their beer from the buyers and reacts on it various ways, for example, reviewing the recipe and brewing process. The main goal of brand responses is viewed by the brewery as improving of consumers’ attitude toward their beer as well as improving their knowledge about beer brewing. Also, the results showed the case company considers brand feelings, and according to them, strives to develop in consumers social approval (craft beer drinkers) self-respect and proudness. Speaking about the way Hiiumaa Pruulikoda does it, the brewery emphasizes the design of labels, quality of the product and history behind the brand.

**How brand relationship is managed?**

The final block in brand resonance model proposed by Keller (2008) is creation of brand relationship, in other words development of consumers’ loyalty. According to the scholar, it mainly focuses on the superior relationship and extent of identification that customers obtain in relation to a brand. Interestingly, the case company does not possess any data about loyal consumers. However, the brewery knows that there are constant buyers of their beer, what means the existence of behavioral loyalty among buyers. The main reason for the lack of the
data about loyal customers is explained in the results as the stage of the business development. However, it can be seen from the results, that the brewery desires to grow their consumers’ base. Also, according to the data, there is evident sense-of-community development and engagement raise among consumers: posting reviews and feedback by consumers about their beer in social media, serves as a prove that there is an initiative from beer drinkers. As it was discussed, social media serves as a base field for the brewery to communicate with consumers. In conclusion to this sub-question, it should be stated that brand relationship step is not fully reflected in the activity of Hiiumaa Pruulikoda. The brewery knows that they have constant buyers, but the company does not aim to research it. However, the company supports relationship with consumers through the use of social media channels.

Are all blocks of brand equity considered? Which are the most important?

According to Keller’s brand resonance model (2008), or Aaker’s (1991) construction of brand equity, where along with brand awareness there are brand associations, perceived quality and brand loyalty, after the analysis of the data it can be stated that Hiiumaa Pruulikoda as a case company, implements the process of brand equity development. Speaking about the most important steps in brand equity development, the brewery named brand meaning, brand elements development and brand awareness creation. Interestingly, during the discussion it was the feeling that these three areas are the most interesting and challenging for the brewery. However, in the model of brand resonance Keller (2008) underlines the ascending character of steps for brand equity creation. Perhaps, as the brewery stated, the development stage of the company stops them to pay much attention to brand responses and brand loyalty considerations, and keeps focus of managers on awareness and brand meaning creation.

6.2 Theoretical contributions

As the main phenomenon of this study, brand equity is broadly discussed in a big number of researches and studies. This thesis combines the knowledge from various branding literature and relates it to the context of microbrewery business. In particular, during the analysis of empirical data, many aspects of brand equity building were compared to findings of existing branding papers. For instance, findings about brand elements and marketing communication as vital issues in brand building are supported by Keller’s works (1993, 2008, 2009), Aaker’s studies (1991, 2010). Ampuero and Vila (2006), Pomerantz article (2010) and Dimofte’s study (2007) about symbolism of brand elements are also reflected in the practice of the case
company. The essence of marketing communications in brand awareness building also supported by a number of studies (Keller 2008, 2009; Luo and Donthu 2006; Naik and Raman 2003; Rosenbaum et al 2011).

Considering brand meaning development, Keller’s brand resonance model (2008) is widely reflected in the brewery’s activity. Especially, it brings a better understanding of how brand performance and brand image are combined in order to develop a brand meaning. In particular, the case company supports the aspect of having quality product along with imagery creation, what is underlined in a number of studies (Malhotra 1988; Aaker 1996; Keller 2008). More than that, country-of-origin as a powerful tool for brand meaning creation for the case company, was discussed in the study of Thakor and Kohli (1997) and Eberts, (2014) who stated that a big number of microbreweries nowadays often include geography and place in their branding efforts, in order to facilitate connection to their locations. Perhaps, it leads to the prove of neolocalism existence, which is described by Eberts (2014).

Additionally, brand responses are viewed by the case company as means for improving of consumers’ attitude toward their beer. It leads to the text in the study of Aaker (1991, 1993), where the researcher explains the importance of perceived quality in brand equity building. Moreover, Zeithaml (1988) and You et. al (2008) received the support by the data of this study, for the stating that attention to brand responses helps companies to lead consumers to the realizing of differentiation and excellence of a brand, and the degree to which the consumer perceives quality influences brand equity increase or fall. This is reflected in the brewery’s aspiration for superior quality of their beer. Also, the results showed that the case company considers brand feelings, and strives to develop in consumers social approval, self-respect and proudness. This is supported by Keller’s work (2008) where the scholar categorizes types of brand feelings.

The study also offers to look at brand relationship from microbrewery’s inside. It is known, many scholars (Keler 2008; Rosenbaum-Elliott et al. 2011; Kapferer 2012) underline the importance of brand relationship with consumers that leads to loyalty development. Interestingly, but the case company supports this kind of relationship, but does not aim to measure and research this issue in their branding practice.

Finally, the case study itself can be considered as the main theoretical contribution. There are not many case studies that where conducted with a goal to get inside about
microbreweries’ brand building process. This thesis provides the detailed description of this process in Hiiumaa Pruulikoda brewery with relation to existing branding literature.

6.3 Managerial implications

In terms of practical implications, the study offers a various approaches for brand equity issues in the context of microbreweries. For example, the study provides the data about how and which brand elements are used in this process. Especially, the research possesses deep analyzed results relating to the development of labels, packaging and other brand elements for craft beer branding in terms of desired brand identity and meaning. Also, the data sheds the light on the marketing communication channels use for facilitation of branding the craft beer. Moreover, each block of brand resonance pyramid is analyzed according to the real-life practice of the case company. Therefore, this study can be followed and considered by entrepreneurs, which desire to develop a microbrewery business and conduct brand equity development.

Additionally, the study provides theoretical information, which can be useful for reviewing already existing brand building process. Literature in this research along with obtained results appear relevant for comparing brand building process. By this, marketers in microbreweries are able to find advantages and opportunities regarding their brewery’s branding.

6.4 Limitations and future research

Due to the character of qualitative research this study presents a number of limitations. One of it, is that the research is based on the data acquired from a single company, and presents a single case study. Probably, the phenomenon could be presented in other breweries’ activity or deeper in the current case company. In particular, the studied brewery is operating during not a sufficient time (1.5 year) for business to be evaluated. It would be interesting to conduct the same research with a microbrewery that operates already 5-6 years in the market of craft beer.

By stating, that branding could be studied deeper in the case company, the author assumes conducting more than one interview, or even focus-group with other brewery’s employees, due to the fact, that the data gathered from conducted interview is regarded as limitation of this study. Even though, one conducted interview allowed to study the concept of brand equity, a wider data can help to increase reliability of the results, hence, the research could achieve deeper insight into phenomenon and present more successful conclusions.
Perhaps, single case study, as a research method, can be substituted by a multiple-case study. This can be done for having a comparative character of the results and for detecting similarities, that are typical for brand equity building in microbrewery business.

Also, as it was highlighted in the literature section of this study, brand equity building is mostly viewed as customer-based, rather then financial based. Anyway, it would be interesting to conduct a research not from microbreweries perspective, but from beer drinkers side, in accordance with each step of brand resonance model.

Finally, as the results of this study showed, brand loyalty can be disregarded by a microbrewery as a process in brand relationship step according to brand resonance model. Therefore, it could be interesting to find out whether this issue is considered or how it is managed by different microbreweries.
References


**Electronic sources**


**Interview**

APPENDICES

Appendix 1. Interview guide

1. Brand strategy and elements:

- Does your brewery have a brand strategy? What are your values?

- Which brand elements (name, logo, symbols, colors, packaging, slogans, etc.) do you include in branding of your beer? Which of them are most important?

- Are your brand name, logo and symbol meaningful and distinctive to customers? Do you pay attention to proper packaging and colors used in this? Does it make your brand recognizable and different?

2. Marketing communications:

- Which marketing communication channels do you use for promotion and branding your products?

- Which channels are most effective in your opinion? How you measure effectiveness?

3. Brand awareness:

- What is intended brand identity that your brewery communicates to customers?

- How do you create brand awareness of your products?

- Does your brewery have a good level of awareness?

4. Brand meaning:

- What is your brand meaning? How do you create it?

- How can be described the value that your brewery brings to customers?

- How would you describe your target customers?

- Do you consider customers’ gender, age, income or professions?

- Are your products can be bought in specialty stores/bars or in any alko store?

- What are the characteristics of your brewery brand personality? (e.g. honest; down-to-earth; cheerful; daring; spirited; imaginative; reliable; intelligent; successful; upper-class; charming; tough).

- Do you use ‘country-of-origin’ for brand meaning?

- Is product performance/quality a key determinant for your beer?
5. Brand responses:

- Do you pay attention to responses/experiences from your consumers for improving the product?
- What kind of feelings your brand strives to develop in customers? (e.g. fun, excitement; self-respect; social approval; etc).

6. Brand relationships:

- How do you support relationships with consumers? Which marketing channels help to do so?
- Do you have a data about loyal consumers?

7. Brand Equity:

- Knowing, that asked above relates to a brand equity, can you say that brand equity building exists in your brewery? (from creation of 1. brand awareness and 2. meaning, to development of positive 3. responses and 4. loyalty from consumers).
- In your opinion, which steps are most important? Do you have all of them fully in your brewery branding?
Appendix 2. Main beer brands of Hiiumaa Pruulikoda
Appendix 3. Baltic beer star medals
Appendix 4. Hele lager label design
Appendix 5. Toomu Iidlane label design
Appendix 6. Gift packaging