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The Relationship between Brand Identity and Customer Loyalty

A case of Sony Ericsson

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Abstract

- Title:** The Relationship between Brand Identity and Customer Loyalty
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- Keywords:** Brand identity, Brand Image, Satisfaction, Customer Loyalty, SonyEricsson
- Thesis purpose:** With the aim to study how to establish a strong brand, this thesis use SonyEricsson as an example to find out how did the brand identity influence on the customer loyalty, and then investigate what's relationship between them.
- Methodology:** Both quantitative and qualitative methods were used to support research. Quantitatively, an online survey was designed to obtain customers' evaluations on brand identity message from SonyEricsson. Qualitatively, interviews have been taken place with related employees of SonyEricsson to collect relevant information on brand identity which they want to transfer to customers. These two research methods were also used to facilitate each other.
- Theoretical perspective:** Theories focus on brand identity, brand image, and brand loyalty. This part also discussed the relationship during these three factors. The linkage between brand identity and customer loyalty was found, however, what's relationship in detail should be investigated. Finally, two hypotheses about the relationship between brand identity and customer loyalty were made.

Empirical data:

Primary data were collected from the interviews with company and online survey which contains the replies from both loyal and disloyal customers of SonyEricsson. Secondary data was collected from documents, database, and online sources.

Conclusion:

The analysis results show that there is a positive relationship between brand identity and customer loyalty. The relevant two hypotheses: the positive brand identity leads to customer loyalty and the negative brand identity leads to customer disloyalty are also proved. Furthermore, the contributions of this thesis and further study areas are explained in this section.

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Chao, Di and Panpan

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Chapter 1: Introduction

In this thesis, the studying target is the loyalty phenomenon of SonyEricsson—the well-known mobile phone company. This chapter briefly introduces the general information about the company. Through the study on SonyEricsson’s recent performance, the loyalty and brand identity were found worth to spend time on doing a deep research, and a research question has been formed in this section.

1.1 Background

The hot competitive environment and financial crisis has brought great challenge to mobile phone manufactures and threats to those who still surviving during the competition. “Cell phone sales are falling, manufacturers have announced thousands of layoffs, and wireless carriers are finding it harder to acquire and keep customers.” Says Matt Richtel (2009), a professional reporter on technology involved businesses. In his recent piece: “Can the Cell phone Industry Keep Growing?” he states that, analysts and investors begin to ask whether the industry can continue growing, the challenge is both simple and daunting: how to expand when more than half of the six billion people on the planet already have phones. And even in developing countries where there are underserved markets, subscribers spend less on phones and services. From that point, it could be perceived as there is an increasing trend of competition within the mobile phone industry, and it is more difficult for the mobile phone companies to expand the market and gain more customers from the macro point of view. In order to take competitive advantage, building a strong brand, has been shown to provide numerous benefit to organization. (Keller, 2001)

SonyEricsson (SE) is a company used to have a strong brand, it is one of the top, global, mobile phone manufacturers in the mobile phone industry. However, the recent market performance expressed the mobile communication giant did not have much advantages from brand. SonyEricsson does have the need to establish a strong brand.

“Sony Ericsson Mobile Communications is a global provider of mobile multimedia devices, including feature-rich phones and accessories, PC cards and M2M solutions. The products combine powerful technology with innovative applications for mobile imaging, communications and entertainment. The net result is that Sony Ericsson is an enticing brand that creates compelling business opportunities for mobile operators and desirable, fun products for end users.” (SonyEricsson.com)

SonyEricsson was established through joint venture strategy on October 3, 2001 by the Japanese consumer electronics company Sony Corporation and the Swedish telecommunications company Ericsson. It was assigned to anabasis mobile phone market with the mission to establish SonyEricsson as the most attractive and innovative global brand in the mobile phone industry. The vision resulted in a concrete aim for producing the best possible mobile solutions (Frendberg.E, 2006). The joint venture works as 50:50 dichotomies, it was task oriented and equal. The goal for the consolidation was to create synergies between the two companies, and become market leading within their field of action. By utilizing each other's assets, knowledge and possibilities, they focused on creating new technological solutions for a global market, and developing products combined by "fun" and "function" (Frendberg.E, 2006).

In March 2002, SonyEricsson announced the first mobile phone product, and it had aimed to reverse this very bad sales performance since 2003 (Quarterly announcements 2002, 2003), 2004 was a year with extraordinary profit return and further raised market share of the company. In the early 2005, SonyEricsson announced a large quantity of new models, network package and accessories, which raised the product portfolio significantly. Anticipated to stimulate a new growth-phase, the company was supposed to grow faster than the average rate in the mobile phone market. By the end of the first quarter of 2005, the growth rate was not as good as expected, where it appears a reduction rate on sales (Quarterly reports 2004, 2005). In 2006, SonyEricsson reached 115% year-on-year increase (Quarterly reports 2006). And in 2007, over 100 million units were sold – which was much more exceeded double of the global market growth rate (SonyEricsson Press Release 2007) by the time of 2008. SonyEricsson was the fifth-largest mobile phone manufacturer in the world. It was observed that SonyEricsson used to be a strong brand and had great financial performances in the mobile phone industry at the beginning.

However, the profit fell dramatically, and the market share dropped sharply right after. SE's financial report shows, the sales became weak at the first quarter in 2009 the global market, which meant it lose up to €390 million in the first three months of its financial year (Quarterly report 2009), meanwhile, according with the investigation results of customers loyalty situation from Brand Keys Customer Loyalty Leaders (brandkeys.com, 2009), the ranking of SonyEricsson dropped to No.224 in 2008 compare with No.206 in 2007 (loyalty decreased 18). The above statistics present that SonyEricsson as a brand that used to have great profit rate and decent market share in the mobile phone industry. However, the sales has decreased significantly as well as customer loyalty since 2008. It seems that Sony Ericsson got the warning from the weak demand of consumers and trapped into crisis.

In the mobile phone industry, SonyEricsson did not have much ascendancy compared with other competitors. The top five mobile phone vendors are: Nokia, Samsung,

Sony Ericsson, Motorola, and LG Electronics. From the following figure, the market share of SonyEricsson decreased 0.8% from the 3rd quarter of 2007 to the 3rd quarter of 2008. Especially, Samsung still has an increase of 21.6% in the financial crisis, and other competitors with 9.9% increase. The business environment is always a very tough place of competition. If there is no improvement, it is backsliding.

Vendor	3Q08 Unit Shipments	3Q08 Market Share	3Q07 Unit Shipments	3Q07 Market Share	3Q08/3Q07 Change
Nokia	117.8	39.4%	111.7	38.6%	5.5%
Samsung	51.8	17.3%	42.6	14.7%	21.6%
SonyEricsson	25.7	8.6%	25.9	8.9%	-0.8%
Motorola	25.4	8.5%	37.2	12.8%	-31.7%
LG Electronics	23.0	7.7%	21.9	7.6%	5.0%
Others	55.3	18.5%	50.3	17.4%	9.9%
Total	299.0	100.0%	289.6	100.0%	3.2%

Source: IDC Worldwide Quarterly Mobile Phone Tracker, October 30, 2008

Note: Vendor shipments are branded shipments and exclude OEM sales for all vendors.

Figure 1: Top Five Mobile Phone Vendors, Shipments, and Market Share, Q3 2008 (Units in Millions)

The weak competitive abilities and the pressure from external business environment are pushing SonyEricsson into corner. The dramatic decreasing on market share and customers' loyalty weakened the marketing influence of this brand and expressed that the brand is losing its attractiveness to customers. As a representative company in mobile phone industry, SonyEricsson has realized the situation and tried to make some changes. From the interviews of company (see appendix I), the most important mission for SonyEricsson now is to develop a series of sustainable strategies to strengthen its brand and Mr. Sun (an employee of SonyEricsson) encouraged authors to do relevant researches in this areas, with the aim that to offer some suggestions for SonyEricsson.

In conclusion, establish a strong brand is a necessary mission in mobile phone industry, especially during the time of financial crisis. SonyEricsson is a representative example in mobile phone industry, which worth to do deeper researches in brand area and the studies can also provides some suggestions to the companies which want to re-establish the strong brand. The following part will discuss the important issues which construct the strong brand of SonyEricsson.

1.2 Problem Formulation

Joachimsthaler and Aaker (1997) gave an interesting metaphor to the importance of brand identity. Whenever a clear and strong brand identity is lacking, a brand is like a ship lose direction. They also stated the identity of the brand-the brand concept from the brand owner's perspective-is the foundation of establishing a good brand. In the process of building a good brand, a company must have a clear brand identity with depth and make sure that those designing and implementing about the relevant communications programs do not inadvertently send conflicting or confusing messages to customers. It is perceived that building a clear and effective brand identity is very crucial for consumers to distinguish products and services from wide range of competitors, which would help companies to enhance competitive advantages to be differentiated rather than confusing and identical among product categories.

Building a strong brand has also been shown to provide numerous financial rewards to firm, and has become a top priority for many organizations (Keller.K.L, 2001). Keller suggested building strong brand involves three steps: (1) establishing the proper brand identity; (2) creating appropriate brand meaning, strong, favorable, and unique brand associations; (3) construct brand relationships with customers that are characterized by intense, active loyalty. Building a strong brand with significant brand identity and greater customer loyalty are seen as providing a host of possible benefit to a firm, less vulnerability to competitive marketing actions and marketing crises, large margins as well as more favorable customer response to price change. With this keen interest in brand building, two factors which are brand identity and customers loyalty arise our attention and questions about “Why these two issues are important to strong brand?”, “How these two factors influence on establishing strong brand?” in order to answer these questions, the following parts will explain the reasons about them.

How brand identity influence on establishing strong brand? Brand identity originates from the company which is mainly responsible for creating a differentiated product with unique features (Kapferer, J.N. 2005). SonyEricsson treats product is the directly vehicle which transfer brand information to customers through its visibility features and the features of products will be used as a tool to get competitive advantage (The interview from SonyEricsson, 2009). Mobile phone products in the same category are quite similar, and this is why a powerful and distinctive product brand is needed to most companies. In another side, products as the important tangible asset which will influence the established process of powerful brand (Chernatony and McDonald, 2003). Ward *et al.* (1999) define a brand as a distinctive identity that differentiates a relevant, enduring and credible promise of value associated with a product; in other words, the brand can be interpreted through brand identity theory and the brand

(Chernatony and McDonald, 2003). In other words, the content and the design of brand identity have a complete guide to creating, building, and maintaining the strong brands (Alina.W, 2003).

How customer loyalty influence on building strong brand? Achieving proper brand identity involves creating brand salience which relative to aspects of customer awareness and response to the brand. The differences in customers' responses are the result of consumers' knowledge about brand identity, that is, what they have learned, felt, seen and heard about the brand as a result of their experiences over time. Customers' differential responses, which influence the make up of brand identity, meanwhile, brand identity message was reflected in perceptions, preferences, and behavior from customers (Keller, 2008). A good brand identity should be able to received positive brand response, which can be interpreted as the underpinning of intense and active customer loyalty. This is the reason why the brand should have strong, favorable, and unique brand associations, in another word, it does matter the uniqueness of how a brand associated with customers and how favorably and the sufficiently customers evaluate the association. The association between customers and brand identity as a basis has been created for brand relationships. Brand relationships can develop into brand loyalty (Grönroos, 1995). Keller (2001) also mentioned that brand relationships with customers can be characterized into intensity and activity, the intensity refers to the strength of the attitudinal attachment, which is customer loyalty. Moreover, as customer is the source of profits and added values, many companies spend lots of money on establishing proper brand identity in order to attract more customers. The research on customer loyalty becomes important in competitive environment.

However, there are not much previous academic studies indicate the relationship between brand identity and customer loyalty directly. The raising competitive environment requires companies have powerful brand, however, the unstable loyal customer group and decreasing profit all point out that companies need to improve the their brand abilities and enhance the relationship with customers. What are the directions that SonyEricsson should do more effort? What are the evaluations from customers about SE's brand identity? Those are the reasons why additional studies are necessary.

Overall, the aim is to make a deeper research on establishing strong brand and find the relationship between brand identity and customer loyalty.

1.2.1 Research Purpose

The purpose of this paper is using SonyEricsson as an example to find out the relationship between brand identity and customer loyalty. There was a loss on customer loyalty of SonyEricsson since early 2008, and the brand identity of

SonyEricsson is then analyzed which was based on the feedback from customers, where may have more clear clues on whether the identity issue resulted in the decreased on customer loyalty. This is where the research question has been emerged:

How did the brand identity influence on the customer loyalty in SonyEricsson's case?

This paper demonstrates the whole process through analyzing how SE's brand identity affects the customer loyalty. As the research on brand identity and customer loyalty is not sufficient in previous academic research, this paper also aims to fulfill this knowledge gap.

Chapter 2: Theories

The theory section will give a brief review of relevant theories. The theories give an academic foundation of the study, which will contribute to fulfill the aim of research.

2.1 Brand Identity

Brand identity originates from the company. For example, a company is responsible for creating a differentiated product which has unique features. In order to create these unique features, company seeks to identity itself (Marguiles.W.P, 1997). The conception of brand identity includes everything that makes the brand meaningful and unique (Melin, 1997). Brand identity is looking for developing the brand's innermost substance, rather than the surface, in order to become, or to stay, a powerful brand, brand must be true to their identity compared with brand image in customers' mind.

Ghodeswar (2008) supposed that core brand identity broadly focuses on product attributes and product performance. Extended identity is around brand identity elements organized for target customers that provide brand texture and completeness, and focuses on brand personality, relationship, and strong symbol association. To be effective, a brand identity needs to resonate with customers, differentiate the brand from competitors, and represent what the organization can and will do over time (Aaker and Joachimsthaler, 2000). The view from customers' side is treated as an important support for improving brand identity. The key to successfully build a brand is to understand how to develop a brand identity – to know what the brand identity stands for and to express identity effectively (Aaker, 1996). The answers for these questions are referenced from customer evaluations.

Kapferer (2005) proposed a brand identity model take the brand image into consideration. This brand identity model has six dimensions, which called “brand identity prism”, it involves both *Sender* which considered as company and *Recipient (receiver)* which consider as customer. This model comprehensively includes both company and customers influences and demonstrate the content of brand identity, in another word, it has shown what brand identity are made of.

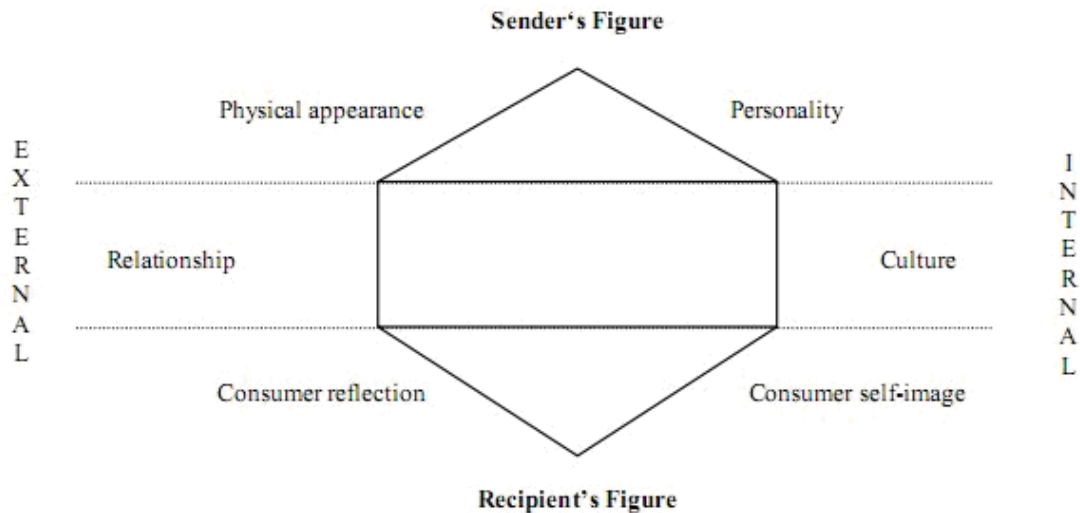


Figure 2- Brand Identity Prism (Kapferer .J.N, 2005)

In this model, Kapferer believes the personality and physical appearance dimensions are highly related to company (sender). The consumer reflection and consumer self-image in this model are highly related to customers (receivers). Furthermore, reflection and self-image aspects of the model offer much clear and easy access for comparing it with the presentation components of Chematony. L.De (1998)'s brand identity model.

The six factors which will affect brand identity are: *Physical Appearance, Personality, Culture, Consumer self-image, Consumer Reflection and Relationship*. (Kapferer .J.N, 2005).

Physical Appearance

First of all, a brand contains a specificity called physical appearance, which is a core of a brand and it adds value to a brand. A brand has physical specificities and qualities—its “physique” which is made of a combination of either salient objective features (which immediately come to mind when the brand is quoted in a survey) or emerging ones, there are some questions can describe these features: What is it concretely? What does it do? What does it look like? Physical appearance is closely connected with a brand prototype, revealing the quality of a brand. (Kapferer .J.N, 2005).

Personality

The second element of identity prism is brand personality. Brand character is being developed with the aim that to do better communication with public and this is a way by which brand used to “talks” about its goods, services and indicates a particular human person. For example, some companies using a famous character represent the brand has become widespread, the easiest way of creating instant personality is to give the brand a spokesperson or a figurehead, whether real or symbolic. The

characteristic of personality within the prism of identity is an inner source. It should not be mixed up with the image of consumers' reflection which is an ideal portrait of every recipient (Kapferer .J.N, 2005).

Culture

Brands possess a culture in which they originated. For example, countries are the sources of brand culture. Brand is representative of its culture, but also a meaning of communication. From this perspective, culture entails a lot of values that provide brand with inspiration. Culture of brand identity associated with external principles of brand management (like communication with customers). As the brand culture is also based on the culture of nation, values and aims of an enterprise, some global brands (like Apple, IBM, Benetton) usually reveal and pay attention to establish the culture of company, because the differentiation of brand comes from different identical cultural features of companies, the differentiation of brand is also the key point to provide added value and create competitive advantage in hot competition (Kapferer .J.N, 2005).

Relationship

Good relationship between brand and customers can increase added value and help to establish good brand image in customers' mind. There are studies indicate that the services which are provided and influenced by company are connected to the definition of the relationship with customers. According to Kapferer, brand is a voice that consumers should hear because brands survive in the market of communication. Invisible communication is created with a means of associations which start between people (a seller, buyer or employee) who seeking for the same or different goals. Communicating as a main part in relationship, it is important to reconcile different need of people and present the useful information to increase the brand awareness from customers (Kapferer .J.N, 2005).

Customer Reflection

Kapferer made an example to describe the customer reflection: When asked for customers' views on certain car brands, people immediately answer in terms of the brand's perceived in client types: That's a brand for young people! For fathers! For old folks! Through the communication and the products build overtime, a brand will establish a reflection and image to the buyers or users who are the target group of company. The target market determines potential consumers through consumer reflection. A consumer has to be reflected in a way, which would show the perspective of using a brand. It is important to control the reflection from customers, because brand was possible to develop for a certain target group weakens brand image. (Kapferer .J.N, 2005).

Self-Image

If treat reflection is the target customers' external mirror, self image is the target customers' own internal mirror. Brand is closely related to the understanding of

consumer self-image that is the features with which consumers identify themselves and the image which they would like to be reflected by the chosen good and its brand. Consumer self-image is important in the explanation of consumer behavior as consumers purchase goods, all depend on the self-image in their minds. The conception of consumer self-image includes an amount of individual ideas, thoughts and feelings about customer self in relationship with other objects. Through the attitude towards certain brands, customers indeed develop a certain type of inner relationship with themselves (Kapferer .J.N, 2005).

Overall, these are the six factors which define the identity of a brand as well as the boundaries within which it is free to change or to develop the brand. The brand identity prism demonstrates that these factors are all interrelated and form a well-structured entity. The content of one factor relate to that of another. According to Harris, Keynes and Chernatony (2001), De Chernatony (1999), Brand identity consists of six components which have the following relationship with each other: physical appearance and culture, which drive the brand's desired positioning. Second, the personality and subsequent relationships, all of which are then presented to reflect stakeholders' actual and aspirate self-images. The components of the model interact and are mutually reinforcing. Third, the six dimensions are interactively from both company and customer's perspectives. The prism also implied that the performance of brand depend on the performance of communication and the important of keep a good relationship with customers (Kapferer .J.N, 2005)

2.2 Brand Image

Brand image relates to the consumer's perception of the brand. Kotler (1988) defines brand image as "the set of beliefs held about a particular brand. A number of studies have been conducted on brand image. Herzog (1963) define the brand image is sum of total of impression that customer received from a brand. On the company level, image has been defined as perceptions of an organization reflected in the associations held in consumer memory (Keller, 1993) or the total impression in the minds of the consumers (Ditcher 1985). Clearly, consumers from an image of the brand based on the associations that they have remembered with respect to that brand. Aaker (1991) states the brand image is a set of associations, usually organized in some meaningful way, Park et al. (1986) thought brand image is "the understanding consumers derive from the total set of brand related activities engaged by the firm. Brand image perceptions may differ according to trading blocs under the assumption that values regarding and cultural influences on consumption differ across geographic areas (Kahle 1986, Takada and Jain 1991). It could be conceived that brand image will be perceived differently due to variable culture and regions.

Based on the studies above, the self-image and customer reflection dimensions in Kapferer's brand identity prism can be defined as brand image from customers' side

and it is a consumer-constructed notion of the brand. Furthermore, consumers describe the brand image through the perceptions of a set of associations that they have got about the brand identity messages, in the model of brand image from Keller (1998), brand image mainly through brand associations to present to customers. What specific information that the brand image associate with customers? Kapferer .J.N (2005) point out that an image is a synthesis made by the public of the entire various brand message, e.g. Brand name, visual symbols, products advertisements, sponsoring, patronage and so on. An image results from decoding a message, extracting meaning, interpreting signs. Where do all these signs come from? One resource is brand identity message, in other words, brand image is involved in brand identity message and it can also reflect the brand identity. For example, this meaning is similar to the example of hair of human: the hair is a part of body and it can also reflect the health situation of the body. The following part will further discussion the relationship between the brand identity and brand image.

2.3 The Relationship between Brand Identity and Brand Image

The research from Kapferer, J.N. (1992), Aaker, D. A. (1996), Chernatony, L. De (1999), despite minor conceptual differences, the researchers all agree on the direct influence of the identity of a brand for the customer's perception (i.e., the brand image). Brand identity represents a concept of sender (Kapferer, 1992a). Kapferer J.N (2005) define brand identity is on the sender's side and identity is used to offer the image of a brand or a company to receivers. Brand image is on the receiver's side and the image which got from sender decides the customers' loyalty of brand. In the figure of identity and image, an image is synthesis made by the public of various brand identity messages, e.g. brand name, visual symbols, products, advertisements, sponsoring and so on. An image results from decoding a message, extracting meaning, interpreting signs.

In addition, the brand image represents a multidimensional, holistically perceived system of attitudes (Foscht and Swoboda, 2005) and is based on buyer perceptions of brand-induced signals. These associations result in a positive perception of the brand is able to satisfy the functional and emotional needs of buyers. In contrast to brand image (the brand's current associations), a brand identity is inspirational and may imply that the image needs to be changed or augmented. In a fundamental sense, the brand identity represents what the organization wants the brand to stand for (Aaker & Joachimsthaler, 2000). O'Shaughnessy (1987) summarizes the apparent interdependence between the brand identity and brand image by stating that brand identity builds a necessary condition for sustaining buyer's trust, which in turn is the basis for long-term customer relationship. Kapferer, J.N. (2004) proposed that brand

identity prism makes a better understanding on the composing and builds up a specific relationship between them. In order to transfer strong brand image to customers and affect their loyalty, brands must be honest to their identity which focus on both brand appearance and brand essence, these two factors can be demonstrate through the six factors in brand identity prism. (Kapferer J.N ,2005)

From the theories presented above, it is conceived that there is an interaction between brand identity and brand image. Thus, it is perceived that brand image from customers' perception is strongly derived from brand identity and reflect the dimensions in brand identity. In addition, brand image as a reflection of brand identity, can express the evaluations/judgments in customers' mind and measure the performance of brand identity.

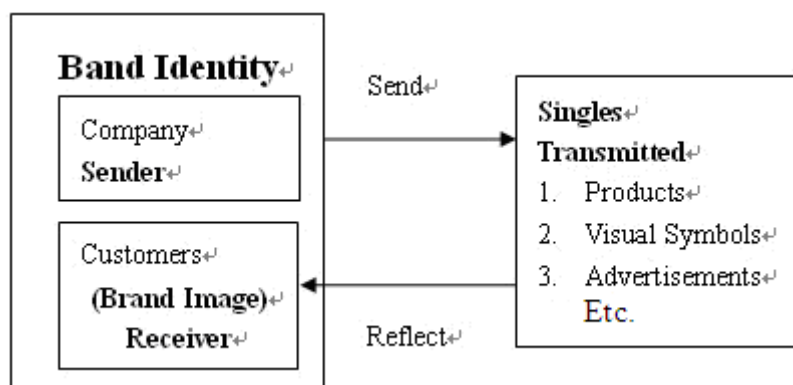


Figure 3 Brand Identity

The six dimensions of brand identity from company's side are the key issue to form the brand image, which help companies to keep the strong brand and adds value which consistent with the brand promises. Brand image also play the role to guide the communication of brand message, deliver the brand performance, and leverage the brand equity, and measure the performance of brand identity and influence the design of brand identity's content.

2.4 Customer loyalty

According with Jacoby and Kyner (1973), loyalty is not random and it is expressed over period of time. It is the thought through decision making process, with a preference on one or more alternative brands out of a set of similar brands, and is a function of psychological processes. And Oliver (1999) defines customer loyalty as a self-promise to repurchase or re-choose a preferred product or service, this action which will continue in the future, causing repetitive same brand or same brand series purchasing, situational influences and marketing efforts will be ignored.

Loyalty Dimensions

Although loyalty has been defined in various ways, there are two dimensions in customer loyalty: behavioral and attitudinal (Julander *et al.*, 1997). The behavior dimension refers to a customer's behavior on repeat purchases, indicating a preference to a brand or service over time (Bowen and Shoemaker, 1998); loyalty in the behavioral sense is measured by using repurchase probability long-term choice probability, or switching behavior.

Attitudinal dimension, on the other hand, refer to a customer's intention of repurchasing and recommendations, which are good indicators of a loyal customer (Getty and Thompson, 1994). Kumar and Shah (2004) described that attitudinal loyalty has been often defined in the context of brand as it captures the affective and cognitive aspects of brand loyalty, such as brand preference and commitment (Gremier & Brown, 1998; Mellens, Dekimpe, & Steenkampe, 1996; Traylor, 1981). Moreover, a customer who has the intention to repurchase and recommend is very much likely to steadfast with the company. In the attitudinal sense, loyalty is operated as brand preference or emotional commitment, therefore, measured with repurchase intention and resistance against better alternatives, price tolerance, and intention to recommend the product or service (Yi and La, 2004).

Attitudinal loyalty represents a higher-order, or long-term commitment of a customer to the organization that cannot be concluded by merely observing customer repeat purchase behavior (Shankar, Smith, & Rangaswamy, 2000). Attitudinal loyalty is important because it indicates tendency to display certain behaviors, such as the likelihood of future usage (Liddy, 2000) or how likely is it that customers would recommend the company or the brand to their friends (Reichheld, 2003).

Behavioral loyalty or attitude loyalty is not enough to judge the loyal customers. In this thesis, the study will focus on both behavioral and attitudinal aspects in order to investigate the customer loyalty of SonyEricsson recently.

Furthermore, Kumar and Shah (2004) shows Reinartz and Kumar found empirical evidence in support of Dowling and Uncles (1997) refuting the four commonly believed benefits of customer loyalty (Reichheld, 1996):

- *The costs of serving loyal customers are less;*
- *Loyal customers are less price sensitive;*
- *Loyal customers spend more time with the company;*
- *Loyal customers pass on positive recommendations about their favorite brands or suppliers.*

In order to get an accurate in-depth view, the theories above show that it is needed to study both behavioral and attitudinal aspects of customer loyalty of SonyEricsson, besides that, the authors will analyze specifically on the repeat purchase of customer regarding to behavioral aspect since many factors can affect that.

2.5 The relationship between brand image, customer satisfaction and customer loyalty

The brand image was formed through brand identity message from company. The judgments on brand image also reflect the performance of brand in customers' eyes. According to Sirgy and Samli (1989), there is an indirect positive relationship between image and loyalty. It has been demonstrated that the link between image and loyalty is mediated by customers' evaluative judgments such as satisfaction. Moreover, the satisfaction from customers can also be affected via expectations on quality, values and price (Anderson E.W, Fornell .C and Lehmann.D.A, 1994). Customers received the brand identity message, and then formed relevant perceptions about these transferred signals, for example, the comparisons or evaluations on the information they got. Therefore, the satisfaction can be treated as the customers' judgments on the brand image which they perceived. In general, customers' loyalty was influenced by brand image through the satisfaction.

Kandampully and Suhartanto (2000) are also advocators to this point of view, they state that a desirable image leads to customer satisfaction and preference, while an undesirable image may lead to dissatisfaction, which means there is positive relationship between brand image and customer satisfaction. Additionally, they defined that there is positive relationship between customer satisfaction and customer loyalty as well. From those theories, it is perceived that there is a positive relationship between brand image, satisfaction and customer loyalty.

2.6 The relationship between brand identity and Customer loyalty

Practitioners and researchers did not clearly identify the factors could lead to the development of customer loyalty (Gremler and Brown, 1997). However, there is a consensus amongst practitioners and academics that customers' evaluative judgments are the prerequisites of loyalty (Gremler and Brown, 1997; Cronin and Taylor, 1992). Furthermore, the identity concept is crucial for three reasons: a brand needs to be durable, to send out coherent signs and products, and to realistic.

As brand image relates to and interacts with consumer's perception of the brand identity, we can get conclusion that brand image link brand identity and customer loyalty. In order to understand more constructively and concretely about this linkage, a model is created based on all the approved theories as mentioned above (Figure 4). Based on the definition of brand identity, this model combines the customers' and company's view to support the judgments about brand identity.

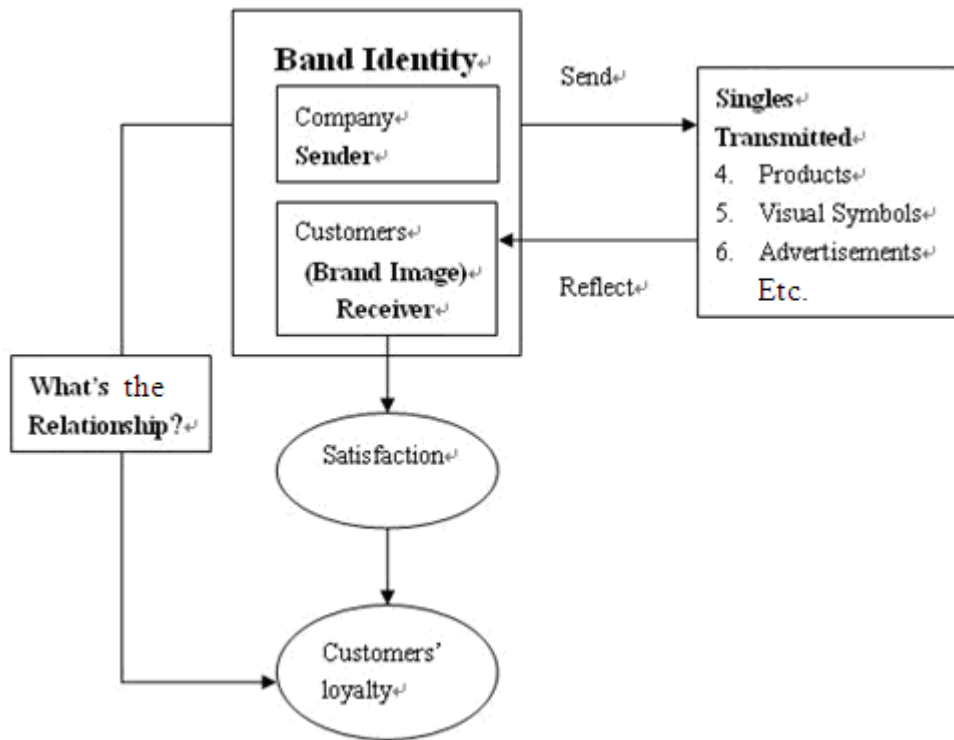


Figure 4 The Relationship between Brand Identity and Customer Loyalty

Based on this model, authors assume that appropriate brand identity message can leads to positive brand image. Due to existence of the linkage between brand image and customer loyalty, the proper message can enhance customer loyalty eventually. Furthermore, the brand image reflects the performance of brand identity, then, the evaluation of brand image (satisfaction situation) from customers is the key issue to judge the performance of brand identity. According to previous academic theories mentioned above, the linkage during brand identity, brand image and customer loyalty existed.

However, there is no specific theory concerning the relationship between brand identity and customer loyalty. From the available theories, it is perceived that positive brand identity would result in good brand image simultaneously as proved by the model “Identity and Image model” from Kapferer, J.N. (2004); Thomas A. Brunner, Markus Stocklin and Klaus Opwis (2007) explored that image has become a strong predictor of loyalty for experienced customers, so the relationship between brand identity and customer loyalty is left behind, and this thesis will emphasis on finding out what is the relationship between them.

The study combines with SonyEricsson, the investigation focuses on what are the specific relationships between brand identity and customer loyalty. Since there is no sufficient study in that field, the two hypotheses were generalized to fill the blank:

HP1: The positive brand identity leads to customer loyalty.

HP2: The negative brand identity leads to customer disloyalty.

In the hypotheses, the word “*Negative*” or “*Positive*” expressed a result of evaluation/ judgment on the performance of brand identity. Based on the theory mentioned above, the evaluations of brand identity are sourced from two aspects: the first one was from evaluations (satisfaction situation) about brand image in customers’ side, because brand image is involved in brand identity and it is also the reflection of brand identity. The second one was from the company’s side and it is the evaluations about itself.

Chapter 3: Methodology

This chapter presents the discussion of chosen methodology. The data collection methods are included with both qualitative and quantitative methods. This section also shows how the questionnaire and interviews are designed. In the end, the advantages and disadvantages of the methodology are discussed.

3.1 Research Design

3.1.1 Data Collection Resource

The research question of this paper is the relationship between brand identity and customer loyalty. As mentioned in the theory part, brand identity plays the role as sender to send relevant product message. Brand image which in customers' mind plays the role as receiver, then customer will evaluate on the image they got. In this paper, the authors suppose two hypotheses which supposed that different evaluations (satisfaction and dissatisfaction) on brand image can indirect influence the relationship between brand identity and customer loyalty. The research is designed for collecting appropriate data which will prove the hypotheses supposed in this paper. There are three important items in the theory model (Figure 4) which lead to the hypotheses. These three items are brand identity, satisfaction situation (satisfied and dissatisfied) and customer loyalty.

Based on the definitions from theory part, the brand identity is on the sender's side and it is include the message from company and the brand image from customers. The brand image which was included in brand identity and it is the impressions that customer received from a brand. After customers got the image, they will make judgment (satisfaction/ dissatisfaction) on it. Due to these items have closed theory relationship and interact with each other, the result of data collection from brand identity and customers' evaluations (satisfaction situation) on it will influence the customer loyalty. As a result, the appropriate data collected from these three aspects are crucial to the research design and the three data collection areas will be sourced from company and customers.

3.2 Primary Data

3.2.1 Mixed Methods Research: Combining Quantitative and Qualitative Research

This paper will use mixed methods research which combine the quantitative and qualitative research together. In the following part, the reasons will be stated.

3.2.1.1 Data collection Discussion

On Customers' Side

Based on the hypotheses which will be improved in this paper, there are two important aspects (brand identity and customers' loyalty situation) need to collect data, which will source from customers' side and company's side. In the customers' side, there are two types of relevant data which needed in this research. They are mainly including the evaluation (satisfaction situation) on brand identity and the customer loyalty situation.

The aim of the whole research process on customers' side is contributing to prove on hypotheses and test the theory model, so this part is fit for deductive approach which was entitled quantitative research strategy, it will be placed on the testing of theories and related to positivist epistemological orientation and embodies a view of social reality as an external, objective reality (Bryman and Bell, 2003). Moreover, as the customers of SonyEricsson spread global area, the quantitative research was treated as the best way to cover a wide range of respondents, get more accurate and more feedback from the customers. As a consequence of these considerations, this paper chooses quantitative research strategy for customers and this paper choose questionnaire to collect data.

On Company's Side

The research of this paper focuses on a single organization-SonyEricsson to analyze the relationship between brand identity and customer loyalty. In another word, the data collection on company's side sourced from SonyEricsson Company which was used for offering the data on brand identity. This paper chose qualitative methods to conduct data collection because this method is viewed as particularly helpful in the generation of an intensive, detailed examination of a representative company (Bryman and Bell, 2003)

However, there is another reason to make the research on company's side to choose qualitative research. In the background of this paper has mentioned that SonyEricsson

position in a bottom situation now, employees of SonyEricsson implied that company are quite sensitive on the relevant interviews and pay attention on the security of internal information, it is impossible to do quantitative research in company. Due to the difficulties to gather quantitative data, this paper chose qualitative research as the best way and used structured-interview to collect data from company.

In addition, this paper also collects data from customers through qualitative research in order to make the quantitative research results more accurate. This issue will be explained in the following part.

3.2.1.2 The Bridge between Quantitative and Qualitative Research

The quantitative and qualitative researches interact with each other in the research design; they make up disadvantages in each other to collect appropriate data.

Qualitative Research facilitates Quantitative Research

Qualitative research can be used to guide quantitative research (Bryman and Bell, 2003). In this paper, qualitative research plays an important role on design the content of questionnaire, for example, the satisfaction levels about each dimensions of brand identity will be asked in questionnaire, how to identify the contents in relevant questions? Brand identity as a sender in company's position and image is formed through the message from company, it is important to make sure what brand identity message that company wants to transfer and will help authors to make appropriate questions for target respondents, then make understanding about e.g. what kind of brand identity that company focus? What loyalty customer in company's eyes? What brand image that company wants to transfer to customers? What customers' perspective about them in fact, etc. It is obviously that the qualitative research will offer orientation and means valuable for the relevant questions design in questionnaire. Second, the results of questionnaire may not fit with the original hypotheses. When this situation happened, the qualitative research can be followed up and can be used to offer further supports for possible analysis.

Quantitative research facilitates Qualitative Research

Quantitative research offer background for qualitative research, for example, the results from questionnaire can be generated smaller, representative interviews for company and customer (Bryman and Bell, 2003). For example, authors can give feedback the suggestions in the questionnaire and the issues that customers interested to company. In addition, some problems which emerged from the results of questionnaire can also be prepared in the interview to company, like the quality issue of mobile phone. Moreover, the quantitative research guide the qualitative, especially after the results of questionnaire may not fit with the original supposed, the finished quantitative research can be the reference to the following up qualitative research and get more intensive or detailed information. For example, pick up some questions from

questionnaire to ask company and compared the difference between customers' view and company's view. These ways will make the research process more complete, precise and considerable.

3.2.2 Time and Cost

As there are only approximately one month for the data collection, and authors are all students who did not have income, how to make the research design in an efficient and economize way? It becomes the key premise doing data collection. Based on the different features on data collection methods, questionnaire and structured-interview were chosen to implementation.

3.2.3 Questionnaire Design

This paper uses online self-completion questionnaire (online survey) as the tool to collect data from customers. The advantages of self-completion questionnaire compared with interview are the research instrument has to be especially easy to follow and the questions have to be easy to answer; cheaper to administer; quicker to manage (especially the online survey); absence of interviewer effects and convenience for respondents. So this data collection method is the most suitable one for quantitative research. The questionnaire was sent to these respondents through internet (e.g. online community, facebook, e-mail etc.) Totally around 500 questionnaires was sent out and a total number of completed survey is 176 (88%) in 200 replies were received.

The questions in the questionnaire include closed questions and one open question. Based on the hypothesis, the data needed from the questionnaires mainly focus on the evaluations (satisfaction situation) on brand image which got from the brand identity message. The content of closed questions include four aspects: The personal information of respondents, personal situation on using SE's cell phone, the evaluations on brand identity message and one open question for further suggestion.

3.2.3.1 Types of Question

There are mainly two types of questions in the questionnaire, which are personal factual questions and questions about attitudes. Personal factual questions ask the respondent to provide personal information and this kind of question also includes questions about behavior (e.g. used in the loyalty definition questions) Questions about attitudes are very common in both structured interview and self-completion questionnaire research. The like hood score is one of the most frequently encountered formats for measuring attitudes. There are five scales which are used in the attitude

questions in questionnaire (Bryman and Bell, 2003). In the five scales, the 1 and 2 scales are used to measure the situation on dissatisfaction, in another side, 4 and 5 are used to measure the situation on satisfaction. The scale 3 which is defined as neutral meaning in questionnaire, however, in the analysis process, authors thought 3 which also express the dissatisfy attitude from customers with different culture background and purchase psychology. For instance, Swedish people will prefer choosing neutral rather than dissatisfied. (Johan Anselmsson, Lecture Notes in SPSS Course, April 29th, 2009)

3.2.3.2 Define on Loyal Customers and Disloyal Customers

Due to the study of new theory model, the evaluations from loyal customers and disloyal customers of SonyEricsson will be used to prove hypotheses. Based on the theory of customers' loyalty, it can be divided into behavioral and attitudinal expressions. The behavioral dimension refers to a customer's behavior on repeat purchases, indicating a preference for a brand or a service over time, moreover, the repurchase and recommend, which are also good indicators of a loyal customer. With these considerations, there are five questions which are set to identify the loyal customers group and disloyal customers group in the questionnaires and these five questions are focus on the repurchase, recommend, the time of using, the extent of satisfaction about SE's cell phone and intention of keeping purchase in the future, these aspects to set closed questions to the target respondents.

The Difficulties on Defining the Loyalty and Disloyal Customers

The academic studies and the interviews from company did not indicated specific standards to define customer loyalty. For example, the statistics on how many years of using cell phone of SonyEricsson or how many cell phones purchased etc. can be used to define the customers as loyal or not. Second, there are different levels of loyalty and disloyalty, and this situation brought difficulties on defining the loyal customers. More over, the researches on these different levels are out of the area of this thesis study. With these considerations, the setting and design of these questions main focus on indicating characteristics (e.g. general satisfaction on product, repurchase behavior, committed and recommend action.) on loyalty and disloyalty. The following part will explain how questions identify the relevant characteristics of respondents.

Question 8 of online survey, (see Appendix I), "*How many years have you used SonyEricsson's cell phone?*" This was an elimination of the respondents who never used or have used the cell phone in this brand for short time. Question 9, "*How many cell phones you used before*" used to find the customers who have repurchase behaviors and this paper define that having two cell phones is the bottom line on repurchasing. The Question about recommend, the "*Never*" choice is used to eliminate the disloyal ones; Customers' general satisfaction over 4 scales (satisfaction) and keeping the intension on purchasing SE's cell phone are also the standards on

judge loyalty customers.

In the selection process of disloyal customers, authors found that not all the respondents who did not use SE's cell phone before matched the definition of disloyalty in this paper, because the research question focus on the relationship between brand identity and customer loyalty, in another word, the data used in analysis should sourced from the respondents who have used SonyEricsson cell phone and have certain knowledge on the product. Then these respondents can offer useful and valid evaluations on brand identity. Those people who did not have any knowledge or did not use cell phone of SonyEricsson can't give valuable comments and suggestions. Based on the considerations mentioned above, the selection on disloyal customers have been done based on four questions: the first one is '*Have you ever used SonyEricsson cell phone before?*' which check about the respondents used this cell phone or not, the answer "*no, but have certain knowledge*" will not be treated as the standards, because there are variety channels to get the relevant information, this situation may not match the research criteria on reliable aspect.

"How often did you recommend SonyEricsson cell phone to people around you before?" This question checks the situation on recommendation (word of mouth) which belongs to attitudinal dimension on customer loyalty. Based on the theory, if the respondents did not have intention to recommend SonyEricsson cell phone to other people (the person who choose *Never*), they were defined as disloyal customers. Question *"How satisfied are you with SonyEricsson cell phone general?"* checks the extent of satisfaction which can be treated as the indicator of loyalty of customers. (five scales to measure the satisfaction, 1 is very dissatisfied, 3 is neutral and 5 is very satisfied) the respondents who choose score under 3 can be treated match disloyal features.

3.2.3.3 Questions Design for Brand Identity

The reflections on brand identity are designed into six questions to gather data from customers.

According to Kapferer J-N (2005), the six features of "Brand identity in the Prism" are physique, personality, culture, relationship, customer reflection, and self image. However, these six facets were not asked fully in the questions.

Physique related question was asked on products, which has been discussed with interviewees of SonyEricsson in the interviews. Based on their feedback, there were four main categories (see appendix D): design, including color, shape, touch, screen and so on; functions, contains input methods, camera, walkman, entertainment and so on; quality, such as battery longevity, phone call quality and so on; price level satisfactions, and respondents can also write down their own opinions if they have

anything to say but was not in the survey. Two questions were targeted to this facet of identity, one from the positive aspect to more loyal customers, and the other was from a more negative way face the judge from those who were not very loyal.

Personality has not been included in the survey questions, since the pre-test has failed on this kind question—respondents were very confusing about how to answer it, the replies from customers are almost same-“*I don't know*”. So this question was left to ask people in personal and wasn't asked in a written way. Second, based on the interviews from company, the authors found that the dimension of *Personality* was not included in the brand identity message which SonyEricsson wants to transfer and company did not pay attention on this aspect, these are the reason why authors did not set this item into question.

Culture facet was aimed to ask if customers saw any impacts from both cultures: Japanese and Swedish. Did these two cultures influenced on designs, company concept, or customer service?

Relationship was asked in a very simple and clear way, “*How do you feel the relationship with SonyEricsson?*” And 1-5 scale was used for customers to choose.

The dimensions of “*Customer reflection*” and “*Self- image*” are combined together in one question, which was “*If you have used SonyEricsson's cell phone, how does it influenced your image?* Because these two items have close relationship with each other and the answers from respondents in pre-test interview about these two items are similar. (*5=strongly improved, 4=neutral/no change, 1=strongly worsened*)” The 1-5 scale was used for this question as well.

In order to collected useful and constructive answers which help for analysis, authors just keep four questions which are “*Physique*”, “*Culture*”, “*Relationship*” and “*Self-image*” about brand identity in questionnaire.

3.2.4 Interview Question Design

Structured Interview

Authors implement seven structured interviews. There are three interviews with customers, one interview with sales in the cell phone shop and three with companies. The aims of structured interviews are collecting data for support from company's side to design of questionnaire; collect relevant information about brand identity, clear out the definition of loyalty or disloyalty from company's eyes, and to find out the different opinions compare with customer's view and other useful information which can make up some disadvantages in this research.

Based on the data which is needed in this paper, the structured interview is the best way to do research, because the authors will give respondents almost the same context

of questions or the questions were set, in order to ensure that interviewees' replies can be aggregated and compared (Bryman and Bell, 2003).

Target group of Interviews

There are two target groups which will be implemented the structured interviews. They are company employees and customers. A part of the brand identity is from the sender's side (Kapferer .J.N, 2005), the interviews can help us got the relevant information about what brand identity they wanted to transfer to customers; and a part from recipient's side as well, customers can provide the information about what features of the product they pay attention on and the feedback. In conclusion, this information is valuable for the design of questionnaire and provides further analysis support.

Questions Design

As mentioned above, the context of question list is prepared and sourced from the 'Brand Identity Prism' (Kapferer .J.N, 2005). The setting of questions is aimed to guide employees to state the definitions of brand identity in their mind. Moreover, the same questions will be asked with the customers, it will be easier for the authors to make comparison and helps to prepare for the content of questionnaire. The questions for sales will be a bit different and it will collect the information on sales in the operators' shop. This interview has the main aim to design the questionnaire.

3.2.5 Pre-testing

In order to ensure the research can get useful and adequate data, the pre-testing is important before sending questionnaire and conduct interviews. (Bryman and Bell, 2003:273) there are three interviews are used for pre-test questions in the questionnaire, then help us gather information from the face-to face communicate from customer. These feedbacks will be used for the design of content and the possible answer settings for relevant questions. Authors randomly choose three people to do the questionnaire before sent out and also ask some users of SonyEricsson to help setting the questions for interviews.

The pre-testing questions for three customers are based on six parts in 'Brand Identity Prism' (Kapferer .J.N, 2005), which include personality, culture, consumer self-image, physical appearance, relationship and consumer reflection. Second, the questions also include the brand image aspect, which was setting to gather the perceptions from customers' side. Authors used interviews to gather possible answers from customers, and after the interviews, there are some problems:

(1) Some words in questions should be more understandable, because customers may not familiar with words in academic literature. Our mission is interpreting them into simple words which make sense to normal public.

(2) Some aspects in 'Brand Identity Prism' confuse customers or difficult for them to answer it immediately. For example, questions like "*If SonyEricsson is a person, how would you describe it?*" and "*Do you have any changes on your image because of using SonyEricsson's product?*" Causing this situation may have two reasons: the content of instructing the question is not appropriate and the question is not useful enough that can feedback information. These results from pre-testing will be a good guidance to improve the questions.

(3) The evaluations from customers in variety ways, however these answers express different levels on satisfaction/dissatisfaction, so the way of measuring it is necessary in the answers settings. With the aim to aggregate replies, the content of answers will be fixed.

(4) If questionnaire is for customers, understand them first. Authors also chatted with some users of SonyEricsson, about the way of purchasing, detailed experience on using SE's cell phone, personal suggestions and the loyalty attitude from their eyes, as these conversations are all implemented in informal ways and the users are all the friends of authors. With the considerations that these conditions will be the limitations of research, the contents of interviews were not recorded, however, they offered some useful information on customers' side and helped to the design of questionnaire/interviews.

(5) After making the draft of questionnaire, three people were randomly chosen. The authors record the feelings from them when doing these questions. The issues which were given feedback from them mainly about salary settings, the amount of questions and the misunderstandings on some questions, these suggestions from them offer great help in improvement of questionnaire.

3.3 Secondary Data

Secondary data is information not gathered directly by the authors, but from other researchers collected for various purposes and research questions. There are some risks of using secondary data, for example, they may not be entirely true, and bias may be caused by the limitations of previous research. Bryman and Bell (2003) point out that the original meaning might have changed for using secondary data. Secondary data from SonyEricsson and the interview contents from the internal employees.

Documents

The sales reports and quarterly reports of SonyEricsson (2002 to 2009) were used as the background materials to demonstrate the general financial situation of SonyEricsson. Another material was from the visit of SE's experience store for products exhibitions, for example, brochure in the store. The authors consider this

information as reliable since they are gathered directly from the company.

Online Resource

The authors also used the website of SonyEricsson to gather information about the company, and their global strategy. As it has different websites for each country, the authors even get a general situation about the performance of SonyEricsson in each country. Moreover, the online customer service centers in Sweden gives great supports for this research and provide some contact information of SonyEricsson.

Database

The secondary data used for the study is mainly articles from academic journals, academic literatures, and books. The articles are found through the Electronic Library Information Navigator (ELIN) and the authors also make sure that they are scholar articles. The literature chosen is mainly course and recommended literature from the education at the School of Economics and Management, Lund University. The authors also use other academic literature which is relevant to our study.

3.4 Reliability

Reliability is concerned with the question of whether the results of a study are repeatable (Bryman and Bell, 2005). The reliability criteria mainly check the research process can be replicated by other researchers or not. In order to reach this requirement, the authors try to show great transparency to show our data collection process as clear as possible. However, there might be different standards on defining variables in the research, for example, there are different opinions on the definition of customers' loyalty depends on different researchers and companies. However, even the opinions are various, they still in the fields of academic theory. In order to make sure the research can be devised for concepts in business and management, the authors combine the company's opinions and relevant theory together to guarantee the variables measured were consistent in most people's eyes. Moreover, before the authors send out the questionnaires to respondents, the pre-test was implemented. This action makes sure the message from questions can be transferred effectively to respondents and make sure the data was reliable, this means, guarantee the data from customers in a stable level. Overall, the research process can be referred by other researchers and it is repeatable.

3.5 Validity

The measurement of data validity has to do with whether or not a measure of a concept really measures that concept (Bryman and Bell, 2005). The construct validity implied that the researchers are encouraged to deduce hypotheses from a theory that is relevant to the concept. In order to test the hypotheses from theories, the authors

conduct survey and interviews to both respondents who are loyalty and disloyalty. Then the authors investigate this theoretical deduction by examining the results from survey and interviews. Normally, for the case study research design, the findings of a single case cannot be applied more generally to other cases. In other words, the external validity of case study design is considerably low compared with other designs. However, the research respondents from the worldwide and the topic was about the relationship between brand identity and customer loyalty, these can be a valuable reference to the mobile industry. Therefore, the authors believe that the study can achieve a certain degree of theoretical generalizability from this case.

Chapter 4: Empirical Data

This section presents the primary data that authors have obtained from the online survey and interviews. These data included relevant information on brand identity and customer loyalty from both disloyal and loyal customers of SonyEricsson, with the aim that use them to discover the relationship between brand identity and customer loyalty.

4.1 Data from the Survey

This section presented the primary data which was collected from online survey.

The survey was mainly posted on the international online communities (e.g. Facebook, MSN). The respondents were considered as randomly chosen and it covered the people world widely. By the time of May 12th, 2009, there were 200 responses replied and 176 of them had completed the whole survey. The survey complete rate was 88% in a satisfactory way.

As mentioned in Chapter Three, in order to keep the valid of primary data, the survey was designed to collect information from those who have used SonyEricsson cell phones and have not used it but had certain knowledge on it. The person who did not have any ideas about this brand was not considered.

4.1.1 Survey Overall Result

There were 52.5% male and 47.5% female responses in total, the majority respondents were young people in the age 21-30 (94%), 60.6% of respondents were students without jobs and 34.3% of people having full-time jobs.

There were 55% Chinese respondents and the rest ones were from other countries of the world. Since the income levels of Chinese are quite low compared with most countries, question on monthly income has been asked differently. In this sense, the result presented the 34.3% of Chinese respondents did not have income, and 28.7% had income more than 5000 Yuan. The respondents from other countries showed that 41.6% did not have income, and 34.8% had less than \$2000 income monthly.

There were 56.9% respondents have used SE's cell phones and 30.5% have not used but had certain knowledge about it. 12.7% of the total respondents had no idea about SE's cell phones.

4.1.1.2 Loyalty status overview

Concerning the time length of using SE's cell phones, 46.3% of respondents had never used or used less than one year, 28% of respondents had used one to two years, and 7.3% used SE's cell phones for five or more years. There were 70.3% of respondents had never used or used one model of SE's cell phones, 26.1% respondents had used two or three phones.

For the question, "How often did you recommend SonyEricsson's cell phone to around people before?" 49.1% occasionally did and followed 33.3% of respondents never do it. The result showed that most customers did not likely to be the promoters of SE's products.

4.1.1.3 Results on Brand Identity

There were 58.7% of respondents felt *Neutral* to the relationship with SonyEricsson, 29.7% felt it was *Friendly*. In the self-image aspect, 49.7% of respondents selected *Neutral/No change*. In the culture aspect, 51.9% of respondents perceived it was *Neutral* or they *did not know* whether there were cultural impacts from Sweden or Japan. In the physical section, respondents were asked to rank the features which reflect the expectations to SE's cell phones, 42.2% gave their priority (*the most satisfied*) to the *Design*, and 41.9% gave *satisfied* to *Functions*.

In the 200 respondents, 49.4% of them were satisfied with SE's cell phones in general, furthermore, in the satisfaction comments of this question, 8.1% of respondents expressed very satisfied. From the responses, 33.1% of respondents had never bought SE's cell phones before. In the reasons of stop buying SE's cell phones, 23% of respondents picked *Function* as the main reason, and 19.6% picked *Quality* reason. In the question about social class of customer group, 47.5% of respondents thought SE's cell phone suited for middle class, 33.5% voted for all social classes, and 32.3% thought it was for middle-high social classes.

4.1.2 Results on Loyal Customers

To be able to guarantee that the replies of the whole survey meaningful and valid, authors designed the survey by filtering away the ones who did not match certain criterions. The criterions and the way of filtering will be discussed in the following part.

4.1.2.1 Selection Methods

Since this paper aims to investigate the relationship between brand identity and customer loyalty, the respondents were divided into two groups: loyal and disloyal customers in this survey.

There were four questions focus on attitudinal and behavioral dimensions of loyalty, which were used to identify loyal customers. For example, the loyal customers were the respondents who answered *he/she had purchased over two cell phones* in the question: *How many cell phones have you used from Sony Ericsson?* Because repurchase behavior was defined as a behavioral indicator to identify loyal customers. The customers who owned more than one cell phone was considered have repurchase behavior. Second, the respondents who answered *very often, often, or occasionally* to the question: *“How often did you recommend Sony Ericsson’s cell phones to people around you before?”* they were treated as loyal customers, because the “word of mouth” was the other important indicator to identify loyal customer from the attitudinal perspective. Third, loyal customer should have a general good brand image on SE’s cell phone, and the respondents who answered 5, or 4 to the question: *How satisfied are you with Sony Ericsson’s cell phone generally? (5=very satisfied, 3=neutral, 1=very dissatisfied)* were also considered as the loyal customer through their satisfied evaluation. As loyal customers committed to the products in a certain brand, a question was asked: *If you have stopped buying SonyEricsson’s cell phone, what are the reasons?* , the loyal customers will gave the answer that they will still purchase in the future, in other words, if the respondents answered *I’m still buying*, which were considered as loyal ones.

In conclusion, the respondents who gave the answers that matched the criteria of loyalty, and then they were defined as loyal customers in this paper.

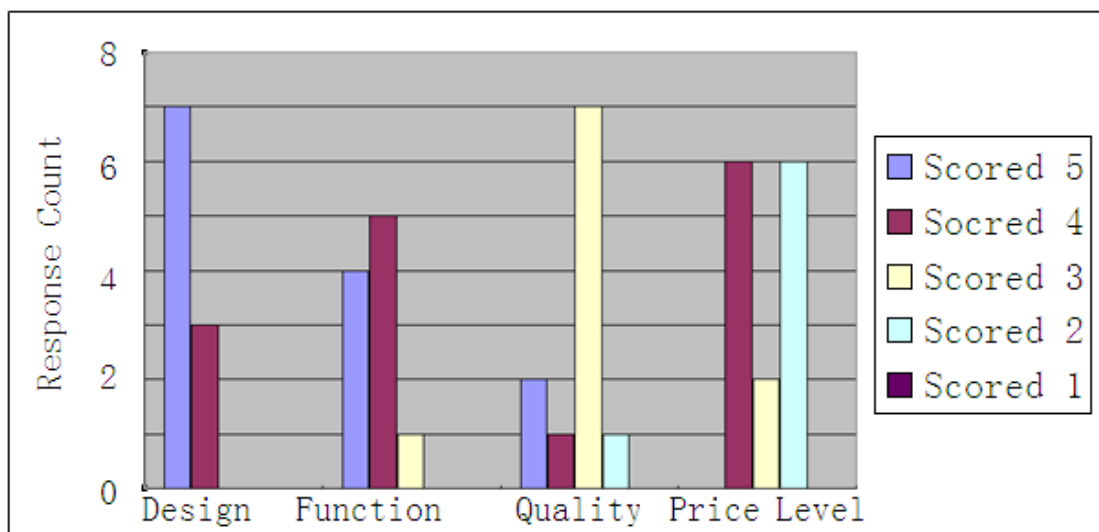
4.1.2.2 General Background

The loyal customers who matched these criteria were 15 people out of 200 respondents. From these 15 loyal customers, there were 26.7% *male*, and 73.3 % *female*. 93.3% of them were in the *age 21 to 30*, the person in aged 20 and below were 6.7% in total. Second, there were no respondents in the *age over 31*. 73.3% of total were *students without jobs, part-time and full time* (13.3% each). Third, the nationalities of those who were considered as loyal customers were six *Swedish*, three *Chinese*, two *Polish*, and one each from *Tirana, Indian, Australian, and American*. Fourth, the income level was different between Chinese and people from the other countries: for Chinese, there was one person had *no income*, one respondent had income in the range from *1001Yuan to 3000Yuan* per month, and one had *3001 to 5000Yuan* per month. Fifth, for people from the rest of the world, 66.7% had *no*

income, 25% had income below \$2000, and no respondents had income in the range from \$2001 to \$4000, 8.3% of the respondents had \$4001 and over income monthly.

The questions left in the survey were those which tested the opinions about brand identities from loyal customers. In the results of these 15 loyal customers, they all used two or three SE's cell phones. 53.3% recommended SE's cell phones to others "occasionally", 33.3% recommended "often", and 13.3% of them recommended to others "very often".

4.1.2.3 Results from Identity Questions



In the Physical aspect, a ranking question on satisfaction level among *Design* (color, shape, touch, screen etc.), *Functions* (input methods, camera, walkman, entertainment etc.), *Quality* (battery longevity, phone-call etc.), *Price level*, and *Other* (left blank) was given. As it shows in the bar chart, the blue bar standards for respondents who scored 5 (very satisfied), yellow bar expresses neutral (Scored 3), and purple bar illustrates very dissatisfied (Scored 1).

The most satisfied feature was *Design* with 70% supporters, followed by the *Function* with 50% ranked at No. 2, the *Quality* was placed at the third position which gained 63.6% agreement, and *Price level* was the least satisfied feature which had 42.6% votes, in a word, the satisfied features were: *Design*, *Function*, *Quality*, and *Price level*. However, in the "other" answer box, two persons expressed their displeasures. Response A: "I hate that I sometimes get surprise when I am using the internet although I do not want to." Response B: "But I'm very angry about cell phones' short lives - this goes for cell phones in general (& perhaps electronic products in general) and is not only a critique to SonyEricsson but to ALL companies in the business!! Buttons such as joystick seem programmed or otherwise chosen to be constructed with parts/materials that wear out way ahead of phone's intended life span. This is

NOT ok!”

66.7% loyal customers did *not have much feeling* on the *Relationship with SonyEricsson*, and the rest 33.3% believed the relationship was *friendly*. When respondents were asked: “*How does SonyEricsson cell phone influence your image?*” 53.3% response stated “*neutral/no change*”, and 46.7% chose “*improved*”.

For the last open question, 8 out of 15 respondents provided recommendations to SonyEricsson, they were grouped into three categories: (1) no recommendations (2) positive comments, but no recommendations, would not be quoted here; (3) valuable recommendations, which would be quoted as following:

1. Make them not fail a lot like they do....the white screen of death. Tue, 5/5/09 9:29 PM

2. Make it more difficult to use the internet function. Just because I happen to touch a button I do not want to use internet! The quality needs to be improved. The nice design makes you think it is a high quality phone but many people have experienced trouble here. Mon, 5/4/09 9:37 AM

3. Think ahead of trends & be the first to introduce a reliable phone that WILL LAST for years. People want a phone they can rely on, that won't wear out in 1-2 years. Find ways to keep phone updated without buying a whole new product. Today's level of consumption is not sustainable and companies must find other ways to keep things going without wasting raw materials. Sat, 5/2/09 12:54 PM

4. More fun functions! Fri, 5/1/09 10:57 PM

4.1.3 Results on Disloyal Customers

In the survey, the disloyal customers' group consisted of two kinds of customers: who never been loyal and the ones who used to be loyal, but switched to other brands eventually.

4.1.3.1 Selection Methods

The selection on disloyal customers was based on the answers to four questions. The first one was ‘*Have you ever used SonyEricsson’s cell phone before?*’ The answer ‘yes’ was used to guarantee the respondents had used cell phones and had certain knowledge on it. “*How often did you recommend SonyEricsson cell phone to people around you before?*” This question checked the situation on recommendation (word

of mouth) which reflected attitudinal dimension on customer loyalty. The ones who chose “Never” were defined as disloyal customers. The question “*How satisfied are you with SonyEricsson cell phone generally?*” checked the extent of satisfaction from customers and their general evaluations on SE’s cell phone, the respondents who did not express clear satisfaction attitude (under score 3) were grouped into disloyal customers. “*If you have stop buying SonyEricsson’s cell phone, what are the reasons?*” which was a multiple choices question. Those who had never used SE’s cell phones were excluded since they were lack of experience of using a SE’s cell phones and their answers might not valuable.

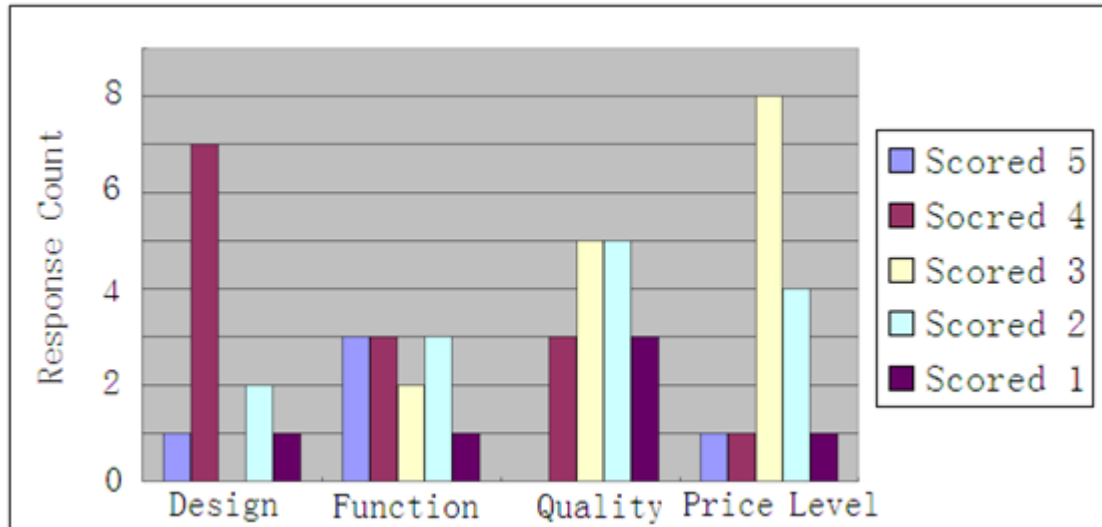
4.1.3.2 General Background

This survey got 16 (8%) disloyal customers from 200 respondents who have matched the .disloyal criteria as mentioned above.

In the results from questionnaires, there were 56.3% male respondents, and 43.8% female respondents. All of these respondents were aged between 21 to 30 and their occupation situations were: students without jobs took up the largest percentage which was 68.8%, the part-time workers was 18.8%, and full-time was 12.5%. The nationalities of the majority respondents were: Chinese (50%, 8 persons) and Swedish (19%, 3 persons). And other nationalities were Dutch, Macedonian, Australian and Austrian (6% each, 1 person). In the questions concerning income level, there were 62.5% Chinese respondents had no income, 37.5% respondents had 1001Yuan to 3000Yuan income monthly. Except Chinese respondents, there are 75% of the rest ones who had income under \$2,000. 56.3% of disloyal respondents had never used or had used SE’s cell phone for less than one year, 37.5% had used for one or two years, and 6.3% had used for 5 or more years. 81.3% disloyal customers had never used or had used cell phone in this brand, 18.8% had used two or three cell phones. And there was 46.7% disloyal customer thought the SE’s cell phones faced to the people of all social classes.

4.1.2.3 Results from Identity Questions

There were four relevant questions collected the evaluations from disloyal customers on brand identity.



In the question of ranking the features of SE's cell phone, most of the disloyal respondents expressed satisfied on *Design* which took up 63.6%. About 25% of respondents were very *satisfied* (scored 5) in *Function*, and 25% scored 4 (*satisfied*) and 25% scored 2 (*dissatisfied*). In *Quality* part, 53.3% of respondents expressed *dissatisfied*, very *dissatisfied* comments occupied 20%, and there were no people scored in *most satisfied*. In the price level, the *neutrally* evaluation take up 53.3% and 26.7% respondents were *dissatisfied* on it.

In the relationship aspect, most respondents (66.7%) expressed that there wasn't any feelings about the relationship with SonyEricsson. In the evaluation on consumer self-image, most people (66.7%) thought that there wasn't any change on their self-image. Moreover, 86.7% respondents felt the image was worsened or strongly worsened, and no one felt the image was strongly improved while using a SE's cell phone. In the culture aspect, the feedback from respondents expressed that a part of them (40%) saw the cultural impacts from Sony (Japan) and Ericsson (Sweden) on the SE's cell phone, and 46.7% of respondents expressed they had no idea on it, or did not see the cultural impacts.

When the respondents were asked to give some recommendations to SonyEricsson, there were mainly three opinions.

1. Quality. *'Better product testing. Both software and hardware's quality is poor on a general basis because you release telephones too early, without adequate quality*

2. Design. *'Bigger buttons, software that is uncomplicated. Learn from Nokia and Samsung.'* *'Bigger Screen Size!'*, *'The main menu button is not very good, but often become malfunction! That's why I think this mobile phone is garbage'*
3. Personal attitude. *'I don't actually care about cell phones, any kind of brand.'*
4. Personal attitude. *'I don't actually care about cell phones, any kind of brand.'*

4.2 Data from the Interview

Interviews were conducted with employees from SonyEricsson and individual customer, the data from interviews included three insights: historical features, brand identity insights from SonyEricsson and reflections from customer interviews (See Appendix IV).

The data collected from interviews were mainly used to design the survey, for example, the categories of physique facet of brand identity were inspired from the interviews with employees from the technique department of SonyEricsson. Since the context of these interviews was not mainly analyzed in Chapter 5, the summary of conversation would not be settled in text here. However, the loyalty measurement had been discussed with Ms. Gawel, which was the manager of Customer Relationship in Global Marketing Department, she considered repurchase behavior was the main signal for defining customer loyalty in SonyEricsson, and it did not require specific times of repurchasing. In this paper, author combined the view from company and academic theories together to define the loyalty comprehensively.

4.3 Research Limitations

There were several limitations when authors were trying to investigate research problem and reveal the truths from the research, which would be presented as following:

First, the respondents of online survey were randomly chosen through the online communities (e.g. Face book and MSN) world widely, therefore, the repliers were majority of internet users who were only a part of the target customers of SonyEricsson and they were not representative sufficiently for the entire market.

Second, even the questionnaire was sent out globally, most of the replies were from Sweden and China. This situation brought the geographical limitation to the data collection.

Third, in the research process, the results from interviews did not present clear definitions and sufficient data on the *Consumer Reflection* and *Personality* dimensions, it results the authors mainly focus on the other four dimensions rather than the whole six ones in the questionnaire to customers. In this sense, there are certain study limitations in this thesis.

Fourth, culture issues will influence the results of the survey. For example, due to the culture factors, the Swedish are not likely to express dislike or any strongly comments compared with the people from other countries, in other words, some Swedish respondents would prefer choosing neutral rather than dissatisfied, so in some cases, the dissatisfied and negative results are not very obvious and sufficient, and neutral answers were chosen dominantly. Because the total respondents are very international and they were consisted of Chinese, Swedish and people from other countries as well, so this limitation may erode in some circumstances but it still can not be ignored.

Fifth, as the financial performance was not very good, SonyEricsson Company has set rules regarding employees were not allowed to release the sensitive information and confidential situations publicly, which brought the difficulties to collect relevant data from interviews. The content which used in this research process would refer to some business confidential information, for example, the reasons of current poor business performances and the evaluation about brand identity, so employees can not talk too much about these issues and the relating information was lacking in some extent.

Chapter 5: Analysis

This chapter mainly analysis the results from data collection and demonstrate the difference between the disloyal and loyal respondents. This part aims to offers the data which were used to test the two hypotheses and the specific relationship between brand identity and customer loyalty

5.1 Loyal Customers

The following analysis will mainly base on the results from online survey and the interview with SE's manager.

From the survey, this paper focus on four aspects which are *Physical Appearance, Relationship, Culture* and *Consumer self-image* according with Kapferer (2005)'s "Brand Identity Prism". As "Brand Identity Prism" interacts with the company's and customer's perspectives, the brand identity analysis will base on the data which collected from company and customers. The analysis will focus on the four dimensions of brand identity.

The survey results of physical aspect which are include *Design, Function, Quality,* and *Price* and showed a positive trend. Three items of them got score over 4 (satisfied) and most loyal customers definitely had positive opinions to SE's product. *Cultural* impacts did not show a very obvious trend from the survey results, because most respondents seem did not found distinct impacts on SE's cell phones from neither Japanese nor Swedish style. In the interview with Ms. Gawel, she explained that the cultural effect was not in a very significant position of the product. This situation cause the culture element did not be expressed too much on SE's cell phone. In the *Relationship* aspect, the survey showed the perceived relationships from customers were included both positive (over score 4) and neutral (score 3) evaluations. Moreover, the self-image aspect was also evaluated in positive (over score 4) way as survey showed. In general, the evaluations from customer's perceptions to the physical elements present a positive trend.

Due to the brand image has been defined as perceptions of an organization reflected in the associations which was held in consumer memory (Keller, 1993). The evaluations about brand identity were actually the evaluations on the general image (customers' perception) from the of SE's brand identity message. One step further, from the survey results of loyal customers, it showed that all of them were "satisfied" and even "very satisfied" with the SE's products. It is perceived that the positive brand image results satisfied customers. Furthermore, as the study of Kandampully and Suhartanto

(2000) defined a desirable brand image lead to customer loyalty through satisfaction, the authors can get conclusion that the positive brand image would eventually lead to customer loyalty.

In the interview with Company (include the interviews with employees), it is clear that SonyEricsson is trying to deliver a positive brand identity to the target customers with the aim to improve the profits through establishing a strong brand, the company put much more attentions on *Physique* dimension because the cell phone was used as medium to delivery the brand identity message to customers, in other words, SonyEricsson is mainly focus on its products physical aspect of brand identity. It is coherent with the evaluations about physique category from the loyal customers in the survey. In this consequence, it is considered that the brand identity messages which SE's trying to deliver are highly related and eventually result the perceived brand image of customers. In general, the positive brand identity which sent from company's side got positive evaluations. Even there are still existed a few dissatisfied comments, but most loyal customers still have confidence with SE's cell phone.

(+) Positive Brand Identity which has (+) Positive Brand Image → (+) Customer Loyalty. (Through satisfied evaluations)

Overall, it showed the positive brand identity would result in desirable brand image, which finally lead to customer loyalty through satisfied evaluation. Relying on this findings from loyal customers, the "*H1: positive brand identity leads to customer loyalty*" is proved through the representative case of SonyEricsson.

5.2 Disloyal Customers

When the summary data of disloyal customers, one interesting phenomena was revealed accordingly. There are some disloyal customers of SonyEricsson still highly evaluated on some aspects of brand identity:

The data results about physical aspect did not show obvious trend that the negative judgments were more than the positive ones, for example, the items *Design* and *Function* still got satisfied comments (over score 4) from disloyal customers. However, the negative evaluations still existed from the disloyalty group, in the interview from disloyal customer *Fu Chenjie*, he complained about the quality of SE's cell phone, "*I dropped it into ground by accident; the chip inside the phone was broken into two pieces*". Moreover, the result of survey expressed that *Quality* still the biggest reason that affects customers to stop purchasing the cell phone of SonyEricsson. The vote rate in this item takes up the largest part (64.3%) and *Function* rank as second (42.9%).

However, the aspects of *Relationship*, *Self-image* and *Culture* of brand identity got

more negative evaluations from respondents:

First, the evaluations on the relationship aspect express a negative trend, because the results expressed that respondents score 3 (58.7%) take the largest part, SonyEricsson did not make good communication with customers and they still needs improve this aspect. Second, in *Self-image* aspect, the person who choose “*No Change*” take up the largest part (66.7 %) and no one Score on 5 (*Strongly improved*). The result expressed that customers did not think SE’s cell phone have any helps on changing self-image and denied the effect of this function. In general, the trend of evaluation was negative, because the score of 86.7% of people fewer than 3. This result reflected that company did not transfer relevant message to customers effective, because most interviewees even did not have any ideas about self-image through the interviews. Third, most respondents chose “*I don’t Know*” (86.7%) on the impacts of culture issue and this answer occupied the largest part in the replies. Interviews from customers all expressed that they felt quite blur in the *Culture* aspect and company did not do sufficient work about culture issues.

The analysis result from disloyal customers was shown that the negative evaluations on brand identity are more than the positive one. We can make the judgment that the general brand image is negative in disloyal customers’ eyes. The linkage between image and loyalty is mediated by customers’ judgments such as quality perceptions and satisfaction. (Sirgy and Samli, 1989), in other words, the negative evaluation (dissatisfied) from customers will influence the customer loyalty. As the respondents of research are all disloyalty to SonyEricsson, so the negative brand image can lead to customer disloyalty through dissatisfied on brand identity messages.

This paper also supposed that the brand identity and brand image interacted with each other, because the features of some aspects in “Brand Identity Prism” (Kapferer .J.N, 2005) will refer to customers, e.g. *Relationship*, *Consumer self-image* and *Consumer Reflection*, these aspects will not exist isolate and they have to associate with customers. Based on these considerations, the brand image from customers’ side can be used to reflect the evaluation of brand identity. Second, as there was not sufficient negative evaluations about brand identity from company’s side, this paper used brand image as a support to reflect the performance of brand identity and make up the disadvantages of relevant data collection. In conclusion, the analysis result express the judgments of brand identity is negative in disloyal customers’ eyes.

Based on the model which mentioned in theory part, the negative brand image can lead to disloyal customer is proved. Due to the negative brand image can reflect the negative brand identity in disloyal respondents’ evaluation, the relationship between negative brand identity and disloyal customers is proved. “*HP2: The negative brand identity leads to customer disloyalty.*”

(-) Negative Brand Identity which has (-) Negative Brand Image → (-) Customer

Disloyalty. (Through dissatisfied evaluations)

5.3 Another Phenomenon

This paper also found that some disloyal customers were still satisfied in some elements of SE's products. Moreover, in some items e.g. *Design, Function*, the evaluation between loyal and disloyal customers was not very evident. Why did the results present like this? By over viewing the whole survey and related interviews, the reasons are presented as following:

(1) Cultural issues. According to the lecture of Johan Anselmsson (2009), which stated survey results can not show sufficient percentage in the scales of strongly agree nor disagree in Sweden, the extreme evaluation will not be presented significantly due to Swedish culture. From this point of view, the reason for why very few people choosing strongly disagree or dissatisfied can be explained. There were 18.8% of disloyal customers from Sweden, which was in a very high percentage. They may lead to this phenomenon that mentioned above since different perspective and reactions from cultural reasons.

Another cultural issue is related to the question about stop buying SE's cell phone. One Chinese respondent wrote the reason of stopping purchase was "*Japan*". Due to historical reason between China and Japan, even some Chinese gave good evaluation on SE's products but they still do not repurchase it, because it is a half-Japanese product. As Chinese respondents also take large number in disloyal group, maybe this is the reason why some disloyal customers still give high scores to some items.

(2) Operator dominant market. When asking the respondents why they stop buying SE's products, one respondent wrote the reason: "*It is not offered by my operator.*" In this case, some customers may still felt satisfied with SE's products, but they can not repeat purchase it because their operators discontinue providing this products. As the results, this group of people belongs to disloyal customers of Sony Ericsson, but they may still give high evaluation based on their previous experiences and established brand image. Agnes Gawel (2009) stated in the interview, "*Western European countries are operator-driven market,*" so the contracts with operators influenced the purchase decision on which brand of mobile phones they are going to use. Some customers just focus on the actual calling time from economical perspectives and may ignore the brands of mobile phones. For example, there is a respondents who using SonyEricsson cell phone for almost 6 years and express she will still using it in the future, moreover, she also repurchased the cell phones of this brand (changed 5 cell phones), however, when authors asked did she like SE's cell phone or not, she replied "*I hate SonyEricsson! I purchase it because the contract from operator is economize.*" As mentioned above, the contract from operators is a key issue to influence the purchase behaviors.

(3) Quality reason. Even some elements of product were very satisfied by disloyal customers, however, they will not commit to this brand anymore if one defect of product was found, no matter how well performance of other items. For example, the products' design is very attractive and got widely good evaluations. However, the quality shows a very poor performance and it was badly evaluate in some questions. In the survey results, quality is the most dominant reason for customers stopped buying SE's products. Moreover, in the open question, the majority of respondents showed their bad experiences of using products and made many advices on quality aspect. It is conceived that some customers would stop purchasing SE's cell phone for the quality reason even they felt satisfied on the design or functions, it is coherent why some items are highly evaluated in the disloyal customer's survey results.

The analysis presented that the form of disloyal customers still be caused by many factors besides brand image and identity. In SE's case, there are some customers hold good perceptions in products, but they were still classified into the disloyal customers, because some other reasons would lead these customers to conduct disloyal behaviors, the brand image and identity are not the unique reasons. From this perspective, the reasons for leading disloyal customer besides brand image and identity would be further studied.

5.4 Why customers' view was mainly used to evaluate the brand identity?

From the analysis process above, it is clear that this thesis mainly use customers' satisfaction on brand image to judge the performance of brand identity. However, in the theory model (Figure 4) from Chapter Two, the brand identity was influenced by both customers and company. Why this thesis used customers' view as a major part to evaluate the brand identity? The following part will explain the reasons.

First, the "*Negative brand identity*" and "*Positive brand identity*" which were included in the hypotheses should be proved. The words "Negative" and "Positive" all express evaluations on the performance of brand identity. Furthermore, the evaluations can be got from customers' side and company's side.

On customers' side, as mentioned in the theory part, the evaluations (satisfaction situation) on brand identity were actually sourced from the evaluations on the perceptions of brand identity message. These perceptions can be defined as brand image. The theories also expressed that the satisfaction on brand image was the reflection of brand identity. Therefore, the performance of brand identity (negative/positive) can be expressed through the evaluations on brand image and

these data was from online survey which faced to customers.

On company's side, due to the information security rules of SonyEricsson, interviewees just offer few positive evaluations about brand identity and expressed that SonyEricsson was trying to deliver a positive brand identity to its target customers, but they did not offer further direct judgments on the performance of SE's brand identity. In other words, the data about this area from the interviews were not sufficient enough. This was the reason why authors didn't put too much empirical data from interviews in Chapter Four and moved them in Appendixes Part instead.

Overall, these issues caused the data analysis on defining the performance of brand identity mainly focuses on the results from online survey, which means from the customers' view.

Chapter 6: Conclusion

This chapter will conclude the results compared with hypotheses and clarify the answers to the research problem. This section will also highlight this study's implication to the academic study and practical operations. At last, the direction of future research was given.

6.1 Conclusion

The study of the whole paper begins with SE's bad performance recently. The mobile phone giant got the warning from the weak demand of consumers and trapped into financial crisis. Establishing powerful brand becomes an important mission to SonyEricsson now. This paper takes SonyEricsson as an example to analysis the brand identity and customer loyalty, which are important to influence the process of building the strong brand. The definition of brand identity combines both company's view and customers' view (brand image). From the theories, brand identity interacted with brand image and the brand image was also involved in brand identity. In the next step, two hypotheses were established with the aim to investigate the relationship between brand identity and customer loyalty of SonyEricsson. In order to prove the hypotheses, three factors which are brand identity, satisfaction situation (satisfied and dissatisfied) and customer loyalty which were investigated through the interviews and online survey. The first hypothesis was mainly proved through the loyal customers' positive brand image which reflected positive evaluations on brand identity. The second hypothesis is also been proved through disloyal customers' negative comments on brand identity. However, as many factors could influence customers' disloyalty, the prove process of the second hypothesis is more complicated than the first one. From the feedback from interviews and survey, the authors found that disloyalty can be influenced by culture issues, operators' market and quality reason, these issues caused few evaluations on brand identity presented satisfied level from disloyal customers' side.

Since the two hypotheses were proved, the relationship between brand identity and customer loyalty was demonstrated in a positive level, and from apart of it, the two elements also had positive relationship with customers' brand image and satisfaction. The conclusions were followed:

1. (+) Positive Brand Identity which has (+) Positive Brand Image \rightarrow (+) Customer Loyalty (Through satisfied evaluations)
2. (-) Negative Brand Identity which has (-) Negative Brand Image \rightarrow (-) Customer

Disloyalty. (Through dissatisfied evaluations).

Thus, there is positive relationship between brand identity and customer loyalty which is proved by substantial theories, collected data and practical investigations as presented throughout this thesis.

6.2 Implication

To Academic Study:

In the previous studies, there were many researches on the linkage during brand image, satisfaction and customers' loyalty. These studies were all stood on the customers' sides, because customers' responses are important to the decision of marketing strategies and raise widely attentions. In order to exist in the hot competition, companies made products which fit for customers' demands with the aim to enlarge market share and build strong brand image in people's minds, so the researches on customers are lead the trends of relevant academic studies. However, the research area of this thesis is not limited on received brand image, but also takes the resource of brand image, which is brand identity from company's side as consideration. Because more and more companies found the feedback from customers is not enough to support them to win the competition game, strong internal abilities is also necessary.

In addition, there were not sufficient researches about the relationship between brand identity and customers' loyalty in previous studies. This thesis combines the company's view and customers' view together to demonstrate how brand identity influence on customers' loyalty and fulfills the knowledge gap about relevant academic areas.

To Practical Study:

This thesis also make some contributes to the practical study of SonyEricsson and other mobile phone companies. Several suggestions were made from this research:

(1) The quality need to be improved. From the comments of respondents, quality aspects got the worst evaluation. It still the main reason that makes people stopping purchase SE's cell phone and company should pay more attention on the improvement of quality, even the high quality may increased the cost of manufacture, but the losing on loyal and potential customers will also influence the long-term profit.

(2) Enhance promotion and increase brand awareness. The survey results showed that the promotion activities of SonyEricsson were very weak, especially in Asian, the Asian respondents feedback that they even did not see any relevant commercials in TV, magazine or around streets. Maybe this is one of the reasons made some Chinese respondents did not familiar with the products of SonyEricsson. Besides, the advertisement did not express the features of SonyEricsson, one customer said "*The*

Second, the results of research express a situation that customers did not have evident brand awareness and very impressive brand image in minds. In the interviews, when was asked about “*What is the image of SonyEricsson?*” respondents often used long time to think about it or directly answered “*I have no idea*”. Most people felt the only thing that impresses them deeply is the logo of SonyEricsson.

(3) Building closer relationship and conduct initiatives communication. The research results present a situation that most customers did not feel or need any communications with company. May be the sales model (operators in charge of sales process) made a gap between customers and company: customers become care more about the contract with operators and company cares more about the operators. This situation caused the relationship between company and customers was ignored. Enhancing the relationship with customers is necessary on building the customers’ loyalty and keeping customers retention, because initiative communication is the best way to contact customers, the more understand customers, and the better brand image in customers’ mind will be established.

6.3 Future Research

There are certain further researches suggested to be followed. Through the study on the reasons that lead to stop purchasing SE’s cell phone, the authors found that the defects on even one item of brand identity (like *Quality*) may cause loyal customers give up committed to this brand. SE’s example inspired us that each single elements of brand identity is worthy to be studied deeply and each of them may have great impact on controlling customers’ brand image, and more importantly, has impact on loyalty. Furthermore, the study around the impacts of single elements of brand identity to brand loyalty can be referenced to other brands in variety industries as well.

Second, even the performance of brand identity are curial to customers loyalty, it was found that there were still many more influential aspects pushed the increasing number of disloyal customers. For instance, the culture issue, operators, marketing activities and the external financial environment (like financial crisis) will influence the loyalty of customers. Especially on the operators, authors found the sales process is quite difference between the Asian countries and European countries. Some Asian

countries like China and Japan still take directly sales from manufactures as dominate in the mobile phone market. Asian markets have huge potentials and the biggest competitor of SonyEricsson- Nokia already took over 60% market share, if SonyEricsson wants to do better performance, they need to adjust the relevant marketing strategies to fit for the foreign markets. As the business environments and policies of Asian countries are quite different from western countries, there are great risks and challenges in front of the mobile phone companies and the adopted marketing strategies for the foreign markets become necessary. How to conduct the “ice break” process in Asian countries? This topic can be done further researches.

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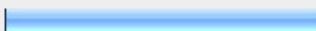
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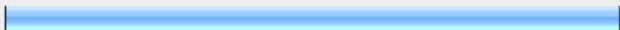


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Appendix I: General Results of Questionnaire

See survey summary separate behind.

Survey on SonyEricsson

1. What is your gender? 性别			Response Percent	Response Count
Male 男			52.5%	104
Female 女			47.5%	94
			<i>answered question</i>	198
			<i>skipped question</i>	2

2. What is your age? 年龄			Response Percent	Response Count
20 and below			2.0%	4
21-30			94.0%	187
31-40			2.5%	5
41 and over			1.5%	3
			<i>answered question</i>	199
			<i>skipped question</i>	1

3. What is your occupation? 职业			Response Percent	Response Count
Student (with no job) 学生 (未就业)			60.6%	120
Part-time 兼职			5.1%	10
Full-time 全职			34.3%	68
			<i>answered question</i>	198
			<i>skipped question</i>	2

4. What is your nationality? 请问您的国籍是?

	Response Count
	170
<i>answered question</i>	170
<i>skipped question</i>	30

5. For Chinese only:若国籍为中国, 请选择以下选项中的 “是” 一栏

	Response Percent	Response Count
是	97.3%	110
否	2.7%	3
<i>answered question</i>		113
<i>skipped question</i>		87

6. What is your income level monthly (before tax)?

	Response Percent	Response Count
No income	41.6%	37
Below \$2,000	34.8%	31
\$2,001—\$3,000	9.0%	8
\$3,001—\$4,000	7.9%	7
\$4,001 and over	6.7%	6
<i>answered question</i>		89
<i>skipped question</i>		111

7. 请问您的收入水平是? (月收入)

	Response Percent	Response Count
无收入	34.3%	37
1元-1000元	4.6%	5
1001元-3000元	21.3%	23
3001元-5000元	11.1%	12
5001元及以上	28.7%	31
<i>answered question</i>		108
<i>skipped question</i>		92

8. Have you ever used SonyEricsson cellphone before? 您是否使用过索爱的手机?

	Response Percent	Response Count
Yes 是	56.9%	112
No, and I don't have any idea about SonyEricsson cell phones. 否, 完全不了解	12.7%	25
No, but I have certain knowledge about SonyEricsson Cell phones. 否, 但有所了解	30.5%	60
<i>answered question</i>		197
<i>skipped question</i>		3

9. How many years have you used Sony Ericsson's cellphones? 你使用索爱手机的时间?

	Response Percent	Response Count
Never or less than 1 year 从未使用过或少于一年	46.3%	76
1-2 years 约一至两年	28.0%	46
3-4 years 约三至四年	18.3%	30
5 years and over 约五年及以上	7.3%	12
<i>answered question</i>		164
<i>skipped question</i>		36

10. How many cellphones have you used from Sony Ericsson? 您使用过多少部索爱手机?

	Response Percent	Response Count
0-1	70.3%	116
2-3	26.1%	43
4-5	1.8%	3
6 and over	1.8%	3
<i>answered question</i>		165
<i>skipped question</i>		35






11. How often did you recommend Sony Ericsson's cellphone to people around you before? 您向周围人群推荐索爱手机的情况是?

	Response Percent	Response Count
Very often 总是	5.5%	9
Often 常常	12.1%	20
Occasionally 偶尔	49.1%	81
Never 从不	33.3%	55
<i>answered question</i>		165
<i>skipped question</i>		35




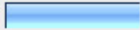

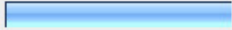
12. Please ---RANK--- (5 = the most satisfied; 1 = the most dissatisfied) the following features that reflect your expectations of SonyEricsson cellphones? 请按您的期待程度为以下索爱手机的特点 ---排序--- (5=最满意的, 1=最不满意的)?

	5	4	3	2	1	Response Count
Design(color, shape, touch, screen etc.) 设计 (颜色, 形状, 触感, 屏幕等)	42.2% (49)	37.1% (43)	10.3% (12)	7.8% (9)	2.6% (3)	116
Functions(input methods, camera, walkman, entertainment ect.) 功能 (输入法, 摄像, 音乐, 娱乐等)	24.8% (26)	41.9% (44)	22.9% (24)	8.6% (9)	1.9% (2)	105
Quality(battery longevity, phone-call etc.) 质量 (电池寿命, 通话等)	18.0% (22)	18.0% (22)	36.1% (44)	24.6% (30)	4.1% (5)	122
Price level 价格水平	3.6% (5)	26.4% (37)	37.1% (52)	29.3% (41)	3.6% (5)	140
Other (please specify) 其他, 请另外列出						13
<i>answered question</i>						161
<i>skipped question</i>						39


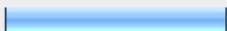

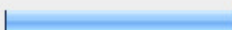
13. How satisfied are you with Sony Ericsson's cellphone generally? (5=very satisfied, 3=neutral, 1=very dissatisfied) 您对索爱手机的总体满意度是? (5=非常满意, 3=一般, 1=非常不满意)

	Response Percent	Response Count
5 	8.1%	13
4 	49.4%	79
3 	35.0%	56
2 	6.3%	10
1 	1.3%	2
<i>answered question</i>		160
<i>skipped question</i>		40



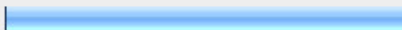


14. If you have stopped buying SonyEricsson's cellphone, What are the reasons? (Multi-answer available)如果您已经停止购买索爱手机, 请问原因是? (可多选)

	Response Percent	Response Count
I'm still buying 我仍然会购买 	26.4%	39
Design 设计 	16.2%	24
Functions 功能 	23.0%	34
Quality 质量 	19.6%	29
Price 价格 	12.8%	19
I've never bought any 我从来没买过 	33.1%	49
Other (please specify) 其它, 请另外列出		18
<i>answered question</i>		148
<i>skipped question</i>		52

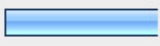


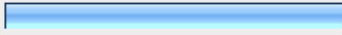


15. Which social class would buy Sony Ericsson's cellphone in your mind? (Multi-answer available) 您认为购买索爱手机的人群为? (可多选)

	Response Percent	Response Count
Lower class 较低层 	11.4%	18
Middle 中层 	47.5%	75
Middle-high 中高层 	32.3%	51
High 高层 	6.3%	10
All of them 以上皆可 	33.5%	53
<i>answered question</i>		158
<i>skipped question</i>		42

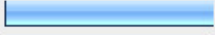


16. How do you feel the relationship with SonyEricsson? 您觉得索爱公司对顾客的亲切度是?

	Response Percent	Response Count
Very close 非常亲切 	2.6%	4
Friendly 比较友好 	29.7%	46
Neutral 没感觉 	58.7%	91
Slightly disconnected 稍有距离 	5.2%	8
Long-distance 比较疏远 	3.9%	6
<i>answered question</i>		155
<i>skipped question</i>		45

17. If you have experienced Sony Ericsson's cellphone, how does it influenced your image(5=strongly improved, 3=neutral/no change, 1=strongly worsened) 如果您曾使用过索爱手机，它(们)对您的形象带来怎样的变化？（5=大为改善,3=没有变化,1=大为降低）

	Response Percent	Response Count
I have never experienced 我从未使用过 	22.2%	34
5 	2.6%	4
4 	20.9%	32
3 	49.7%	76
2 	2.6%	4
1 	2.0%	3
<i>answered question</i>		153
<i>skipped question</i>		47

18. Do you see any cultural impacts on SonyEricsson cellphones from Swedish and/or Japanese ? 您觉得索爱手机有受到瑞典或日本文化的影响吗？

	Response Percent	Response Count
Yes 	30.5%	47
Neutral/I don't know 	51.9%	80
No 	17.5%	27
<i>answered question</i>		154
<i>skipped question</i>		46

19. To what extent, do you feel the following characteristics are descriptive to Sony Ericsson's cellphone? (5=strongly agree, 3=neutral, 1=strongly disagree) 索爱手机是否符合以下特征? (5=完全相符, 3=无评论, 1=完全不符)

	5	4	3	2	1	Response Count
Fashion 时尚	32.2% (49)	43.4% (66)	17.8% (27)	3.9% (6)	2.6% (4)	152
Fun 趣味	17.9% (27)	41.1% (62)	31.1% (47)	7.9% (12)	2.0% (3)	151
High-technology 高科技	20.0% (30)	50.0% (75)	23.3% (35)	5.3% (8)	1.3% (2)	150
Reliable 可信赖	17.3% (26)	38.7% (58)	29.3% (44)	12.7% (19)	2.0% (3)	150
User-friendly 易于使用	15.2% (23)	41.7% (63)	31.8% (48)	9.9% (15)	1.3% (2)	151
Creative 有创意	16.9% (25)	38.5% (57)	37.8% (56)	6.1% (9)	0.7% (1)	148
Good service 优质服务	10.7% (16)	30.7% (46)	48.0% (72)	8.7% (13)	2.0% (3)	150
Best for Young People 最适合年轻人	27.3% (41)	35.3% (53)	25.3% (38)	9.3% (14)	2.7% (4)	150
Best for female 最适合女性	10.7% (16)	29.3% (44)	42.0% (63)	13.3% (20)	4.7% (7)	150
Best for Business People 最适合商务人士	2.7% (4)	18.5% (27)	45.2% (66)	21.9% (32)	11.6% (17)	146
Other (please specify) 其它, 若有请列出						2
<i>answered question</i>						154
<i>skipped question</i>						46

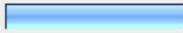

20. What are your recommendations to Sony Ericsson's cellphone and services? 您对索爱手机及服务有何期望或建议?



	Response Count
	71
<i>answered question</i>	71
<i>skipped question</i>	129

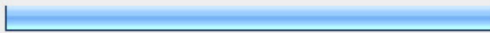


Appendix II : Results of Loyal Customers of SonyEricsson

See survey summary separate behind.

Survey on SonyEricsson

1. What is your gender? 性别		
	Response Percent	Response Count
Male 男 	26.7%	4
Female 女 	73.3%	11
<i>answered question</i>		15
<i>skipped question</i>		0

2. What is your age? 年龄		
	Response Percent	Response Count
20 and below 	6.7%	1
21-30 	93.3%	14
31-40	0.0%	0
41 and over	0.0%	0
<i>answered question</i>		15
<i>skipped question</i>		0

3. What is your occupation? 职业		
	Response Percent	Response Count
Student (with no job) 学生 (未就业) 	73.3%	11
Part-time 兼职 	13.3%	2
Full-time 全职 	13.3%	2
<i>answered question</i>		15
<i>skipped question</i>		0




4. What is your nationality? 请问您的国籍是?		Response Count
		14
	<i>answered question</i>	14
	<i>skipped question</i>	1


5. For Chinese only:若国籍为中国，请选择以下选项中的“是”一栏		
	Response Percent	Response Count
是	100.0%	3
否	0.0%	0
	<i>answered question</i>	3
	<i>skipped question</i>	12

6. What is your income level monthly (before tax)?		
	Response Percent	Response Count
No income	66.7%	8
Below \$2,000	25.0%	3
\$2,001—\$3,000	0.0%	0
\$3,001—\$4,000	0.0%	0
\$4,001 and over	8.3%	1
	<i>answered question</i>	12
	<i>skipped question</i>	3



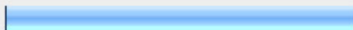
7. 请问您的收入水平是? (月收入)		
	Response Percent	Response Count
无收入	33.3%	1
1元-1000元	0.0%	0
1001元-3000元	33.3%	1
3001元-5000元	33.3%	1
5001元及以上	0.0%	0
<i>answered question</i>		3
<i>skipped question</i>		12

8. Have you ever used SonyEricsson cellphone before? 您是否使用过索爱的手机?		
	Response Percent	Response Count
Yes 是	100.0%	15
No, and I don't have any idea about SonyEricsson cell phones. 否, 完全不了解	0.0%	0
No, but I have certain knowledge about SonyEricsson Cell phones. 否, 但有所了解	0.0%	0
<i>answered question</i>		15
<i>skipped question</i>		0

9. How many years have you used Sony Ericsson's cellphones? 你使用索爱手机的时间?		
	Response Percent	Response Count
Never or less than 1 year 从未使用过或少于一年	0.0%	0
1-2 years 约一至两年 	13.3%	2
3-4 years 约三至四年 	73.3%	11
5 years and over 约五年及以上 	13.3%	2
<i>answered question</i>		15
<i>skipped question</i>		0

10. How many cellphones have you used from Sony Ericsson? 您使用过多少部索爱手机?		
	Response Percent	Response Count
0-1	0.0%	0
2-3 	100.0%	15
4-5	0.0%	0
6 and over	0.0%	0
<i>answered question</i>		15
<i>skipped question</i>		0


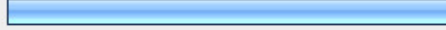
11. How often did you recommend Sony Ericsson's cellphone to people around you before? 您向周围人群推荐索爱手机的情况是?

	Response Percent	Response Count
Very often 总是 	13.3%	2
Often 常常 	33.3%	5
Occasionally 偶尔 	53.3%	8
Never 从不	0.0%	0
<i>answered question</i>		15
<i>skipped question</i>		0





12. Please ---RANK--- (5 = the most satisfied; 1 = the most dissatisfied) the following features that reflect your expectations of SonyEricsson cellphones? 请按您的期待程度为以下索爱手机的特点 ---排序--- (5=最满意的, 1=最不满意的)?

	5	4	3	2	1	Response Count
Design(color, shape, touch, screen etc.) 设计 (颜色, 形状, 触感, 屏幕等)	70.0% (7)	30.0% (3)	0.0% (0)	0.0% (0)	0.0% (0)	10
Functions(input methods, camera, walkman, entertainment ect.) 功能 (输入法, 摄像, 音乐, 娱乐等)	40.0% (4)	50.0% (5)	10.0% (1)	0.0% (0)	0.0% (0)	10
Quality(battery longevity, phone-call etc.) 质量 (电池寿命, 通话等)	18.2% (2)	9.1% (1)	63.6% (7)	9.1% (1)	0.0% (0)	11
Price level 价格水平	0.0% (0)	42.9% (6)	14.3% (2)	42.9% (6)	0.0% (0)	14
Other (please specify) 其他, 请另外列出						2
<i>answered question</i>						15
<i>skipped question</i>						0

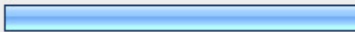


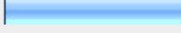
13. How satisfied are you with Sony Ericsson's cellphone generally? (5=very satisfied, 3=neutral, 1=very dissatisfied) 您对索爱手机的总体满意度是? (5=非常满意, 3=一般, 1=非常不满意)

	Response Percent	Response Count
5 	33.3%	5
4 	66.7%	10
3	0.0%	0
2	0.0%	0
1	0.0%	0
<i>answered question</i>		15
<i>skipped question</i>		0

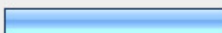
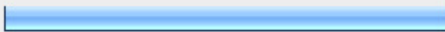
14. If you have stopped buying SonyEricsson's cellphone, What are the reasons? (Multi-answer available)如果您已经停止购买索爱手机, 请问原因是? (可多选)

	Response Percent	Response Count
I'm still buying 我仍然会购买 	100.0%	15
Design 设计 	13.3%	2
Functions 功能 	6.7%	1
Quality 质量 	6.7%	1
Price 价格	0.0%	0
I've never bought any 我从来没买过	0.0%	0
Other (please specify) 其它, 请另外列出		0
<i>answered question</i>		15
<i>skipped question</i>		0

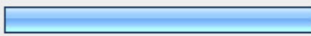

15. Which social class would buy Sony Ericsson's cellphone in your mind? (Multi-answer available) 您认为购买索爱手机的人群为? (可多选)

	Response Percent	Response Count
Lower class 较低层	0.0%	0
Middle 中层 	53.3%	8
Middle-high 中高层 	53.3%	8
High 高层 	6.7%	1
All of them 以上皆可 	26.7%	4
<i>answered question</i>		15
<i>skipped question</i>		0


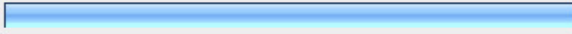
16. How do you feel the relationship with SonyEricsson? 您觉得索爱公司对顾客的亲切度是?

	Response Percent	Response Count
Very close 非常亲切	0.0%	0
Friendly 比较友好 	33.3%	5
Neutral 没感觉 	66.7%	10
Slightly disconnected 稍有距离	0.0%	0
Long-distance 比较疏远	0.0%	0
<i>answered question</i>		15
<i>skipped question</i>		0

17. If you have experienced Sony Ericsson's cellphone, how does it influenced your image(5=strongly improved, 3=neutral/no change, 1=strongly worsened) 如果您曾使用过索爱手机，它(们)对您的形象带来怎样的变化？（5=大为改善,3=没有变化,1=大为降低）

	Response Percent	Response Count
I have never experienced 我从未使用过	0.0%	0
5	0.0%	0
4 	46.7%	7
3 	53.3%	8
2	0.0%	0
1	0.0%	0
<i>answered question</i>		15
<i>skipped question</i>		0

18. Do you see any cultural impacts on SonyEricsson cellphones from Swedish and/or Japanese ? 您觉得索爱手机有受到瑞典或日本文化的影响吗？

	Response Percent	Response Count
Yes 	13.3%	2
Neutral/I don't know 	86.7%	13
No	0.0%	0
<i>answered question</i>		15
<i>skipped question</i>		0

19. To what extent, do you feel the following characteristics are descriptive to Sony Ericsson's cellphone? (5=strongly agree, 3=neutral, 1=strongly disagree) 索爱手机是否符合以下特征? (5=完全相符, 3=无评论, 1=完全不符)

	5	4	3	2	1	Response Count
Fashion 时尚	40.0% (6)	33.3% (5)	20.0% (3)	0.0% (0)	6.7% (1)	15
Fun 趣味	20.0% (3)	53.3% (8)	26.7% (4)	0.0% (0)	0.0% (0)	15
High-technology 高科技	40.0% (6)	33.3% (5)	26.7% (4)	0.0% (0)	0.0% (0)	15
Reliable 可信赖	26.7% (4)	66.7% (10)	0.0% (0)	6.7% (1)	0.0% (0)	15
User-friendly 易于使用	20.0% (3)	53.3% (8)	26.7% (4)	0.0% (0)	0.0% (0)	15
Creative 有创意	13.3% (2)	66.7% (10)	20.0% (3)	0.0% (0)	0.0% (0)	15
Good service 优质服务	20.0% (3)	33.3% (5)	40.0% (6)	6.7% (1)	0.0% (0)	15
Best for Young People 最适合年轻人	20.0% (3)	33.3% (5)	26.7% (4)	6.7% (1)	13.3% (2)	15
Best for female 最适合女性	6.7% (1)	26.7% (4)	33.3% (5)	20.0% (3)	13.3% (2)	15
Best for Business People 最适合商务人士	14.3% (2)	21.4% (3)	35.7% (5)	14.3% (2)	14.3% (2)	14
Other (please specify) 其它, 若有请列出						1
<i>answered question</i>						15
<i>skipped question</i>						0

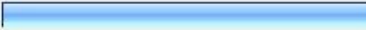

20. What are your recommendations to Sony Ericsson's cellphone and services? 您对索爱手机及服务有何期望或建议?


	Response Count
	8
<i>answered question</i>	
	8
<i>skipped question</i>	
	7




Appendix III: Results of Disloyal Customers of SonyEricsson

See survey summary separate behind.

Survey on SonyEricsson

1. What is your gender? 性别			Response Percent	Response Count
Male 男			56.3%	9
Female 女			43.8%	7
<i>answered question</i>				16
<i>skipped question</i>				0

2. What is your age? 年龄			Response Percent	Response Count
20 and below			0.0%	0
21-30			100.0%	16
31-40			0.0%	0
41 and over			0.0%	0
<i>answered question</i>				16
<i>skipped question</i>				0

3. What is your occupation? 职业			Response Percent	Response Count
Student (with no job) 学生 (未就业)			68.8%	11
Part-time 兼职			18.8%	3
Full-time 全职			12.5%	2
<i>answered question</i>				16
<i>skipped question</i>				0

Survey on SonyEricsson

4. What is your nationality? 请问您的国籍是?		Response Count
		15
	<i>answered question</i>	15
	<i>skipped question</i>	1

5. For Chinese only:若国籍为中国, 请选择以下选项中的“是”一栏		
	Response Percent	Response Count
是	100.0%	8
否	0.0%	0
	<i>answered question</i>	8
	<i>skipped question</i>	8

6. What is your income level monthly (before tax)?		
	Response Percent	Response Count
No income	12.5%	1
Below \$2,000	75.0%	6
\$2,001—\$3,000	12.5%	1
\$3,001—\$4,000	0.0%	0
\$4,001 and over	0.0%	0
	<i>answered question</i>	8
	<i>skipped question</i>	8

7. 请问您的收入水平是? (月收入)

	Response Percent	Response Count
无收入	62.5%	5
1元-1000元	0.0%	0
1001元-3000元	37.5%	3
3001元-5000元	0.0%	0
5001元及以上	0.0%	0
<i>answered question</i>		8
<i>skipped question</i>		8

8. Have you ever used SonyEricsson cellphone before? 您是否使用过索爱的手机?

	Response Percent	Response Count
Yes 是	100.0%	16
No, and I don't have any idea about SonyEricsson cell phones. 否, 完全不了解	0.0%	0
No, but I have certain knowledge about SonyEricsson Cell phones. 否, 但有所了解	0.0%	0
<i>answered question</i>		16
<i>skipped question</i>		0

9. How many years have you used Sony Ericsson's cellphones? 你使用索爱手机的时间?

	Response Percent	Response Count
Never or less than 1 year 从未使用过或少于一年的 	56.3%	9
1-2 years 约一至两年的 	37.5%	6
3-4 years 约三至四年的 	0.0%	0
5 years and over 约五年及以上的 	6.3%	1
<i>answered question</i>		16
<i>skipped question</i>		0

10. How many cellphones have you used from Sony Ericsson? 您使用过多少部索爱手机?

	Response Percent	Response Count
0-1 	81.3%	13
2-3 	18.8%	3
4-5 	0.0%	0
6 and over 	0.0%	0
<i>answered question</i>		16
<i>skipped question</i>		0


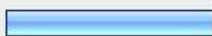

11. How often did you recommend Sony Ericsson's cellphone to people around you before? 您向周围人群推荐索爱手机的情况是?

	Response Percent	Response Count
Very often 总是	0.0%	0
Often 常常	0.0%	0
Occasionally 偶尔	0.0%	0
Never 从不	100.0%	16
<i>answered question</i>		16
<i>skipped question</i>		0

12. Please --RANK-- (5 = the most satisfied; 1 = the most dissatisfied) the following features that reflect your expectations of SonyEricsson cellphones? 请按您的期待程度为以下索爱手机的特点 --排序-- (5=最满意的, 1=最不满意的)?

	5	4	3	2	1	Response Count
Design(color, shape, touch, screen etc.) 设计 (颜色, 形状, 触感, 屏幕等)	9.1% (1)	63.6% (7)	0.0% (0)	18.2% (2)	9.1% (1)	11
Functions(input methods, camera, walkman, entertainment ect.) 功能 (输入法, 摄像, 音乐, 娱乐等)	25.0% (3)	25.0% (3)	16.7% (2)	25.0% (3)	8.3% (1)	12
Quality(battery longevity, phone-call etc.) 质量 (电池寿命, 通话等)	0.0% (0)	20.0% (3)	33.3% (5)	33.3% (5)	20.0% (3)	15
Price level 价格水平	6.7% (1)	6.7% (1)	53.3% (8)	26.7% (4)	6.7% (1)	15
Other (please specify) 其他, 请另外列出						1
<i>answered question</i>						16
<i>skipped question</i>						0





13. How satisfied are you with Sony Ericsson's cellphone generally? (5=very satisfied, 3=neutral, 1=very dissatisfied) 您对索爱手机的总体满意度是? (5=非常满意, 3=一般, 1=非常不满意)

	Response Percent	Response Count
5	0.0%	0
4	0.0%	0
3 	62.5%	10
2 	31.3%	5
1 	6.3%	1
<i>answered question</i>		16
<i>skipped question</i>		0


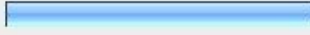

14. If you have stopped buying SonyEricsson's cellphone, What are the reasons? (Multi-answer available) 如果您已经停止购买索爱手机, 请问原因是? (可多选)

	Response Percent	Response Count
I'm still buying 我仍然会购买 	7.1%	1
Design 设计 	21.4%	3
Functions 功能 	42.9%	6
Quality 质量 	64.3%	9
Price 价格 	7.1%	1
I've never bought any 我从来没买过 	7.1%	1
Other (please specify) 其它, 请另外列出		7
<i>answered question</i>		14
<i>skipped question</i>		2

17. If you have experienced Sony Ericsson's cellphone, how does it influenced your image(5=strongly improved, 3=neutral/no change, 1=strongly worsened) 如果您曾使用过索爱手机，它(们)对您的形象带来怎样的变化？（5=大为改善,3=没有变化,1=大为降低）

	Response Percent	Response Count
I have never experienced 我从未使用过	0.0%	0
5	0.0%	0
4 	13.3%	2
3 	66.7%	10
2 	6.7%	1
1 	13.3%	2
<i>answered question</i>		15
<i>skipped question</i>		1

18. Do you see any cultural impacts on SonyEricsson cellphones from Swedish and/or Japanese ? 您觉得索爱手机有受到瑞典或日本文化的影响吗？

	Response Percent	Response Count
Yes 	40.0%	6
Neutral/I don't know 	46.7%	7
No 	13.3%	2
<i>answered question</i>		15
<i>skipped question</i>		1

19. To what extent, do you feel the following characteristics are descriptive to Sony Ericsson's cellphone? (5=strongly agree, 3=neutral, 1=strongly disagree) 索爱手机是否符合以下特征? (5=完全相符, 3=无评论, 1=完全不符)

	5	4	3	2	1	Response Count
Fashion 时尚	13.3% (2)	66.7% (10)	13.3% (2)	6.7% (1)	0.0% (0)	15
Fun 趣味	13.3% (2)	40.0% (6)	33.3% (5)	13.3% (2)	0.0% (0)	15
High-technology 高科技	7.1% (1)	35.7% (5)	21.4% (3)	28.6% (4)	7.1% (1)	14
Reliable 可信赖	0.0% (0)	13.3% (2)	26.7% (4)	46.7% (7)	13.3% (2)	15
User-friendly 易于使用	0.0% (0)	20.0% (3)	40.0% (6)	26.7% (4)	13.3% (2)	15
Creative 有创意	13.3% (2)	20.0% (3)	53.3% (8)	13.3% (2)	0.0% (0)	15
Good service 优质服务	0.0% (0)	13.3% (2)	60.0% (9)	20.0% (3)	6.7% (1)	15
Best for Young People 最适合年轻人	20.0% (3)	33.3% (5)	26.7% (4)	13.3% (2)	6.7% (1)	15
Best for female 最适合女性	0.0% (0)	20.0% (3)	53.3% (8)	20.0% (3)	6.7% (1)	15
Best for Business People 最适合商务人士	0.0% (0)	6.7% (1)	46.7% (7)	33.3% (5)	13.3% (2)	15
Other (please specify) 其它, 若有请列出						0
<i>answered question</i>						15
<i>skipped question</i>						1

20. What are your recommendations to Sony Ericsson's cellphone and services? 您对索爱手机及服务有何期望或建议?

	Response Count
	8
<i>answered question</i>	8
<i>skipped question</i>	8

Appendix IV: Financial Reports of Sony Ericsson

See financial reports from 2003 till now separate behind.

Sony Ericsson reports profit and a continued strong increase in sales in the third quarter of 2003

15 October 2003 Tokyo and Stockholm, October 15 -- Sony and Ericsson today announced the financial summary for the third quarter, ended September 30, 2003 of Sony Ericsson Mobile Communications AB (Sony Ericsson), the 50:50 joint venture of Sony and Ericsson. The company reported improved operating results and a continued strong increase in sales. This was achieved through positive market acceptance of new imaging phones, supply chain improvements, and increased operating efficiency.

Units shipped in the quarter reached 7.1 million, which is 42% higher year-on-year. Sales for the quarter were Euro 1,305 million, representing a year-on-year increase of 50%. The strategic focus areas of GSM and Japanese standards posted a 73% and 130% year-on-year growth in shipments respectively. This growth is primarily driven by high demand for imaging phones in these markets.

Income before taxes was Euro 39 million and net income was Euro 62 million, which represent year-on-year improvements of Euro 155 million and Euro 155 million respectively.

"We are encouraged by the improvements achieved during the third quarter and particularly with the high demand for our PDC phones in Japan and the continued success of the T610-series in GSM markets. During the quarter we also announced several new products including our first GSM clamshell phones Z600 and Z200, an entry-level phone T230 and a range of new innovative accessories. We have received very positive feedback from customers about these new products," says Katsumi Ihara, President of Sony Ericsson.

Sony Ericsson intends to be profitable for the second half of 2003. The improvement in profit during the third quarter is attributable to the strong performance in our Japanese business and the continued success of certain products in GSM. Volume and sales are expected to continue to grow during the fourth quarter, but due to an increased proportion of lower priced models in the product mix we anticipate it may be difficult to sustain the current level of profitability in the next quarter.

	Q3 2002	Q2 2003	Q3 2003
Numbers of units shipped (million)	5.0	6.7	7.1
Sales (EURO m.)	869	1125	1305
Income before taxes (EURO m.)	-116	-102	39
Net income (EURO m.)	-93	-88	62

As previously announced, income before taxes and net income in the second quarter 2003 were negatively affected by EURO 58 m. in restructuring costs. In the third quarter additional costs of EURO 3 m. have been recognized as part of the earlier reported restructuring.

Sony Ericsson reports continued growth in sales and profit in 2004.

14 October 2004

Tokyo and Stockholm -- Sony and Ericsson today announced the consolidated financial summary for the third quarter ended September 30, 2004 of Sony Ericsson Mobile Communications AB (Sony Ericsson), the 50:50 joint venture of Sony and Ericsson.

Units shipped in the quarter reached 10.7 million, a 51% increase compared to the same period last year. Sales for the quarter were Euro 1,678 million, representing a year-on-year increase of 29%. Income before taxes was Euro 136 million and net income was Euro 90 million, which represent year-on-year improvements of Euro 97 million (249%) and Euro 28 million (45%) respectively.

The company maintained its momentum from the first half of the year, generating profitable growth. Sony Ericsson's Average Selling Price (ASP) increased sequentially in line with company expectations due to new mid and high-end Japanese and GSM products beginning to ship.

"Sony Ericsson has enhanced its portfolio during the quarter with the launch of exciting products. Over 60% of phones sold during the quarter featured integrated cameras which illustrates our position as a market leader in mobile imaging," said Miles Flint, President of Sony Ericsson. "The quarter has seen us shipping a number of new products such as our first GSM megapixel camera phone, the S700, the new P910 smartphone and the youth orientated K500 series. In addition we also announced together with Vodafone the V800, our second 3G UMTS handset."

In Japan the company launched the mova® SO506iC for NTT DoCoMo, Sony Ericsson's first handset with i-mode® FeliCa Service for mobile wallet applications (1) and the W21S, a 3G CDMA 1x EV-DO phone for KDDI.

	Q3 2003	Q2 2004	Q3 2004
Numbers of units shipped (million)	7.1	10.4	10.7
Sales (EURO m.)	1305	1504	1678
Income before taxes (EURO m.)	39	113	136
Net income (EURO m.)	62	89	90

** Q2 & Q3 2004 IBT includes consolidation of BMC and Net Income includes deduction of minority interest in BMC(2)

1) In July 2004, NTT DoCoMo, Inc. started the i-mode FeliCa Service in Japan, which enables mobile phones to function as a mobile wallet for electronic payment or as an electronic membership card using the "FeliCa" contactless IC chips embedded in the phone. FeliCa is a contactless IC chip technology developed by Sony Corporation and the registered trademark of

Sony Corporation. i-mode and mova are registered trademarks of NTT DoCoMo. Inc. in Japan.

2) On June 30 2004, Sony Ericsson announced it had increased its equity stake in a Chinese factory, Beijing Ericsson Putian Mobile Communications Co. Ltd. (BMC) to 51%, taking over majority ownership of the facility from Ericsson. BMC operations have been fully consolidated into Sony Ericsson in the second and third quarter which had a positive effect on the company results. The name of the factory has been changed to Beijing SE Putian Mobile Communications Co. Ltd (BMC).

Hit Models Boost Sony Ericsson Performance in 2005

17 October 2005 **Highlights:**

- **Solid growth & market share gain**
- **Increased R&D investment generating expanded portfolio**
- **Strong demand across portfolio**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the third quarter ended September 30, 2005 is as follows:

	Q3 2004	Q2 2005	Q3 2005
Numbers of units shipped (million)	10.7	11.8	13.8
Sales (EURO m.)	1678	1614	2055
Income before taxes (EURO m.)	136	87	151
Net income (EURO m.)	90	75	104

Units shipped in the quarter reached 13.8 million, a 29% increase compared to the same period last year and a 17% increase sequentially, substantially higher than sequential market growth. Sales for the quarter were Euro 2,055 million, representing a year-on-year increase of 22%. Income before taxes was Euro 151 million and net income was Euro 104 million, which represents a year-on-year increase of Euro 15 million and Euro 14 million respectively. The company continued to increase investment in marketing and R&D to support the expansion of the portfolio going forward.

Sony Ericsson began to reap the rewards of earlier increased investment in R&D, expanding the product portfolio with hit models like the K750, the award-winning 2 megapixel, auto-focus camera phone, the first Walkman™ phone, the W800, which has been exceptionally successful, and the K600 series, which has brought Sony Ericsson UMTS handsets into the mid-tier price category. The company grew faster than the market during the quarter with the popularity of higher-end phones having a positive effect and raising the profile of more affordable, volume models like the T290, J210 and K300. Average Selling Price (ASP) rose during the quarter reflecting the proportion of higher-end products entering the product mix.

The global handset market continued to grow faster than expected, and Sony Ericsson is upgrading its global market outlook for 2005 to over 760 million units.

“This has been a good quarter for Sony Ericsson, proving that our strategy of expanding the product portfolio upward into best-in-class imaging, music and 3G products while increasing the number of more affordable and attractively designed volume models is paying off. We are increasingly benefiting from the opportunities created by the joint-venture, and with three new Walkman® phones shipping in the fourth quarter (W550, W600, W900), we are optimistic that

Sony Ericsson can set the standard in music as well as imaging going forward,” said Miles Flint, President of Sony Ericsson.

Walkman® is the registered trademark of Sony Corporation

Sony Ericsson marks 5th anniversary with record quarter in 2006

11 October 2006 **Q3 Highlights:**

- **Year-on-year income before tax increases 187%**
- **Year-on-year units sales growth of 43% gives market share gain**
- **Average Selling Price increases sequentially to €147**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the third quarter ended September 30, 2006 is as follows:

	Q3 2005	Q2 2006	Q3 2006
Numbers of units shipped (million)	13.8	15.7	19.8
Sales (EURO m.)	2,055	2,272	2,913
Income before taxes (EURO m.)	151	211	433
Net income (EURO m.)	104	143	298

Units shipped in the quarter reached 19.8 million, a 43% increase compared to the same period last year, and approximately double the market growth rate. Sales for the quarter were Euro 2,913 million, representing a year-on-year increase of 42%. Income before taxes was Euro 433 million representing a year-on-year increase of 187%. Net income was Euro 298 million.

Sony Ericsson captured market share during the quarter due to the success of hit products such as the K800 Cyber-shot™ phone and Walkman® phone line-up. The company further strengthened its music offering at the end of the quarter with the shipment of a new high-end Walkman® phone, the W850, a tri-band/UMTS slider phone with storage capacity for up to 1,000 songs. Sony Ericsson also enhanced its music proposition by upgrading its PlayNow™ service to include full track, over-the-air downloads to high-end Walkman® models such as the new W850 and by launching M-BUZZ, a fixed and mobile internet space to promote new artists and their music.

“The third quarter saw Sony Ericsson reap the success of hit products announced earlier in the year such as the high-end K800 and W810, mid-range K610 and lower-priced W300 and K310. Our strategy of using flagship products to give Sony Ericsson a lead position within a product category such as imaging with the Cyber-shot™ megapixel camera phone or music with the Walkman® line-up is creating a halo effect over lower-end models in the same category and encouraging new users to try our phones,” explains Miles Flint, President of Sony Ericsson.

“We enjoyed a record quarter due to a favourable product mix, and after celebrating Sony Ericsson’s 5th Anniversary on October 1st the financial results we’ve announced today further illustrate how far the company has come in a short time. We have introduced a fresh approach to the communication of our brand, which aims to make it stand out in the marketplace, and we are confident that this will strengthen the Sony Ericsson brand further going forward,” he added.

Average Selling Price (ASP) rose sequentially, due to a greater proportion of mid and high priced models in the product mix and the success of the K800 Cyber-shot™ phone during the quarter.

Sony Ericsson continues to forecast the 2006 global handset market as being above 950 million units. On this basis the company believes it has outperformed the growth rate in the market and gained over 1% point market share this quarter, to reach a global market share of approximately 8%.

In the third quarter Sony Ericsson added to its tennis sponsorship properties to become the title Sponsor of the Nasdaq-100 Open in Miami, renaming it the Sony Ericsson Open, and became a sponsor at the Tennis Master's Cup in Shanghai, the company's first involvement with men's tennis. Sony Ericsson will now have a presence at three major tennis tournaments throughout the year covering Europe, North and Latin America, Asia Pacific and China.

WALKMAN® and Cyber-shot™ are trademarks or registered trademarks of Sony Corporation.

Sony Ericsson Mobile Communications serves the global communications market with innovative and feature-rich mobile phones, accessories and PC-cards. Established as a joint venture by Sony and Ericsson in 2001, with global corporate functions located in London, the company employs over 7,000 people worldwide, including R&D sites in Europe, Japan, China and America. Sony Ericsson celebrated the 5th anniversary of the start of the joint venture on 1st October, 2006.

Sony Ericsson is the global title sponsor of the Women's Tennis Association, and works with the Association to promote the Sony Ericsson WTA Tour in over 80 cities during the year. The tour culminates at the Sony Ericsson Championships in Madrid, Spain, from 7 to 12 November.

2006 Q4 Record quarter caps a record year for Sony Ericsson

17 January 2007 Q4 Highlights:

- **Year-on-year volume & sales growth of over 60%**
- **Income before tax up 144% year-on-year**
- **Hit products drive market share gains**

2006 Highlights:

- **Volume & sales grow to 74.8 million units and 10,959 million Euros respectively, double the global market growth rate**
- **Income before taxes grows to 1,298 million Euros**
- **60 million music enabled phones, including 17 million Walkman phones sold**
- **Strong growth in Latin America, Asia Pacific and Europe**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the fourth quarter ended December 31, 2006 is as follows:

	Q4 2005	Q3 2006	Q4 2006	FY05	FY06
Number of units shipped (million)	16.1	19.8	26.0	51.2	74.8
Sales (EURO m.)	2,310	2,913	3,782	7,268	10,959
Income before taxes (EURO m.)	206	433	502	512	1,298
Net income (EURO m.)	144	298	447	350	997

Units shipped in the quarter reached 26.0 million, a 61% increase compared to the same period last year, generating significant year-on-year market share gains. Sales for the quarter were Euro 3,782 million, representing a year-on-year increase of 64%. Income before taxes for the quarter was Euro 502 million representing a year-on-year increase of 144%. Net income for the quarter was Euro 447 million.

Sony Ericsson increased market share during the quarter due to the continued success of products such as the K800/K790 Cyber-shot™ phone and Walkman® phone line-up. Average Selling Price (ASP) was slightly higher than expected due to more favourable than expected market conditions and continuing strong demand for Sony Ericsson's hit model handsets. Particularly strong growth in emerging markets in Latin America and Asia Pacific, as well as in Europe, illustrates Sony Ericsson's success at expanding the portfolio to increase market share in new markets with attractive mid-tier products, and without undermining profitability.

"The fourth quarter saw Sony Ericsson finish a strong year with record volumes, sales and net income due to the soaring popularity of our imaging and music phones. Earlier investments in R&D and marketing have enabled us to expand the portfolio and strengthen the brand to increase consumer and operator appeal. Our target is to become one of the top three players in the industry, and the momentum we established in 2006 makes this an achievable ambition," said Miles Flint, President of Sony Ericsson.

Sony Ericsson estimates the 2006 global handset market as being around 980 million units, higher than previous forecasts of over 950 million units for the year. On this basis the company believes it has outperformed the market during the quarter, gaining around 1% of market share sequentially, to achieve a global market share of approximately 9% during Q4. In Q4 2006 Sony Ericsson grew market share slightly over 2% against the same period for the previous year.

During the fourth quarter Sony Ericsson announced it had reached agreement in principle to acquire the Swedish software company UIQ Technology AB, a wholly owned subsidiary and business of Symbian Ltd. Sony Ericsson expects the transaction to be completed during the first quarter 2007.

WALKMAN® and Cyber-shot™ are trademarks or registered trademarks of Sony Corporation.

Sony Ericsson Mobile Communications serves the global communications market with innovative and feature-rich mobile phones, accessories and PC-cards. Established as a joint venture by Sony and Ericsson in 2001, with global corporate functions located in London, the company employs

over 7,500 people worldwide, including R&D sites in Europe, Japan, China and America. Sony Ericsson celebrated the 5th anniversary of the start of the joint venture on 1st October, 2006

Sony Ericsson sells over 100 million handsets in 2007

16 January 2008 **Q4 Highlights:**

- **18% increase in volume year-on-year**
- **Continued market share gains and profitable growth**
- **Continued investment for the future**

2007 Highlights:

- **Over 100 million units sold – more than double global market growth rate**
- **Margins remain strong as company shifts to broader portfolio**
- **Unit growth underpinned by increased sales of lower priced phones**
- **145 million music enabled phones sold to date, of which 57 million were Walkman® phones – maintaining leadership in music**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the fourth quarter ended December 31, 2007 is as follows:

	Q4 2006	Q3 2007	Q4 2007	2006 FY	2007 FY
Number of units shipped (million)	26.0	25.9	30.8	74.8	103.4
Sales (Euro m.)	3,782	3,108	3,771	10,959	12,916
Gross Margin (%)	29.0%	30.7%	31.8%	29.1%	30.6%
Operating Income (Euro m.)	484	393	489	1,257	1,544
Operating Margin (%)	12.8%	12.7%	13.0%	11.5%	11.9%
Income before taxes (Euro m.)	502	384	501	1,298	1,574
Net income (Euro m.)	447	267	373	997	1,114
Average Sales Price (Euro)	146	120	123	146	125

Units shipped in the quarter reached 30.8 million, a 18% increase compared to the same period last year, generating continued sequential and year-on-year market share gains. Sales for the quarter were Euro 3,771 million, in line with sales a year ago reflecting a strategic shift to a greater proportion of lower priced handsets in the product portfolio. Income before taxes for the quarter was Euro 501 million in line with a year ago. Net income for the quarter was Euro 373 million.

Sony Ericsson gained market share during the quarter due to the continued success of such products as the K550 Cyber-shot™ and the W200, W300 and W580 Walkman® phones in the Americas and Europe. Although Average Selling Price (ASP) increased slightly sequentially during the quarter, as a result of the introduction of new flag-ship Walkman® and Cyber-shot™

phones such as the W910 and K850 models, the trend for falling ASPs year-on-year reflects the company's direction to broaden its product portfolio.

“Sony Ericsson finished a very good year, which highlighted how the company has strategically positioned itself to capture market share with an expanded product portfolio. Investments are being made in both R&D and brand building, to deepen the portfolio and strengthen Sony Ericsson's presence in new and developing markets around the world. Our target remains to become one of the top three players in the industry, and the momentum we established in 2006 and 2007 makes this a realistic and achievable ambition,” said Dick Komiyama, President of Sony Ericsson.

Sony Ericsson estimates the 2007 global handset market as being over 1.1 billion units, in line with previous forecasts. On this basis the company believes it grew market share around 2 percentage points to reach slightly over 9% for the full year 2007 compared to full year 2006.

During the fourth quarter Sony Ericsson announced that it had entered into a series of agreements with Motorola, Inc. whereby Motorola acquired 50% of the share capital in U.I. Holdings BV, the Dutch owner of the Swedish software company UIQ Technology AB, which was acquired by Sony Ericsson from Symbian Ltd. earlier in the year. The transaction was ratified by the appropriate competition authorities during the quarter.

Sony Ericsson announced a number of new products during the quarter including high-end W890 Walkman® and the K630 and the K660 HSDPA web phones. The company also announced its strategy to expand Sony Ericsson's PlayNow™ digital content distribution application into a full service proposition during 2008.

On November 1, 2007 Sony Ericsson's president Miles Flint stepped down and Hideki 'Dick' Komiyama joined the company to replace him. Dick Komiyama joined Sony Ericsson from Sony Corporation where he was Director, Chairman, Sony Electronics Inc., USA, and Executive Vice President of Electronics Marketing and Sales Strategies of Sony Corporation, Japan.

WALKMAN® and Cyber-shot™ are trademarks or registered trademarks of Sony Corporation.

PlayNow™ is a trademark of Sony Ericsson.

EDITOR'S NOTES:

Financial Statements and Additional Information:

Financial Statements:

Consolidated Income Statement

Consolidated Income Statement – Year-to-Date

Consolidated Income Statement – Isolated Quarters

Consolidated Balance Sheet

Consolidated Statement of Cash Flows
Consolidated Statement of Cash Flows – Year-to-Date
Consolidated Statement of Cash Flows – Isolated Quarters

Additional Information:

Net Sales by Market Area by Quarter

Sony Ericsson reports results for fourth quarter and full year 2008

16 January 2009

Highlights:

- **Global economic slowdown leads to contracting consumer demand**
- **Previously announced annual Euro 300 million cost savings on track**
Initiated additional Euro 180 million annual cost savings
- **Joined the Open Handset Alliance and developing new phone using Android Open Source software**
- **Successful rollout of Xperia™ X1, Cyber-shot™C905 phones and PlayNow™ plus music service**

London, UK - The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the fourth quarter and full year ended December 31, 2008 is as follows:

	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q4 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>
Number of units shipped (million)	24.2	25.7	30.8	96.6	103.4
Sales (Euro m.)	2,914	2,808	3,771	11,244	12,916
Gross margin (%)	15%	22%	32%	22%	31%
Operating income (Euro m.)	-262	-33	489	-113	1,544
Operating margin (%)	-9%	-1%	13%	-1%	12%
Restructuring charges (Euro m.)	129	35	-	175	-
Operating income excl. restructuring charges (Euro m.)	-133	2	489	61	1,544
Operating margin excl. restructuring charges (%)	-5%	0%	13%	1%	12%
Income before taxes (IBT) (Euro m.)	-261	-23	501	-83	1,574
IBT excl. restructuring charges (Euro m.)	-133	12	501	92	1,574
Net income (Euro m.)	-187	-25	373	-73	1,114
Average selling price (Euro)	121	109	123	116	125

Units shipped in the quarter were 24.2 million, a sequential decrease of 6% and a year-on-year decrease of 21%. Sales for the quarter were Euro 2,914 million, an increase of 4% sequentially due to a positive impact of currency fluctuations, and a decrease of 23% compared to Q4 2007. The decline in sales year-on-year was driven by lower volumes, due to the global economic slowdown that resulted in contracting consumer demand and decreased availability of credit.

Gross margin became 15% due to negative impact from exchange rate fluctuations, restructuring charges and material write-offs.

Foreign exchange fluctuations had a positive impact on sales in total, but a large negative impact on costs of goods sold (ie. costs increased) sequentially, as well as year-on-year.

Income before taxes for the quarter was Euro -133 million, excluding restructuring charges of Euro 129 million, compared to the profit of Euro 501 million in Q4 2007. Despite a negative result in the quarter, Sony Ericsson maintained a healthy balance sheet with a strong, net cash position of Euro 1,072 million.

The average selling price (ASP) for Sony Ericsson in Q4 2008 was Euro 121, an increase sequentially but a decrease year-on-year. The sequential increase of ASP was due to a positive impact of foreign exchange rate fluctuations and to the sale of a higher proportion of high-end models. Estimated market share for Q4 2008 is maintained at around 8%.

“In economic terms, 2008 has been a tumultuous year with world markets experiencing a serious downturn. The mobile phone market has been greatly affected by this and as expected, the fourth quarter continued to be very challenging for Sony Ericsson. Our business alignment is progressing as planned, with the full effect of annual savings of around Euro 300 million expected by the second half of 2009. We foresee a continued deterioration in the market place in 2009, particularly in the first half,” said Dick Komiyama, President, Sony Ericsson.

The additional cost saving measures initiated by Sony Ericsson are aimed at reducing operating expenses by a further Euro 180 million annually, with the full effect expected at the end of 2009. Sony Ericsson currently estimates that the cost for the additional restructuring activities will be covered by the previously announced Euro 300 million restructuring charges.

In Q4 2008, the successful roll out of the Xperia™ X1 and Cyber-shot™C905; Sony Ericsson’s first eight mega pixel phone as well as the PlayNow™ plus music service positively impacted the business. In the same quarter, Sony Ericsson announced that it joined the Open Handset Alliance and is currently developing a new phone that uses the Android Open Source software. Earlier in 2008, Sony Ericsson announced that it became a founding member of the Symbian Foundation; an initiative will create an open mobile software platform based on Symbian OS. Sony Ericsson estimates the 2008 global handset market as being around 1,190 million units or around 6% growth from 2007, compared to the company’s previous forecast of around 10%. Sony Ericsson forecasts that the global handset market will contract in 2009 and that the industry ASP will continue to decline.

Cyber-shot™ is a trademark of the Sony Corporation.

The Liquid Identity logo, Xperia™ and the Xperia™ logo and PlayNow™plus are trademarks or registered trademarks of Sony Ericsson Mobile Communications AB.

Sony is a trademark or registered trademark of Sony Corporation. Ericsson is the trademark or registered trademark of Telefonaktiebolaget LM Ericsson.

Other product and company names mentioned herein may be the trademarks of their respective

owners. Any rights not expressly granted herein are reserved. Subject to change without prior notice.

EDITOR'S NOTES:

Financial statements:

Consolidated income statement
Consolidated income statement full year
Consolidated income statement isolated quarters
Consolidated balance sheet
Consolidated statement of cash flows
Consolidated statement of cash flows full year
Consolidated statement of cash flows isolated quarters

Additional information:

Net sales by market area, by quarter

Sony Ericsson is a top, global industry player with sales of around 97 million phones in 2008. Diversity is one of the core strengths of the company, with operations in over 80 countries including manufacturing in China and R&D sites in China, Europe, India, Japan and North America. Sony Ericsson was established as a 50:50 joint venture by Sony and Ericsson in October 2001, with global corporate functions located in London.



Press Release

March 20, 2009

Sony Ericsson sees continued weak sales for first quarter 2009

London, UK - Sony Ericsson Mobile Communications AB ("Sony Ericsson") announced today that its net sales and net income before taxes in the first quarter of 2009 continue to be negatively affected by weak consumer demand as well as de-stocking in the retail and distribution channels.

Although final results may differ, Sony Ericsson plans to ship approximately 14 million phones during the first quarter of 2009 with an estimated ASP (Average Selling Price) of EUR 120. Gross margin is expected to decline both year over year and sequentially. Net income before taxes is estimated to be a loss in the range of EUR 340 – 390 million, excluding restructuring charges in the range of EUR 10 – 20 million.

Sony Ericsson will announce its first quarter 2009 financial results at 07.30 UK time/08.30 CET on April 17.

- ENDS -

Sony Ericsson is a top, global industry player with sales of around 97 million phones in 2008. Diversity is one of the core strengths of the company, with operations in over 80 countries including manufacturing in China and R&D sites in China, Europe, India, Japan and North America. Sony Ericsson was established as a 50:50 joint venture by Sony and Ericsson in October 2001, with global corporate functions located in London. For more information about Sony Ericsson please visit www.sonyericsson.com

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This press release contains forward-looking statements that involve inherent risks and uncertainties. We have identified certain important factors that may cause actual results to differ materially from those contained in such forward-looking statements. For a detailed description of risk factors see Sony's and Ericsson's filings with the US Securities and Exchange Commission, particularly each company's latest published Annual Report on Form 20-F.

Appendix V : List of Figures

Figure 1: Top Five Mobile Phone Vendors, Shipments, and Market Share, Q3 2008 (Units in Millions)

Vendor	3Q08 Unit Shipments	3Q08 Market Share	3Q07 Unit Shipments	3Q07 Market Share	3Q08/3Q07 Change
Nokia	117.8	39.4%	111.7	38.6%	5.5%
Samsung	51.8	17.3%	42.6	14.7%	21.6%
SonyEricsson	25.7	8.6%	25.9	8.9%	-0.8%
Motorola	25.4	8.5%	37.2	12.8%	-31.7%
LG Electronics	23.0	7.7%	21.9	7.6%	5.0%
Others	55.3	18.5%	50.3	17.4%	9.9%
Total	299.0	100.0%	289.6	100.0%	3.2%

Source: IDC Worldwide Quarterly Mobile Phone Tracker, October 30, 2008

Note: Vendor shipments are branded shipments and exclude OEM sales for all vendors.

Figure 2- Brand Identity Prism (Kapferer .J.N, 2005)

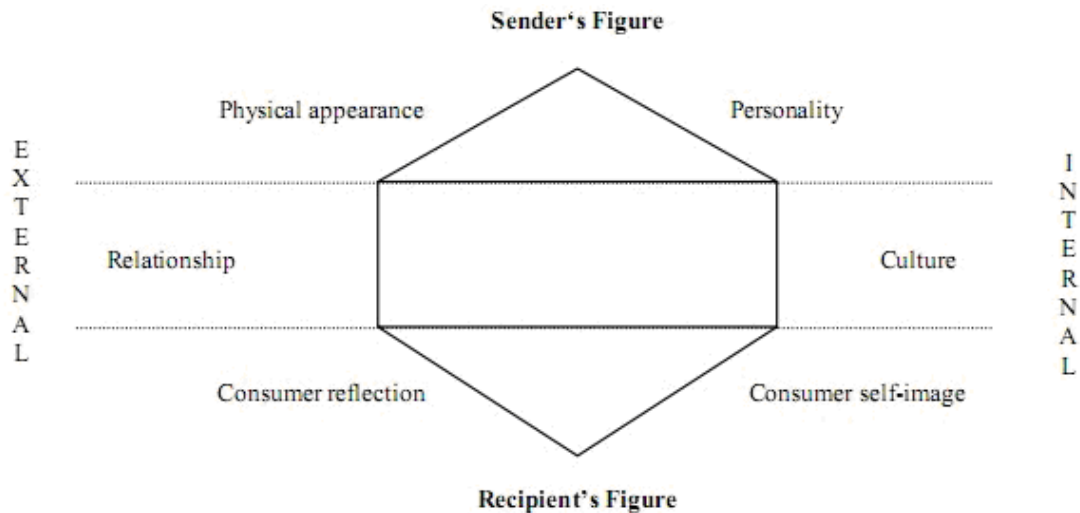


Figure 3 Brand identities and Image

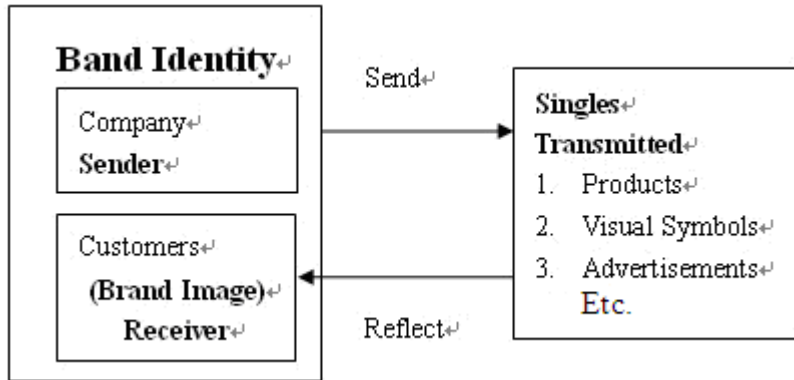


Figure 4 The Relationship between Brand Identity and Customer Loyalty

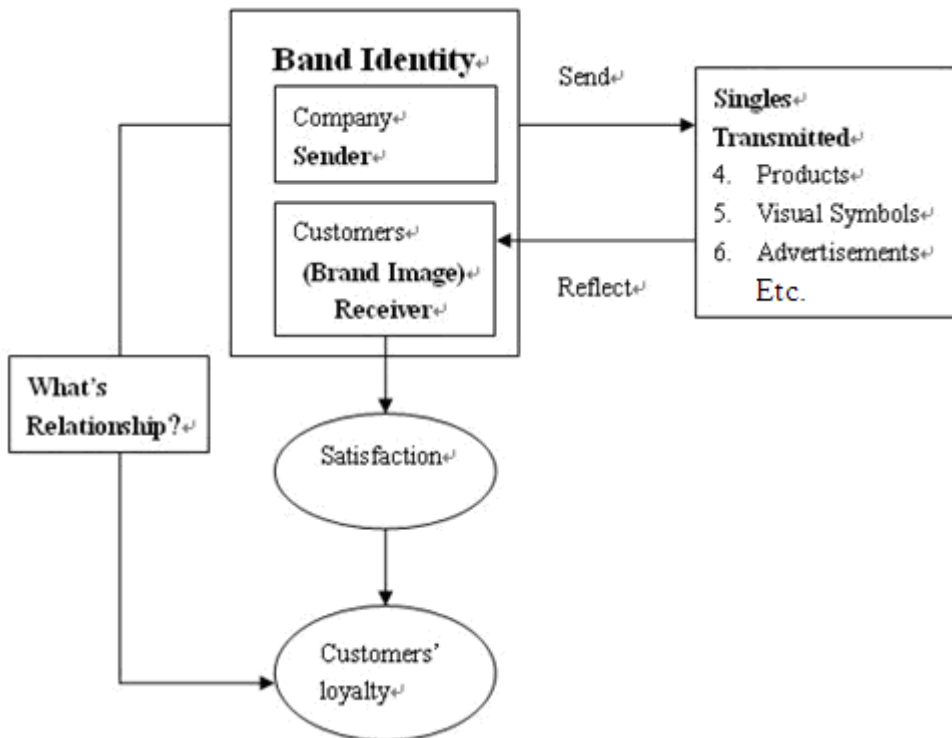


Figure 5 Survey results of loyal customer group

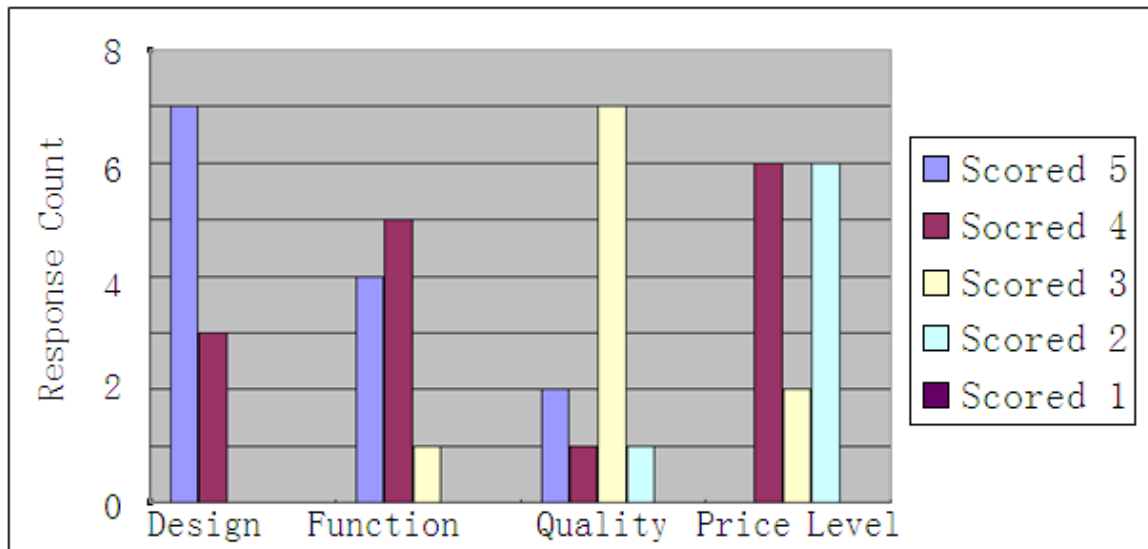
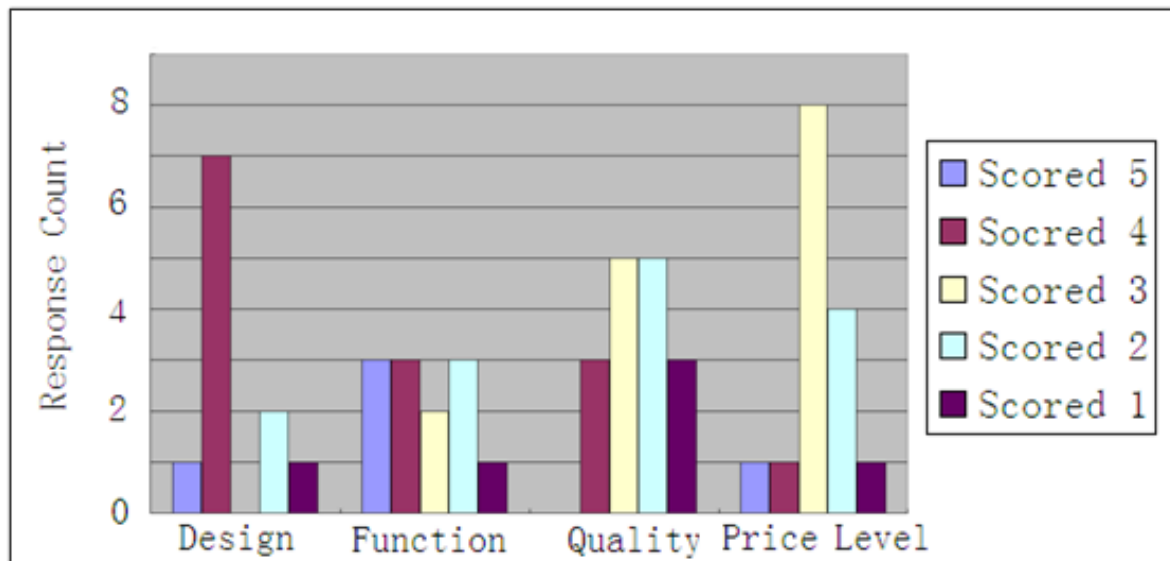


Figure 6 Survey results of disloyal customer group



Appendix VI: The Contents of Interviews

Insight I: Historical Features

Product is the driven power which transfers brand identity information to customers through its visible features. An interview was taken placed with several SE's employees; they took three peaks of products as examples and explain how SonyEricsson used the advantage of products' features to own the satisfactions from customers. There three peaks were the strongest proof that SonyEricsson had very powerful products' features, and gained customer satisfactions.

The first peak was reached by the introduction of T618. It was released in 2003, was the first generation that has built-in cameras in cell phones. T618 remained the fashion straight shape design, which was made through high-technique painting skills, comfortable touch, color screen with 120*160 resolving power, and improved entertainments functions, but the most exciting add-in was the build-in camera with 100,000pixels, which was a great surprise for cell phone users back to 2003, and the revenue started to make SonyEricsson woken from continuous deficit.

The second peak was W800c, featured by the walkman music player function and thin shape. It was introduced in 2005. It was a revolution that brought walkman back to consumers' life, and was very successfully accepted by mass consumer.

The third peak was K790c, featured by the amazing picture-shot function, with 3.2mp, and was the first model used Cyber Shot brand into SE's cell phone. It was ranked top picture-shot cell phones in 2006 when it was available in market.

There were several models had very impressive images, for instance, Xperia 1, C905, Idou, W380, and W910 etc., they were marked as creative, high competitive abilities, fun, fashion, and innovating.

All these successful models were very important elements that pushed SonyEricsson reached to a better performance in brand identity and image.

Insight II: Brand Identities

Physically, Agnes and other interviewed SE's employees were very confident with their products. When the attractive features of SE's cell phones were asked, Ms. Gawel said that features were differentiated by products. Some products' navigation system was well-designed to fulfill the need of travelling, some were designed to comfort the requirements of entering internet blog, and some were impressive on camera function. All those features were depending on certain targeted segments

The price level of SonyEricsson has been asked as well, from what has been found on

survey, most people believed SonyEricsson was a highly priced brand, and middle-high class buys them. One of the employees of SonyEricsson Yi did not answer this question directly, but replied as: “We did not ask for great profit.” He continued, the telecommunication system in European countries is consumers signing up a contract with the telecommunication operator to get a monthly phone-call package and a free cell phone. In this case, cell phone manufacturers like SonyEricsson do not sell cell phone to consumers directly, but through operators, where operators add services to the package, and sell it to consumers.

The quality issue has been put on the table while Yi was interviewed after Agnes. The survey result from quality problems were quite significant, where Yi responded that, SonyEricsson was not so parsimonious to cut off the budget on quality control, the reason that SonyEricsson cell phones had quality problem, which were two to three hundred chips more than other cell phone's, one piece of chip got broken, the related function might be caused disability. More function requires much more number of chips support, the more chips contained inside the phone, the easier cell phone got quality issues.

According to Ms. Gawel, she believed that it was difficult to say what the personality of SonyEricsson was, because there were dozens series of SE's cell phones, they distinguish to each other. If ask for the personality of SonyEricsson as a whole, it might be easier to say it was a family with members have different personalities, and what do they have in common was that they were all stylish, and have charming characteristics.

Culture impacts were merely considered in managers' mind of SonyEricsson, and employees were not informed much about cultural impacts from neither Japanese culture nor Swedish culture.

The relationship between customers and SonyEricsson was not as close as many people think. Ms. Gawel stated that, because western European countries are operator-driven markets, the relationship between operator and customer is much closer to the relationship between manufacturer and customer. Besides, SonyEricsson has no loyalty program, barely offer benefits to loyal customers. Since the SonyEricsson was not very close to the final cell phone users, the customer reflection and self-image questions were failed to be given any instruction.

Insight III: Brand Image

As the reflection from brand identity, customers were interviewed as well. Their opinions were considered as the image of the brand. The reflections were gathered from several incomplete interviews and one complete interview.

When interviewees were asked to tell the authors about the experience of using a SE's cell phone, Mr. Fu was not very satisfied, he dropped the cell phone into ground, and

the a chip was broken, he complained the quality of SonyEricsson cell phone was not good, although it was pretty. Personality questions were asked in interviews, interviewees were asked to describe SE's cell phone as a person. Answers were quite similar, such as handsome, pretty but not useful person, fashion young college girl. Cultural impacts were commonly ignored, none of these interviewees have seen any Swedish or Japanese signs. The relationship was also considered as neutral by all the interviewees, and the most of them did not feel any improvements on their image while using a SonyEricsson cell phone.

Appendix VII: Photos

The Experience Store of SonyEricsson



SonyEricsson's sales area in Media Market, Lund



The most popular models of SonyEricsson





Media Markt

Fabrikat: SONY ERICSSON Modell: W595i

- Färgdisplay med 256 000 färger WLAN
- Kamera med 3.15 MP Videospelare FM-radio
- Bluetooth Videokamera PC synk.
- Stereo bluetooth (A2DP) MP3-spelare 3G (UMTS)
- 40 MB Intern minne MP3 ring signaler Turbo 3G (HSDPA)
- 2 GB M2 Minneskort ingår 4 Bands mobil
- Navigation Upp till 385 timmar standby-tid

I förpackningen:

Pris med abonnemang:

Operatör: TELE2 NOR
24 månader **1:-**
100 kr i förhöjd avgift/mån

Operatör: TELE 2 TILL VÄNNE
24 månader **1:-**
65 kr i förhöjd avgift/mån

Operatör: HALEBOP
18 månader **1:-**
199 kr per månad
+100 kr i förhöjd avgift/mån

Operatör: TELE 2 SNACKIS
18 månader **1:-**
39 kr per månad
+150 kr i förhöjd avgift/mån

Art-nr: 1079632

Operatörslåst till: **2390:-**
 Pris utan abonnemang: