

LAPPEENRANTA UNIVERSITY OF TECHNOLOGY

School of Business

Master's Degree Program in International Marketing Management

**BRAND EQUITY MEASUREMENT IN BUSINESS-TO-BUSINESS  
PROFESSIONAL SERVICES**

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## **Abstract**

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The significance of brands in business-to-business environments has grown notably in the past decades. The competition is fierce and in the field of professional services the employees have significant role in delivering the service and experience to the customer, which links to the brand. The objective of this master's thesis is to identify how brand equity could be measured in professional business-to-business services combining the perspectives of employees and customers.

The theoretical base of the thesis lies in the concepts of branding and brand equity. In pursuance of answering the main research question, in addition to literature review, a quantitative research was conducted among employees and customers of media agency ToinenPHD. The data for this research was collected by internet-mediated survey. In total 35 employees and 64 customers responses were gathered for the research during January-February 2017.

The results of the study reveal that the customer based brand equity and employee based brand equity are not related but are independent concepts. In the light of this result, companies in the field would not need to emphasize joint branding efforts with departments of marketing and human resource management.

## Tiivistelmä

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Brändien merkitys yritysten välisessä liiketoiminnassa on kasvanut huomattavasti viimeisten vuosikymmenten aikana. Kilpailu on kovaa ja ammattilaispalveluiden alalla työntekijöillä on merkittävä rooli asiakkaalle suunnatun palvelun ja kokemuksen tuottamisessa, joka yhdistyy yrityksen brändiin. Tämän Pro gradu – tutkielman tavoitteena on selvittää kuinka brändipääomaa voitaisiin mitata yritysten välisissä ammattilaispalveluissa yhdistäen sekä henkilökunnan että asiakkaan näkökulmat.

Työn teoreettinen perusta pohjautuu brändäyksen ja brändipääoman konsepteihin. Tutkimuksen pääkysymykseen vastaamiseksi, kirjallisuuskatsauksen lisäksi, toteutettiin kvantitatiivinen tutkimus mediatoimisto ToinenPHD:n henkilökunnan ja asiakkaiden keskuudessa. Data tätä tutkimusta varten kerättiin internet-pohjaisella kyselyllä. Yhteensä 35 työntekijän ja 64 asiakkaan vastaukset kerättiin tammi-helmikuussa 2017.

Tutkimuksen tulokset paljastavat, että asiakkaisiin perustuva brändipääoma ja henkilökuntaan perustuva brändipääoma ovat itsenäisiä konsepteja, eikä niiden välillä ole suhdetta. Tämän tuloksen valossa alalla olevien yritysten ei tarvitse panostaa markkinointiosaston ja HR -osaston yhteisponnisteluihin brändin rakentamisessa.

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Helsinki, May 2017

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## TABLE OF CONTENTS

1. INTRODUCTION .....	8
1.1. Background of the study .....	9
1.2. Literature review .....	12
1.3. Research questions .....	13
1.4. Theoretical framework.....	14
1.5. Key concepts .....	14
1.6. Delimitations .....	15
1.7. Methodology .....	16
1.8. Structure of the thesis .....	16
2. BRANDING.....	18
2.1. Defining brand.....	18
2.2. Branding services .....	20
2.3. Branding in business-to-business environment.....	23
2.4. Employer branding .....	24
2.5. Branding professional services in B2B.....	26
3. BRAND EQUITY .....	28
3.1. Defining brand equity .....	28
3.2. Customer based brand equity .....	32
3.2.1. Constructs of brand equity in CBBE .....	35
3.3. Employee based brand equity.....	37
3.3.1. Constructs of brand equity in EBBE .....	39
3.4. Brand equity measurement framework .....	40
4. RESEARCH METHODOLOGY .....	43
4.1. Nature of the research .....	43
4.2. Data collection .....	45
4.3. Reliability and validity.....	48

5. EMPIRICAL RESULTS.....	50
5.1. Description of the cases.....	50
5.2. Principal component analysis.....	52
5.3. Descriptives of the components and their reliability .....	58
5.4. One-way analysis of variance .....	59
5.5. Correlation analysis.....	62
5.6. Regression analysis .....	63
6. DISCUSSION & CONCLUSIONS.....	66
6.1. Summary of findings .....	66
6.2. Theoretical contributions .....	68
6.3. Practical implications.....	69
6.4. Limitations and future directions .....	71
REFERENCES.....	73
APPENDICES .....	80
Survey / clients .....	80
Survey / employees .....	81
Final principal component analysis / Employees .....	83
Final principal component analysis / Customers.....	87
Regression analysis / Customer brand perception .....	90
Regression analysis / Customer brand image .....	91

## LIST OF FIGURES

- Figure 1 Theoretical framework
- Figure 2 The research onion of the study (Modified from Saunders, Lewis and Thornhill, 2009)
- Figure 3 Number of years in client relationship with ToinenPHD
- Figure 4 Number of years of service at ToinenPHD

## LIST OF TABLES

- Table 1 Definitions of brand equity listed by Pekka Tuominen (1999)
- Table 2 Studies conducted in customer based brand equity
- Table 3 Studies conducted in employee based brand equity
- Table 4 Measures of the study
- Table 5 Summary of primary component analysis / Employees
- Table 6 Summary of primary component analysis / Customers
- Table 7 Final components of employee brand equity
- Table 8 Final components of customer brand equity
- Table 9 The descriptives of the components and their reliability
- Table 10 ANOVA / Customers / Years of relationship
- Table 11 Post hoc test of customer brand perception
- Table 12 ANOVA / Employees / Years of relationship
- Table 13 Means of employee brand equity constructs / years at service
- Table 14 Correlations between the central constructs
- Table 15 The main results of linear regression analysis

## 1. INTRODUCTION

Branding has interested and has been a topic of conversation for both academics and practitioners for the past few decades. Its modern era started as a way for consumer products to differentiate themselves from the competition and has continued to be researched and applied in other contexts as well. Actions taken towards branding of products, services or companies accumulate in the minds of customers.

In order to make the branding and marketing more credible, the business executives and other company management is demanding hard figures that show them how their investment in marketing is building up a return on investment. In order to find out which actions take the brand to the desired direction of the practitioners, the concept of brand equity has been developed. Multiple models of measuring brand equity from various perspectives have been suggested and tested in different contexts.

However, the field of research lacks consensus over the issue how the brand equity should generally be measured. The reason for this could be due to ambiguity of the concept, or the absence of thorough research in various fields of business. Additionally, there have been multiple perspectives to measure the brand equity from. Currently, largest research base is around customer based brand equity, but employee based brand equity has emerged alongside with rise of service economy where the employees have a significant impact on the delivery of the purchase.

The aim of this study is to find a way to measure the brand equity in professional business-to-business services, more specifically in the media agency industry. The goal is to find a suitable model and suitable constructs for the measurement of the brand equity, from perspectives of the customers and the employees as well, while taking into consideration the peculiarities of the industry and the services.



In addition, the study will look into the impact that employee based brand equity has on the customer based brand equity. Since for professional business-to-business services the most important intangible assets are both customers and employees of the company, it is important to measure the brand equity from both perspectives and look for any significant impacts that the employee results might indicate to have on customer's brand valuation.

After this introduction, the first chapter of the thesis will present the background of the study, review of the literature that has contributed the most to field and the construction of the theoretical background of this study. Followed by, the research problems that are in the focus, theoretical framework of the study, definitions of the key concepts, and the methodology that was applied to the research. Finally the structure of this thesis is presented.

### **1.1. Background of the study**

Working in a creative flat organization with minimal hierarchy and bureaucracy and with noisy open-plan workspace, might sound like a nightmare for many people who love peace and organized workflow. However, thanks to these factors, the idea of this study began with an overheard discussion between members of the board of directors. This study is conducted as commissioned by a Finnish branch of international marketing communication group, Omnicom Media Group Finland.

Omnicom Media Group is the media services division of Omnicom Group Inc., the leading global advertising, marketing and corporate communications company, providing services to over 5,000 clients in more than 100 countries. Omnicom Media Group includes the full service media networks OMD Worldwide and PHD Network, leading global data and analytics company, Annalect, as well as several media specialist companies including search specialist Resolution, digital trading platform Accuen, Novus, Optimum Sports/Fuse, Outdoor Media Group, Content Collective, and direct response agency Pathway. (Omnicom Media Group, 2016)

According to their own words, the company group “offer unparalleled clout in the marketplace, as well as a depth of capabilities and experience to drive leadership and innovation in every media type. In order to maximize our investment in building out best-in-breed capabilities, ensure we can draw industry-leading talent and bring the maximum market leverage to bear for our clients.”

The setting and the environment of this research is set to a Finnish media agency of the group, ToinenPHD. The services that media agencies nowadays offer to advertisers are comprehensive in the area of marketing and in the recent years, the significance of media agency cooperation for advertisers has grown as the consumer media landscape has been in constant change and diversification.

Pimenoff (2009) states that media agency is often involved in all phases of the planning and execution of marketing communication. He adds that successful cooperation is based on systematic and long-term operations, with emphasis clear operating models, research, constant surveillance of result. Not to forget the good personal relations and creativity.

The similarity of service process, and bearing in mind that advertising agencies used to provide the services that media agencies are specialized in nowadays, tempts to equate these two agencies when observing the previous research. However, no earlier research in the field of media agencies was found concerning the brand equity measurement.

In general, Pimenoff (2009) lists media agency services to include; strategic planning, media landscape analyses, yearly agreement negotiations, campaign planning and price negotiations, campaign analyses, invoice traffic and complaints, research services, international briefs, and education and dissemination of update information from the industry.

Overall, the offerings in the competitive field are very much similar and finding competitive advantage and differentiation is difficult. Therefore, finding a tool for managing the brand of the media agency service could provide an opportunity to

stand out from the competition. This study will take into consideration the process and interactive nature of the services and look into the branding of services in business-to-business professional services context from both the employee and customer perspective.

The importance and variety of services, and the significance of brands in today's business world, especially in developed countries, made me choose the topic as I find it interesting in both academic and managerial perspective. I also believe that the topic is crucial for any manager in a service marketing company and find it useful towards my future professional career.

Luckily, my interest in the topic and the needs of my current employer met. In cooperation with the managing director of media agency ToinenPHD Ltd and the CEO of the Omnicom Media Group Finland, the challenge and the opportunity for its business was found. In the current situation there are multiple actors in the Finnish media agency market, including but not restricted to Dagmar, Virta, Dentsu Aegis Network, GroupM and few others.

The competition between these companies is harsh and differentiation through offerings and other factors is difficult as only employees and the brand are what differentiate these players in the market. So far there is no research conducted how the brand equity of a media agency should be measured.

This study aims to develop and validate a measure that can evaluate the value of the brand equity in order to find a tool for auditing the internal and external brand management efforts, which can guide the brand management actions both externally and internally.

## **1.2. Literature review**

The concept of brand equity is not new as it has been introduced in the early 1990s. Tuominen (1999) note that the term was not clearly defined but practically it signified brands being noted to be financial assets and their importance should be identified by the high level managers and the financial markets.

Since then it has been widely discussed and the theories have been applied to many different contexts and viewed from different perspectives. Major study lines in marketing have been on brand equity of products and services, both in consumer markets as well as in business-to-business markets.

Later, human resources management has applied the branding principles to their field of study and the concept of employer brand was introduced by Tim Ambler and Simon Barrow in 1996. This study is approached through attempt to unify the measurement of total brand equity which consists of the employee and the customer based brand equity. Theoretical background information for this research will be based on studies from these viewpoints, which are collected primarily from academic articles from various journals from relevant fields.

A compelling theoretical contribution to this research is taken from the studies of by David Aaker in 1991 and 1996 and Kevin Lane Keller in 1993. Their models of brand equity provide the important perspective and base to the customer based view that has been elaborated and developed by other researchers around the world. The research by Ceridwyn King and his co-authors in the 2010's contributes to the employee based view. Together these models provide the support to the theoretical framework of this research.

As no previous research based on unified measurement of employee based brand equity and customer based brand equity was found, the literature research on the subject of brand equity on professional services and the perspectives of both employees and customers has revealed a clear research gap. However, few authors have noticed the synergy between these two. Within the previous work,

there was no commensurable model found for measuring brand equity from both perspectives. This study is aiming to find a way to measure the brand equity from both perspectives and the research questions of this study are presented in the next chapter.

### **1.3. Research questions**

The aim of this thesis is to research how the brand equity should be measured in the business-to-business professional services from both, the customer and employee point of view and to find out how the employee based brand equity and the customer based brand equity relate to each other.

The main research question is:

What constitutes the employee based brand equity and customer based brand equity in professional services in business-to-business setting?

The sub-questions are:

1. What are the special characteristics of business-to-business branding?
2. Which are the determinants or drivers of brand equity from the viewpoint of customers and employees?
3. What relation does employee based brand equity and customer based brand equity have?

## 1.4. Theoretical framework

The research framework is portrayed in Figure 1, which shows the used model for measuring the brand equity of media agency based on literature review and amended by the empirical study. It takes both employee and customer perspectives into account and was tested empirically.

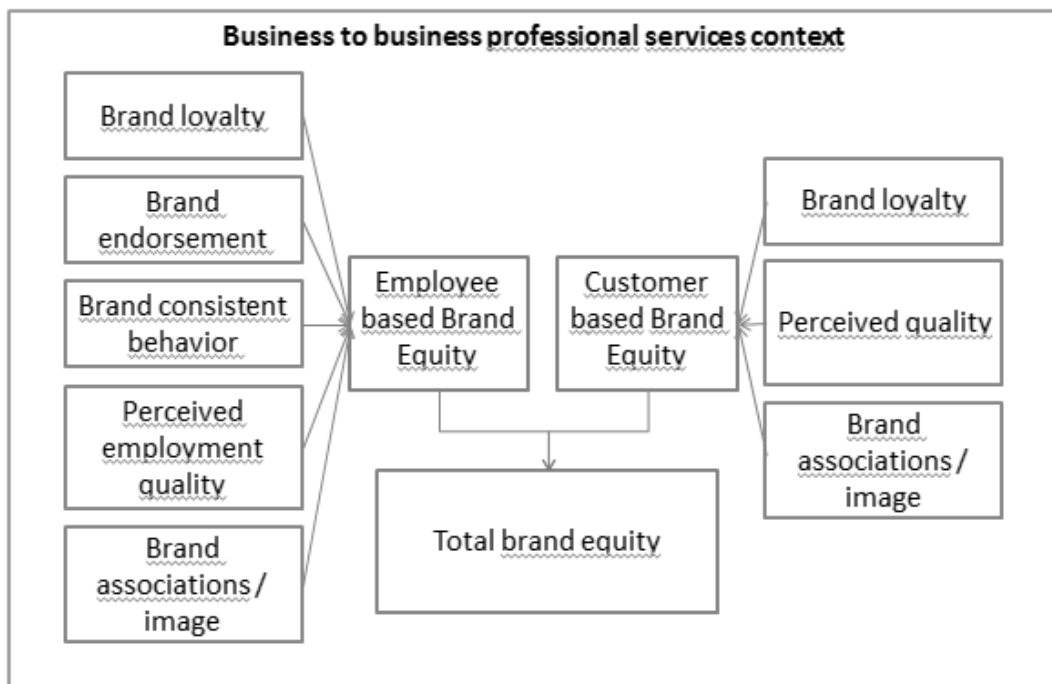


Figure 1 Theoretical framework

## 1.5. Key concepts

### Brand equity

Aaker (1991, 1996) provides the most thorough and referred concept of brand equity, he defined it as “a set of assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firms customers”. According to Aaker, brand equity consists of 5 dimensions, including brand awareness, brand associations, perceived quality, brand loyalty and other brand-related assets.

### **Customer based brand equity**

Customer-based brand equity (CBBE) is defined by Keller (1993) as contrasting response of consumers to the marketing of brands based on their brand knowledge. According to Keller, positive customer based brand equity occurs when consumers react more in favor to, for example, advertising for a brand than they would react to the advertising of unbranded product or service.

### **Employee based brand equity**

Similarly to CBBE, King and Grace (2009) define the employee based brand equity (EBBE), as the differential effect that brand knowledge has on an employee's response to their work environment.

### **Business-to-business**

Jayawardhena et al (2007) have identified that business-to-business context differs from business-to-consumer with usually smaller number of customers contributing significant value to business, service encounters are more frequent, service is a process towards longer relationship, and these relationships have closer and deeper interfaces.

### **Professional services**

Ritsema van Eck-van Peet et al (1992) define professional services as services delivered by a provider with skills acquired by lengthy training to apply in practice, competence in a field of knowledge.

## **1.6. Delimitations**

The national context is a concern as the sample will include only Finnish customers and employees. This study is not taking into account the dynamic nature of the brand equity and some of the results can be particular to the industry, company and the time dimensions. Also the study is conducted for the first time and therefore no cross-sectional data available for comparison.

Theoretically, the total brand equity could consist of the three perspectives that have come to prominence in the field of brand equity studies, namely the financial perspective, the customer perspective, and the employee perspective.

Additionally, the brand equity study could take into consideration the potential employees and potential customers as a stakeholder. This study will be limited to find a suitable measure for measuring the brand equity of the current employees and current customers. Therefore, financial metrics of the brand equity and the potential stakeholders are out of scope in this study.

### **1.7. Methodology**

The empirical testing of the model, formulated from the theoretical research base, will be conducted by survey method. The problems associated with this method including respondents to be uninterested to take part in the survey, decrease of validity with questionnaires that are structured, essential issues on wording the questions on the questionnaire in a proper way. These limitations will be carefully taken into account during the study in order to negate their possible effects.

The models and its constructs have been adopted and adapted based on the literature review. The constructs were measured on 7 point Likert scale and the data were collected via an online survey of 35 employees who work in ToinenPHD, sourced from an employee database list and 64 customers of ToinenPHD, sourced from the client data base.

### **1.8. Structure of the thesis**

In this master's thesis there are 6 chapters. This introduction led the reader to the background of the study, the setting and the execution. The following chapters will present the theoretical part of study, which creates the foundation for the empirical part.



In the second chapter, the context of branding of business to business professional services is elaborated. Followed by the third chapter where the focus is directly in the main concept of this study, brand equity and its measurement from multiple viewpoints. After presenting the main concepts and the context, the model for empirical measurement is presented.

The thesis continues to present the research methodology and specifying the research design and methods, including data collection and analysis methods, and the reliability and validity. Then the thesis will continue to findings and discussions and finally the conclusions are drawn from the study.

## **2. BRANDING**

This chapter presents the findings from literature review. The process of reviewing literature for this study began already two years ago, when looking for suitable and interesting topic. Branding had always been fascinating and employment in professional services finally sealed the choice of topic.

In this review, the topic has been approached with terms like service marketing, branding, brand equity, customer based brand equity, and employee based brand equity. Aaker and Keller have been pioneers in the field and much of the reviewed work are based on their principles. In the search for relevant articles for the topic, Google Scholar and LUT Finna, that provides access to international databases and journals, have been utilized.

### **2.1. Defining brand**

Even though brand has been a buzzword of modern era of marketing, the history of branding starts all the way back to the times of ancient cultures. Landa (2005) summarizes the history of brand in his book *Designing Brand Experience: Creating Powerful Integrated Brand Solutions*. He states that starting off from the time people have crafted goods for business or marked the ownership of their property, there have been various ways to do so with.

For example, trademarks, symbols, signs etc. This was done so that the makers of the goods could stand out from the offering and remind the buyer of the producer and the place it has been done. This would finally remind the buyer of the quality of the produce and possibly lead to repurchase.

Landa (2005) also points out the branding of property example, which many times lead to the era of cowboys in Northern America where herds of cattle were grazing on prairies could mix with cattle of another owner. Therefore, in the beginning cattle were branded with paint or pine tar but later on they were branded with hot irons. Even humans have been branded in the past to signal the ownership of

slaves or belonging to a group which is rejected by the community (for example criminals and Jews under Nazi regime).

Looking into the etymology of noun brand, according to Harper (2001) and his Online Etymology Dictionary, the old English word brand, brond stands for "fire, flame; firebrand, piece of burning wood, torch," and similar significances can be found in Germanic languages.

The dictionary states the meaning of branding to be "identifying mark made by a hot iron" (1550s) broadened by 1827 to "a particular make of goods." Even though branding has had very negative connotations from the modern perspective in the past, nowadays it is mainly referred as a marketing concept.

The significance of marking or branding products, crafts, humans, or anything, lies in psychological studies and the human associative memory theory. Van Reijmersdal et al (2007) studied the effects of brand placement in television on brand image and they elaborated the human associative memory theory, which states that in human brain and the memory, the associations though stimuli are connected to each other like a network.

Associations in memory can be intensified when two stimuli are seen or experienced together. As a result, there is a learning process, where given associations, such as quality is connected to a brand, which on the other hand can be linked to other related matters, such as producer of the brand.

Good example of this networking of human memory is the mind maps that are familiar to many students. If they are asked to create a mind map around a brand, it will show all the associations that they have built around the brand in question. In advertising, the brand and the desired associative attributes are the stimuli that are paired.

As a consequence after consumer views the advertisement the associations with the advertisement and the brand become linked in the memory. The key for

building the link between associations lies in the repetition which strengthens the link each time that person is altered to the stimuli.

As a concept branding has been a hot topic of marketing since its modern birth. Kotler and Pfoertsch (2007) see that brand is an intangible concept which translates as a promise, a collection of perceptions observed with all senses about certain product, service, or business. David Aaker is considered as a father of modern branding and he has contributed a lot to the field. Modern branding has started off with the consumer products context and has been widely researched especially in the fast moving consumer goods industry, where commodities are hard to differentiate.

Leek and Christodoulides, (2011) state that strong brands can give consumers confidence, satisfaction, and feeling of reduced risk while owners of strong brands can enjoy higher perceived quality, improved differentiation compared to competition, grown demand, possibility to charge price premium, having higher customer loyalty and possible other advantages compared to unbranded competition.

Leek and Christodoulides, (2011), also sum in their article the past of branding being linked to the product and being a process of adding value to the product. Biedenbach (2012) sees the reason for researchers not reaching a consensus on the optimal model of building a strong brand due to two issues. First, the large selection of actions that can be taken towards building a strong brand and secondly, the complexity of customer decision making process.

## **2.2. Branding services**

Even though the starting point of brand and branding has lied in product, the importance of branding for services has been noted as well. The field of service marketing is relatively young as in 1970's and early 1980's; researchers noted that services had unique challenges that were not addressed in existing research that was based on the production of goods. (Berry and Parasuraman 1993; Fisk et al

1993). Since 1980's the paradigm in services marketing has been that services are distinct from goods (Fisk et al, 1993)

Lovelock and Gummesson (2004) see that the field is important to study as the service markets are larger than ever, the intensity of competition in services has presumably never been higher, and in the developed countries the growth in employment is practically acquired from services.

The service sector was also estimated to represent 72.8% of the gross domestic product in 2013 in European Union economic area by CIA World Factbook (2012). In addition, in the wider perspective the dominant logic of marketing is under debate to be changed from goods to service provision by Vargo & Lusch (2004) which also keeps the field dynamic.

Defining services is not simple. Edvarsson et al (2005) conducted critical review on how "service" is presented with the research in the field. Many scholars see services as activities, deeds, processes, and interactions. Alternative definitions presented include: changes in the condition of a person or possessions of the customer, service as a part of wider concept of a product, service is a process or performance, or services are solutions to problems of customers. These definitions are seen as too narrow (ibid.)

Scholars have also debated on what distinguishes services from goods. The work of Zeithaml et al. (1985) presented the most frequently cited characteristics of services to be intangibility, heterogeneity, inseparability, and perishability, also known as IHIP. Later on these characteristics have also received criticism (Vargo & Lusch 2004; Lovelock & Gummesson, 2004). Edvarsson et al. (2005) see that these characteristics do not take into consideration the process and interactive nature of the services.

Lovelock and Gummesson (2004) also note that not all services are similar to each other and that different service categories have differences in applicability of the before mentioned service characteristics. In his article Moorthi (2002) cites

Dobree and Page, who have listed five points how to brand services effectively. First step is to build brand proposition, secondly, overcoming internal barriers, thirdly the delivery against the proposition should be measured, then continuously improve performance and lastly, expand.

Kimpakorn and Tocquer, (2010) see that even though the concept of branding is rooted in the fast moving consumer goods, service industry can certainly learn from the accumulated knowledge. However, they admit that the characteristics of services, especially their intangibility and inseparability between production and consumption, have to be taken into account.

The logic behind branding goods and services is same, focusing on building the brand equity and maximizing the advantage from it so that the relationship between the brand and its clients strengthens. As declared by Kimpakorn and Tocquer (2010), the difference between branding goods and services is emphasized in the high contact services where the service delivery is occurring during several touchpoints between the client and the service provider.

Though according to Maio Mackay (2001) the academics and managers have been more interested in the significance of a brand in one-off transactions like FMCG purchases, the importance of a brand in service markets deserve the similar consideration. Service companies can have similar advantages and the rationale for branding goods and services seems to be the same.

However, Maio Mackay (2001) notes that there might be a possibility that since the differences in services and goods are known, there could be need for different measures in estimating the brand equity. Nonetheless, her study in financial services market suggested that the most of the measures that have been used in estimating the brand equity for FMCG markets are also transferrable to the services markets.

Opposing to this, Kennett and Sneath (2015) have also researched already in the 90's whether the existing measures of the brand equity would be suitable for

measuring services. Their results indicate that the measures could require modification in order to suit the nature of services; however, their study was executed in the context of business-to-consumers services. Their findings also pointed out the possibility for negative brand equity, however further research was called after to find out whether it is only linked to services.

### **2.3. Branding in business-to-business environment**

During years, branding has evolved in many ways and the learnings from the past are applied in other contexts as well. Glynn and Woodside (2009) have noted in their research, that nowadays the 100 most valuable brands listed by Interbrand include many that have business-to-business focus, even four out of the top ten. They also emphasize that even though in the past the majority of the research has focused on the consumer branding, there is a trend to be seen on increasing interest towards research on the business-to-business (B2B) branding.

Kuhn et al (2008) point out that in the brand research there has not been a clear distinction between consumer and industrial brands and the difference between the consumer and business-to-business markets have been discussed more in other contexts. Additionally, the B2B buyers have been noticed to differ in their type of purchase and the process in decision making. Kuhn et al (2008) state that it would be only reasonable that there is a difference on what makes the brand valuable in consumer market compared to business-to-business market.

Glynn and Woodside (2009) see that the focus of B2B branding research has evolved as well. Beginning from the product perspective, focusing on whether or not B2B companies should invest on branding their products in the first place. Continuing to apply the frameworks, which are developed by the branding pioneers like Aaker and Keller, and further expanding to include services and non-industrial contexts.

Keränen et al., (2012) highlight in their review how the B2B transactions are usually of higher value than consumer transactions and still the previous research has focused on the consumer context. They point out that B2B branding research is seen as understudied, sparse, ignored and underdeveloped compared to industry practice but see that B2B companies are increasingly looking to find a competitive advantage from branding.

Kotler and Pfoertsch (2007) state in their literature review that brands in business-to-business markets play the equal role as in consumer markets and their importance is growing since the choice that customers have has rocketed in almost all areas and the number of potential suppliers in our globalizing world is staggering, which leads to situation where the buyer cannot know them all, or even check them appropriately.

Another important point from Kotler and Pfoertsch (2007) is that in business-to-business environment the brands do not solely reach the customers but all parties involved with the company, including investors, employees, partners, suppliers, competitors, regulators and local community.

#### **2.4. Employer branding**

Human resources research has also applied the marketing concepts to employer branding and therefore a perspectives of employees have emerged in brand equity studies. In 1996 Tim Ambler and Simon Barrow from London Business School were the first to use the term “employer brand”, and they suggest that significant synergy exists between the processes of brand management and human resources. They define the term as *“the package of functional, economic, and psychological benefits provided by the employment, and identified with the employing company”*.

Since that, there have been multiple authors to research the subject, including Backhaus and Tikoo (2004) who define employer brand as concept of a firm



differentiating it from competition and employer branding as the process of building an employer identity that is both identifiable and unique.

Sullivan (2004) defines employer branding as *“a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to particular firm”*. To summarize this, employer brand is the tool for employers to stand out from the competition just like brand is used in consumer markets and employer branding is the activity that is aiming to affect the employer brand.

Heilmann et al (2013) have researched the employer branding in power companies and they state that the theoretical base of employer branding has not yet been fully developed as the practitioners have given more attention to the subject than the academia. They present that benefits of employer branding include better employer attraction, increased employee productivity, reduced HR costs, improved job satisfaction, efficient recruitment and advanced employee retention. Considering all these factors, all practitioners should be interested in managing the multiple facets of their brands.

Ritson (2002) shares his view on how the strong brands traditionally have four typical effects on markets. He lists decreased customer acquisition costs, profitable relationships between customer and the producer, increased loyalty and customer retention, and willingness to pay price premium. Nowadays, he sees that these factors are more and more used on different stakeholders, specifically employees.

He (ibid.) claims that if company has a strong brand and is capable of taking advantage of this, these four factors can take effect also in the human resource market. In other words, strong brand employer can expect decreased employee acquisition costs, improved relationship between the employee and the employer, higher employee retention rate, and lower salary costs. Schlager et al (2011) also agree on these effects and add a note how strong employer brand can affect a

service brand positively as the service brand is built out of the interaction of the customer, employee and the company.

Ritson (2002) also adds that the combination of customer and employer brand is powerful, but the challenge is that these are often two separate departments in an organization. Companies that can find the consolidation of these two facets will be the ones to find competitive advantage.

## **2.5. Branding professional services in B2B**

Ritsema van Eck-van Peet et al (1992) define professional services as services delivered by a provider with skills acquired by lengthy training to apply in practice, competence in a field of knowledge. Nachum (1996) argues that professional services are characterized by knowledge, which is fundamental as an input and output of the service production process. He adds that output is also used in the client's production process in an activity that differs from the one of providers.

Thakor and Kumar (2000) see that service can be held as professional if it fulfills the conditions; 1) based on expertise of the provider 2) quality of service is not easily evaluated by clients 3) the service delivered is seen very important 4) the nature of the service needed is difficult to identify for the client 5) word of mouth plays important role in the selection of providers.

Unexperienced organizational service clients can be challenged with low knowledge of their own needs or low evaluative criteria during or after the service delivery. The client therefore has to trust in the professional knowledge and the skills of the service provider that provides highly customized service to the client. (Sharma and Patterson 1999). Triki et al (2007) argue that the main characteristic of professional services is that these services are a product of the interaction between the provider and the client.

Therefore the quality of input has a great effect also on the quality of output. Also the context of business-to-consumer versus business-to-business services has distinctions. Kong and Mayo (1993) argue that it is widely known for business-to-business relationship to be characterized with closer and deeper interfaces than the consumer context.

Sharp (1996) refers to brand equity and sees that also professional service companies can have intangible assets and even have bigger possibility to build larger proportion of the company's asset base on that than the manufacturing companies. He points out the difference in professional services companies compared to consumer goods through the offerings.

Manufacturers usually have standardized offering while professional services are more adaptive. Another valid point that Sharp (1996) makes is that in professional services the brand equity is not always solely tied to the company or brand name, but also to the names of the individual service providers (employees) inside the company.

### **3. BRAND EQUITY**

#### **3.1. Defining brand equity**

In his research article, Chowudhury, (2012), explains the background of brand building to be related to the turbulent markets with high costs and risks, which have increased the interest towards brand management. According to his literature review, brand equity has been on high priority list of marketing research, since its appearance in the 1980s. It has been and still is one of the hot topics in marketing in the past years (Buil et al 2008; Kenneth and Sneath 2015).

As brand equity has been a buzz word for marketers and scholars for the past few decades, various definitions have been presented. David Aaker (1991) defines brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by the product or a service to a firm and/or to that firm’s customers”.

Aaker sees these assets can be divided into 5 dimensions, which are brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets. In his further studies, Aaker (1996) points out that these measures might not be directly transferrable to all contexts but can work as a starting point.

Keller (1993) similarly defines the brand equity as “differential impact of brand knowledge on consumer response to the marketing of the brand”. His model of brand equity consists of 6 components: brand salience, brand performances, brand imagery, brand feelings, brand judgments and brand relationships.

Keller notes that building a brand demands 4 consecutive steps, starting from building brand awareness, then creating brand meanings through imagery and brand performances. Continuing with building brand responses through brand feelings and judgments and as a last step is building relationships between the brand and its customers.

Biedenbach (2012) has researched the brand equity in business-to-business context based on work of both Aaker and Keller and she defines brand equity as “influential trigger of customer specific reaction to company’s marketing activities, which is affected by his or her brand knowledge.” This brand knowledge is formed in customers mind and it has impact on what extent the brand equity could have an effect on guiding customers in their choices and behavior.

Multiple factors influence the formation of brand knowledge, including but not limited to prior experience using brand, promotional efforts, or encounters with company employees (especially in service company cases). However, to increase the value of the brands, the dimensions that form brand equity need to be enhanced.

**Table 1 Definitions of brand equity listed by Pekka Tuominen (1999)**

- a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customer (Aaker 1991, 15),
- a utility not explained by measured attributes (Barwise 1993, 100),
- a differentiated, clear image that goes beyond simple product preference (Barwise 1993, 100),
- the value a brand name adds to a product (Broniarczyk – Alba 1994, 214),
- the added value that a brand endows a product with (Farquhar 1990, RC7; Farquhar – Herr – Fazio 1990, 856),
- the differential effect that brand knowledge has on consumer response to the marketing of that brand (Keller 1993, 2; Keller 1998, 45),
- the combination of brand awareness, liking and perceptions (Moore 1993, 36),
- the added value endowed by the brand to the product as perceived by a consumer (Park – Srinivasan 1994, 271),
- the value attached to a brand because of the powerful relationship that has been developed between the brand and customers and other stakeholders over time (Keegan – Moriarty – Duncan 1995, 323),
- the incremental price that a customer will pay for a brand versus the price for a comparable product or service without a brand name on it (Keegan – Moriarty – Duncan 1995, 324),
- a long-term relationship with those people who loyally buy the brand over and over again (Keegan – Moriarty – Duncan 1995, 340),
- the accumulated brand support by all stakeholders, not only by customers (Duncan – Moriarty 1997, 10),
- a product of the total net brand support of customers and other stakeholders that is determined by all communication interactions of the company (Duncan – Moriarty 1998, 165–166),
- off-balance sheet intangible brand properties embedded in a company's brand (Kerin – Sethuraman 1998, 260).

In table 1 the multiple different definitions of brand equity are presented but in this study the total brand equity is defined as a cluster of brand advantages and disadvantages that are connected to a brand and its forms of appearance to its stakeholders (including but not limited to name, logo, symbols, personnel, etc.) that increase or decrease the value provided by the company.

This study will look into which dimensions are relevant for the media agency industry from both employee and customer point of view as the customer service

interface in professional services is affected highly by the mutual communication and exchange of information.

Brand equity as a concept has been seen as a relevant tool for business practitioners and as an important field of academic research as strong brands can protect marketers from fierce competition. The importance of measuring brand equity lies in its strategic value in directing marketing strategy, helping in making tactical decisions and giving a base to assess extendibility of a brand.

Kotler and Pfoertsch (2007) see that the brands and brand equity need to be identified as strategic assets of the company, which they as a base for competitive advantage and long-term profitability are. Therefore it is crucial to understand how to measure brand equity (Chowudhury, 2012). As branding studies have started off with the product brand context, so have the brand equity studies.

Brand equity has been often approached from two different perspectives, financial and marketing perspectives, which have been seen as divergent. In their literature review, de Oliveira et al, 2015, found that most of the models that are based on customer-based brand equity (CBBE) view do not give monetary estimation of the brand equity while the financial-based (FBBE) do not take perception of the consumers into account.

However, in their study they develop a consolidated model which takes these two perspectives into account. In the following chapters the marketing perspective, which in the research has been often based on the customer view, will be elaborated more in detail.

The nature of this study will not take a stand on creating an overall model which would include the financial perspective. This financial perspective gives the estimation of brand equity in monetary terms such as discounted cash flow (Oliveira et al, 2015). Nevertheless, Christodoulides and de Chernatony (2010) state that, the monetary value of brand equity is the result of the responses that

consumers have to brands and these responses are the force that drive the raised market share and the brand profitability in the market.

In the close past, the human resource management has taken the brand equity concept and applied it to their field. This has given birth to a third perspective to measuring brand equity called employee-based brand equity (EBBE). In this study, the objective is to formulate a model that takes into account both customer-based brand equity and employee-based brand equity to estimate the total brand equity of professional services company.

Another challenge to find suitable measures for the total brand equity is that these two perspectives have been very far from each other conceptually and also organizationally, as HRM and marketing are traditionally separate departments in most of the companies and the responsibility of the brand has been granted to the marketing department.

Since brand equity is not a new concept anymore, a vast amount of different models have been suggested from different perspectives and combinations of these perspectives. Burmann et al. (2008) noted while executing their study that over 300 different models exist and most of them concentrate on the customer perspective and the assumption that brand equity stems from the brand knowledge that they possess. In the following chapter the different perspectives of brand equity measurement are presented.

### **3.2. Customer based brand equity**

Rauyruen et al. (2009) have empirically examined the relationship between service loyalty and brand equity. In their model the brand equity consists of customer share of wallet and price premium and the antecedents of brand equity is service loyalty consisting of purchase intentions and attitudinal loyalty and these are driven by habitual buying, trust and perceived service quality.



Their findings indicate that trust and quality perceptions of the service lead to loyalty towards the service provider and therefore effort should be directed to these antecedents. Loyalty is an important part of brand equity in customer based point of view, but it is also interesting to investigate whether loyalty in the employee based view towards brand equity is important.

Buil et al. (2008) have researched the invariance of brand equity scale in UK and Spanish markets with brand equity as multidimensional concept consisting of brand awareness, perceived quality, brand associations, and brand loyalty in business-to-consumer product brand equity context. They point out that many times the constructs and measurement instruments are taken from one context to another without checking their applicability.

However, their findings show that there are no significant differences between markets and the instrument can be used across different markets. Learnings from their study are the importance of correct items and constructs that are studied.

Through their literature review, Kimpakorn and Tocquer (2010) developed a theoretical research model that integrates the goods branding approach with the particularities of branding services. This model consists of 6 dimensions that the authors saw relevant for measuring the value of service brand in customer point of view, including brand awareness, perceived quality, brand differentiation, brand associations, brand trust and brand relationships.

Their findings in the hotel industry context propose that the brand equity can be measured with these dimensions, brand differentiation should be the priority of the practitioners, brand trust is critical, and that strong employee commitment that supports the brand also characterizes the strong brands.

Together with these learnings, the authors point out the importance of human resource management in building the brand internally, which in turn supports the objective of this research to bring the brand in the focus of the both customers and

employees and forgetting the silos of marketing and HRM doing their separate branding efforts to these audiences.

In the below table 2 is the summary of studies conducted in the field of customer based brand equity and the constructs that have been operationalized in these studies.

**Table 2 Studies conducted in customer based brand equity**

Industry	B2C / B2B	Service / Goods	Constructs of customer based brand equity	Author(s) / Year
Hospital	B2C	Service	trust, satisfaction, commitment, loyalty, awareness	Kim et al. / 2008
Finance	B2C	Service	awareness, perceptions and attitudes, brand preference, choice intention	Maio Mackay / 2001
Telecommunication	B2C	Service	brand loyalty, awareness, perceived quality, perceived value, brand personality, organizational associations	de Oliveira et al. / 2015
Telecommunication	B2C	Service	awareness, associations, loyalty and perceived quality	Chowudhury / 2012
Logistics	B2B	Service	awareness and brand image	Juntunen et al. 2011
Finance	B2C	Service	awareness and associations	Çerri / 2012
Banking, Hotel, Health,	B2C	Service	brand awareness and meaning	Hashim & Cyril deRun / 2013
Toothpaste	B2C	Product	brand loyalty, personality, associations, awareness, perceived quality	Gill & Dawra / 2010
Technology	B2B	Product	brand awareness, associations, judgements, credibility, feelings, resonance, relationship	Kuhn et al. / 2008
Soft drinks, sportswear, consumer electronics, cars	B2C	Product	Brand awareness, perceived quality, brand loyalty, Perceived value, brand personality, organizational associations	Buil et al. / 2008

### **3.2.1. Constructs of brand equity in CBBE**

#### **Brand/company awareness**

Aaker (1996) indicates that awareness links to how important consumers view your product or service when facing a buying decision. He notes that there are 6 levels of awareness, which include recognition (knowing that a brand exists), recall (what brands can one remember in given category), top-of-mind (the first brand that comes in to mind when asked for a brand in a category), brand dominance (only brand remembered), brand knowledge (knowing what the brand is about), and brand opinion (having an opinion about the brand).

Similarly Keller (1993) states that the brand awareness depicts how likely and how easy a brand will come to consumers mind. In his view it compiles of brand recognition and recall performances, where recognition means consumers ability to remember being exposed to a brand in the past when indicated a certain brand, and recall is wider where consumers needs to give brands that he/she recalls when given a certain category.

Sharp (1996) points out that awareness is closely associated with familiarity, which in turn has been seen to reduce the risk in the minds of consumers. He sees that aversion towards unknown or foreign is a universal part of human nature.

All in all, brand awareness is the level of familiarity that consumer has with a certain brand and it can be measured either aided (giving brand names) or unaided (giving category or need state).

#### **Brand image/associations**

In addition to the brand awareness, Keller (1993) remarks that the brand image is the other construct in his model. He defines it as “perceptions about a brand as reflected by the brand associations held in consumer memory.” These

associations can further be grouped into 3 sub-categories: attributes, benefits, and attitudes.

Aaker (1996) proposes similar construct in his model but calls it association/differentiation measures, however he elaborates it further by stating it to involve image dimensions that differentiate the category or brand. He also structures this construct with 3 perspectives, namely brand-as-product (value), the brand-as-person (brand personality), and the brand-as-organization (organizational associations). To summarize the brand image/associations, this construct measures how consumer feels about your brand.

### **Brand loyalty**

Though Keller's model only has 2 constructs, Aaker's model continues with couple other measurements, such as brand loyalty. Aaker (1996) states that loyalty is one of the core dimensions of the brand equity as loyal customer base will hinder the new entrants, give chance to charge price premium, allows to take time to answer competitor innovations, and equally importantly, protects against destructive price competition. He suggests that the brand loyalty can be measured through the willingness to pay price premium and the satisfaction of the past interaction with the brand.

### **Perceived quality**

Last measurement of Aaker (1996) model that uses consumer as a data source is the perceived quality together with leadership. Aaker notes that it is linked to other brand equity elements and is shown to be linked to price premiums and elasticities, in addition to higher brand usage and stock returns. However, Aaker (1996) adds that measuring perceived quality alone in a dynamic market would not capture the changes in competitive landscape as perception of the quality could remain the same though competition would advance their product. Therefore, questions about brand leadership should be added to this measurement.

### **3.3. Employee based brand equity**

Literature review showed that in the past there has been already shift in HRM research towards the models of marketing. Cardy et al. (2007) have explored the theoretical framework for employee equity by taking the theory of customer equity from marketing to HRM setting by viewing employees as internal customers. This approach is shifting the focus in HRM research from tasks to people as a unit of analysis.

The importance of viewing employees as internal customers is highlighted in professional service organizations where it is the employees that create productivity, not the work in itself or machines. Schlager et al (2011) also highlight the importance of employees in establishment of service brands and note that it is easier for companies to manage their employees than their customers as they are simply closer.

Cardy et al. (2007) see that the customer equity objective is to increase the retention of customers and profitability in the end, and that this would also translate to the employee viewpoint. For many organizations nowadays decreasing the costs caused by employee turnover, including recruitment, training, and loss of tacit and intangible knowledge is more and more important as today's work life is mobile and not as loyal as compared to the past. Backhaus and Tikoo (2004) also state employer brand equity should reassure the current employees to remain with employing company and give their support.

DeIVecchio et al. (2007) claim that in HR the effect that brand equity has on decision making of employees has been disregarded, which they see shocking since just like choosing a product or service, choosing a job holds a remarkable uncertainty and risk. They are also surprised on the negligence as for most organizations the human resources produce the highest costs and also the highest competitive advantage.

Their research indicates that job seekers are more likely to seek employment in a company with strong brand but they also note that just like consuming brands, being employed to a strong brand can be seen as socially enhancing to employee.

In addition, DelVecchio et al. (2007) found that emphasizing the brands can help companies to attract and retain leading human resources, as well as drive lower employment costs. This is also supported by Schlager et al (2011) noting that the primary objective of employer branding is to attract high-potential workforce by influencing positively the current and potential employees.

Supornpraditchai et al (2007) have also noticed that while the focus of brand equity research has been on the relationship between the brand and its customers, there can be an effect on the employees of the company as well. Supornpraditchai together with her colleagues have conducted a study where they hypothesize that companies with high employee based brand equity are more likely to be successful in conveying the brand promise of their employer to their customers and have higher tendency to stay with their employer for longer period.

Much of the research on company-employee perspective on brand equity is grounded on the fundamental theories of Keller and Aaker. In the below table 3 is the summary of studies conducted in the field of employee based brand equity and the constructs that have been operationalized in these studies.

**Table 3 Studies conducted in employee based brand equity**

<b>Industry</b>	<b>Constructs of employee /internal brand equity</b>	<b>Author(s) / Year</b>
Service	Brand consistent behavior, brand endorsement, brand allegiance	King et al. / 2012
Students	brand awareness, perceived employment experience, employer brand association, employer brand loyalty	Kucherov and Samokish / 2016
Theoretical	brand associations and brand loyalty	Backhaus and Tikoo / 2004
Theoretical	brand associations, brand consistency, brand credibility and brand clarity	Supornpraditchai et al. / 2007
Theoretical	employee perception of organization,	Cardy et al. / 2007

	celebrations, ethics	
Retail	brand knowledge, role clarity, brand commitment	Kwon / 2013

### 3.3.1. Constructs of brand equity in EBBE

#### Brand loyalty

One of the constructs that most authors argue to be included in the equity measurement, whether it is called allegiance, commitment or loyalty. There is debate whether loyalty should be one of the measures for brand equity or is it an outcome.

Baumgarth and Schmidt (2010) claim that one of the quantitative indications of brand equity is the intention to stay loyal to the brand and the employing company. King et al (2012) support this with brand allegiance which shares the same definition, intention to remain with the organization and its brand.

#### Brand endorsement

King et al. (2012) state that one of the employee brand equity components is the degree of employee willingness to communicate positively about the brand (organization) and to advocate the brand. This is notably important in business-to-business employment market, especially in media agency industry in Finland, where most of the current and potential employees know each other through social interactions with suppliers, industry events and other occasions.

Overall, much of the marketing of business-to-business professional services is based on word-of-mouth as the target audiences are small and traditional media vehicles targeted to this audience are scarce.

### **Brand consistent behavior**

King et al. (2012) also see that employee behavior that stem from branding actions by the organizations is one of the employee brand equity measures. Behavior as a brand equity measurement is also discussed in the work of Baumgarth and Schmidt (2010) comprising of both intra-role behavior, which is defined as communication supporting the branding goals, and extra-role behavior, which is the general behavior that supports the brand.

### **Brand associations/image**

Similarly to the customer based brand equity model, brand associations and image are important part of brand equity measurement also in employee perspective. Backhaus and Tikoo (2004) define employer image through functional and symbolic benefits related to compensation and reputation that employees can enjoy.

### **Perceived employment experience/quality**

It is surprising that the perceived quality or perceived employment experience in this context has not received more attention while on the customer based view this is one of the cornerstones of most of the brand equity measurement models. The model of Kucherov and Samokish (2016) has it included.

## **3.4. Brand equity measurement framework**

In this study the brand equity is measured from the perspectives of the current employees and customers. For many brand equity models, awareness is a solid part of the model but in this research context, where the key informants are already in an existing relationship with the brand, measuring awareness serves no purpose.



However, since the nature of the relationship is different for the customer and the employee it is very difficult to use exactly same constructs to measure the brand equity in both groups. There are similarities but in the case of employees, the relationship is deeper as they are part of the brand and they create it together. In addition, it is part of their identity.

The preliminary research framework was presented in the introductory chapter and it is based on literature review. According to that framework the following measures are chosen for this study, presented more in detail in below table 4. It depicts the chosen constructs and measures for the brand equity measurement from the perspective of the employees and customers.

**Table 4 Measures of the study**

Measurement adapted from	Construct	Measuring the brand equity of
Buil et al. (2008) King et al (2012)	Brand loyalty	Customers / Employees
Buil et al. (2008) and Aaker (1996)	Perceived quality	Customers / Employees
	Perceived value	Customers / Employees
	Brand personality	Customers / Employees
	Organizational associations	Customers / Employees
King et al (2012)	Brand endorsement	Employees
	Brand consistent behavior	Employees

The main constructs of this study on both employee side and on customer side are operationalized with same multi-item measures as in previous research conducted by Buil et al (2008), Aaker (1996) and King et al (2012). The above mentioned constructs are operationalized with 3 to 7 items to measure them. The full list of each measure and items can be found in the Appendices.

As mentioned earlier, since the nature of the relationship is different for the customer and the employee it is very difficult to use exactly same constructs to measure the brand equity in both groups. Therefore there is variation in the items

between these two groups in brand loyalty, perceived quality, perceived value, and brand personality.

Only items in organizational associations were exactly same for both groups. Two constructs were measured from employees only, namely brand consistent behavior and brand endorsement. The latter construct could have been operationalized in the customer side as well to measure word-of-mouth more specifically. Now it was a part of the loyalty construct in customer side.

## **4. RESEARCH METHODOLOGY**

This chapter presents the research design and methods used in this study in order to obtain data and how it was analyzed.

### **4.1. Nature of the research**

As this study is conducted in the field of business and management, Saunders et al (2009) have listed the important points, that distinct the field from other research, including drawing knowledge from other disciplines, having personal or commercial advantages, managers who give assignment often are as educated as the researcher, and the research should have practical consequences.

This study covers an international media agency chain office in Helsinki, Finland, more specifically ToinenPHD and its employees and customers. It is combining marketing and human resource management and the aim is to give commercial advantage in the fierce competition. The supervisor at the agency holds a M. Sc degree in business and she is looking forward to the results to give guidelines how the internal brand management should be executed. Based on this, the distinction listed by Saunders fits the practice.

The purpose of this research is to find out how employees and customers value the brand equity for a business-to-business professional service brand and whether there are correlations between dimensions of brand equity from both perspectives. Brand equity as a concept has been researched very much in the past, initially in business to consumer and fast moving consumer goods context. However, there research has extended to other contexts as well and the dimensions have been transferred to measure the equity in different contexts as well.

Also in this study, the dimensions used in the primary data acquisition are based on existing research and the literature in the field. No earlier study could be found

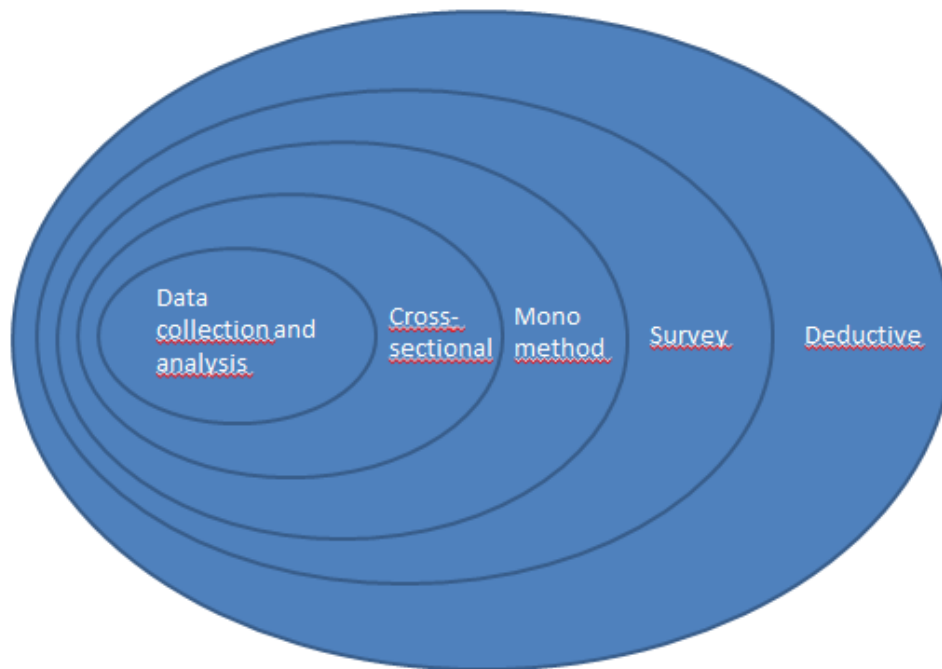
in this context at hand and combining two perspectives was also new to the field of research academically.

In addition from managerial perspective, companies very often measure the client relationship to the company and the employee relationship to the company but forget the importance of the employee-client relationship in especially the industries of strong presence of the employee in delivering the output together with the client. Objective in this study is to find out whether there are correlations between the brand equity valuations of the employees and clients on the company-employee team level.

The primary research in this study is conducted by utilizing quantitative research methods as earlier research is also based on these and the same dimension are measured in this study. In addition, these methods are necessary to be used in order to find the possible underlying correlations between factors and the two above mentioned informant groups.

The structure of study follows the research onion (Saunders, Lewis and Thornhill, 2009), presented in Figure 2. The approach to this research is inductive as the objective is to find how brand equity should be measured from two different perspectives and if there are relations between these two. No existing theory could be found on the subject combining employee and customer viewpoint.

In the light of the results, a theory can be proposed. In the execution of data collection, survey strategy was chosen in order to be able to observe possible reasons for certain relationships between the researched dimensions and the opportunity to produce models of these relationships.



**Figure 2 the research onion of the study (Modified from Saunders, Lewis and Thornhill, 2009)**

In addition, the survey strategy gave more control over the research process and was a valid option for obtaining the larger amount of data in shorter time frame. As the data is collected using single data collection technique and analyzed with corresponding analysis procedures, the research is mono method. Moreover, this study is focusing on brand equity measurement at particular time, making it a cross sectional study. In the following chapter the data collection is presented more in detail.

#### **4.2. Data collection**

A survey was conducted with the objective to measure the brand equity of the agency from the perspectives of customers and employees. As the populations in both groups subject to this study are rather small, 40 among employees of ToinenPHD and 170 among the customers of ToinenPHD. Therefore no sampling will be applied but all the applicable informants are sent the invitation to answer the questionnaire.

In order to qualify to this study, informants have to pass following criteria. For employees group, in order to qualify, the person had to be working under ToinenPHD brand. As for the customer group, in order to qualify, the potential informant had to be working in a company with client relationship to ToinenPHD and working with ToinenPHD representative on a regular basis.

Due to time available, financial restrictions, and the ease of automated data entering, the questionnaires to complete data collection were self-administered internet-mediated questionnaires. These questionnaires were programmed and managed through Questback surveys and feedback solutions system for enterprises. This method also allowed following the amount of responses and sending follow-up reminders when necessary in order to increase the response rate.

In order to maximize the response rate, and both reliability and validity of the data collected, Saunders (2009) suggests to carefully design the questions, consider the layout of the questionnaire, explain unambiguously the purpose, pilot test the questionnaire, and thoughtfully execute the data collection. These points have been taken into account when designing and planning the questionnaire.

Additionally, to reduce the errors in responses, according to Krosnick and Presser (2010), the questionnaires should be built complying the best practices. Their literature review proposes that some scale lengths are superior to others in maximizing reliability and validity. The number of points in a scale could depend on how precise the constructs in question are in respondents' minds.

For example, though 5-point scale might be sufficient, respondent can regularly make more specific distinctions such as feeling slightly favorable, moderately favorable, and extremely favorable toward issues. In these cases 7-point scale would be more desirable than a 5-point scale. Overall, their review proposes that 7-point scales are preferable in most cases.

This is also supported by King et al (2010) stating that 7-point scale has ability to effectively measure opinions, beliefs and attitudes. In general, researchers do not agree upon whether using either 5 or 7 point scale is preferable. During literature review both 5-point and 7-point scales were widely used in measuring constructs in branding and brand equity. However, as this study is measuring opinions and attitudes towards a brand that could have more distinctive perceptions, 7-point scale was adopted for this questionnaire.

The customer questionnaire consisted two background questions, one open question to state the company that the respondent is employed at and other to specify the amount of years in client relationship with ToinenPHD, followed by 18 items to measure 5 dimensions of brand equity for customer perspective.

For employee perspective, there was two background questions as well, one open question asking to list all the customers that are appointed to the respondent and other to specify the amount of years of employment with ToinenPHD. In addition, the questionnaire included 27 items to measure 7 dimensions of brand equity.

All the items on both questionnaires were derived from existing literature and previous research. These items were measured on 7 points Likert scale and therefore the agreement to presented statements was asked with the following scale: "Agree Strongly", "Agree Moderately", "Agree Slightly", "Undecided", "Disagree Slightly", "Disagree Moderately", and "Disagree Strongly".

The questionnaires were approved and piloted with the ToinenPHD representative and then sent out on 24<sup>th</sup> of January, first reminder was sent out on 2<sup>nd</sup> of February and second on 14<sup>th</sup> of February. No responses were received after 27<sup>th</sup> of February 2017. All the respondents who started the questionnaire also finished it.

On average clients used 6 minutes to respond, while employees used 3,5 minutes even though the questionnaire targeted to employees had 9 items more. However, it is noteworthy that some client side respondents have started to respond but

seem to have started doing something else as longest time to finishing responding from start was 1 hour and 42 minutes.

Questback survey system allowed direct export of the survey data in SPSS format which eased the process and left out the process of rekeying the data into SPSS. This also decreased the possibility for errors due to additional handling of the data. After the exportation of the data from Questback, the data was transferred to SPSS. In the following chapter, the results of the empirical part of this study are presented in detail.

### **4.3. Reliability and validity**

In this study, the items in questionnaire were formed through previous work in the research of brand equity. Within the previous studies, the questions used have been confirmed to be reliable and have had favorable outcomes, therefore it is expected that they should appear to be reliable in this study as well.

Moreover, when considering the form of measurement, 7-point Likert scale has been favored in previous studies as it gives opportunity for more fine-grained results. Thus, its choice for this study was also justified.

It has to be noted that in this study the items were originally in English language as the majority of the study has been completed in that language. Due to the limitation on this study only to Finnish market, the items were translated to Finnish language in order to increase the easiness for respondents and that way also the likeliness for improved response rate. Another notable issue is that due to time constraint, the questions were not back-translated to English language which may cause item biases.

The questionnaires were checked by company supervisor and managing director on behalf of the ToinenPHD and by thesis supervisor ahead of distributing the surveys via email. The shortness of the questionnaire received significant amount



of positive feedback and it was used as a means to gather more respondents in reminder emails.

This study had two separate informant groups and both of them had a separate questionnaire formed specifically to them. First group was the customers of ToinenPHD that were listed as a recipient of the customer satisfaction survey that is conducted bi-annually. The second group was the employees of ToinenPHD.

After the data collection, it was noted that the possible informant group could have been extended to all the Omnicom Group employees who work under ToinenPHD brand. However, in this case the survey would have needed to be reworked as compensation was an important part of the perceived value in the researched items and ToinenPHD does not compensate everyone working under their brand but it is taken care by the other departments of the group.

Overall, the chosen strategy for this study supports the validity of this thesis and the theoretical concepts that were measured are commonly measured with the used questions. However, the small amount of the respondents might affect the results of principal component analysis and therefore also the overall validity of this research.

## **5. EMPIRICAL RESULTS**

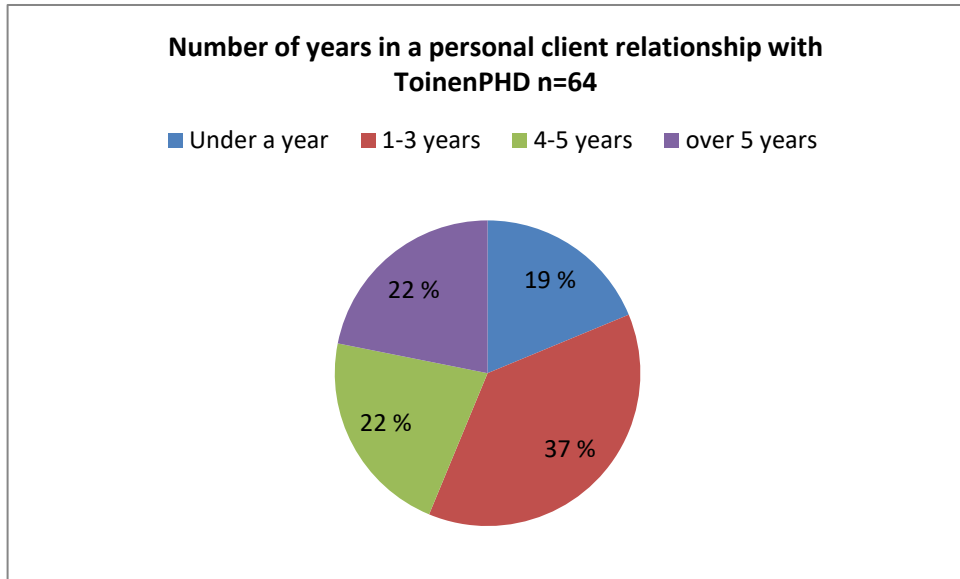
In this chapter the empirical part of the thesis is presented. First, the cases under observation and analysis are introduced. Secondly, the cases are ran though primary component analysis with confirmatory approach to confirm that the items in the survey are loading to the theoretical constructs led from the previous research in the field.

After first round of primary component analysis, there were additional rounds to exclude items that load under multiple factors in order to avoid multicollinearity in regression analysis. Then after the items were confirmed, the constructs are formed with sum variables and analyzed to find correlations between the two groups. Additionally regression analysis is used in order to find significant relations between the constructs.

### **5.1. Description of the cases**

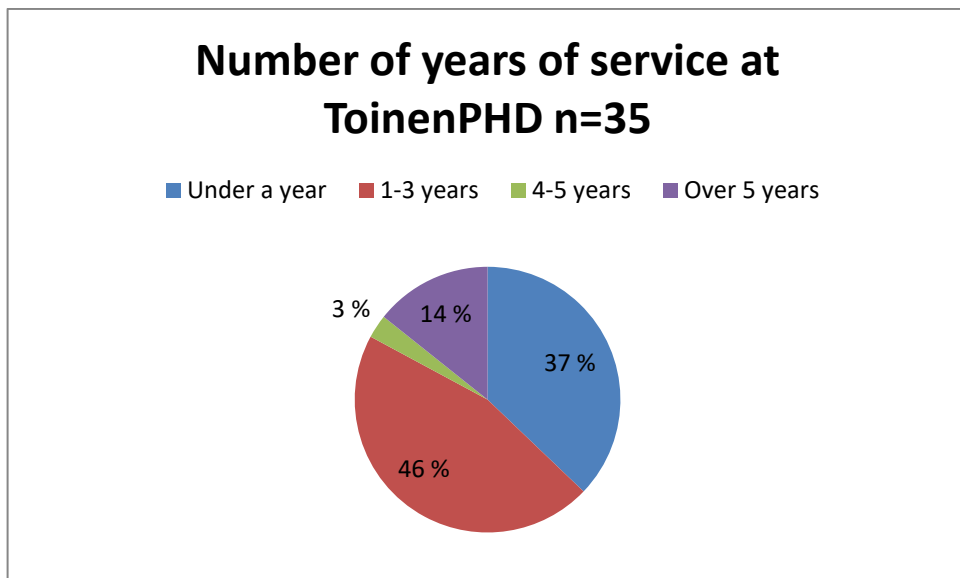
The questionnaire targeted to customers was sent to 170 recipients and 64 responses were received which gives a response rate 37,6%. This is a bit above the average response rate compared to customer satisfaction surveys that are executed bi-annually. Within these surveys the customers are incentivized to reply with possibility to win a bottle of wine.

Considering the fact that no other incentive to reply to this research was offered than doing it for the science and helping an individual and colleague to graduate, the response rate can be held as quite good. The satisfaction surveys executed by ToinenPHD receive on average a response rate that is between 23-30%.



**Figure 3 Number of years in client relationship with ToinenPHD**

The respondents represent 27 companies that are in client relationship with ToinenPHD. In the figure 3, one can see that the over 80% of the customers have been in a client relationship with ToinenPHD at least one year.



**Figure 4 Number of years of service at ToinenPHD**

The questionnaire for employees was sent to 40 employees and received 35 responses which give a response rate 87,5%. The respondents stated to be appointed to 3,8 customers on average. It is noteworthy that over 80% of employees have worked with ToinenPHD less than 3 years as pictured in Figure 4. This means that most of the customers have had longer relationship with the brand than the employees.

As the number of respondents was low, traditional methods were not suitable to start analyzing the data in question. Therefore, instead of factor analysis the data was analyzed through principal component analysis and its results are presented in the next chapter.

## **5.2. Principal component analysis**

Williams et al (2010) have stated the objectives for factor analysis. Main point is to describe the variation between the variables with smaller amount of variables, in other words to compress information. This is attained by finding principal components or factors which are built from original variables that correlate with each other.

In this research, existing components from previous studies were chosen for the questionnaire and the variables respectively. Unfortunately the size of the company from employee perspective limits the amount of cases which discussed by Williams et al (2010) is not sufficient according to many authors who see the minimum sample size should be 100. However, one author had also found size 50 to be adequate.

The number of cases is linked to the Kaiser-Meyer-Olkin measure of sampling adequacy. Dziuban and Shirkley (1974) stated that anything below 0,5 would be unacceptable for factor analysis. However, in the literature over all there has been debate whether the limit should be 0,6 and discretion was suggested with values between 0,6 and 0,5.

The summary of the results for principal component analysis which was executed iteratively with confirmatory approach can found in the table 5 for the employees and in the table 6 for customers. Objective was to confirm the components selected from the previous studies.

**Table 5 Summary of primary component analysis / Employees**

Primary component analysis / Employees	KMO	Bartlett's test sig	Component(s)	Eigenvalues	Cumulative
Brand loyalty (BL1, BL2, BL3, BL4)	0,735	0,000	1	2,563	64,079
Brand endorsement (BE1, BE2, BE3, BE4)	0,680	0,000	1	2,774	69,353
<i>Brand consistent behavior (BC1, BC2, BC3)</i>	<i>0,541</i>	<i>0,009</i>	<i>1</i>	<i>1,649</i>	<i>54,961</i>
Perceived employment quality (PQ1-7)	0,745	0,000	2	3,177 ; 1,162	61,990
<i>Perceived value (AS1, AS2, AS3)</i>	<i>0,396</i>	<i>0,027</i>	<i>2</i>	<i>1,414 ; 1,104</i>	<i>83,938</i>
Brand perception (AS4, AS5, AS6)	0,579	0,001	1	1,787	59,581
Organizational associations (AS7, AS8, AS9)	0,612	0,000	1	2,045	68,152

As discussed earlier, correlation matrix is suitable for further analysis, if KMO sig is over 0,5 and Bartlett's significance is under 0,05. In this perspective, the data regarding employee brand consistent behavior (table 5) is not suitable as it does not pass the Bartlett's test. Same applies to employee perceived value, which does not pass the Kaiser-Meyer-Olkin test either.

**Table 6 Summary of primary component analysis / Customers**

Primary component analysis	KMO	Bartlett's test sig	Component(s)	Eigenvalues	Cumulative
Brand loyalty (LO1, LO2, LO3)	0,750	0,000	1	2,656	88,520

Perceived employment quality (PQ2-7)	0,821	0,000	1	3,899	64,991
Perceived value (AS1, AS2, AS3)	0,681	0,000	1	2,176	72,544
Brand perception (AS4, AS5, AS6)	0,625	0,000	1	1,994	66,463
Organizational associations (AS7, AS8, AS9)	0,757	0,000	1	2,541	84,713

With the data from customer perspective, both KMO and Bartlett's tests are passed for all designed components as shown the table 6. After round of testing the designed and chosen components, the components that did not pass the tests were left out from the final principal component analysis. From the employee side data, brand consistent behavior and perceived value are left out of further analysis since they did not pass either Kaiser-Meyer-Olkin or Bartlett's test.

After first round of removing items from analysis, the second round all the items that were left were ran again through the principal component analysis. Objective was to find the items that load under same factors.

For better result in further analyses, Thurstone (1947) has suggested and claimed five principles that should be met in order to have good factors. First, each item should have zero loading on some factor. Secondly, each factor should have at least as many zero loadings as the amount of factors. Thirdly, each factor should have significant loadings on other items and zero loading on others.

Fourth principle of Thurstone is that each pair of factors should have large proportion of zero loadings in case there four or more factors in total. Lastly, each factor should have as few as possible complex variables meaning having items with loadings of .30 or higher on more than one factor. Bearing these principles in mind, multiple rounds of principal component analysis was ran in order to extract the as pure components as possible with the data at hand. Rotation Method used was Varimax with Kaiser Normalization.

With employee data this resulted with 4 main components each with 3 items measuring the component. In this case Thurstones principles are realized quite well and only 3 items in different factors have complexity with significance difference over 0,3 as seen in table 7. Within the items of employee data in the principal component analysis, the value of KMO test is acceptable (0,701) and Bartlett's test of sphericity (sig. 0,000) shows significant correlations among items.

**Table 7 Final components of employee brand equity**

<b>Variable</b>	<b>Factor 1</b>	<b>Factor 2</b>	<b>Factor 3</b>	<b>Factor 4</b>	<b>Communalities</b>
PQ3	0,834				0,801
PQ2	0,833				0,856
PQ4	0,752		0,314		0,734
BE4		0,808			0,827
BE3		0,790			0,727
BE2		0,770		0,385	0,794
BL4			0,814		0,753
BL3		0,349	0,780		0,736
BL2			0,775		0,684
PQ7				0,761	0,734
PQ1				0,743	0,654
AS4				0,640	0,441
Eigenvalue	4,862	1,533	1,296	1,048	
% of variance explained	40,518	12,777	10,801	8,731	
Cumulative % of variance explained	40,518	53,296	64,097	72,828	

For further analysis in the employee data, the rotated component matrix suggests 4 main components. First component loads items PQ2 (ToinenPHD offers employment of consistent quality), PQ3 (ToinenPHD offers very reliable employment) and PQ4 (ToinenPHD offer employment with excellent features. These items are embodying perceived employment quality, how employees perceive their employment with ToinenPHD.

Second component has items BE2 (I would recommend ToinenPHD to others), BE3 (I enjoy talking about ToinenPHD to others) and BE4 (I talk positively about ToinenPHD to others) loading under it and these typify the employer brand endorsement, how much employees give positive word-of-mouth of ToinenPHD.

Third component is loading items BL2 (I would turn down an offer from another organization if it came tomorrow), BL3 (ToinenPHD would be my first choice when considering employer), and BL4 (I plan to stay with ToinenPHD), stating the employer brand loyalty, measuring how loyal the employees are to the brand. Fourth and last component loads items PQ1 (ToinenPHD offers very good quality work environment), PQ7 (ToinenPHD is innovative) and AS4 (ToinenPHD has personality), which are asking more how employees see the ToinenPHD brand. Therefore this component fits the employer brand image best.

In short, the principal component analysis resulted with 4 components for employee brand equity, which are perceived employment quality, employer brand endorsement, employer brand loyalty, and employer brand image.

For customer side data, the rotated component matrix suggests only 2 main components as seen in table 8. The factors are not as pure as Thurstones principles would expect but multiple rounds of principal component analysis was utilized in order to leave out items that had almost equally high loadings in both factors. In addition, only items that had significant difference loading under two factors were left to analysis.

Within the items of customer data in the principal component analysis, the value of KMO test is very good (0,905) and Bartlett's test of sphericity (sig. 0,000) shows significant correlations among items.



**Table 8 Final components of customer brand equity**

<b>Variable</b>	<b>Factor 1</b>	<b>Factor 2</b>	<b>Communalities</b>
PQ5	0,854		0,738
AS5	0,788	0,346	0,740
AS4	0,783		0,647
PQ4	0,779	0,378	0,750
PQ7	0,749	0,332	0,671
AS2	0,742	0,317	0,651
PQ6	0,728	0,392	0,684
AS7		0,885	0,826
LO1	0,307	0,824	0,774
AS6		0,814	0,682
AS8	0,425	0,799	0,819
LO2	0,458	0,795	0,841
PQ3	0,308	0,779	0,702
Eigenvalue	7,815	1,710	
% of variance explained	60,116	13,152	
Cumulative % of variance explained	60,116	73,269	

In the results, items of PQ4 (ToinenPHD offer service with excellent features), PQ5 (ToinenPHD is leading brand in its field), PQ6 (ToinenPHD is growing in popularity) and PQ7 (ToinenPHD is innovative) are typifying how the ToinenPHD brand is seen among the customer.

These items were loading under the same component as AS2 (Within media agencies I consider ToinenPHD a good value), AS4 (ToinenPHD has personality) and AS5 (ToinenPHD is interesting), which are also stating how customers see the brand. Therefore this component is embodying the customer brand image.

The second component in customer side is loading items LO1 (I consider myself to be loyal to ToinenPHD), LO2 (ToinenPHD would be my first choice when considering media agency), AS6 (I have clear image of type of person who would use ToinenPHD), AS7 (I trust ToinenPHD), AS8 (I like ToinenPHD) and PQ3 (ToinenPHD offers very reliable service). These items show how the customers

feel about the ToinenPHD brand and therefore this component typifies the customer brand perception.

After the components embodying the employee and customer brand equity in this study were chosen as the result of principal component analysis, the reliability and validity of the components was analyzed. In the following chapter the reliability and validity of the research at hand is discussed and the results of analysis are presented.

### 5.3. Descriptives of the components and their reliability

The descriptive statistics of the sum variables that were formed as a result of the principal component analysis from customer and employee data are presented in the below table 9. To measure the reliability of the sum variables, the reliability analysis was run with SPSS. This gives the Cronbach's Alpha, which is based on the correlations between the items.

**Table 9 the descriptives of the components and their reliability**

Sum variables	N of items	Mean score	Std. deviation	Cronbach's alpha
Perceived employment quality	3	4,9524	0,95706	0,831
Employer brand endorsement	3	5,4476	0,88540	0,831
Employer brand loyalty	3	4,7524	1,15000	0,765
Employer brand image	3	5,4381	0,70836	0,612
Customer brand image	7	4,7121	0,89540	0,922
Customer brand perception	6	5,1823	1,04810	0,934

Williams et al (2010) noted when Cronbach's Alpha is above 0,60 then the measures are considered as reliable. The validity of this study is supported by the usage of correct brand equity model components to respective target group. The size of the company however limits the size of the potential respondents and therefore the data that was collected is in the very limit to be suitable for

quantitative analysis, which is the most used method for measuring the brand equity.

As in the questionnaire the respondents were forced to respond to each question, no missing values are present in the data. Customer data consists of 64 cases. Customer brand perception received higher mean (5,182397) than the customer brand image (4,7121). Same applies to the employee side data regarding the missing values. The 35 cases present the employee responses, where highest mean is on employer brand endorsement (5,4476). Lowest mean is on employer brand loyalty (4,7524).

Overall it seems that employees value the brand higher than the customers, which is against the expected result considering how much employees like to complaint about different situations at work. However, in the viewpoint that the employees in professional services are such a vital part of the brand and the brand is part of their identity, the result is not so surprising.

#### 5.4. One-way analysis of variance

In order to find out, whether there is variation inside the groups of employees and customers based on the number of years that they have been in relationship with ToinenPHD, a one-way analysis of variance, also called as one-way ANOVA was ran. In table 10 the results of the analysis regarding customers and the variation in constructs customer brand image and customer brand perception are presented.

**Table 10 ANOVA / Customers / Years of relationship**

		Sum of Squares	df	Mean Square	F	Sig.
CBRIMA	Between Groups	0,995	3	0,332	0,402	0,752
	Within Groups	49,515	60	0,825		
	Total	50,510	63			
CBRPER	Between Groups	9,005	3	3,002	2,992	<b>0,038</b>
	Within Groups	60,202	60	1,003		

	Total	69,207	63			
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The results show that there is a statistically significant [ $F=2,992$ ,  $p < 0.05$ ] difference in customer brand perception between respondents that have been in relationships with ToinenPHD different amount of years.

The Scheffe's post hoc test did not return statistically significant differences between subgroups but from the means in table 11 it can be seen that the trend is that the more years customers have with the brand the more positively they evaluate it.

**Table 11 Post hoc test of customer brand perception**

Number of years	N	Subset for alpha = 0.05	
		1	2
Under a year	12	4,4444	
4-5 years	14	5,1548	5,1548
1-3 years	24	5,3681	5,3681
over 5 years	14		5,5238
Sig.		0,108	0,798

**Table 12 ANOVA / Employees / Years of relationship**

		Sum of Squares	df	Mean Square	F	Sig.
BRPEQ	Between Groups	1,871	3	0,624	0,661	0,583
	Within Groups	29,272	31	0,944		
	Total	31,143	34			
BREND	Between Groups	0,925	3	0,308	0,372	0,774
	Within Groups	25,729	31	0,830		
	Total	26,654	34			
BRLOY	Between Groups	5,434	3	1,811	1,420	0,256
	Within Groups	39,531	31	1,275		
	Total	44,965	34			
EBRIMA	Between Groups	1,609	3	0,536	1,076	0,374
	Within Groups	15,451	31	0,498		
	Total	17,060	34			

As seen in the table 12, one-way ANOVA did not reveal statistically significant differences between groups. The small amount of respondents can also affect the result of this analysis. Unfortunately, post hoc analysis for this group could not be ran as at least one subgroup had fewer than two cases. However, the means in different subgroups are presented in table 13.

**Table 13 Means of employee brand equity constructs / years at service**

Years at ToinenPHD		BRPEQ	BREND	BRLOY	EBRIMA
Under a year	Mean	4,9231	5,3590	5,1538	5,6923
	N	13	13	13	13
1-3 years	Mean	5,1458	5,5625	4,3750	5,3542
	N	16	16	16	16
4-5 year	Mean	Fewer than two cases			
over 5 years	Mean	4,5333	5,4667	5,0667	5,1333
	N	5	5	5	5
Total	Mean	4,9524	5,4476	4,7524	5,4381
	N	35	35	35	35

Observing the results in subgroups of employees and customers who have worked different amount of years revealed that employer brand loyalty is dropping in those who have been employed between 1-3 years compared to those who have been employed under a year or more than 5 years. This indicates that the first year employees are learning the organization and familiarize themselves with it.

Then during years 1-3 they identify issues that decrease their loyalty toward the organization and they might look for other opportunities. For employees that have been employed over 5 years the loyalty has returned back to higher level as most likely those with lower loyalty have already moved on.

On customer side, the brand perception increases after first year of relationship with ToinenPHD. This result is not surprising as it is how customers feel about the brand. The longer they have been in relationship with the brand the more they have experience with the brand and that seems to be positive.

## 5.5. Correlation analysis

The correlations between the sum variables from principal component analysis were analyzed with correlations analysis. Cohen et al (2013), points that in correlation analysis the Pearson Product Moment correlation coefficient is estimated and can be between -1 and +1 and it evaluates the direction and strength of the linear association between the two variables. The positivity or negativity or the correlation signifies the direction of the association and the degree of the correlation shows the strength of the association.

Saunders et al (2009) give examples, if there is a correlation coefficient of .700 and  $p < .01$  then there is a statistically significant strong positive relationship between the variables under analysis. Another statistically significant but weaker relationship is in case coefficient is .344 and  $p < .05$ . Any correlation with  $p > .05$  would not be statistically significant.

In the below table the correlation matrix (Table 14) the correlations between central constructs are shown. Statistically significant relations are bolded. It is notable that statistically significant correlations exist between customer brand image and customer brand perception. On employee side most correlating construct is perceived employment quality that is significantly correlated to all other employee brand equity constructs of this study, the construct that correlates most with it, is employer brand endorsement.

**Table 14 Correlations between the central constructs**

	CBRIMA	CBRPER	BRPEQ	BREND	BRLOY	EBRIMA
Customer brand image	1	<b>,656**</b>	0,085	0,199	0,209	0,007
Customer brand perception		1	0,213	0,07	0,071	0,12
Perceived employment quality			1	<b>,543**</b>	<b>,443**</b>	<b>,432**</b>
Employer brand endorsement				1	<b>,465**</b>	<b>,340*</b>
Employer brand loyalty					1	0,302
Employer brand image						1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

In the results there does not seem to be any significant correlation between the employee and customer brand equity variables. Customer brand perception and customer brand image have the highest correlation, which is not surprising. On employee side perceived employment quality and employer brand endorsement have the highest correlation, which is also expected result.

The more positively one perceives the employment with the brand, the more positive one also endorses it. This links also to the employee loyalty factor that has second strongest correlation to brand endorsement.

### **5.6. Regression analysis**

In the regression analysis the customer variables were analyzed against the employee variables. For the analysis, customer brand perception and customer brand image were set as dependent variables. As the amount of respondents for this study remains low for traditional quantitative methods the results have to be considered as indicative even though the respondents are presenting well the chosen populations (ToinenPHD employees and customers).

Main results of the linear regression analysis are presented in the table 15. The statistical significance for all variables is rejected in the analysis possibly due to low number of cases. The direction of the relationships between variables can be held as an indication; however the magnitude is very weak

**Table 15 the main results of linear regression analysis**

Dependent variable	Adj. R <sup>2</sup>	F	Sig.	Independent variables	Beta	t	Sig.
Customer brand image	-,033	0,490	0,743	BRPEQ	-,035	-,214	,831
				BREND	,120	,748	,457
				BRLOY	,123	,816	,418
				EBRIMA	-,057	-,399	,692
Customer brand perception	-,043	0,348	0,845	BRPEQ	,161	,974	,334
				BREND	-,045	-,279	,781
				BRLOY	-,012	-,077	,939
				EBRIMA	,030	,208	,836
Customer brand perception	0,431	46,949	0,000	Customer brand image	0,656	6,852	<b>0,00</b>
Perceived employment quality	0,394	6,705	0,001	BREND	,366	2,253	<b>,031</b>
				BRLOY	,198	1,236	,226
				EBRIMA	,247	1,639	,111

Overall, both linear regression models between the customer constructs and the employee constructs have negative adjusted R<sup>2</sup> which means that the independent employee variables are not seen to explain the customer brand perception nor customer brand image. In addition, one-way analysis of variance (ANOVA) returns significance higher than 0.001 which means that customer-employee models do not fit the data.

Regarding customer brand perception, perceived employment quality has highest explanation rate (0,161), others are negative or almost close to zero. Against customer brand image, brand endorsement and brand loyalty are having equally positive relation to it.

These positive factors point that the more positively the employees perceive the quality of their employment with the brand the better also the customers perceive the brand. Additionally the more positively employees talk about the employer and the more loyal they are to their employing brand, the better image customers have of the brand.



The only statistically significant relations are between the constructs are the relation between customer brand image and customer brand perception (0,656), which is also quite strong with significance 0,000. The more positive image the customers hold over the brand the more positively they also perceive the brand.

Among employee constructs, the only statistically significant relation is between perceived employment quality and employer brand endorsement. However, the relations magnitude is weaker than between the customer constructs (0,366) and the significance is 0,031. This result is not surprising as the more positively employees perceive their employment with the brand, the more positively they also endorse the employing brand.

However, it is more surprising that the other constructs seem to be independent in the light of the results of this study. The regression analysis was run for all employee side constructs but only the significant results are reported in the table 15.

## **6. DISCUSSION & CONCLUSIONS**

The final chapter of this study gives an overview to the all the important results of the research conducted on the brand equity measurement among employees and customers in business-to-business professional services. Additionally, theoretical contributions of the study to the field of brand equity research are elaborated, considering the research questions that were set in the beginning and presented in the introduction of this thesis.

Practical implications to the business managers are considered so that the learnings from this study can be taken to practice when deciding on branding efforts in businesses. Moreover, the limitations of this study are introduced and reviewed. Finally, propositions for possible future directions of research are elaborated.

### **6.1. Summary of findings**

The main objective of this study was to find out what constitutes the employee based brand equity and customer based brand equity in professional services in business-to-business setting. In order to answer this research question, the following sub-questions were to be answered.

First, finding out what are the special characteristics of business-to-business branding. Secondly, investigate which are the determinants or drivers of brand equity from the viewpoint of customers and employees. Lastly, checking what relation does employee based brand equity and customer based brand equity have

As discussed in the first chapter after introduction how branding has evolved from products to services and moreover from business-to-consumer context to business-to-business environments. The special characteristics related to business-to-business branding include the difference in type of purchases and how the purchase decisions are made. Also, it is notable that branding actions in

business-to-business do not only reach the customers but also all the other stakeholders in the same field of business. However, similar principles of branding are working for business-to-business. The brand is there to help customers with their purchase decision and justify their purchase. It is the same with employer branding, the brand is there to help potential employees to make the decision to apply and be employed to the company.

In the third chapter, brand equity, the determinants or drivers of brand equity from the viewpoint of customers and employees were elaborated. Most research in the field was based on the work of Aaker and Keller. Brand awareness is a major part of most of the models but it was left out in this study as it serves no purpose to be measured among informants that work daily with the brand.

Work of Buil et al (2008) was a base in this research and was adapted to services and also to employer viewpoint together with the work of King et al. (2012). The customer side drivers of brand equity in this study, that were subjected to empirical research, were brand loyalty, perceived quality, and brand associations/image. On employee side the drivers were brand loyalty, brand endorsement, brand consistent behavior, perceived employment quality, and brand associations/image.

The primary principal component analysis was executed instead of factor analysis due to low amount of cases under analysis. First round was to find out whether the theoretical constructs load the empirical items under the same factors. In this phase all the customer side constructs and items passed the test but on employee side brand consistent behavior and perceived value were left out from further analysis due to low KMO or not passing Bartlett's test.

After this all the items left were subjected to another round of principal component analysis and first results gave two factors for customer based brand equity while employee based brand equity had five. However, after the second round of analysis there was items that had significant loadings under multiple factors and there in order to purify the data and avoid multicollinearity in the further analysis.

Final round of principal component analysis kept the two main factors in customer based brand equity but in employee based brand equity the amount decreased to four main factors. The reliability of these factors was analyzed and after that the correlations between the factors was investigated and further analyzed through regression analysis.

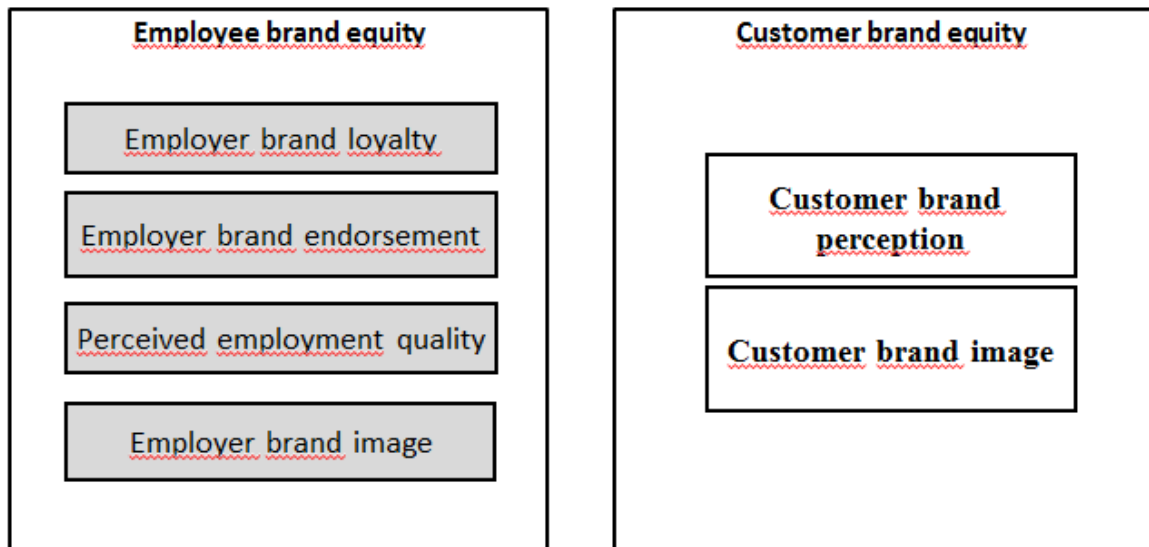
Overall, in the light of the findings from these analyses in this study, it seems that customer based brand equity and employee based brand equity would be independent constructs as no statistically significant relations could be found.

## **6.2. Theoretical contributions**

As no earlier studies were found striving to merge the customer based brand equity and the employee based brand equity, this study was the first attempt to shed light on the issue whether there is a clear relation between these two constructs in business-to-business professional services.

The subject is more important than ever as the role and significance of employees in delivering services has grown in the digitalized era. The importance is to be emphasized in the organizations in the field of professional services, where the most important asset of the company walks in and out of the office every single business day.

Current theories and the research in the field keep employee based brand equity and customer based brand equity as separate constructs and the result of this study did not change this. In figure 5 the amended theoretical framework is presented. The customer brand equity data did not divide into multiple factors as expected but is divided into customer brand perception and customer brand image. The first is how customers feel about the brand while the image is how they think about it.



**Figure 5 Amended theoretical framework**

For employee based brand equity the brand consistent behavior did not pass the tests and was left out from the further analysis and therefore also from the suggested model. This study contributed more to the employee based brand equity studies that are not yet as advanced as customer based brand equity studies. Cross-nationally validated instruments by Buil et al (2008) were adapted to employee based brand equity measurement complementing the work of King et al. (2012).

Even though in the starting point of this study the expectation was that there would be clear relation between the customer based brand equity and the employee based brand equity, according to this study this is not the case.

### **6.3. Practical implications**

As this study was conducted in the field of professional business-to-business services and especially in a media agency customer-employee setting, the major beneficiaries of the results of this study are managers working in the same industry.

Even though the major finding in this research was that customer and employee based brand equities are separate constructs, the result has to be approached with caution due to the limitations of the study. Strong correlation and relations was found between customer brand image and the customer brand perception. Therefore the actions taken towards building the brand image are affecting how the brand is perceived and felt.

Similarly the actions towards how customers perceive and feel about the brand are also building the brand image. For this reason it is interesting that no statistically significant correlations or relations were found as the employees in this setting play major role how the brand is perceived and felt by the customers.

As this measurement was executed the first time, it should be repeated after actions towards improving either customer brand perception or customer brand image. This way the organization can identify whether the executed actions have had desired outcome. Aforementioned also applies to the employee based brand equity measurement and its constructs.

Within employees the most important correlations and relations were between perceived employment quality and employer brand endorsement. Secondly, employee brand loyalty and the employer brand endorsement were most correlating factors after the perceived employment quality and employer brand endorsement.

From the findings the starting point for employee based brand equity would be the perceived employment quality. Once the employees perceive the quality of their employment with the brand, the other constructs will also improve and overall employee based brand equity will increase. This construct was structured of the consistent quality of the employment, the reliability of employment and the features of the employment.

Special emphasis should be put on employees that have been working with ToinenPHD for 1-3 years as even though not statistically significant variation from

others there is clear indication that the loyalty drops in this segment. Issues that cause this should be identified by the supervisors and needed actions could be taken in order to minimize the turnover in the organization.

#### **6.4. Limitations and future directions**

Even though this study did not prove statistically significant relations between the employee and customer constructs of brand equity, it must be noted that the small amount of the cases under analysis can have direct effect to the result and therefore this has to be held as a clear limitation for this study in addition to the earlier discussed factors.

These other limitations to be considered when generalizing the results of this study are the national context as the sample will include only Finnish customers and employees. Additionally, this study is not taking into account the dynamic nature of the brand equity and some of the results can be particular to the industry, company and the time dimensions.

In the beginning of the of the empirical results chapter, the structure of the employee base of ToimenPHD was presented. This shows the amount of years of service for employees and it is quite typical for the industry with quite high turnover in employees.

Also this study is conducted for the first time and therefore no cross-sectional data available for comparison. This study was limited to find a suitable measure for measuring the brand equity of the current employees and current customers. Therefore, financial metrics of the brand equity and the potential stakeholders were out of scope in this study.

In the future, there are opportunities for researchers to build model for total brand equity that could consist of the three perspectives that have come to prominence in the field of brand equity studies, namely the financial perspective, the customer

perspective, and the employee perspective. Additionally, the brand equity study could take into consideration the potential employees and potential customers as a stakeholder. One direction would be to measure whether there are correlations and relations between customer and potential customer brand equity and the employee and potential employee brand equity.

During the analysis of the empirical data it came evident that the brand endorsement could have been operationalized on the customer side as well to measure the word-of-mouth, which is equally important for business among the customers as well as in the employees. It is recommended for the researchers to consider adding it to the questionnaire for customers as well in the future.

This suggested model based on literature could also be tested with a company that has higher amount of suitable employees and customers. One example of a suitable company for this could be any of the Big Four (PwC, Deloitte, EY and KPMG), which are the four largest professional services organizations in the world, offering various services to other businesses in accounting and consultancy.

Another opportunity would be to test the model in business-to-consumer setting, preferably in a setting where the customer experience is a bit longer than just a short service action like haircut. Better setting could be for example a cruise line brand where there are multiple employees building the brand and serving the customers. Also the amount of employees and customer would not set limitations to the statistical analysis.



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## APPENDICES

### Survey / clients

Constructs and measurement adapted from Buil et al. (2008) and Aaker (1996)		Please respond how much you agree/disagree with the following statements
	Perceived quality	
	PQ2	ToinenPHD offers services of consistent quality
	PQ3	ToinenPHD offers very reliable service
	PQ4	ToinenPHD offers service with excellent features
	PQ5	ToinenPHD is a leading brand in its field
	PQ6	ToinenPHD is growing in popularity
	PQ7	ToinenPHD is innovative
	Brand loyalty	
	LO1	I consider myself to be loyal to ToinenPHD
	LO2	ToinenPHD would be my first choice when considering media agency
	LO3	I would recommend ToinenPHD to others
Brand associations	Perceived value	
	AS1	ToinenPHD is good value for money
	AS2	Within media agencies I consider ToinenPHD a good value
	AS3	Considering what I pay for ToinenPHD, I get much more than my money's worth
	Brand personality	
	AS4	ToinenPHD has personality
	AS5	ToinenPHD is interesting
	AS6	I have a clear image of type of person who would use ToinenPHD
	Organizational associations	
	AS7	I trust the ToinenPHD
	AS8	I like ToinenPHD
	AS9	ToinenPHD has credibility



## Survey / employees

Constructs and measurement adapted from Buil et al. (2008) and King et al (2012) and Aaker (1996)		Please respond how much you agree/disagree with the following statements
	Brand loyalty	
	BL1	I consider myself to be loyal to ToinenPHD
	BL2	I would turn down an offer from another organization if it came tomorrow
	BL3	ToinenPHD would be my first choice when considering employer
	BL4	I plan to stay with ToinenPHD
	Brand endorsement	
	BE1	I say positive things about ToinenPHD to others
	BE2	I would recommend ToinenPHD to others
	BE3	I enjoy talking about ToinenPHD to others
	BE4	I talk positively about ToinenPHD to others
	Brand consistent behavior	
	BC1	I demonstrate behaviours that are consistent with the brand promise of ToinenPHD
	BC2	I consider the impact on ToinenPHD before communicating or taking action in any situation
	BC3	I am always interested to learn about ToinenPHD brand and what it means to me in my role
	Perceived employment quality	
	PQ1	ToinenPHD offers very good quality work environment
	PQ2	ToinenPHD offers employment of consistent quality
	PQ3	ToinenPHD offers very reliable employment
	PQ4	ToinenPHD offers employment with excellent features
	PQ5	ToinenPHD is a leading brand in its field
	PQ6	ToinenPHD is growing in popularity
	PQ7	ToinenPHD is innovative
Brand associations	Perceived value	
	AS1	ToinenPHD offers good compensation
	AS2	Within media agencies I consider ToinenPHD to offer best compensation

	AS3	Considering what I am being paid by ToinenPHD, I get much more than my time's worth
	Brand personality	
	AS4	ToinenPHD has personality
	AS5	ToinenPHD is interesting
	AS6	I have a clear image of type of person who works at ToinenPHD
	Organizational associations	
	AS7	I trust ToinenPHD
	AS8	I like ToinenPHD
	AS9	ToinenPHD has credibility

## Final principal component analysis / Employees

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,701
Bartlett's Test of Sphericity	Approx. Chi-Square	186,394
	df	66
	Sig.	,000

### Communalities

	Initial	Extraction
BL2 - Kieltäytyisin toisen organisaation työtarjouksesta, mikäli sellainen huomenna tulisi	1,000	,684
BL3 - ToinenPHD olisi ensisijainen valintani työnantajaa harkitessani	1,000	,736
BL4 - Suunnittelen pysyväni ToinenPHD:ssa	1,000	,753
BE2 - Suosittelisin ToinenPHD:tä muille	1,000	,794
BE3 - Tykkään puhua ToinenPHD:stä muille	1,000	,727
BE4 - Puhun positiiviseen sävyyn ToinenPHD:stä muille	1,000	,827
PQ1 - Mielestäni ToinenPHD... ..tarjoaa erittäin laadukkaan työskentely-ympäristön	1,000	,654
PQ2 - Mielestäni ToinenPHD... ..tarjoaa tasalaatuisen työsuhteen	1,000	,856
PQ3 - Mielestäni ToinenPHD... ..tarjoaa luotettavan työsuhteen	1,000	,801
PQ4 - Mielestäni ToinenPHD... ..tarjoaa työsuhdetta erinomaisilla eduilla	1,000	,734

PQ7 - Mielestäni ToinenPHD... ..on innovatiivinen	1,000	,734
AS4 - Mielestäni ToinenPHD... ..on persoonallinen	1,000	,441

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Total	Initial Eigenvalues		Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
		% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4,862	40,518	40,518	4,862	40,518	40,518	2,322	19,352	19,352
2	1,533	12,777	53,296	1,533	12,777	53,296	2,317	19,311	38,663
3	1,296	10,801	64,097	1,296	10,801	64,097	2,203	18,355	57,017
4	1,048	8,731	72,828	1,048	8,731	72,828	1,897	15,811	72,828
5	,921	7,675	80,503						
6	,590	4,916	85,419						
7	,502	4,184	89,603						
8	,414	3,449	93,052						
9	,308	2,570	95,621						
10	,223	1,861	97,482						
11	,190	1,583	99,065						
12	,112	,935	100,000						

Extraction Method: Principal Component Analysis.

### Component Matrix<sup>a</sup>

	Component			
	1	2	3	4
BE4 - Puhun positiiviseen sävyyn ToisenPHD:stä muille	,781			
PQ4 - Mielestäni ToinenPHD... ..tarjoaa työsuhdetta erinomaisilla eduilla	,754			-,390
BE2 - Suosittelisin ToinenPHD:tä muille	,734			,419

PQ3 - Mielestäni ToinenPHD... ..tarjoaa luotettavan työsuhteen	,729			-,496
PQ2 - Mielestäni ToinenPHD... ..tarjoaa tasalaatuisen työsuhteen	,709	,336	-,354	-,340
BL4 - Suunnittelen pysyväni ToinenPHD:ssa	,646		,524	
BE3 - Tykkään puhua ToinenPHD:stä muille	,624	-,357	-,447	
BL2 - Kieltäytyisin toisen organisaation työtarjouksesta, mikäli sellainen huomenna tulisi	,612		,521	
PQ1 - Mielestäni ToinenPHD... ..tarjoaa erittäin laadukkaan työskentely- ympäristön	,571	,437		,364
PQ7 - Mielestäni ToinenPHD... ..on innovatiivinen	,406	,663	,353	
BL3 - ToinenPHD olisi ensisijainen valintani työnantajaa harkitessani	,546	-,558	,349	
AS4 - Mielestäni ToinenPHD... ..on persoonallinen	,374	,388		,382

Extraction Method: Principal Component Analysis.

a. 4 components extracted.

### Rotated Component Matrix<sup>a</sup>

	Component			
	1	2	3	4
PQ3 - Mielestäni ToinenPHD... ..tarjoaa luotettavan työsuhteen	,834			
PQ2 - Mielestäni ToinenPHD... ..tarjoaa tasalaatuisen työsuhteen	,833			

PQ4 - Mielestäni ToinenPHD... ..tarjoaa työsuhdetta erinomaisilla eduilla	,752		,314	
BE4 - Puhun positiiviseen sävyyn ToisenPHD:stä muille		,808		
BE3 - Tykkään puhua ToinenPHD:stä muille		,790		
BE2 - Suosittelisin ToinenPHD:tä muille		,770		,385
BL4 - Suunnittelen pysyväni ToinenPHD:ssa			,814	
BL3 - ToinenPHD olisi ensisijainen valintani työnantajaa harkitessani		,349	,780	
BL2 - Kieltäytyisin toisen organisaation työtajouksesta, mikäli sellainen huomenna tulisi			,775	
PQ7 - Mielestäni ToinenPHD... ..on innovatiivinen				,761
PQ1 - Mielestäni ToinenPHD... ..tarjoaa erittäin laadukkaan työskentely- ympäristön				,743
AS4 - Mielestäni ToinenPHD... ..on persoonallinen				,640

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

## Final principal component analysis / Customers

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,905
Bartlett's Test of Sphericity	Approx. Chi-Square	672,663
	df	78
	Sig.	,000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7,815	60,116	60,116	7,815	60,116	60,116	4,853	37,333	37,333
2	1,710	13,152	73,269	1,710	13,152	73,269	4,672	35,936	73,269
3	,631	4,857	78,125						
4	,488	3,751	81,876						
5	,442	3,402	85,279						
6	,428	3,290	88,569						
7	,319	2,457	91,025						
8	,291	2,238	93,263						
9	,266	2,044	95,307						
10	,219	1,683	96,991						
11	,154	1,182	98,172						
12	,138	1,059	99,231						
13	,100	,769	100,000						

Extraction Method: Principal Component Analysis.

### Component Matrix<sup>a</sup>

	Component	
	1	2
LO2 - ToinenPHD olisi ensisijainen valintani harkitessani mediatoimistoa	,882	
AS8 - Pidän ToinenPHD:sta	,862	
PQ4 - Mielestäni ToinenPHD... ..tarjoaa palveluja erinomaisilla ominaisuuksilla	,822	

AS5 - Mielestäni ToinenPHD... ..on kiinnostava	,806	,301
PQ6 - Mielestäni ToinenPHD... ..on suosioltaan nousujohteinen	,796	
LO1 - Pidän itseäni lojaalina ToinenPHD:lle	,795	-,378
PQ7 - Mielestäni ToinenPHD... ..on innovatiivinen	,769	
PQ3 - Mielestäni ToinenPHD... ..tarjoaa luotettavaa palvelua	,763	-,344
AS7 - Mielestäni ToinenPHD... ..on luotettava	,763	-,493
AS2 - Mielestäni ToinenPHD... ..tarjoaa hyvää vastinetta rahalle verraten muihin mediatoimistoihin	,753	
AS4 - Mielestäni ToinenPHD... ..on persoonallinen	,691	,411
PQ5 - Mielestäni ToinenPHD... ..on johtava brändi alallaan	,675	,531
AS6 - Minulla on selkeä mielikuva sellaisesta henkilöstä, joka työskentelisi ToinenPHD:llä	,668	-,485

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

### Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
PQ5 - Mielestäni ToinenPHD... ..on johtava brändi alallaan	,854	



AS5 - Mielestäni ToinenPHD... ..on kiinnostava	,788	,346
AS4 - Mielestäni ToinenPHD... ..on persoonallinen	,783	
PQ4 - Mielestäni ToinenPHD... ..tarjoaa palveluja erinomaisilla ominaisuuksilla	,779	,378
PQ7 - Mielestäni ToinenPHD... ..on innovatiivinen	,749	,332
AS2 - Mielestäni ToinenPHD... ..tarjoaa hyvää vastinetta rahalle verraten muihin mediatoimistoihin	,742	,317
PQ6 - Mielestäni ToinenPHD... ..on suosioltaan nousujohtainen	,728	,392
AS7 - Mielestäni ToinenPHD... ..on luotettava		,885
LO1 - Pidän itseäni lojaalina ToinenPHD:lle	,307	,824
AS6 - Minulla on selkeä mielikuva sellaisesta henkilöstä, joka työskentelisi ToinenPHD:llä		,814
AS8 - Pidän ToinenPHD:sta	,425	,799
LO2 - ToinenPHD olisi ensisijainen valintani harkitessani mediatoimistoa	,458	,795
PQ3 - Mielestäni ToinenPHD... ..tarjoaa luotettavaa palvelua	,308	,779

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

## Regression analysis / Customer brand perception

### Variables Entered/Removed<sup>a</sup>

Model	Variables		Method
	Entered	Removed	
1	EBRIMA, BRLOY, BREND, BRPEQ <sup>b</sup>	.	Enter

a. Dependent Variable: CBRPER

b. All requested variables entered.

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,152 <sup>a</sup>	,023	-,043	1,07051	1,827

a. Predictors: (Constant), EBRIMA, BRLOY, BREND, BRPEQ

b. Dependent Variable: CBRPER

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,593	4	,398	,348	,845 <sup>b</sup>
	Residual	67,614	59	1,146		
	Total	69,207	63			

a. Dependent Variable: CBRPER

b. Predictors: (Constant), EBRIMA, BRLOY, BREND, BRPEQ

### Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,127	1,578		2,615	,011
	BRPEQ	,240	,246	,161	,974	,334
	BREND	-,073	,260	-,045	-,279	,781
	BRLOY	-,014	,188	-,012	-,077	,939
	EBRIMA	,061	,292	,030	,208	,836

a. Dependent Variable: CBRPER

### Residuals Statistics<sup>a</sup>

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	4,5124	5,7152	5,1823	,15901	64
Residual	-2,70161	1,81771	,00000	1,03597	64
Std. Predicted Value	-4,213	3,352	,000	1,000	64
Std. Residual	-2,524	1,698	,000	,968	64

a. Dependent Variable: CBRPER

## Regression analysis / Customer brand image

### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	EBRIMA, BRLOY, BREND, BRPEQ <sup>b</sup>		. Enter

a. Dependent Variable: CBRIMA

b. All requested variables entered.

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,179 <sup>a</sup>	,032	-,033	,91025	1,907

a. Predictors: (Constant), EBRIMA, BRLOY, BREND, BRPEQ

b. Dependent Variable: CBRIMA

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,625	4	,406	,490	,743 <sup>b</sup>
	Residual	48,884	59	,829		
	Total	50,510	63			

a. Dependent Variable: CBRIMA

b. Predictors: (Constant), EBRIMA, BRLOY, BREND, BRPEQ

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,952	1,342		2,944	,005
	BRPEQ	-,045	,209	-,035	-,214	,831
	BREND	,165	,221	,120	,748	,457
	BRLOY	,130	,159	,123	,816	,418
	EBRIMA	-,099	,248	-,057	-,399	,692

a. Dependent Variable: CBRIMA

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	4,3041	5,2759	4,7121	,16063	64
Residual	-2,14063	1,71652	,00000	,88088	64
Std. Predicted Value	-2,540	3,511	,000	1,000	64
Std. Residual	-2,352	1,886	,000	,968	64

a. Dependent Variable: CBRIMA