Graduate Business School
School of Economics and Commercial Law
Gothenburg University

International Management
Master Thesis 1999

INTERNAL BRAND MANAGEMENT:

The ginatricot case

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ABSTRACT

This thesis describes and explains different aspects that together contribute to the development of internal brand loyalty: namely brand management, organizational culture and relationship marketing. We have integrated these parts to show that they are closely related and dependent on each other.

Since this thesis focuses on corporate brands, we have used brand management to understand the underlying concepts in order to see how this can influence and develop internal brand loyalty. The organizational culture is fundamental to how things are done in the organization and therefore important when developing internal brand loyalty. Further, the relationship marketing area is used since it includes the internal market, with emphasis on the importance of the individuals working within the company. It is of great importance that the employees are satisfied and motivated if they are to be brand loyal.

Since the traditional focus has been on the external environment instead of the internal, this thesis emphasizes the employee instead of the customer, since the former represents the corporate brand. We think that if companies start to direct more attention to the internal market, they will increase the organizational effectiveness.

In this thesis we discuss the qualitative and not the quantitative aspects in order of developing internal brand loyalty. Monetary rewards are not enough; the degree of employee motivation is determined by more soft-core aspects, such as shared responsibility, degree of influence and involvement. All these are major determinants when developing internal brand loyalty. We further discuss the management's responsibility in creating such an internal service environment.

1.   INTRODUCTION

*I*n the first chapter we present the background to branding and introduce the concept of brand management. We also add the concepts of organizational culture and relationship marketing as influences to the problem statement. *Thereafter we state our main problem and the research problems, the purpose and limitations, definitions of re-occurring concepts and the thesis outline.*

1.1.   Background of Branding

The past roads to brand success are no longer a guarantee for future success, or even brand survival. The death wish of brand management is actually "looking back". Doing things the way they have always been done in a world that is no longer the same, is anything but sound logic. Even if the successful practices of the 1960´s or even the 1980´s still feel comfortable, they might lead down expensive paths, resulting in brand disappearance within ten years.[1]

Without question, there are many successful brands in the world today and not all of this success can be attributed to good fortune or accident. Many "power brands" date back over 100 years (Coca-Cola, Gillette, Kodak etc.). But there are also recent additions to this list, like Nike, Microsoft, AT&T, and Hägen-Dazs, some of which did not even exist in the 1980's. However, the recent brand success stories seem to be the exception rather than the rule. Many companies seem to have forgotten why they have or should have brands, or they do not understand what their brands mean or stand for.[2]

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[1] Kapferer, 1996.
[2] Hankinson, 1993.

The art of branding is not a new phenomenon. In fact, it dates back centuries; thus if it is to be called a fad, it is certainly an enduring one. The word "brand" derives from the old Norse word *brandr*, meaning literally "to burn". Back then, branding was the principal means by which owners of livestock marked their animals, and was also used to mark thieves and wrongdoers.[3]

Even in the earliest time, the brand was a guarantee of homogeneity and a signal of product quality. For example, in medieval trade guilds in Europe, potters marked their products with a thumbprint, fish, cross or some other differentiating mark into the wet clay. Presumably, they expected customers to seek out this mark in the future if they were satisfied with a past purchase. However, branding became more important over time as manufacturers and sellers lost face-to-face contact with their customers. This was due to the appearance of means of distributing products across wide trading areas, like railways. Since there was an absence of face-to-face supplier-customer interaction, the brand assured product authenticity and consistency of quality.[4]

Today, a brand is still the means of differentiating ones products from the competitors. Unfortunately, many companies continue to believe that brands are no more than named entities or "things". "If they name it, consumers will come" is a common assumption, which is referred to as "Field of Dreams" brand management. A brand is much more than a name or an identification of an object. For example, Harley-Davidson is, for hundreds of thousands of people, a way of life, rich in imagery, attitude, meaning and expressive values, and not just a corporate name of a

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[3] Hankinson, 1993.
[4] De Chernatony & McDonald, 1998.

motor cycle manufacturer.[5] For us, a brand is a guideline, showing the origin, providing security and helping to differentiate one product from the other.

1.1.1 Internal Brand Management

Even though brands are a business asset, brand management is still in its early stages. The tendency at the present is to manage products, which happen to have a name. Brand management involves different reasoning and approaches. From now on, companies will be faced with the strategic issue of growing through existing brands or through new brands, whether created or bought.[6]

Out of necessity, brand management must now be more concerned with the creation of a *Gestalt* for the brand, i.e. "the unified physical, psychological or symbolic configuration or mix of elements, that when combined, are greater than the sum of parts". This is not an easy task, particularly in the identification and blending of the relevant mix of psychological values that a brand needs to embrace and reflect. It is the *Gestalt* guided by a vision or philosophy of the brand, a reason for its being, that lies at the heart of brand differentiation, creating brand identity and image, and determining the strength and economic value of the asset.[7]

Three important trends have amounted to a new role for the brand within the company: less product differentiation, increasing marketing costs and market integration. In a marketing situation where there are only slight differences between products, there is an increasing need to differentiate brands. The importance of brands, which consist of emotional values and symbolic meaning, increases as the product's functional value diminishes. When there are few differences between

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[5] Hankinson, 1993.
[6] Kapferer, 1996.
[7] Hankinson, 1993.

products, price will be the main determinant of consumption. To avoid a "price war", many companies strive to create their own "demand curve" by using brands that appear, to the consumer, to provide value as a differentiation device.[8]

One recent key shift in management concerns ownership and responsibility for brands. The marketing department can no longer take on the sole responsibility for brand management; it makes little sense to hand over responsibility for the "corporate jewels" to a junior brand manager. CEOs are increasingly assuming the charge and challenge of being "brand stewards", since it is only the CEO or chairman that can effectively set the course for a brand. It should be their responsibility to articulate the reasons the brand exist, its values and beliefs, and to ensure that all appropriate initiatives are put in place to realize the brand's long-term ambition.[9]

The brand is not the product but it gives the product meaning and defines its identity in both time and space. Thus companies are discovering that the brand has to be managed, nourished and controlled. Brands are too often examined by the brand name, logo, design or packaging, advertising or sponsorship, the level of image and brand awareness and, more recently in terms of financial valuation. However, the real brand management begins earlier, with a strategy and a consistent, integrated vision. The central concept of the brand is its identity, not its image. This identity must be defined and managed, and is at the heart of brand management. However, many companies have become victims of their own communication, since they have formulated a visible identity before defining the core identity. If they are not aware of the original meaning of the brand, they will continue to rely on the graphical identity, thus putting to much emphasis on the visibility of the brand.[10]

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[8] Melin & Urde, 1991.
[9] Hankinson, 1993.
[10] Kapferer, 1996.

Most companies see no difference between launching a new brand and a new product, but a brand must prevail even if the product segment changes. Knowing a brand's core identity provides freedom of expression, since it is superior to the visible identity. Most major brands have a main product that communicates the message, for example, Levi's 501 jeans. However, many brands do not succeed in creating such a product, making it more difficult to market the brand.[11]

The customer forms an image of a brand through all the marketing signals sent out by the company: brand name, pictures, the product it self, advertisements, sponsors, customers etc. When a company communicates, every recipient forms their own internal image of the sender. Thus, the way the brand is marketed will determine how the brand is conceived. Every brand must have an original history and culture; for maximal use of that, all different parts must head in the same direction.[12]

1.1.2.   *Internal Brand Loyalty*
Maximizing brand sales with a low price strategy may stimulate sales in the short-term, but does little to foster long-term loyalty. It is only through the creation and retention of a brand's loyal customer base that increases brand revenue and brand value. Whether strong, differentiated brands and loyal brand franchises are built will be determined by the brand-owner's ability to create a vision for the brand and a reality in which people can share. Creation of leading leadership brands requires that the brand meaning is understood throughout the internal organization and is lived in day-to-day practice.[13]

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[11] DLF, April 1995.
[12] Kapferer, 1996.
[13] Hankinson, 1993.

Melin[14] mentions in his book the importance of creating consumer brand loyalty, but he also emphasizes internal loyalty towards the brand. This means that the company and brand management is responsible for, and should be loyal to, what the brand stands for; in other words, the product attributes, brand identity, core value and positioning.[15]

We want to highlight the issue of internal brand loyalty in this study since we believe that without it, it might be harder to create external brand loyalty, and thus the brand might not be as successful. The traditional focus has been on the quantitative, rather than qualitative aspects. Therefore, we would like to emphasize the importance of the internal customers instead, since they provide service to the external customer. We think that if companies start to direct more attention to the internal market, they will increase organizational effectiveness.

Further more, in this study we will highlight different aspects that we believe will together contribute to the achievement of internal brand loyalty, namely brand management, organizational culture and relationship marketing. The key question within this field concerns how important internal brand loyalty is to the corporate brand and how such loyalty can be developed.

1.2. Organizational Culture

An organizational culture consists of the norms, values, rules, convictions, formal and informal behaviors shared by the individuals within a company. A strong culture makes a strong organization and therefore one can say that in order to build a strong brand, there should be a supportive and strong culture behind it. If a company does

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[14] Melin, 1997.
[15] Ibid.

not succeed in creating an environment and culture that encourages flexibility, empowerment and cross-functional participation, it may be difficult for the company to improve employee motivation and job satisfaction. This, in turn, reduces customer retention.[16] We believe that if a company is to have a strong brand, the organizational culture must motivate and satisfy the employees, since it is they who support the brand. If the employees are not happy with the company, internal brand loyalty will be difficult to achieve. Therefore, next examine how an organizational culture can enhance internal brand loyalty.

1.3.   Relationship Marketing

Relationship marketing aims to address the numerous parties that are involved in and may, directly or indirectly, contribute to a company's effectiveness. Relationship marketing is characterized by a focus on customer retention, orientation of product benefits, long term-scale, high customer service emphasis, high customer contact and quality.[17]

There are many different dimensions to relationship marketing, and we have chosen to focus on one of those: the internal markets. consist of the employees of an organization. This concept has broadened to include internal marketing since it has been recognized that management of external relationships is largely dependent on the support of internal relationships.[18] The relationship between the employee and the external customer is the basic premise behind the development of internal marketing,

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[16] Bowen & Lawler, 1992.
[17] Flipo, 1986.
[18] Christoper et al. 1998.

a function that enables staff to work together across functional boundaries in accordance with the company's mission, strategy and goals.[19]

The concept of internal marketing is important because we believe that there are correlation's between a supporting internal service culture, employee motivation, job satisfaction, employee retention, customer retention and customer loyalty. We think that if a company succeeds in creating a supporting internal service culture, it is likely to benefit in terms of customer loyalty. Building this service culture is a long-term process. If it is done successfully, however it is more profitable than maximizing brand sales, which has been the focus of the past three decades. Therefore, our next question concerns how internal marketing influences the creation of internal brand loyalty within a company.

1.4.   Overview of the Problem Statements

Below is an illustration of the different problem statements that we are going to highlight in this study. We hope that this the reader to see how the two issues of organizational culture and relationship marketing relate to the main question of internal brand loyalty.

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[19] Christoper et al.1998.

Main problem
How important is it with internal brand loyalty towards the corporate brand? How can such loyalty be developed?

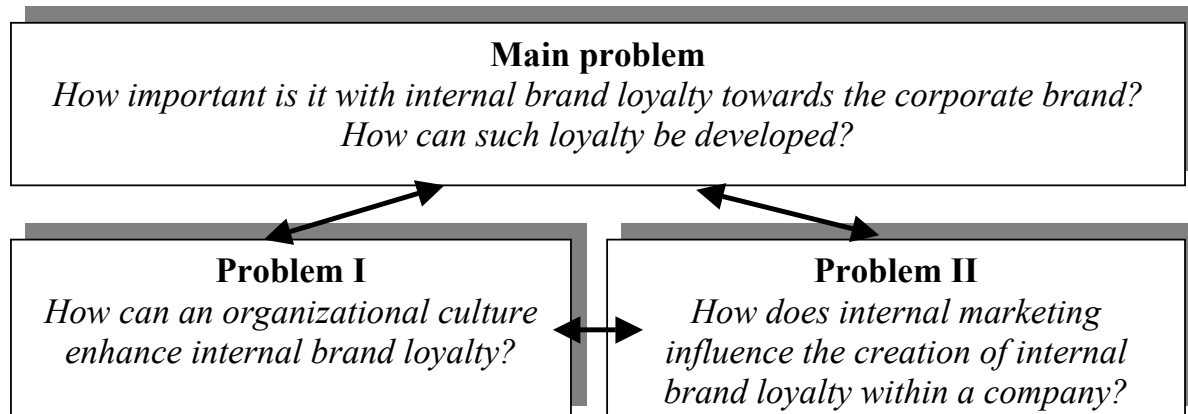| Problem I	Problem II
How can an organizational culture enhance internal brand loyalty?	*How does internal marketing influence the creation of internal brand loyalty within a company?*

Fig. 1.1. Overview of the problem statements.

1.5. Purpose

As mentioned before, the area of brand management is not a widely acknowledged area of investigation. There have been studies of how the creation and sustainment of successful brands, but few studies examine the concept of internal brand loyalty. Therefore, the main purpose of this study is to explain the importance of internal brand loyalty to a corporate brand achieving external brand loyalty. Additionally, we investigate how organizational culture can influence the development of internal brand loyalty, and how internal marketing can enhance this process. Our third purpose is to unite these parts into a new theoretical model, of the process of achieving internal brand loyalty.

1.6. Focus

We will limit this study to management of corporate brands. Within this area we will focus on brand building and brand development, with an emphasis on brand identity and brand loyalty. We consider brand identity to be the fundament of brand loyalty.

We are focusing on customer brand loyalty in combination with organizational culture and relationship marketing in order to develop an understanding of internal brand loyalty. We also limit our study to the qualitative values of brand management, and to organizational culture and relationship marketing. The main emphasis will be on brand management since we believe it to be the most influential when it comes to internal brand loyalty.

1.7. Definitions

In this study there are some recurring words for which the reader may have varying interpretations. We would like to clarify our understanding of these words in order to avoid any misinterpretations.

Brands: a brand is a guideline, showing origin, providing security and helping to differentiate one product from the other.

Company: an organization whose main purpose is to generate a profit.

Corporate brand: a company name also used as specific product brand names.

Customer/consumer: interchangeable; refers to existing and potential buyers of a product.

Internal customer: all employees of a company.

Internal marketing: the various activities undertaken by the company desired to influence the employees.

Internal markets: the individuals working within the organization.

Managers/management: the top decision-making bodies within an organization.

Organizational culture: in this thesis, this is equal to the corporate culture

Relationship marketing: all the internal and external parties that can contribute to a company's effectiveness and success.

1.8. General Outline

We have chosen to briefly outline the different parts of this study in order to facilitate reading, seen in Figure 1.2. The *first chapter* provides the reader with an overview of this study. The *second chapter* presents the reader with the methods used to conduct the study. In *chapter three*, we present the different parts affecting internal brand loyalty. In the *fourth chapter*, our case study company is introduced and the outcome of interviews with the franchisees, store managers and the owner is presented. In the *fifth chapter*, we present our conclusions drawn from the empirical study and finally, in *the sixth chapter* we provide the reader with a discussion concerning the problem statements.
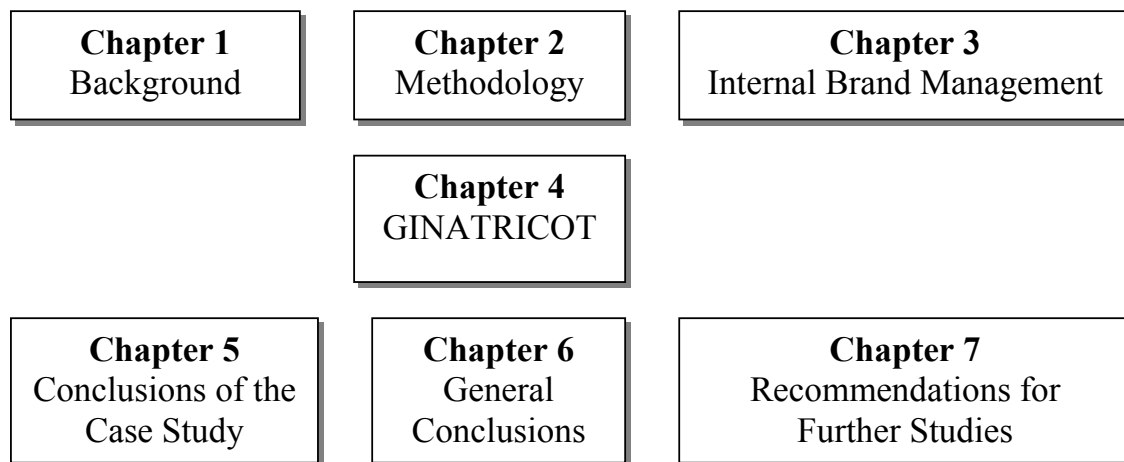
Chapter 1 Background	**Chapter 2** Methodology	**Chapter 3** Internal Brand Management
	Chapter 4 GINATRICOT	
Chapter 5 Conclusions of the Case Study	**Chapter 6** General Conclusions	**Chapter 7** Recommendations for Further Studies

Fig. 1.2. General outline.

2.   METHODOLOGY

*I*n this chapter we present the method used to conduct the study and the perspective from which it is conducted. We will also describe how we gathered primary and secondary data and the quality thereof. Finally, we determine possible errors that can occur in this type of study.

2.1.   Scientific Conceptual Framework

The scientific conceptual framework is represented by two different views: positivism and hermeneutics. Which view a researcher chooses is dependent on personal views on the application of theories in science.[20] It is hard to claim that one is either a positivist or a hermeneutic. This is because, in general, the world can be understood as objective and measurable as well as being a social construction. We believe that it is possible to view the world from two sides; one side represents the physical, objective and measurable; the other shows the world as a social phenomenon consisting of a number of different meanings.[21] We believe that when conducting a scientific study, it is important to try to define and inform the reader of one's point of view. In this study, we mainly take a positivist standpoint, since we have been researching a concrete measurable phenomenon.

Another important question for the investigator, is how to approach the empirical data. There are three different approaches that can be used, inductive, deductive and abductive.[22] Our study is mainly *deductive* because we have used pre-existing theories about brand management, organizational culture and relationship marketing as a foundation to our discussion about internal brand loyalty. The study is also, to

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[20] Wallén, 1996.
[21] Ibid.
[22] Wallén, 1996.

some extent, *inductive* since there are almost no theories written about internal brand loyalty. With the help of an empirical study we have developed our own model in an attempt to clarify and discuss this topic.

2.2. Perspective

Within science it is important to be aware of the perspective from which a problem should be viewed, i.e. from which angle the reality should be studied, what aspects are relevant and important in order to interpret data.[23] A certain perspective is necessary in order to limit the study and it is up to the researcher to decide which perspective is relevant.

Since we have chosen to study brands and especially the area of brand management, it is important to realize that a brand can have different functions depending on the perspective from which it is viewed. A brand can be of interest to four different actors in the market and can therefore be discussed from a legal, brand management, customer or competitor perspective.[24] In this study we take a brand management perspective. We have chosen this perspective because we believe that it is the management's job to assure that internal brand loyalty is achieved.

2.3.   Research Strategy

Each type of research has a research design. The kind of questions to be answered affects the research strategies chosen. According to Yin[25], different research strategies involve different ways of collecting and analyzing empirical evidence.

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[23] Lundahl, & Skärvad, 1992.
[24] Melin, 1997.
[25] Yin, 1994.

Each strategy has its advantages and disadvantages. What distinguishes each strategy is: the type of research question posed, the extent of control an investigator has over actual behavioral events and the degree of focus on contemporary as opposed to historical events.[26]

2.3.1. Case Study as a Research Strategy

When a phenomenon is to be studied in a real life situation, Yin[27] argues for the use of a case study. Especially when the boundaries between the phenomenon and the context are not clearly evident. Knowledge derived from a case study could be classified as more direct and realistic, rather than theoretical and abstract. One could use a case study to create a theory, exemplify and illustrate, or to formulate a hypothesis.[28]

The case study is important in evaluation research, and has several applications. First, it can explain real-life casual links, which are too complex for survey or experiment strategies. Second, a case study can describe a real life situation in the context in which it occurs. Third, it can illustrate a specific topic within an evaluation. Fourth, when exploring situations where the evaluated intervention has no clear outcome, a case study is preferred. Finally, the fifth application is a meta-evaluation – a study of an evaluation study. The most common strategy is to use the five applications in a combination.[29]

In this study we have chosen to use the case study because it is best suited to the topic we address, and because we want to have a connection with reality in order to

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[26] Ibid.
[27] Ibid.
[28] Lundahl & Skärvad, 1992.
[29] Lundahl & Skärvad, 1992.

formulate a theory about internal brand loyalty. We think that ginatricot is interesting as a case study because it is a recently established company that is under development, it is growing quickly and is relatively unknown. This is also an interesting company to investigate since ginatricot is a chain company that is partly a franchise. Therefore, we believe that there might be a stronger connection between the franchisees and the brand then there would be if it was only a chain company. Another reason that we find ginatricot interesting is that it has a corporate brand, i.e. it uses the same name for the company as for the brand. Had we chosen to use another chain company, such as H&M, for a case study it would not have been as interesting since they, for example, have different product brands, such as Impuls, BiB, and Woman.

2.3.2. Research Type

Depending on the purpose of the research, a classification of the research type can be made. This can be placed into one of four different categories: exploratory, descriptive, explanatory and predictive.[30] We discovered rather quickly that there is not much research within our chosen area. Therefore, we are performing exploratory research, since we have tried to generate knowledge and understanding an area where little is known. Finally, we have used descriptive research when collecting data, and used that data to describe the processes and models that may affect how a company can attain internal brand loyalty.

2.4. Data Collection/Research Method

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[30] Lekvall & Wahlbin, 1993.

A method can be defined as: "(…) a tool, a way of solving a problem and coming up with new knowledge".[31] In research, a method can, in a better or worse way, contribute to attaining the goal of the study. Therefore, it is important to make a rational choice of a method, i.e. to choose one way/tool to solve the problem that will provide the best possible outcome. When conducting research, the investigator chooses between qualitative and quantitative methods.[32] We have conducted a qualitative study consisting of a number of questions divided into the different aspects we are addressing in the theory: brand management, organizational culture and relationship marketing.

2.4.1.   *Primary Data*

Primary data is collected specifically for the research at hand. This type of data can be collected in several different ways: through experiments, observations, personal interviews, telephone interviews or questionnaires.[33] In case-study research, like we have done with ginatricot, the most common research technique used is the interview.[34]

We have done a complete investigation consisting of the franchisor, all of the franchisees and store managers. There are 11 franchisees and 5 store managers, each with one or two employees; therefore we made a deliberate choice to only interview people in managerial positions.

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[31] Holme & Solvang, 1997.
[32] Ibid.
[33] Ibid.

The division of respondents

☐ Franchisees
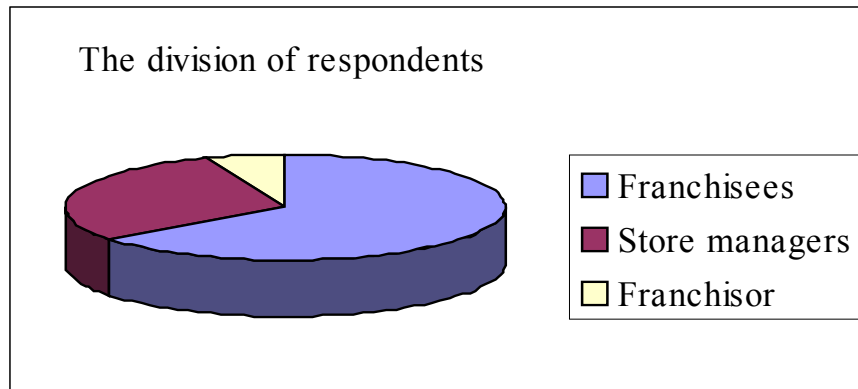■ Store managers
☐ Franchisor

Fig. 2.1. The division of respondents

We chose to conduct telephone interviews with the majority of the respondents to ensure a complete investigation. Since the respondents are spread throughout the country, it would have been impossible to conduct personal interviews with all of them. However, we have conducted one personal interview with the franchisee in Gothenburg, and the interview with the franchisor was conducted partly in a person and partly via e-mail. The interviews took place during week 46 (1999) and each interview was approximately 40 minutes long.

We used open-ended questions that made it possible to catch the attitudes, values, beliefs and other emotional expressions of the interviewee. We described our investigation in words rather than numbers, in order to gain a better understanding of ginatricot's company climate. We also chose to interview the franchisor, Jörgen Appelqvist, to determine if there were any differences between his response and that of the other respondents. Before conducting the interviews, we sent out letters to the respondents win which we guaranteed their anonymity. We have therefore used fictive names in the compilation of the interviews. Furthermore, we taped each interview in order to avoid any misinterpretations on our part. We listened to the tapes and transcribed the data to be analyzed.

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[34] Merriam, 1988.

Next, the gathered information was summarized under different headings relating to the theory, and in particular to Melin's model of brand building[35], making a distinction between the franchisees' and the store managers' answers. Where possible, we included the interview with the franchisor under those headings. Finally, we analyzed the theory in light of our empirical findings, and were able to draw conclusions.

2.4.2. Secondary Data

Secondary data is data that exists before the current study.[36] Examples of this are books, articles, journals, previous studies and statistics. In our work, we read literature concerning brand management, organizational culture and relationship marketing borrowed from the Economics library at Gothenburg School of Economics and Commercial Law. We used the databases, mainly ABI/Inform and General Business File to look for articles on the subject of internal brand loyalty. We also used the Internet and theses from the Economic library. Key words in our search were: brand management, branding, brand identity, brand loyalty, internal brand loyalty, organizational culture and relationship marketing.

2.4.3. The Quality of the Primary Data

There are two possible disadvantages to primary data: the questions of validity and reliability. The discussion of validity and reliability has been problematic when it comes to qualitative and case studies. Some researchers[37] argue that discussion of validity and reliability in qualitative research presents no problem, but others disagree. Patel and Tebelius[38] have constructed a model that shows how validity and

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[35] Melin, 1997.
[36] Kinnear & Taylor, 1991.
[37] Patel & Tebelius, 1987.
[38] Ibid.

reliability and related ideas can be dealt with in qualitative studies. The model's different parts will be described below.
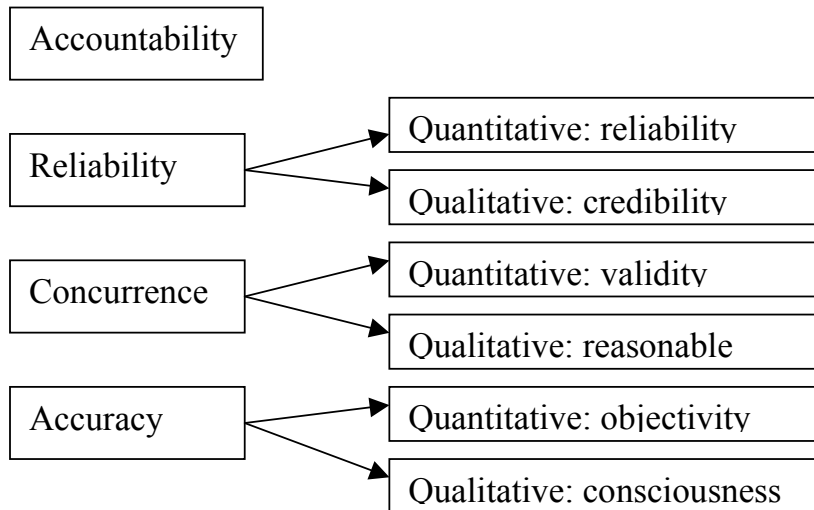
Accountability		
Reliability	→	Quantitative: reliability
	→	Qualitative: credibility
Concurrence	→	Quantitative: validity
	→	Qualitative: reasonable
Accuracy	→	Quantitative: objectivity
	→	Qualitative: consciousness

Fig. 2.2. Overview of concepts   (Source: Patel & Tebelius, 1987, p. 82)

Accountability

Qualitative research is directed towards the understanding of a phenomenon. Therefore, the result has to be accountable; the respondents chosen must be relevant to the study. They must be able to give a lot of information from different perspectives. The relevant respondents in our study are the employees and the founder - franchisor of ginatricot, since the study is of them and their daily work.

Credibility

Both when gathering information and later, when engaging in interpretation, it is important to argue for the credibility of that information. The researcher has to be able to show that the results are not built upon common or stereotyped views. One precondition for interpretation is that the respondents are giving truthful answers. There also has to be a correlation between word and action. The respondents have to feel motivated and feel that the research is relevant for them. Since we explained to

our respondents that this study was being done to enhance their own business, and that we guarantee anonymity, we feel that this is not a large problem. There is no reason to believe that our respondents were not truthful, since our questions are of a general nature, directed towards the business and not towards the respondents personally. At the same time, we note the fact that our respondents were discussing something that they themselves are a part of; thus it would be difficult for them to be objective.

There is always a risk in qualitative studies that the researcher can become personally involved and that subsequent interpretations are influenced by the researcher's beliefs and thoughts. It is therefore important to be able to distance oneself and take an objective stance; only then is the information credible. Of course, it is hard to be objective when personally involved in research. To maintain objectivity, one of us conducted the interviews, the other two listened to and summarized the recordings, and lastly, we interpreted the information together. Another way for a researcher to gain credibility is to show the interpretations to the respondent, who then can choose whether to accept or reject the interpretations.

Reasonable – Concurrent

The information gathered by the researcher should be reasonable, i.e. reflect the reality. The methods used to gather information are judged by their ability to provide adequate information. The researcher's knowledge of the respondent's situation and position increases the possibility of attaining reasonable information, since it increases the researcher's ability to stimulate the respondent and focus on situations that might be overlooked otherwise. We believe that our open-ended questions have provided an opportunity for the respondents to reply honestly so that most of the information they provided reflects reality. However, the respondents might have

opened up even more, if the interviews had been conducted in person instead of via the telephone.

The reflections of the interpretations can also be judged from the diversity and variation of the information that is used. Another possibility for achieving concurrence is through comparison of the gathered information. It can also be judged from the perspective of existing knowledge and theories that were the foundation of the study. There is a risk however, that the researcher might see a connection between the theory and empirical study that does not exist, sort of a self-fulfilling prophecy.

Consciousness

The researcher should remain constantly alert so that the gathering of information and analysis is not influenced by his or her own feelings or experiences. The researcher's knowledge and judgment determine the study's quality. Thoroughness is especially important when interpreting information, the researcher should not exclude anything for the sake of convenience. The best interpretation is one that can take into account as much information as possible, of every kind. The researcher should be able to defend his or her position and interpretations, and show how the conclusions have been drawn. We believe that we have not excluded any parts of the interview, but instead written down all of the gathered information in order to achieve a better analysis and stronger conclusions.

2.4.4.   Possible Types of Errors
When conducting research there are many possible sources of error that can affect the result. When it comes to primary data, some of the most common errors are: situational factors, such as variations in the environment where the measurements are conducted; characteristics of the respondents, such as mood, fatigue and health; and

data collecting factors, such as influence of the method of interviewing. Some other common errors are measuring instrument factors, such as the degree of ambiguity, difficulty of the questions and the respondent's capability to answer them, and data analysis factors, such as errors made in the coding and tabulation process.

The only way to determine the quality of the empirical investigation is to judge how well we have achieved the goal of the investigation.[39] The purpose of the empirical investigation in this study is to determine the existence or non-existence of a phenomenon: in this case, the existence of internal brand loyalty towards the corporate brand.

When a case study like ours is conducted, there are many possible errors that can occur. The definition of the problem and the case study selection determine how relevant and detailed the information of the study will be. The quality of the information that is collected is determined by the choice of research strategy, method, data collection, analysis and interpretation.[40]

Having an unclear purpose can result in a misleading direction and content of a study, incorrect inference, errors in measuring, and errors in working and interpretation. Another situation that result in misleading content is when a research direction is used that does not fulfill the purpose of the study, or when the limitations of the study are inappropriate. The purpose of our study corresponds well with our case study. Also, we determined the theoretical purpose before conducting the interviews, which helped us to focus on the topics that were relevant to our purpose.

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[39] Johansson & Lindfors, 1993.
[40] Ibid.

Another type of error occurs when secondary sources include errors that the researcher does not know about. Therefore, it is important to evaluate every source that is used.[41] There are special errors that can occur in telephone interviews, such as interference, asking leading questions, and misinterpretation due to lack of body language. In order to prevent this, we had our questions evaluated before the interviews, and we recorded the respondents so that we could double-check the answers afterwards.

2.4.5. *Analysis*

In this study, statistical data is meaningless since we are generalizing, and trying to see connections between the theoretical applications and the empirical data. We have chosen to analyze our empirical findings through comparison with the theory, and using this comparison to draw our own, general conclusions. We have also revised and analyzed the theoretical models used in order to better connect them to this study. Finally, we have developed our own model to illustrate the theoretical connections and how the different parts interact.

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[41] Johansson & Lindfors, 1993.

3. THE INFLUENCES ON INTERNAL BRAND LOYALTY

*I*n this chapter, we begin with an overview of the area of brand management in order to provide the reader with an introduction to the area of branding. In this part, the emphasis is on brand identity and brand loyalty. Next, we turn to the organizational culture, since we regard that as an important foundation for brand building and success. Finally, we present relationship marketing, consisting of internal markets and internal marketing. We conclude this chapter by presenting our model uniting branding, culture and relationship marketing.

3.1. Brand Management

In the past, the value of a company was measured in terms of its buildings and land, and later by its tangible assets such as plants and equipment. Today, we understand that the real value of a brand lies in the mind of the potential buyers, and not within the business itself. Awareness of brands has evolved, and therefore brand management has gained increased importance.[42]

The research in brand management has, over a long period, been influenced by the marketing management tradition developed in the 50's. In this tradition, the brand is viewed as one of many attributes of the product. This view of the brand can be explained by the breakthrough of the four P's[43]. In this way of thinking, the brand is a subordinate to the product. This perspective lasted until the 1990's, when the brand began being viewed as an independent method of competition.[44]

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[42] Kapferer, 1997.
[43] Melin, 1997, p. 174.
[44] Kapferer, 1997.

3.1.1. What is Branding and a Brand?

"Branding is much more than the naming per se or the creation of an external indication that a product or service has received an organization's imprint or its mark."[45]

Branding is part of the strategy of market segmentation and product differentiation undertaken to fulfill the expectations of specific groups of consumers. Companies try to present their products with an ideal combination of attributes that will attract these different people: tangible, intangible, visible, invisible, practical and symbolic. A brand is aimed at a specific segment of the market.[46] The process of building a brand is gradual and time-consuming. It is important that "brand building" is driven by a company with strong internal relationships and a clear brand vision and purpose.

There are many definitions of a brand. It is said to be a *living memory*. What shapes this memory is the way in which a brand is introduced through its products and advertising. This creates a memory of that particular product that shapes all future perceptions.[47] Individual preferences endure partly because of this memory factor. In fact, people continue to prefer the brands they liked between the ages of seven and eighteen, as much as twenty years. This explains why the image of a brand can vary from generation to generation.[48]

A brand is also a *genetic program*, it is both the memory and the future of its products. This means that a brand cannot be seen as static, but instead is a dynamic reality that must adapt to its time and changes in technology as well as consumer

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[45] Kapferer, 1995, p. 15.
[46] Kapferer, 1997.
[47] Ibid.

behavior. However, a brand must always stay consistent with the original vision, because if it starts to develop in too many directions there is a risk that it will loose its meaning and substance.[49]

A brand is that it is also a *contract*. If a brand manages to communicate certain feelings and associations, as well as maintaining high quality, customers feel committed to buy the brand. The brand becomes credible through repeated purchases, which indicate that the brand has succeeded in communicating its characteristics. This, in turn, creates satisfied and loyal customers. This connection could be seen as a virtual contract between the customer and the brand. This explains why brands that have temporary lost popularity do not necessarily disappear from the market. The brand is viewed in the long-term, while products come and go.[50]

A study in the UK found that most marketing professionals saw the brand as a *differentiating device*. This means that the only thing that distinguishes one brand from another is its logo and distinctive packaging. Thus, no image is built up through the branding message when the brand is seen as a support function of the product. The brand can communicate more directly to the consumer than the product itself, if the brand is seen as having a personality and symbolizing certain values. This is because the brand has an emotional appeal To the consumer.[51] We consider a brand as a guideline, showing origin, providing security and helping to differentiate one product from the other.

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[48] Jacoby & Chestnut, 1978.
[49] Ibid.
[50] Jacoby & Chestnut, 1978.
[51] De Chernatony & McDonald, 1998.

When discussing brands, it is important to distinguish between corporate and product brands. The corporate brand is different from the product brand in that it shares the company name. This means that associations with the product directly influence the perception of the company, and vice versa. This is not always the case with product brands, since it is not always obvious which company produces a brand. Since we are focusing on a corporate brand in our study, a further discussion on this topic is provided.

3.1.2.   Corporate Brand

Before we move on we need to understand the differences between a corporate brand and branded products. There are some core attributes that define corporate brand as a distinct area; intangibility, complexity and responsibility.[52] When we buy a consumer brand, such as soap, we can smell, touch and feel it. We may not understand its chemical ingredients, but we can describe the attributes with a fair degree of certainty. A brand has some intangible elements, but a company is much more remote. Unless we work in a specific company, we rarely know much about its past, strategy, values or culture. We get information from its communication, its products and its employees, and based on these, we make judgments.[53]

Companies can consist of a number of different decision making bodies, operating divisions, and products, and hundreds of people. The way an audience builds an awareness of a firm is multifaceted, because it occurs through advertising, literature, press coverage and direct marketing, as well as through the behavior and actions of employees.[54] If the company name is used on the product, the direct experience of that product will be a key factor in the consumer's attitude towards the company.

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[52] Ind, 1997.
[53] Ibid.
[54] Ibid.

Many firms experience a communication problem, with corporate affairs talking to the financial audiences, marketing talking to consumers, and human relations talking to employees. The possibility of fragmentation is very large if there is not a powerful "glue" holding everything together. Ind[55] argues that this is achievable only through structures and systems that encourage convergence and, very importantly, through a powerful shared vision, which helps to achieve a level of uniformity in attitudes and behavior.[56]

The corporate brand also has a broader social responsibility, in an ethical perspective, than the branded product. There has been an increase in advertising publicizing the virtues and social awareness of individual firms. This influences non-marketing areas such as recruitment/personnel and corporate culture.[57] As we see it, the corporate brand strategy should derive from a vision since it shows in which direction the company is heading.

3.1.3. *Mission and Vision*

The mission provides the reason why a company exist. It is meant to help the company express what they want to do for their customers and why they are on the market. When developing a company mission, the company has to be especially careful to clarify what it is in the company that deserves a strong commitment from the customer. A clear mission controls everything in the company, from product development and marketing to the employees' attitudes towards the company's customers. It does not matter *how* the mission is formulated as long as everybody understands it.[58]

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[55] Ind, 1997.
[56] Ibid.
[57] Hankinson & Cowing, 1993.

With a strong mission, the company can aim high when developing the company vision. A vision is an image of a desired future state of being, and should serve as a guideline for the company. The vision can, but does not have to be built on economical values. Its main objective is to motivate the employees, and it is therefore vital that everybody can understand it. Therefore, a vision whose only goal is to make money, is not favorable to the company. It is important that all individuals within the company appreciate the vision. The vision is built upon the mission; however, the vision is of no value if there is no connection between what the company actually can do and what they want to achieve.[59] Once the vision is established, the brand building process can begin, thus the branding mix below shows how this can be done.

3.1.4. The Branding Mix

This model contains six concepts which are all closely connected to each other: the attributes of the product, brand identity, core value, positioning, market-communication and internal brand loyalty. These concepts, excluding internal brand loyalty are taken from the brand literature. The internal brand loyalty concept has Melin developed himself. We chose to use this model since it is the only one we found expressive the concept of internal brand loyalty. However, we believe that the branding mix model is very traditional, since its focus is on the external, not internal relationships. Although we agree with Melin as to some of the contents in this model and the effects the different parts have on brand building, there are still some aspects missing that we would like to mention.

First, we would have incorporated the organizational culture in the model, as it affects all of these parts, is important to how the brand is built, and ultimately

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[58] Kunde, 1997.
[59] Ibid.

contributes to the brand's equity. Secondly, we would like to exchange the concept of marketing communication with relationship marketing, since the former is the traditional outdated, way of reaching the customer. This traditional approach is a one-way communication from the company to the public, which is no doubt important to brand building. However, it is better to use relationship marketing because it creates communication that involves all parties, both internal and external (see 3.3.). This, we think, is important when creating internal brand loyalty. Thirdly, the attributes of the product are not relevant in this study since we are focusing on the corporate brand. Therefore, the product in this study is the company itself. Finally, the positioning in the model refers to the positioning of the product, but since we are talking about a corporate brand, the positioning involves both the company and the product.
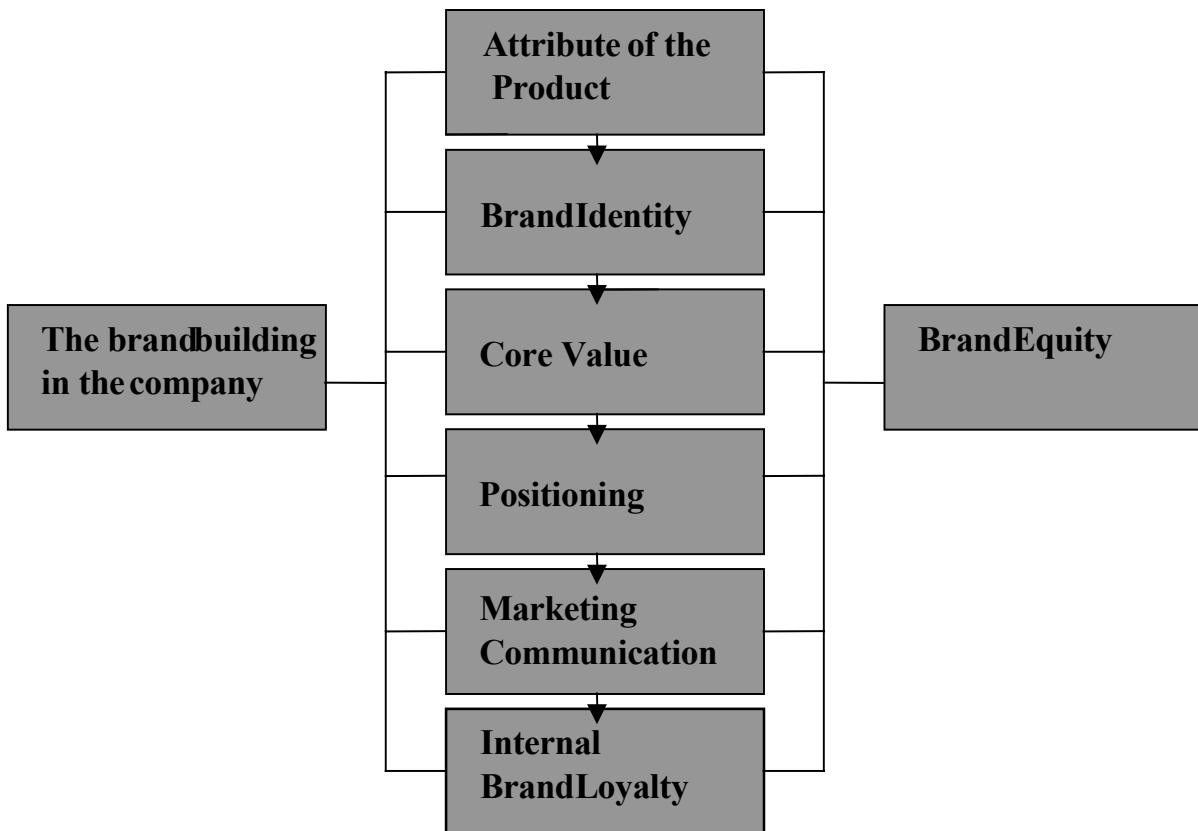
```
                    ┌──────────────────┐
                    │ Attribute of the │
                    │ Product          │
                    └────────┬─────────┘
                             ▼
                    ┌──────────────────┐
                    │ Brand Identity   │
                    └────────┬─────────┘
                             ▼
┌──────────────────┐ ┌──────────────────┐ ┌──────────────────┐
│ The brand building│ │ Core Value       │ │ Brand Equity     │
│ in the company   │ └────────┬─────────┘ └──────────────────┘
└──────────────────┘          ▼
                    ┌──────────────────┐
                    │ Positioning      │
                    └────────┬─────────┘
                             ▼
                    ┌──────────────────┐
                    │ Marketing        │
                    │ Communication    │
                    └────────┬─────────┘
                             ▼
                    ┌──────────────────┐
                    │ Internal         │
                    │ Brand Loyalty    │
                    └──────────────────┘
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Fig. 3.1.   The branding pyramid   (Source: Melin, 1997, p. 174)

Each part in the branding mix represents an activity. That is a critical step in the brand building process. Each activity is an integrated part in the development of a competitive branding strategy. The branding mix is therefore an illustration of brand management competence, which is indispensable in building and maintaining a strong brand.[60] Below, we will briefly describe the branding mix's six concepts. Later, we will concentrate on brand identity and internal brand loyalty, since we believe that these are the most crucial elements in the branding mix.

Attributes are the core characteristics of the product. The attributes' task is to give the consumer added value. Possibly the most important attribute for a product's success is consistent product quality. Other attributes of great importance in the development of a competitive brand product are the package, the color combination and the logotype. All of these attributes help to individualize the product and create a visual image.[61] However, according to Aaker,[62] the most important feature of a product is its name, which is therefore of major importance in the development of a strong identity. He argues that the choice of a name is often made too quickly and randomly.[63] Since the choice of name is something that will stay with the company for some time, it should be preceded by a careful analysis, and not become an ad hoc-decision. The question, then is what determines a good name? Checklists found in brand management literature can be boiled down to four characteristics of a good name: it should be simple, unique, legally protected and suggestive.[64]

Brand identity has lately attained a prominent role in explaining the success of a branded product. It usually refers to what a brand stands for, the meaning it provides

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[60] Melin, 1997.
[61] Ibid.
[62] Aaker, 1991.
[63] Ibid.

and what makes it unique.[65] Brand identity is a relatively new concept and is still under development. We will discuss this concept in greater depth later in this study (see 3.1.5). *Core values* are an important link between the competitive advantage of a product and its positioning, since these values indicate for what the brand stands and the underlying meaning of its existence.

Positioning is a common way of distinguishing brands and creating a place on the market and in the consumers' minds. The idea behind positioning is the creation of brand awareness, which ideally leads to long-term brand loyalty.[66] Furthermore, it derives from a process based on four questions: why, when, for whom and against whom.[67] According to Kapferer, positioning is a two-stage process: first, indicating in which category the brand should be placed, and secondly, indicating the difference between this brand and others in the same category. As mentioned before, the positioning in this study concerns both the company and the product, since we are discussing corporate brands.

The marketing communication can be done in different ways, of which the so-called promotion mix is an example. In this mix, there are four alternative ways to influence the consumers: commercials, promotion activities, public relations and personal selling.[68]This type of communication is one-way. Later, we will discuss an alternate way for companies to communicate: two-way communication or relationship marketing (see 3.3.). The concept of *Internal brand loyalty* is based on the assumption that for consumers to be brand loyal, the company and the brand management must be brand loyal, (i.e. show an internal brand loyalty). The idea

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[64] Aaker, 1991: de Chernatony & McDonald, 1992.
[65] Melin, 1997.
[66] Ibid.
[67] Kapferer, 1996

behind this is that the company and the brand management is responsible for and should be loyal to what the brand stands for, i.e. the product's attributes, brand identity, core value and positioning.[69]

Brand equity is the outcome of the model, and concerns valuing the brand on the balance sheet, both tangibly and intangibly. Brand equity is "a set of assets (and liabilities) linked to a brand name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm's customers".[70] The major assets are brand awareness, brand loyalty, perceived quality and brand associations. [71] It is necessary to make a distinction between brand assets and brand equity. The final buyers base the measurement of brand assets on the perceived value of the brand. Brand equity concerns the question of what these intangible assets are worth in monetary terms; in other words, what extra profit does the firm make from pursuing a brand polic?[72]

3.1.5   Brand Identity

> *"The identity is the brand's unique fingerprint which makes*
> *it one of a kind"[73]*

In the past few years, brand identity has become one of the most interesting and novel concepts within the area of brand management. It has quickly gained a predominate role in explaining the success of a branded product.[74]

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[68] Kotler, 1996; Melin, 1997, p. 177.
[69] Melin, 1997, p. 178.
[70] Aaker, 1996.
[71] Ibid.
[72] Kapferer, 1997.
[73] Upshaw, 1995, p. 103.
[74] Aaker, 1996; Kapferer, 1995.

Since all companies today realize the importance of communication, it has become harder to successfully convey ones identity. Thus, communicating is no longer a technique, it is an art in itself. Furthermore, there is a constant pressure put on brands, which increases the need to understand brand identity. When a brand innovates, other brands quickly catch up in order to stay competitive; thus, products with similar attributes are produced by different distributors. Also, since all companies use similar lifestyle studies, the conclusions they reach and the resulting advertising campaigns are similar. Finally, technology is a major reason for growing product similarity. Some products can only be altered to a certain extent, and therefore it is impossible to produce certain parts in different ways. It is only the brand identity that can distinguish between the products in the long run.[75] In order to understand and explain this new concept, founded by Kapferer, we will discuss the definition and importance of identity.

In order for a brand identity to be competitive over time, it must possess consistency and endurance. To highlight this, brand identity has sometimes been compared to a genetic code, i.e. a built in plan for the development of a brand.[76] According to Melin, this analogy falls short because the term "genetic code" brings to mind something innate that can not be altered. Brand identity is something that is constructed, that can and should be altered if for example, it risks becoming outdated or irrelevant.[77]

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[75] Kapferer, 1996.
[76] Kapferer, 1995; Upshaw, 1995.
[77] Melin, 1997.

Corporate identity, on the other hand, is the cultural, behavioral, verbal and visual manifestations of an organization, ideally based on a corporate mission, and communicated strategically.[78]

Organizational
Theory

Marketing
Communication

Symbolic resources

Identity

Profile
       Advertising

Organizational Culture

Image
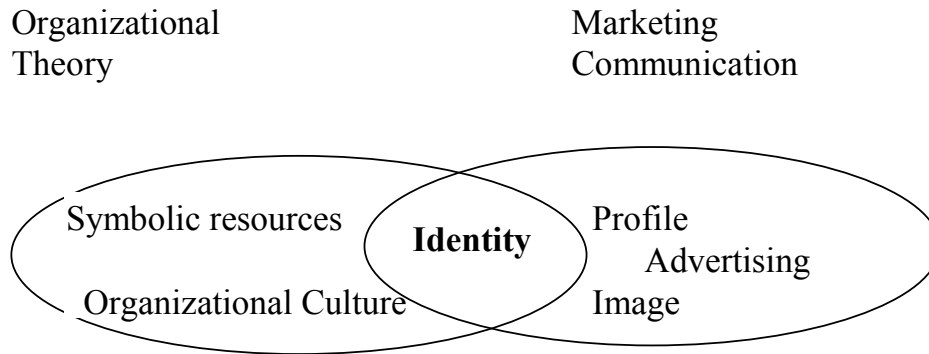
Fig 3.2. The identity concept　　　*(Source: Svengren, 1995, p. 106.)*

To show that corporate identity is something more than the visual object which together create a visual picture of the company's identity, we connect the visual identity and organizational culture. The development of a corporate identity is an activity for both the profile, the visualization of the corporate mission and the strategical concept. It also creates an organizational belonging, and shows the company's origin and characteristics.[79] We chose to use this model to illustrate the connection between identity and organizational culture. As Melin's model, Svengren's model is also very traditional since it includes one-way communication. We feel that marketing communication, even in this model, can be exchanged with relationship marketing. Relationship marketing includes internal as well as external markets (see 3.3.). Therefore, this exchange will make it possible to include internal communication along with profile, advertising and image (external marketing activities). Combining these elements under relationship marketing enables analysis

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[78] Ludlow, 1993; Svengren, 1995.
[79] Ibid.

of both internal and external marketing activities, making it possible to connect organizational theory and identity.

Identity vs Image

Within the brand management field, image was introduced as a concept forty years ago, followed by identity. Since identity and image are closely related, they sometimes get mixed up in the literature. The difference is that identity is what the franchisor intends the brand to stand for, while the image is how the consumers experience the brand.[80]

There are large amounts of money spent on measuring the brand's image; why, then, bother with identity? The image is on the receiver's side, the identity on the sender's side. Image focuses on how certain groups perceive a product or brand, and refers to the way these groups decode the signals transmitted by the product, services and communication of the brand. The purpose of identity, on the other hand, is to specify the brand's meaning, aim and self-image. Thus, in terms of brand management, identity precedes image. Before an image is projected to the public, it is valuable to know exactly what to project, and before the image is received, it is helpful to know what to send and how. [81]

The following figure shows the relationship between image and identity, and is used primarily to illustrate how image and identity should be separated. We agree with Kapferer that it is easy to confuse these. Many times the roles of the two concepts are reversed, if management fails to think enough about what the brand should project to the public. The consequence of this is that the customer decides what image the brand

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[80] Melin, 1997.
[81] Kapferer, 1996.

reflects, instead of the company. We think this is a problem since it means that the brand does not have any real essence.

Sender   **Media**   **Receiver**

| Brand Identity |

| Other sources of inspiration:
♦Mimicry
♦Opportunism
♦Idealism |

| Signals transmitted |

| Brand Image |

Competition and noise
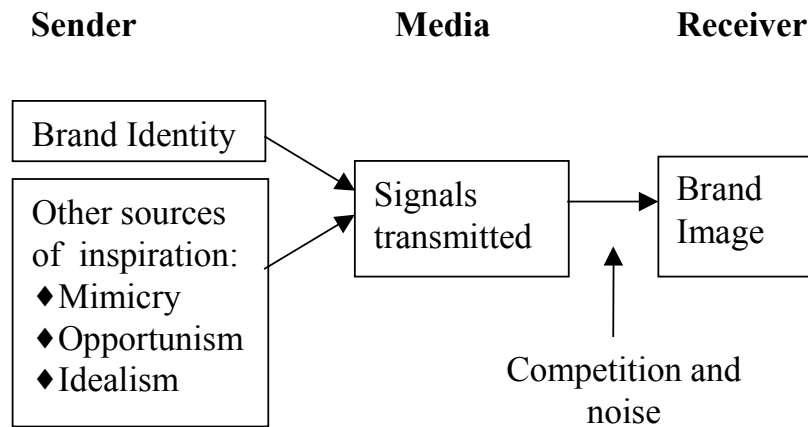
Fig 3.3. Identity and image   (Source: Kapferer, 1996, p.95.)

Image results from the decoding of a message and the meaning, and interpretation of signs. These signs derive from brand identity, but also from extraneous factors that produce meaning. These extraneous factors are *mimicry, opportunism* and *idealism.* Companies that use mimicry focus on the competitors' marketing communication, due to a lack of knowledge of what their own brand identity. Again, the traditional one-way communication dominates, leaving the receiver with no possibility of giving feedback. Other companies focus exclusively on building an appealing image, favorably perceived by all. They seek to fulfill every one of the public expectations, and therefore can appear *opportunistic* and popularity seeking, avoiding any meaningful substance.[82] Idealism is the third factor, in which a fantasized identity differs from the reality of the product. People will not remember the brand since the advertisements are either remotely connected or so radically disconnected that they only cause confusion or rejection.[83]

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[82] Kapferer, 1996.

With time brands eventually gain their independence and their own meaning even though they start out as mere product names, as the identity concept emphasizes. Brands can not be expected to be anything other than itself, since they define their own area of competence, potential and legitimacy. Focusing on image will only cause an obsession with appearance and not enough on essence.[84] Leaving the brand image discussion behind, the brand identity prism is the current thing.

The Identity Prism

To stay strong, brands have to be true to their identity. The identity concept is crucial for three reasons: durability, sending out coherent signs and being realistic.

Kapferer was the first to develop a model concerning the construction of an identity: the identity prism. We use this model to show the important parts of a brand's identity, and we agree with Kapferer that those parts are relevant to the identity discussion. This model also shows how relationship and culture connect the company and the consumer; it is the "glue" connecting the sender and recipient. We also see this model as a contribution to the concept of internal brand loyalty, since the relationship and culture also play an important role in creating this. We know that this model is about brand identity, but we still argue that it can, to a certain extent, explain internal brand loyalty. Below is an explanation of the different parts of the model.

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[83] Kapferer, 1996.
[84] Ibid.

PICTURE OF SENDER

Physique   Personality

Relationship   Culture

Reflection   Self-image

PICTURE OF RECIPIENT
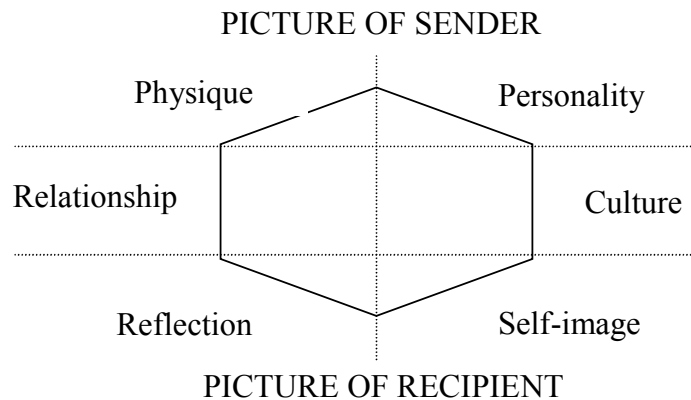
Fig. 3.4. The identity prism   (Source: Kapferer, 1996, p. 100.)

A brand's physical quality, its *physique,* is made of a combination of either salient objective features or emerging ones. The first step in developing a brand is to define its physical aspect: what it is concretely, what it does, and what it looks like. Modern packaging tends to standardize brands, making them all clones of one another. This is why Coca-Cola uses the image of its traditional bottle: to remind Coke fans to remind us of its roots.[85]

Since a brand gradually builds up character through communication, it has a *personality* of its own. The way the brand speaks of its products or services shows what kind of person it would be if it were human. Giving the brand a spokesperson or a figurehead, real or symbolic, is the easiest way of creating an instant personality.[86] The idea behind making a brand more human is the assumption that consumers choose brand the same way as they choose friends. They will choose brands they want to be seen and associated with[87].

Every product derives from a *culture* and every brand has its own culture. Culture, in this sense, refers to the set of values that are the brand's inspiration, and the outward

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[85] Kapferer, 1996.
[86] Ibid.

signs, such as the products and communication. Even in the absence of the founder the brand carries on as if nothing has changed. Major brands, such as Coca-Cola, Benetton and IBM are certainly driven by culture but they also convey this culture. It is the culture, that links the brand to the firm, especially if it is a corporate brand. Thus, the degree of freedom of a brand is reduced by the corporate culture. Brands are often at the heart of transactions and exchanges between people, implying that a brand is a *relationship*. For example Nike relates to specific cultural values, to the Olympic Games and to the glorification of the human body. It also suggests another relationship, based on provocation, it encourages us to let loose: "just do it".[88] Again, the company sends out messages to the receiver, without enabling them to respond. We think that the receiver should be provided with an opportunity to respond.

A brand will always tend to build up a *reflection* or an image of the buyer or user which it seems to be addressing; thus a brand is a reflection. It is easy to mix up the terms "reflection" and "target". The target audience is the brand's potential buyers or users. A "reflection" is who the customer wishes to be as a result of using the brand. For example, Coca-Cola has a much wider clientele than suggested by the narrow segment it reflects (age 15 to 18). Consumers indeed use brands to build their own identity. They purchase a brand that portrays how they wish to be, not necessarily how they really are. This is an aspect frequently overlooked in the advertising required by managers. It is important that all brands control their reflection and project a flattering image of their clients. A brand also speaks to our *self-image*. Just as a reflection is the outward mirror of the target, the self-image is the inner mirror. We tend to develop a certain type of inner relationship with ourselves through our attitude towards certain brands. For example, when people buy a Porsche, it is not so

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[87] De Chernatony & McDonald, 1992; Aaker, 1996.
[88] Kapferer, 1996.

much the reflection of owning a Porsche that is appealing. Many simply want to prove to themselves that they have the ability to buy such a car.[89]

These six facets, as well as the boundaries within which it is free to change or develop, define the identity of a brand. These facets are interrelated and form a well-structured entity. Thus, the content of one facet echoes that of another. Since brands can only exist if they communicate, the prism concept derives from the assumtion that brands have the gift of speech. Behind any type of communication is a sender, whether real or made up, that conveys a message to a crowd. Brands have no real, concrete sender, nevertheless customers do not hesitate to describe the brand's sender (the person bearing the brand name). Every communication effort is made towards a certain type of person or audience; thus, the reflection and self-image facets help define the recipient belonging to the brand's identity. Relationship and culture, the other two facets, bridge the gap between sender and recipient.[90]

The vertical division of the identity prism shows the internal and external expressions of the brand. The facets to the left – physique, relationship and reflection – are the social facets, which give the brand its outward expression. All three are visible facets. To the right, the facets are personality, culture and self-image, which are incorporated within the brand itself, within its spirit.[91] The challenge consists of uniting the different parts of a brand into one entity, a *gestalt*.[92] In brand management terms, this means that the different parts of a brand should complete each other, in order to develop as a competitive gestalt as possible.[93]

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[89] Kapferer, 1996.
[90] Ibid.
[91] Ibid.
[92] Aaker, 1996; Zaichowsky, 1995.

The strength of the identity prism is that the six facets give a complete picture of the development of a brand. However, according to Melin, this is not without complications. When Kapferer incorporates culture into the prism and calls it an important link, he overlooks the fact that some companies, for example Procter & Gamble, choose to let some brands stand alone, without any connection to the company's name or the corporate identity. The reason for this that Procter & Gamble uses a multi-branding strategy, in which a link between the separate brands and the company name would risk undermining the separate brand's identity and positioning.[94] According to Kapferer, the classic brand concept is one brand = one product = a promise of customer use. Procter & Gamble work with this concept, giving each product a specific name and a specific promise independent of other product names. The brand then becomes more of a product name, making any expansion of the brand impossible.[95]

Kapferer states six facets of building a strong brand identity. Aaker has identified six more factors. In total, we have 12 different factors: product scope, product attributes, quality/values, uses, users, country of origin, organization attributes, local vs. global, personality, brand-customer relationships, visual imagery and metaphors and brand heritage.[96] These factors are divided into four main groups from which the a brand is constructed: the product, organization, personality and symbols. His view of brand identity and its construction concludes in a brand identity system. Aaker's view is, according to Melin, heavily influenced by Kapferer's work within the area, thus he

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[93] Melin, 1997.
[94] Ibid.
[95] DLF, 1995.
[96] Aaker, 1996.

does not add anything new. Therefore, his contribution to the discussion of brand building is limited to the factors mentioned above.[97]

The question is, then, why the identity concept is needed when positioning (see 3.1.4.) already exists? First of all, positioning focuses more on the product itself, the identity is needed for the corporate brand as a whole. Secondly, the brand's meaning and all of its potential is not reflected in positioning. Positioning does not fully differentiate Coca-Cola from Pepsi-Cola because it is hard to grasp such nuances.

Another major deficiency of positioning is that it does not say anything about communication style, form or spirit. It only controls the words, forgetting that brands are delivered to the public also through pictures, sounds, colors, movement, and style.[98] Many times, brand uniqueness is eroded by consumer expectations, and regresses to a level at which the brand risks losing its identity.[99]

3.1.6. Brand Loyalty

The customer's relation to a branded product can, over time, be developed into brand loyalty. This loyalty is characterized by a positive attitude towards a brand, and over time, continued purchases of the same brand.[100] Melin and Urde have constructed a model, the branding pyramid, which shows how brand loyalty can be developed. Again, this model refers to the development of the customer's loyalty towards a brand; thus, it is also a traditional communication model. (see 3.5.) Kapferer's identity prism is, like the branding pyramid developed in the same way as a communication model. The two models complete each other, in that the branding

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[97] Melin, 1997.
[98] Ibid.
[99] Ibid.
[100] Ibid.

pyramid supplies an overall view of the building of a brand, while the identity prism focuses on the development of a brand.[101]

The branding pyramid, however, attempts to describe the static foundations of establishing a brand on the market. The three fundamental sections of the model are product, brand and positioning. These fundamental parts are controlled by the company, whose objective is to create balance between the individual parts.[102]

The brand plays an important role in the pyramid, because it identifies the product and therefore creates assumptions for repurchase and brand loyalty. The company seeks high brand loyalty because it creates stability and provides an opportunity to gain high market share and profit. From the consumer's perspective, this added value is a combination of the product, the brand and the positioning advantages. These perceived added values could be of emotional as well as rational characteristics.[103]

The positioning aims to create assumptions for an effective market-communication of the brand's added value to the consumers in the target audience. To succeed, it is important that the added value is viewed as relevant and attractive by the target audience. The role of communication is to create customer interest and brand recognition, which in the long run can result in brand loyalty.[104] The picture of the branding pyramid we use is an attempt to clarify the different parts, so that the reader can easily understand how brand loyalty is created through product, brand, positioning and target audience. A further explanation of the model is presented below.

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[101] Melin & Urde, 1991.
[102] Ibid.
[103] Melin, 1997.
[104] Ibid.
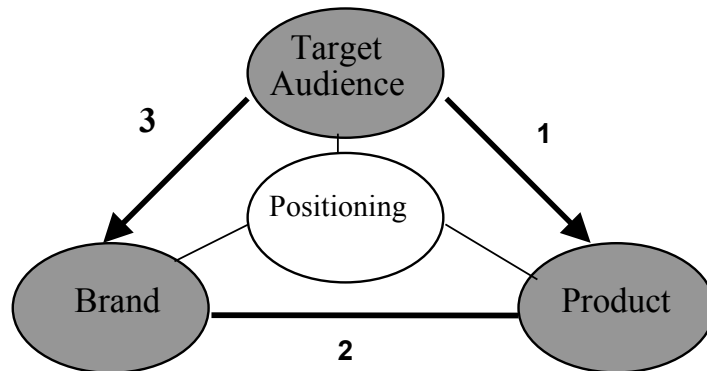
Fig.3.5. The branding pyramid   (Source: Melin & Urde, 1991, p. 25.)

The development of brand loyalty can be described in three steps. This process is strengthened by marketing communication in different forms. The objective is that consumers should recognize the product, and to be able to categorize it. The first step is to create an interest for the product in the consumer (1). Commercials and sales-promotion activities play an important role in strengthening the connection between the product and the brand (2). Over time, the consumers will simplify their buying process and immediately activate associations with the brand, without a mental detour through the product. Thereby, the connection between the brand and the target audience is strengthened (3). In this process, brand recognition is created, which is important in creating long-term brand loyalty.[105]

One must take into consideration that this only provides a static picture of a brand. But since the process is dynamic and changes from one brand to another, the link in the model are dynamic. It is also important to follow the development of a company-consumer relationship.[106] The model's most interesting contribution is that it identifies four closely related variables, which are controlled by the brand

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[105] Melin & Urde, 1991.
[106] Gunnarsson & Nätt, 1998.

management when building a branded product. These variables are the product, the brand, the positioning and the market-communication.[107]

Different Levels of Brand Loyalty

The levels of brand loyalty differ a lot between different product categories. In general, the brand loyalty is greatest for products which are related to lifestyle or personality. Here, the brand sensitivity is high. In other words, the customer pays attention to the brand when choosing products because of the high risk involved in making a purchase. The character of this risk can be of economical, social or physical nature.[108] The objective for the company is to attract as many loyal customers as possible. It is important to point out that there is, in general, no relationship between loyalty and engagement for a branded product. There are branded products which have loyalty but no engagement from the customers. (This type of loyalty is called pseudo-loyalty.)[109]

Loyalty is also an important part of brand value. A brand's value to a company is to a large extent created by the customer's loyalty. If a company considers loyalty an asset, it encourages and justifies loyalty-building programs, which then help to create brand value. When placing a value on a brand, loyalty is a major consideration. A highly loyal customer platform can generate predictable profits and sales stream.

A brand with no loyal customer platform is vulnerable or has value only in its potential to create a loyal customer platform. Another key issue is that it is much less expensive to retain customers than to attract new ones. It is a mistake to seek growth by enticing new customers to the brand while forgetting existing ones. Also, the

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[107] Melin, 1997.
[108] Ibid.
[109] Ibid.

existing customer's loyalty represents an entry barrier for competitors, because convincing customers to change loyalties is usually very expensive.[110]

One way to enhance customer loyalty is to develop or strengthen the company's relationship with the brand. Awareness, perceived quality and a clear identity could help a company reach this objective. Examples of ways to enhance loyalty are frequent buyer programs, customer clubs and database marketing.[111] If a company wants to create long-term brand loyalty, it is important to consider the consumers needs, habits and buying behavior.[112]

We have, so far, been talking about the importance of brand building and the construction of a brand identity, which eventually will lead to the creation of brand loyalty. All these factors are important for a company to be successful on the market, but there is still one important aspect missing and that is the development of internal brand loyalty.

3.1.7. *Internal Brand Loyalty*

The objective of brand building is the creation of a loyal customer base. In order to achieve external brand loyalty, the company also has to focus on internal brand loyalty. Since the latter is lacking a theoretical definition and is a rather unfamiliar concept, Melin[113] chooses to define internal brand loyalty as the moves a company must make in order to maintain a brand's judicial and commercial status. He argues that internal brand loyalty is closely connected to managing the brand capital. To obtain internal brand loyalty, it is important that the brand franchisor coordinates

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[110] Aaker, 1996.
[111] Ibid.
[112] Melin, 1997.
[113] Ibid.

activities within four main areas: trade mark management, identity management, image management and loyalty management.

Trademark management involves the protection of the brand from internal and external threats. It is in the company's interest to protect their brand, and this should be a collective effort on behalf of all employees. Melin argues that protecting the brand is a fundamental prerequisite of maintaining the brand's judicial status, which is the base for its commercial status. *Identity management* includes everything the company must do in order to maintain the brand's unique identity. To do this the company must be the franchisor and have full control over the brand. The identity must be considered when a company wants to engage in brand extension and product development. The aim of *image management* is for the customer to perceive the brand in the same way as the brand franchisor. The image should, therefore, be a reflection of the identity. Even though it is difficult to control a brand's image, it is still important to have an understanding of the customers' picture of the brand, in order to be able to move it in the right direction. *Loyalty management refers to* all the efforts that are made in order to maintain brand loyal customers. The aim is to manage the message and promise that the established brand represent to the customers.[114]

We believe that in order for a brand to be successful on the external market, the brand must be understood throughout the internal organization and its message lived in day-to-day practice. Furthermore, the employees of the company are its greatest assets, and it is they who can "make it or break it". We also believe that most employees prefer a working environment characterized by openness, flexibility, responsibility and involvement. Therefore culture is an important element in this study. In order to

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[114] Melin, 1997.

achieve this type of work environment, a company culture has to exist that supports and encourages these characteristics. Our further discussion will pinpoint that the different ways of looking at culture, as well the different components, types and levels of organizational culture.

3.2.   Organizational Culture

Schein[115] notes that culture is a body of solutions to problems that has worked consistently and is taught to new members as the correct way to perceive, think about, and feel in relation to those problems. The sum of these shared philosophies, assumptions, values, expectations, attitudes, and norms bind an organization together. Organizational culture, therefore, may be thought of as the manner in which an organization solves problems to achieve its specific goals and to maintain itself over time. Moreover, it is holistic, historically determined, socially constructed and difficult to change[116]. Thus, culture can be thought of as the DNA of an organization.[117] Our definition of an organizational culture consists of the norms, values, rules, convictions, formal and informal behaviors shared by the individuals within a company.

It is hard to define of what an organizational culture is built. Some of its components are: routine behaviors, norms shared by work groups, dominant values, guiding philosophy for policies towards employees and customers, the rules of the game for getting along in the organization, and the climate of the organization. These are all connected.[118] Another definition of organizational culture includes: level of risk

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[115] Schein, 1992.
[116] Hofstede et al, 1990.
[117] Davenport, 1998.
[118] Robbins, 1990.

tolerance, individual initiative, integration, management support, control, reward systems, conflict tolerance, communication patterns, identity and direction.[119]

3.2.1.   Different Ways of Looking at Culture

In an overview of the concepts of culture there is a distinction between culture as a variable and culture as a root metaphor. Researchers who see organizational culture as a variable have a more traditional, objective and functional view of social reality. Here, organizations produce or are accompanied by values, rituals, norms, and ceremonies, and these affect the behavior of the individuals in the organization. Here is also the relation between culture and performance, and the strength of key cultural factors. The managerial task, in this view, is to master and control the culture.[120] A different view is held by researchers who look at culture as a root metaphor. This view holds that organizations do not have cultures, they *are* cultures. According to this view, management is part of the culture and cannot simply create and control it as they wish. The relation between organizational culture and performance is indirect and complex. The manager's task is to understand the culture and the action space provided by culture.[121] We see culture as a variable, because we believe that management can change some of the elements in the culture by changing rituals, providing education to change attitudes, or even firing people that are opposed to change. Therefore, we believe that management can control and influence the company's culture.

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[119] Robbins, 1990.
[120] Alvesson, 1993.
[121] Ibid.

3.2.2.   Types of Cultures

A strong culture makes a strong organization, but does it matter what sort it is? Handy[122] argues that it does. Not all cultures suit all people or all purposes. It must be pointed out that each culture can be good and effective, but people often mistakenly believe that methods that worked well in one place will work well everywhere. Handy explains that this is not true. We agree with Handy, because we also believe that every company has their own individual culture that is impossible to transmit to another company.

According to Deal and Kennedy,[123] there are as many distinct cultures as there are organizations. Most can be grouped into one of four types. The first one is the *tough-guy macho culture*. Individuals who take high risks and get quick feedback on whether their decisions are right or wrong are characteristics of this culture. Teamwork is not important; every colleague is a potential rival. There is no chance to learn from mistakes. The entertainment business is one example of this culture. The second is the *work-hard play-hard culture.* This culture encourages employees to take few risks and to expect fast feedback. Activity is the key to success in this culture, which, for example, includes sales organizations. The third type is *bet-your company culture.* This requires "big stakes" decisions, and considerable time passes before the results are known. Pressure to make the right decision is present in this environment. One example of this culture is investment banks. The last type is the *process culture,* which involves low risk with little feedback. The employees focus on how things are done rather than on the outcomes. Two examples are banks and government agencies.[124] Which group a company belongs to is determined by two factors: the degree of risk associated with the organization's activities and the speed

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[122] Handy, 1993.
[123] Deal & Kennedy, 1983.
[124] Rue & Byars, 1995.

with which organizations and their employees get feedback on the success of decisions.[125]

3.2.3. *Levels of Organizational Culture*

Culture can be viewed at several levels. Some aspects of culture are visible and tangible and others are intangible and unconscious. According to Schein [126] there are three levels of culture in an organization. The first level, artifact*s,* is most obvious one. It includes the things you can see, hear, and feel, such as language, products, clothing, feelings, myths, common expressions for beliefs, and visible rituals and ceremonies. An observer can explain what he or she sees and feels, but can not say what this means to the organization or what kind of beliefs that created it. On the second level, the common goals and actions are more abstract. They explain what the organization does in certain situations and how it solves problems. Even more abstract is the third level, the basic assumptions. These are so deeply ingrained in the organization that no one reflects on them. It is this level that creates the most values, but can also be the largest problem, since these basic assumptions are programmed into the members of the organization. Because these are programmed into the employees, the need for management leadership becomes smaller. The programmed beliefs make it easier to develop a connection between the organization's different members, and makes it easier for the members to communicate with each other. But these basic beliefs make it hard for the company's employees to accept and adjust to new situations.[127]

3.2.4. *Strong or Weak Corporate Culture*

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[125] Rue & Byars, 1995.
[126] Schein, 1992.
[127] Cravens & Piercy, 1994.

The culture of an organization may be strong or weak. A strong culture is deeply ingrained in the organization and in all of its employees. It is very difficult to change, and attempts at change can take many years to complete. Large changes can take up to 15 years. A weak culture, on the other hand, is often found in smaller and younger organizations. It can be changed more easily because it is not so deeply rooted in the organization. Older organizations must bear this in mind when making changes that have roots in the corporate culture of the organization.[128]

We view culture as a very important factor when creating, developing and maintaining a brand. In order to connect branding and culture we need to focus on relationship marketing.

3.3. Relationship Marketing

Relationship marketing addresses the numerous parties that are involved and may contribute, directly or indirectly, to a company's effectiveness. Relationship marketing can be defined as, "an interaction based, process oriented view that include the ability to build, establish, maintain and develop long term external and internal relations for enduring value creation"[129]. We chose to use this definition because it consisted of all the elements that we think are included in relationship marketing. In its earliest stage, relationship marketing focused on the development and cultivation of longer-term profitable and mutually beneficial relationships between the company and its customers. This concept has broadened to include internal marketing since it has been recognized that management of external relationships is largely dependent on support from the internal market.[130]

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[128] Buhler, 1993.
[129] Hultén & Ossiansson, 1999, p. 36.
[130] Christoper et al. 1991.

Secondly, relationship marketing recognizes that the way we deal with the customer is changing. Placing the customer in the center is the purpose of relationship marketing. The creation of customer value, satisfaction and loyalty leads to improved profitability in the long run. The emphasis is moving from transaction to relationship. It is important to note here that relationship marketing is not new; some companies have been focusing on this for years. But there are still many firms that do not yet have a relationship marketing philosophy, and in the future we can expect an increased acceptance of this concept.[131]

Furthermore, relationship marketing has increased in importance because of the recognition that marketing impacts many areas, including customer markets, supply markets, internal markets, referral markets and "influencer" markets such as governmental and financial markets.

To illustrate these relationships Christopher, et al.[132] have developed the Six-Market model. It consists of six markets, each representing dimensions of relationship marketing and involving relationships with different parties. If these markets work closely together, customer value will be maximized.

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[131] Flipo, 1986.
[132] Christoper et al. 1991.
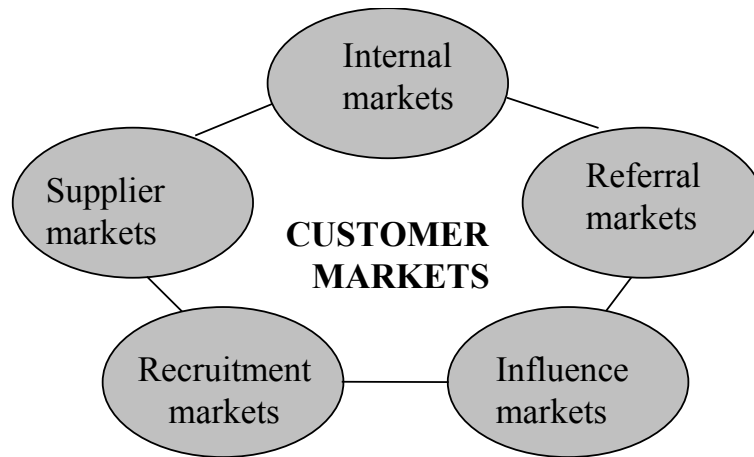
Fig. 3.6. The six market domains   (Source: Christopher; Payne, Ballantyne, 199I, p, 17.)

We use the relationship marketing concept to reach the internal markets. We also use this concept because it is a two-way, interactive process that focuses on relationships.

We will, from now on, concentrate on the internal market; this study deals with the concept of internal brand loyalty, and therefore it is this market tjat is the most relevant.

The other markets in the six-market model constitute the company's external environment, and we believe that they have no major influence on the internal environment. We think the internal market is the most interesting, since it consists of interactions between departments and individuals inside the company. In order to succeed in external markets, it is crucial that companies improve the internal employee relationships, and hence the corporate effectiveness. The networking of these internal relationships is called internal marketing.

3.3.1.   Internal Markets.

We define internal markets as the individuals working within the organizations, such as the CEO, managers, supervisors, and front line and back line staff. In order to encourage the employees to deliver high service and quality to the customers, various internal marketing activities are undertaken by the top management. According to Varey,[133] some of these activities are critical in enhancing the company's capabilities. First of all, the *organizational structure* must be market-oriented, so that it will be flexible and able to draw employees together in cross-functional teams. There must be regular *staff surveys* to discover obstacles to service quality improvements and the general level of the internal service climate.

Internal customer segmentation is important when attempting to group employees with similar needs and wants and targeting specific internal marketing plans towards these groups. The *personal development and training* should emphasize internal marketing core competencies. *Empowerment and involvement* are important elements since they enable employees to use their own judgment to solve problems. Further, *recognition and rewards* should be based on performance, and are critical tools in determining employee behavior. *Internal communications* make the coordination of activities within the company possible, and also ensure that everyone knows what to do and why. *Performance measures* are tools that measure each individual's and department's contribution to the achievement of organizational goals. Finally, *building supportive working relationships* will break down barriers with and between departments and result in an organizational environment in which it is pleasant to work.[134]

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[133] Varey, 1995.
[134] Ibid.

There are two key aspects to internal marketing. The first one deals with the way in which employees work together across the functional departments so that their efforts are in line with the company's mission and goals. The second concerns the idea of the internal customer: each employee working for a company is both a supplier and a customer. For example, at Ericsson everyone is said to have a customer inside the company, and should act as a supplier to this customer. It then becomes equally important to deliver high quality products to the internal customer as to the external customer.[135] The notion of the internal customer is similar to the concept of Total Quality Management (TQM).

The greatest difference between the two concepts is that the main concern of TQM is improving customer service at the individual "exchange" level. The main goal of internal marketing is that internal exchanges between the company and all its employees are done in a cooperative manner through the entire supply chain, enabling the company to achieve its goals and satisfy its external market. It is not enough to have customer conscious employees. There must be coordination between front-line staff and back-office staff if high service and quality are to be delivered to the customer. Employees that have face-to-face contact with customers need support from the other employees within the company if they are to do their job as effectively as possible.[136]

There is a lack of research on the subject of internal marketing. However, there is a generally accepted view that it is concerned with "creating, developing and maintaining an internal service culture, which in turn assists and supports the organization in the achievement of its goals."[137] Grönroos[138] defines internal

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[135] Gummesson, 1987.
[136] Christopher et al, 1991.
[137] Foreman & Money, 1995, p. 68.

marketing as: "(..) a way of integrating various functions to enable staff to work together across functional boundaries and aligning those cross-functional teams with internal and external company's mission, strategy and goals."

3.3.2. *The Development of Internal Marketing*

The basic premise behind the development of internal marketing is the effect that employee behavior and attitudes have on the relationship towards the external customers. [139] It is widely argued that the creation of an internal service culture has a great impact on the extent to which employees are customer-and service-oriented. If employees are service and customer-oriented, this usually means that they are doing their jobs well and know how to respond to various situations that they encounter in the workplace. Therefore, it is crucial that the company develops and maintains a customer-oriented culture in order to achieve long-term success in relationship marketing. To create this type of organization, the policies and practices that characterize the firm must embrace this behavior since it is the culture of the company that dictates its climate. It is a company's culture, its unwritten system of shared norms and values, which has the greatest impact on employee's attitudes and behaviors.[140]

Schneider et al.[141] found that an internal service culture is important because there is a link between employee satisfaction and retention and customer satisfaction and retention. Employee retention will ultimately lead to higher customer retention and increased profitability, because experienced employees with established relationships with customers deliver higher service quality at lower cost than new-hires. The reason for this is that experienced employees with an established relationship with a

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[138] Grönroos, 1990, p. 20.
[139] Ibid.
[140] Schneiden, 1986.

customer already know what that particular customer wants and needs. There have been studies within internal marketing that suggest a link between employee satisfaction and employee performance. Opinions vary as to whether there is a correlation or not. Petty, et al.[142] seem to agree that job satisfaction and job performance are correlated.

They also argue that when employees are satisfied with their jobs, they are more likely to help co-workers and volunteer for extra work. Such employee behavior is not formally required, but is still critical to the success of the company.[143]

Another study on the subject of internal marketing was conducted at the Cranfield School of Management, and the findings suggest that formalized internal marketing is not very common. The study revealed that companies implemented various activities that are included in the concept of internal marketing, but these were not explicitly labeled as "internal marketing activities."[144] This study suggests that internal marketing is generally not a discrete activity, but is implicit in quality initiatives, customer service programs and broader business strategies. It usually comprises formal structured activities accompanied by a range of less formal, ad hoc initiatives. Communication is critical to successful internal marketing, and plays an important role in reducing conflict between the functional areas of the organization. Finally, internal marketing is an experiential process, leaving employees to arrive at conclusions themselves, and it is evolutionary in character, involving slow erosion of barriers.[145] We think that internal marketing is very important when improving organizational effectiveness, since it focuses on the cooperation and motivation of the

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[141] Schneider et al, 1980.
[142] Petty et al, 1984.
[143] Ibid.
[144] Ibid.

individuals within the organization. When carried out correctly, it can enhance a company's effectiveness.

3.4.   The Puzzle

In this part we would like to summarize the entire chapter by illustrating the different theories and connecting them into one model.
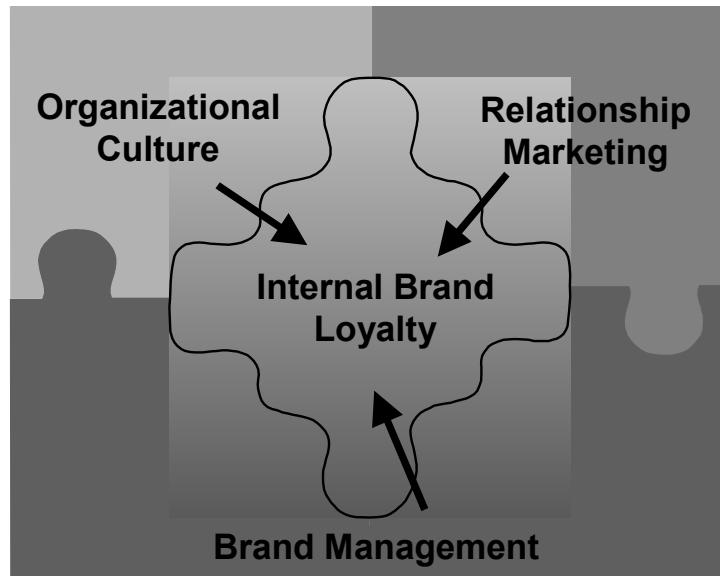
Fig 3.7. The loyalty puzzle

The puzzle shows that the theories are closely related and inter-dependent. The arrows show that organizational culture, relationship marketing and brand management can together result in internal brand loyalty.

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[145] Petty et al, 1984.

From this loyalty puzzle, we extract the central piece in order to illustrate the elements included in the internal brand loyalty puzzle piece. We have revised Melin's model "the branding mix " (see fig 3.1.), in order to be able to apply it to the internal market.
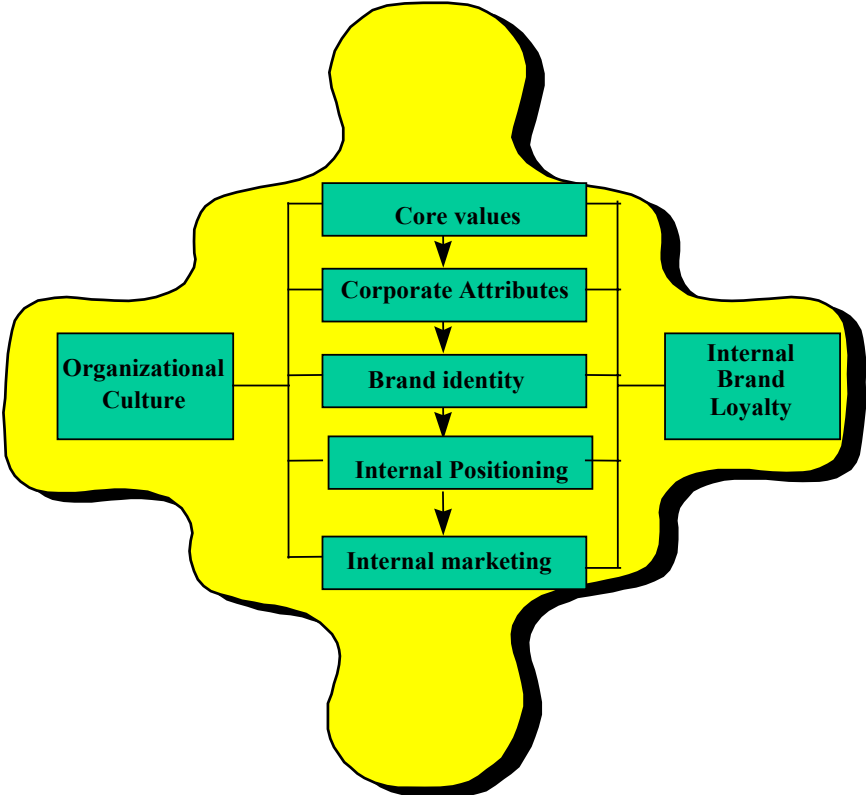
Fig. 3.8. The internal brand loyalty piece

4.   GINATRICOT

*I*n this chapter we begin with an overview of the area of brand management, in order to provide the reader with an introduction to the area of branding. In this part, the emphasis is first on brand identity and brand loyalty. Next, we turn to the organizational culture, because we regard that as an important foundation for brand building and success. Finally, relationship marketing, consisting of internal markets and internal marketing, is presented. We conclude this chapter by presenting our model, which unites branding, culture and relationship marketing.

4.1.   The Company

Ginatricot opened its first store the fall of 1997. A year later there were ten stores and today there are seventeen. The company's objective is nationwide representation with 80 stores in the next ten years. The ginatricot stores are managed according to a franchise concept, meaning that the franchisees are served a whole concept with name, logotype, interiors, product supply, marketing and advertising. All together, this sets a profile for the company. The head office helps the franchisees with the economical follow up of their business, using different types of report systems.

Ginatricot specializes in tricot tops and knitted clothes, combined with a coordinated assortment of trousers, skirts, dresses and jackets. Their target population is women of all ages, from fifteen to eighty years old, in sizes ranging from extra small to extra large. The typical customer is ageless (fifteen to fifty and higher), modern, shops a lot, and interested in clothes: in other words, a type of career woman. The franchisees and store managers have a bonus system for their customers: a card that rewards loyalty with discounts. Selling an assortment of classic and basic wear, ginatricot

strives for an ageless fashion. The company only sells their own brand, and all ginatricot clothes have their own design. Purchases are made consistently, which makes it possible for the stores to unpack new clothes every week. They want the customer be able to visit the ginatricot store frequently and always find something new and affordable. One goal is that ginatricot should be one of a woman's three first choices: her favorite store. Another objective is for ginatricot to be placed at locations where many people go. The purchase is also centralized and made directly from the distributor, without using a middle man. This means that it should never take longer than 6 weeks from the first design impulse to the completed good.

Ginatricot stores have a strong united profile. Consumers should be able to recognize a ginatricot store regardless of the location. The store size is 90 - 140 square meters. The interior is identical in all the stores, and the creation of all store materials and advertising is centralized. The stores are connected to the head office, which distributes goods according to the individual store sales and budget. The goods are delivered to the stores the same day as they reach the head storage.

Ginatricot's competitors consist of clothing companies with similar concepts. The largest competitors are Vero Moda and H&M, and to some extent companies like MQ, JC, KappAhl, JOY, Flash, Champagne and Part Two. The number of competitors depends on where the ginatricot store is located, and the size of the town.

4.2.   The Respondents' View of ginatricot

Below we have structured the answers of the interviews according to the theory that we presented in chapter three. The answers are divided under each heading, beginning with brand management, and proceeding to attributes of the product, brand

identity, core values, positioning, marketing communications and internal brand loyalty. As mentioned in the introduction of this section, we also use organizational culture and relationship marketing as separating devices, and we have gathered the answers relating to these issues under each heading.

4.2.1.   Brand Management

The majority of the franchisees had difficulty expressing what a brand means to them, but words that recurred were "identity", "security", "quality", "recognition" and "origin". However, three franchisees did not think that "brand" meant anything to them at all. One of the franchisees answered in the following way:

"Clothes from one and the same company, signaling the same origin."

The answers we received from the store managers varied widely, and one manager did not respond at all to this question. Words recurring in these interviews were "quality" and "recognition". The franchisor of ginatricot compared a brand to a person, saying that:

"Every person is a brand and that says it all; some you remember and some you do not. Some stand out, positively or negatively. A brand is supposed to create sympathy."

All but one of the franchisees thought that brands mean a lot to customer. They also said that it differed in importance depending on the product and that it was very individual. Quality and recognition were commonly mentioned attributes when explaining a brand's importance to a customer. The store managers also agreed that the brand was quite important, because it signals security and quality of the product.

"It is very important that if the customer tries it once and likes it, she will return".

Ginatricot's franchisor said that a brand is more important to the customer then he or she realizes.

"If two products have the same price, the customer will choose the brand he/she believes in the most since products today look the same and the price is almost the same as well."

Corporate Attributes

As for opinions about ginatricot's name and logotype, most of the franchisees thought well of the name and felt that the logotype looks very exclusive/expensive. They thought it was clean cut, simple, timeless, and that "black and white is always right". However, some of them thought the name could be difficult because the word "tricot" could make it hard for customers to understand and pronounce. Many franchisees disliked the name because it implies that they work with tricot. However, they did think that the name sounded mysterious.

"I like it, it sounds Italian. But it could have been better to just use gina."

The store managers thought that the logotype was simple, stylish and neat and one of them thought it looked exclusive. However, one of the respondents thought the name was a bit misleading, since they use less tricot now. Another respondent said that the name has a foreign ring to it, and shows that they are selling tricot.

Regarding the quality and price level of ginatricot's products, most of the franchisees thought that the quality is "average", but varies depending on the product. However, they do think that it is better today than before and that ginatricot tries constantly to improve the quality. Two of the respondents thought that the quality is good or high, and in general the franchisees said that the quality is good for the price level. The majority of the respondents were satisfied with the price level, though one thought that the price could be a bit lower, and another a bit higher.

"About the quality, I think that the intentions are good. However, when it is lacking it takes much too long to fix . We should remove the clothes of poor quality and then solve the problem, not the other way around, as it is today. The price level is good, it is in line with other clothes companies."

The store managers are content with the price level. Regarding the quality, three think that it is very high and better than stores with similar concepts. The other two respondents think the quality is good in light to the prices.

Ginatricot's franchisor said that the quality of ginatricot's products is a little better than the other chains, and the price level is that of middle-sized chains.

When asked about an extension of the concept, and to what type of products, three of the franchisees responded that expansion is not necessary, since they have already accomplished this to some extent. The rest of the franchisees think that expansion is always possible. One thinks there are no limits, but another does not want to expand to anything but clothes. If they would expand, most of the respondents think that outdoor clothes, accessories and underwear are most appropriate.

"It is always possible to expand, preferably to outdoor clothes. But it is important to be good at what we are currently selling before we expand into something else."

"No, we have already developed, it is hard to develop to other products."

All of the store managers think that it is possible to expand, and most of them would like to expand to outdoor clothes. Some even think that sports, underwear and accessories are possible. According to the franchisor, ginatricot will eventually develop the concept within all product categories.

Brand Identity

The replies to the question of what a brand means for ginatricot were almost unified. All the franchisees thought the brand was very important for them. The reasons given were that it was a sign of quality, people put energy into the choice of brands, the chain is growing, and it is their identity and the composition of the company. However, one franchisee completely disagreed.

"It is not important, since we have our advantage in quality"

The store managers thought that the brand's meaning for ginatricot was important because of the quality. They believe that it supports the store and provides customer recognition.

"It is important, since this chain focuses on one brand, while many other shops have several."

As for ginatricot's franchisor, he replied that the brand is very important.

In regards to the management's (headquarters') view of the brand, most answers concerned quality, high fashion level and tricot, but some even mentioned femininity, good price, speed and the latest styles. Two franchisees thought that the management had let go of its initial intentions, i.e. the selling of tops, since there is now a wider range of clothes.

The store managers thought that news, good price and quality products were the management's basic concept for ginatricot. Two also mentioned news every week and basic wear, both working clothes and evening wear in large variety.

The answers to the question of what the respondents thought of the customers' acknowledgement of the brand differed to some extent. One of the franchisees said, "as I want them to". Another said the complete opposite, i.e. not as she wanted them to. Three of the respondents thought that the customer acknowledged the brand as a bit more exclusive/expensive than it actually is. One franchisee mentioned that the brand is not too trendy, but somewhere in the middle.

Three of the store managers said that customers regarded ginatricot as having good prices, but the other two thought that customers acknowledged ginatricot as a bit exclusive and expensive. Big variety and basic wear were other comments to this question. Ginatricot's franchisor said that the customer perceives ginatricot as a little bit younger than intended, and also the customer might not know that ginatricot is a chain.

When wearing ginatricot, the franchisees want their customer to feel trendy, fresh, fashionable, comfortable, slim, good looking, and that they are wearing quality clothes.

The store managers' responses to the question were as follows: feeling right, happy, well dressed, satisfied with quality and price, and that the clothes are easy to combine.

"More unique than bigger chains"

The franchisor wants the customer to feel proud when wearing ginatricot. The customer should feel good, "right" and sure of herself, modern and stylish.

Concerning the image the store should express, the franchisees replied with the words: fresh, clean, modern, trendy, and welcoming. One also said that the store should attract every type of customer, and another warned that if it looks too elegant, it can scare away customers.

The image the store managers want to prevail is the neatness and comfort. One pointed out that it should feel comfortable to shop in the store, and another store manager said she wants a reaction from the customer.

The franchisor wants the customer entering the store to feel that she is going to find something new and affordable. The image the shop should relay is of smart buys, a nice environment, good prices, and good quality: "you can depend on us "and" my favorite store".

We asked if ginatricot was unique in any way. One of the franchisees said that it is not unique and another was not sure; the rest think that ginatricot is unique. The reasons one franchise gave is that it is a small family business and that larger competitors are managed in another way, while another referred to their basic wear. Two mentioned the possibilities they have to influence the collection and the quantity, and one thought it was unique because they stand for newness and freshness. One of the franchisees thinks their uniqueness depends on the interior and that they think of details.

"We are unique because we sell good quality clothes at good prices."

Two of the store managers think ginatricot is not unique, but the rest disagree. The reason that they are unique, according to two of them, is that they are expanding very rapidly. One of the respondents mentioned the customer contact as unique to ginatricot, and another mentioned the basic wear and the broad assortment.

Ginatricot's franchisor said that they are a little bit unique since it is a new chain, it is interesting, and looks fresh. He felt that this was a good image.

Core Values
The respondents found it difficult to answer the question about the values of ginatricot's advertising. Three of the eleven franchisees did not have any idea. Others mentioned values like happiness, fun, friendliness, trendiness, simplicity and clarity. The store managers also found this difficult to answer. Some values that they mentioned were happiness, freshness, positivity and good prices. However, the franchisor said that ginatricot does not have a particular commercial profile that

entails any specific values, just the daily press where ginatricot probably look like an ordinary chain.

Positioning

Regarding ginatricot position on the market, three of the franchisees said that they were positioned somewhere in between H&M and MQ and two considered themselves to occupy a position with prices slightly higher than their competitors. Three of the respondents thought that they had positioned themselves with good quality clothes for a good price.

The store managers regarded ginatricot's position as having good quality at a good price. One of them thought that they were positioned "as most other shops".

The answers concerning the advantages and disadvantages of ginatricot compared to their competitors are varying. The advantages, according to the franchisees, are: better interior boutique concept, better niche, better price and fashion level, smaller in scale, fresh material, better display of clothes, better quality of clothes, the simplicity and classic look, neatness of shops and a broader customer base, (though this could also be a disadvantage.) The disadvantages consist of having nothing in storage, lacking unusual clothes, not being well-known yet and being too expensive.

"There are still too few stores, they are still not well enough known and their line of products is too narrow since they have large quantities of the same product. Greater variety would be nice."

According to the store managers, ginatricot mainly has advantages over their competitors, which are: basic wear, better customer service and quality, better

locations, better situated, frequent new stock, and the possibility to wait with production until they see what others are selling. Two of the respondents mention disadvantages, consisting of lack of party clothes and evening wear, and that customers do not accept flaws that they would from larger stores, such as H&M. According to the franchisor, disadvantages include the small store sizes, little advertising, and that they are not known. The advantages are that they are new and interesting, often have new styles, the cleaner cuts of the clothes, that they are ageless, and not like everybody else.

Marketing Communication

When we asked the respondents to describe the ginatricot customer, many of the franchisees' answers concerned the age of their target group, ranging from 25 to 40 years old. However, the age group in the individual answers differed, sometimes up to ten years. They found it hard to pin down the brand, since the clothes are for both younger and more mature women. They did agree on some points, like fashion-consciousness with a good education and a career. One of the store managers actually mentioned the height of the customer, 170 cm.

"There are a lot of different people with different styles, a big mix from teenagers to old ladies."

The franchisor of ginatricot he said that he would personify the brand as the girl in their advertisements.

As for the customers' perception of ginatricot, the majority of the franchisees want customers to see ginatricot as fashion for little money. Two of the respondents also thought that good basic clothing was of main concern. One mentioned the selection

of tops, whereas another franchisee thought that ginatricot provides something different and special.

"A lot of fashion for little money, not too young or too old, and there is something for everyone. I enhance this image with careful displays in the windows, not too trendy or too boring."

In order to enhance the image the customer has of ginatricot, franchisees said that they use traditional marketing activities, sponsor events, have VIP nights, fashion shows and "gina" days. One of them even tries to explain the advantage of the material, tricot, in order to teach the customer that this is the place to shop for tricot clothes. Other words that recurred in the interviews were "clean" and "fresh".

The store managers all mentioned good quality and good price as a main concern for the customer's acknowledgement of ginatricot. Three of them also thought that the customer saw it as modern and trendy, while another emphasized the comfortable clothes and the possibility for the customer to find something new and affordable on every visit. Store managers display the clothes in shop windows to advertise the image, and wear ginatricot clothes when working. Additionally, they try to make the customer feel welcome and relaxed in the store.

The franchisor wants the customer to perceive ginatricot as modern, well- priced, ageless, of high quality, fresh, special, unique and as a chain of stores.

In most towns where ginatricot is located, the franchisees state that it is well known. However, one says that ginatricot is relatively unknown. The respondents say that to increase awareness, they advertise, have fashion shows, and give away t-shirts to

cafés and hairdressers. One of the franchisees uses radio commercials, and another uses the Internet.

Four of the five store managers say that ginatricot is known in their town, while one says it is not well known due to a bad location. In order to increase awareness, they advertise: two of them make local marketing efforts towards gyms, cafés and hairdressers. Other efforts include company and VIP nights.

We asked about the symbolic meaning of the girl in the advertising, and the franchisees and store managers had similar responses to this question. They thought that she was a natural, mature, ordinary, Swedish girl with a clean and simple look. One of the franchisees even thought that she represented the age of the consumer.

The franchisor stated that the girl in the advertisement symbolizes a fresh, Swedish girl. She is smiling, which is uncommon in advertisements today. She is not artificial. ginatricot demands of their models freshness the ability to smile.

Internal Brand Loyalty

Concerning employee motivation, all of the franchisees and the store managers say that they try to motivate their employees as much as possible. This is, for example, accomplished through pep talks, small rewards and a good work atmosphere. Ginatricot's franchisor motivates the franchisees and store managers with meetings four times a year and by visiting the stores, "which unfortunately happens too seldom". Both the franchisees and the store managers give constant feedback, both positive and negative to their employees. However, one of the franchisees feels it is difficult to give negative feedback because she feels they are more like friends. The franchisor says he gives feedback in the form of help as much as possible.

Selling the brand to the employees is not necessary because everyone that works for ginatricot already likes the brand and has an interest in clothes. Also, all of the respondents use ginatricot's products in their leisure time as well as at work.

When asked about ginatricot's vision, half of the franchisees say that they do not have an expressed vision, but that ginatricot wants to grow and expand in the years to come. Moreover, all of the respondents do think that it is important to have a vision in order to have a goal for which to strive. One franchise said that they have a common strategy that is already set up and improves continuously. Therefore, it is not necessary to have a vision, although it is good to know where one is heading. Furthermore, she does not want "a lot of fancy words promising things that are impossible to accomplish." One franchisee who does not feel that they have a common vision, nevertheless thinks that there are guidelines to where ginatricot wants to be in ten years: "one of the biggest actors in the market". She feels that it is important to know what the company stands for and where they are heading.

Two of the store managers are unsure whether they have a vision or not but they, as well as the other store managers, think it is important to have a goal. Two managers also believe that ginatricot's vision is to open as many new shops as possible in the next ten years, or to be established in every town.

"The vision consists of new clothes every week at an affordable price. It is important because we work for the same company and therefore should have the same values. Otherwise the stores will be different from each other in the end."

However, according to ginatricot's franchisor, ginatricot does not have a written vision.

4.2.2.   Organizational Culture

Franchisees had difficulty speaking of ginatricot's organizational culture, even though we provided them with examples of what an organizational culture consist of (values, traditions shared by the individuals in the company). One of the franchisees said that she did not really know what it is, another one said that she knows what it is but can not really define it. One of the respondents said that they are definitely lacking some sort of policy, and she thinks one is needed. Another response was that the new supply of clothes every week and fresh flowers on the counter symbolize the organizational culture. Three of the franchisees mentioned the management as controlling the organizational culture: he knows exactly what he wants to achieve and considers each little detail. Two franchisees responded that ginatricot is very much a family business, and that influences the organizational culture.

"I believe that the intent is that we should have some sort of company culture, but since ginatricot is still very much a family business, it is hard to convey that culture."

One of the store managers did not respond to the question about organizational culture, but the other four thought that one existed. One store manager thinks it is visible through the innovation and "quick in, quick out" products policy. Another pointed to the constant stream of new supplies and the age group of the target population. One respondents said that they definitely have an organizational culture, "because the manager knows exactly what he is doing: for example, what the interior should look like." According to the franchisor, ginatricot does not have a company culture yet.

"So far we try to share experiences".

4.2.3.   Internal Marketing

The relationships the franchisees have with each other varies, from "good" to "some kind of relationship," meaning that they call each other and send merchandise between stores. Some of the franchisees say that they socialize with the others that are closest to them, while everyone sees one another at the regular meetings in Borås. All the store managers feel that they have good relationship with the franchisees and store managers. However, they say that they know some better than others, and they establish the most contact with the ones closest by phone.

Most of the franchisers feel that they receive good support from headquarters, though some think it could be better, and one thinks she does not have much support at all. Franchisees receive support in the from of economic feedback, marketing, display, advertising and statistical papers.

Four out of five of the store managers feel that they have good support from headquarters. One feels she does not receive good enough support, but she says she is doing fine without it. The kind of help they receive is with advertisements or whatever else they need. Seven out of eleven franchisees feel that there is no need for increased support. The ones that do want more support would like help with the display of clothes in the store, the deliveries and sales, as well as more personal service.

Two of the five store managers would like, to a certain extent, to have more support with advertisements, and to know why they receive certain products and feedback. The other managers are content with the current level of support.

Three of the franchisees feel that no change or improvement is needed in their relationship with headquarters. However, one of the franchisees wants headquarters to increase their nationwide marketing, and another would like to have the help of a real decorator in the store. Another respondent wants to have more frequent contact with headquarters. The remaining five franchisees say that they want headquarters to improve their way of communicating, especially dealing with criticism. They feel that headquarters reacts too strongly to criticism and takes it too personally.

"Sometimes it feels like headquarters is working against m; they react negatively to criticism and they should listen more to the franchisees."

Of the store managers that think that something should be changed or improved, the consensus is that they want headquarters to listen more to them in general.

The majority of the franchisees and store managers say that they would like headquarters to visit them more frequently.

"I would like HQ to visit me more, especially the purchasers since they should know what the clothes look like in the shop"

The majority of the franchisees feel that they can influence headquarters to some extent. If they are a part of the product council they can influence the products, but have little or no influence over the economic decisions. Furthermore, one franchisees says that they can not influence the marketing, materials or supplies either. Another says that since it is a family-run business, it is harder to influence decisions. The store managers, feel that they have little influence.

Respondents on the product council meet with headquarters eight times a year, while everyone else meets only four times. Neither the store managers nor franchisees would like more frequent meetings, but some would like the meetings to take place in other cities besides Borås.

5.   CONCLUSIONS OF THE CASE STUDY - GINATRICOT

*I*n this chapter we will analyze our empirical findings, and connect them with the theory and our own opinions . The analysis is divided up under the same headings as in chapter four to simplify the analysis and conclusions, and also make it easier for the reader to follow.

5.1.   Brand Management

As mentioned in the theory (see 3.1.2.), a brand can be defined in many different ways: as a living memory, a genetic program, a contract or a differentiating device. However, these definitions were created by authors that have much knowledge in the field of brand management, and these are not the answers that one receives from people in general. This was apparent in our study, as we received a variety of answers as to what a brand actually is. Some of the respondents did not have an answer, while others mentioned quality and recognition. Even though the respondents did not have a formal knowledge of the definition of a brand, we interpreted their answers as corresponding with researchers' claims.

"Clothes from one and the same company, signaling the same origin"

Even though the respondents, apart from ginatricot's franchisor, could not explain what a brand actually is, they still regarded it as very important for the customer. In the theoretical applications concerning brands, the authors state that the area of branding is of increasing importance, but in general, managers do not seem to know what branding really is. They have an idea that it is important to have a strong brand, but when asked *why,* they can not respond.

We do not place major importance on the respondents' lack of theoretical knowledge of brands, as long as they understand its importance. They are still able to push the brand forward, build up the brand, and strengthen it internally. However, we believe that the brand building process would be smoother if the respondents had some underlying knowledge of the area.

5.1.1.   *Attribute of the Product*

The attributes task is to give the customer added value (see 3.1.4.) The name and logotype help to visually individualize the product and are therefore of great importance. These are referred to in the theory as differentiating devices (see 3.1.2.). ginatricot has a logotype that appeals to the respondents, and looks very simple but exclusive. We think that they have created a good logotype, but it may look too exclusive for the products they are selling, and might cause some of the potential customers to avoid the store. However, the concept of a black and white logotype corresponds well to the interior, the basic concept of clothes, the image they are trying to sell and, to some extent, the customers they want to reach.

According to Aaker, (see 3.1.4.) the name is the most important feature of a product because it is strongly connected to the identity of the product. In ginatricot's case, the product is certainly strongly connected to the name, since they are selling clothes made of tricot. Another strong connection exists in the fact that the company name and the brand are the same. However, since they have developed their line of clothes to include more materials than tricot, we agree with the respondents that the name might be misleading. If one hears only the name it may have a negative ring to it since it does not sound fashionable. The logo, on the other hand, appears to be very fashionable. The franchisor does not see the pronunciation of the word "tricot" as a

problem. He feels that since it is spelled in English, it does not correspond exactly to the Swedish meaning of the word "trikå".

Aaker also claims that names are often selected too quickly and thoughtlessly. A name should be based on careful analysis, and be simple and unique (see 3.1.4.). Ginatricot was not a random choice: it was preceded by careful analysis, and quite some time and a lot of money was spent creating a good name and logotype. They worked with an advertising company to achieve the best possible result. It is a very unique name. However, as some of the respondents remarked, the customers have some difficulty pronouncing the name.

Physique which is what a product is and looks like concretely is incorporated into the identity prism (see 3.1.5.). All of the respondents like the clothes they are selling, but opinions differs regarding the quality level. Most of the respondents think that if the quality and price level are good, the clothes will continue to sell. However, we disagree with them on that issue, because we believe that today's customers demand quality products at a price they are willing to pay. Since most stores provide the same clothes at more or less the same prices and of similar quality, neither of these factors are great competitive forces. Instead, what will determine success is how well a company manages its brand.

According to Kapferer, modern packaging standardizes brands, making them clones of one another (see 3.1.5.). Ginatricot has put a lot of effort into distinguishing themselves from other chains. For example, they have developed shopping bags of higher quality and with better looks, in order to create added value for the customer. However, we feel that this is not enough; it is also important that ginatricot's products are of consistent quality. If there is a too big a gap between the products' quality level

and the brand's intentions, it will damage the brand building process both internally and externally.

"About the quality, I think that the intentions are good. However, when it is lacking it takes much too long a time to fix. We should remove the clothes with bad quality and then solve the problem, not the other way around we do now."

According to ginatricot's franchisor, it is possible, in the long run, to expand into all product categories. We believe that it is hard to create credibility for a brand if a lot of different products are sold under the same brand. It is not possible to expand a product supply in just any direction; it is important to determine what the expansion can add and what the brand's strength and the customers' commitment depend upon. Even if ginatricot could expand into every category within the range of clothes, we feel that the company name provides certain limitations. For example, one of the respondents said that she thought they could expand into men's clothes, but we feel that the name is too feminine for that. We do think that they could develop their concept to include accessories, outdoor clothes and underwear, but should stick to the basic line. Otherwise, the intention of the brand will become very confusing and vague.

The brand is not static, it is a dynamic reality and should be changed to adapt to changing conditions in the environment. A brand must also adapt to its time, changes in consumer's taste and new technology. (see 3.1.2.) However, the brand should always stay consistent to its core. Otherwise it might lose its meaning (see 3.1.5.).

5.1.2.   Brand Identity

Brand identity refers to what a brand stands for, the meaning it provides, and what makes it unique (see 3.1.4.). The respondents, including the franchisor, regarded the meaning of the brand as important for ginatricot. However, one franchisee did not regard it as important at all, because she thought their advantage lay in their quality and not in the brand. We believe that, since all clothing companies can compete in terms of quality and price, the brand has to create some emotional value that will eventually lead to added value for the customer. This is the reason they would choose ginatricot over other clothes companies, the quality and price being of lesser importance.

As to what ginatricot stands for, we concluded that the management has been able to communicate the brand's intentions well, since they were in tune with the respondents' answers (see 4.2.).

One important point when building an identity is the reflection a brand should communicate, that is, who the customer wishes to become through use of the brand. Consumers use brands to build their own identity, and purchase brands that portray how they wish to be, not how they really are (see 3.1.5.). We wanted to find out the respondents' thoughts on how the customers perceived the brand, and the answers consisted of "not too trendy, a bit more exclusive and expensive". The franchisor's reply was that customers perceive ginatricot as a little bit younger than intended. We feel that it is difficult to separate the reflection of a brand from the self-image (see 3.1.5.), since they seem to be closely related. Therefore, we believe that the customers' perception of the brand relates to how they wish to be.

Another part of the identity prism (see 3.1.5.) concerns the self-image, the inner mirror of the users of the brand. The respondents want ginatricot to provide the users with an image of trendiness, comfort, and happiness. The franchisor suggests proud, modern and secure as self-image adjectives. It is important that the self-image of the customers is reflected in the message that the brand transmits. The store, the interior, the cleanliness, reputation and products all have to be in line with the brand's message, in order to achieve the wanted image. This is also a type of marketing communication (see 3.1.4.), since the store has a commercial purpose. For example, if a customer walks by the store, it is important that the clothes displayed in the window, as well as the concept as a whole look appealing.

"The image the shop should communicate is smart buying, a nice environment, good price and quality, my favorite store, you can depend on us."

We think that the ginatricot stores look more like a boutique than a chain. This can be seen as a disadvantage, since people that are looking for more exclusive wear, might be disappointed when they realize that ginatricot sells basic wear at cheaper prices and lower quality. But it can be an advantage when customers assume ginatricot is expensive, but are pleasantly surprised to find that it is not.

Since it is the identity that makes a brand unique (see 3.1.5.), we wanted to find out if ginatricot was unique in any way. It seemed like most of the respondents regarded ginatricot as unique because it is a small family business and the concept is basic wear, unlike any other chain. The franchisor regarded ginatricot as a little bit unique because it was a new chain, and looks fresh and interesting. We think that ginatricot was unique in the beginning: their idea of selling tricot tops in every color and shape was original. However, since the product line has expanded into all sorts of basic

wear, some of the original uniqueness is lost. The shop interior and the weekly supply of new clothes are unique, though.

5.1.3. Core Values

Core values are an important link between the competitive advantage of a product and its positioning, since those values indicate what the brand stands for. (see 3.1.4.) The core values of a company and the values they point out in their advertising have to be consistent if the brand is to be strong. Therefore, we asked about the values ginatricot displays in their advertising. This seemed to be a hard question to answer. The reason for this could be that the headquarters alone produce the advertisements that everyone uses. Therefore, the respondents might not have reflected upon the underlying values of the advertisements. According to the franchisor, ginatricot does not have a particular commercial profile (see 4.2.). However, although he does not refer to this as "values" we think that the franchisor has thoroughly thought out the message ginatricot sends in its advertisements. Our reason for believing this is that in the interview, he said that he wanted a model that was smiling, looked natural and about thirty years old. We consider these attributes to be the underlying values of the brand.

5.1.4. Marketing Communications

Marketing communication refers to the activities a company undertakes in order to influence their customers. The brand has to convey an attractive image that includes physique, as mentioned before, and personality(see 3.1.5.). The answers we got from the respondents concerning the personality of the brand were related more to what customers look like than how they actually are as people. For example, Coca-Cola has personified their brand as a person with a young mind-set, having fun, living the good, American life-style.

"I personalize ginatricot as a female, 170 cm, 25 years old"

A personality implies what kind of person the brand would be if it were human, and the easiest way to create this is by giving it a symbol. People tend to choose brands as they choose friends; in other words, they choose brands with which they would like to be associated. Ginatricot has, as mentioned before, chosen to use a model that smiles happily, looks natural and is around thirty years old. We think that the reason for this choice is that ginatricot has a broad target population and therefore needs a symbolic person that most people can relate to. The natural look corresponds well with the basic wear they sell; the smiling face symbolizes the friendly atmosphere of the stores and the happy feeling that comes from wearing ginatricot clothes.

The promotion mix is an example of marketing communication that consists of commercials, promotion activities, public relations and personal selling (see 3.1.4.). This type of communication is common at ginatricot; they even decide at headquarters how the commercials/advertisements should look in the local papers. This has the benefit of creating uniform advertising, resulting in a stronger brand that conveys consistent message to the customers. However, the franchisees and store managers would like the headquarters to advertise in larger, national magazines, rather than only locally.

The franchisor wants the customer to perceive ginatricot as modern, ageless, of good quality and unique. The franchisees and store managers see the brand as good quality fashion for little money. Promotion activities (see 4.2.) are used to enhance this image, an activity of which most of the respondents seem to realize the importance. These promotion activities are also used to increase consumer awareness of their brand, though most of the respondents said that their stores are already locally

known. We think that since ginatricot wants be perceived as special, the location of the store is of great importance. Since they want to reach customers that are fashion conscious and modern, they should seek locations in the center of town. We believe that those kind of people shop there, rather than in malls located outside town.

We further believe that since the brand is relatively new, it is important that it is seen and noticed as much as possible to entice customers and increase the awareness of ginatricot's existence. However, they have to be careful when, where and how they promote the brand, since it is important to stay consistent to what the brand stands for, what kind of clothes they are selling, and to whom. Otherwise, ginatricot runs the risk of becoming one of many brands that are not unique in any way.

Personal selling is also an important activity, as mentioned before. The respondents say that since the stores are small in size, it provides the opportunity to recognize when a customer needs help without being obtrusive. Personal selling is usually a one-way communication, but if employees manage to achieve a closer contact with the customer, it can develop into a two-way communication in which the customer gives feedback.

5.1.5.   *Positioning*

The objective of positioning is to create a place on the market and in the consumer's mind, leading to brand awareness and eventually brand loyalty (see 3.1.5). None of the respondents seem to have a clear idea of what positioning actually entails, since they answered that, "we are somewhere in between H&M and MQ" but could not say exactly *where*.

Positioning focuses more on the product itself, and therefore identity is needed for the corporate brand as a whole (see 3.1.5.). We agree that positioning alone can not lead to brand awareness, since all companies can position themselves equally and the only way to distinguish one brand from the other is by giving it a form of identity. Therefore, we think it is important for ginatricot to know exactly where they are positioned. This affects their identity message and the development of the brand in the long run.

Before a company decides what position they should occupy on the market, it might be good to know the competitors advantages and disadvantages. Ginatricot employees thought their advantages were better interior design, simplicity, a classic look and basic wear. However, they can not keep any clothes in storage because of limited space, and their line of clothes is a bit narrow. These are comparative disadvantages (see 4.2.).

We believe that ginatricot's narrow product line could be both an advantage and a disadvantage. Maintaining a focus on basic wear alone would easily create a position in the minds of customers, who would then know where to go for that kind of clothing. The disadvantage we see in the narrowness of the line is that working with the clothes might be less enticing, since they look more or less the same, and are in the same product category. This could also negatively affect the internal brand loyalty.

5.1.6.   Internal Brand Loyalty

The idea behind internal brand loyalty is that individuals in the company are responsible and should be loyal to what the brand stands for (product attributes, brand identity, core values and positioning) (see 3.1.4.). We believe that to create loyalty to

the brand, it is important to motivate the employees, provide them with feedback, and also to "sell" the brand, if necessary. We asked the respondents about these issues and they all replied that they did motivate their employees and provide feedback. However, it is impossible for us to know *if* they really accomplish this and to what extent. The big issue here, as we see it, is the headquarters' responsibility to motivate the franchisees and store managers. The franchisor accomplish this with meetings four times a year and occasional visits. We think that the franchisor should visit more frequently, or at least visit each shop at some point, which he has not yet done.

The largest motivating factor, we think, is that the franchisees are working for themselves, and have personal responsibility for their businesses. Another motivational factor is that they are working with clothes in which they all have an interest. Some of the respondents think that they can influence the headquarters, which is of course motivating for them, but others feel that they have no influence, which is not motivating.

As mentioned above, the "selling" of the brand can affect the internal brand loyalty to some extent. In ginatricot's case, however, this is not necessary because the employees have a common interest in clothes and like the brand.

In theory, vision is regarded as a great motivational factor for employees (see 3.1.4.). Therefore, it is important to have a vision that is clearly communicated to and understood by the individuals within the company. In ginatricot's case there seem to be a lack of vision; even the franchisor admits that they have no written vision. However, all of the respondents believe it is important to have a vision, because it provides a goal for which to strive (see 4.2.2.). The respondents that could answer the

question regarding the existence of a vision, said that expansion and growth were a part of it, but they could not state to what extent.

We believe that it is of great importance to have a written vision that is understandable, as mentioned before. We agree with the respondents that a vision should exist in order to provide something for which to strive, and to know in what direction the company is heading. To know what the company stands for and where it is heading is of importance in causing the employees to become brand loyal. It is also important for the brand building process to have strong internal relationships and a clear vision, since this is one of the driving forces behind a strong brand (see 3.1.2.).

As we see it, the franchisor of ginatricot has some kind of unwritten vision that he has communicated to the individuals in the company. This vision consists of growth and expansion objectives, i.e. quantifiable measurements. We believe that the employees would be more motivated if the vision also concerned "soft" measurements, or qualitative, measurements. It might be difficult to relate to quantifiable measurements, since it is hard to see what they gain from expansion and growth beyond the strengthening of the brand. We think that a vision consisting of a mix of quantifiable and qualitative measurements would best attain total commitment from the employees. An example of the mix could be that "ginatricot shall grow by ten stores per year, and increase profit by ten percent per year. We will achieve world-wide representation over the next twenty years. Ginatricot shall be the first choice for the fashion conscious woman. This will be achieved by involving our employees in the decision making process and attracting the best personnel."

5.2.   Organizational Culture

An organizational culture consists, for example, of the routine behaviors and values that are incorporated into a company. Since a brand also derives from the company culture, the corporate brand can not be separated from the organizational culture. Therefore, the degree of freedom of a brand is limited by the organizational culture (see 3.1.5.). It was apparent in the interviews with the respondents that they thought ginatricot had some kind of an organizational culture, although they could not specify what it was. However, the franchisor did not think they had an organizational culture. We believe that all companies have an organizational culture; however, some aspects are visible while others are not, so it may be hard to define. If one does not know the theoretical meaning of "organizational culture", it is difficult to determine whether it exists or not. We believe that this is normal in companies, since there are different levels of organizational culture. Some parts of the culture are artifacts, and others are basic assumptions. The more abstract levels of organizational culture are deeply integrated into the company and, it therefore is impossible for outsiders to discover and insiders to reflect upon (see 3.2.3.).

We think that we experienced the artifacts while visiting the headquarters in Borås, when entering the ginatricot store in Gothenburg, and during the telephone interviews. Some examples are recurring statements in the interviews, expressions and word-choices that were common to the majority of the respondents, such as "a lot of fashion for little money" and "fresh". Another common artifact was a desire to be unobtrusive to the customer, instead having a softer approach. We confirmed this behavior when visiting the store in Gothenburg. What this means to the organization is difficult for an outsider to say, one can only speculate (see 3.2.3.).

We think that this is a type of one-way communication since the franchisor seems to have a great influence on the respondents' behaviors, expressions and attitudes. We

think that the franchisees might be reluctant or passive in expressing their opinions and ideas, since many of them believe that their opinions are neglected anyway. Additionally, it is possible that people who choose to be a franchisee have an entrepreneurial spirit but not to the fullest extent; they want to be supported and provided with directions.

If we classify ginatricot as certain type of culture (which is difficult because a company can have many different types), we believe that it is "work-hard/play-hard culture" (see 3.2.2.). The reason for this is that Ginatricot is characterized by employees that take few risks, while the franchisor is innovative, aggressive and risk-seeking. The employees expect rapid feedback, which is another characteristic of this type of culture. Also, activities such as sales, as well as characteristics such as being a team player are major determinants for success. We believe that a culture can be constructed, and therefore it is the franchisor's task to control it (see 3.2.1.). Even though ginatricot's manager, as mentioned before, does not think they have an organizational culture, we believe that he still influences the organizational culture unconsciously in everything he says and does. It was apparent in the interviews that some respondents thought that the franchisor's family had greater influence over the way business is conducted than they themselves do. (see 4.2.2.). We think this could be a significant problem if the respondents feel overlooked, since this could damage the process of creating internal loyalty.

5.3. Relationship Marketing

Relationship marketing is a marketing strategy that involves all the parties that can contribute to a company's success, and aims to strengthen customer relationships. A dimension of relationship marketing is the internal market, which includes all

individuals working within an organization (see 3.3). Ginatricot's internal markets consist of the franchisor, the franchisees, the store managers and the front-line staff. In order for these employees to work effectively, it is very important to implement internal marketing activities. These activities could include personal development, training, empowerment and involvement (see 3.3.1.). Ginatricot's respondents think that one or several of these activities are missing. We feel that this is a missing link in ginatricot's internal market. It is easy to emphasize the importance of the external market at the expense of the internal market.

"Sometimes I feel like headquarter is working against m; they react negatively to criticism and they should listen more to the franchisees."

This quote illustrates the lack of empowerment and involvement. We think that it is essential to involve the employees in the decision making process, not only providing them with information and having meetings, but also by encouraging and motivating them to be involved to a larger degree. It is not enough to send statistical information or have a product council; there must be some kind of activity that involves all individuals in the company and that has some substance. For example, the number of visits undertaken by the headquarters should be increased, of which the franchisor is aware. There are not a large number of franchisees, thus this does not require a large effort. Some of the franchisees have seldom or never been visited by anyone from headquarters. They admit that this is very unmotivating for them (see 4.2.3.). Another way to motivate or encourage employees is to announce the best employee and store of the year/month.

"I would like HQ to visit me more, especially the purchasers, since they should know what the clothes look like in the shop."

The meetings ginatricot holds four times a year is one opportunity for respondents to influence headquarters. However, many of the respondents felt that they had very little influence; the communication was more one-way than two-way (see 3.3.1.). Even though the respondents thought that they could not influence head-quarters to a large extent, the great majority still found the support they receive satisfying (see 4.2.3).

Furthermore, all ginatricot meetings are located in Borås, which was regarded as un-fair for respondents who have to travel far (4.2.3.). It could be motivating and fun to hold the meetings in another town once in a while, making it more of a conference trip than just a regular meeting. We think that it might even be possible to have meetings of another kind, for example informal, social or meetings with an educational purpose. Those educational meetings could teach more about in-store decoration and sales tactics, which the respondents also indicated a desire for (see 4.2.3.). When education is provided and accepted, it increases the possibilities for empowerment of the employees. Thus, the involvement and motivation will increase. This is in ginatricot's best interest if they want to strengthen and create internal loyalty to the brand. We know that in a franchise company, the degree of empowerment is limited. However, there are some decisions that the franchisees and the franchisor should be able to make together, such as the product assortment and interior design. We realize that it is essential that one person is the decision-maker, but others' opinions should be taken into consideration.

The internal markets should also strive to build a supportive relationship between employees (see 3.3.1.). It seems like ginatricot has managed to achieve this, since the majority of the respondents have some kind of relationship with each other. Within

stores, the franchisee or store manager seems to have a very good relationship with their employees (see 4.2.3.). It is good to have a friendly relationship, especially in a small workplace; however, this might result in difficulties in giving negative feedback. On the other hand, this kind of relationship can create a nice atmosphere and work environment.

We believe that if internal marketing activities are only performed as a campaign, or as separate activities without the management's support, the risk of failure is great. Internal marketing activities have to be initiated by top management, and work their way through middle management and down to the ground floor, where they are executed.

6. GENERAL CONCLUSIONS

*I*n this chapter we provide the reader with a discussion concerning each of the problem statements presented in chapter one. We also present our loyalty puzzle that illustrates the integrated areas that we believe contribute to achieving internal brand loyalty.

Fig 6.1. The loyalty puzzle

6.1.   Organizational Culture Influences on Internal Brand Loyalty

"How can an organizational culture influence internal brand loyalty?"

Organizational culture is a wide concept that includes many different elements, both concrete and abstract. Therefore, it is very hard to understand what exactly it is, even if one knows its theoretical definitions. We believe that companies have many different levels of organizational culture; some are visible (artifacts), while others are

unconscious (basic assumptions). When developing internal brand loyalty, the artifacts are easier to influence because they are visible. But even if they can be regarded as easier to change, it still requires a great deal of effort since, we believe, many people are opposed to change in general. However, the basic assumptions can be difficult to address because they are unconscious and deeply rooted in each employee's mind.

We think that it is possible to change a culture, so it can be regarded as a variable. However, it takes a long time to build up a culture, and once it has been established, it might be hard to alter (especially the basic assumptions). On the other hand, if the external environment changes and the company does not adopt, ineffectiveness, such as employees' unwillingness to cooperate can result. We also believe that since it is possible to adopt a culture, one can also unlearn it and adopt a new culture. If the organization wants to change the culture to fit new conditions, management can change some of the elements in the culture by changing rituals, providing education to change attitudes, or even firing people that are opposed to the change. It is also important that this is an ongoing process, and that management is consistent in the message it sends.

In young organizations, we think that culture is often formed as a reflection of the founder's beliefs. What was important for the founder when starting up the business becomes important for the individuals in the company, and is reflected in the organizational culture. As it grows, this culture reminds the company of its origin and why it exists. This pushes all employees in the same direction and makes them strive for the same goals. This can ultimately lead to internal brand loyalty, because the employees feel that they are part of a team.

In a small company, like ginatricot, it is the founder's values and beliefs that determine the organizational culture. Therefore, it is important that the franchisor sticks to these beliefs and acts accordingly. This will lead to employee commitment and trust, which ultimately can create internal brand loyalty. Since ginatricot is a small company, in which the franchisor is also the founder, it should be easy for the franchisor to relate to his own beliefs, and "practice what he preaches". However, in a larger company where the manager is not the founder, this can be harder, since his or her beliefs do not necessarily coincide with the company's. In a company where the manager is also the founder of the beliefs, and thereby influences the organizational culture, it is easier to create internal brand loyalty. Since ginatricot today does not have a very strong organizational culture, they must stand by their founder's beliefs if they are to create a stronger culture, and thereby a stronger brand.

We think that in enhancing internal brand loyalty, it is important to have an environment that supports an internal service culture. By this, we mean that the employees are empowered; they share responsibilities and can influence the decision-making process. This, we believe, will serve as motivational factors for them. When people are motivated, they become more open to new influences, thereby increasing the chances to become brand loyal. Furthermore, we believe that the strength of the organizational culture will determine the level of empowerment, thereby strengthening the corporate brand. If people are empowered, this will influence the working environment, which in turn influences the organizational culture.

An important support of the internal service environment, is the structure of the organization. It should be a flat organization, because then it will be more flexible and market oriented. This enhances the internal brand loyalty process. A hierarchical structure, where the decision-making and communication are characterized by a top-

down, one-way communication, makes flexibility and market-orientation unlikely. This in turn makes it difficult to have an internal service culture. We also believe that when trying to create a strong organizational culture, it is important that the individuals within the company work together and share experiences that are in line with the company's vision. Therefore, a strong organizational culture positively affects the strength of the corporate brand. When a brand is strong externally, it means that it is supported by a strong organizational culture characterized by values and beliefs supported and shared by the people inside the company.

To summarize our views, we believe that an organizational culture that enhances internal brand loyalty is made up of empowerment, flexibility, shared responsibility, the ability to influence, team work and two-way communication. All of these components also represent key internal marketing activities.

6.2. Internal Marketing Influences on Internal Brand Loyalty

"How does internal marketing influence the creation of internal brand loyalty within a company?"

We think that relationship marketing is important because it concerns both internal and external customer consciousness, and includes the concepts of internal markets and internal marketing activities. Internal markets are important, because if the employees are not thought of as internal customers, they are unlikely to be motivated to provide service or to market the brand to the external customer. For example, if the company does not successfully convey the brand's message to the internal customer, it can be hard to do it successfully externally. Internal marketing is important because, along with organizational culture, it can create an environment that enables the individuals within the company to see each employee as an internal customer.

In order to make the employees brand loyal, internal marketing activities could be used. We think that one of the most effective marketing activities to achieve brand loyalty is two-way communication, since it ensures that employees knows what to do and why. It is also important to communicate the same message in different ways depending on who the receiver is within the organization, since one can not assume that all individuals have the same needs and understanding. For example, in ginatricot it seemed like the two-way communication was partly missing, since the respondents knew what they were doing, but not necessarily why. They did not realize that the product, its attributes and the brand are interrelated, but considered these to be distinct areas. We regard the communication within ginatricot as mostly one-way, since it seems like headquarters is not receptive to feedback from the franchisees.

Sender   **Medium**   **Receiver**

Brand Identity

Other sources of inspiration:
♦ Mimicry
♦ Opportunism
♦ Idealism

Signals transmitted

Brand Image

Noise
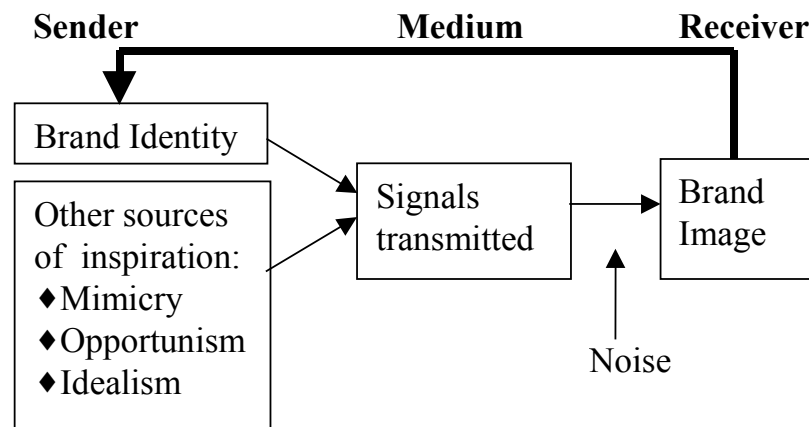
Fig 6.2. Revised model of the identity and image model

We have modified Kapferer's identity and image model to apply it to the internal customer instead of the external. The sender is the management, the receiver is the internal customer, and the medium describes the way in which the message is communicated. We think that if the management does not succeed in communicating

what the brand stands for and making it unique to the internal customer, they will not succeed with the external, either. It is important for the sender to find out if the image perceived by the receiver is consistent with the brand's core values. Therefore, feedback from the receiver is essential. For example, if the sender's only purpose is to idealize the brand identity, it will only cause confusion for the receiver because the brand stands for something other than the core values.

We think that effective two-way brand communication can make a large difference when it comes to brand loyalty because it makes employees conscious of the brand's identity and message. The brand communication process should be ongoing rather than a one-time campaign.

Another internal marketing activity that we regard as important is empowerment. Empowerment is important for internal brand loyalty because it improves motivation and job satisfaction. It can also provide employees with the knowledge needed to understand and contribute to the company's performance. Education or workshops can be helpful tools for understanding brand strategies and values. If the employees do not understand these, they can not strengthen the brand. However, if the educational message is not consistent with the existing organizational culture, the efforts are meaningless. In ginatricot's case, education should include knowledge about what the brand values are, as well as, for example, sales- and decoration training. This should heighten empowerment and improve performance.

We think that internal marketing is better than TQM when creating internal brand loyalty because it involves the whole supply chain, i.e. the front- and back-office staff. Furthermore, internal marketing is integration based because it involves all individuals and departments. We believe that it is very motivating when everybody

works as a team towards the same goal. When working in teams, individual values and beliefs can be transmitted between members of a group, leading to increased engagement in the brand. However, depending on the kind of values and beliefs that are transmitted, the outcome may be positive or negative. Therefore, it is essential that the formal and informal leader share the positive values and beliefs of the brand. It is the management's task to discover the identity of the informal leader, in order to transmit these values and beliefs to that person, and in the long run create internal loyalty.

6.3.　　　Importance and Development of Internal Brand Loyalty

"Is internal brand loyalty important to the corporate brand? How can such loyalty be developed?"

We think that internal brand loyalty is important, since the internal customers represent the company to the customer. They are a large part of the brand, in the same way as, for example, marketing and products. They are the ones communicating the brand's values and advantages, thus selling the brand to the external customers. The intention is to strengthen the brand's image in the minds of the external customer. To make this possible, we believe that the image must first be strong internally. By this, we mean that the internal customer must be loyal to the brand, in order to entice the external customers.

We also think that it is important that the individuals working in the company have values and attitudes that are in line with the brand in order to strengthen it. The organizational culture has to be supportive of these values and attitudes, which requires an open, flexible environment characterized by cooperation, sharing of

experiences and a striving towards the same goal. Management should be very careful when selecting employees in the first place, making sure that their values, behaviors and attitudes, are in line with the company's core values and vision. There is a difference between working hard for the company and sharing the same ideas and attitudes since the former can be rewarded in monetary terms. The latter is harder to influence and requires much more effort, since it involves changing personal beliefs, attitudes and convictions.

In order to describe the development of internal brand loyalty we use two different models. Figure 6.2 is used to describe the process of developing internal brand loyalty and Figure 6.3 describes the areas we believe contribute to the development of internal brand loyalty.
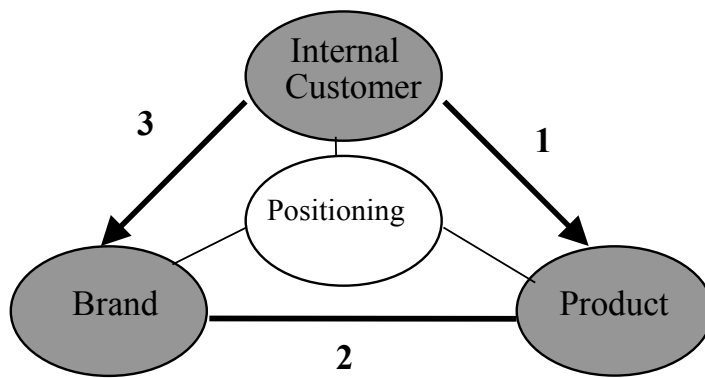
Fig. 6.3. The revised model of the branding pyramid

This is the revised model of the branding pyramid that we use in order to describe the development. As we see it, a first step to internal brand recognition occurs when the internal customer creates an interest for the product (1). By this we mean that when an individual starts working for a company, he or she is focused on the product and not necessarily on the brand. The new employee has not yet been indoctrinated with the brand's full meaning. Furthermore, we think that the product and the brand are related but they do not influence each other. Therefore, there are no arrows between

these parts of the model. We think that internal marketing activities play an important role in strengthening the internal customer's perception of how the product and the corporate brand are connected (2). If the internal marketing activities are successful, the internal customer develops trust in and satisfaction with the brand. They then might understand that the product is subordinate to the brand, and a strong connection will be developed between the internal customer and the brand (3).

Figure 6.3 illustrates the areas that we believe contribute to the development of internal brand loyalty. Internal brand loyalty is a result of the interaction between organizational culture, brand management, and internal marketing.
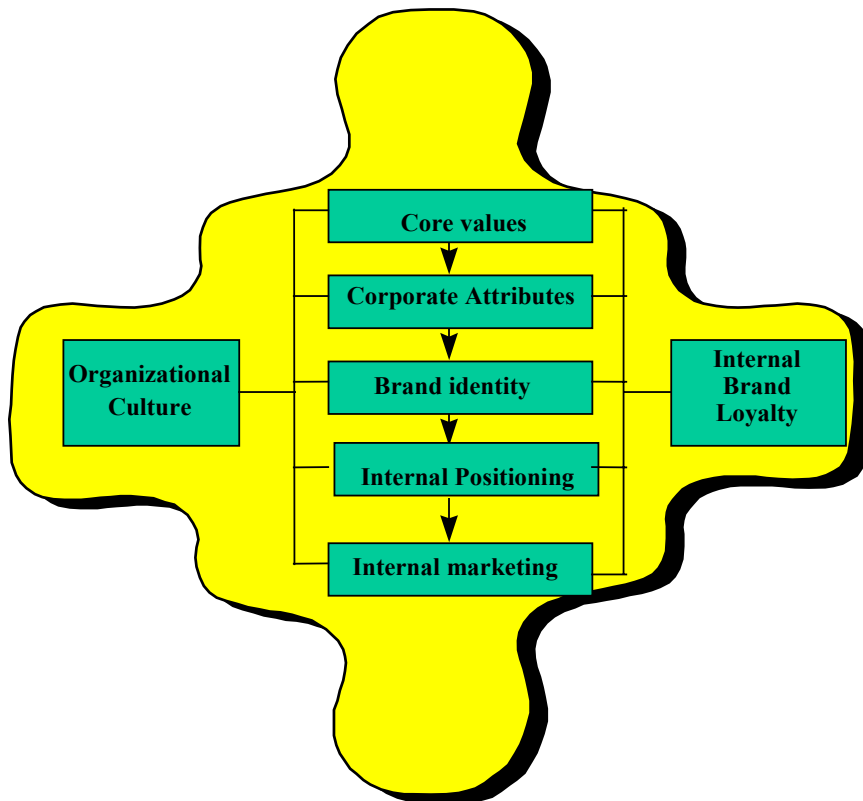
Fig. 6.4. The internal brand loyalty piece

Organizational culture is the company's fundament, and we believe that a certain type of culture, along with brand management and relationship marketing, is required to create internal brand loyalty. If the company has a strong culture supported by a clear vision, we believe it will result in a stronger corporate brand: it knows what it wants to achieve with its brand and how it is going to do it.

In our earlier discussion of organizational culture, we mentioned that it reflects a company's core values. By this, we mean that the beliefs of the founder, along with the organizational culture, constitute the core values. Organizational culture influences the development of internal brand loyalty because it is the foundation of the corporate brand. We think that it is essential that the core values of the management are reflected in the brand identity. Therefore we have made a conscious choice to place core values ahead of brand identity. The core values should be easy for individuals working in the company to relate to and the same message should be communicated in different ways depending on to whom it is directed. The reason for this is that each individual should be able to relate to the core values. Core values are placed on top in the model because it is important to know what the fundamental values behind the corporate brand are, and to know to what they are loyal.

The corporate attributes derive from the core values. We think that within the company there has to be an even flow of quality in all activities, from the service the employee provides to the final product. Also, the logo and name are important corporate attributes since they are of major importance in the development of a strong identity. A good logo, name and consistent quality will provide the company with a good image, internally as well as externally.

We see the brand identity as a result of the core values and corporate attributes since these make it more concrete. Since the core values are the underlying meaning of a brand's existence, the brand identity is the meaning the brand provides and what makes it unique. Thereby, a place in the internal customer's mind can be created through positioning. It is the management's decision how to position the brand, which should be reflected in the internal marketing activities. Internal marketing therefore concerns the activities undertaken by the management to communicate the core values, corporate attributes and brand identity. This can be achieved through education or workshops. We feel that it is important that the management knows and is consistent to its true identity and core values, if it is to be able to choose the right marketing activities. These will strengthen the brand internally and build trust and loyalty in the employees.

We think that it might be easier for franchise companies to develop internal brand loyalty. The franchisees are more committed to the company because they have invested time and money in the brand. However, the degree of loyalty might vary or be insincere, because a monetary investment might instill superficial loyalty, but their heart and soul might not be in it. The franchisees also have to be loyal to the corporate brand since parts of the concept are forced upon them.

The core values that entice the franchisee in the first place must prevail in order for maintaining loyalty to the brand. We also believe that the degree of loyalty depends on interest in the product. For example, in ginatricot's case the franchisees expressed their interest in clothes as a main determinant in their decision to become franchisees. If there is a sincere interest for the product, loyalty may appear without any major additional efforts from the management. However, if the employee is interested in the product, but believes that the management's beliefs and values are inconsistent with

their own, he or she will only be loyal to the product and not to the brand or company.

We believe that it is very hard to create and develop internal brand loyalty. It is a long-term, ongoing process that requires the complete involvement of the management. A prerequisite is an understanding on the part of the management that all individuals within the company play an important role. The employees must also be involved, and understand and believe the values in order to feel committed to and able to market them. If a company has not developed loyalty towards the brand from the beginning, it might be difficult to know where to begin. Therefore, we think that it is important to develop a strategic plan before any attempts are made to implement it. Again, it is important to keep in mind that this is a difficult and ongoing process that requires full management support.

7. RECOMMENDATIONS FOR FURTHER STUDIES

During this "journey", other interesting questions within the area of internal brand loyalty have come to mind. We have focused only on one industry, and within that a franchise chain, so it could be interesting to study other industries and organizational forms. This leads to the question: *is it harder/easier to develop internal brand loyalty in different types of industries?*

Since we believe that an interest in the type of product is a factor that might influence the degree of internal brand loyalty, we ask ourselves: *does the degree of internal brand loyalty differ between product categories?*

We have come to realize how internal brand loyalty can be developed. However, the question still remains of how the company can measure degree of success. Therefore, the following question came to mind: *how does a company know if they have succeeded in developing internal brand loyalty?*

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