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How to use country-of-origin as a potential success factor when strengthen a brand on a foreign market

- a case study of Swedish high-quality design brands

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Abstract

- Title:** “How to use country-of-origin as a potential success factor when strengthen a brand on a foreign market”
-a case study of Swedish high-quality design brands
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- Keywords:** country-of-origin, country image, brand identity, brand associations and internationalisation.
- Thesis purpose:** The purpose of this study is to investigate how Swedish high-quality design brands can use country-of-origin as a potential success factor when strengthen their brand on a foreign market.
- Methodology:** A qualitative case study with an iterative approach. Our data collection has primarily been conducted by interviews and document studies.
- Theoretical framework:** We have divided out theoretical framework in three different parts, where we have used various theories within branding, country-of-origin and internationalisation.
- Empirical data:** We have conducted a case study with six semi-structured interviews in combination with our secondary data collection. Interviews have been conducted with the sales manager and the key account manager of Svenskt Tenn, the sales manager and an international sales representative of Skultuna, the marketing director of Kosta Boda and the owner of Just Scandinavian.
- Conclusion:** In our conclusion, we have presented a model answering our research question. The model is divided into three different parts, which are all integrated with country-of-origin. Firstly, the model touches upon entry strategies, which include incremental steps, psychic distance and networks. Secondly, we describe activities such as corporate storytelling, collaborations and brand ambassadors. Thirdly, we discuss the importance of brand associations. By focusing on these potential success factors, the brand can be further strengthened.

Table of Content

| | |
|---|-----------|
| 1. INTRODUCTION | 5 |
| 1.1 BACKGROUND..... | 5 |
| 1.2 PROBLEM DISCUSSION | 6 |
| 1.3 PURPOSE..... | 7 |
| 1.4 LIMITATIONS..... | 7 |
| 2. METHODOLOGY | 8 |
| 2.1 DEDUCTIVE, INDUCTIVE AND ITERATIVE APPROACH..... | 8 |
| 2.1.1 <i>The theoretical framework</i> | 8 |
| 2.1.2 <i>The empirical data</i> | 9 |
| 2.2 RESEARCH METHODS | 9 |
| 2.2.1 <i>A qualitative case study</i> | 9 |
| 2.2.2 <i>Choice of case objects</i> | 10 |
| 2.2.3 <i>Collection of data</i> | 11 |
| 2.3 CRITICISM OF SOURCES..... | 13 |
| 2.4 CRITICISM OF RESEARCH METHODS | 14 |
| 2.4.1 <i>Validity</i> | 14 |
| 2.4.2 <i>Reliability</i> | 14 |
| 3. THEORETICAL FRAMEWORK | 16 |
| 3.1 BUILDING A STRONG BRAND..... | 16 |
| 3.1.1 <i>Brand identity</i> | 16 |
| 3.1.2 <i>Brand equity and customer-based brand equity</i> | 18 |
| 3.2 THE INTERRELATION BETWEEN BRANDS AND COUNTRIES | 19 |
| 3.2.1 <i>Country-of-origin</i> | 19 |
| 3.3 THE ESTABLISHMENT ON FOREIGN MARKETS | 23 |
| 3.3.1 <i>Psychic distance</i> | 23 |
| 3.3.2 <i>The establishment chain model</i> | 23 |
| 3.3.3 <i>The Uppsala model</i> | 23 |
| 3.3.4 <i>The Network model</i> | 24 |
| 3.4 CHOICE OF THEORETICAL APPROACH..... | 25 |
| 4. EMPIRICAL DATA | 28 |
| 4.1 EMPIRICAL REVIEW OF SVENSKT TENN | 28 |
| 4.1.1 <i>Building a strong brand through interrelate brands and countries</i> | 28 |
| 4.1.2 <i>The establishment on foreign markets</i> | 30 |
| 4.2 EMPIRICAL REVIEW OF SKULTUNA..... | 31 |
| 4.2.1 <i>Building a strong brand through interrelate brands and countries</i> | 31 |
| 4.2.2 <i>The establishment on foreign markets</i> | 33 |
| 4.3 EMPIRICAL REVIEW OF KOSTA BODA..... | 34 |
| 4.3.1 <i>Building a strong brand through interrelate brands and countries</i> | 34 |
| 4.3.2 <i>The establishment on foreign markets</i> | 36 |
| 5. ANALYSIS | 38 |
| 5.1 HOW TO BUILD A STRONG BRAND IN RELATION TO COUNTRY-OF-ORIGIN..... | 38 |
| 5.2 HOW TO INTERRELATE BRANDS AND COUNTRIES | 41 |
| 5.3 HOW TO ESTABLISH ON FOREIGN MARKETS IN RELATION TO COUNTRY-OF-ORIGIN..... | 43 |
| 6. CONCLUSION | 46 |
| 6.1 DISCUSSION..... | 46 |
| 6.1.1 <i>Answering our research question</i> | 48 |
| 6.2 MANAGERIAL IMPLICATIONS..... | 50 |
| 6.3 FUTURE RESEARCH | 51 |

| | |
|---|-----------|
| 7. REFERENCES..... | 52 |
| 1. APPENDIX..... | 56 |
| 1.1 INTERVIEW GUIDE WITH SVENSKT TENN..... | 56 |
| 1.2 INTERVIEW GUIDE WITH SKULTUNA..... | 57 |
| 1.3 INTERVIEW GUIDE WITH KOSTA BODA..... | 58 |
| 1.4 INTERVIEW GUIDE WITH JUST SCANDINAVIAN..... | 59 |
| 2. COMPANY MATERIAL..... | 60 |
| 2.1 SVENSKT TENN..... | 60 |
| 2.2 SKULTUNA..... | 61 |
| 2.3 KOSTA BODA..... | 62 |

1. Introduction

In this chapter, we will present the background to our research area. Further, in the problem discussion we will present the gap in current research together with our research question. Lastly, the purpose and limitations of our research are discussed.

1.1 Background

In today's society, the mental state associated with a country is becoming further critical due to the globalisation. Meanwhile, because of the increasing competition, the geographical location is becoming less significant and the boundaries between countries are decreasing (Globaliseringsrådet, 2008). In addition, Baker and Ballington (2002) discuss the fact that globalisation has made it more difficult for companies to attract consumers globally. Accordingly, it is important for companies to have unique features in order to differentiate from competitors and to avoid being imitated. Though, tangible attributes could easily be copied and companies therefore need to develop associations to the brand, which are built over time and cannot easily be acquired by competitors (Baker and Ballington, 2002).

When a company enters a new market, being a foreign brand could be an appealing approach to the consumers. Due to the high-level of competition, the brand image and the concept of the brand are essential for a successful implementation (Moore et al, 2000). As mentioned, the mental state is crucial in today's globalised market place. Therefore, if positive associations are connected to the country internationally, the national companies and their products are perceived as more reliable. As an example, Volvo stresses that their brand is interrelated with the positive image that Sweden has abroad (nation-branding.info, 2009). Nation branding is therefore important, since countries need to be aware of how they are perceived and symbolised internationally (Globaliseringsrådet, 2008). Anholt (2008) further emphasise the importance to look upon the world as one market, where he stresses that we do not have time to investigate the complexity of different countries background any further. Hence, we for instance associate Paris with style and Japan with technology. These stereotypes affect the national image, and in its turn the consumers behaviour against products from that specific country. Furthermore, countries that have established a positive national image find the internationalisation process much easier (Anholt, 2008). Accordingly, the concept of identifying a country as a brand is being intensified and a strong national brand could therefore increase the positioning in the minds of the consumers' on a foreign market. Furthermore, the national background of a brand could be seen as the essence of the corporate brand and is therefore a valuable asset (Dordevic, 2008).

The Swedish brand is perceived to be rather strong globally and according to statistics, Sweden has been in the top ten of the most valuable brands for a number of years (si.se, 2010). Further, a single company can in addition represent a whole country, where Sweden for example easily can be associated with IKEA (Dordevic, 2008). IKEA can then be seen as a Swedish ambassador, creating trustworthiness for Swedish brands internationally (mandel-consulting.com, 2009). Since IKEA is one of the world's most valuable interior companies, they have contributed greatly in making Swedish design well known worldwide (nation-branding.info, 2009). According to the Swedish Institute (2008), studies have shown that modern design is something that is commonly associated to Sweden. Though, it is not only IKEA that should have credit for our reputation as a design nation. Swedish fashion is also something that currently is of great demand

internationally. The number of Swedish fashion designers is constantly increasing and today, Swedish fashion brands are rather common on the international market place. Further, the export of Swedish design has increased during 2009. Reasons behind the mentioned facts might be that the design is becoming more global and that Swedish brands now know how to differentiate themselves when competing globally (e24.se, 2009). Sweden also use design as a tool for nation branding, which can be exemplified by the Swedish embassy. When they built their new House of Sweden in Washington, their main focus was to showcase Swedish contemporary design (nation-branding.info, 2009). Though, the Swedish Institute claim that many people are not aware of the fact that a lot of the brands that they come across in their everyday life are Swedish. They have therefore, jointly with Stockholms stad, created the branding concept “Brands of Sweden” where they together with various Swedish brands promote the image of Sweden internationally. By collaborating with the Swedish Royal wedding in 2010, “Brands of Sweden” will help companies to raise awareness of Sweden, the Swedish industry and Swedish brands at large. Further, the connection to Sweden will give Swedish products and services a more unique position on a foreign market (mynewsdesk.com, 2010).

1.2 Problem discussion

As discussed above, the growing range of brands on today's market place results in customers having an endless collection of items to choose from. Given that, marketers will have to come up with solutions of how to differentiate and add value to their brands. Using the country-of-origin effect might be a way for companies to attract new customers' on a foreign market. In connection, a company that is being associated to its domestic market might be able to gain benefits from that specific country's image and reputation. Though, a negative country image may affect people's perception of its domestic companies on the international market in an unfavorable way (Globaliseringsrådet, 2008). However, one can question to what extent people actually do care about the company's origin. In the end, do some customers' actually refuse to buy a certain product because of the company's origin? According to a study made by Globaliseringsrådet (2008) country-of-origin is, when referring to the Muhammad crisis in Denmark in 2005, discussed to be of great importance. Because of the Muhammad crisis, the Danish brand was greatly damaged and underwent a significant fall on the Anholt Nation Brands Index (Globaliseringsrådet, 2008). Further, the crisis resulted in a boycott of Danish goods across the Muslim world, which led to dramatic declines in sales among numerous Danish companies (nytimes.com, 2006). This is an example of the importance of country-of-origin, something that is frequently discussed in previous research (Dordevic, 2008; Beverland and Lindgreen, 2002; Kleppe et al, 2002).

However, most Swedish companies are not aware of the benefits that could be gained by promoting their country-of-origin. According to branding expert Jack Yan, Sweden has a strong global brand, which more Swedish companies should acknowledge. Today, many Swedish companies instead prefer to be seen as international or nationally neutral (nation-branding.info, 2010). Though, IKEA is a good example of a Swedish company that stresses their country-of-origin. According to Lindqvist (2009:44), “IKEA is an archive of Swedish national culture [where] modern, cutting-edge products of Swedish design ingenuity are linked semantically with nostalgic items from Sweden's agrarian heritage”. Since IKEA has made a great success regarding their Swedish concept, we therefore found it interesting to investigate if stressing country-of-origin is something that would benefit other Swedish companies as well.

When examined previous research done within this field, we found a lot of studies investigating the relation between a certain country image and a certain product category (Felzensztein et al, 2004; O'Shaughnessy and O'Shaughnessy, 2000). Further, we found some research investigating the use of country-of-origin as a competitive advantage, which mainly focus on the customers' use of country-of-origin as an extrinsic cue available during a purchase situation (Baker and Ballington, 2002; Agrawal and Kamakura, 1999). Given that Sweden use design as a tool for nation branding and that modern design accordingly is commonly associated to Sweden (nation-branding.info, 2009; Swedish Institute, 2008), we found it interesting to investigate the use of country-of-origin in connection to Swedish design goods. Though, none of the previous mentioned studies are focusing on Swedish companies' use of country-of-origin in relation to design- and interior products. Neither do they mention potential success factors behind how companies can use country-of-origin when strengthen their brand on a foreign market. When searching for studies relating design products to country-of-origin, we found a study by Niss (1996) discussing country-of-origin to be a favourable marketing tool when marketing designer goods. Though, this is a quantitative study focusing on the image of Danish companies, whereas we are interesting in doing a qualitative case study investigating country-of-origin in relation to Swedish high-quality design companies'. Further, Niss (1996) implies that a marketing strategy in connection with country-of-origin does not require a lot of time and financial resources, which could make it more relevant for small and medium-size enterprises, with limited resources. Therefore we found it interesting to investigate country-of-origin in relation to small and medium-size enterprises offering design goods, where we wanted answers to questions such as; when it is suitable to stress country-of-origin? How can a company use country-of-origin in their marketing activities? Is there a difference regarding the size of the company when using country-of-origin as a marketing activity? As of today, there is no research identifying how to use country-of-origin as a potential success factor when, as a Swedish high-quality design company, strengthens their brand on a foreign market. Consequently we have found a gap, which has resulted in our research question:

How to use country-of-origin as a potential success factor, when as a Swedish high-quality design brand, strengthen its brand on a foreign market

1.3 Purpose

The purpose of this study is to investigate how Swedish high-quality design brands can use country-of-origin as a potential success factor when strengthen their brand on a foreign market. Hence, we will look upon different marketing activities, connected to country-of-origin, used by the companies to strengthen their brand.

1.4 Limitations

We are limiting our research to just touch upon small and medium-size enterprises use of country-of-origin. Further, we are only focusing on the initial phase of a foreign establishment and not the entire internationalisation process. Neither will we ask the customers' about their perception of the companies image in relation to the country-of-origin effect or touch upon the cultural aspects likely to occur when establish on a foreign market.

2. Methodology

In this chapter we will discuss our methodological choices and in detail describe our choice of research design. In the end of the chapter, we will discuss the validity and reliability of our research.

2.1 Deductive, Inductive and Iterative approach

When conducting a study, the first aspect to take into consideration is the relationship between research and theory. Consequently, there are two primary approaches, which are described as the deductive and inductive approach. In the initial phase of conducting a study, the researcher acquires certain expectations concerning how the world is perceived and then collects empirical material in order to see if these expectations comports with reality. When using a deductive approach, the researcher first acquires knowledge from previous theories and then creates a hypothesis based of what is already known. Thenceforth, useful data is collected, which consequently could be applied in order to answer the formulated hypothesis. Furthermore, an inductive approach could be considered as the opposite to a deductive approach. Initially, the approach is based on the researcher collecting empirical data and subsequently develops new theories based on the empirical findings. By using this approach, conclusions from the empirical findings could be structured and afterwards base the theory of the empirics. The theory outcome of this approach is often based on analysis of already grounded theories. Accordingly, an inductive approach therefore often provides interesting empirical findings but with limited theory contribution (Bryman and Bell, 2007).

After analysing our empirical data, we needed to add additional theory in order to gain a more in-depth understanding of the empirics. Going back and forth reviewing the empirical material and the theoretical framework is called an iterative approach, which is a combination of the two primary approaches described above (Bryman and Bell, 2007). Consequently, an iterative approach was more applicable due to the fact that we during the process were flexible and willing to collect further empirical data or modify our theoretical framework. Additionally, we had a structured research design but went back and forth from our theoretical framework to our empirical findings and then back to our research question in order to get as reliable and informative result as possible (Myers, 2008). Moreover, using an iterative approach allowed us to use knowledge and theories acquired from our educational background and consequently combine our knowledge with the data collected for this specific research (Bryman and Bell, 2007). Initially, we started by acquiring a broad knowledge within the area of branding and country-of-origin as well as strategies regarding internationalisation. As mentioned, we already had basic knowledge within these areas, which we mainly had acquired from courses taken within our masters program. Further, our aim was to develop a new theory, which makes us closer to the inductive approach than the deductive. Accordingly, we consider our approach to be of the iterative nature due to the fact that our research method is in between an inductive and a deductive approach.

2.1.1 The theoretical framework

When conducting our theoretical framework we searched for relevant articles in databases such as “Elin” and “Lovisa”. Thereafter, we identified applicable theories within brand management, country-of-origin and internationalisation. After enhancing our knowledge within these areas, we divided our theoretical framework into three

different parts. The first part consists of theories regarding how to build a strong brand where we focus on brand identity and positioning as well as customer-based brand equity. Within brand identity we highlighted the brand identity planning model, which focuses on how to build a unified brand identity. Secondly, we identified various theories within country-of-origin, where we in-depth described country-of-origin and its coincide to brands. Further, we describe country-of-origin as a branding strategy as well as the value transfer window, which exemplifies how to enhance the country brand when internationalising. When discussing this, we focused on the companies perceptions as well as how to embrace these activities on foreign markets. Our third part consists of various internationalisation strategies used when establish on a foreign market, where we explain theories such as psychic distance, Establishment chain model, the Uppsala model and the Network model. When analysing our empirical material, we will use a combination of these theories to be able to answer our research question in the best possible way.

2.1.2 The empirical data

When collecting our data, we aimed to gather as trustworthy and reliable data as possible. Considering this, we used both primary and secondary data. By doing so, we believed we would gain useful information and at the same time be able to answer our research question in a credible way. Due to the qualitative approach of our study, we choose methods aligned with our approach such as interviews and document studies. By using these methods, the researcher can gain in-depth information from the respondents (Easterby-Smith et al, 2002).

2.2 Research Methods

2.2.1 A qualitative case study

A case study could be based on an organisation, location or a person (Bryman and Bell, 2007), where our study focuses on organisations. Moreover, a case study captures the reality and answers the questions how and why, why we find this to be a suitable approach in order to understand the nature of our research problem. Our aim was to explore a rather new area and thereby get new and valuable insights about the subject. We considered the use of case companies the most rewarding due to the fact that companies tell real stories, which therefore makes the research easier to visualise and understand (Myers, 2008). Thereby, we wanted to interview employees within the organisations in order to understand why and how they utilise the country-of-origin effect and if they consider it to be an important factor in their activities. Moreover, we wanted to analyse how they can enhance these activities. We are aware of that another option could be to interview expertises within the country-of-origin area. However, we wanted to gain insights of how and why companies use country-of-origin in their marketing activities when enter a foreign market. By doing so, we consider it suitable to conduct a qualitative case study in order to gain in-depth clarification about our specific phenomenon, the country-of-origin effect. This is due to the fact that we intend to enhance and interpret relevant factors within our phenomena, conduct a relevant analysis and consequently answer our research question. Furthermore, our case study is of a multiple case study design, due to the fact that we analyse and compare three various companies within our research. In general, a multiple-case study design enhances theory and empirical findings from more than one organisation, which could broaden our perspective in the subject. However, we are aware of the fact that this type of case study

could lead to a neglecting of in-depth information of a single company and rather focusing on the comparison between the companies (Bryman and Bell, 2007).

When conducting a case study the approach tends to be of a qualitative manner due to the in-depth characteristics, which a qualitative study requires (Bryman and Bell, 2007). In the initial phase of a qualitative case study, the research question is given and the outcome of the case study is analysed through the collected data. The research area is limited in order to thoroughly be able to study the certain area. By using a qualitative approach, one can build a more accurate theory by combining several methods. Accordingly, this type of study does not need to rely on a single method, which further increases the credibility for the study. This could be referred to as the triangulation approach, which imposes the usage of more than one method in the study of social phenomena (Bryman and Bell, 2007; Myers, 2008). Due to the fact that we intend to use primary and secondary empirical data, we found the triangulation approach appropriate for our research design since we then are able to analyse various perspectives within our specific phenomena.

2.2.2 Choice of case objects

When choosing case study objects it was important for us to analyse companies that are offering high-quality design products and that have a genuine Swedish origin, which they emphasise in their marketing activities. Of importance was also the fact that the companies were operating on foreign markets and were planning on expanding their establishment further.

When choosing case companies, we searched for Swedish companies that existed on an international market and were sighted within the high-quality design segment. Sweden and Swedish design have a great repute internationally (nation-branding.info, 2009; Swedish Institute, 2008), which was the reason behind why we wanted to study companies within this industry. Accordingly, if people on an international scene have a good perception regarding Swedish design, the country-of-origin effect could be of importance for Swedish high-quality design companies when establish on a foreign market. By choosing three rather similar companies, we were able to compare the companies since they had similar resources and opportunities regarding their internationalisation process. As our case companies we choose Kosta Boda, Svenskt Tenn and Skultuna. This since we find the three companies interesting and suitable to study due to the fact that they are strong Swedish high-quality design brands with a distinctive focus on their Swedish heritage. Further, due to the information possessed from our interviews, we consider our case companies to be classified as small or medium sized enterprises with rather limited resources (Berglund, interview 2010; Westman, interview 2010; Lindén, interview 2010). Hence, they might therefore gain additional benefits by using the country-of-origin effect. When studying three different case companies, it allowed us to analyse how each of the companies are using country-of-origin as a potential success factor when strengthen their brand on a foreign market. Our ambition with the different case companies was that the companies could contribute with experiences both from the domestic and foreign market. Furthermore, when choosing to study more than one company the researcher is given the possibility to compare and make differences regarding the different processes (Bryman and Bell, 2007). Since there has been limitations' regarding both resources and time, we perceived three case companies to be the most appropriate amount of companies to study. Below, we have made a short description of our chosen case companies:

Svenskt Tenn: In 1924, Estrid Ericsson and Nils Fougstedt founded the company Svenskt Tenn. A couple of years after, Ericson started a successful collaboration with Josef Frank and the legacy of their work is still of today functioning as the core of the brand Svenskt Tenn. The company produce and offer a wide range of design- and interior products such as furniture, textiles and various gift items. Today, Svenskt Tenn can be found on four different markets.

Skultuna: The history of Skultuna dates back to 1607, when King Karl XI founded the Skultuna Messingsbruk. In the beginning of the 19th century, the Hedenström family acquired Skultuna and in 1860 Skultuna Bruk AB was founded. The company produce and offer products like cuff links, candlesticks and buckets. Today, Skultuna products can be found on ten different markets.

Kosta Boda: In 1742 Anders Koskull and Georg Bogislaug Stael von Holstein founded the glasswork Kosta, which together with the glassworks Boda and Åfors compose the basis of the brand Kosta Boda. The company produce and offer various types of glass products such as art pieces, vases and bowls. Today, Kosta Boda products can be found on 28 different markets.

2.2.3 Collection of data

The primary method used within qualitative methods is interviewing, which we have chosen to use in our study. By getting insights from our respondents, it will give us valuable information about how they perceive the reality (Easterby-Smith et al, 2002). Though, when using interviews in a qualitative manner, the interviews tend to be less structured compared to interviews within a quantitative approach. A qualitative form of interviewing is therefore a suitable method to use due to its flexibility. Consequently, the interview could reflect the interviewers own perspectives and move in the direction the interviewer chose. A further advantage of qualitative interviewing is that the interview is not limited to one occasion, instead the interviewer can return to the interview on another occasion if necessary. Qualitative interviewing consists of two main approaches, which are applicable when conducting interviews. Firstly, unstructured interviewing, which is flexible and in its behaviour similar to a conversation. Secondly, semi-structured interviewing, which often consists of an interview guide that gives the interview a structure but enhances follow-up questions if necessary. Further, the interview also allows flexibility, where the interview questions do not necessarily need to come in a structured order, which implies new angles on the interview (Bryman and Bell, 2007).

In order to gain in-depth knowledge within our chosen companies we conducted interviews combined with document studies. Document studies are a valuable source of data since it is not produced at request for the particular research. Considering this fact, document studies could be seen as non-reactive, which implies that they have not been created for a certain purpose. Additionally, this could be seen as an advantage since the documents reactive effect is decreased. In our study we aim to use document studies such as for example public and organisational documents. Public documents, such as newspaper and other sources from Internet, will be important material in our research in order to broaden our perspective of the companies chosen. However, one can question the credibility regarding these documents, since there is a potential of bias. Accordingly, we found it necessary to combine the public documents with organisational documents. These are valuable for our research since we aim to analyse how the companies have done in the past, which makes documents such as the companies advertising, campaigns and other relevant material useful to consider. These documents will give us important background information and a clearer description about the companies, which will

facilitate our further research. By using documents studies, we save time since we not need to depend on the interview objects schedule. Additionally, these documents could be difficult to gain access to and the reliability of the documents need to be taken into consideration, due to the fact that they often are produced by individuals within the organisation (Bryman and Bell, 2007).

Finally, we consider these two alternatives to be the most appropriate for our study since we gain knowledge both from inside the company, as well as from an external perspective. Therefore, analysing two various sources will broaden our perspective in the area we aim to study. Moreover, we believe that other alternatives for collecting data, such as observations and focus groups, would not be appropriate for our study since we are interested in the companies and their background and not the clients' side of the subject.

Documents

Firstly, we started our research by collecting as much valuable information as possible in order to gain knowledge within our specific area. Our mainly used documents were the various companies' websites svensktenn.se, kostaboda.se and skultuna.com. At the websites, we gained basic knowledge about the companies' background, products, marketing activities and what markets they have expanded to. Attached to their websites one can read extended documents about the historical background of the companies, which we considered to be of great interest. We also acquired visual documents from the companies with various marketing activities such as campaigns and advertisements. We consider these documents to be valuable for our study since we obtained more visualised insights of information that could exemplify how our case companies use the country-of-origin effect in their activities. Our aim was to gain as deep information as possible from the documents in order to have essential knowledge about the companies before starting to conduct the interviews. Our knowledge about the companies therefore facilitated, which made it possible to acquire new and useful information for our study during the interviews. In addition, we searched at the Internet in order to achieve other relevant angles and applicable information. By doing so, we mainly searched for published articles at for example in *Dagens Nyheter*, *Svenska Dagbladet* and *Sydsvenskan* to gain more external information regarding the companies. We complemented our information from the companies with blogs about nation branding and Sweden as a brand, to gain greater knowledge about the phenomenon. Regarding our theoretical framework, we searched for published articles in scientific journals in the database ELIN but also at other relevant search sites. We mainly utilised articles from *Journal of Marketing*, *Journal of International Marketing*, *Journal of International Business Studies*, *European Journal of Marketing* and *Journal of Brand Management* due to the fact that our framework consists of several parts within these areas. Our most commonly used key words were country-of-origin, country image, brand identity, brand associations and internationalisation. Further, we also used some of our literature from previous courses, such as Ghauri and Cateora (2006) and Kapferer (2008), to find relevant theories.

Interviews

In our study we conducted six interviews in total, five interviews within our chosen case companies and one with the owner of the store "Just Scandinavian" in New York City. The reason behind conducting the interview with Herrmann, the owner of "Just Scandinavian" was in order to get further insights regarding the sales of Svenskt Tenn products on a foreign market. Besides Herrmann, we conducted interviews with the sales manager (Lindén) and key account manager (König) at Svenskt Tenn, the sales manager (Berglund) and an international sales representative (Hedberg) at Skultuna and the marketing director (Westman) at Kosta Boda, since we believed that they had the most

solid and relevant knowledge within our area of subject. Our choices of respondents have all been involved in the companies on a longer basis and would therefore possess the knowledge about the companies that we required. Furthermore, they are all actively involved in the internationalisation process of their brands and would therefore be the most appropriate interview objects within the companies.

We conducted one interview face-to-face, whereas the remaining interviews were conducted by telephone. Our aim was to conduct all the interviews face-to-face, but this was unfortunately not possible due to the time limit as well as the physical distance. However, we recorded all of our interviews to be able to review the respondents' answer and not neglect valuable information. By doing so, we could be fully focused on the respondent during the interview, instead of being distracted with formulating and writing. We also found it important to capture our interview objects own words to be able to analyse the information as accurate as possible. Additionally, we are aware of that recording the interviews can make the respondents timid and also that the interview will "open up" when the recorder is turned off (Bryman and Bell, 2007). Obviously, this is something we have taken into consideration during the process. The telephone interviews were conducted on a quiet place in order to not get distracted during the interview, whereas the face-to-face interview was held on a neutral place, in order to not get affected from the surroundings. To be able to receive all the information needed for our study, we were able to complement our conducted interviews with more questions by emailing our respondents. We would also find it interesting to conduct interviews with more employees within the organisations. Though, due to the companies' schedule and our time limit, this was not an option. In addition, we wanted to interview international agents and distributors selling products from Kosta Boda and Skultuna in order to get more insights of how the products are sold globally. Though, these agents were difficult to get in contact with and therefore we only used empirical material from the store "Just Scandinavian" in New York.

In our interview guide (appendix 1) we formulated relevant questions in order to answer our research question in the best possible way. Our interview questions were conducted in three different parts, which touched upon our theoretical framework such as the companies' brand, their marketing activities in correlation to country-of-origin and their internationalisation process. On request, we emailed the questions in advanced to our respondents, which we believe is positive in order to receive well thought-out answers during the interview. After conducted the interviews, we processed the data and concluded a summary of the information.

2.3 Criticism of sources

Since all of our respondents were Swedish, the most natural thing was to conduct the interviews in Swedish. Though, the fact that we later had to translate the interviews into English could give another interpretation to the respondents' answers. Consequently, the meaning behind the respondents' answers could be slightly different comparing to what they replied in Swedish. However, we do believe that our English is at a standard high enough for not disregard the actual meaning in our respondents answer.

During our collection of data, we tried to be critical towards our sources. Since all of our respondents are employees at our case companies, this could imply that they are rather objective and therefore lack the ability to analyse their organisation and methods from a different perspective. Though, this is something that we have taken in consideration and we have therefore tried to be thoroughly critical to the answers given. This is also true

when examining secondary documents provided from our case companies, such as websites and campaign brochures. These documents might in addition be subjective and hide or highlight different aspects of the case companies, something that we also had to take in consideration during our investigations.

2.4 Criticism of research methods

2.4.1 Validity

In all studies, it is essential to examine the credibility of the methods, theories and sources used. To be able to judge the credibility of a research, one can use the terms internal and external validity (Bryman and Bell, 2007). According to Bryman and Bell (2007), internal validity implies that the findings of the study should be confirmed and proven by others. In our study, we have used different sources in order to prove and confirm our findings. When writing our chapters we have, in accordance with Patton (1990), constantly tried to find different perspectives that look at the same data. In this way, we believe our research to be more trustworthy and credible because of the different sources stating the same things. Further, Patton (1990) implies that by using several interviewers or observers when collecting data, the validity of the research will be enhanced because of the reduction of potential bias. Since we have made all of our interviews together we have been able to reduce potential misconceptions, which in our opinion have increased the credibility of our research. Given that we have chosen to interview the sales managers at Skultuna and Svenskt Tenn, the key account manager of Svenskt Tenn, the marketing director at Kosta Boda as well as an international sales representative of Skultuna, we have gained information from the persons that have the most knowledge and insights relevant for our research question. Further, these sources are primary sources, which makes them more reliable since they have great knowledge and insights in the companies. Though, to be able to gain an objective study, we had to be critical towards their statements since they might not be truly objective in their views.

External validity is another way of testing the credibility of a study, which describes the extent to which the results of a study can be generalised (Bryman and Bell, 2007). Before we decided upon our selected case objects, we did a careful investigation of different Swedish high-quality design companies. By doing so, we hope that our findings can be representative and applicable for other Swedish companies within the same field. Though, an important factor to take in consideration is that a single case cannot be representative enough to be applied generally on other cases (Bryman and Bell, 2007). Due to this consideration we decided to analyse three case companies with the intention to be able to reach findings that could be generalised and applied on other cases. Further, it is also of great importance to examine whether we as researchers have affected the results. We are aware of the fact that our previous knowledge, values and personal opinions might influence our study. Nevertheless, this was something that we were aware of before the process started and we therefore believe that our potential preconceived ideas have been minimised through our awareness.

2.4.2 Reliability

According to Bryman and Bell (2007), reliability describes to what extent the study can be replicated to be able to give the same result over and over again. When doing a qualitative study where specific case companies are to be studied, the reliability is however rather difficult to examine given that our case companies activities could change.

Though, Bryman and Bell (2007) implies that the reliability in a qualitative study can increase in consequence of a profound methodology, where the procedure behind the study is thoroughly described. To increase the reliability of our research, we have therefore tried to give a detailed description of the procedure behind our research process. Further, we have in-depth tried to describe our methodological reasoning; how we collected our data, how we conducted our interviews and so forth. By doing so, we are hoping that the credibility of our research will increase.

3. Theoretical framework

In this chapter we will present the theories relevant to the purpose of our case study. The chapter is divided into a total of three parts; the first part covers different theories regarding how to build a strong brand, whereas the second part presents theoretical framework within the area of country-of-origin. Lastly, the third part covers different strategies used when establish on a foreign market. Further, we will in the end of this chapter discuss our choice of theoretical approach.

3.1 Building a strong brand

3.1.1 Brand identity

According to Wallström et al (2008), a brand could be defined as the organisations most valuable asset and is therefore an important strategic resource for the company. Further, in today's competitive environment, brands need to be unique and have a competitive advantage to be able to succeed (Urde, 2003). When building a strong brand, brand identity is therefore an important factor to take in consideration. Brand identity discusses the brand's core identity, which refers to the essence of the brand and the extended identity that could be described as the associations connected to the brand (Aaker, 1996). Moreover, the brand essence is in Urde (2003:45) described as a part of the identity since "the brand essence can be viewed as the glue that holds the core identity elements together". Furthermore, Urde (2003) stresses the importance of core values, which enhance the brand personality and often can be connected to the brand origin.

The brand name, the origin, the personality and the usage are factors that could have an impact on the brand identity development. When strengthen the brand identity the name of the brand is therefore essential, since the company consequently needs to utilise the name on a longer basis (Melin, 1997). Kapferer (2008) further stresses the creation of the brand name, visual symbols and logotypes as essential for the brand identity. By focusing on these factors, the brands culture and personality can easier be visualised by the consumers (Kapferer, 2008). The personality of the brand could also be a deterrent factor when creating a sustainable identity. Lastly, the usage of the brand affects the development of the identity since identification with the brand is crucial. Though, the brand identity needs to be trustworthy in order to succeed (Melin, 1997). Furthermore, Kapferer (2008) mentions the brands origins and its historical and geographical factors as additional factors crucial to consider in the process of building a strong brand. By doing so, social, cultural and ideological origins can be used as important strategic tools for companies in their marketing strategy (Kapferer, 2008).

Corporate storytelling

Corporate storytelling can be seen as a strategic marketing tool used by companies to enhance the company's identity and add value to their brands and products. By using corporate storytelling, companies are able to differentiate themselves from their competitors by telling the story about themselves and their products. Further, the corporate story is able to create a more distinctive image among the company's customers. The use of corporate storytelling is widespread and can be an applicable strategy regardless of company size or industry. Furthermore, the strategy is very cost efficient and rather easy to use. Though, it is important that the story is perceived as trustworthy and in line with the company's identity in order to be successful (storytellingsolutions.se, 2008).

Brand identity planning model

According to the brand identity planning model (figure 1), it is essential to create significant associations to the brand by focusing on the product, the personality, the organisation or a symbol (Melin, 1997; Aaker, 1996). By considering these perspectives, various brand elements can be analysed and thereafter create a more unified and distinct identity. Subsequently, the image of the brand could be defined, which creates a clearer position in the minds of the consumers. However, not all of the different perspectives need to be embraced collectively, since only one of the mentioned perspectives might be suitable for some brands. Firstly, the brand as a product or product-related associations are essential factors for the brand identity since it is closely connected to the brand choice decisions. Accordingly, quality is essential to provide and many companies use this feature as their key element. Value is closely connected since it is important to offer value to as high quality as possible. Moreover, in order to create a successful brand one can associate the brand with its origin or region, which might increase the trustworthiness of the brand. This strategic direction of the brand will increase the associations with the brand since connecting the brand with its origin enhance high quality if the country or region are known for this specific feature. Furthermore, the brand as an organisation emphasise on the company itself rather than the products, which could be attributes such as culture or the values of the organisation. By focusing on the organisational attributes, the company's unique features are more difficult to copy and the company is therefore perceived as more credible. Thirdly, the brand-as-person could give the brand a personality instead of only be associated with its product attributes. By focusing on this perspective, the consumers might identify themselves with the brand personality, which enhance a stronger relationship between the customer and the brand. Lastly, the brand as a symbol increases the recognition of the brands identity. Essentially, three types of symbols are often used, which are visual imagery, metaphors and the brand heritage. A strong symbol and focus on the heritage of the brand are essential for the brand strategy and could symbolise the brand essence (Aaker, 1996).

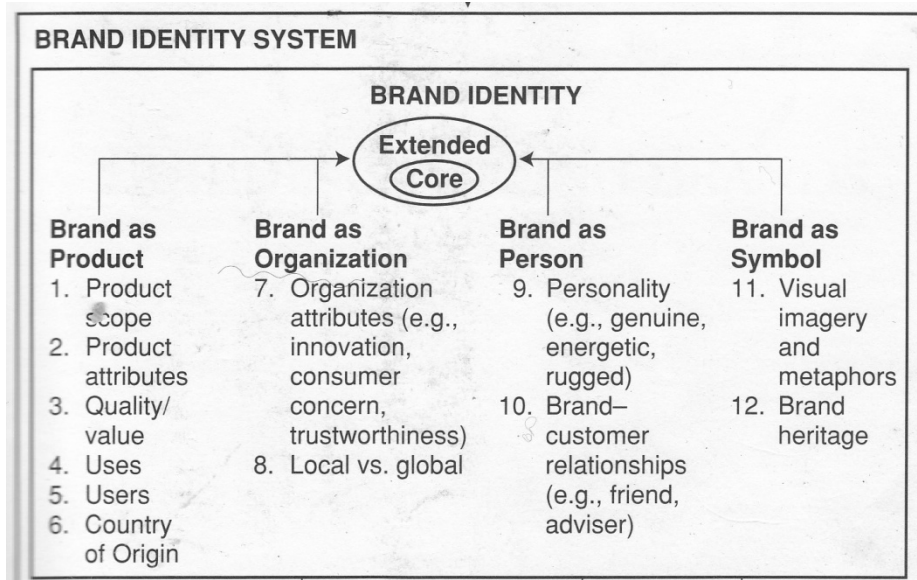


Figure 1: *Brand identity Planning Model* (Aaker, 1996:78)

Brand positioning

Brand positioning could be seen as the way the brand communicates its identity externally. Important to consider is how the brand should express itself without losing its brand congruence. Accordingly, the product and its communication need to move in the same direction in order for the company to be perceived as having a trustworthy brand. Positioning stresses the importance of emphasising on the unique features that their target group find attractive with the brand. Firstly, one should consider the competitive set that the brand should be associated with and secondly, identify the brand's key difference in comparison to other brands. The brand identity focuses on the brand's heritage, whereas the brand positioning is comparative in the sense that customers make a choice when choosing between brands. Moreover, the brand identity is more constant due to the fact that it is connected with the brand's heritage, while brand positioning could change depending on strategy. Accordingly, brand positioning allows the brand to change over various markets but at the same time keep its identity (Kapferer, 2008).

3.1.2 Brand equity and customer-based brand equity

When Aaker (1996) discusses how to build a strong brand, he stresses the importance of brand equity. Essentially, brand equity is built through various drivers, which are defined as brand awareness, perceived quality, brand loyalty and brand associations (Aaker, 1996). Furthermore, in order to build a strong brand a modification of the brand equity model could be embraced, which is referred to as the customer-based brand equity model. By using this model, the customer perception of the brand is highlighted since the customer's mind defines the brand's attractiveness. Accordingly, the customer-based brand equity model defines to what extent the customer responds to the brand and if the connections influence the purchase decisions. The model further explains that what customers have learned, felt and seen over time, regarding the brand, are key factors in the brand building process (Keller, 2001). Organisations often utilise this model in order to increase the customer's interactions and thereby enhance customer relationships (Leone et al, 2006).

The customer-based brand equity pyramid model

The customer-based brand equity model defines four steps of a successful brand building process, which are; brand identity, brand meaning, brand response and the brand relationship. In order to build a strong brand, the steps mentioned can be complemented with the brand pyramid (figure 2). The first step discussed in the pyramid is the brand salience, which refers to the creation of brand identity and customer awareness. Furthermore, the brand awareness describes to what degree the brand is recognised and emphasises on how to make the brand top-of-mind among the consumers'. By doing so, the brand name, logos and symbols need to enhance associations for the consumers. Moreover, it is important to consider the brand salience on the correct time and place. Keller (2001) states that when customers lack purchase motivation or purchase ability, brand salience is the key factor that they are considering. The second step, brand meaning, involves two directions of brand associations, which are the brand performance and the brand imagery. In essence, this step is crucial in order to create a position in the minds of the consumers. The brand performance emphasises on the core product attributes, where the experiences of the product need to at least meet the expectations of the brand. The brand performance is mainly connected with the consumer's functional needs, which need to be fulfilled for a satisfying experience. Contrary, the brand imagery refers to the more intangible features of the brand, which could be the psychological or social needs. Regarding the brand imagery, four types of intangible aspects are usually

discussed. The types mentioned are user profile, purchase and usage situations, personality and values and finally history, heritage and experiences. When focusing on the history, heritage and experiences of a brand a generalisation of the brand usage imagery is likely to occur (Keller, 2001). Hence, the brand gets linked with association and believes that the customer has with the intangible aspects. Accordingly, these associations might change over time and new associations might not be that favourable for the brand (Keller, 1993). Essentially, the brand associations and imagery are key factors in order to create a strong brand. However, in the end the customers need to have positive associations, as well as recall the brand, in order for it to be successful. The third step of the pyramid model emphasises on the brand response and could be divided into consumer judgements and consumer feelings. Initially, these factors stresses how the customers respond to the brand, which could be derived from the head or the heart. Consequently, these responses need to be positive and elaborate direct associations to the brand. Lastly, the top of the pyramid, the brand resonance, occurs when all the blocks of the pyramid are in harmony with customers' needs, wants and desires. Furthermore, this step focuses on the relationship between the consumers and the brand and if the customers identify themselves with the brand. This step could be divided into four different categories; behavioural loyalty, attitudinal attachment, sense of community and active engagement. In order to create resonance, the customer needs a personal attachment and a sense of identification with the brand. By doing so, the consumers become brand ambassadors and help to spread a good repute of the brand (Keller, 2001).

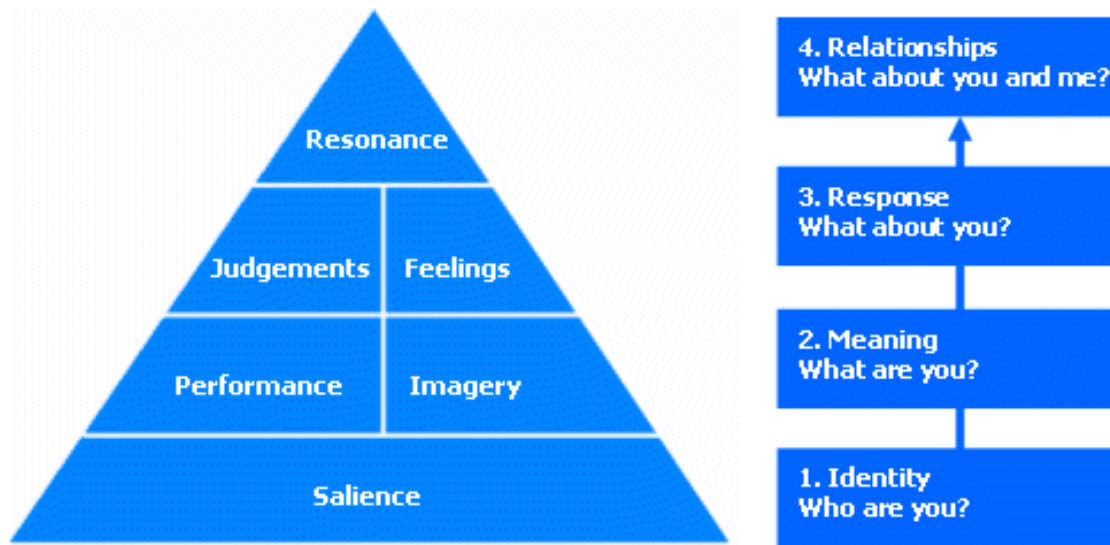


Figure 2: *Customer-based brand equity pyramid model*, (Keller, 2001:7)

3.2 The interrelation between brands and countries

3.2.1 Country-of-origin

In today's society countries are not in a position where they can afford waiting for the history to reveal the countries shortcomings. Therefore, countries need to enhance their image to be able to gain positive associations. In order for small countries to compete on an international market, it is of importance to stress the attractive national qualities and

connect these qualities to the brand intended to be sold on the international market. By establish a good repute regarding the country, the organisation is able to differentiate their products through the country's reputation and by this increase their sales (Ryan, 2008).

The term country-of-origin is, in the literature, described in several ways and it is difficult to obtain one general definition regarding country-of-origin and its effects. Though, Al-Sulaiti and Baker (1998:150) define country-of-origin as "the country where corporate headquarters of the company marketing the product or brand is located". Furthermore, country-of-origin could also be described as the country where the product is manufactured. However, some brands seem to perceive country-of-origin to be an inherent factor (Al-Sulaiti and Baker, 1998). Though, through country-of-origin, the customers initial perceptions of a product could be enhanced and thus guide the customer in the product evaluation process. The image of products country-of-origin could function as a feature in order for the customer to be sure of the products quality or if the price is reasonable (Johansson, 1992). In accordance, the relationship between brand characteristics and consumer brand perceptions has increased and to further associate the products to countries could enhance promotional activities. Marketers identify these associations as a strong tool in their strategic activities (Thakor and Lavack, 2003).

Country-of-origin as a branding strategy

Country-of-origin is often described as a branding strategy due to the fact that the term tries to reach competitive advantage through awareness. Further, using a country-of-origin strategy instead of a traditional branding strategy could create a competitive advantage through an extension of the country image. By using these relationships, the possibility to succeed on a foreign market could increase for brands that otherwise would have difficulties to position themselves. Though, in order to reach success on a foreign market, a "made-in" label on the products is not enough since the awareness of the country could be narrow (Kleppe et al, 2002). Accordingly, the consumers are becoming more and more aware of the country-of-origin aspect and when referring to a country name, high quality and product innovation could for example be positive associations connected to that country. Further, when recognising the cohesiveness regarding a brand and the country where the product is produced, a positive qualitative perception concerning the product is likely to occur (Aiello et al, 2009). Furthermore, in the decision making process the managers need to cautiously evaluate the history of the associations linked to the product before a decision regarding the usage of country-of-origin as a marketing strategy is taken. Consequently, the risk of a negative country-of-origin association could harm the brand considerably (Beverland and Lindgreen, 2002). Moreover, to use the brands name, logo or visual marks in connection with country-of-origin could also be a conscious strategy, which could increase the value of the brand (Dordevic, 2008). Further, Niss (1996) stresses that a positive country image could be beneficial for the brand when promoting itself on a foreign market, especially when the national image is favourable. Niss (1996) also discusses that one should identify country-of-origin as a marketing strategy, instead of a feature that adds value to the brand. Country-of-origin tends to be more effective for new products where the consumer does not have any previous experience with the product, which further helps the brand to create a strong identity. Furthermore, the country-of-origin effect is more successful in the entry strategy on a foreign market. According to Niss (1996), country-of-origin is more relevant in the introduction and growth stages, in comparison to the maturity and decline stages of the product life cycle. Further, Niss (1996) stresses that small and medium-sized companies should rely more on their country image than larger companies with a more global focus, since the country image is not as relevant when the company is

becoming more internationally known. However, country-of-origin could be used as a penetration strategy when first enter a new market regardless the company size. A larger company with businesses widely spread could use the country-of-origin effect to rapidly enter a new market in the same way as a small and medium-size company could do. Though, a marketing strategy in connection with country-of-origin does not require a lot of time and financial resources, which could make it more relevant for small and medium-size companies with limited resources (Niss, 1996).

Positioning a brand through country image

Country image is, by Kleppe et al (2002:62) described as “the total of all descriptive, inferential and informational beliefs one has about a particular country”. Niss (1996) stress the importance of a positioning strategy in connection with the country image to create awareness among consumers. Moreover, using country image as a position strategy could stimulate the interest in the product during their marketing activities (Niss, 1996). Further, country equity is linked with the country image and can be described as to the extent consumer’s influences a brand or product that is solely derived from associations. Prestige, innovativeness, economy and design are examples of such associations. (Kleppe et al, 2002).

Nation branding

The perception that all nations could be seen as a brand is widely accepted and in some cases the brand is connected to their nation in a profound way, like Japanese electronics or French perfume. The fact that a nation could be seen as a brand might be both positive and negative; the nation could for example contribute to positive perceptions of the brand regarding high quality. Though, if the country has a negative reputation this could damage the domestic companies. The image of a nation could be one significant factor in the buying decision process of a brand. From a marketing point of view, the reputational capital of a nation in connection with the product category is the ideal factor to consider when exploiting a brands identity. However, an alternative marketing strategy could be to search for some parts of the image that, by the customers, is positively associated to the nation in order to reach the targeted audience (O’Shaughnessy and O’Shaughnessy, 2000). Additionally, features such as history, experience and language differentiate nations from each other. These features are exclusive and in contrast to corporate brands, nation brands are consequently liberated from imitation. Further, this leads to an opportunity for nation brands to be original and unique (Jaworski, and Fosher, 2003). By connecting country and corporate brands, value can be strengthened and increased in both directions. Some companies embrace a single nation’s values and are therefore not able to neglect the brands origin. Furthermore, several global brands consider the essence of the brand to be connected with country associations (Dordevic, 2008). This is connected with the categorizations theory, which Dordevic (2008:71) describes as “the learning process in the perception of products and services”. Consequently, the categorization process describes how people perceive the corporate brands in connection with the country of brand and vice versa. Furthermore, the associations connected to the categorization theory are essential in the value-transfer process (Dordevic, 2008).

The Value-transfer window

The value-transfer window model (figure 3) emphasise on a corporations strategic decisions by embracing the country brand values with a different view of how to enhance a competitive advantage. According to Dordevic (2008), our globalised world creates a greater awareness among consumers, where focusing on brand origin could be an effective differentiation tool to use on an international market. Furthermore, the country image and the corporate brand depend on mutual growth, which needs to be taken in

consideration regarding the strategic planning. Promoting the best quality brands within a country, as well as promoting tradition, history and cultural values, are key success factors when creating a strong national brand. Further, the use of brand ambassadors can enhance the repute of a country and spread the word of the country brand effectively. (Dordevic, 2008).

The value-transfer window between country and corporate brands is applicable when companies plan their internationalisation strategy. To interrelate countries and brands are more effective on a global scene with foreign clienteles, which thereafter could create a competitive advantage. The value-transfer window consists of two dimensions with four connecting quadrant. Considering the first dimension, the model describes whether the company is aware or unaware about the benefits that country-of-origin hold and if they enhance the country brand values. By being aware of these beneficial dimensions, the country brand values can be implemented in the branding strategy of the organisation. The second dimension of the model focuses on the audience perceptions and if they are associating the corporate brand with its country- origins. The first quadrant discusses the obvious value-transfer, where the corporation is aware of the country brand values and the audience associates these values with the brand. In addition, within this dimension the corporation either invests to maintain the strong associations or decides not to invest. By focusing on the last alternative, the corporations do not need to invest in marketing activities, since the audience still associates the company with the country. However, marketing investments could further enhance and intensify value associations. The second quadrant discusses the spontaneous value-transfer, where corporations are not aware of the beneficial country brand values even if the audience makes those associations with the brand. The value-transfer occurs spontaneous and companies do not consider marketing activities to further strengthen the associations connected. Thirdly, in the quadrant underdeveloped value-transfer, corporations either invest in the country brand values or disregard this opportunities. If the corporation invests, the value transfer process is underdeveloped since the audience does not associate the corporation with their country image. Moreover, the company decides to ignore using the country values when communicating their branding strategy when enter a foreign market, which further leads to an underdeveloped value-transfer. With this in mind, the third quadrant is considered to be the least attractive. In the last quadrant, both the corporation and the audience are unconscious of the value transfer, even though it exists concealed (Dordevic, 2008).

| | | Corporate awareness of the benefits that the country brand values hold | |
|------------------------|----------------|--|--|
| | | AWARE | UNAWARE |
| Audiences' perceptions | ASSOCIATED | 1. Obvious value-transfer Companies actively capitalise on or awarely benefit from country brand values. | 2. Spontaneous value-transfer Companies passively benefit from country brand values. |
| | NON-ASSOCIATED | 3. Un(der)developed value-transfer Companies invest in associations, or ignore them. | 4. Latent value-transfer No perception of the value transfer. |

Figure 3: *The Value Transfer Window*, (Dordevic, 2008:73)

3.3 The establishment on foreign markets

3.3.1 Psychic distance

Psychic distance is, according to Johanson & Wiedersheim-Paul (1975:308), created by "factors preventing or disturbing flows of information between firm and market" and an important factor for firms to take in consideration when enter a foreign market. In accordance with Johanson & Wiedersheim-Paul (1975), Johanson and Vahlne (1977) describes the prevented factors as language, culture, education, business practises and industrial development. Further, Evans and Mavondo (2000) define psychic distance as the perceived distance regarding cultural and business differences between the domestic and foreign market. Hereby, psychic distance is not about the geographical distance even though the terms might be interrelated. Hence, some markets can, according to Ghauri and Cateora (2006), be geographically distant and at the same time have little psychic distance.

According to Johanson and Vahlne (1977), psychic distance has a negative correlation regarding a company's performance, which implies that a company is most successful on a market similar to their domestic marketplace. Therefore, companies often establish their business in a market that is psychically close to its domestic market. After established on a psychically close market, companies subsequently start to expand to markets more psychically distant (Johanson and Vahlne, 1977). Ghauri and Cateora (2006) further discuss that psychic distance is inconstant and has the ability to change as a result of communication and experience. In addition, Ellis (2007) state that the uncertainty and learning costs related to the entrance on a specific market will increase with the psychic distance to that specific market.

3.3.2 The establishment chain model

The establishment chain model describes a company's entrance on a foreign market as a sequential process where the firm gradually move its business to a foreign market (Johanson and Wiedersheim-Paul, 1975). The model implies that companies start to internationalise in neighbouring markets and thereafter, with regards to psychic distance, expand their business to markets more distant (Johanson and Vahlne, 1977). In this process the company starts by not having any regular export, to have export via representatives, to establish their own sales subsidiaries and eventually to establish their own manufacturing subsidiaries. In this connection, the company starts by using low-commitment methods and will thereafter successively gain more experience, and thereby a greater knowledge of the market, which imply a greater resource commitment (Ghauri and Cateora, 2006). Johanson and Wiedersheim-Paul (1975) are taking the discussion further when explaining that before expanding into a foreign market, companies start by growing its business on the domestic market to be able to gain essential experience and know-how. They further state that the major obstacles for a company establishing on a foreign market are the lack of knowledge and resources. Though, by means of the incremental decision-making the companies will however be able to overcome these barriers (Johanson and Wiedersheim-Paul, 1975).

3.3.3 The Uppsala model

A well-known model regarding internationalisation is the Uppsala model (figure 4) by Johanson and Vahlne (1977), which is a further development of the establishment chain model. The Uppsala model describes a company's decision-making process, in

connection with the company's establishment on a foreign market, as an incremental learning process where the company successively commit to the foreign market. According to Hadley and Wilson (2003:698) "the experience gained from the foreign marketplace can translate into knowledge that can be used to resolve problems or select alternative options relating to international operations". Further, Welsh and Welsh (1996) state that the need for companies to attain experiential knowledge is what gives cause for them to take small, incremental steps to open up new markets. In this way, the incremental decision process reduces the insecurity caused by the lack of market information, which according to Johanson and Vahlne (1977) is described as the major obstacle when enter a foreign market.

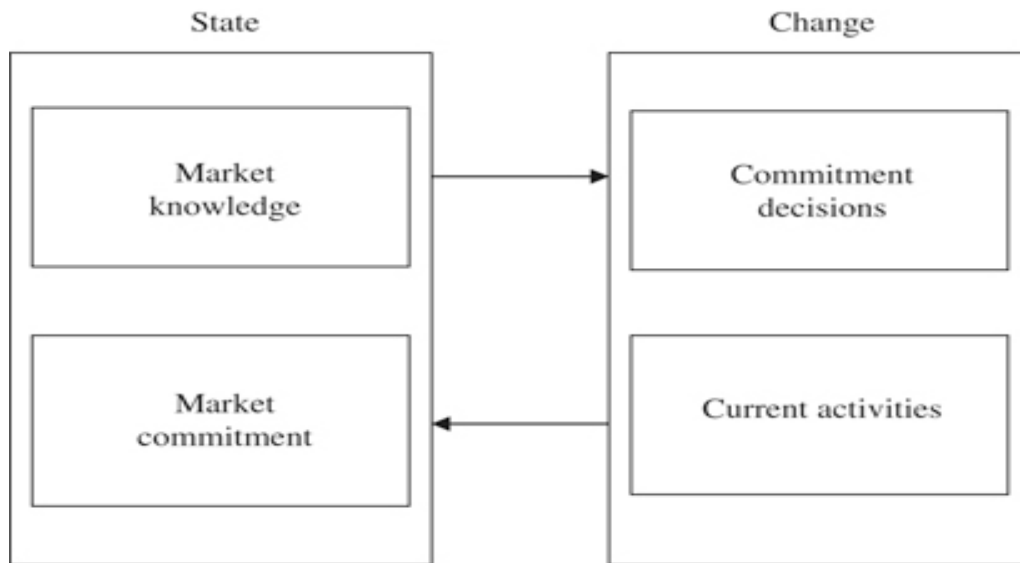


Figure 4: *The basic mechanism of internationalisation: state and change aspects* (Johanson & Vahlne, 1977:26).

Johanson and Vahlne (1977:26) imply that "the main structure is given by the distinction between the state and change aspects of internationalisation variables". To elucidate, the company's present state of internationalisation is of great importance when explaining the choice of following establishments. Hereby, the model is dynamic where the output of an activity is described to affect the input of the next. Market knowledge and market commitment is therefore thought of as affecting both commitment decisions and the current activities, which in its turn is changing knowledge and commitment (Johanson and Vahlne, 1977).

3.3.4 The Network model

Both the establishment chain model and the Uppsala model describe a company's establishment on a foreign market as a sequentially process where the company use their experience gained from previous establishments when entering a new market (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977). However, this implies that the company is already established on a foreign market (Hadley and Wilson, 2003). The network model, on the other hand, "draws attention to a firm's changing internationalisation situation as a result of its position in a network of firms and associated relationships" (Hadley and Wilson, 2003:701). Consequently, companies

involved in a strategic network do not need to have experience from previous international operations since they are able to gain relevant information by their development of a cooperative relationship with customers, suppliers or other business partners (Hadley and Wilson, 2003). This is in line with Welsh and Welsh (1996:12) reasoning, stating that an "important part of a company's knowledge is often created and maintained through actors in its relevant networks".

When using strategic networks, companies are able to internationalise in a greater speed compared with companies using an incremental decision-making process. This is due to the fact that companies involved in a network are able to gain experiential knowledge through their network, instead of having to gain it through their own experiences (Hadley and Wilson, 2003). Hadley and Wilson (2003:700) further imply that by being involved in a network, the company is "being exposed to a greater number and variety of knowledge sources than if the firm relied solely on its internal capabilities". Consequently, a company's relationships will result in relevant international knowledge as well as various openings regarding vicarious learning (Hadley and Wilson, 2003).

Bonaccorsi (1992) points out that a high concentration of small companies, on an assembled area, will result in a high visibility of the different companies behaviour. Therefore, if one of these companies decides to start exporting, several companies are likely to imitate their decision. In this connection, even without being involved in a network, a company can learn about other firms through imitating their internationalisation decisions (Bonaccorsi, 1992). However, Hadley and Wilson (2003:700) state that, "such behaviour does not constitute a direct transfer of knowledge across organisations or actors". Instead, by imitate the behaviour of another organisation or actor; the company will increase their experiential knowledge through having to face the consequences of their imitation decision (Hadley and Wilson, 2003).

3.4 Choice of theoretical approach

The first part of our theoretical framework consists of theories regarding how to build a strong brand were we start by discussing brand identity, which is important in the brand building process. Moreover, in connection with the process regarding the brand identity development, different features such as brand name and brand origin are mentioned. Brand origin is also part of the theories regarding country-of-origin, which creates a connection between the chosen theories. Thereafter, we discuss brand positioning, which is described as the way the brand communicates its identity externally. Further, the theories regarding brand positioning stresses the importance of emphasising on unique features related to the brand, such as the brand's country-of-origin. Since we aim to investigate potential success factors when strengthen a brand in relation to country-of-origin, we believe all of the mentioned theories to be relevant for our study.

Another theory described when discussing how to build a strong brand is the brand identity planning model. By using this model we are able to, through the different perspectives of the model, analyse how our case companies can create a more unified and distinctive identity. Further, the model can also be used when analysing in what stages our companies are found and how various brand elements, such as country-of-origin, can be strengthen. When discussing how to build a strong brand the importance of brand equity is also mentioned. Another model used to explain how to build a strong brand is the customer-based brand equity model, which consists of four steps describing how to build a successful brand. Within the model we highlight the second step, which includes two directions of brand associations. One of the associations is described as

brand imagery, which consists of history and heritage. Further, history and heritage are substantial parts within the country-of-origin theory, which makes the customer-based brand equity model suitable when answering our research question. Though, we will not touch upon the questions related to the pyramid due to the fact that we do not possess information regarding the consumers.

The second part of the chapter presents relevant theories within the area of country-of-origin in order to give the reader a deeper insight regarding the use of country-of-origin, how to connect a brand to a country and so forth. Further, the chapter continues by discussing important factors to take in consideration when using country-of-origin as a branding strategy. By doing so, companies are able to reach competitive advantage through awareness and through the creation of an extension of the country image. Though, risks regarding the use of country-of-origin as a branding strategy are also discussed. Lastly, the value-transfer window model is presented, which is applicable when companies plan their internationalisation strategy. The model states that interrelating countries and brands could create competitive advantages, since the company's origin could function as an effective differentiation tool. By using the value-transfer window model, we are able to analyse whether our case companies are aware or unaware regarding their use of country-of-origin. Though, we will only look upon the first dimension regarding corporate awareness. Hence, we will not touch upon the second dimension regarding the audience perceptions since we do not possess the empirical information needed to conclude a relevant analysis. Since we want to investigate how to strengthen a brand through the use of country-of-origin, these are all theories important to consider.

The third part of the chapter covers different strategies used by companies when establishing on a foreign market. Consequently, we wanted to analyse how high-quality design companies can use the country-of-origin effect when establishing on a foreign market. We wanted to shed a light on the potential success factors when a brand internationalises in connection to country-of-origin and therefore we identified the most appropriate entry strategies related. Firstly, psychic distance is discussed, which is described as "factors preventing or disturbing flows of information between firm and market". Psychic distance is therefore an important aspect for companies to take in consideration when choosing what countries to enter. Thereafter, we describe the Establishment chain model and the Uppsala model. The models describe the establishment on a new market as an incremental learning process, where the company successively commits to a foreign market. In connection to these models, the Network model is included in the chapter, which discusses the benefits of being part of a strategic network when entering a new market. By using these theories, we wanted to analyse our case companies' behaviour when entering a foreign market and thereby identify if there is a certain strategy that could be more suitable than another when entering a foreign market as a Swedish high-quality design company. Below, we present a model that exemplifies our research design and mode of procedure (figure 1).

The theoretical framework

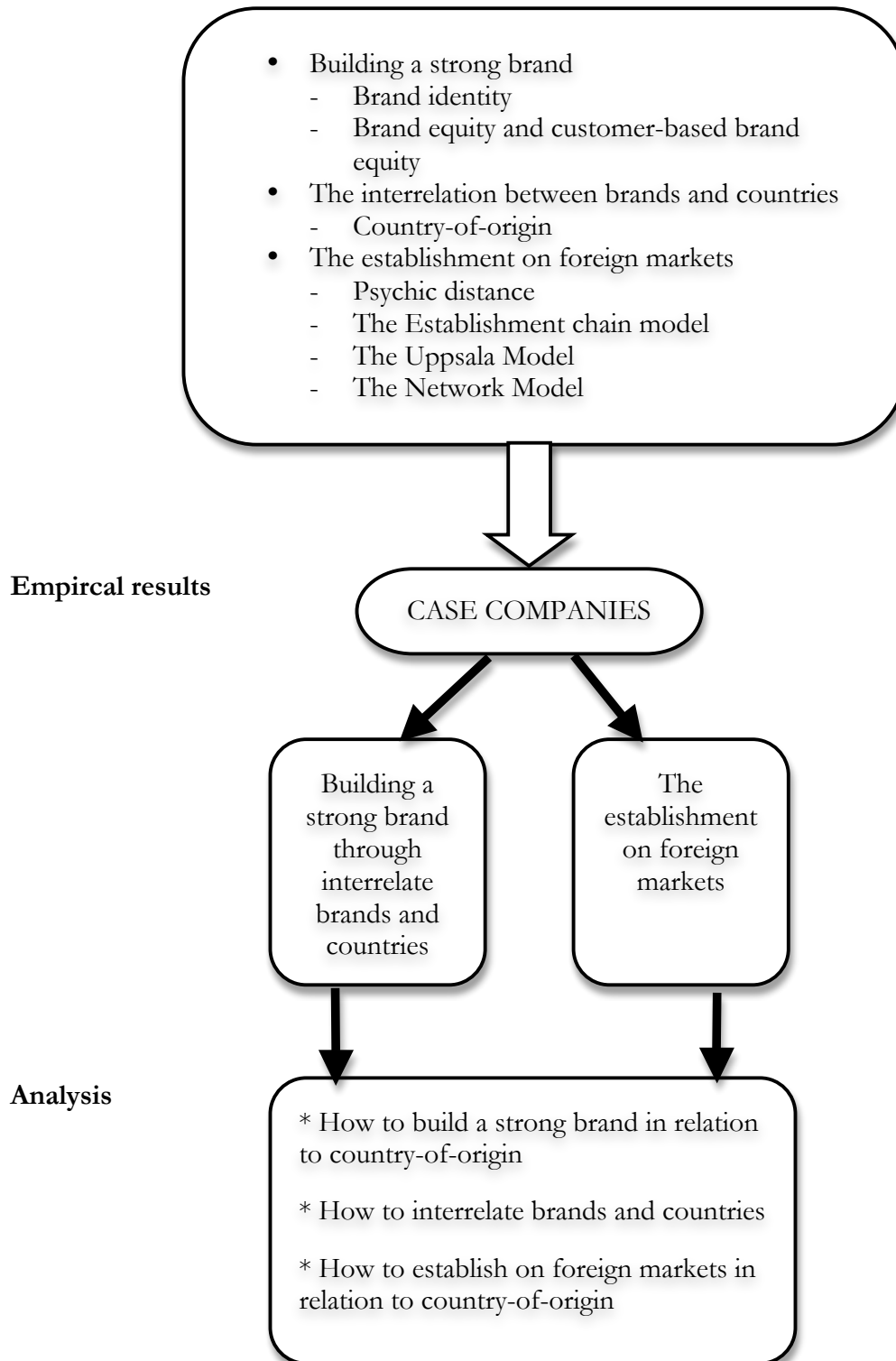


Figure 5: *Our conceptual model* (own construction)

4. Empirical data

In this chapter we will present the empirical data that we have collected throughout our study. The chapter is divided in three different parts, in which we will present our different case companies separately. These parts are in their turn divided in two central dimensions, where we first present our case companies background, brand and marketing activities and then their establishment on foreign markets.

4.1 Empirical review of Svenskt Tenn

4.1.1 Building a strong brand through interrelate brands and countries

Background

In October 1924, Estrid Ericson and Nils Fougstedt opened Svenskt Tenn, a small store and workshop on Smålandsgatan in Stockholm. In the beginning they solely sold pewter products designed by Fougstedt and Ericson, but quickly the store became a success amongst people in Stockholm. In 1925, their products were shown at exhibitions in both the US and Europe and Svenskt Tenn reached their first major success. In 1932 Ericson started collaboration with the Austrian designer Josef Frank, which rapidly intensified and became very successful. As of today, Estrid Ericson's and Josef Frank legacy is still the core of Svenskt Tenn and the range of products is based on the design of Josef Frank. Further, the Kjell and Märta Beijer foundation is the owner of Svenskt Tenn, which in these days is offering a wide range of products, all from furniture's to textiles (svenskttenn.se, 2010). In 2009, Svenskt Tenn had 46 employees and a turnover of 89 576 thousand crowns (allabolag.se, 2010)

The Svenskt Tenn brand

Svenskt Tenn is striving to convey both their history and interior design philosophies to their customers. A way of defining the brand Svenskt Tenn could be as "a compositionally world between the cultural heritage and a commercial operation", where Svenskt Tenn offers their customers "a magical world of things" (Lindén, interview 2010). Svenskt Tenn perceive themselves as a premium brand and they are unusual in the sense that they have a wide price range where they "offer furniture for 100,000 Swedish crowns, but also serviettes for 50 Swedish crowns" (Lindén, interview 2010). Svenskt Tenn is in other words a multifaceted brand, which offer both handmade design products as well as inspiration regarding interior design. Even though the brand Svenskt Tenn has existed for a long period of time, the company is constantly changing. Nevertheless, their core values; quality, timeless, generosity, sustainability and to be surprising, have always been the same. Both quality and timeless are values commonly used as arguments in their marketing activities. As an example, it is stated at the Svenskt Tenn website that "the product range is primarily based on Frank's timeless designs" and that "the unmistakable Svenskt Tenn style [...] is a genuine love of all that is beauty and quality" (svenskttenn.se, 2010).

Svenskt Tenn has no central target segment; instead they have divided their customers into four different customer groups. These four groups are divided with regards to cultural awareness, customers who are aware of the brand, the pioneers and the intendants. Customers are divided into these groups with consideration to emotions, background and knowledge regarding for example design and history. Further, Lindén states that some customers are solely visiting their store in order to be inspired, where their interest foremost lies in how the Svenskt Tenn store is decorated and composed. In accordance, their store is also described at their website, which states that "Estrid

Ericson's spirit lives on at the store on Strandvägen" and that "the spirit also lives on in the store's window displays, décor and exhibitions" (svensktenn.se, 2010).

Heritage and history is very important to Svenskt Tenn since their brand is composed by these factors. Further, these are, together with their Swedishness, values that their customers are associating to the brand. Svenskt Tenn's logo does for example consist of an old pewter stamp, which is a symbol of the company's history and frequently used in advertising. The image of Svenskt Tenn is connected to Sweden in a profound way, even though the company's design is both Scandinavian and international. Moreover, their design is not typically Swedish but has "an easiness" that is typically for Scandinavian design (Lindén, interview 2010). Further, Svenskt Tenn believes their prior competitive advantage to be their mix regarding cultural heritage and commercial operation, which are factors adding value to the brand. Their cultural heritage is also visualised in their handicraft, which implies that when a customer is purchasing furniture, the company is able to add value to the product by telling the story behind. As for example that the furniture have been part of an exhibition, which makes the customer able to associate the furniture to something more and also to receive "an added intellectual dimension" (Lindén, interview 2010). In the interview with König, she states that the ownership structure of Svenskt Tenn is of great importance when discussing competitive advantages. Svenskt Tenn is owned by the Kjell and Märta Beijer foundation, which is donating money to Swedish research. The research concerns the environment, genes and cancer as well as different interesting designers and design projects, contributions that Svenskt Tenn consequently believes can be seen as long-term competitive advantages. Further, the sustainability of their products also is an important competitive advantage and the secondary market for Svenskt Tenn's products is so strong that some customers even pay more for a vintage product than for a new one.

Marketing activities

When Svenskt Tenn is marketing their brand, they are using collaborations with interesting people, companies, designers and artists. In addition, they have events in connection to these collaborations, which also are functioning as one of their prior marketing channels. When launching a new product, Svenskt Tenn is foremost using PR and press releases. They sometimes use advertising campaigns, but they only take place around Christmas or when they are about to have a sale. According to Lindén, the lack of advertising is a conscious choice and marketing strategy. Further, Svenskt Tenn participates in various exhibitions, as for example the annual "Furniture Fair". Svenskt Tenn is constantly working with these kinds of events, which contribute to their development. In addition, they have one or two times per year collaborations with various designers. As an example, they have recently done a successful collaboration with the Swedish fashion company Acne (appendix 2.1). Why they choose to work together with Acne was both due to personal relationships with the creative director at Acne, but also due to the fact that Svenskt Tenn perceives Acne as a company rather similar to Svenskt Tenn. Further, fashion and design companies have in these days converged to each other and according to Lindén, Acne is seeking inspiration in a similar way as the founders of Svenskt Tenn once did. The Acne collaboration was very successful for Svenskt Tenn, which because of the collaboration reached many new customers and received a lot of attention through various press and blogs.

When Svenskt Tenn is marketing their products they also find their Swedish history to be of great importance. In accordance, König states that Svenskt Tenn has been selected to design products for the official wedding line for the royal wedding in June 2010, which consists of plates and place card holders. Svenskt Tenn has also conducted collaboration with Prince Carl Philip Bernadotte, where the company has introduced a fireplace screen

designed by the Prince (svenskttenn.se, 2010). Further, all of their furniture's are produced in Sweden, as well as the major part of their other products, since Svenskt Tenn is eager to preserve their craft tradition and Swedish history.

Website

When entering the Svenskt Tenn website, which is accessible in both Swedish and English, the well-known logo of Svenskt Tenn and their collaboration with the Swedish Prince Carl Philip Bernadotte are the first things displayed. Further, it is stated on the website that "Svenskt Tenn is a company that has strong ties with its roots" (svenskttenn.se, 2010). On the website, one can also find inspiring pictures as well as information about the different products that Svenskt Tenn is offering. In addition, their profound history and heritage are described in an in-depth way through attached files, available in both Swedish and English. When visiting the website, one can also read about their latest events and look at inspiring photos describing different interior design philosophies (svenskttenn.se, 2010).

4.1.2 The establishment on foreign markets

Svenskt Tenn has since 2004 been established on foreign markets through agents in New York and Tokyo. Though, Svenskt Tenn did not have any internationalisation strategy behind these establishments, instead the retailers themselves offered Svenskt Tenn to sell their products in their stores in New York and Tokyo. Though, due to the increased interest in Svenskt Tenn products, the company was in November 2005 established at the department store Liberty in London. This was a fully planned establishment because of Svenskt Tenn's eager to exist on the London market (Lindén, interview 2010). Further, their decision to have a "shop in shop" at Liberty was due to the fact that the department store had a history similar to Svenskt Tenn, several common features and a background that too emanated from pewter. In addition, all of the employees in the "shop in shop" in Liberty have previous been employed at Svenskt Tenn (svd.se, 2005). However, these establishments are still in a small scale and Svenskt Tenn does neither put that much effort on different marketing activities to enhance the sales and awareness on the mentioned markets. Neither do they mention their foreign establishments on their website. Instead, the company wants to see how their products are received on markets far from their domestic market before making further investments in these markets. Further, Svenskt Tenn has not been able to process their presence at the New York market due to time limitations, but they are planning to expand on the New York market in the future. Even though their sales have been modest on the foreign markets, Svenskt Tenn is working with long-term goals and is therefore continuing their investments on the mentioned market. When establish on foreign markets, they are using "shop in shop's" and different retailers to distribute their products. Further, Svenskt Tenn is planning on continue developing their internationalisation and a distribution strategy for the future is therefore under construction. Lastly, the company perceives that Svenskt Tenn's history and origin creates added value for the brand on foreign markets since these markets perceive Swedish handcraft to be associated with high quality.

In New York, the store in which Svenskt Tenn products are sold is called "Just Scandinavian", which enhances Svenskt Tenn's Scandinavian origin. The store is owned by Herrmann and entered the New York market in April 2005. Given that, they have a lot of experience of how Swedish design products are received on the New York market and also how to market these kinds of products in the best possible way. Herrmann states that Scandinavian products are attractive on the New York market due to the good repute and associations that exists regarding Scandinavian design. Further, customers in

New York find Scandinavian products to be very desirable due to their exclusiveness and design, which has resulted in an increased interest regarding Scandinavian products on the New York market. Herrmann does in particular mention Svenskt Tenn's textiles made by Josef Frank to be one of the most popular items. Further, Herrmann also discusses that, on the New York market, Svenskt Tenn products are mainly spread by word-of-mouth and that recently, celebrities have become aware of their products, which have helped to spread the good repute. In addition, "Just Scandinavian" does a lot of product placement where the store lends their products to various magazines, which creates further attention. Once a month the store also organises events for potential buyers, something that has been very successful for the store without having to spend too much of their financial resources.

4.2 Empirical review of Skultuna

4.2.1 Building a strong brand through interrelate brands and countries

Background

Skultuna origins back to 1607, where King Karl IX planned his strategy for the Swedish brass industry. The King wanted his Crown's business to be located in between Kopparberg and Västerås, where he found the location Skultuna. Consequently, Skultuna Messingsbruk was founded. At this point of time Sweden also became a part of the Hanseatic League and the industry of making copper into brass became an important factor for the Swedish economy because of the increased export opportunities. During this time, the Swedish master braziers were trained at Skultuna and the business of Skultuna expanded aggressively. A main reason for their expansion was their aggressive marketing activities and technical improvements. In the first half of the 19th century the Hedenström family acquired Skultuna and in 1860 Skultuna Bruk AB was founded. Additionally, the Skultuna Messingsbruk is almost certainly one of the oldest companies in the world that manufactures the same initial products without any interruption (skultuna.com, 2010; sydsvenskan.se, 2007). Today, Skultuna has thirteen employees at their office in Stockholm. In 2008, Skultunas turnover was 16187 thousand crowns, a number that has increased since 2006 (Berglund, interview 2010).

The Skultuna brand

Skultuna is defined as a strong quality brand and are by their customers perceived as having great associations' to Swedish handcraft and heritage. On their website one can read that Skultuna "are the definition of Swedish quality". Further, the website also bring out Skultuna's core values, which are timeless design and timeless quality (skultuna.com, 2010). Skultuna implies that many brands have an invented company history, but that their history is authentic and unique, which they also wants to communicate. Skultuna has produced objects for over 400 years, both for the everyday life and for special occasions. All through history, Skultuna has "been pioneers of Swedish design" (skultuna.com, 2010). The company produce products within five different product areas; designer, classic, cuff links, Christmas and charms. As a brand, Skultuna is strongly associated with The Swedish Royal family, since they from start have been purveyor to His Majesty the King. Skultuna consider the fact that they are purveyor to His Majesty the King of importance for the brand since only a few brands get announced to become a part of this. Companies that gain this prestigious title are companies that the Swedish Royal Family consider to have an excellent repute, as well as acquire the ethical demands. In addition, Skultuna has been selected to design the official wedding line for the Royal wedding in June 2010, which consists of cuff links, jewellery, brass and silver objects. One of the advantages for the company is their famous logo, which is of great

importance for the company. The hallmark Skultuna, with the Royal Crown and the year 1607 stated, is a quality marks for the company and enhance the products exclusivity (skultuna.com, 2010).

Marketing activities

In the interview with Berglund, he stresses that they “use Skultuna’s origins as a given strategy in [their] marketing activities”. Skultuna is very proud of their genuine history, which they communicate in all of their marketing activities. Further, Skultuna stresses that they are the oldest company in the world still producing the initial product. Berglund also implies that even if Skultuna has a successful history, a company cannot survive simply on historical qualifications. Therefore, Skultuna works actively to enhance their brand at both domestic and foreign markets. When marketing their brand, Skultuna mainly uses marketing channels such as TV commercials and advertisements on the Swedish market. A lot of their marketing activities are outsourced to PR agencies in order to reach their fully potential. Further, an important marketing activity for Skultuna is to lend out their products in order for them to be seen during public events, at television, showrooms and in various magazines. By doing so, Skultuna reach out to a larger mass that might not would have considered their products otherwise.

Skultuna core values are as mentioned “timeless design and timeless quality” (skultuna.com, 2010), values that they emphasise in their marketing. These values are especially connected to their logo where both the Royal crown and their history are communicated (appendix 2.2). Hedberg states that their logo is the most obvious symbol of how they embrace their core values in their marketing activities. Skultunas collaborations with Swedish designers are also a way for them to communicate their values externally and thereby create an awareness of the brand. The most important values for Skultuna to stress are their products reliability and trustworthiness. Therefore, Skultuna focus on their history and origins as the most important aspects in their marketing activities since people need to be sure that their brand is authentic and true to its origins. The fact that Skultuna has been selected to be purveyor to His Majesty the Kings gives them the privilege to market this in their marketing activities. Skultuna has since the beginning been purveyor to His Majesty the Kings, which give them a unique story to tell. To be purveyor to His Majesty the King show evidence of your brands exclusivity and trustworthy quality, both on the domestic and foreign market. Hedberg mentions in the interview that being a purveyor to His Majesty the King is the greatest acknowledgement one can receive on the Swedish market and that it is a proof of Swedish high-quality design. Further, Berglund believes that the international scene might be more interested in the Swedish Royal family than the domestic market, why Skultuna consider this to be important to enhance in their international activities. As mentioned above, all of Skultuna’s products are marked with the Royal purveyor weapon symbol since they want to convey their brands exclusivity. Additionally, Skultuna consider the Royal wedding 2010 as an important marketing activity for their brand. According to Berglund, “the Swedish Royal wedding will get a lot of attention international, which create further attention to our products abroad due to our special wedding line” (Berglund, interview 2010). The majority of their agents also take care of their own marketing campaigns, by promoting the official wedding line externally, which further increases the awareness of their brand.

In order to enhance their marketing activities in connection to their origins, Skultuna only collaborate with Swedish designers such as Carl Hjalmar Norrström, Pierre Forssell, Sigvard Bernadotte, Karl Paul Slott and Olof Kolte. All through time, Skultuna has considered their craftsmanship and their skills within design and quality as their main competitive advantage. Berglund states that “a combination of Swedish quality

craftsmanship and design skills are the source of our new products”, which makes these collaborations essential for Skultuna. Further, Skultuna also has a collaboration with the website Swedishness, which is an online shopping site for quality design goods from Sweden. Swedishness defines Skultuna as a given option to include in their selection (swedishness.com, 2010). Another important marketing activity for Skultuna is the Skultuna Messingsbruk. The Messingsbruk is one of Västmanlands most visited attractions with over 150 000 visitors every year. Moreover, the Skultuna Messingsbruk focuses on the handicraft and modern design in an idyllic atmosphere. In 2007, the Skultuna Messingsbruk celebrated its 400 years anniversary, which the Crown princess Victoria attended to show her gratitude (sydsvenskan.se, 2007). Next to the Skultuna Messingsbruk is the Å-café, where they offer a digital slideshow of Skultuna’s history and a museum. One is also able to find Skultuna second-hand products to a discount price, which are desirable because of their high second hand value. Further, one can visit the official wedding store, which sells products from all of their suppliers. The vision of the store is to reflect the classical elements of Swedish tradition with focus on elegance and aesthetics (skultuna.com, 2010). At the moment, Skultuna is also part of an exhibition at the Gallery in Stockholm, where they exhibit their products to the official Royal wedding.

Website

On Skultunas website, the first thing presented is their famous logo with an enlarged picture of the Royal Crown. The website is accessible in both English and Swedish in order to reach both the domestic and the international scene. On the website one can shop their products online and also find attached files of the companies history and origins, in both English and Swedish. Further, the website shows all of Skultuna’s products, as well as detailed information about the Skultuna Messingsbruk and other activities. Skultuna works actively with their website and has received awards and recognition for their website’s attractive layout

4.2.2 The establishment on foreign markets

Skultuna became internationally known during the international exhibition in Paris 1904, where Skultuna received several awards in the category best design. As a result, the international scene became conscious about Skultuna and their genuine history. Currently, Skultuna’s strategy when entering foreign markets is by the help of agents and distributors. For Skultuna it is important that their agents and distributors have the same core values as Skultuna to be able to build a mutual relationship. Skultunas strategy is to find agents that could work as brand ambassadors and who possess knowledge about the local market. This strategy has facilitated the internationalisation process since these agents “does the hardest work” when enter a foreign market (Hedberg, interview 2010). Today, one can find Skultuna’s products in Sweden, Norway, Finland, England, France, USA, Australia, Japan, UK and India. The agents and distributors demanded Swedish high quality products and a mutual relationship were built. Consequently, Skultuna believes that their genuine Swedish heritage add value when establishing on foreign markets. Moreover, the company stresses that if the foreign market is similar to the Swedish market, in terms of fashion and lifestyle, the products are sold much easier. Therefore, their products are internationally often sold in stores with a Scandinavian approach in order to connect the brand to its origins. However, in these days Skultuna does not manufacture every part of their business in Sweden. Instead, a lot of their manufacturing is outsourced all over the world. Additionally, Skultuna does not believe that the fragmented manufacturing will damage their image of being a Swedish brand. Instead, enhance the core values of the brand are therefore of importance in order for

their customers to still perceive Skultuna as an authentic brand. Berglund states that for future establishments on foreign markets, Skultuna has various ideas of how to create brand equity, where their strategy focuses on keeping their traditions but at the same time remain exclusive. To be able to function as a global actor, Skultuna wants to reach a younger target group by mainly focusing on offering their cufflink product line in various colours. The cufflinks are closely connected with Sweden since the Swedish crown is shown on the product, which Skultuna is allowed to use due to their Royal origins. However, Skultuna will also launch a more mainstream product line in order to attract the larger mass. Additionally, it is important that they have consistency in their product line in order to not be seen as a fragmented brand. The new product lines will be more internationally passable, but still connected to Skultuna's Swedish heritage (dn.se, 2010). According to Berglund, it is important for Skultuna to be associated with Sweden on the international market since Scandinavia is associated with high quality products, trustworthiness and reliability, which are associations that Skultuna wants to be connected to. Further, Berglund state that their Swedish heritage adds value to their brand when enter a new market due to the fact that they then quickly are able to gain benefits from the good repute of Sweden. Essential in Skultuna's internationalisation strategy is to first build a strong home base. By doing so, they focus on the Nordic countries to thereafter expand incrementally. Skultuna is aware of the fact that not all of their products are suitable on foreign markets, which is a great challenge for them when internationalise. As of today, Skultuna does not have any plans to open up their own stores abroad. Instead, they will continue to focus on agents and distributions to spread their brand internationally.

4.3 Empirical review of Kosta Boda

4.3.1 Building a strong brand through interrelate brands and countries

Background

The history of Kosta Boda dates back as far as from 1742, when the county governors Anders Koskull and Georg Bogislaug Stael von Holstein founded the glassworks Kosta. Kosta is hereby Sweden's oldest glassworks still in use and forms, together with Boda and Åfors, the basis of the brand Kosta Boda. According to statistics, 50 per cent of Kosta Boda's sales are from the Swedish market, 25 per cent from the US market and 25 per cent from the rest of the world, where Norway and Germany are some of their most successful markets. Today, Kosta Boda is together with Orrefors part of the Orrefors Kosta Boda AB group, which is a Swedish glass group that consist of four glass factories situated in Glasriket in Småland. Orrefors Kosta Boda AB is from 2005 also part of the New Wave Group. Further, in June 2009, Kosta Boda opened their own hotel, Kosta Boda Art Hotel, which has an existing and creative design where both the exterior and interior construction has a great focus on glass art (kostaboda.se, 2010) (appendix 2.3).

The Kosta Boda brand

The core values of Kosta Boda are passion, creativity, unique and challenging. These values are clearly shown in their design, which could be explained as fresh thinking and creative. The values are also imbuing their marketing campaigns, which often are very creative in comparison to other campaigns within the same field (appendix 2.3). As an example, Kosta Boda won in 2007 the Swedish design price for "Best advertising print", where their campaign was described as pretty, playful and eye-catching with a fresh thinking and expressive layout (capdesign.idg.se, 2007). Further, Kosta Boda's fresh thinking and creativeness are major reasons behind why people buy Kosta Boda products, as well as attributes that their customers are using when describing the Kosta

Boda brand. When describing the Kosta Boda brand, their customers also identify Kosta Boda as a Swedish high-quality brand offering products with a high design value. The competitive advantages of Kosta Boda are the company's quality, handicraft and design. Kosta Boda's focus on their design is something that is frequently mentioned, both on their website and in the interview with Westman. At the Kosta Boda website one can for example read that their handmade, colourful and artistic glass has made Kosta Boda to a world leading glass producer. Further, that Kosta Boda has "embodied the distinctive folkways of Scandinavian design" (kostaboda.se, 2010).

Kosta Boda has collaborations with eight Swedish designers, which are Olle Borzén, Ernst Billgren, Anna Ehrner, Kjell Engman, Ulrika Hydman-Vallien, Åsa Jungnelius, Ludvig Löfgren, Bertil Vallien and Göran Wärf. This is a well thought-out strategy from Kosta Boda since they, by only using Swedish designers, further stress their Swedish heritage. The name Kosta Boda is also an indication of the company's Swedish heritage. Kosta is an acronym from the founders' surnames; Koskull and Stael von Holstein, which together with the name of one of the company's glass works, Boda, formed the name Kosta Boda (kostaboda.se, 2010). Apart from the name, the Kosta Boda logo also consist of the words "Sweden 1742", which is the year of Kosta Boda's establishment. Before, the words on the label was as follows: "Since 1742". Accordingly, the Swedish origin was at that time not mentioned on the label. Though, this was changed due to the fact that Kosta Boda wanted to put a greater emphasise on their Swedishness given that Sweden, according to Westman, is in a great repute internationally regarding their status as a design nation. In the interview with Westman, he also mentions their Swedish origin as an important success factor and states that Kosta Boda "gives a great prominence to [their] Swedish heritage both in marketing as well as in other activities". This could also be exemplified through Kosta Boda's collaboration with "Visit Sweden" in China, something that is explained in KinaAffärer (outsmartchina.com, 2008:5) as Kosta Boda "wants to market themselves as a Swedish company since this adds value to their products". Further, Kosta Boda is purveyor to His Majesty the King, which is something that gives Kosta Boda a high status internationally. Westman implies that "being a purveyor to His Majesty the King is not that important among our Swedish customers. Though, it is of great importance when it comes to our international customers and especially when it comes to our customers on the Japanese market".

Marketing activities

When marketing Kosta Boda the company is using both traditional media, such as newspaper and magazines, as well as different kinds of social media, such as blogs and Facebook. Social media is something that they rather recently have started to pay attention to and are now using to a relatively great extent. Further, Kosta Boda find their retailers' store settings to be an important marketing channel and they therefore put a lot of effort in various sell support and in-store stimuli to make their products more visible and attractive. Lastly, they also take an active part in different kind of events and exhibitions to spread the awareness of Kosta Boda. All of the mentioned activities are important marketing channels when communicating the message about Kosta Boda. Though, Kosta Boda is foremost dealing with marketing strategies regarding brand building, whereas their distributors accomplish more practical marketing activities such as pricing and advertising. The distributors of Kosta Boda goods have some specific guidelines, which they have to acquire to be aloud to sell products from Kosta Boda. However, Kosta Boda consider themselves to have too few guidelines and they are therefore working on a communication platform to guide their distributors through what they are aloud to do and what not. In this way, they will gain a more united brand because of the similarity in marketing activities.

Further, in the interview with Westman, he emphasise on “Glasrikets” importance for Kosta Boda as a type of marketing channel. Glasriket, which is located in Småland, is a generic term for the thirteen glassworks that are gathered in the area and which have about one million visitors per year (glasriket.se, 2010). It is important for Kosta Boda to get people to visit Glasriket so that they will gain an understanding of all the hard work behind the making of the products. In this way, Westman implies that people will understand why their products are to be found in a higher price range. In addition, Glasriket further contributes to the history behind the Kosta Boda brand and is among international customers found to be an exotic feature.

Website

The Kosta Boda website is accessible in both Swedish and English. In addition, Kosta Boda has got a website especially adjusted for the US market where characteristics such as their Swedish history, tradition and Scandinavian design are particularly stressed. As an example, the website state that ”when you buy and give Kosta Boda, you're buying and giving history - a lineage of great design and craftsmanship that has endured for more than 260 years” (kostaboda.us, 2010). At the US website, customers also have the possibility to buy their products online thanks to the Kosta Boda online shop. On the Kosta Boda website, visitors are able to see a video, accompanied with peaceful music, which shows the process behind glass blowing as well as pleasant pictures of the Swedish nature. Visual video interviews with their different designers are also accessible. Further, visitors are able to read the story about Kosta Boda, from their establishment in 1742 until today’s internationalisation process. Kosta Boda has also got their own blog, where their employees make regular updates about what is going on in the company. At the Kosta Boda website, visitors are also able to read about the Kosta Boda products, their different designers and their showrooms (kostaboda.se, 2010; kostaboda.us, 2010).

4.3.2 The establishment on foreign markets

Today, Kosta Boda has distributors in 28 different countries and exists on a diverse number of markets. Though, when started their internationalisation process in the 1930’s Kosta Boda established in countries geographically close to Sweden, such as Norway and Denmark. Thereafter, they began their export to the US, a market they perceived to have an enormous potential and purchasing power, and other markets more distance. The strategy behind entering markets that are situated geographically close to the Swedish market was due to the fact that the Nordic countries were rather easy to enter and already had knowledge of Sweden and Swedish design. Though, the most successful market for Kosta Boda internationally is the US and then foremost North America and the East coast. In the interview with Westman, he implies that these markets are more similar to the European market and therefore have a greater understanding regarding Sweden and Swedish products, which in its turn give them a greater connection to Kosta Boda products. Further, they are fascinated by the Swedish ancient history, which in its turn creates an interest for their brand. When enter a new market, Kosta Boda adjusts their prices when they “should and are able to” (Westman, interview 2010). Though, they do not make any adaptations regarding their products. They do however make a few special products for a certain market, such as larger glasses to suit the US market. Westman also mentions that when marketing themselves internationally, they put a lot of emphasise on their Swedishness. Further, he states that, “on an international market, we are putting a lot more effort on brand building activities. In Sweden, most people are aware of Kosta Boda, and we do therefore not need to put that much effort on creating brand awareness on our domestic market”.

Further, Kosta Boda is working on increasing their export. The next step in Kosta Boda's internationalisation process will therefore be to strengthen their brand and brand awareness on geographically close markets. In the interview with Westman, he states that Kosta Boda "does not believe in going too far away from [their] domestic market. Instead [they] want to grow bigger in the Nordic market and in countries like Germany, Holland, Great Britain and Italy". When discussing the question about opening their own concept stores, Westman mentions that Kosta Boda had their own concept stores in the US and Japan some years ago. Though, because of financial difficulties they had to close down the stores. To open up new concept stores are not anything that Kosta Boda are considering at the moment, instead they want to put their efforts into building an even stronger brand.

In the interview with Westman, he further stresses the importance of choosing the right distributors when establish on a foreign market, something that Westman implies is "the be-all and end-all". When choosing their agents and distributors, Kosta Boda believe that it is very important that they have a great interest in glass, care about the Kosta Boda products and are dedicated to what they are doing. Preferably, Kosta Boda wants an agent that only sells Kosta Boda products. In this way, the agent is more concerned about the Kosta Boda brand and its results on the marketplace.

5. Analysis

In this chapter we will analyse our empirical findings interrelated with our theoretical framework. The analysis is divided, as in accordance with the theoretical framework, into three different parts. Firstly, we analyse how to build a strong brand in relation to country-of-origin and secondly, how to interrelate brands and countries. Lastly, we analyse how to establish on a foreign market in relation to country-of-origin.

5.1 How to build a strong brand in relation to country-of-origin

How to enhance brand identity

When building a strong and clear brand identity, features such as the brands personality, brand name, origin and usage are important to take in consideration (Melin, 1997; Aaker, 1996). Further, Urde (2003) stresses the importance of core values to enhance the brands personality. Skultunas core values are “timeless design and timeless quality” (skultuna.com, 2010), which are stated on their website and thereby creates associations to the company’s genuine history and the quality of the products. Further, according to Westman the core values of Kosta Boda are passion, creativity, unique and challenging. These values are common features in all of Kosta Boda’s work when communicating their brand and are imbued in the organisation. For instance, in 2007 Kosta Boda won the Swedish design price for “Best advertising print” because of their campaigns innovative and creative design (capdesign.idg.se, 2007), which exemplifies their use of their core values in their marketing activities. Further, their core values can also be noticed in the Kosta Boda Art Hotel, which is a creative and unique building. Svenskt Tenn’s brand identity is defined through their history and interior design philosophies, but also through their core values; quality, timeless, generosity, sustainability and to be surprising. Both quality and timeless are values frequently used in their marketing activities, which could be noticed on the Svenskt Tenn website where one can read about their genuine love for quality. Further, one can also read that their product range is grounded on Josef Frank’s timeless design. In addition, König mentions their generosity when discussing their contribution to various research areas. According to Urde (2003), core values can often be connected to the brand origin and are of great importance since they enhance the brand’s personality. Given that our case companies core values in some ways are connected to their origin, it could give them a more distinct personality when internationalise.

Kapferer (2008) suggests that the creation of the brand name, visual symbols and logotypes are crucial for creating a strong brand. Skultuna has an identity in line with their Swedish Royal heritage, which therefore facilitates visualisations by the consumers. Skultunas logo with the Royal crown, in connection with the fact that they are purveyor to His Majesty the King, is part of the company’s identity and how they position themselves. Further, Skultunas logo includes the year 1607, which are a quality mark for the brand and also states the company’s genuine history. Svenskt Tenn, on the other hand, is obviously connected to their origins in terms of their brand name. Further, Svenskt Tenn’s logo consists of an old pewter stamp, which also connects the brand to its origin. The Kosta Boda logo state “Sweden 1742”, which could be interpreted as they want to focus both on their origin and genuine history. Kosta Boda claims that the company wanted to put a greater emphasise on their Swedishness, which is why they made a transformation and recently added “Sweden” to their logotype. In accordance with the theory, all of our case companies are highly aware of the importance of their

brand name, symbols and logos in order to enhance associations to their Swedish origins and history. Since Sweden has high status internationally regarding quality and design, connecting the visual element and further strengthen these associations could function as a competitive advantage. Essentially, the visual elements could be effective when the brand internationalise, since the international scene might not be aware of the brands origins.

The brand identity planning model

In the brand identity planning model by Aaker (1996), one can associate the brand by focusing on the product, personality, organisation or symbol. By interpreting the brand as a product, quality is of great importance, which many companies use as their key element (Aaker, 1996). In the interview with Berglund, he describes that quality could be associated with Sweden, which is an association that Skultuna want to embody. In accordance, Svenskt Tenn consider their quality to be of great importance and enhance their handmade products as something unique and exclusive. In addition, Kosta Boda states that their quality is one of the companies' competitive advantages and a feature that their customers identify them with. Connecting the brand as a product to the brands origins or region could increase the trustworthiness of the brand if the origin or regions are connected with positive attributes (Aaker, 1996). Since Sweden has a good repute regarding design goods, our case companies could benefit from associating their brands to Sweden. Accordingly, all of our case companies want to convey these associations in order to be seen as an authentic brand with connection to its origins. These features are all embodied within the organisations brand identity and how they want to be positioned. Further, all of our companies focus on the brand as an organisation, which is in line with Aaker's (1996) theory. By doing so, the companies' embrace their organisational attributes, such as their genuine heritage, even though they implement it differently externally. Further, stressing their strong values might lead to benefits that are more difficult for competitors to copy and imitate (Aaker, 1996), which therefore could be attractive to utilise on a foreign market. Svenskt Tenn consider their concerns for the environment, as well as their involvement in various research, as competitive advantages implemented in their organisational values. Skultunas and Kosta Bodas title of being purveyor to His Majesty the King is part of their organisational attributes and thoroughly embodied within the organisations. By focusing on this privilege, their attributes are hard to imitate or copy due to the uniqueness of becoming purveyor to His Majesty the King. However, this might be more successful on the international scene due to its high status international. Westman does for example mention Kosta Boda's connection to the Royal family to be of great importance on the Japanese market. Thirdly, Aaker (1996) identify the brand as a person to give the brand a personality instead of only rely on tangible attributes. By enhancing corporate storytelling, the brand communicates its unique personality and thenceforth creates a position in the minds of the consumers. Further, the companies could by the use of corporate storytelling add value to their brand and thereby position their brand differentially in the minds of the consumers. In accordance, all of our case companies tell their history on their websites. Skultuna and Svenskt Tenn have both attached documents describing their history, whereas Kosta Boda shows their history through visual documents such as videos and photos. Hence, our case companies' unique history is part of their identity and could by means of corporate storytelling be further elaborated in their marketing activities. By continuing their focus on heritage, brand as a symbol could also be used to increase the associations connected with the brand and thereby enhances the brand identity (Aaker, 1996; Kapferer, 2008). It is therefore important for the companies to connect their logos and symbols to their heritage, which all of our case companies have implemented.

The customer-based brand equity pyramid model

In the customer-based brand equity pyramid model by Keller (2001), the first step discussed is brand salience, where the brand identity is formed. Brand associations, which are the second step of the pyramid, are essential in order to create a strong brand. Since all of our case companies want to convey associations to their history, brand performance and brand imagery, which are part of the second step, are of importance (Keller, 2001). According to Keller (2001), brand performance is connected to the core product attributes, where all of our case companies want to be perceived as high-quality design brands. Our case companies further stress their quality in combination with unique handicraft, which clearly are the brand performance that they try to be associated with. Moreover, all of our case companies have collaborations with various Swedish designers to strengthen their brand through the designers good repute. As an example, Svenskt Tenn has made collaboration with Acne, where they reached many new customers and received a lot of attention through various blogs and PR activities. On an international market where Acne is quite popular and well known, such as New York, Svenskt Tenn is then able to gain free publicity and attention through the collaboration. Further, Kosta Boda and Skultuna have for example made collaborations with the Swedish designers Ernst Billgren and Olof Kolte in order to strengthen their connections to their origins. To focus on collaborations in connection to country-of-origin could further enhance the brand performance and thenceforth strengthen the companies' position on foreign markets.

Brand imagery is defined as the second part of brand associations, which could be the user profile, purchase and usage situations, personality and values as well as history, heritage and experiences (Keller, 2001). Skultuna want to convey brand imagery associations of being exclusive and unique by connecting their brand performance to their Royal heritage, which they further want to strengthen by creating a special edition for the Royal wedding in 2010. Further, they want to be perceived as “the pioneers of Swedish design” and “the definition of Swedish quality” (skultuna.com, 2010). In addition, Kosta Boda are purveyor to His Majesty the King, which they indicate gives the brand associations to high status and a strengthen brand imagery. Hence, Kosta Boda and Skultuna especially want their brands history and heritage to be the brands imagery, since they constantly try to convey their authentic history. Westman mentions that their customers identify Kosta Boda to be a Swedish high-quality brand offering products with a high design value, whereas Berglund state that their customers perceive Skultuna as having great associations' to Swedish handcraft and heritage. Further, the customers of Svenskt Tenn are associating the Svenskt Tenn brand to the Swedish history and heritage. Hence, we believe that all companies have connected the Swedish history and heritage to their brands imagery in a successful way. Accordingly, their customers associate their brands to Sweden, which in its turn creates a strong brand identity for both brands. As mentioned, the companies brand identity could be further strengthen by focusing on corporate storytelling. By further communicate the corporate stories, the brand could be seen as more interesting and authentic. As an example, when visiting the Kosta Boda website, one is able to see a video showing the process behind glass blowing together with pictures of the Swedish nature. Accordingly, the video further stresses their genuine history, as well as emphasise on their Swedish heritage through the visual pictures. Further, Skultuna and Kosta Boda try to communicate their history and heritage by promoting the “Messingsbruk” and “Glasriket”. When visiting these places, consumers get visualised associations of the companies' history and heritage, which in its turn further strengthen the brand imagery. Though, according to Keller (1993) associations might however change over time, which might not be favourable for the brand. Further, generalisation could occur when using brand imagery connected to their origin, since the companies might want to change their associations in the future.

Accordingly, this is something that the companies need to be aware of when creating these associations. The associations connected to their origins are a part of their identity and not possible to vary due to repute.

To be able to reach the top of the pyramid Keller (2001) states that all of the blocks need to be in synchronisation with the customers' needs, wants and desires. Further, customers need to enhance a relation with the brand to fulfil brand resonance (Keller, 2001). In accordance, Kosta Boda mention that their sales are most successful in North America, besides Scandinavia, where the mentality is similar to the Swedish. Consequently, one could, in line with Keller (2001), identify this as an attitudinal attachment, where the consumers have positive associations to the brand and consider it to be special. In the interview with Westman, he states that Japan consider Kosta Boda's Royal history to be of great importance, which according to Keller (2001) also could be defined as attitudinal attachment. In accordance, Herrman mentions that Scandinavian products are attractive on the New York market due to the good repute and associations that exists regarding Scandinavian design. Further, Westman implies that Sweden has a great repute internationally regarding our status as a design nation. This could be identified as people having an attitudinal attachment or sense of community to Swedish design brands. Further, when entering foreign markets, Skultuna did first create a strong home base with close located countries, which could be identified as Skultuna wanted to start by reaching customers with an attitudinal attachment to Sweden. Skultuna are also collaborating with the website "Swedishness", where various Swedish quality design products are sold. In this way, the companies on the website are able to gain synergies by increasing the awareness of Swedish brands. Further, people with an attitudinal attachment to Swedish products are more likely to visit the website, which will be beneficial for Skultuna. Svenskt Tenn, on the other hand, wants to be perceived as a multifaceted brand and is as an example positioned to customers with a personal attachment to their products. In New York, "Just Scandinavian" mainly promotes Svenskt Tenn through word-of-mouth. Hence, by focusing on consumers that have a personal attachment to their products, these customers can thereby be seen as brand ambassadors and help to create a good repute of the brand. By doing so, the brand will easier be spread and promoted both at the domestic and the foreign market. Brand ambassadors could also be used as an effective tool in order to create brand awareness, something that all of our case companies should embrace. In addition, the Swedish Royal family could be seen as brand ambassadors for all of our case companies, since Skultuna and Kosta Boda are purveyors to His Majesty the King, whereas Svenskt Tenn has their own wedding line for the Royal wedding 2010. In countries where the Royal family are having a high status, the wedding line and the companies connection to the Royal family could be further stressed to gain both awareness and give the customers a personal attachment to the brands.

5.2 How to interrelate brands and countries

According to O'Shaughnessy and O'Shaughnessy (2000), it could be both positive and negative for a company's brand to be connected to their origin in a profound way. The positive reputation regarding Swedish design could in a favourable way contribute to our case companies reputation as high-quality design brands, whereas a negative reputation could have a negative influence on the brands. Further, in the customers buying decision process the image of a brand is of great importance (O'Shaughnessy and O'Shaughnessy, 2000). Hence, the image of our case companies is therefore a contributing factor in reaching success on a foreign market. When creating a strong brand image and

differentiate the brand from its competitors, history could be used as a characteristic feature (Jaworski and Fosher, 2003). Since all of our case companies have an extensive history, using this as a feature in their marketing activities can help our case companies to create an image of being original and unique.

Country-of-origin as a branding strategy

Country-of-origin could according to Kleppe et al, (2002) be described as a branding strategy since it can create competitive advantage through awareness. Further, using a country-of-origin strategy, as an alternative to a traditional branding strategy, could help the companies to create competitive advantages through an extension of the country image. In accordance, all of our three case companies are using their history and heritage to create awareness regarding their brand. Svenskt Tenn could for example be defined as "a compositionally world between the cultural heritage and a commercial operation" (Lindén, interview 2010). Further, when entering the Svenskt Tenn's website, the first thing that shows are the company's collaboration with the Swedish prince Carl Philip Bernadotte, which could indicate that they are eager to enhance their connection to their origin. They also have an official wedding line for the Royal wedding 2010, which further could associate the company to its Swedish origin. Skultuna also wants to convey that their history is both authentic and unique. As an example, when first entering the Skultuna website, the Swedish Royal crown is displayed, which could be seen as a strategy in order to further enhance the connection to their origin. To further convey their Swedishness, they only collaborate with Swedish designers, are purveyors to His Majesty the King, has a specific Royal wedding line and collaborates with the website "Swedishness". On Kosta Boda's website one can read that they have "embodied the distinctive folkways of Scandinavian design", whereas they on their US website further stress their Swedish origin by stating that "when you buy and give Kosta Boda, you're buying and giving history - a lineage of great design and craftsmanship that has endured for more than 260 years" (kostaboda.us, 2010). Further, by using a country-of-origin strategy, companies can increase their success on a foreign market, where they otherwise would have had difficulties to position the brand (Kleppe et al, 2002).

Niss (1996) discusses that using country-of-origin as a marketing strategy tends to be effective when a new product is launched and the customers has no previous experience regarding the product. Accordingly, country-of-origin could be more successful in the introduction and growth stage than further in the product life cycle (Niss, 1996). Therefore, it could be of great importance for our case companies to use country-of-origin when initially enter a foreign market. As regards to Skultuna's establishments on foreign markets, Berglund state that their Swedish heritage adds value to their brand when enter a new market due to the fact that they then are able to gain benefits from the good repute of Sweden. Consequently, their products are often sold in stores with a Scandinavian approach in order for the company to connect their brand to its origins. This is also true regarding Svenskt Tenn, which collaborates with a Scandinavian store on the New York market. In addition, the employees at Svenskt Tenn's "shop in shop" at the department store Liberty have all been working at Svenskt Tenn, which could be seen as favourable since the employees can convey the core values of Svenskt Tenn and their Swedish heritage to the London customers Further, Niss (1996) also stresses the fact that a marketing strategy correlated to country-of-origin does not require a lot of time and financial resources and thus could be more interesting and relevant for small and medium-size companies with limited resources than for a company more internationally known. This is true for all of our case companies, which all are found in the category small and medium sized companies. Svenskt Tenn, which is in their initial phase of their internationalisation process, does for example say that their lack of international engagement to a great extent is due to time limitations. Further, Kosta Boda

wants to invest in nearby markets due to financial limitations. Hence, to use country-of-origin as a marketing strategy is suitable for all of our case companies.

The value transfer window model

According to Dordevic (2008), our globalised world is creating a greater awareness amongst the consumers, which in its turn causes a greater competition. Therefore, a more distinct focus on the brand origin could be used as an effective differentiation tool for our case companies when enter an international market. The value transfer window model implies that if the company is aware of these beneficial dimensions, the values of the country brand could be applied in the branding strategy. The first dimension of the model describes whether the company is aware or unaware of the country-of-origin perspective and if the company enhance the country brand values (Dordevic, 2008). Berglund defines Skultuna as a company with great associations' to Swedish handcraft and its Swedish heritage. Further, they perceive themselves to be pioneers of "Swedish design" and "the definition of Swedish quality", which implies that the company is aware of their heritage and their country-of-origin perspective. Kosta Boda is also stressing their Swedish heritage, as an example through their logo by its statement "Sweden 1742", which is an indication of the company's Swedish heritage. Further, Kosta Boda perceives their origin to be an important success factor and gives a great prominence to their Swedish heritage in different marketing activities. Accordingly, one could identify Kosta Boda to be aware of their country-of-origin perspective. Thus, we consider both Kosta Boda and Skultuna to be found in the first quadrant, the obvious value-transfer, where the corporation is aware of the country brand values. Within this dimension, the companies can either invest to maintain a strong association to their origin, or decide to not invest. However, we believe that both Skultuna and Kosta Boda should invest in their marketing activities in order to maintain and further strengthen their country-of-origin associations. Moreover, we perceive Svenskt Tenn to be aware of their country-of-origin since their brand is composed by both heritage and history. Though, in the interview with Lindén, she does not stress their Swedish origin to the same extent as our other case companies. As an example, she mentions that their collaboration with Acne is not due to the fact that they are Swedish. Instead, they thought the collaboration to be successful due to their similar values. In comparison to Svenskt Tenn, Skultuna and Kosta Boda consciously work with Swedish designers in order to enhance their connection to their origins. Therefore, we perceive that Svenskt Tenn could be found in the second quadrant, the spontaneous value-transfer. In this quadrant, the transfer occurs spontaneous and companies do not consider marketing activities to further strengthen the associations connected. Accordingly, they are aware of their country-of-origin perspective. Though, it is not something that they, in comparison with our other case companies, are constantly focusing on in their marketing activities.

5.3 How to establish on foreign markets in relation to country-of-origin

The establishment chain model and Uppsala model

Among our case companies, Kosta Boda is the company that exists on most foreign markets. Kosta Boda started their internationalisation process in the 1930's, when they entered the Nordic countries. The strategy behind entering markets that are situated geographically close to the Swedish market was due to the fact that the Nordic countries were rather easy to enter and already had knowledge of Sweden and Swedish design. In this way, Kosta Boda was able to gain complimentary benefits because of the good repute that encompass Swedish design. In addition, Kosta Boda's internationalisation strategy is hereby in accordance with the establishment chain model and the Uppsala

model, which imply that companies start to internationalise in neighbouring markets and thereafter, in incremental steps and with regards to psychic distance, expand their business to markets more distant (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977). This is also true regarding Skultuna, which started its internationalisation process by entering the Nordic countries and thereafter expanded to countries more distance. According to Berglund, Skultuna believe it to be of great importance to first build a strong home base, which could be the reason behind their choice of entering foreign markets in incremental steps. By creating a strong home base and then establish on markets geographically close, Kosta Boda and Skultuna have been able to use their previous experience from the Swedish market when entering neighbouring markets with small psychic distance. In this way, they are able to reduce the insecurity caused by the lack of market information, which according to Johanson and Vahlne (1977) is described as the major obstacle when enter a foreign market.

Kosta Boda's most successful market, besides the Swedish, is the US and then foremost North America and the East coast. In relation to the theory, these markets could be explained as having a small psychic distance even though they are geographically distant. According to Westman, these markets have a greater understanding of Sweden and Swedish products, which in its turn have given them a greater connection to Kosta Boda products. This is also in accordance with the literature regarding psychic distance where Johanson and Vahlne (1977) state that psychic distance has a negative correlation in relation to a company's performance, which implies that a company is most successful on a market similar to their domestic marketplace. Further, Berglund stresses that Skultuna's products are sold much easier if the foreign market is similar to the Swedish market in terms of fashion and lifestyle. In other words, markets where the psychic distance is small. Svenskt Tenn has also chosen to enter markets with a small psychic distance, such as New York and London. Though, these markets are geographically distant and Svenskt Tenn has therefore, in comparison with Kosta Boda and Skultuna, not started their internationalisation process by expand into nearby markets in incremental steps. Further, Svenskt Tenn has not yet invested much time or money on their foreign establishments, neither has they shown any successful results on the markets entered. Therefore, we find Kosta Boda and Skultuna's entry strategy, which implies that the companies start by creating a strong home base and then, in incremental steps and with regard to psychic distance, expand into foreign markets to be a more successful entry strategy.

Network model

The Network model "draws attention to a firm's changing internationalisation situation as a result of its position in a network of firms and associated relationships" (Hadley and Wilson, 2003:701). By being involved in a network, firms can gain knowledge and experience without having to obtain it through their own experiences. This could as an example be true regarding Kosta Boda, which is part of the New Wave Group and therefore able to gain information from other companies involved in the same group of companies. Orrefors, another Swedish high-quality design brand, is as an example part of the New Wave Group and the both companies can hereby gain synergies by collaborate and share knowledge about their experiences when establish on foreign markets. Further, our case companies could also be described as being involved in networks through their collaborations with their agents and distributors. In this way, they are able to gain knowledge about what have been successful for companies in a similar position when entered a foreign market. As an example, the interior store "Just Scandinavian" has a lot of experience of how Swedish design products works on the New York market and how to market this kind of products in the best possible way. Hence, it is beneficial for Svenskt Tenn to collaborate with "Just Scandinavian" to be able to gain benefits from

their existing knowledge. Skultuna does also collaborate with retailers with a Scandinavian approach, which Berglund explain as a strategy behind connecting the brand to its origins. As for example, they have collaboration with the website “Swedishness” in order to be seen internationally and enhance their Swedish heritage. Accordingly, our case companies are not only able to gain relevant knowledge by collaborate with a Scandinavian store. Instead, they are also able to strengthen their identity, as well as their image among their customers, by choosing a store with an identity similar to their own.

Since none of our case companies are having a concept store on an international market, they are all emphasising the importance of choosing the right agent or distributor when enter a new market. When discussing choice of agents, Westman even implies that a competent agent is the be-all and end-all. Though, Kosta Boda have had two international concept stores of their own, which however had to shut down due to financial limitations. This could imply that our case companies still are too small to be able to have their own international concepts stores, which indicate that collaborations with international agents and distributors probably is the most successful entry strategy for our case companies. The strategy behind our case companies choice of agent or distributor differs to some extent between the companies. Though, they all find it very important that their agents are somewhat similar to themselves and share the same thoughts and ideas. As an example, Berglund believe that it is important that their agents and distributors have the same core values to be able to build a mutual relationship, whereas Westman argue that it is very important that Kosta Boda’s agents have a great interest in glass, care about the Kosta Boda products and are dedicated to what they are doing. Further, having a competent agent could help the companies to reduce the risk connected with the establishment on a foreign market. This could be especially useful for our case companies, since they are all small companies with limited resources. This as an example mentioned in the interview with Hedberg, who states that Skultuna’s strategy when enter a new market is to find agents that could work as brand ambassadors and who possess knowledge about the local market. In this way, their internationalisation process has facilitated since their agents does the most and hardest work when enter a foreign market.

6. Conclusion

In this chapter, we will conclude our findings from our analysis in a model based on our theoretical framework and empirical results. Further, suggestions of how companies within our research field can use our findings will be discussed in managerial implications. Lastly, we will give recommendations for future research.

6.1 Discussion

As a result of this study, we have identified country-of-origin to be a potential success factor for Swedish high-quality design brands when strengthen their brand on a foreign market. Since Sweden internationally has got a great repute regarding design goods, companies functioning within this area could gain advantages due to the positive country image. Further, small and medium size high-quality design brands could be in a position of having limited financial resources, which could make a foreign establishment strenuous. Accordingly, we identify country-of-origin to be effective for small and medium size companies, in the initial phase of entering a foreign market, since the companies then are able to gain gratuitous brand awareness in connection to the good repute of the country. Lastly, we have identified that the customers of our case companies are associating the companies to Sweden, which we believe is a sign of their success in connecting their brands to their history and heritage. Therefore, we find our case companies to be good examples for other companies within the same field when enter foreign markets.

Entry strategies

In our empirical findings, we identified two of our case companies to enter foreign markets in accordance with the Establishment chain model and the Uppsala model. Hence, they entered new markets in incremental steps by first creating a strong home base and then expand incrementally. By doing so, the companies have gained knowledge from their home market, which could be used during further expansion. After acquired knowledge from their domestic- and nearby markets, the companies have gradually expanded into markets geographically distant. Though, these markets have, despite being geographically distant, still had a small psychic distance in order to make the companies entrance less complicated. Accordingly, psychic distance and similarities in mentality are important aspects to consider when internationalising. As an example, one of our case companies identifies North America, which are geographically distant, to be their most successful market because of their similar mentality and their understanding regarding Sweden and Swedish products. Having a similar mentality, or small psychic distance, is of importance for high-quality design brands focusing on their country-of-origin when enter foreign markets. In this way, their potential customers might already have a positive recognition or attachment to the country, which in its turn could reduce the company's entry risks. By contrast with our other case companies, our third case company initially expanded into markets with small psychic distance, such as London and New York, instead of entering nearby markets. Though, our third case company has not yet invested much time or money on their establishment, neither has they shown any successful results on the markets entered. Therefore, we do not find them to be a suitable example on how to establish on a foreign market. Instead, we believe that creating a strong home base and then, in incremental steps and with regard to psychic distance, expand into foreign markets to be a successful entry strategy for companies within our research field.

Further, being involved in a network is also something that can make the entrance easier. In this way, companies can gain advantages from others and thereby reduce potential risks connected to the establishment. Due to our case companies lack of international concepts stores, they all consider their choice of international agents and distributors to be of great importance. Hereby, we identify these types of collaborations to function as networks essential for our case companies when establish on a foreign market. Hence, by using these types of networks, they are able to bridge their knowledge about the foreign market and gain knowledge of the country, which otherwise could be difficult to acquire. A small and medium size high-quality design company with small financial resources can therefore, especially in the initial phase of an internationalisation process on a market geographically distant, gain benefits through the knowledge gained by experienced agents and distributors.

Corporate storytelling: relating history and heritage

In order to strengthen the brand internationally, using marketing activities connected to the company's country-of-origin could function as a potential success factor. Accordingly, we have identified corporate storytelling, collaborations and the use of brand ambassadors to be the most suitable activities for companies connecting their brand to a country. In addition, all of these activities are considered to be effective for the companies when spreading their word of mouth regarding their brands. Since all of our case companies have a fascinating history, connected to their heritage, corporate storytelling is effective in order to further enhance their origins. By using corporate storytelling, brand associations could more easily be spread on the international scene and thenceforth create a stronger brand. Though, it is of great importance that companies use a trustworthy story in order to enhance the brand image and not hurt the brand. Further, focusing on corporate storytelling could be successful for companies with limited financial resources in order to create a unique and authentic brand, without having to spend much financial resources. In addition, we believe that using corporate storytelling could be more successful on markets without an ancient history of their own, such as for example in North America, where the Swedish history could be considered more interesting and exotic.

Linking country-of-origin to external relationships

Further, we believe collaborations to be an effective marketing activity when using country-of-origin to strengthen the brand. Two of our case companies are only collaborating with Swedish designers, which is a conscious strategy in order to enhance their origins. In contrary, the third one is using various designers from all over the world, which amongst others have included collaborations with other successful Swedish companies. The Swedish collaborations have been successful for all of our case companies, which have resulted in a lot of attention and publicity. To continue their focus on Swedish collaborations could be a potential success factor in order to increase the customers' brand associations in connection to country-of-origin. Further, if the designer is well known on the international market, it could be an important strategic advantage for the company when expanding internationally since they then are able to gain benefits in form of gratuitous attention. Using brand ambassadors could be another important activity in order for the companies to create brand awareness. Though, the choice of brand ambassador is however of great importance. To function as a good ambassador for the brand, the brand ambassador has to be considered as trustworthy, reliable and in line with the company's values. All of our case companies can be identified as using the Royal Family as brand ambassadors given the fact that two of our case companies are purveyor to His Majesty the King, whereas the third one have designed the official wedding line for the Royal wedding 2010. To use the Royal family as brand ambassadors is especially effective since they could be considered both

trustworthy and of high status, both at the domestic and foreign market. Though, stressing the privilege of being a purveyor to His Majesty the King could be more effective on an international market since this privilege possesses a higher status internationally. Moreover, it gives the consumers a certainty regarding the quality and exclusivity possessed by the brand and could thereby be identified as an important marketing activity.

The role of brand name, logos and symbols

As identified, brand associations are essential in order to create a strong brand identity and to reach brand resonance. By using previously mentioned activities to connect the companies' brand names, logos or symbols to their origin, companies are able to create brand associations, which in its turn create a stronger brand identity. All of our case companies have a logo or a brand name that enhance their Swedish heritage, which helps our companies create associations to Sweden and its image of being a design nation. Hence, these are associations that should be frequently used when establishing on a foreign market to gain gratuitous benefits in form of attention and publicity, but also to strengthen the brand and to reach brand resonance.

6.1.1 Answering our research question

Based on our theoretical framework, empirical findings, analysis and previous discussion, we will answer our research question;

How to use country-of-origin as a potential success factor, when as a Swedish high-quality design brand, strengthen its brand on a foreign market

Our findings are based on a model in which we have identified potential success factors when on a foreign market strengthen the brand in connection to its country-of-origin. According to the model, companies should start by elaborate a suitable entry strategy in order to reach success on a foreign market. Preferably, companies within our research field should start on nearby markets and thereafter, in incremental steps and with regards to psychic distance, expand to markets more distant. Thereafter, companies should consider different activities connected to their country-of-origin, such as the use of corporate storytelling, collaborations and brand ambassadors, in order to strengthen their brand. Thirdly, companies should through these activities create positive brand associations to their brand name, logo or symbols in order to complete the creation of building a strong brand.

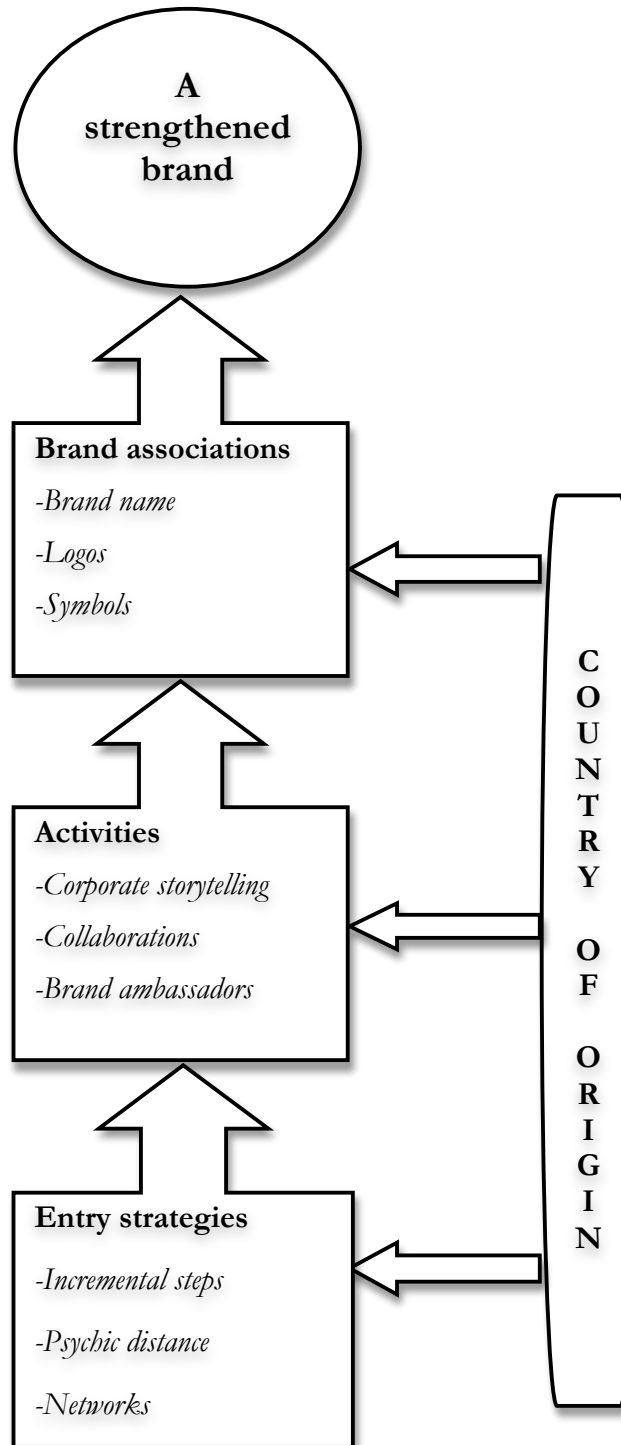


Figure 6: How to use country-of origin as a potential success factor when strengthen the brand on a foreign market (own construction).

6.2 Managerial implications

We consider our findings to be of interest for high-quality design brands with a strong connection to their heritage, which are in the initial phase of an expansion to foreign markets. Additionally, we consider our study applicable for small and medium size companies with financial limited resources, which thereby can utilise these suggestions as activities in order to strengthen their brand internationally. Accordingly, our study is an appropriate method to use regardless country, if the companies' products are connected to their country image in a profound way. If the country possesses a positive country image, companies can then embrace these associations. Essentially, our main learnings from our study are as follows:

- By enter a market through incremental steps, the company achieves a strong home base and acquires knowledge, which could be used during further expansion. When the brand is adequately strong at a home basis, the brand should expand to markets with a small psychic distance or a similar mentality. In this way, their potential customers might already have a positive recognition or attachment to the country, which in its turn could reduce the company's entry risks. Further, in order to bridge the knowledge about the foreign market, which the company is about to enter, the choice of international agents and distributors is of great importance. Hence, building successful networks could provide the company with valuable knowledge that otherwise could be harder to acquire. Additionally, networks could be beneficial for the company since it can gain advantages from others and thereby reduce potential risks connected to the entrance.
- The use of corporate storytelling, collaborations and brand ambassadors is identified as activities, in connection to country-of-origin, which could be used to strengthen the brand internationally. We have identified these activities to be potential success factors when enter a foreign market since they could help spreading brand awareness and word of mouth more effective, which could be valuable for small and medium size enterprises with limited financial resources. Firstly, given that all of our companies have a unique and authentic history connected to their heritage, corporate storytelling could be used a potential success factor. This could in particularly be successful on markets with no ancient history of their own. Secondly, collaborations with designers connected to the company's origins can help the company to further connect the brand to its origins. In addition, collaborations could be beneficial when entering a foreign market due to the gratuitous attention and brand awareness. Thirdly, the use of brand ambassadors could be effective if the ambassador is trustworthy, reliable and connected to the companies' values. Accordingly, this could be successful when expanding to a foreign market since brand awareness easier could be spread.
- In order to strengthen a brand in connection to the country-of-origin effect, brand associations are of significance. These could be enhanced through the company's use of symbols, logos or brand names connected to their origin, which consequently will strengthen the brand and thereby reach brand resonance.

6.3 Future research

For future research, it would be interesting to include other Swedish high-quality design companies in order to generalise the study further. Also, to study the use of country-of-origin in relation to Swedish companies within another field, such as the fashion- or car industry, would also be rewarding. In this way, one could see if there is a great difference regarding the use of country-of-origin between different industries. We would also find it interesting to make a similar study on high-quality design brands, with origins from another country, in order to see if the repute of companies within this field is solely related to Sweden.

In our study we have only been focusing on the initial phase of a foreign establishment, and not the entire internationalisation process. Hence, it would be worthy of note to make a study among larger Swedish companies and their use of country-of-origin, as for example IKEA. A comparative study could then be done, where one could analyse if there is any differences in comparison to the smaller high-quality design brands that we have been investigating. Further, we would find it interesting to study if country-of-origin is a successful differentiating tool during the entire internationalisation process. One can question if it is successful to use country-of-origin over a longer period of time, or if companies need to use another strategy in order to stay vital and competitive.

Further, it could be interesting to do a quantitative study with various interviews among our case companies customers to test if their image of the company is correlating with our findings. By doing so, one can measure if the consumers find the country-of-origin to be of importance and if a positive country image is crucial.

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1. Appendix

1.1 Interview guide with Svenskt Tenn

1.1.1 *The brand Svenskt Tenn*

- How do you define your brand? How do you want your customers to define your brand?
- What are your core values? What values do you want your brand to be associated with?
- What do you believe are your prior competitive advantage?
- What is your main targeted segment?
- What position do you have on the market? What position do you strive for?
- How important is the heritage and history of Svenskt Tenn?
- How much of the image of Svenskt Tenn is based on the connection to Sweden?

1.1.2 *Marketing activities*

- How do you market your brand? What kind of marketing activities do you use?
- How do you communicate your core values in your marketing activities?
- Does Svenskt Tenn actively work on changing/improving/enhancing the brand?
- Why did you choose to collaborate with Acne? Was/is it successful? Have you had any other collaboration?
- Do you have any plans for further network activities?
- Do you find it important to stress your Swedish history and heritage in your marketing activities?

1.1.3 *The establishment on foreign markets*

- How long have you been established on a foreign market? What markets?
- What was your strategy when you established yourself on a foreign market?
- What was the main reason behind establish on these markets?
- What type of distribution does Svenskt Tenn have on foreign markets?
- Where do you manufacture your products?
- In what kind of stores do you sell your products?
- Do you have plans to continue internationalising?
- Do you find any advantages or disadvantages of being Swedish when you operate with design products? Why or why not?
- How do you perceive the future position of Sweden regarding design international? What are your main threats and opportunities for the future?

1.2 Interview guide with Skultuna

1.2.1 *The brand Skultuna*

- How do you define a strong brand? What advantages does a strong brand give you?
- How do you define your brand? What are your core values?
- How do you define the Swedish national identity?
- How would you want your customers to define your brand? Are there any pros and cons of being Swedish?
- Do you find any advantages of being Swedish when you operate with design products? Why?
- What position do you have on the market? What do you strive for?

1.2.2 *Marketing activities*

- Do you market yourself as a Swedish company internationally? How?
- Do you find it positive or negative to market your brand in connection to its origins?
- What are the main threats of using county-of-origin as a marketing strategy?
- Do you use different marketing strategies at your domestic and foreign markets?
- How did you position yourself through your marketing activities?
- How do you visualise your core values in your marketing strategy?
- How does the customer know that your products originate from Sweden?
- How do you perceive the future position of Sweden regarding design?

1.2.3 *The establishment on foreign markets*

- How long have you been established on a foreign market? What markets?
- What was your strategy when you established yourself on a foreign market?
- What was the main reason behind establishing on these markets?
- Have you adapted your products to the foreign market before entering?
- Where do you manufacture your products?
- In what kind of stores do you sell your products? Does it vary between markets? How and why?
- How did you experience the fact that you are a Swedish company on a foreign market? Positive or negative?

1.3 Interview guide with Kosta Boda

1.3.1 *The brand Kosta Boda*

- How do you define your brand? How do you want your customers to define your brand?
- What are your core values? What values do you want your brand to be associated with?
- What do you believe are your prior competitive advantage?
- What is your main targeted segment?
- What position do you have on the market? What position do you strive for?
- How important is the heritage and history of Kosta Boda?
- How much of the image of Kosta Boda is based on the connection to Sweden?

1.3.2 *Marketing activities*

- How do you market your brand?
- What kind of marketing activities do you use?
- How do you communicate your core values in your marketing activities?
- Does Kosta Boda use the same marketing strategies on a foreign market comparing to the Swedish market? If yes, why? If no, why not?
- Does Kosta Boda actively work on changing/improving/enhancing the brand?
- Have you done any collaboration? Was/is it successful?
- Do you have/or have plans for network activities?
- What are your strategies behind your choice of designers?
- Do you find it important to stress your Swedish history and heritage in your marketing strategies? Why/why not? Any examples?

1.3.3 *The establishment on foreign markets*

- How long have you been established on a foreign market? What markets?
- What was your strategy when you established yourself on a foreign market?
- What was the main reason behind establish on these markets?
- What type of distribution Kosta Boda has on foreign markets?
- Where do you manufacture your products?
- In what kind of stores do you sell your products?
- Do you have plans to continue internationalising? In what way/how?
- How do you perceive the future position of Sweden regarding design international? What are your main threats and opportunities for the future?

1.4 Interview guide with Just Scandinavian

- How attractive is Scandinavian design products in New York?
- Does stores with similar concept exist at the New York market?
- What do you believe are the main opinion about Swedish design at the New York market?
- How do you market your products?
- What marketing channels do you use?
- Have you noticed any difference regarding sales depending on what marketing strategy you utilise?
- Are you planning on using the same marketing strategy in the future?
- What type of customers buy your products and why?
- Is there a specific brand in your store that is in great demand?
- Do you plan to extend your assortment of Svenskt Tenn products in the future?

2. Company material

2.1 Svenskt Tenn



+ **Acne**



+



= **SANT**



2.2 Skultuna



2.3 Kosta Boda

