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SCHOOL OF BUSINESS, ECONOMICS AND LAW

Master Degree Project in International Business and Trade

Developing and Implementing Dual Branding Strategy in Emerging Markets

A case study of Volvo CE and SDLG in Brazil

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Abstract

Megatrends of globalization and urbanization is constantly changing the international business environment, and emerging markets are rapidly industrializing, followed by growing populations with increasing incomes. This in addition to comparatively weaker domestic competition, have created attractive business opportunities for western MNEs to expand business in these markets. Nevertheless, only a fraction of MNEs have managed to thrive with the opportunities, due to reliance on premium segmented products and exploring already established advantages. To meet the rising demand for value products from price sensitive customers, western MNEs have increasingly acquired emerging market companies as a prerequisite to implement multiple branding. From an academic perspective, studies have mostly focused on examining the challenges and benefits of such strategies, but have not explicitly indicated the process leading the companies to realize the opportunity of using such approaches. To examine the existing gap in this field, we conducted a case study on the development and implementation of dual branding strategy of Volvo CE and SDLG in Brazil. Based on our empirical findings, we realized that Volvo CE's journey from China to Brazil demonstrates that developing a dual branding strategy is rather an emerging process than an intended setup, evolving through incremental learning. Throughout this process, the implementation of the strategy relies on the ability of balancing the creation of synergies and the differentiation of the two brands, as a too narrow gap increases risks of cannibalization, while a too loose gap leaves opportunities for competitors.

Key Words: emerging market, value segment, M&A, multiple branding

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Abbreviation List

CE - Construction Equipment

EM MNE - Multinational Enterprises from Emerging Markets

JV- Joint Venture

MNE - Multinational Enterprises

M&A - Merger and Acquisition

SDLG - Shandong Lingong Construction Machinery

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1. INTRODUCTION

1.1 Background

This paper takes its start in the rapidly changing international business environment, especially pondering the rising business opportunities for multinational enterprises (MNEs) in emerging markets¹. The financial instabilities following the crisis during the last decade has resulted in a drop of economic growth, which mainly have affected the western countries negatively. At the same time, emerging markets have been able to draw advantages from the slowed western economy, by utilizing the opportunity to catch up (Jansson & Söderman, 2013; Johansson & Leigh, 2011). Following this, globalization, represented by MNEs boosting and increasing economic interdependence among nations, has been a continuously discussed phenomenon in international business. Still however, recent studies reveal that only a scarce number of the largest MNEs are successful globally, in the sense of having balanced market regions; Rugman and Verbeke's (2004) findings show that more than 80 percent of the MNEs' total sales are originated from their home region of the triad. Nevertheless, MNEs are still seeking market potential across borders and an increasing amount of companies expand their business in emerging markets, driven by their hunger for growth and inter alia, fierce competition in the increasingly saturated triad market (Delios & Henisz, 2000; Hoskisson, Johnson, Tihanyi & White, 2005; London & Hart, 2004; Peng, Wang & Jiang, 2008). And at the same time as the developed regions experience a sluggish growth, megatrends in international business cause changes in emerging markets such as China and Brazil. These countries have been industrializing rapidly, followed by growing populations with increasing incomes. This in addition to comparatively weaker domestic competitors enlightens the attractive environment with business opportunities for developed country² MNEs, as well as other emerging market MNEs (EM MNEs) (Johansson & Leigh, 2011).

A call for new business strategies

The traditional and most obvious strategy for MNEs originating from developed countries has until recently been to target the wealthy class in the emerging markets, with famous brand and well-developed skills. In other words, western MNEs have relied on exploring already established advantages of quality and brand image when entering the emerging

¹ Emerging markets through out this paper refer to developing countries such as Brazil, China, India, Russia, etc. (Jansson & Söderman, 2013; Johansson & Leigh, 2011).

² Developed or western countries refer to industrialized countries.

markets (Ritson, 2009). A growing importance of targeting more segments in emerging markets, nevertheless calls for new business models, since the reliance on premium segment customers have not been as successful as the MNEs initially expected. This is further explained by the rising demand composed by the more price sensitive customers in the lower parts of the global economic pyramid, which until recently have been ignored by global MNEs (Hart & Milstein, 1999; London & Hart, 2004). Targeting the more price-sensitive customer in emerging markets is however challenging for global MNEs and the principal drawback is related to the global MNEs' disadvantage of costs (Delios & Henisz, 2000; Fan, 2010; Gaston, 2011; Jansson & Söderman, 2013). Higher costs are related to these firms' already established supply chain activities, fulfilling requirements of regulations linked to worker safety, emission regulations etc. (Fan, 2010; Johansson & Leigh, 2011; Ritson, 2009). Apart from internal disadvantages, MNEs have also been exposed to unfamiliar market situations and dissimilar customer preferences, as well as uncertainties arising from economic and political instabilities in these markets. Moreover, the conventional wisdom about their global strategy might not be appropriate in some specific markets and all these factors are important explanations to the high rates of failures of western MNEs in emerging markets (Fan, 2010; Hoskisson, Eden, Lau & Wright, 2000; Ritson, 2009; Webb, Kistruck, Ireland & Ketchen, 2010).

Apart from the already mentioned challenges, increased competition from low-cost competitors has additionally resulted in premium brands losing market shares in rapidly developing economies (Jansson & Söderman, 2013; London & Hart, 2004). According to the research-based view, EM MNEs have increasingly started to expand business internationally and these firms often discover a competitive advantage against the western MNEs in other emerging markets, due to similar institutional settings and customer preferences. Additionally, EM MNEs find transaction costs and coordination costs lower, compared to western MNEs, when companies from both parts of the world strive to compete in emerging markets (Fan, 2010; Gaston, 2011; Hu, 1995).

Response to the low-cost competitors

The increased competition associated with cost disadvantages has forced these developed MNE managers to change business models in order to explore and target the more untapped and great market potential (Hoskisson et al., 2005; London & Hart, 2004; Peng et al., 2008;

Webb et al., 2010; Wright et al., 2005). There are four common strategies that western MNEs have been implementing, aiming to gain more market shares in emerging markets: 1) to watch and wait; 2) to keep current pricing without trying to match the low-cost competitors; 3) to change pricing strategy and come closer to the low cost MNEs; or 4) to extend the brand portfolio through brand creation or acquisition (Berman, 2015; Ritson, 2009). In line with an increasing trend of cross-border M&As, combined with growing interests in branding strategies, research findings reveal the latter strategy, namely, brand acquisition as being the most implemented approach recently, even though it implies more risks than the other three strategies. The risks linked with brand acquisition are not only related to the integration between the companies in the cross-border collaborations, but also to the management of multiple branding strategy (Berman, 2015; Caiazza & Volpe, 2015; Edamura, Haneda, Inui, Tan, & Todo, 2014; Lou & Tung, 2007). While acquired brands allow MNEs to target different customer segments simultaneously, it additionally involves risks of brand cannibalization, overprotection, financial losses and managerial confusion (DiPietro, 2005; Fan, 2010; Lam, Chan, Gopaoco, Oh & So 2013; Mason & Milne, 1994). Nonetheless, despite the risks, M&As are still increasingly being implemented, as they are considered as the fastest and cheapest strategy for firms to gain strategic assets such as skills, brands and local permits in foreign markets (Caiazza & Volpe, 2015; Edamura et al., 2014). Nevertheless, a significant proportion of M&As fail, due to challenges arising in the implantation and integration phases, especially within cross-border collaborations (Caiazza & Volpe, 2015; Georgieva, Jandik & Lee, 2012).

1.2 Problem statement

As discussed above, megatrends in demographic change, urbanization, digitization and globalization affect the economies worldwide, and these trends and forces shapes the international business environment, by the creation of new potential markets and business opportunities as well as increasing the competition between global and local firms (Johansson & Leigh, 2011). As a result of these megatrends, people in emerging countries have been able to increase their living standards and this has led to an upturn of demand and hence opportunities for western MNEs to expand their business in these regions (London & Hart, 2004; Peng et al., 2008). Targeting the new segment of customers and competing with local brands have however been challenging. Western MNEs have increasingly been implementing cross-border M&As and multiple branding as a response to these changes (Berman, 2015; Lam et al., 2013). On one hand, these strategies create synergies resulting in shared costs,

spread risks and an ability to target different customer segments simultaneously (Abratt & Motlana, 2002; Judith, Washburn & Till, 2000). On the other hand however, M&As and multiple branding increase risks of cannibalization, financial losses as well as customer and managerial confusion (DiPietro, 2005; Madslie, 2011; Mason & Milne, 1994). In line with this, DiPietro (2005) emphasizes the importance of being able to manage the balance between the businesses, and not at least the brands.

To conclude these discussions, we clearly see that the increasing research focus in existing studies have mostly focused on examining the challenges and benefits of these strategies, or trying to explain factors behind different success or failure cases (Caiazza & Volpe, 2015; Damoiseau et al., 2011; Edamura et al., 2011; Georgieva et al., 2012). There has been very fragmentary or even scarce literature that explicitly indicates the process leading the companies to realize the opportunity of using multiple branding approaches following M&As. With this basis, a gap has been identified in current academic literature: the preconditions as well as the overall understanding about developing and implementing multiple branding through M&As. It is thus interesting to examine the existing gap in this field, and increase the understanding about how this strategy is being developed, managed and implemented in a western MNE. Increasing the understanding about what is happening prior to the decisions on using multiple branding through brand acquisition, contributes with important management knowledge, not at least since the strategies are increasingly implemented.

1.3 Purpose of the research

The purpose of this study is to contribute to a better understanding about MNEs' development and implementation of multiple branding through brand acquisitions, as a response to the changing international business climate with an increasing demand for value products in emerging markets. The study intends to illustrate the relevance of the subject by fulfilling the existing gap about how western MNEs develop and implement dual branding strategy, especially as recent literature emphasizes the complexity and challenges in managing and using this strategy. With this basis, we ponder that identifying the preconditions and the phases in the process of a western MNE developing and implementing multi branding strategy, will provide a better understanding about how the opportunities arise for MNEs to use acquired brands to target new segment of customers in emerging markets.

1.4 Research question

To meet the objectives of establishing a fundamental understanding of how multiple branding evolve within the companies and how this strategy is being implemented in western MNEs, the following research question has been formulated:

How is a western MNE developing and implementing a multiple branding strategy for emerging markets?

We examine the case of a Swedish firm, developing and implementing multiple branding to capture value segment shares in the emerging market Brazil. By analyzing this case, we expect to identify not only the associated challenges and advantages, but more importantly increase the understanding about how the strategy is being developed, implemented and managed.

1.5 Delimitations

This study contains of certain limitations, which primarily are associated to the chosen case within the study we examine. This means that the results and findings are drawn from the specific context in this study, to be able to identify the development and implementation process of dual branding³ strategy, in the case of Volvo CE and SDLG in Brazil. Conclusions drawn from the empirical study are thus limited to the company that we have chosen to use in the study, and the development and implementation of the strategy is based on brand acquisition, since this is what has enabled Volvo CE to implement the strategy. With this basis, similar companies implementing this strategy may therefore not only use brand acquisition, but other strategies such as brand extension. Apart from the preconditions involving brand acquisition of a Chinese company in CE industry, this study further focuses on JV, which only illustrates one of many different and potential collaboration methods available. The findings of how western MNEs develop and implement this branding strategy in emerging markets are thus limited in the sense of company, geographical aspects, collaboration method as well as branding strategy. However, these limitations are necessary to set the boundaries in order to attain in-depth understanding, which is the purpose of this case study.

³ Dual branding strategy and multiple branding strategy in this paper refer to the same concept. When two brands are involved, we use the term *dual branding* i.e. in relation to the case; when more brands in discussion, we use *multiple branding* i.e. in literature review.

1.6 Research outlook

The major part of the thesis is divided in six chapters, starting with an introduction and a background description of the research area. These parts subsequently lead to the problem discussion, the identified existing gap in academic literature, the purpose as well as the research question. Secondly, we describe the methodology, which we have applied in order to conduct this study. By discussing the study approach and research process prior to the literature, we aim of providing the reader with necessary preconditions to understand, not only the findings in the literature review, but also our selection of theories. The literature presented in the third chapter have been revisited continuously during the study process, based on our incased understanding and the results of confronting literature with the empirical observations, enabling us to constantly identify new areas of related research. Chapter four outlines the case findings, based on the interview, several email conversations, discussions and internal documentation, which has been gathered during the research process. Following this chapter, we apply the literature review to the empirical findings and analyze the results in chapter five. The last part of the thesis specifies the concluding remarks from the research process and provides and answers to the research question. In addition to this, it also includes a discussion about theoretical and managerial implications from the study, as well as our suggestions for future research.

2. METHODOLOGY

The aim of this section is to describe the research methodology that we used to conduct this study. In order to do so, we have divided the chapter in different areas, including information on the research approach, sampling, data collection, research process and the ethical considerations, related to the quality of the study. As mentioned in the section above, we have chosen to introduce the research methodology before the literature study, as we believe that it facilitates and clarifies the understanding as well as the choice of theories.

2.1 Research approach

We have chosen to conduct a qualitative, explorative case study, which suits our purpose of gaining an in-depth understanding about a real life observation. Using a qualitative methodology implies focusing on words rather than numbers (Bryman & Bell, 2011) and conducting a case study is mainly motivated by the purpose and research question that we have posed.

The qualitative research study is referred to as an umbrella term with many different research approach, all depending on the foundation of the study and what the researcher aim to find out. In this study, we choose to use a case study approach in order to gain a better understanding about a real-life observation (Merria, 1998; Yin, 2009). This case we have chosen to examine is about the development and implementation of dual branding strategy in Brazil by Volvo CE and SDLG, with intention to gain more market shares in the increasing and dominant value segment. By using the case study approach, we are able to focus on a single organization and generate a deep understanding as well as a holistic view about how and why the dual-brand strategy has been implemented. These types of questions are according to Yin (2009) and Merriam (1998) often used in case studies, which further strengthen our choice of methodology. Additionally, Merriam (1998:29) argues that a case study is “an intensive, holistic description and analysis of a single instance, phenomenon or single unit”.

Furthermore, as the purpose of the study and the research question require comprehensive data, based on different sources, we consider that using a case study will entail deep understanding, rather than generalizable findings. In line with this, Merriam (1998) suggests that this study approach enables the researcher to dig deep within the boundaries of the chosen case, and further advises creating a clear framework to enable a more specific focus

area. Following this recommendation, we chose to examine research within the fields of branding strategies, emerging markets, M&As in order to get a comprehensive understanding.

2.2 The case

Following the description of the overall research approach, the following sections provide more detailed information about the choices and assumptions we have made during the study, beginning with the case.

In addition to the choice of using a global recognized MNE in our case, our sampling has been based on personal interest and pre-knowledge from studies and working experience. Both of us have a large network of contacts within the Volvo Group, though current employment and earlier internships. This, combined with mentors working in the company, gives us full access to internal information and documentation along the study. Having free access, internal support and a good base of knowledge about the company, have been important factors in the selecting process and an approach that Merriam (1998) state to as convenience sampling. Moreover, we consider this case as being typical, as it examine an increasingly implemented global strategy, represented by a global and industry leading MNE.

2.3 Data collection

This section contains information about the data and the various sources we used for the collection process in the study. It describes how the data has been collected, what type of data we used and the rationales behind these choices.

2.3.1 Sources

The case study approach entails the advantage of allowing many different sources of data, which is essentially important in single case studies, since it enables the researched to validate the findings by adding multiple sources of evidence (Merriam, 1998; Yin, 2009). We have been using both primary and secondary sources, which we subsequently have been confronting with existing theories. However, similar to the choice of a specific case, we have also been sampling the data (Bryman & Bell, 2011), based on its relevance and appropriateness for the case. This process involved decisions regarding whom to interview, what data to collect, both from the company and from external sources. In order to get a good understanding about how much data we needed to collect, we followed the redundancy approach, which meant that we continued to collect data until we reached a point of saturation (Merriam, 1998). This method allied all our sources.

It is advantageous for us to conduct this study, since one of us has been working for Volvo Group part-time from 2013 until present, and the other has worked for the company full time for three month. Firstly, this means we have comprehensive understanding of the organization even prior to the study. And then, the advantage enables us have easy connection with stakeholders within the company. More importantly, we have full access to the company's intranet throughout this study.

With this basis, we utilized our connection with the company and have discussions or email conversations with relevant stakeholders for primary data collection (the stakeholders that made contributions to our study would be referred to as “contributors” in the following text). Moreover, we used internal documentations as our most important secondary sources, which is also complemented by data from the Internet. After having attained a good understanding for the case from internal documents and organizational charts, and discussions with contributors in Business Transformation Services of Volvo Group (Volvo BTS), we identified a key manager, with responsibility for the specific case. He has the best knowledge of this case from the very beginning of the collaboration with SDLG. Conducting an interview with him seemed to be the most obvious choice as it enabled us to get an in-depth understanding how Volvo CE developed and implemented the dual branding from his story. Yin (2009) also confirms that interview represents a suitable primary source of data in case studies.

All the data collection through interviews, discussions/emails, and secondary sources will be explained in details in the following part.

2.3.2 Interview

The key person that we decided to interview was located in Shanghai, at the Lingong Integration Office (L.I.O.), positioned as the senior vice president (SVP) in the joint venture between Volvo CE and SDLG. The SVP has been working in Asia during the last 20 years and was appointed as JV manager when the acquisition took place. He will be referred to as the JV manager in all the following parts of this study. Because of the knowledge and experience, as well as the holistic view, we believed that the JV manager would be able to provide valuable information for our study. This choice of interviewee was also confirmed in discussions with our mentors at Volvo BTS and several other contributors in Volvo CE

China. Based on this, we decided to conduct a single interview, which according to Bryman and Bell (2011) can be problematic and difficult to validate. However, as we already have accumulated abundant information on the collaboration with SDLG from both internal and external documents, we would be able to use triangulation to validate the JV manager's side of the story. Our access to the Volvo Group is important to consider, as it has enabled us to confront and search for more and new information at any time.

There are different types of interviews depending on the purpose of the study, and the main differences between these three methods are related to the interview occasion, i.e. formality of the questions, the interviewing process and the degree to which the respondent is allowed to speak freely (Bryman & Bell, 2011; Merriam, 1998). Since we aimed of getting an in-depth understanding about the dual branding case in Brazil, we decided to use semi-structured interviewing, which enabled us to prepare a few specific questions. On one hand, this strategy ensures that the interview remains within the subject, but on the other hand it also allows the respondent to talk freely. A main advantage of using this strategy is the ability of getting unexpected information and moreover, we also considered a semi-structured interview as being the best option to gain a holistic view and a good understanding about our case (Bryman & Bell, 2011), especially considering that it involves understanding the development and implementation.

Before meeting the JV manager, we prepared and formulated questions, which Merriam (1998) mentions should contain of varying subjects in order to get as much information as possible, regardless of topic. Except formulating questions with different content, we also made sure to create different types of questions, and avoid leading-, long-, general or double questions. Additionally, in line with suggestions by Bryman and Bell (2011), we made an interview guide, containing of different types of questions, to ensure a smooth process and make sure that we got the information that we needed. Aligned with the creation of questions, and following suggestions by Bryman and Bell (2011), we made sure that we were well prepare before conducting the interview. This implied knowledge not only about the topic but also about the JV manager. Since we were 2 interviewers, we also made sure to structure the interview in terms of who makes the notes, who of us asks what questions and so on. Bryman and Bell (2011) state that this type of preparation avoids uncertainty and confusions during the meeting.

The interview took place in March 17th, in the JV manager's office at the Volvo CE facility and hence the Integration office in Shanghai, China. The interview was conducted on a face-to-face basis, as it possesses advantages of body language and face expressions, which makes it easier to understand and follow the interviewee. Additionally, it also exposes feelings that support the quality of the interview, since it enables the interviewers understand what the interviewee think about the things he or she mentions (Bryman & Bell, 2011; Merriam, 1998). We also realized the benefits of being able to visit the plant and to take part of documents that the JV manager kept in his office. The meeting lasted 1.5 hours and the interview was recorded to ensure that we could go back and not miss any important information during the transcript process. We had the advantage of being two interviewers, which provided benefits during and after the interview (Bryman & Bell, 2011; Merriam, 1998). On one hand it enabled us to get a broader perspective of the subject and by the different probing questions we asked during the interview, and additionally after the interview, we sat down together to compare our notes, to listen to the interview again, which generated a comprehensive transcript. The transcription took approximately 4 hours to create and contained of a process where we compared our notes and our reflections with the recording.

2.3.3 Discussions and emails

We have been able to get valuable inputs from different contributors even before conducting the interview with the JV manager in Shanghai. This was done mainly through interactive discussions and emails. We have listed in Appendix 1 the contributors, their focus area, and key information in the interaction. To begin with, the contributors and mentors from Volvo BTS have helped us to shape the boundary of this case study and understanding of the business environment in the major markets of Volvo Group, especially Volvo CE. They also provided valuable support for us in comprehending the governance structure of Volvo CE, identifying other contributors, searching for internal documents, etc. In addition, the contributor from bus business provided input on differences in comparison to CE business. Moreover, other contributors from IT and logistics services provided their perspective on operational collaboration. Last but not least, the contributors based in Volvo CE, especially in Shanghai, complemented information to the major interview from their own focus area on the CE business and JV management.

2.3.4 Secondary data

As mentioned in the beginning of this section, case studies often use multiple sources, to improve the quality and to ensure the reliability. In this case, we combined the empirical findings with secondary data from the Volvo Group intranet (see Appendix 2). Merriam (1998) consistently agrees to the usage of multiple sources and in line with her suggestion, we added data from public documentation such as webpages, reports and newspaper articles, to the information we regularly gathered at Volvo Group. To give some examples, we used documentation about Volvo Group's branding strategies, press releases from the acquisition of SDLG, annual reports and manuals with guidelines regarding sales, marketing, aftermarket, and purchasing. In addition to the information we received during the interview as well as through different secondary data sources, we also utilized our ability to frequently discuss our findings with contributors in the Volvo Group.

The data received from the secondary sources serves multiple goals, but most importantly we used the documentation to corroborate the evidence we found in other sources, especially those outside the Volvo Group. This is important to consider the authenticity of data (Merriam, 1998; Yin, 2009). Apart from verifying the collected data, we also used the secondary data to back up the information we received during the interview, emails and discussions. Furthermore, we also used this information in the primary stage of the research, with intention to improve our understanding and knowledge prior to our interview. This did not only facilitate our own knowledge, but also increased the likelihood of asking the right questions and not wasting time on gathering data already available.

2.4 Research process

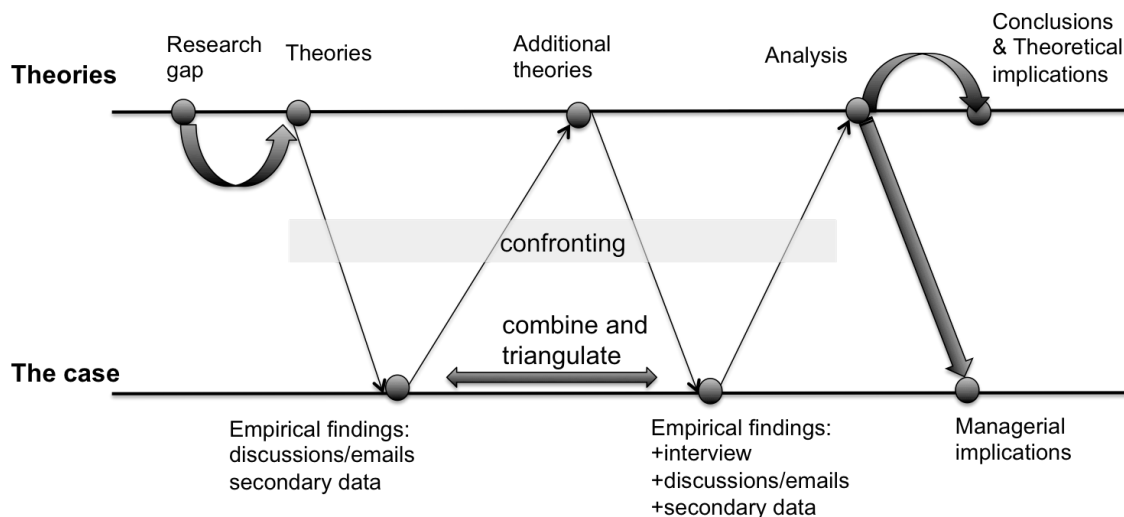
In this section we summarize the research process by explaining data collection and subsequently analyzing and making sense of the findings through constantly confronting the relevant theories with empirical data, as illustrated explained in the following contents.

2.4.1 Abductive approach

As illustrated by Figure I, this study process has been based on the relation between theory and research, and it forms the steps taken during the conduction of the study regardless of methodology. Even if the research approaches are separated in nature, it is important to bear in mind that researchers can shift between the methods, depending on the stage of the study and this has been the case in our study. In line with suggestions by Bryman and Bell (2011), we started using a deductive study, in the sense that the first step of our research process

entailed identifying brand acquisitions and multiple branding, as an interesting research topic. Once we identified the research area, we started to confront the theories with our case, where we then used an inductive approach in reasoning observations and tried to conclude findings. This combined approach of using both deductive and inductive methods is referred as abductive (Bryman & Bell, 2011). We have thus been constantly switching between the empirical findings and literature, which is in line with the abductive approach where observations and previous theories confront and generate new findings. It has been beneficial to do this in our case study, as it initially provided us with good understanding, which we subsequently confronted against our empirical findings. The first step of the process involved observing a case, which we successively increase our knowledge about, based on existing literature. With basis in the confrontation of literature, we identified a research gap, which led to the research question about the implementation and development of dual branding. Using this approach is also illustrated in academic literature (Gyöngyi & Spens, 2005; Yin, 2009).

Figure I: An Abductive Research Process



Source: composed by the authors.

2.4.2 Confronting theories

The research process took within the context of multiple branding strategy after a cross-border M&A, as we identified an interesting case within this area. To understand the case and outcomes, we started to collect academic literature based on published journals, mainly related to international business, branding and M&A literature. By doing this, we realized that research linked to the understanding about implementation and development of multiple branding strategy, have been scare up to date, as main part of the academic researcher has been focusing on the benefits and challenges from these strategies, and not the process

leading companies to implement the strategy. Based on this, we decided to conduct a literature study to provide an overall understanding about the topic, as it suits the study purpose better, compared to a theoretical framework. Aligned with these statements, Gyöngyi and Spens (2005) emphasize that theoretical framework consists of models to be tested within the study, while the literature review rather provides an overall understanding. Furthermore, once we identified the research gap, the research question as well as the purpose of the case study, we began to collect empirical data, through an interview, several discussions, emails, as well as internal documentation provided by the company. These findings were subsequently confronted with the literature review, and while some findings were consistent with the academic findings, others were standing out. Identifying new areas through the empirical study supports the advantages of conducting case studies (Yin, 2009). Moreover, it resulted in a continuously revisited literature review, where we realized the need of adding aspects that we beforehand did not recognize.

2.4.3 Organizing data

Following the collection of primary and secondary data, we began to make sense out of the information we collected prior to and during the empirical study. Merriam (1998) refers to sense-making as consolidating and interpreting the collected material, she also describes this process as complex and in our case it implied going back and forth between existing theory and our findings from the interview, again emphasizing our choice of using an abductive study approach. Additionally, collecting lots of explanatory data also resulted in the challenge of deciding what to keep and what to forsake. This is a common issue in qualitative research studies according to Bryman and Bell (2011) and Merriam (1998). Aligned with suggestions from these authors, we used a thematic analysis/category construction strategy to address this challenge. This meant that apart from going back and forth between our findings and literature, we chose to sort the data from the case by implementing certain key themes and categories. These categories should be exhaustive and mutually exclusive, since all data must be organized in clear groups before being considered (Merriam, 1998). In order to do this, we focused on the purpose of the study and we categorized the empirical findings according to different phases identified in the case study. In terms of literature review, we decided to categorize data in different fields, related to the development and implementation of multiple branding in emerging markets. However, the chosen case has been the main tool in sorting literature, as it for instance limited the data to focus on mostly within the fields of brand acquisition, JV, China and Brazil. Organizing the different collected data did not only

facilitate the analyzing process, but it also enabled us to confirm and confront existing theories, as well as expose new findings, to fulfill the identified research gap (Yin, 2009).

2.5 Quality of the study

The purpose of this chapter is to verify that our research has been rigorously conducted, by emphasizing ethical manners of validity and reliability considering data collection, interpretation and findings. There are four major aspects to be considered in internal and external validity and reliability, as a way to evaluate if the researcher actually is observing, identifying and measuring what he or she claims to be (Bryman & Bell, 2011; Guba & Lincoln, 1994):

- Credibility, which is related to internal validity
- Transferability, which is related to external validity
- Dependability, which is related to reliability
- Conformability, which is related to objectivity

2.5.1 Credibility

The term credibility parallels with internal validity, and it clarifies how the researchers findings match reality. This is essential in qualitative studies, since researchers represent the primary tool of data collection, meaning that they directly impact the interpretation, conclusion and the findings of the study (Bryman & Bell, 2011; Merriam, 1998; Shenton, 2004). In accordance with this, our findings are mainly supported by the data we collected during the interview. To ensure the quality and the validity of this information, we used triangulation and respondent validation, which is in line with recommendations by Bryman and Bell (2011), Merriam (1998) and Yin (2009). Triangulation entails using and comparing data evidence; in our case we have compared the interview results with secondary sources, especially internal documentations from the Volvo Group intranet, which we have had full access to during the entire study. Just to illustrate the abundance of internal documentation we have from the company, we have at least twenty documents amounting to over five hundred pages. In addition, the secondary data also composes of information we collect from external sources such as industry magazines and newspaper reports. Moreover, we have the opportunity to conduct multiple rounds of discussions with sixteen stakeholders in Volvo Group, thus we were able to evaluate the findings and ensure the evidence. The possibility of collecting different data containing the same information does not only improve validity, but also ensure we reached saturation. The advantage of working at the company has thus enabled us to constantly ask questions and probe different ideas.

2.5.2 Transferability

Transferability examines whether or not the findings can be generalized and applied in other studies (Bryman & Bell, 2011) and the level of generalization is often criticized in single case studies. However, Merriam (1998) argues that such critics are mainly applicable in quantitative studies, as the qualitative research uses a single case to understand in-depth rather than finding a general theme. Besides, Yin (2009) further distinguishes between statistical and analytical generalization and clarifies that the latter refers to qualitative studies that rely on theory and logical reasoning rather than statistical abundance. With this basis we consider our study to be transferable as it contributes with in-depth understanding on decision-making and preconditions in developing and implementing the dual branding strategy. However, the case has its limitations as discussed in 1.5 and these are important to consider in the context of transferability, especially as this study is limited in the sense of company, geographical aspects as well as the brand acquisition and JV collaboration.

2.5.3 Dependability

The dependability in qualitative studies is a parallel to internal and external validity and thus concerns the level of trustworthiness and the degree to which a study can be replicated. Internal reliability has in this study predominantly involved whether or not we agreed about the observations and findings we have made (Bryman & Bell, 2011; Yin, 2009). The external reliability deals with replication, and this can be difficult in qualitative studies, as the research relies on social happenings and meetings (Merriam 1998; Shenton, 2004). To ensure dependability in this study, we saved all our documentation, discussion and findings in a database, which we updated continuously with new ones. This enhances the replication ability and also the capability to constantly share findings and drafts. Yin (2009) further suggests that using a database can create a chain of evidence, to increase the reliability of the study.

Moreover, we worked closely with mentors at Volvo as well as in school, and their inputs supported our findings throughout this study. Apart from this, we used triangulation as mentioned earlier and all these different tools are aligned with recommendations by Yin (2009). Additionally, we always discussed thoroughly before making any plans or decisions, which ensured that we were on the same track through the entire research process.

2.5.4 Conformability

Conformability concerns the objectivity of a study, and this involves making sure that researchers avoid adding personal beliefs or values, thus impacting the result of the study. In this case it is important to consider the fact that both of us have experience working within the Volvo Group, which may be advantageous to as well as biasing for our study. However, Shenton (2004) and Bryman and Bell (2011) consistently emphasize the difficulties of ensuring objectivity in qualitative studies, especially since the questions used in data collection is designed and shaped by the researcher, and thus automatically shaped by individual preferences. Nevertheless, by using triangulation, respondent validation and support from different mentors, we believe that we have been able to reduce investigator bias. Additionally, being two researchers further reduce the personal values and preferences, as it requires a shared perspective and consensus. In addition to triangulation, Shenton (2004) also emphasizes the audit trail approach, which we have been using to enhance conformability. In other words, this allows the reader to identify the different steps taken in the study and this is linked to the previous mentioned methodology to handle issues of reliability.

3. LITERATURE REVIEW

This chapter will outline the theories of targeting customers in emerging markets, cross-border M&As and multiple branding, as well as other related fields of research to this study. In the early phase of this study, we identified theories related to emerging markets and M&As. However, as the research progressed we gained a broader understanding about the phenomenon, moving between theory and observation enabled us to not only confront theories, but also continuously revisit the literatures. The literature review will thus present the existing research applied within the study area as well as the methods and perspectives taken to conduct these academic studies. Additionally, it also serves as a basis for the empirical chapter that follows.

3.1 Internationalization trends

The main reason for MNEs to expand their business internationally is linked to opportunities of creating or maintaining sustainable competitive advantages, and up until recently these MNEs have primarily originated from developed countries (Jansson & Söderman, 2013). The global crisis and the following financial instability since 2009, have however created strains and slowed down the economic growth for these MNEs. On the other hand, it created opportunities for EM MNEs to catch up, as these firms continued to grow and increase profits even during the economic instability, especially for firms originating from the BRIC economies (Brazil, Russia, India and China). Additionally, also changes in demographics, urbanization trends and infrastructure have been important factors contributing to the increasing demand and rising business opportunities in many emerging countries and these countries alone represented 25 percent of the global GDP 2012 and more than 60 percent of the global economic growth in the same year (Jansson & Söderman, 2013; Johansson & Leigh, 2011). The rise of EM MNEs increases the global competition and creates new challenges for western MNEs, already established in the emerging markets. For instance as many local firms have been able to catch up and even overtake business opportunities from western MNEs, especially within the dominant and rapidly growing value and low cost segments (Jansson & Söderman, 2013).

3.2 Research with an emerging market focus

The changes in international business have also been reflected in research, which resulted in primarily two different research traditions. First and the foremost research areas have been

related to MNEs and international business theories, which have been developed primarily from a western economy perspective. More recently however, researchers have increasingly been focusing on emerging markets, especially examining the challenges facing developed market MNEs, as well as EM MNEs strategies and behaviors (Hoskisson et al., 2000; Wright et al., 2005). In line with this, Wright et al. (2005) demonstrate the extent to which theories and methodologies used to study strategy in mature, developed economies are to be applied to the unique social, political, and economic contexts and firm characteristics of emerging economies; and how these emerging market factors would challenge the conventional theory and method derived from developed economies. With this basis, four different research areas are available and relevant for firms associated with emerging economies, namely: 1) companies from developed economies entering emerging markets; 2) companies in developing markets competing in the local market with other local firms or international competitors; 3) some emerging economy firms may seek to enter other emerging economies and exploit the expertise developed in their home markets; 4) and finally, some emerging economy firms may also seek to enter developed economies. For the purpose of our case study, the focus will be on the first three research areas. These different areas have been examined from various theoretical perspectives, but mainly through the Resource Based Theory (RBT) and Transaction Cost Theory (TCT), with some inputs from Institutional Theory (IT) and Agency Theory (AT) (Peng, 2001; Wright et al., 2005), which will be further discussed in the following part.

3.2.1 MNEs entering emerging economies

It is the entries of MNEs from developed economies into emerging economies that created the ramping appetite for knowledge about competition in these markets in the first place (Meyer, 2004; Ramamurti, 2004). TCT has been a dominant perspective in the research on foreign entries (Dunning, 1993) and because of this, TCT has been tested and refined in the new ground of emerging economies. Several key constructs: transaction costs, opportunism, and uncertainty are without doubt of high relevance in emerging economies (Wright et al., 2005). Hoskisson et al. (2000) suggest that transaction costs are higher in emerging economies than those in developed economies; the statement is rarely argued against. From a combined RBT and TCT perspective, Hoskisson et al. (2000) argue that challenges are likely to rise in emerging economies because of comparatively weaker institutional infrastructures due to uncertainties arising from economic and political instabilities and a lack of market-based management skills. Additionally, developed MNEs often face difficulties in reaching

out to the targeted customer, because of strong customer preferences for the local brands (Johansson & Leigh, 2011).

All MNEs from developed economies are confronted by the fundamental challenge whether their traditional 'global strategy' can be extended and adapted with minimal changes to emerging market contexts. A focus on emerging economies calls for more strategic attention and new business models built on how to profit from the bottom of the global economic pyramid, which until recently has been ignored by the global MNEs (Hart & Milstein, 1999; London & Hart, 2004). Thus simple adaptation and extension of traditional strategy may not be sufficient. It seems impossible to thrive in emerging economies without an understanding of how formal and informal institutions affect their firms and consumers. Overall, emerging economies present a powerful challenge to the already in place global strategy for many MNEs from developed economies (Hart & Milstein, 1999; London & Hart, 2004; Wright et al., 2005). Additionally, the increasing international involvement of EM MNEs have complicated and impeded MNEs to use traditional expansion strategies. The business climate has become more aggressive as low-cost competitors from emerging economies have increased their international presence. The new competitors have been able to gain market shares from the global giants primarily by reduced research and development expenditures, through the latecomer advantages or M&As. The MNEs have thus faced difficulties in competing against these new rivals, mainly because of high cost (Berman, 2015).

A further aspect of western MNEs' strategies is that entering the emerging economies can gain benefits for their mature home markets and that MNEs' new competence gained on how to tackle emerging economies may provide a strong growth engine, not only for their emerging markets but also for their home markets, especially in the situation where they have learnt how to produce and market products at lower costs. Overall, the leading challenge for MNEs from developed economies doing business in emerging economies is related to the implementation of a suitable strategy that supports the firm's interest and simultaneously the competitive environment in local markets (Gaston, 2011; Jansson & Söderman, 2013; Lou & Tung, 2007; Wright et al., 2005). In addition to this, Johansson and Leigh (2011) emphasize the benefits and advantages MNEs can have from presence in these emerging markets, such as high performances relating to growing population, incomes and relatively weak competitors. Western MNEs also begun to acquire low-price local brands in emerging

markets, as a counter-move, aiming of gaining market shares within the lower price segments (Gaston, 2011; Jansson & Söderman, 2013; Lou & Tung, 2007). Apart from the rising trend of international JVs and acquisitions, Berman (2015) and Ritson (2009) further emphasizes that MNEs increasingly use branding strategies to gain and maintain market shares, and this perspective will be discussed more in detail in later part of the literature review.

3.2.2 Competition in emerging economies

Domestic firms competing within emerging markets are confronted with a highly dynamic environment of rapid political, economic, and institutional changes, with the characteristics of comparatively underdeveloped factor and product markets. These environmental uncertainties must be dealt with if the companies want to thrive in the long run; thus create the need for upgrading and re-configuring existing resources and capabilities (Wright et al., 2005). Literature also suggests that institutional and market forces tend to be major drivers of global MNEs' strategic adaptation (D'Aunno et al., 2000), but institutional constraints and relatively immature markets limit the utility of strategic options in emerging economies. Important contextual aspects are considered relevant in explaining strategic decisions of domestic firms in emerging economies, i.e. the development of market institutions, high levels of government involvement, industry structures, ownership patterns, and enforcement of business laws (Filatotchev et al., 2003; Khanna & Palepu, 1997; Peng, 2003).

Additionally, RBT research in emerging economies emphasized the concept of 'strategic flexibility' in companies and suggest that the constantly changing market situations in these markets make it vital for firms to take advantage of existing and new strategic opportunities with 'strategic flexibility' (Peng, 2001; Uhlenbruck, Meyer & Hitt, 2003). The ability depends conjointly on the inbuilt flexibility of resource access to the company and on managers' flexibility in utilizing those resources, or 'flexibility in coordinating the use of resources' (Sanchez, 1995). Organizational perspective discusses the importance of managerial strategic flexibility in an emerging economy; in other words, their incentives and ability to make decisions over capability-enhancing strategies are becoming particularly important (Filatotchev et al., 2000; White, 2000). On the other hand, Newman (2000) suggests that, firms can be subjected to too much change, due to organizational learning and the search for the perfect organizational structure by firms may become unviable. However, flexibility may be hindered by extremely deep embeddedness in the old environment and institution, and administrative heritage hampers all type of changes (Newman, 2000).

Although the developed country MNEs remain the major source of outward FDI, the amount of MNEs originating from developing markets has increased significantly during the last decade, and particularly Chinese players (Lou & Tung, 2007; Jansson & Söderman, 2013). According to the RBT to IT research, EM MNEs often discover that resources enjoyed at the home country are situation specific, particularly as these firms are nurtured and accustomed to less liberal environments. But at the same time, Hu (1995), Gaston (2011) and Jansson and Söderman (2013) also suggest that these firms might have a competitive advantage in entering other emerging economies where business environments are characterized by similarly underdeveloped institutions and economic resources. Insights from the IT and TCT perspectives, addressing organization costs, show that firms originating from emerging economies find transaction and coordination costs lower, compared to the western MNEs, when they both strive to compete in emerging economies (Fan, 2010; Lou & Tung, 2007). In line with this, Fan (2010) and Gaston (2011) suggests that MNEs from developed countries tend to have higher costs because of labor and political regulations, as well as established contracts with global vendors.

Apart from the increasing activity of global MNEs in emerging markets, there has also been an increase in EM MNEs entering other emerging markets, however often with aims of exploitation (as opposed to exploration) of resources and established advantages (Dawar & Frost, 1999; Jansson & Söderman, 2013). Nevertheless, since 2004 there has been a rising trend towards asset and resource seeking among Chinese MNEs, even though the initial motive behind their internationalization has mainly been related to market seeking, especially when the expansion is in a similar market to the home market (Fan, 2010; Gaston, 2011; Jansson & Söderman, 2013; Lou & Tung, 2007). This is due to similar institutional environments and contexts and these EM MNEs often benefit with expertise in mass production and low cost offers, which attract customers in similar institutional settings. As an example, the China-Brazilian trade is known to be an important boost behind the increasing South-South trade and a main driver behind the rising trade, is in addition to Chinas resource demand, being boosted by similar institutions and customer preferences, especially within the dominant low-price seeking segments (Fan, 2010; Gaston, 2011; Jansson & Söderman, 2013).

In line with internationalization, Gaston (2011) states that EM MNEs often enter new markets through collaboration, such as a JV or an acquisition (Gaston, 2011; Lou & Tung 2007), and especially Chinese and Indian firms tend to collaborate with global MNEs. The reason behind this is that MNEs from developed markets can provide the EM MNEs with valuable assets, which in turn reduce these firms' foreignness and liability etc. These collaborations are often mutually beneficial as the western firms increase its potential of targeting customers in lower price segments and simultaneously the EM MNE reduces investment costs and gain new technology and networks (Lou & Tung, 2007). Furthermore, researchers illustrate that the influence of MNEs from developed economies through ownership or board representation, may expedite the EM MNEs to enter foreign markets; however from an AT perspective, due to the more complex issues relating to trust and long term relationship establishment in cross-border collaborations, this can be challenging (Filatotchev et al., 2001; Wright et al., 2002). In line with this, the following section will more explicitly discuss the cross-border M&As.

3.3 Cross-border M&As

Cross-border M&As has become an increasingly important method for firms to manage the new business climate (Caiazza & Volpe, 2015; Edamura et al. 2014; Gaston, 2011; Jansson & Söderman, 2013; Lou & Tung, 2007), and this strategy involves an acquisition of a firm located in another country than the MNE originates from (Ertug, Cuypers, Noorderhaven, & Bensaou, 2013). The involved parties share ownership, but the level of independence depends on the contract and arrangement between the entities and these contracts are thus influenced by the parties origin, national institutional regimes, cultures and national business systems (Ertug et al., 2013; Georgieva et al., 2012). Still, all cross-border M&As tend to be more challenging than domestic mergers, due to challenges related to liability of foreignness and the integration of different nationalities (Caiazza, 2015). In line with this, literature suggest that national culture impact the businesses culture, and understanding the cultural aspects of the partner is essential for establishing an effective collaboration, especially with Chinese firms that highly emphasis the importance of relationship (Johansson & Leigh, 2011; Jansson & Söderman, 2013).

3.3.1 Implementation

Establishing an M&A begins with a due diligence process, involving an evaluation of possible partners and subsequently an evaluation of the target firm's competitive position, as well as general risks and opportunities aligned with the integration. This first phase tend to be

challenging, especially in cross-border M&As that reflecting macroeconomic perspectives, cross-cultural differences, legal systems and regulations both in the home and host country (Caiazza & Volpe, 2015). As soon as the acquirer's selection has been made, the integration process takes place, and this is complex and entails a large number of activities. For instance, firms need to remove duplicated functions in order to achieve synergies and economies of scale and additionally, cross-border M&As need to manage cultural integration, both regarding organizational and national differences (Caiazza & Volpe, 2015). Apart from cultural differences, companies also need to handle the integration of tangible and intangible resources such as IT systems, tools, plants and brands (Lee, Lee and Wu, 2011).

3.3.2 Establishing Trust

The implementation stage is not only crucial for the business perspective and goals, but also essential in order to create mutual trust between the parties, to improve and smooth the collaboration and communication. Trust is argued as necessary in all M&As, but due to the previous mentioned dissimilarities in culture and nationalities, it becomes more challenging as well as more important in cross-border collaborations (Ertug et al. 2013; Georgieva et al., 2012). In line with this, researchers demonstrate that MNEs fail with cross-border collaborations mainly due to underestimation of the importance for managing cultural clashes during the implementation phase (Ertug et al. 2013; Georgieva et al., 2012). Trust is thus a foundation for succeeding; and by trust, Ertug et al. (2013) emphasize the willingness of a party to be vulnerable to the actions of another party, based on the expectation that the other party will perform certain actions, irrespective of the ability to monitor or control that other party.

3.3.3 Motives and incentives

Using M&As is traditionally related to objectives of improving and increasing market power, creating economies of scale as well as increase risk dissemination. In cross-border M&As, researchers show that the main motive involve enlarging market shares and acquisitions are particularly preferable in markets with high growth rates, where the acquirers are more eager to benefit from the growth. In addition, prior experience also tend to influences a firms choice of expansion strategy, particularly when it comes to implementation of brand acquisitions (Caiazza & Volpe, 2015; Damoiseau et al., 2011). There are several motives explaining the growth of cross-border M&As, but the main motive is related to the research indicating that this strategy tend to be the fastest and cheapest way for MNEs to gain strategic assets in new

markets. These assets often involve skills, brand names, R&D capabilities and/or local permits and licenses (Caiazza & Volpe, 2015; Edamura et al. 2014). Additionally, Caiazza and Nueno (2014) emphasize that M&As enable MNEs to tap into new markets, new customers and new distribution channels, which both enhances company's growth and reduces threats from competitors (Edamura et al. 2014). Such an collaboration often increases an MNE's competitiveness by opportunities related to new market access through a local business partner, who is often being better positioned and more familiar with the local market, regardless of customer segment (Ertug et al. 2013).

In line with the above stated challenges arising for western MNEs in emerging markets, firms increasingly use M&As to gain new assets such as brand names, enabling them to target a new customer segment. The following part will thus provide a deeper understanding about international branding strategies.

3.4 Branding concepts

During the last decade, branding strategies have become increasingly important, especially when it comes to introducing new products and brand names in new markets, aiming to gain and maintain market shares (Berman, 2015; Judith, Washburn & Till, 2000). Regarding the choice of branding strategy, Xie (2012) argues that it is the characteristics of the firm, the product and the market environment that influence the choice of branding strategy, and expanding into new markets require firms to produce products and offer brand portfolios matching the local needs and preferences (Chung, Youn & Lee, 2014). This means that MNEs need to adapt new branding strategies, and the choice of strategy often depends on numerous of factors i.e. industry, product, brand segment and heritage etc. (Chung et al., 2014; Judith et al., 2000). However, it is mainly related to be able to match the customer demand and therefore the next section will examine the customer preferences impact in branding strategies.

3.4.1 Customer preferences

According to Abratt and Motlana (2002) branding strategy is mainly associated with the name of the brand, since it enables customers to recognize a particular product among numerous substitutes. In addition to this Xie (2012) describe that customers create an individual understanding about a brand, which supports their buying decisions. The factors that impact the view and customer opinion about a brand are many, for instance; owning experience, expectations, product category, industry, rumors, available information, design,

origin etc. (Abratt & Motlana, 2002; Xie, 2012). Furthermore, Guoqun (1997) emphasizes that companies managing to promote the brand name in a good way, often gain awareness, customer loyalty and good reputation, which subsequently encourages the customers to buy their product rather than competitors'. However, promoting a certain brand involves complexity, since it is closely related to the brand image, equity, company history and country of origin (Guoqun, 1997). With this basis, Lee, Lee and Wu (2011) address the importance of brand equity, which involves the assets and liabilities associated to the brand and that occur when customers have a strong and unique association to a specific brand. Additionally, brand equity also involves the name and the image of the brand, which hence can add to or subtract value, provided by the products or services from a company (Judith et al., 2000; Lee et al., 2011; Xie, 2012). Apart from the assets and the liabilities influencing brand equity, branding also involves creating a specific image and this is something each customer creates individually based on knowledge, beliefs, personal association and experience with a certain brand (Guoqun, 1997; Lee et al., 2011). Being able to target the right customer is thus challenging, because of several reasons and these are further described in the following part

3.4.2 Branding challenges

MNEs invest high amounts of resources in their branding activities to gain and maintain a good brand image and equity, especially as it is closely related to the recognition of the company and thus influenced by more factors than a specific product (Fan, 2010). Now as a result of the international expansion trends and competition, MNEs have increasingly become more aware of the branding and not at least the challenges aligned (Fan, 2010; Ille & Chailan, 2011). One important reason for the increasing awareness of branding is ought to be related to the globalization trends, since MNEs must understand the different type of customer preferences, which tend to be impacted by local and national factors. However, the degree of local adjustment and differ among customer preferences, are found to be different in different industries (Fan, 2010; Johansson & Leigh, 2011). Regardless of industry, MNEs nevertheless need to understand brand loyalty, which tend to be a hinder in many markets, because of strong preferences and links to existing local brands (Johansson & Leigh, 2011).

In line with image and equity, customers have certain expectations related to service and quality, and in regard to expectations and prejudices brands are often judged by the MNE origin. Having a positive country of origin can thus improve the customer loyalty and hence

increase sales, and similarly a bad reputation tend to decrease the image of the brand (Ille & Chailan, 2011) Lee, Lee and Wu (2011) additionally illustrate that firms originating from Europe and the United States tend to have better assumed quality than EM MNEs, which thus influence the brand image. These findings are invigorated by an international branding organizations, which for instance show that only few Chinese brands have been able to gain necessary image to compete globally with western MNEs (Fan, 2010; Ille & Chailan, 2011). This trend has however been changing recently and EM MNEs have increased its brand image, especially as a result of collaborations with western firms. Being able to promote a strong brand does not only attract more customers, but also attract customers with higher brand loyalty, which thus increases the value and performance for the company in the long run (Ille & Chailan, 2011; Lee et al., 2011). However, as the case of local adjustment, also brand origin seems to be related to industry and price levels as for instance luxury and expensive are expected to be more easily affected by origin. Therefore, MNEs need to ensure that the right customers are targeted and that the brand is positioned according to the company and customer preferences, which implies that different customers are treated differently. Nevertheless, recent findings reveal a closing gap between brands, which can be explained low-price segments catching up through for instance M&As (Chung et al., 2014; Fan, 2010; Štrach & Everett, 2006). This means that MNEs can improve the brand image through implementation of various strategies and these will be discussed below.

3.5 Branding strategies

Once a MNE decide to expand internationally or to launch a new product, it needs to select the most suitable branding strategy for the strategic objective. These decisions imply choices involving brand extension or acquisition and applying a single or multiple branding strategy, and each alternative have its pros and cons (Fan, 2010). Using a single brand strategy in the international business will have advantages linked abilities to create economies of scale, brand recognition and ensuring consistency in brand image across all different markets. Using multiple branding strategy on the other hand, enables firms to serve different customer segments simultaneously, and as a result often increase market shares (Enz, 2005; Fan, 2010). The implementation and outcome of the different strategies will be examined further in the following sections.

3.5.1 Brand extension

Firms can introduce new products, target new customer segments and increase its market presence through brand extension (Berman, 2015), which means that MNES produce new

products that will be sold in the MNE parent brand name. The strategy enable firms to precisely address the needs of the customers, by extending the product portfolio and additionally it allows MNEs to differentiate its products. This strategy not only is cost effective but also lowers the risks compared to launching a new brand name (Berman, 2015; Xie, 2012). Berman (2015) describes that western MNEs increasingly develop new brands along with their existing, to widen the target customer segments and to be able to meet the low-cost competition in the emerging economies. Launching and developing a new brand takes between three and five years, and launching an unknown brand name to reach global recognition, also require huge investment costs (Štrach & Everett, 2006). The automotive industry has been implementing the brand extension strategy extensively and Volkswagen (VW) demonstrates this strategy in a good way with its different segmented products: VW Golf and VW Passat, with various sizes and price levels. However, this strategy has in many cases led to brand dilution, as a result of over extending products (Madslie, 2011; Štrach & Everett, 2006; Volkswagen, 2015; Xie, 2012).

3.5.2 Brand acquisition

In contrast to brand extension, this strategy involves firms acquiring existing external brands, which subsequently are added to the company brand portfolio. This strategy has been increasing recently, as it offers advantages of synergies as well as benefits related to current market presence and recognition (Damoiseau et al., 2011). Choosing to acquire a brand, rather than extending the core brand, is often related to advantages of using an already recognized brand and this strategy is expected to generate increased sales, and thus it is considered as an effective strategy and strategic response to increasing competition, both in low and high priced segments (Madslie, 2011; Mason & Milne, 1994). Automotive makers have been acquiring established brands rather than developing their own during the past 20 years, and European carmakers have also followed this trend, although with a greater ambition of decentralization seen in a combination of extension and acquisition (Madslie 2011). Despite advantages of flexibility, brand acquisition still involve increase risks and challenges, especially in regard to the integration process and the risk of financial loses (Damoiseau et al., 2011). Once a firm decided to acquire a brand, it imply moving from a single towards a multiple branding strategy and the challenges and benefits of doing this will be discuss in the coming section.

3.5.3 Multiple branding

Prior empirical research illustrates a relationship between market competitive intensity and the likelihood of firms expanding through brand acquisitions, which subsequently often results in a multiple or dual branding strategy (Damoiseau et al., 2011). Multiple or dual branding relates to the terms of joint branding or brand alliances and involves an integration between two or more brands (Abratt & Motlana, 2002; Enz, 2005; Fan, 2010; Judith et al., 2000). Launching a fighter brand that can be sold along with the traditional brand, combines two supplementary marketing strategies, enabling MNEs to compete in the increasingly competitive low-cost segments; keeping the current price and image of the existing products and simultaneously matching the low-cost competitors pricing (Berman, 2015; Ritson, 2009). Global MNEs in various industries have been implementing multiple branding strategies for many decades (Mason & Milne 1994) and it has proven to allow firms to launch a wide range of products with individual names, and thus increase market shares in a broader range of customer preferences. Using more than one brand minimize the risks of harming the parent brand, when moving into new customer segments or product divisions (Lam, Chan, Gopaoco, Oh & So 2013; Ritson, 2009), but at the same time it increases the risks of cannibalization, overprotection and financial losses (Berman, 2015; Enz, 2005). Therefore, it is essential to understand how to manage multiple brands simultaneously, and different theoretical findings in this area will be presented below.

3.6 Manage multiple brands

3.6.1 Multiple branding becomes popular

Recent marketing researches indicate that multiple branding is increasingly adopted by global MNEs, and both benefits and drawbacks are identified from this strategy. Still, there are different ways to interpret and use the strategy, which means that firms do not share the same view of how to use multiple branding, and therefore it is not possible to generalize the outcomes. Nevertheless, academic researches suggest that multiple branding is considered as a rapidly growing strategy mainly driven by customer preferences (Abratt & Motlana 2002; Guoqun, 1997). Additionally, Berman (2015) emphasizes the importance of being able to manage different brands at the same time and findings illustrate that a main part of MNEs fail due to cannibalization, financial losses or overprotection. Volkswagen is referred to as a successful case however, and the reason behind the efficient implementation of multiple branding is expected to be the balance among the different brands, which all are being managed by an individual organization. On the other hand, Volkswagen are simultaneously

sharing certain parts of the businesses, and Madslie (2011) emphasizes that although synergies create economies of scale, brands can lose its image and reputation if the sharing becomes too extended. In line with this, firms need to understand the importance of each brand's own niche, which helps the customers understand a specific brand's image (Madslie, 2011; Mason & Milne, 2009). Managing multiple branding, following brand acquisitions, thus about understanding each of the brands, and make sure that the integration does not get hampered by administrative heritage or cultural and national differences (Madslie 2011). Furthermore, Damoiseau, Black and Raggio, (2011) argue that having multiple brands within a single category is wise only if each brand is linked to a specific segment and unique market position (Lam et al., 2013).

Combining different brands allow MNEs to expand target a wider segment of customers, which becomes attractive in the challenging and competitive business situation in emerging markets (Enz 2005; Mason & Milne, 1994). The advantages and benefits gained from multiple branding are further presented in section below.

3.6.2 Advantages of multiple branding

Multiple branding is often accomplished by M&As and involves broadening the brand portfolio, improving the market position as well as expanding into new marketplaces (Abratt & Motlana 2002; Judith et al., 2000). Additionally, MNEs use multiple brands to share costs and spread risks, and there are findings indicating that pairing brands tend to improve customer perceptions of brand equity (Judith et al., 2000). Moreover, multiple branding also enables brand image improvement, especially where a higher positioned brand enters into collaboration with a lower positioned brand. The brand with better image is in these cases often improving the lower positioned brand, because the brands are combined and thus equally judged (Abratt & Motlana, 2002). Moreover, more brands can also increase the attractiveness of a firm's product portfolio, which corresponds to the main goal of multiple branding: to increase the unit volumes and thus raise sales by targeting a wider segment of customers without risking the image associated to a certain high positioned brand (Enz, 2005). Moreover, combining different brands allow MNEs to improve efficiency while penetrate markets. Additionally, literature suggests that the multiple branding strategies have become increasingly implemented during the recent decade, mainly because it allows MNEs with global brands to expand effectively and fit in new distinct and different type of markets (Abratt & Motlana, 2002; Fan, 2010). Despite these advantages, having more than one brand

increases complexity and risks of cannibalization, brand impairment and financial issues. The theoretical findings associated with this will be discussed subsequently.

3.6.3 Challenges of multiple branding

Enz (2005) and Ritson (2009) argue that the decision regarding a single or multiple branding strategy need to be carefully evaluated in relation to future investment decisions, i.e. what brand the company should do the major investments in and how the company can deal with contemporary improvements and changes to follow customer preferences. Moreover, Berman (2015) and Ritson (2009) emphasizes that multiple branding consists of unique challenges, such as ensuring that each brand has an individual value proposition, and apart from this, DiPietro (2005) and Enz (2005), argues that multiple branding involves particularly risks of cannibalization, operational confusion and increased costs. In line with this, Berman (2015) and Ritson (2009) suggests that even if the multiple branding strategy enable firms to increase sales, there have been several cases of companies struggling due to high investment costs, leading to financial disasters. Additionally, DiPietro (2005) points out that the customers may be confused with regard to what products a company actually offers, and literatures suggest that the more brands a firm has in a certain product series, the higher risk for overlapping and cannibalization of target segments or market positions (Mason & Milne, 1994). Likewise, multiple branding threatens to dilute the value of an individual brand, since the brand with lower perception may weaken the image of the other brands within the same firm (Damoiseau et al., 2011; DiPietro, 2005). Consistent with this, Volkswagen Group points out that overlapping is unavoidable within a group consisting of multiple brands in closely related customer segments (Madslien, 2011; Volkswagen, 2015).

In regard to the management of multiple branding strategies, DiPietro (2005) highlights the difficulties of balancing two or more brands simultaneously, which thus often results in cannibalization and failure. Mason and Milne (1994) and DiPietro (2005) describe cannibalization as: a single company offering customers different brands within one single product category, which in the case of cannibalization means that one brand increasing its revenues on behalf of the other brand within the same company and market segment (DiPietro, 2005; Madslien, 2011; Mason & Milne, 1994). Madslien (2011) further argues that managing different type of brands within one company, to maximize synergies, while ensuring that the brands are kept separately, reveals the main challenges that multiple branding companies face. Therefore, the more distinct product quality, ordering process and

service levels are among the brands, the more a firm can avoid cannibalization (Madslie, 2011). In line with this, sharing advertisement, packaging, re-launches or product reformulation may all be factors that can come to increase the risk of cannibalization. In order to create and ensure a distance, firms tend to increase its product and service quality of the premium brand (Berman, 2015; Ritson, 2009). Due to the risks and difficulties of managing more than one brand simultaneously, many firms have turned away from this strategy and instead chosen brand extensions, which is considered to be more cost effective still able to satisfy diverse customer needs (Mason & Milne, 1994).

3.7 Summary of the literature review

As discussed in the beginning of this chapter, there has been an up going trend of western MNEs expanding their business internationally, especially triggered by the opportunities rising in emerging economies such as China and Brazil. Changes in demographics, with growing populations and rising incomes, as well as catch-ups in technology and infrastructure, have spurred the demand for low and value segmented products in these markets. In this context, developed countries have been experience slowing and mature domestic markets, and these factors are all important causes to the rapidly international expansion of MNEs (Fan, 2010; Jansson & Söderman, 2013; Johansson & Leigh, 2011). Literature suggests that western MNEs so far have been relaying on exploring their already established advantages when entering emerging markets (Hoskisson et al., 2000; Peng, 2001; Wright et al., 2005), which mainly involves targeting premium rather than low cost segments. Therefore, western MNEs tend to fail in gaining markets shares in the growing and dominate lower price segments in emerging markets (Dawar & Frost, 1999; Jansson & Söderman, 2013). To compete with local as well as other EM MNEs entering the target emerging markets, western MNEs have increasingly used cross-border M&As, to be able to compete with the cost efficient and locally embedded companies (Edamura et al. 2014; Gaston, 2011; Lou & Tung, 2007). More precisely, western MNEs acquire emerging market brands to effectively target and increase the understanding about customers in the lower priced segments (Caiazza & Volpe, 2015; Damoiseau et al., 2011). In line with this, findings further suggest that MNEs acquire brands to gain advantages of using an already recognized brand, as it is expected to increase sales due to the possibilities of targeting customers in both low and high priced segments simultaneously (Madslie, 2011; Mason & Milne, 1994). Even though multiple branding has been an increasingly used strategy to target the opportunities in emerging markets, Berman (2015) emphasizes the importance of managing more than one

brand, to avoid cannibalization, financial losses and brand overprotection. Moreover, Caiazza and Volpe (2015) argue that cross-border M&As often fail during the integration process, because of cultural clashes and misunderstandings. These suggestions and considerations are to be brought with us in examining and confronting the focal case, where a western MNE in the CE industry aims to capture the growth market especially the mass value segment, in emerging markets such as China and Brazil, by using an acquired Chinese value brand.

4. EMPIRICAL FINDINGS

This chapter is divided in different sections, starting with an introduction of the two companies, forming the basis of this study. Subsequently, we present findings based on the interview, email conversations, discussions and internal documentation, which have been gathered during the research process (see Appendix 1 and 2 for details). The findings are presented in a chronological order, aiming to provide the whole picture of the process through China to Brazil, from before the acquisition to the development and implementation of dual branding strategy.

4.1 Company introduction

4.1.1 Volvo Construction Equipment

Volvo Group was founded in 1927 and has now become one of the world's leading manufacturers of trucks, buses, construction equipment (CE) and marine and industrial engines. With its headquarters in Gothenburg, Sweden, the company employs about 110 thousand people, has production facilities in 18 countries and sells its products in more than 190 markets. In 2013 Volvo Group's net sales amounted to about SEK 273 billion and the company is publicly held, with its shares listed on Nasdaq Stockholm (Volvo Group, 2015). Volvo Construction Equipment (Volvo CE) was founded in Eskilstuna, Sweden 1832 and became part of the Volvo Group through an acquisition in 1950. Today the business unit employs more than 14 thousand people worldwide and has a sales volume over 70 thousand units. It is the oldest, yet still active machinery manufacturer in the world, developing, manufacturing and marketing various models of construction machinery products. In 2006, the Volvo Group invested more than SEK 300 million in an acquisition of 70 percent shares in the Chinese CE brand SDLG (Volvo Group, 2013). Today Volvo CE's product line includes articulated haulers, wheel loaders, hydraulic excavators, backhoe loaders, compact equipment, motor graders, compactors, pavers and milling machines, which are applied in construction, forestry, port, mine, road, bridge, and tunneling projects. The leading markets are currently Europe, North America and Asia and in 2013 Volvo CE's total revenue exceeded SEK 53 billion (Volvo CE, 2012; Volvo CE, 2015; Volvo Group, 2013).

4.1.2 Shandong Lingong Construction Machinery

Initially established in 1972, Shandong Lingong Construction Machinery Co., Ltd. (SDLG) represents a leading brand in the Chinese construction machinery industry, especially for wheel loaders; other products provided include excavators, road machineries, mining truck

series and etc. The SDLG products are sold primarily in China, but also in other emerging markets. The company was listed in the Shanghai Stock Exchange (A Shares) in 1998, but has since then experienced a series of major changes, especially between 2004 and 2006 when the company changed its name and substituted assets with Holdings Co. Ltd. Shandong Xiangjiang (SDLG, 2015). Subsequently, SDLG withdrew from A Shares and became a privatized company that started experiencing organic growth after 2006 (Volvo Group, 2007; Volvo Group, 2008; Xiangjiang, 2005). By 2011 the company reached RMB 10.4 billion sales revenue with a net profit of RMB 1.2 billion, which illustrates a tremendous increase since 2004 (Duan, 2012). In 2013, SDLG employed about four thousand people and produced more than 33 thousand units (Volvo Group, 2013; internal documents).

4.2 Entering China

Volvo CE entered the Chinese market in the early 2000s, and established the headquarters in Shanghai in 2002, which was about the time that the Chinese CE market took off. Several contributors from Volvo BTS and Volvo CE describe that western players dominated the Chinese market of excavators at this time, mainly because the local players lacked the complex technologies required. They emphasize that technological advantages provided the company with advantages, which helped them to gain a leading position in the Chinese excavator market. However, the market leadership was only in the excavators market with an annual volume of about 20 thousand units. The company soon realized that excavators only represented a minor share of the total 120 thousand machines sold within the CE industry in China each year. It was especially the wheel loaders that Chinese customers demanded. The JV manager comments that Volvo CE realized the necessity to work with a local partner, one primary reason was that the technological advantages needed to be replaced by cost advantages for the more standard wheel loaders, and Volvo CE was not able to match the low costs. Therefore, the company started to search for a local partner and at this time there were four companies representing 80 percent of the total wheel loader market. Volvo CE thus began to examine and compare these companies, searching for a strategic fit.

4.3 Acquiring the local brand SDLG

After an in-depth investigation SDLG was chosen, since it had the right prerequisites for a partnership, according to the JV manager and internal documents; that is to say, the other firms were either not interested in collaboration or not stable enough. SDLG's combination of: being privatized since 2004, being in a sound financial situation (owning good assets), having a moderate organization size and an ambitious future plan, made it the best match of a

local partner for Volvo CE. Once the partner was chosen, Volvo CE and SDLG began negotiating the owner structure in the JV. The JV manager, the contributor from Volvo Buses and documents from intranet and Internet show that different business sectors have different regulations, especially in China. This gave Volvo CE an advantage compared to the other units in Volvo Group, as the Chinese government allowed foreign majority ownership within the CE industry. Additionally, having either minority or full ownership was never an optimal choice for Volvo CE, as minority would not be economically justified and full ownership not possible because of Volvo CE's lack of experience and knowledge (the interview). After several rounds of negotiation, the companies came to the agreement of a 70-30 structure, which made Volvo CE the rolling partner with the right to appoint CEO and CFO, and hold majority from a financial standpoint. Nevertheless, the JV manager highlights that SDLG continued to operate its daily business separately, due to their established experience and since it enhances motivation. Volvo CE's top management told the CEO and board at SDLG: "You know how to do it, you know how it works in China, and you can do it the right way. We can't, we will just screw it up" (the interview). The JV manager explains that this management structure is rare, but with hindsight, Volvo CE knows that it has proven to be working and he comments "It does not matter that Volvo CE controls 70 percent, it is still SDLG's business, and allowing them to run the daily business has maintained the Chinese mentality". With this basis, SDLG's management team continues to value and care about the company's business and Volvo Group has at the same time the advantage of getting 70 percent of the revenue (the interview; discussions with contributors). In addition to Volvo CE's decision of keeping the daily business separated, the company also decided to keep the SDLG brand separated from the Volvo brand, which would be explained in the following part.

4.4 Managing the partnership

4.4.1 Governance structure

Even if the concept of separating the SDLG business is easy to understand, the partnership is not managed without strenuous efforts. Volvo CE needs to make sure that the strategy is implemented in ways that are consistent with the Volvo Group heritage and governance, while it at the same time must be aligned with SDLG's preferences. To illustrate this further, Volvo CE underlines the importance of balancing synergies and separation. The company strives towards creating synergies through the allocation of facilities and activities, at the same time the brands are being separated and operations are kept apart (the interview;

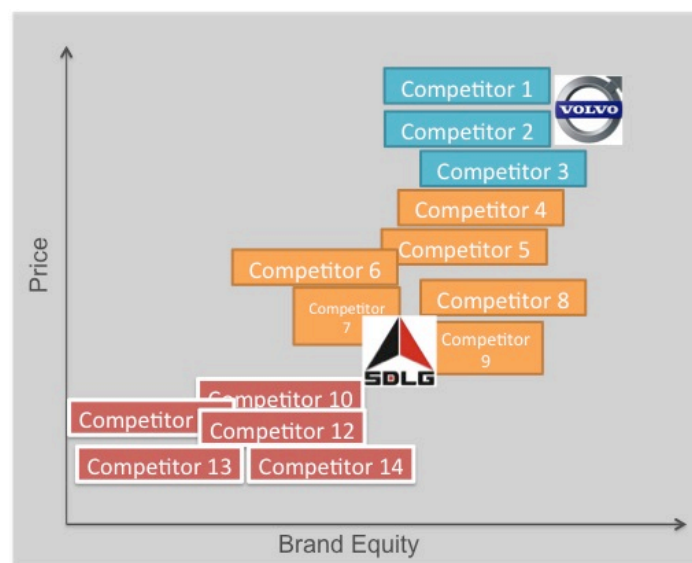
internal documents). Managing this balance is the most critical part of the collaboration and Volvo CE has established the Lingong Integration Office (L.I.O.) to deal with these challenges in different ways. According to the JV manager (also head of the L.I.O.), this unit has been functioning as a bridge between the different organizational and national cultures, to make sure that Volvo CE and SDLG understand each other and that proposals and decisions are communicated. Additionally, the office also serves as a knowledge-sharing unit, which involves sharing best practices between the two partners. Furthermore, the L.I.O. makes sure that the Chinese partner follows the rules and guidelines set by the Volvo Group, and SDLG sends monthly reports for updates, containing financial figures such as sales volume (the interview; discussions and emails with contributors). Although Volvo CE is the majority owner, the two companies make a lot of decisions jointly, since the parties have different knowledge and experience to apply. As an example, SDLG has arguably better knowledge regarding emerging markets and customer preferences in the value segment that the Chinese partner contributes more to both brands' global business in those markets (the interview; internal documents).

In order to smooth the collaboration between the companies, the JV manager emphasizes the importance of having employees with multicultural mindset, not at least in the integration office. People with multicultural mindset are considered great assets, especially in these cross-border acquisitions, where people with different backgrounds and cultures need to collaborate and understand each other (internal documents). In line with this, the importance of trust has been brought up, between the managers at SDLG and Volvo CE, both in terms of knowledge sharing and running the daily business as such. This is considered as a key factor in this kind of cross-border collaboration (the interview). Before the acquisition Volvo CE already had experience from doing business in China, which made the company well aware of the importance of relationship in the Chinese culture. The JV manager further explains that he has been in Asia for more than 20 years and during this time, he witnessed many failures, where expatriates returned to their home country after only one or two years. In line with this, the manager also emphasizes that a well-functioning collaboration needs time and people that understands the culture in a good way. It is also important to make sure that the companies strive towards the same goals; in this case it is managed through the integration office, with SDLG and Volvo CE managers and employees (internal documents).

4.4.2 Positioning the two brands

In line with the separation of businesses, Volvo CE and SDLG also decide to keep the brands separated and implement a “dual branding strategy”, which is different from Volvo CE’s acquisition history of brand extension (internal documents). The key in managing the dual branding is “coordinating Volvo CE and SDLG offerings through the value chain and every customer touch point, in a way that promotes each brand’s strengths and uniqueness, to secure their positions and capture more market share in a profitable way” (the interview; internal documents). The coordination is implemented by policies and guidelines, with brand position illustrated in Figure II. The JV manager stresses the importance of making sure that these policies are followed. Along with the challenge of managing two brands, Volvo CE emphasizes the risk of hurting the Volvo brand image, which would not only affect the CE business, but the entire Volvo Group as well as Volvo Car Corporation. “It is therefore important to implement a strategy that allow both brands to grow independently” according to the JV manager.

Figure II: Brand Positioning



Source: Volvo CE’s internal documents; composed by the authors.

There are undoubtedly both benefits and risks associated with the integration and collaboration, in terms of brand images/perceptions and other performances, which would be discussed thoroughly in the remaining parts within chapter 4.4.

4.4.3 Combining strengths

SDLG gained an upsurge from number four before 2006 in the Chinese wheel loader market to number one since 2012 (the interview; Volvo Group, 2013). Looking at international

performances, the JV manager “Following the acquisition, SDLG has been able to grow from a handful of countries to approximately 80 nations today”. This is merely one dimension of the many progresses the Chinese partner has made after the acquisition, because of: 1) the knowledge and experience that SDLG has acquired from the Swedish parental firm, 2) the financial support and international network that SDLG enjoys after being in the Volvo Group’s fence, and 3) the support from the Volvo brand image, which has provided the Chinese firm with an enhanced credibility and quality perception (the interview; internal documents). Moreover, the combined strengths together with SDLG also contributed to Volvo CE’s own benefits. These aspects are explained in detail as follows.

Knowledge sharing

The collaboration has offered SDLG knowledge and experience; both parties invested a great deal of resources with intention to improve SDLG’s production and functions, and hence make the operation more reliable and efficient (the interview; discussions with Volvo BTS and logistics contributors; internal documents). The Chinese partner has been open to constructive changes suggested by Volvo CE over the years, and the JV manager considers that SDLG has done a good job with changes and implementation of new knowledge. For instance, sharing VPS (Volvo Production System) is complicated, but since it has proven to be efficient for Volvo CE, it was obvious to introduce it to SDLG as well. “Looking at the chopping floor and inventory management etc. today, is night and day compared to the way that SDLG were doing in back in 2007”, according to the JV manager. Volvo CE’s management considers that the knowledge sharing is a great part of the improvements; additionally they emphasize the enthusiastic leaders at SDLG (the interview).

Global network and financial support

In addition to the knowledge sharing, our empirical data highlights the importance of Volvo’s established network and financial resources contributing to SDLG’s progresses, in regard to the rapid international expansion following the acquisition (discussions with Volvo BTS and logistics contributors; emails with Volvo CE contributors; the interview). The company’s global presence is considered as essentially important for SDLG’s internationalization, as the JV manager says, “it takes time to establish both relational and physical networks, as it requires knowledge and trust”. Volvo CE has thus been able to utilize its established network to expedite the internationalize process for SDLG, which has resulted in improved market position in especially international markets. The simple fact that SDLG is present in 80

markets, and has extensive dealer networks in many markets that they had difficulty to enter previously, is a good demonstration of this aspect (the interview). For instance, SDLG has expanded with a number of distribution agreements to sell machines throughout Asia Pacific and the North and South America. The networks Volvo CE provides would not only speed up SDLG's internationalization, but also improve the customer satisfaction, through improved backup and support, rapid parts delivery and dependable maintenance (internal documents; SDLG, 2015; the interview).

In addition, SDLG got financial support from Volvo CE, which increased the Chinese firm's capital from about USD 55 million to USD 95 million. Partly as a result of these investments and modifications, SDLG's production increased from 15 thousand to 30 thousand units following the acquisition, and the new wheel loaders are showing improved performance, durability and reliability over the earlier generation units. Moreover, SDLG have been able to transform from primarily a wheel loader manufacturer to a company offering a wide range of products, responding to fierce market competition. Furthermore, because of decreasing sales, Volvo CE announced SDLG to take over the Volvo-branded backhoe loaders and motor graders models, beginning in late 2014. In addition to this, Volvo CE and SDLG inaugurated a new R&D center 2013 in Jinan (China), holding over two hundred engineers designing products primarily for emerging markets.

Improved brand image

The JV manager additionally addresses the importance of brand origin, as it impacts the image of the brand, in respect of prejudices and rumors. He explains that Chinese brands were known to have a poor reputation, especially in the aspects of quality, but this is something that Volvo CE has been able to utilize, as it is clear that SDLG has been able to improve the brand image after the acquisition. The JV manager describes that the improvement of the SDLG image has gained competitive advantages against their peers from China. "Today in China it is a lot about getting rich quickly and being short term focused, rather than striving towards sustainable solutions", which is something that he believes SDLG has been able to move away from, especially with all the influences from Volvo CE. To mention a few examples: the Chinese brand executed a new brand strategy and vision referred to as "Reliability in Action"; one of the SDLG hydraulic excavator has won a 2012 China Red Star Design Award gold prize - the highest honor bestowed in one of the most prestigious industrial design awards given in China; and SDLG became the first-ever Chinese

company to be a member of Climate Savers as a result of Volvo Group's cooperation with the World Wide Fund for Nature (WWF) (internal documents; ICSID, 2013; Volvo Group, 2012). Then he gladly comments that SDLG actually moved from a value brand to a "premium" position among the value brands in China (see Figure II). This is mainly because of the association to the premium Volvo brand, and the improved quality and customer satisfaction as previously discussed (internal documents; the interview).

In terms of positioning a brand in various markets, the JV manager describes that one brand can be positioned and perceived differently in different markets, it depends on the match between the national factors such as the economy, development, and competition, and the brand specific factors related to price, quality etc. For instance, one brand can be considered as a premium brand in one market and simultaneously a value brand in another. The image of a brand largely affects its ability to expand and penetrate in new markets.

Benefits for Volvo CE

In addition to the so far mentioned benefits for SDLG, the JV manager emphasizes that the collaboration with the Chinese partner is beneficial for both companies, for instance it allows customers to have access to a mid-priced yet quality product with reliable backup service. Moreover, the acquisition has also enabled Volvo CE to provide customers in the value segment with a competitive portfolio of products and thus capture a significant larger market share in the industry, especially in China, with sales of 28 thousand units in 2013 (the interview; Volvo Group, 2013). Additionally, the JV made Volvo CE the third largest player in the world and number one in the Chinese CE market, with a combined market share of 12 percent in excavators and wheel loaders (internal documents; the interview). In conclusion, the collaboration between Volvo CE and SDLG has generated desired results for both parts, as it provides SDLG with valuable prerequisites for international expansion and enables Volvo CE to gain more market shares through the combined strengths and expanded brand portfolio, without lowering or diluting the premium image of the Volvo brand.

4.4.4 Challenges and risks

It is essentially important for Volvo CE and the dual branding strategy as a whole to maintain the original image of the brand, since the strategy relies on customer preferences and being able to target the right people by positioning the brand in the best way, even though the Chinese origin has brought inconvenience in the initial phase of internationalization for

SDLG. The improved image of SDLG helped to ease this risk to some extent (internal documents; the interview). Closely related to the importance of brand differentiation and making sure that the right customer is targeted, the JV manager emphasized a number of times the risks of cannibalization, “ Volvo CE needs to ensure that the customers never have to hesitate between the two brands and the best way to avoid this is to differentiate the brands in terms of design”. However, this is difficult within the CE industry. In line with this, Volvo CE suggests that the dealers need to understand what the customer is looking for and based on this, subsequently offer the most suitable brand. The JV manager gives an example to illustrate the different customers that can be looking for the same machine, but demanding different needs. Take the excavator for instance, where farmers represent a potential customer, wanting a machine that can be used several hours a day, during different seasons. On the other hand, excavators are also used in the mining industry, where the customers need a machine that can run twenty to twenty four hours a day, seven days a week. By this comparison, he clarifies the different needs between customers of a similar machine, and in this example, the manager suggests that the farmers would be satisfied with the SDLG machine, while the mining industry would demand a Volvo CE machine. Some customers ponder profitability and low total cost of ownership, while others prioritize value for money and fast payback investment (internal documents; the interview).

4.5 Triggering the opportunity in Brazil

Volvo CE’s purpose of acquiring SDLG was to be able to target a larger share of the mass market in Chinese CE industry, which subsequently also turned out to generate anticipated results, with increasing sales for both brands. The dual branding strategy in China allowed Volvo CE to target customers in the value segment and with this basis, the company began to compare the Chinese market with Volvo CE’s similar market situation in Brazil. The JV manager mentions “The Brazilian economy has been boosting in recent years, which has spurred the demand of equipment machines, however not in the premium segment where we have invested in”. Volvo CE soon realized the opportunity of selling the SDLG branded machines in the Brazilian market, along with the Volvo branded equipment, similar to the strategy in China. Introducing SDLG in Brazil became obvious according to the JV manager, who explains that it was because of Brazil’s growing demand for low-price machines, combined with Volvo CE’s local presence and the well functioning dual branding strategy in China. In fact, Volvo CE has in recent years been striving to expand more in non-regulated markets and mainly in different emerging markets. The western markets have high

requirements on engine emissions, safety and noise etc., which increases the complexity and price of the machines, which the Volvo branded equipment are developed to meet. Contradictory, SDLG has developed its core competences in non-regulated market, producing machines reaching the industry standards to a much lower price. Additionally, Volvo CE believes that SDLG more easily understand the Brazilian environment, the customers and the business climate, since it more reminiscent.

4.6 From China to Brazil

Although the main purpose of acquiring SDLG was to gain market shares in China, Volvo CE soon realized the potential of SDLG to be far greater. Following the acquisition, Volvo CE realized the strong market growth across South America and in 2009 Volvo CE began exporting SDLG wheel loaders to Argentina and Brazil. Volvo CE plans to ramp up customer solutions services for SDLG, and expands the Chinese brand in emerging markets with similar conditions and potentials as the Chinese market and thus expects the export of SDLG to reach 10 thousand units by 2015 (internal documents). The company quickly gained a market leadership position among the Chinese brands in the region mainly through exports. The global expansion of the SDLG is described as Volvo CE's strategic response to the increasing demand for reliable value segment products (internal documents), and consistently the JV manager explained that the SDLG brand enables Volvo CE to target value segment customers with lower requirements in technology and quality expectations.

4.6.1 Local business environment

At the same time as Volvo CE defines Brazil as a business opportunity, the JV manager also emphasizes the challenges related to the political and economic instability as well as the high rate of corruption. "Brazil is a country that takes time to digest the mistakes from the past" according to the JV manager. Despite this, Volvo CE considers Brazil as an important country with great potentials, demonstrated by demographics and economic development trends, which implicate demand for better and more roads, railways, and housing etc., boosting the construction equipment industry (internal documents; the interview; Volvo Group, 2008, 2012, 2013). Additionally the JV manager explains, "a number of long-term indicators in Brazil indicate an attractive future market prospect, but to date, Volvo CE has been struggling with a difficult and wobbly business environment". Volvo CE has for instance been experiencing decreasing sales recently and the company has also been suffering from both unfavorable currency situation and local protectionism. The most obvious subsidy is provided by the Brazilian Development Bank, offering a financial support program for

buyers, backed by the government. However, this is only available if more than 65 percent of the material and added value of a machine is considered as locally produced. This is a situation all manufacturers that rely on importation face in this industry, including SDLG and other international competitors (the interview). The JV manager adds that it is not economically justifiable to produce this high amount locally, and additionally that Volvo CE would have to produce key components locally, which also increases the risks of dissemination in core technologies. To further illustrate this, the JV manager says, “If we want to open an engine plant in Brazil, we need to produce 50 thousand units, which is far more than we sell here”.

4.6.2 Yield synergies

In regard to SDLG’s expansion in Brazil, the JV manager explains that the smooth and efficient expansion has a lot to do with the fact that Volvo CE in advance had been investing in the market. Volvo CE’s global presence does not only allow a quick internationalization process for SDLG, but because of all the support from Volvo CE, SDLG has increased its competitiveness, especially the enhanced production capacity and product quality, expanded machine portfolio, and the improved brand perception. All the progresses SDLG has made from the acquisition to before entering Brazil (see 4.4.3 Combining Strengths) are considered as important in paving the ground for expansion in the South America. This is very clear in Brazil, where other Chinese CE firms are struggling with bad reputation and financial issues according to the JV manager.

Manufacturing facilities

In addition to the improved competitiveness of SDLG prior to the Brazilian entry, Volvo CE invested about USD 10 million to place the Chinese machinery manufacturing facility in Volvo CE’s plant in Pederneiras. This enables the companies to gain synergies by sharing the same campus and facilities. Still the JV manager stresses the importance of keeping certain areas apart, such as the protection lines, the inventory, showing rooms etc. The JV manager estimates that without all the support from Volvo CE, SDLG would have to invest 10 or 20 times more of the current amount and might still not be able to produce locally. The financial investment thus enhanced the expansion; the JV manager points out that both companies are taking a prudent approach on where they spend their money. For instance, currently SDLG only produces excavators in Brazil, because they want to validate the strategy of being more local with excavators first before taking bigger steps. The idea behind this is that the

excavators are tough and if SDLG manages to do these well, the rest becomes fairly easy to implement. The JV manager explains that other Chinese competitors have invested a lot of money, however, without making real progress in Brazil.

Sales and distribution channel

Nevertheless, Volvo CE's established network of dealers in Brazil was according to the JV manager recognized as a key factor for SDLG's entry in the market. Main part of the dealers refer to the relation with Volvo CE as good and most of them were happy to expand their business with SDLG machines. "The dealers were happy to be multiple branded with good product portfolios" according to the JV manager, also explaining that the dealers were able to achieve economy scales and increase sales. The JV manager also illustrates that having both value and premium segment products, results in losing fewer customers, since the dealers offer a broader range of products, and thus meeting a larger segment than before. The JV manager explains that instead of telling the customer to go to a competitor, the dealers in Brazil are now able to send the customer to another store, owned by the same dealer, to find the SDLG or Volvo branded machines, depending on what the customer is searching for. To promote sharing of customers, the dealers have initiated an incentive system, as the JV manager explains that this primarily caused issues related to individual sales commissions. A prerequisite to the shared dealers is therefore related to the importance of maintaining a clear gap between the two brands, to ensure that the customers never hesitate between the two brands.

Despite the advantages of using one dealer for two brands, Volvo CE also emphasizes the rising challenges of this structure, as for instance the importance of sell expertise, especially in regard of understanding what the customers need and demand. "The Volvo and SDLG machines need to be sold with different arguments and knowledge" according to the JV manager, and he thus emphasizes the importance of having different people selling the two brands. To illustrate this further, Volvo CE clarifies that a salesperson responsible for Volvo CE machines need more knowledge about techniques, services and other selling points, compared to the person selling the SDLG machines, which is more like a commodity. "Asking the sales people to switch hats can be dangerous, because it can often lead to a comparison between the products and the brands, as a way to position one better as the other, based on different features", according to the JV manager. Volvo CE only allows the dealers

to be consolidated in back-stage management and operation, while sales and service need to be separated between the brands.

Additionally, the JV manager emphasizes the importance of not only making sure that people in the organization can collaborate, but also to make sure that there are people in both companies that understand the Brazilian market as well. In line with this, Volvo CE believes that SDLG has been adept in understanding the Brazilian customers, which also explains the good results of the Chinese partner.

4.6.3 Differentiate the two brands

With the basis of the previous discussion on gaining synergies in sales channel, and earlier parts on challenges in 4.4.4, the JV manager emphasizes that the key of managing multiple brands in Brazil, still lies in understanding what the customers expect and need. This is however particularly difficult in the CE industry, as discussed in 4.4.4, since the products are similar in design, appearances, and components. The JV manager's added to the comment on excavators, "these machines are produced to exclusively dig holes. The limited area of usage also affects the design of the product, these machines are similar among the different producers". He thus stresses the importance of differentiating in terms of for instance digging speed and comfort for the operator. The company also emphasizes that importance of creating a visual difference between the Volvo and SDLG branded machines, even if this is complicated and requires a lot of resources. Nevertheless, he describe that the two brands are differentiated inside the machines, mainly based on soft factors related to technology, comfort and the additional services. This requires the company to meet and understand the different customer needs and the JV manager states that Volvo CE invests a large amount of resources related to retail, i.e. customer experience, sales and marketing. Moreover, he also highlights that the company works closely with aftermarket service, in regard to customer expectations and an example would be comparing the time to fix a premium and a value branded machine. The JV manager explains that, "while customers buying the premium Volvo branded machines, they would expect to get the machines fixed within an hour, the SDLG customers with cheaper machines instead would except to wait for a day or so". Additionally, aftermarket sales in regard to availability of original parts also differentiate the brands. Being able to separate the brands is about understanding the different customer; the company has created customer profiles based on marketing research, which helps identifying

the different customer needs, preferences and expectations, between the brands (internal documents; the interview).

4.7 Future plans

Volvo CE and SDLG has similar future objectives and the companies will continue to use the dual branding strategy to expand the SDLG brand also in other emerging markets (internal documents; the interview). Using the dual branding strategy will promote SDLG's vision of becoming a global leader in the value segment, and simultaneously allow Volvo CE to focus in the premium segment. Although SDLG has been improving its brand image and even becoming a "premium" brand among the value brands, Volvo CE does not consider this as a threat for the Volvo brand, concludes the JV manager, "The gap might be closing, but as far as I can see it will be a long time before the brands could even be seen as similar". Additionally he states, "It would mean that Volvo CE stopped investing in innovation and leading technology, and it is not going to happen as far as I can see". Volvo CE internally rather considers the SDLG as a plus, which makes Volvo CE a unique player in the industry that has integrated a Chinese brand under its umbrella with desirable outcomes and thus been able to expand the business in other challenging emerging markets such as Brazil. This is more than the competitors have been able to do, according to the JV manager.

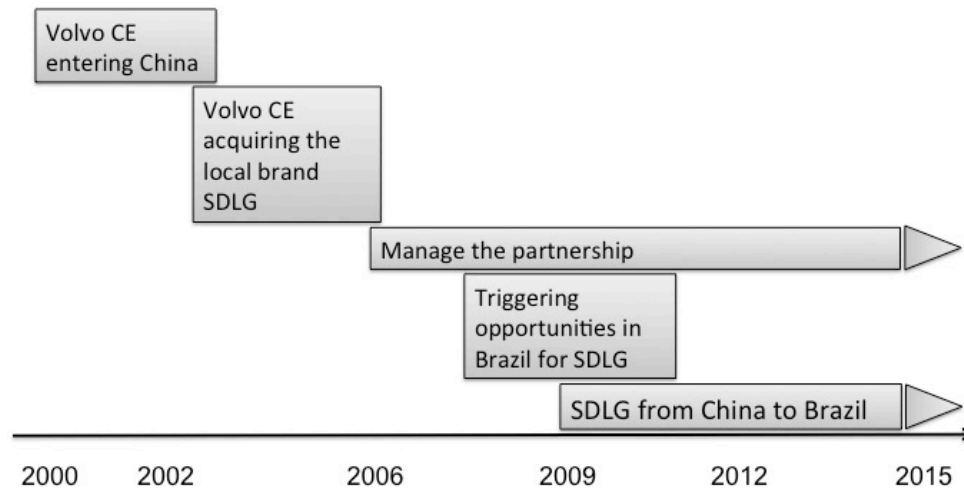
Considering the expansion of SDLG in Brazil so far, the company will continue focusing primarily on localizing, which will certainly take some time. By localizing, the JV manager refers to sourcing more parts locally and aim of getting more than 65 percent local, to reach the governmental subsidy limits. This will however be difficult, but with SDLG's production in Pederneiras, Volvo CE still sees a potential in meeting these goals. In the coming future, Volvo CE aims to expand its business in South America, and the established plant in Pederneiras could be a good export base, to supply both Volvo and SDLG branded machines to these markets (internal documents; the interview).

4.8 Summary of the empirical findings

To conclude the empirical findings in this chapter, we see a journey that Volvo CE has been through from 2002 up till now: it started from entering the CE market in China; and due to being unable to target the mass market of value segment, the company acquired a local value brand SDLG; and then the integration and collaboration with the Chinese partner delivered desirable performances locally; later on followed by discovering even further potentials for the value brand SDLG to capture more market shares in other emerging markets; finally the

company expanded SDLG brand from China to Brazil and has been using the dual branding strategy in Brazil since then (see Figure III). As implied in this chapter, opportunities and challenges ascended in each stage; how the strategy of dual branding emerged and implemented would be discussed thoroughly in the next analysis chapter where we confront theories with empirical findings.

Figure III: Targeting the mass market from China to Brazil



Source: the identified empirical data; composed by the authors.

5. ANALYSIS

This chapter analyzes the empirical findings, with basis from the analytical point of departure, in order to fulfill the purpose and answer the research question. The chapter is divided in different sections, based on the outline of phases identified in the empirical part. By applying this structure we intend to clarify the development and implementation process of dual branding strategy, which we identified during this case study. The chapter ends by summarizing revisited model of the time line and stages discovered that outlined in the empirical part of this study.

5.1 Targeting the mass market in an emerging market

5.1.1 Inability to reach the value segment

As internationalization theory and emerging markets theories have suggested, emerging markets are gaining increasing attractiveness for the western MNEs. Large populations and rising incomes attract the developed country MNEs, to enter these markets aiming of gaining new market share (Johansson & Leigh, 2011; London & Hart, 2004). However, exploring these new market opportunities are challenging and require new strategies to fit the local context (Berman, 2015; Wright et al., 2005). Drawing from these suggestions, it is obvious to see that this also was the case for Volvo CE, entering the Chinese CE market in the beginning of 2000, relying on the exploitation of already established technology advantages. In accordance with Fan (2010), Volvo CE managed to gain a great advantage in the market, due to the well-developed technology skills compared to the local actors and this subsequently resulted in a leading market position in the excavator business. However, the leading position in excavator market gave Volvo CE only a scarce share of the total CE industry in China. As explained by the JV manager, Volvo CE naturally wanted to target customers in the other segments within the industry, and especially in the dominant wheel loader business. Draw by these statements and in consistent with the academic literature, Volvo CE needed to target the lower segments of the pyramid, requiring cost efficiency rather than technology advantages (Berman, 2015; Gaston, 2011).

In the early phase of Volvo CE's entry in China, the company struggled especially in the volume products, with understanding the customer preferences in product design, sales and aftermarket services; and most importantly their prices were too high for the price sensitive customers in the lower price segment. Not being able to capture the value segment in the

Chinese CE industry independently, is consistent with the academic findings, suggesting that western MNEs face challenges associated with cost advantages, lack of local knowledge and local embeddedness (Ertug et al., 2013; Gaston, 2011; Hoskisson et al., 2000; Johansson & Leigh, 2011). With this basis, it is obvious to see that Volvo CE recognized the need of finding a local partner, as it would allow the company to cope with some of the challenges: enhance the understanding for local customers and the environment, as well as compete in the lower cost segments with embedded brand and distribution channel.

The decision of acquiring a local brand is in line with the literature review, which indicates that cross-border M&As increasingly have become an implemented strategy for MNEs to manage the competitive business climate, especially as it is expected to not only be the fastest, but also the cheapest way to gain strategic assets in target markets (Caiazza & Volpe, 2015; Edamura et al., 2014), since it allow MNEs to tap into new distribution channels and customer segments (Caiazza & Nueno, 2014; Ertug et al., 2013). Agreeably, Volvo CE decided to acquire a Chinese partner and the JV manager explained that it would support the possibilities of targeting market shares in the lower price segments, which is consistent to the findings by Jansson and Söderman (2013) as well as Lou and Tung (2007). Additionally, D'Amico et al., (2000) and Edamura et al., (2014) also suggest that western MNEs need to adapt to the local market, and in this case Volvo CE decided to collaborate with a local partner in order to encounter the changes needed. This is aligned with Ertug et al. (2013), explaining that local firms tend to be better positioned and more familiar with the local context.

5.1.2 Choice of local partner

There were 300 firms in total competing in the Chinese CE industry at the time, but choosing SDLG became obvious as it represented one among the four leading players in the wheel loader market. Additionally this partner had beneficial prerequisites in terms of a suitable company size, having good assets, being privately owned, and with ambitions that aligned with Volvo CE's. The acquisition took place in the end of 2006, and drawn from the literature findings about Chinese firms increasingly collaborating with western MNEs to expand internationally and gain strategic assets and increase market presence (Deng & Yang, 2014; Edamura et al., 2014), it is obvious to see that SDLG also most likely had its own ambitions of gaining benefits from the cooperation. Finding the most suitable partner is something that Volvo CE considers as essentially important for the outcome of the

collaboration, and Caiazza and Volpe (2015) consistently highlight the importance of the due diligence process, and further state that this is even more important in cross-border acquisitions, where MNEs need to reflect macroeconomic perspectives, cross-cultural differences, legal systems and rules, which differ between the home and host country. Additionally previous academic studies illustrate that a major proportion of M&A fail, especially those involving cross-border collaborations (Ertug et al., 2013; Georgieva et al., 2012). Nevertheless, the collaboration with SDLG soon delivered desirable results, since Volvo CE became number one in the Chinese CE market and top three in the world. Additionally, SDLG also became internationally recognized, with improved brand image, operational efficiency and product quality. Volvo CE however has been confident over the management of the collaboration and believes that one important reason for this is that they carefully chose whom to collaborate with, by ensuring that the right preconditions existed. In addition to this, it is important to consider the experience and the knowledge that Volvo CE gained in advance of the collaboration, as this impacts the due diligence process and thus the capability of managing the collaboration (Caiazza & Volpe, 2015; Damoiseau et al., 2011).

Moreover, compared to other business units in the Volvo Group, Volvo CE has the advantage of being able to acquire a majority share of the Chinese partner, due to local regulations. The less regulated ownership structure in the CE industry allowed Volvo CE to enter into any type of owner structure. The negotiations with SDLG resulted in a 70-30 percent structure, which made Volvo CE majority owner. Nevertheless, Volvo CE insisted that SDLG should continue to operate their daily business, since they have the knowledge and skills of doing the business in the most suitable way in China. Applying this governance structure, did not only enable SDLG to continue to run their business as before, but also supported the motivation at the Chinese partner, which the JV manager emphasizes as essentially important, not at least considering the importance of relationships and mentality in the Chinese culture (Jansson & Söderman, 2013; Johansson & Leigh, 2011). Additionally, keeping the companies' businesses separated is also confirmed by (Caiazza & Volpe, 2015), describing the integration process as the most critical part of acquisitions and high risks associated with over ambitious integration plans.

5.2 Integrating and collaborating

Although Volvo CE carefully selected whom to collaborate with, the JV manager explains that an integration office has been set up in Volvo Group's office facilities in Shanghai, with the intention to facilitate the collaboration, decision-making and the sharing of information and knowledge between partners. The integration office is described as a bridge between different cultures, which as suggested by literature, tend to be huge dilemma in cross-border collaborations, especially concerning integration of national and organizational culture differences (Caiazza & Volpe, 2015; Lee et al., 2011). Furthermore, Volvo CE also mentions the importance of having people with multiple mindsets in the JV, and not at least in a global perspective.

Additionally, Volvo CE addresses that the integration office has the responsibility to make sure that the best practices are being shared among all employees, considering both Volvo CE and SDLG. This is closely related to the RBT perspective, where Sanchez (1995), Filatotchev et al. (2000), White (2000) and Uhlenbruck et al. (2003) emphasize the importance of strategic flexibility, which in this case is shown by the willingness and ability to integrate and make changes especially from the SDLG side. Related to this, Volvo CE mentions the administrative heritage as something that needs to be considered carefully in the integration phase, not at least as it is suggested by Madslie (2011) and Newman (2000) to be challenging as well as time consuming. In this case however, it is not surprising that SDLG have been making the majority changes, since Volvo CE is part of the Volvo Group, which requires changes to be aligned with all the business policies and visions. Additionally, Volvo CE states that this is not the only reason, as the company is the majority owner and possesses more advanced and specialized technology and skills. As an evidence of this, the JV manager for instance mentions that SDLG have implemented Volvo CE's production systems and improved its quality through the partnership. At the same time, in accordance with the suggestions by Hu (1995), Jansson and Söderman (2013), Volvo CE considers SDLG as having an advantage of doing business in other emerging markets, due to similarities in national preferences, regulations etc. Therefore, Volvo CE ponders that while SDLG provides Volvo CE with understanding about customer preferences and culture in other emerging markets, Volvo CE instead offers knowledge associated to technology or more developed market aspects.

In addition to importance of cultural mindset and being able to complement each other with different strengths, the Volvo CE stresses the importance of creating mutual trust in the partnership. The AT perspective also confirms the trust aspect should be paid special attention to in cross-border collaborations, due to the increased risks in such complex context (Filatotchev et al., 2001; Wright et al., 2002). This is consistent to the findings within M&A literature, suggesting that the establishment of trust need to be seen as a key factor to successful collaborations, not at least in cross-border collaborations, where cultural clashes and misunderstandings due to different national origins, often have reduced effects (Ertug et al., 2013; Georgieva et al., 2012). The JV manger agrees and again emphasizes Volvo CE's advantages of being present in China prior to the acquisition, enabled the company to understand the Chinese culture better. Additionally, the JV manager also put weight on having the same people engaged in the cooperation from the beginning, since it not only enhances incremental understanding for Volvo CE, but also provides SDLG with a devoted and stable link. Being aware about this, the suggestions by Ertug et al. (2013), explain that trust is about the willingness of a party to be vulnerable to the actions of another party, based on the expectation that the other party will perform according to expectation, irrespective of the ability to monitor or control that other party. With hindsight, Volvo CE explains that the partnership with SDLG has been developed by realizing the need of a partner with complementary strengths, finding the most suitable partner possessing the right perquisites, promoting the motivation of the partner by governance structure and additionally enable to ensure knowledge sharing and mutual trust.

5.3 Identifying opportunity for further expansion

Volvo CE entered the Chinese market in the early 2000s following the identified opportunities to expand the business by targeting the growing demand of CE machines, just in line with the academic reasoning about market potentials in emerging markets (Berman, 2015; Ritson, 2009). Simultaneously as Volvo CE managed to gain more market shares in China, by captivating the opportunities within the mass value segment through the SDLG brand, the company struggled in other important emerging markets. This was particularly the case for Brazil, with a rapidly growing demand for low cost equipment, where Volvo CE had been presenting for many years. Similar to the situation before the acquisition of SDLG in China, Volvo CE had a hard time sharply targeting price sensitive customers in Brazil, which soon imputed Volvo CE to consider using SDLG also outside China. As suggested by theories, the company considers the Chinese partner to better understand the customer

demand in other developing countries, due to similarities in customer preferences and institutions (Gaston, 2011; Hu, 1995; Jansson & Söderman, 2013). In line with Volvo CE's suggestion of expanding the Chinese brand, research findings suggest that the strategy grows rapidly, mainly being driven by customer preferences (Abratt & Motlana, 2002; Guoqun, 1997). Instead of launching a new unknown brand or applying brand extension which risks diluting its premium Volvo brand, Volvo CE considered introducing SDLG in Brazil as a strategy to compete in the large potential value segment, just as they have done in China. This is also closely related to the literature from a reversed perspective, suggesting that EM MNEs tend to expand into other emerging markets through influences from foreign ownerships (Filatotchev et al., 2001; Wright et al., 2002).

Based on the results of increased sales in China, as well as SDLG's ambition of growing its business internationally, the JV manager explained that introducing the Chinese brand to other markets became an option that Volvo CE soon applied. The Chinese brand was introduced in the South American market in 2009 and the rising sales figures in these markets pushed Volvo CE to invest in SDLG even more, especially in the Brazilian market, where Volvo CE had witnessed dropped sales. A combination of forces and opportunities, thus initiated Volvo CE to invest and support the establishment of a SDLG production site, located at the Volvo campus in Pederneiras by 2013. Volvo CE describes that introducing the SDLG brand, along with the already established Volvo CE brand in the Brazilian market, would enable the company to continue to keep the premium segment, while also being able to target the growing low priced segment.

5.4 Implementing dual branding strategy

By analyzing the steps taken from the beginning of 2000, when Volvo CE first decided to enter the Chinese market, it is now possible to identify phases through which have resulted in Volvo CE's decision of introducing SDLG as a second brand in Brazil. The primary objective with the acquisition was to gain more market shares in China, which the two companies cooperatively achieved in the past few years. Subsequently, Volvo CE realized the opportunity of using the same strategy in Brazil, were the company had issues of targeting the value segment, just as they had in China prior to the acquisition. With a leading position in China, SDLG's ambition to expand internationally and with promising outlook in Brazil, Volvo CE decided to use the two brands and target the value as well as premium segment simultaneously. The dual branding strategy in Brazil is based on the preconditions and phases

identified in this case, and thus needs to be considered as an emerging rather than an intended strategy.

By implementing dual branding strategy following a cross-border acquisition, the JV manager further stresses the opportunities linked to the combination of different nationalities, mindset, knowledge and experiences. For instance, he emphasizes that SDLG understands the Brazilian customer preferences and country regime better than Volvo CE does. This can be confirmed by academic findings, showing that China and Brazil share similarities in culture and business environment (Gaston, 2011; Hu, 1995; Jansson & Söderman, 2013). Additionally, the SDLG brand enables Volvo CE to target the value segment in Brazil, which according to prior findings, is considered as challenging for western MNEs, due to higher costs related to labor requirements, established global supply chains etc. (Fan, 2010; Johansson & Leigh 2011; Ritson, 2009). The following sections will further examine Volvo CE and SDLG's management of dual branding strategy, since even though it possesses potential for the firms to target more than one segment, it still is not done without challenges and risks. Correspondingly to the suggestions in the literature review, the JV manager explicitly emphasizes impending risks of adverse effects on the Volvo brand image as well as cannibalization (Berman, 2015; Damoiseau et al., 2011; DiPietro, 2005).

5.4.1 Identify the challenges

Implementing dual branding strategy to capture a new customer segment is far from risk free and Volvo CE undoubtedly faced various challenges when introducing SDLG in Brazil, not at least compared to Volvo CE's earlier strategy, involving brand extension from its company history. In fact, brand extension is suggested to increase the opportunities of gaining advantages with economies of scale, brand recognition and customer loyalty (Chung et al., 2014; Judith et al., 2000). Additionally, literature suggests that extending the current brand portfolio (under the parent brand), also minimizes the risks of cannibalization, financial loss and impaired brand image (Berman, 2015; DiPietro, 2005; Enz, 2005; Ritson, 2009). Despite all these considerations, Volvo CE decided to change their routine strategy of brand extension, by adding the SDLG brand alongside, with the intention of reaching two different segments simultaneously. Volvo CE's decision to invest in the new branding strategy can be explained and supported by the earlier findings suggesting that companies face new challenges nowadays, due to the changes in international business (Caiazza & Volpe, 2015; Hart & Milstein, 1999; London & Hart, 2004). Being able to target the opportunities in

emerging markets, with diverse business regulations, environment and competition, thus force the global MNEs to adopt new strategies (Berman, 2015; Chung et al., 2014; Judith et al., 2000). The following sections will initially stress the main challenges Volvo CE and SDLG have been facing, related to the implementation of dual branding strategy, and thenceforth an outline on how these challenges have been coped with.

Cannibalization

As mentioned in the earlier part of this chapter, implementing dual branding strategy is not without challenges and the foremost stated risk in association of using more than one brand, is according to Volvo CE and existing research findings, considered to be the risks of brand overlapping and hence cannibalization (Berman, 2015; DiPietro, 2005; Enz, 2005; Mason & Milne, 1994; Ritson, 2009). In regards to cannibalization, Volvo CE and DiPietro (2005) both address that it occurs when one brand increases its sales at the cost of the other brand, which in this case would mean that Volvo CE's customers in Brazil chooses to replace their Volvo machines with SDLG machines. Volvo CE indicates that this risk is very high when two brands are sold in the same industry, not at least the CE industry where the machines are being used for very similar work. The JV manager explains, "Digging a hole is digging a hole, regardless of which branded machine the customer uses". This point is emphasized by findings from Abratt and Motlana (2002) and DiPietro (2005), suggesting that the industry affect the extent of the risk of cannibalism. Furthermore, the JV manager explains that the excessive risk of cannibalization not explicitly has to do with the CE industry, but also because the two brands have similar offerings related to the products, equipment size and product applications. In addition to this, findings suggested that there is expected to be a connection between the level of sharing and creating synergies, and hence the risk of cannibalization (Berman, 2015; Madslie, 2011; Mason & Milne, 2009). Volvo CE mentions a lot about the importance of being able to balance the synergies and the separation between the SDLG and Volvo brand, since synergies allow the firms to reduce costs, but meanwhile increase the risks of overlapping.

Influences on brand images

In addition to the risks of cannibalization, Volvo CE agrees with suggestions by academic findings, about Chinese MNEs having difficulties in creating a strong brand image, due to reputation and prejudices related to the country of origin (Fan, 2010; Ille & Chailan, 2011). Furthermore, researchers suggest that brands being related and presented in the same context

tend to be judged in connection by the customers (Abratt & Motlana, 2002; DiPietro 2005; Enz, 2005; Lee et al., 2011). This creates both benefits and drawbacks in the collaboration between Volvo CE and SDLG, as on one hand Volvo CE stresses the importance of protecting the Volvo brand image, especially considering that the brand is an asset being shared among the other Volvo Group businesses as well as with Volvo Car Corporation. On the other hand however, SDLG has been able to improve its brand image, which Volvo CE specifies by stating that the brand have been able to gain a “premium” position in China. Aligned with the literature however, it is important to remember that brand image is associated and adjusted to the local environment and therefore, brands can have different images and positions in different contexts (Chung et al., 2014; Fan, 2010; Štrach & Everett, 2006). This is something that the JV manager and academic findings clarify by emphasizing the management of balance the sharing and separation in a JV (Fan, 2010; Chung et al., 2014; Ille & Chailan, 2011). Moreover, Volvo CE mentions that the customers should never have to hesitate between the two brands offered in the same market and researcher suggest that if the customers do not see a clear difference between brands, the risk of cannibalism and impairing brand images increases (Berman, 2015; DiPietro, 2005; Mason & Milne, 1994).

Financial loses

Introducing the SDLG brand and building a plant in Pederneiras, is not only challenging in terms of brand image, but also involve additional costs for Volvo CE. Apart from the acquisition costs as well as the costs associated with the improvement of SDLG’s production system and overall quality work, Volvo CE mentions that they invested huge amounts of resource to support SDLG’s expansion not only in China but also in Brazil as specified in chapter 4.4.3 and 4.6.2. The collaboration in China turned out to be profitable as the companies increased its sales and established a leading position in the market, however not without investments by Volvo CE. In line with this, previous studies indicate that global MNEs tend to fail with multiple branding strategies, as companies tend to invest more than they gain (Berman, 2015; DiPietro, 2005; Enz, 2005). Hence there are several factors important to consider in terms of financial risks, such as the JV ownership structure and the financial conditions of acquired firms, since collaboration involves shared costs. In this case, Volvo CE argues that the company carefully evaluated the financial situation of SDLG, in the pre-acquisition phase.

Brazilian business environment

Apart from these risks, the JV manager also mentions the challenges of doing business in Brazil due to local protectionism, unstable political and business cycles and corruption, and this is consistent with Hoskisson et al. (2000)'s findings, suggesting that transaction costs are considerably higher in emerging markets. Although these risks are not directly associated to the dual branding strategy, they still impact the business and indirectly affect the outcome of the strategy. In line with this, Delios and Henisz (2000) and London and Hart (2004) agreeably suggest that the external factors are important in regard to strategies, as local adjustments may become necessary and this would thus impact the branding strategy. One main challenge that Volvo CE finds explicitly important is the subsidies in the local CE industry. The government encourages local production, by providing financial support to customers buying localized machines that reach a certain level of local inputs. Producing majority locally is not possible for Volvo CE's current global supply chain set up, since it would require an enormous increase of volume in Brazil. Additionally, SDLG is facing the same issues as Volvo CE in this case.

5.4.2 Balance synergies and brand differentiation

In spite of all these risks and challenges, Volvo CE decided to introduce SDLG in Brazil, and the JV manager significantly emphasizes that the key in coping with these challenges is related to the balance between creating synergies to reduce costs and simultaneously to achieve differentiation between the two brands and promote sales. The following part of the section describes in what way the company has been doing toward this balance.

Brand differentiation

Volvo CE explains that managing the two brands simultaneously is related to the ability of separating the brands but still being able to manage the collaboration between the two companies. On one hand, a key approach to manage the separation is related to the decision of allowing SDLG to continue to run its daily businesses. On the other hand, Volvo CE being the majority owner enables them to coordinate the two brands and make sure that the brands are communicated to the market with a clear gap in between (internal documents; the interview). This increases the ability to stick to the targeted customers, to keep the brand positions and hence avoid customer confusion. Agreeable to the aim of differentiation, Abratt and Motlana's (2002) suggest that customers base their buying decisions between similar products mainly on the brand name and the information the customers have obtained in advance on the specific product and the company. Therefore, keeping the brands positioned

with a clear gap, not only avoids cannibalization and market confusion, but also enables each brand to specifically meet the customers' demands, according to Volvo CE as well as academic findings (Guoqun, 1997; Xie, 2012). Having a too narrow gap will increase the risk of cannibalization, but having a too loose gap will instead leave room for competitors. Therefore Volvo CE states that the Volvo brand needs continuous improvement to maintain a leading position in the market, while SDLG needs to make sure that they offer machines of good quality with an affordable price. Literatures also suggest that MNEs having both premium and value segmented brands can avoid cannibalization by constantly improving the quality and services related to the premium branded products (Berman, 2015; Damoiseau et al., 2011; Ritson, 2009).

In line with this, literature also suggests that an understanding of the different customer profiles supports MNEs to create distinct brand niches (Madislen, 2011; Mason & Milne, 1994), and Volvo CE has identified clear customer profiles for each brand: Volvo customers expect new innovative technology and low total ownership costs, while SDLG customers instead prefer standard equipment with lower initial prices. Volvo CE uses these profiles to keep a clear gap between the two brands, and make sure that customers never hesitate between the brands. They manage the separation by benchmarking the customer expectations with product offerings compromised of distinctive characteristics: product performance, price range, selling process and aftermarket services etc. Academic findings indicate that the more distinct the products are, the more a firms can avoid cannibalization and offer the customers different brands (Berman, 2015; Gouqun, 1997; Ritson, 2009).

Sharing resources

In contrast to separating the brands and differentiating the operations to target expanded market segments, Volvo CE implements dual branding strategy also in order to promote the creation of synergies and hence reduce costs. The JV manager explains that the collaboration has enabled SDLG to expand to the Brazilian market with a relatively low investment, and this is due to inter alia: Volvo's financial support to the Chinese partner, SDLG's access to Volvo CE's established network of dealers and key stakeholders in Brazil, as well as SDLG's plant in Volvo CE's campus in Pederneiras. The benefits that SDLG has been able to gain through the partnership with Volvo CE can be linked to academic findings, indicating that EM MNEs tend to expand internationally through collaborations with western firms (Lee et al., 2011). It is also suggested that particularly Chinese firms tend to expand internationally in

order to gain new market shares (Deng & Yang, 2014; Edamura et al., 2014), which can explain SDLG's eagerness to enter Brazil and further align with the international ambitions that Volvo CE identifies already in the due diligence stage. In addition to cost savings related to investment costs, Volvo CE states that they have been able to save costs by sharing facilities, transportation and other things not directly related to the production site in Pederneiras, and the JV manager emphasizes that this has allowed SDLG to gain a leading position in Brazil compared to the other Chinese as well as local players. With this basis, academic researches illustrate a growing trend of EM MNEs entering other emerging markets, as a result of the similar business environment, rising opportunities as well as cost advantages (Gaston, 2011; Hoskisson et al., 2000; Jansson & Söderman, 2013; Lou & Tung, 2007; Wright et al., 2005). In line with this, from Volvo CE's standpoint, introducing the SDLG brand in the Brazilian market, has not directly tackled the challenge related to the protectionism and local subsidies, but since the Chinese value brand is cheaper, it is competitive in the local market, and therefore has eased the challenge to some extent.

Implementing the dual branding strategy in Brazil has enabled Volvo CE to not only accelerate the international expansion of SDLG, but also to increase sales by the ability to target the value segment without diluting the Volvo brand. Acquiring a new brand, in order to target another segment of customers, is suggested to be one of the main advantages of multiple branding, suggested by DiPietro (2005) Enz (2005) and Madslie (2011). In order to create these advantages, however, Volvo CE stresses the importance of having clear guidelines in order to make sure that the shared resources do not impact the brand image and allows the company to position two unique brands. This management structure is described below.

Dealer management

As mentioned by Mason and Milne (1994) there must be a combination of synergies and differentiation, in order to deter a too loose or too narrow gap between the brands. This is also in line with the explanation from the JV manager, emphasizing that the dealers have an important role in the management process of the two brands in Brazil. Volvo CE chose to introduce the SDLG brand to their existing dealers, in order to create synergies not only for themselves, but also for the sellers. Having multiple branded dealers reduces the risk of losing customers, since adding the SDLG brand implies offering the customers a greater choice. However, Volvo CE stresses the importance of not having the brands sold in the same

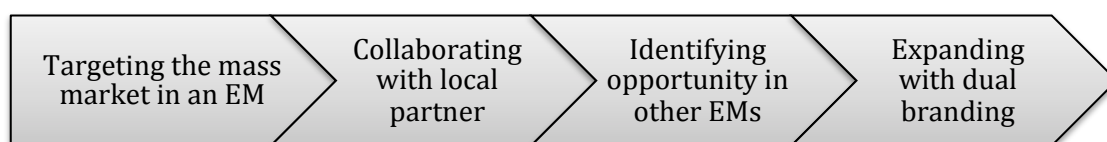
store nor by the same salesperson. Applying this setup is something that Volvo CE requires from the dealers, because the company management understands that a salesperson needs to be able to understand different customers, requiring unique mindset, knowledge and selling techniques. The aim of keeping the brand offerings apart, can be associated to the suggestions in academic findings, which point out that the more distinct product quality, ordering process and service levels are among the brands, the more a firm can avoid cannibalization (Berman, 2015; Madslie, 2011; Ritson, 2009).

To promote the sales of both brands simultaneously, the dealers have implemented a certain incentive system, which means that when an SDLG salesperson forwards a customer to a Volvo CE salesperson, or vice versa, the forwarder will be rewarded if a purchase follows. This avoids risks of not wanting to pass the customer to another salesperson, and thus favors the idea of not losing any customers. Volvo CE believes that sharing dealers but keeping the customer touch points apart is not only beneficial for the SDLG and Volvo CE's sales, but also for the dealers' revenue and the availability, and further more for the service experience for the customers. In line with this, Štrach and Everett (2006) emphasize the importance of making sure that the customers are treated according to their expectations and Volvo CE agrees and adds that this strategy does not simply apply the purchasing experience but also the aftermarket services.

5.5 Summary of the analysis

This analysis chapter reveals the complete journey of how Volvo CE has used the acquired Chinese value brand SDLG to develop and implement a dual branding strategy, to gain market shares in Brazil. By confronting relevant theories with our empirical findings, we concluded that the development and implementation process consists of several phases, which we illustrate in Figure IV below.

Figure IV: Developing and implementing dual branding



Source: based on the analysis; composed by the authors.

With this basis, we argue that identifying the key information in each phase and the inter connections among different phases, provides an in-depth understanding not only about the

focal case, but also more generally: how the dual/multiple branding strategy can be developed and implemented also in similar contexts, whereas western MNEs strive to capture the mass value segment in emerging markets. To illustrate this in a better way, we argue that everything began in the initial phase, when the western MNE entered a large and rapidly developing market such as China, to capture opportunities within the rapidly growing value segment. By exploiting already established technology advantages, the company managed to quickly gain a leading market position in some technology intensive business, which obviously involved the higher price segment. The MNE soon realized that it faced various challenges in targeting the mass market with price sensitive customers as also suggested by earlier academic findings. More specifically, the western company struggled with inter alia, cost disadvantages, lack of local knowledge and local embeddedness. To cope with the challenges, and to gain a substantial share of the promising value segment, the company realized the need of local partnership, and acquiring a local brand falls in line with the academic suggestions, as it is proven to be the fastest and cheapest way to gain strategic assets in the market. Recognizing the need of a partnership took approximately six years and this phase included several steps and decisions, such as: whether or not to enter a specific emerging market, understanding the inability to target value market on its own, seeking for a suitable partner in the market and finalizing the acquisition of a local value brand. The length of each step and decision process in this initial phase is likely to vary, because of differences in the degree of internal flexibility, financial situation, industry, market environment, and different local contexts which involves the possibility to find a suitable local partner to collaborate with or not.

The second phase in this case, began sequentially after the MNE decided to enter into a JV with an acquisition of a local brand. The essence of this phase involved the integration and management of the collaborative organization, which in this case involved the MNE's utilization of managerial experiences and resources. In this case, it concerned motivating the partner, combining company strengths as well as targeting the expanded customer segments with a value and a premium brand. The collaboration turned out to deliver desired results in the local market, as the two companies collectively became number one in the target market. In addition, the local partner improved its productivity, quality and brand perception benefiting from the collaboration. To harvest in this phase, the managerial wisdom was the vital factor in aligning the two partners, making sure that the companies strived towards shared objectives, however with separate ambitions. Moreover, the willingness and flexibility

of the local partner were also important for improving the value brand's competitiveness, which in other words illustrated the importance of prerequisites. This phase primarily discussed the integration and collaboration in the JV and gaining desirable performances in local market; however, the influence of the outcomes from this phase stretched much further to later stages, as a sound relationship not only influence the initial collaboration in local market, but also the decisions of further expansion.

The third identified phase, considered as the shortest in time, was in other means however the most important. This was when the western MNE realized the opportunity of using dual branding strategy, based on the acquired Chinese brand, to encounter similar challenges related to the issues of targeting the dominant value segment also in other similar markets and contexts. The strategy that was initially considered to be for China, turned out to be applicable also in other emerging markets, as the positive result triggered the MNE to realize the possibility of applying a broadened brand portfolio also in Brazil. With this basis, we argue that this phase depended on strategic flexibility and knowledge sharing among a JV and the rest of the organizations, for instance, how soon the company could be inspired by the realities in different markets to use the dual branding strategy also in other markets, and how fast the company could reach consensus internally on the newly emerged strategy.

The last phase clearly illustrated that the development and implementation of dual branding strategy emerged through a brand acquisition to target the value segment in another emerging market. This case's initial phase started in China, and subsequently ended in the Brazilian market. Nevertheless, the last phase of joint expansion in Brazil would not have been in place without the significances from previous phases. Seeing the prosperous potential in the low cost and value segment also in other emerging markets expedited the MNE to invest heavily in financial aspects, networking and brand equity improvement for the acquired value brand. Being in the MNE's fences, the value brand was able to stand out among other competitors in the segment, especially due to created synergies such as cost savings and increased revenue through extensive dealer network and aftermarket services. Apart from the benefits, the risk of cannibalization should also be paid thoughtful attention to. This risk usually occurs when a firm implements dual branding strategy, not at least in markets where the company already has presence with another brand. Concluding from the learning of this case, coping with such challenges associated with dual branding strategy, involved the balance of synergies and brand differentiation, as the strategy allowed firms to create synergies and increase revenues

by targeting different customer segments simultaneously. In order to manage this, firms need to position the brands with a clear gap in the market and hence promote the brand uniqueness of each brand to the customers.

To summarize the process of how this case has developed, we see it as very clear that previous phases subsequently set the preconditions for the later phases in developing and implementing the dual branding strategy for the MNE using an acquired value brand. Therefore, the strategy is argued as emerging rather than intended, and Figure IV is a vibrant illustration of this process. What started as an acquisition to gain market shares in one emerging market, subsequently led to a dual branding strategy, supporting the targeting of value segment customers in another emerging market.

6. CONCLUSION

This chapter specifies the concluding remarks from the research process and answers the research question. In addition to this, it also includes a discussion about theoretical and managerial implications from the study, as well as our suggestions for future research.

6.1 Concluding remarks

Our study on Volvo CE's journey from China to Brazil illustrates that developing dual branding strategy in is rather an emerging process than an intended setup. The pattern for such a process seems to consist of several phases and earlier phases set the preconditions for the later phases, whereas a western MNE seeks to capture value segment in emerging markets through brand acquisition and multiple branding. Initially the MNE established a presence in China, but after quite a long time was still unable to capture a substantial share of the local market primarily due to the premium position of its global brand. This naturally led to the idea of seeking for local partnership. Then the company acquired a Chinese value brand, which had the suitable preconditions and the interest to collaborate with the global MNE. The collaboration soon started to deliver desirable results, as the company managed to attain the leading position in the Chinese market with the new brand portfolio, where the value brand improved the production, the business systems and the brand image. Meanwhile, the MNE was struggling in other important emerging markets such as Brazil also due to the inability to capture the dominant value segment to have profitable volumes. The similar challenges in Brazil, combined with the significances from the collaboration with the value brand in China, inspired the company to introduce the concept of dual branding also in Brazil. The different phases discussed in this case study between entering in China and until the most recent developments in Brazil, are illustrated in Figure III and subsequently revisited with a more general sense in Figure IV. Based on the identified phases in this case, we answer the research question by emphasizing that the dual branding strategy developed and implemented by western MNEs in emerging markets, is at least in this case an emerging strategy rather than an intended setup. Therefore we conclude that the strategy is based on incremental learning as well as preconditions leading the company from one phase to the other.

Additionally, our case clearly identifies that the balance between creating synergies and differentiating the two brands, is the key in regards to the implementation of dual branding strategy. A cross-border acquisition enables the MNE to improve performance through: cost

saving such as economy of scale and shared resources, as well as value creation by knowledge sharing and complementing strengths. However, having a too narrow gap among the brand positions caused by over integration increases the risks of cannibalization, and internal as well as external confusion. In order to avoid these risks, MNEs in similar situations need to keep the brands differentiated and separated by targeting the right customers and communicating the uniqueness and strengths of each brand. A clear sign of a good distance among the brands means that the customers never have the chance to hesitate which brand to choose. Nevertheless, having a too loose gap opens up opportunities for competitors. To conclude, the implementation requires a well-balanced strategy of synergies and brand differentiation.

6.2 Theoretical implications

Up to date there are existing literatures examining and discussing the increasing trends of MNEs using M&As to quickly tap into emerging markets (Caiazza & Volpe, 2015; Edamura et al. 2014; Lou & Tung, 2007). In addition to these studies, there has recently been a ramp up of academic research within the field of branding strategies, and more explicitly about MNEs using multiple branding strategies to target different customer segments (Berman, 2015; Mason & Milne, 1994). In other words, there are academic findings about the strategies involving multiple branding followed by M&As, with focus on the performance and outcomes related to these strategies. However, these studies have merely investigated the process leading to the opportunities that arise from these strategies, meaning the journey or process that an MNE goes through before making the decisions of multiple branding after brand acquisitions. Additionally, there is also a gap of suggestions on the management of multiple branding through M&As, within a global organization and international context, such as expanding a brand acquired from an emerging market to other emerging markets.

With this basis, our case study contributed to theories with in-depth understanding of: the process how a western MNE realized the opportunity of using an acquired value brand from an emerging market by implementing dual branding strategy not only in local market but also in other similar markets. In addition, we find it interesting that even in a global MNE, major strategic decisions such as from an M&A to a dual branding strategy, and from China to Brazil, seem to be more emerging rather than planned well ahead. Hereby we argue that it is essentially important in future researches to take into account the emerging versus deliberate characteristics of decision-makings not at least in MNEs' expansion in emerging markets.

6.3 Managerial implications

In addition to contributing to theories, our study also has implications for management practitioners. Based on theoretical reasoning and evidence from the case study, one key managerial implication is, as also suggested by Mintzberg and Waters (1985): in many cases that opportunities evolve instead of being anticipated and well planned. Therefore it is vitally important for companies to be strategically flexible and able to identify and handle emerging strategies in a good way. In this case, if Volvo CE and SDLG had not been able to manage the collaboration with necessary managerial wisdom and flexibilities, they would not have established the leading market position as they did in China. Moreover, if Volvo CE had not discovered the opportunity of using SDLG with the dual branding strategy also in other markets, or had they not handled the newly emerged strategy in a good way, they would not have been where they are today.

Additionally, this case hinges on how Volvo CE has managed the collaboration and dual branding strategy in a balanced way: majority ownership structure helps to keep the partners aligned; the minority local partner to having high autonomy in daily business encourages their motivation and performance; stable and long term relationship is important to understand the partner and to build mutual trust in order for the collaboration to function; and dual branding strategy could work considerably well with particular emphasis allocated to balance the brand separation and creating synergies.

6.4 Future research opportunity

We have focused on the Volvo CE and SDLG case in Brazil, with particular attention to assess the joint journey before the acquisition, to the collaboration in China, and further to the implementation of the dual branding strategy and joint expansion in other markets. Our study is a qualitative study aiming to generate in-depth understanding for the focal case. As discussed in the delimitation section, it would be fruitful to examine more cases where relevant theories are confronted with managerial reality not at least in the CE or automotive industry. It would increase the validity of our major findings and additionally breed broader understanding for the MNEs expansion in emerging markets using M&A and multiple branding strategies. Additionally, it would be noteworthy to compare the evolving process and different phases occurring within this case, in other circumstances, to increase the understanding and generalizability.

7. APPENDIX

Appendix 1. Contributor list

Organization	Function	Method	Duration (in total)
Volvo CE Shanghai	SVP, Lingong JV	Interview	90 mins
Volvo BTS	Principle Management Consultant	Discussion	420 mins
Volvo BTS	Manager	Discussion	45 mins
Volvo BTS	Management Consultant	Discussion	60 mins
Volvo BTS Shanghai	Management Consultant	Discussion	60 mins
Volvo BTS Shanghai	Project Consultant	Discussion	45 mins
Volvo Buses	Project Manager	Discussion	40 mins
Volvo IT	Global Manager	Discussion	30 mins
Volvo Logistics Services	Project Manager	Discussion	40 mins
Volvo Logistics Services	Project Manager	Discussion	40 mins
Volvo CE	Global Marketing Communication	Email	
Volvo CE Shanghai	VP	Email	
Volvo CE Shanghai	VP Operations	Email	
Volvo CE Shanghai	VP Purchasing	Email	
Volvo CE	Export Business Development	Email	
Volvo CE	Purchasing	Email	

Appendix 2. Internal documentation

Object No.	Year	Pages (in total)
1	2014	76
2	2013	4
3	2013	136
4	2014	28
5	2014	20
6	2008	21
7	2008	40
8	2009	44
9	2013	1
10	2013	65
11	2015	119
12	2010	50

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