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SCHOOL OF ECONOMICS AND MANAGEMENT

# A Brand Orientation Approach in Acquisitions

- Master Thesis -

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26<sup>th</sup> of May 2014

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*We would like to express our deepest appreciation and thanks to our supervisor Professor Mats Urde, PhD, you have been a tremendous help on our journey. We would like to, especially, thank you for encouraging our research and guiding us throughout the entire process by introducing us to your valuable contacts as well as sparing no efforts to support us with your counsel.*

*We would also like to extend our gratitude to Morten Christensen for facilitating and aiding our research at ALS, as well as to Ulf Strömqvist and Peter Aru for dedicating your treasured expertise to us. Your valuable insights elevated our work significantly and it was an overall joy to debate upon the topic with you. Furthermore, we would also like to acknowledge all interviewees for your contribution to our thesis and committing your valuable time to us.*

*It was a pleasure,  
Mikael & Karl*





# I Table of Content

<b>I TABLE OF CONTENT</b>	<b>3</b>
ABSTRACT	4
<b>II INTRODUCTION</b>	<b>5</b>
<b>III THEORETICAL FRAMEWORK</b>	<b>9</b>
3.1 BUSINESS-TO-BUSINESS BRANDING	9
3.2 CORPORATE BRAND IDENTITY	10
3.3 MARKET & BRAND ORIENTATION	16
3.4 BRAND ARCHITECTURE	19
3.5 ACQUISITIONS & THE BRAND AS AN ASSET	23
<b>IV METHODOLOGY</b>	<b>26</b>
4.1 RESEARCH PHILOSOPHY	26
4.2 RESEARCH STRATEGY	27
4.3 RESEARCH DESIGN & METHOD	29
4.4 DATA COLLECTION	30
4.5 SAMPLING METHOD & PARTICIPANT SELECTION CRITERIA	33
4.6 DESIGNING & CONDUCTING THE INTERVIEW	35
4.7 DATA ANALYSIS	37
4.8 COLLECTION OF PRIMARY & SECONDARY SOURCES	38
<b>V ANALYSIS</b>	<b>40</b>
5.1 INTRODUCING ALS EUROPE LIFE SCIENCES	40
5.2 INTRODUCING GÖTEBORG ENERGI AB	47
5.3 INTRODUCING TRELLEBORG AB	51
5.4 INTRODUCING ULF STRÖMQVIST & PETER ARU	56
5.5 CORPORATE BRAND IDENTITY ANALYSIS	57
5.6 MARKET VS. BRAND ORIENTATION	60
<b>VI CONCLUSION</b>	<b>64</b>
6.1 DISCUSSION	64
6.2 THEORETICAL IMPLICATIONS	66
6.3 MANAGERIAL IMPLICATIONS	67
6.4 LIMITATIONS & FUTURE RESEARCH	68
<b>VII REFERENCES</b>	<b>70</b>
7.1 ARTICLES & BOOKS	70
7.2 ONLINE SOURCES	74
<b>VIII APPENDIX</b>	<b>75</b>





## Abstract

**Title:** A brand orientation approach in acquisitions.

**Purpose:** To explore corporate approaches to brands in the assessment of potential acquisitions in business-to-business settings

**Methodology/design/approach:** The paper examines the corporate brands of three case companies - ALS Global, Göteborg Energi, and Trelleborg AB - in regards to their acquisition activities. Additionally, we have conducted an extensive literature review. Further, our research philosophy has a constructionist-relativist stance to facilitate the collection of rich data, ultimately leading to the emergence of new theory. Thus, we use semi-structured face-to-face interviews as the basis of the qualitative data gathered.

**Findings:** The three case companies have a market-orientated approach when assessing acquisitions. We argue that the corporate brand needs to be considered during the acquisition phase in order to make a sufficient judgment of whether or not a potential acquisition will be sensible. Subsequently, a brand-oriented approach is of the essence.

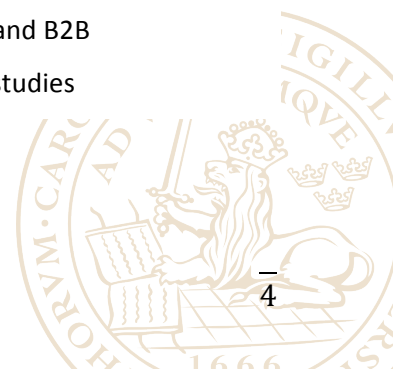
**Theoretical Implications:** The paper highlights the gap of knowledge, and usage, of branding in business-to-business environments. Especially during acquisitions, the commitment to the corporate brand by the three companies is inconsistent or flawed. The research further concludes that this is partly because companies lack a framework for assessing acquisitions, as well as an inclination to disregard brand-orientated values when doing so. The Corporate Brand Identity Matrix is proposed to be used as an analytical tool in order to facilitate this assessment.

**Managerial Implications:** Companies may take the corporate brand as the starting point of any assessment of potential acquisitions in order to reduce the risk of failure, as the integration of corporate culture is the most difficult part. Brand managers may seek and assess potential acquisitions not solely based on market measurements but take their respective corporate brand identity into account and compare it with the target company's in order to assess its suitability, thus avoiding costly fallouts due to organizational insurmountable differences that could lead eventually to unremunerative business.

**Originality/Value:** The paper introduces the brand-orientated application in business-to-business acquisitions. Furthermore the Corporate Brand Identity Matrix is introduced as an analytical assessment tool in the acquisition setting.

**Keywords:** Corporate Brand Identity, Brand Acquisitions, Brand Orientation, and B2B

**Paper type:** Conceptual paper blended with clinical research in form of case studies





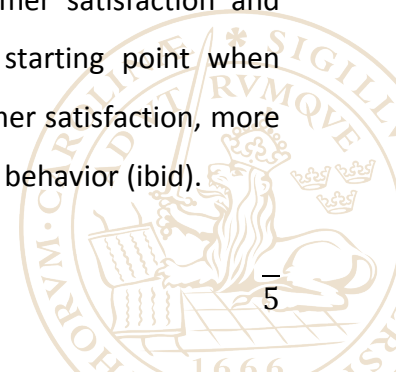
## II Introduction

This paper intends to cultivate theory in the fields of strategic brand management with a focus on business-to-business (referred to as B2B) environments. To highlight matters organizations face when branding in business-to-business surroundings, we will specifically put this into a context of organizations that have acquired, plan to acquire, or have sold off companies.

Christodoulides & Leek (2011) argue that branding in B2B environments have largely been neglected by business marketers and brand managers, much because of it being an offspring from fast moving consumer goods (often referred to as FMCG) domain. It is also argued that branding in a B2B context is a long-term commitment and therefore also considered to be at the expense of short-term market yields (Christodoulides & Leek, 2011), which also help to provide an explanation why marketing practitioners have neglected it.

It can be argued, however, that brand management is as important in a business-to-business context as in a FMCG context, albeit it should manifest itself differently (Christodoulides & Leek, 2011). Strong brands can facilitate charging of price premium (Persson, 2010), as well as act as a catalyst to relationship building and maintenance (Kapferer, 2012). Dawar, Muylle, & Rangarajan (2012), discuss the importance of branding in business-to-business environments and the ability that strong brands have concerning the creation and upholding of trust with customers. Urde, Baumgarth & Merrilees (2013) also argue that in regards to brand orientation, business-to-business environments should be further investigated. This adds to the interest and value of exploring the unique capabilities that brands hold in these settings.

Baumgarth, Merrilees & Urde (2013) propose that market orientation, rather than brand orientation, is the ruling paradigm of businesses. This accentuates that customer satisfaction should be the focal point of all offerings a company puts forward. Customer delight is the starting and end point of all business (ibid). However, the authors introduce the concept of brand orientation, which, unlike market orientation, suggests that companies might have strategic interests in more than just customer satisfaction and therefore advocate an approach where the brand is a strategic starting point when developing offerings to customers. Instead of only focusing on customer satisfaction, more parameters are considered, such as internal processes and competitor behavior (ibid).



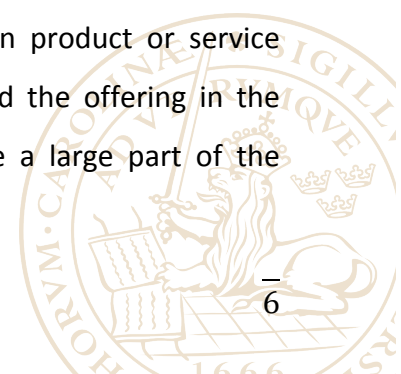


Christodoulides & Leek, 2011; Leek & Christodoulides, 2011) claim that there is a lack of academic research performed in the area of B2B branding and that this also adds to the lack of branding as a practice in organizations operating in B2B contexts. Such theoretical void also prevents business-marketing practitioners from having academic bodies of work in which to seek guidance as well as frameworks to lead the way (Leek & Christodoulides, 2011).

A long-used practice for companies to increase their intangible assets (e.g. brand names, patents) is mergers and acquisitions (referred to as M&A). According to Arikan (2002), M&A activities serve as an investment tool in order to inorganically accumulate intangible assets, which are possible sources of competitive advantage. Intangible resources are most likely special factors of production that act as barriers of entry since they are, according to the resource-based view (Barney, 1991), rare, valuable, difficult to imitate and accumulate, provide simultaneous uses, and are both in- and outputs of business activities (Arikan, 2002). However, successful brand integrations are dependent on characteristics of both the acquiring and acquired organization. Brand portfolios are, thus, often restructured in accordance to the acquirer's brand strategy and preferred brand architecture (Bahadir, 2008).

Organizations are often constructed to provide a plurality of brands, products and services (Kapferer, 2012), which creates an importance to understand what you want to communicate through these different brands. Inadvertently, this produces an imperative to architect these brands and sub-brands to enable product and service lines to communicate in accordance with the brand architecture (Dawar, Muylle, & Rangarajan, 2012). In this complex and dynamic landscape of business, as well as the high costs that are connected to developing and managing brands, leveraging the corporate brand is seen as a powerful alternative (Aaker, 2004).

For organizations, it raises a question of whether to activate the corporate brand, or the product or service brands (Christodoulides & Leek, 2011; Urde, 2009; Aaker, 2004). A focus on product brands here may; however, be an expression of the FMCG heritage that brand management stems from. While this is in many aspects a focus on product or service brands, it does not encapsulate the organization that stands behind the offering in the same way that a corporate brand does (Aaker, 2004). Services are a large part of the



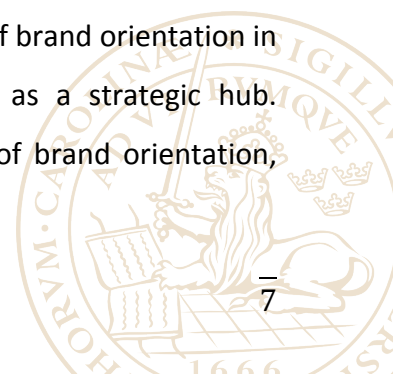


business-to-business sector and have similarly been neglected in branding for a long time (Wallström, Karlsson & Salehi-Sangari, 2008), which displays the extent to which product brands historically have been influencing brand management.

Corporate brands have also long been subject to disregard in business practices (Aspara and Tikkanen, 2008b). According to Hatch & Schultz (2003), this is because markets previously have been easier to predict. Today, markets are more scattered, unpredictable and thus a corporate branding approach can prove useful to align products and services under a single brand, enabling communication that product branding was unable to efficiently maintain. In markets where B2B companies are facing commoditization, expanding market saturation, and acquisitions are a common means of companies' growth and efficiency generators, it becomes interesting to understand the role of the corporate brand in these processes.

We understand brand orientation as way of employing the brand, corporate brands included, to act as a strategic starting point when conducting business. Balmer (2013); however, argues that the surge of corporate brand orientation is a logical end point of the brand orientation notion, suggesting it is a development of brand orientation rather than a product of it.

Urde, Baumgarth & Merrilees (2013) argue, that market orientation rather than brand orientation is the ruling paradigm of conducting business. A market-orientated approach is firstly an outlook on customer delight as being top priority at all times (Urde, Baumgarth & Merrilees, 2013), but also an approach where brand values, such as identity and culture, are not considered to the same extent as market share, place, and inorganic growth. In short, it does not fully consider what Gromark & Melin (2011, p.395) propose as brand orientation where *"brand management is perceived as a core competence and where brand building is intimately associated with business development and financial performance."* Or as Urde (2003, p.20) explains it: *"core values and the corporate brand are decisive for brand equity and competitive strength; and all work associated with the core value promise is a step towards an increased level of brand orientation."* While Balmer (2013) suggests that there is a fissure between brand orientation and corporate brand management, Urde (2013) propose that corporate brand orientation is rather a outcome of brand orientation in the sense that it is the product of placing the corporate brand as a strategic hub. Consequently, we define corporate brand orientation as a product of brand orientation,





which entails the use of the corporate brand as a strategic hub in a brand-orientated approach.

Further, we outline acquisitions as a corporate strategic business management activity enabling the buying, selling, dividing, and combining of two or more business entities into one (Schoenberg, 2009). Similarly, we come to understand that also previous research on acquisitions is largely focused on a market-orientated approach, even in the case of brand acquisitions, which credits high purchasing cost because of the strength of the acquired brand, but stops there. The market-oriented approach has recognized the brand as a carrier of value, but blatantly done so in terms of image and external recognition. Urde (2009) explains, this as an outside-in approach, or market-oriented approach (Urde, Baumgarth & Merrilees, 2013). Corporate brands can be a singular brand of an organization at any size or be an organization with a set of brands (Aaker, 2004) – brand strategy may vary (Kapferer, 2012). Acquisition integration processes, which rely mainly on market-orientated decision-making, might thus become difficult to integrate culturally, prolong organizational efficiency results, or simply fail. Furthermore, we consider business-to-business environments - sometimes also referred to as settings - as the marketplace where companies conduct business partly or solely with each other. In these contexts, coupled with the surge of new research in corporate brand management, the purpose of this master thesis is to explore corporate approaches to brands in the assessment of potential acquisitions in business-to-business settings.



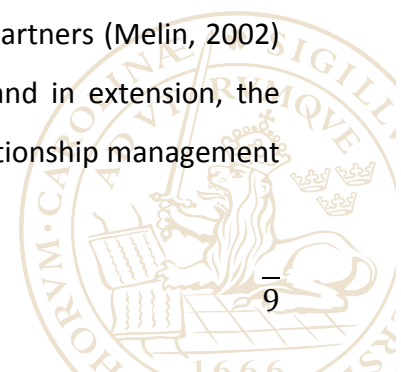




## III Theoretical Framework

### 3.1 Business-to-Business Branding

Although B2B branding, for a long time, has been ‘overlooked’ by companies and to a certain extent ignored by marketing and branding practitioners, similarities between positive outcomes of branding are shared both by business-to-consumer as well as business-to-business companies (Christodoulides & Leek, 2011). Historically, marketing in business-to-business settings would focus on leveraging the brand image by focusing on delivery, price, and technology (Biedenbach & Marell, 2009). However, companies in B2B settings are also influenced by the image and reputation of companies they purchase goods from (Aspara & Tikkanen, 2008b; Andersen & Kumar, 2006). Business-to-business settings are often connected with higher volume purchases than business-to-consumer settings as well as a significant difference in relationship aspects (Ghauri & Cateora, 2010), the latter aspect also being highlighted by other academic research (Leek & Christodoulides, 2011; Persson, 2010; Andersen & Kumar, 2006; Kapferer, 2012). Therefore, B2B branding has lately received more attention in academic exploration as well as an increase of importance in business practice (Christodoulides & Leek, 2011). The reasons underlying this development are scattered and multi-faceted. The global marketplace creates scenarios where companies from all over the world compete for customers creating an increase in the demand for companies to be able to differentiate from competitors (Ghauri & Cateora, 2010; Kapferer, 2012; Hatch & Schultz, 2003) as well as the companies themselves turning to brand management to be able to charge price premiums, strengthen relationships (Persson, 2010), and create brand associations that are not specifically product or service related (Kapferer, 2012; Keller & Lehmann, 2006). An important feature of a brand is the ability to act as a risk-reducer (Melin, 2002; Kapferer, 2012). According to Kapferer (2012), the brand as a risk-reducer can spread through business-to-business networks; a manufacturer can take pride in producing high-quality goods by utilizing high-quality products in their manufacturing line. This in turn can, when implemented successfully, act as a seal of guarantee towards prospective customers and business partners (Melin, 2002) and an image-creation of the own product brand (Melin, 2002) - and in extension, the corporate brand (Kapferer, 2012; Urde, 2013). The importance of relationship management





in business-to-business environments cannot be understated – neither can be the importance of brand management to the process.

In B2B branding it is argued that the customer experience is important not only to strengthen brand experience and brand awareness, but also to create and sustain brand loyalty (Biedenback & Marell, 2009), the very same results that arguably spring from branding in B2C environments (Kapferer, 2012). There is importance for B2B brands to understand that a product or service is separate from the brand. They are dynamically influencing and affecting each other but are not the same. Flagship products, or companies that only have one product or service on the market, must understand the importance of this. To be able to diversify or to grow, there can be a negative effect by only being known for one particular service. This leads us to understand that also B2B brands, like B2C brands, in order to be successful, must emit brand values. However, it can also be argued that a brand needs a flagship product to be able to communicate brand values (Kapferer, 2012). This leads back to the previous discussion in this chapter regarding increasing globalization and intensification of competition (Ghuri & Cateora, 2010; Kapferer, 2012). According to Kapferer (2012), brand identity is to brands what identity is to people. It gives meaning to brands and enables consumers to associate the brand with values. Once a brand has values, it is important to stay true to them or consumers will feel estranged from them. As mentioned previously, commoditization, a likeness in marketing practices and a saturation of communication is putting increasing strain on companies to be noticed and differentiated from one another (Kapferer 2012).

### 3.2 Corporate Brand Identity

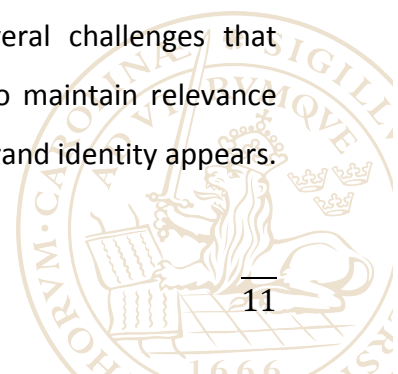
As with B2B branding, corporate brand management has been overlooked in academic research (Urde, 2013; Kapferer, 2012). In the previous chapter, the differences between B2B brands and B2C brands have been discussed and outlined, so what distinguishes a corporate brand from other brands?

Urde (2013) describes the corporate brand as: Emphasizing the organization behind the products and services it provides, exemplifying this by the corporate brand's ability to be referred to as 'we' internally and 'they' externally, while products and services remain constraint by being referred to as 'it'. While the argument presumably can be contended to



also be true also for the previous discussion relating to B2B brands, a clear distinction should be made. Balmer (1998) discusses two perspectives on corporate branding, one being corporate image and reputation, and the other being the construction and management of a corporate identity and personality. Similarly, Urde (2009) argues that corporate brand identity building and management can through the formulation and use of core values guide both the external (corporate image and reputation) and internal (brand identity and personality) brand building process. Additionally, Urde (2013) explains that the corporate brand is more complex and difficult to align than product or service brands because the corporate brand encompasses a myriad of organizational aspects and culture, products, and services. While research proposes that the leveraging of the corporate brand is needed to shift focus away from product and service brands because of their nature of risking to be subject to long-term fragility (Kapferer, 2012; Aaker, 2004) it is interesting to consider the corporate brand as the preferred branding opportunity when products or services are being commoditized and the focal point of price-dumping, diminishing quality differentiation and similarities in business practices.

Aaker (2004) and Urde (2013) highlight the organizational focus of corporate brands by suggesting that organizational associations drive such brands. Furthermore, Aaker (2004) discusses several reasons why leveraging the corporate brand can bring many powerful effects to organizations with it. While Aaker (2004) is emphasizing the corporate brand as a spring board for creation of a branded house – a corporate brand with sub-brands reaping the rewards of an endorsing brand, (Kapferer 2012), or product brand as descriptors of the corporate brand (Aaker 2004) – this can be considered to be limiting in the B2B environment previously discussed in this paper as there is no organizational focus. Herein lays the important curiosity. The organization legally owns the corporate brand but customers and other stakeholders own it emotionally (Balmer 2012). According to Aaker (2004), it also connects the brand with a history; the history of the organization. The heritage of a corporate brand is a way of presenting the history of the organization as a testimonial for the brand, showcasing what it can do and boast experience and previous accomplishments (ibid). However, Aaker (2004) also presents several challenges that emerge by developing a corporate brand strategy. It is important to maintain relevance through time, creating clear cut value positions, and ensure that the brand identity appears.





The latter is discoursed by Kapferer (2012) through his Brand Identity Prism, which aims to explain the different aspects of a brand. A brand is more than a logotype or a marketing scheme of an organization but rather extends to the organization itself, its employees, its relationships, and its communication. It also underlines the previous statements of brand management as processes of external and internal nature.

In turn, this is manifested in crucial activities that corporate branding must attend to. According to Urde (2013), corporate brand management must align internal and external efforts. Brand identity is to be maintained continuously, being able to stand the tests of time. The latter being an ever-changing marketplace, different competitors, technology shifts – the list goes on. A brand promise and core values remain the same over time, while certain aspects of corporate branding change (Urde, 2013). It is important to note that brand coherence is an imperative (Urde, 2013; Kapferer, 2012) Thus, the internal efforts of a brand must align with external efforts and in turn both must respond to the core values and brand promise (Urde, 2013; Balmer, 2010).

Similarly, Aaker (2004) argues that the brand identity must reflect the different businesses that firms are operating in. Many companies have a wide array of business segments including different and dissimilar business areas, making it important for the corporate brand identity to remain clear no matter the context. In these cases, Aaker (2004) claims that brands can have an extended identity, which might be true in certain areas of business, but not others. Furthermore, Aaker (2004) discusses the importance of the corporate brand to deliver on its promise in actuality as well as in what is perceived. Aaker describes this as the corporate brand having substance. It is inefficient and lavish to portray the brand as something it is not. By the same token, it is wasteful to spend money and effort on operations that will not yield a return-on-investment. Hence, it is imperative to communicate this outward (Kapferer, 2012; Aaker, 2004).

A corporate brand's ability to succeed lies to a high degree with the people in the organization. Balmer (2010) highlights, the responsibility of the corporate brand lies in the hands of all employees. The employees in this case represent what the corporate brand is and is not. Correspondingly, Urde (2013) argues that the personality of employees forms a representation of the corporation - it mirrors it. Persson (2010) as well as Balmer (2010) argue that brand communities can play an important role in the creation of identity.



Additionally, Balmer (2010) and Urde (2013) alike discuss the possibility of the people to act as representation of the corporate brand. The realization that people are important to the corporate brand - to the point of being considered as shapers and creators of aspects of the corporate brand - becomes increasingly important. Additionally, the corporate brand can also act as a facilitator of external communication. Aaker (2004) suggests the corporate brand as an enabler to share intangible values such as management quality, strength of market position and product development. Alike, Balmer (2010) mentions that a corporate brand can act to strengthen the corporation as an employer by creating recognition and awareness among potential employees as well as inspiring current staff.

The importance of the organization and its inhabitants, thus, creates one of the most important building blocks of corporate brand management. Brønn, Engell, and Martinsen (2006) reiterate this by underlining how employees play the most important part regarding the process of structuring corporate identity. Corporate branding is also the subject of being created through an internal or external approach (Urde, 2013; Urde, Baumgarth & Merrilees, 2013).

Brønn, Engell, and Martinsen (2006) claim, service marketing has a high importance of a minimal gap between what they present as conceived identity, being image, and actual identity. The conceived image and actual identity can here be considered similar to the arguments presented previously in this chapter (Balmer 1998). Service marketing can also be argued to be more concentrated and present in B2B settings, even though the Internet and related services have produced a shift in B2C markets (Grönroos, 2008). Further, it reinforces the notion of corporate branding with a core value brand-orientated approach in B2B environments, including characteristics and aspects connected to it that make it differ from what research previously has been focusing on. Brønn, Engell, & Martinsen (2006) also concluded through their study - much alike Urdes (2013) empirical studies and the findings of Balmer & Greyser (2006) - that the corporate brand identity is an internally created and defined phenomenon, although external considerations are imperative. Inevitably, this leads to culture being one of the important factors that define and structure the corporate brand identity (Urde, 2013; Balmer & Greyser, 2006; Brønn, Engell, & Martinsen, 2006; Kapferer, 2012).



Urde (2013) presents a framework for academics and managers alike, in form of the Corporate Brand Identity Matrix (or, CBIM). The CBIM is a tool which can be utilized to align and structure corporate brand management through the focus on core values and brand promise and subsequent connections of other brand properties that are presented as having important strategic value to the overall brand management. The nexus of the model are the core values and the brand promise, which then connects the other parts; culture, relationship, personality, expression, competencies, position, value proposition, and mission and vision. The importance of core values and brand promise can therefore not be understated, since they contextualize internal and external efforts into business activities and behavior (Urde, 2013). These in turn make up an internal and external element of corporate branding (Urde, 2013). Similarly, Balmer (2006) previously presented six C's of corporate marketing, which present internal and external characteristics of corporate branding, too. Simply put, internal as well as external understanding and promotion of brand values aim to align corporate brands to elevate the strategic brand management of firms.

The model, presented in Figure 1, shows the relationship between the nine elements of corporate brand identity.

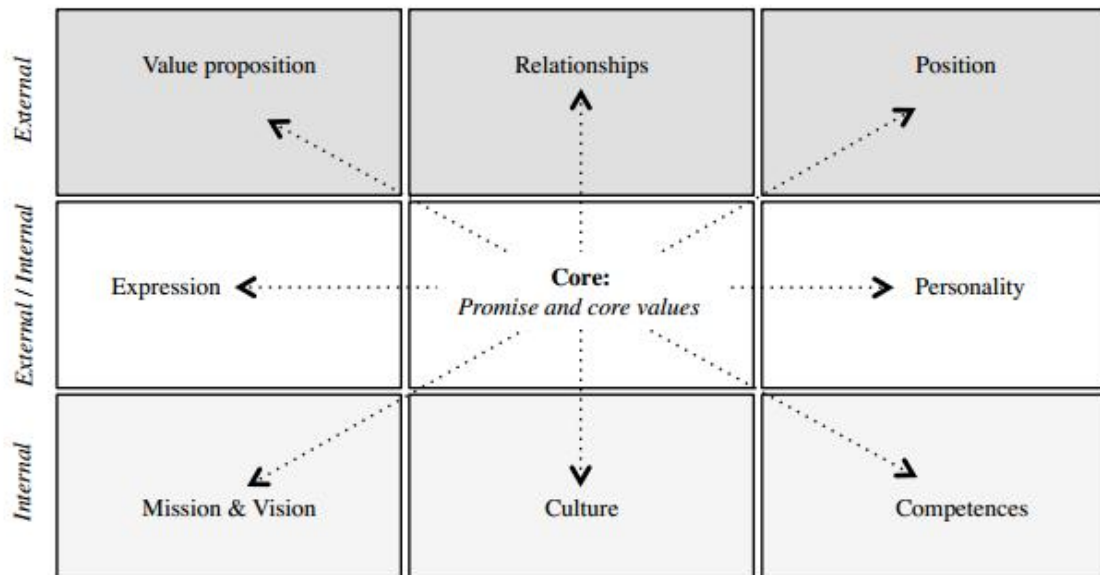


Figure 1. Corporate Brand Identity Matrix (Urde, 2013)





A study of Janonis (2007), which draws upon the Brand Identity Prism as presented by Kapferer (2003; 2008; 2012) recognizes that a relationship between brand identity and brand image exists. According to many researchers, it is important for the values, which are communicated through the brand, hold meaning and tangibility for the customers and consumers alike - Aaker (2004), Kapferer (2012), Urde (2013), Persson (2010), and Melin (2002) show this in their research, respectively. In turn, it creates a strong argument for brands' need to be managed. This can be done by properly assessing why the brand exists and the purpose it has towards its stakeholders. Kapferer (2012) suggests that building a brand platform to answer this question is essential for successful brands because it enables brands to organizing efforts both internally and externally that ultimately create coherences for all stakeholders. In many ways the CBIM is a framework companies ought to embark on. According to Kapferer (2012), it would be inaccurate, even hurtful, for firms to try to adhere to ready-to-use brand platforms but must rather assess and embrace its own uniqueness to be able to thrive through their brand platform. Here, the CBIM provides a powerful tool in doing that work.

Urde (2013) argues that values presented as mere well-formulated sentences and words but yet lack real meaning become hollow promises to customers as well as stakeholders. Should hollow promises be present, it can affect both internal and external efforts negatively. For example, credibility can be hurt (Urde, 2013) – something that is discussed as a key factor in corporate brand management by Aaker (2004). Persson (2010) discusses a similar term, which he presents as empty promises that, similarly to ideas presented by Urde (2013), affect companies undesirably when they, often due to a lack of understanding of their own company or its customers, do not live up to the promises given or perceived, by stakeholders. According to Persson (2010), it is an absolute imperative to understand the market to avoid delivering unwanted or unimportant values to customers. In one industry, timeliness of delivery, and customization might be very important while in other meaningless (Persson, 2010).





### 3.3 Market & Brand Orientation

As explained by Gromark and Melin (2011), brand orientation is originally a term coined to explain the importance for companies to focus on an internal process when building and sustaining a brand, or managing a brand. We present a review of many different researchers' definitions of brand orientation. These definitions, albeit sprawling, are united by the sense that brand management is a process and that it should be considered as a core competence by firms. Gromark and Melin (2011) highlight the importance of core values as promoter of product and business development and, like Urde (2009; 2013), a guiding light in the process of brand management.

The imperative of brand orientation as an internal process is also highlighted by Urde, Baumgarth & Merrilees (2013), where it is argued that wants and needs of customers are of significant importance but that they should not alone act as compass to develop a brand nor brand identity. This is reiterated by Gromark & Melin (2011) who note that an imperative part of brand orientation is the belief in the value of brands.

Urde, Baumgarth & Merrilees (2013) suggests that brand orientation, similarly to the theoretical review performed by Gromark and Melin (2011) as previously presented in this paper, is an internal process where core values and brand identity act as a strategic hub for firms. Market orientation, according to Urde, Baumgarth & Merrilees (2013), focuses on the brand image where the needs and wants of customers are essential to brand building meaning that the customer is king and customer satisfaction, loyalty, and customer lifetime value is largely the driver in strategic processes. Urde (1997) presents the 'Egg Model' to illustrate the different approaches of brand and market orientation, see figure 2. Urde, Baumgarth & Merrilees (2013) emphasizes that there is no right answer or universal solution for firms to which orientation to choose. The Brand and Market Orientation Matrix, see figure 3, illustrates the different approaches that firms can utilize.





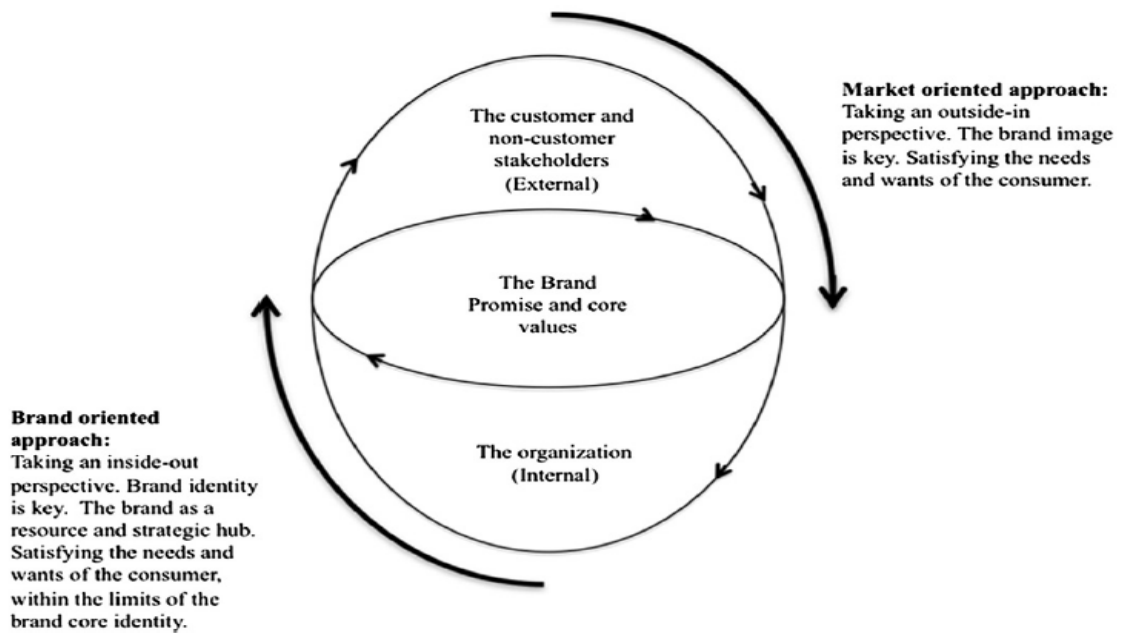


Figure 2, Egg Modell, Urde (1997); Urde, Baumgarth & Merrilees (2013)



Figure 3, Brand and Market Orientation Matrix, Urde, Baumgarth & Merrilees (2013)

These orientations are mindsets and different strategic orientations, but the models also show as that the choice is not limited to a question of whether to approach business in a market-orientated way or a brand-orientated way, but also that hybrids are possible (Urde,



Baumgarth & Merrilees, 2013). Urde and Koch (2014,p 12/39) clarify: *“In essence, market orientation (outside-in) and brand orientation (inside-out) represent different points of departure in understanding, defining and managing brands. These two paradigms apply to different types of organizations (such as commercial corporations, nonprofit organizations, or institutions), brand structures (such as house of brands or branded house), and brands (product or corporate)”*. The implications of these findings are that companies and organizations are presented with options and alternatives for choosing orientation, which naturally also means they need to choose between them and balance them (ibid).

According to Urde, Baumgarth & Merrilees (2013), this will enable businesses to secure long-term strategic brand management that is not being infringed upon by attaining important short-term winnings. The very same authors state the latter as a key finding in another research paper Baumgarth, Merrilees, and Urde (2013). The importance of a firm to think and act strategically cannot be understated. Brand orientation, as a focus in strategic brand orientation, can not only lead to strategic competitive advantages (Urde, Baumgarth & Merrilees, 2013; Melin, 1997; Gromark & Melin, 2011), but also help shape corporate culture, increase internal brand competences and align concepts, which are often resource demanding, such as vision and image (Urde, Baumgarth & Merrilees 2013).

Similarly, Gromark, and Melin (2011) show, brand orientation can affect firm’s profitability positively. Furthermore, they state that brand orientation cannot merely be a managerial matter but must rather permeate the organization as a whole. In turn, it relates very closely to the previous arguments presented in our chapter pertaining to corporate brand identity. Similarly, Hirvonen and Laukkanen (2013) also highlight the importance of managerial involvement in the brand and the imperative of core values being concrete, supporting the brand promise.

A responsible and proper use of brand orientation is, thus, to synergize it with a market orientation, as the needs and wants of customers cannot be overlooked. It changes strategic brand management from focusing on external forces, which shape brand image, to also involving internal processes and connecting these together to facilitate not only brand image but also the creation, development, and protection of brand identity (Baumgarth, Merrilees, & Urde, 2013). Such ‘protection’ is also discussed by Greyser (2009) who believes a corporate brand can act as stabilizer during times of reputational difficulties, and provide



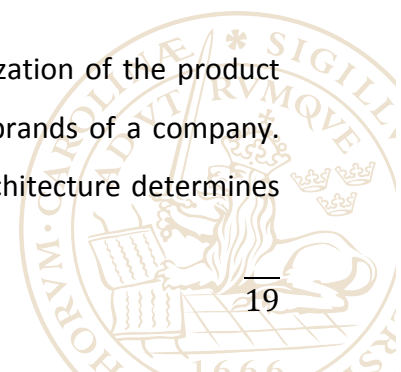
guidance and assistance in solving these difficulties. More importantly the corporate brand can be empowered to become a reputational reservoir, which allows it leeway and the benefit of doubt in such situations (ibid).

### 3.4 Brand Architecture

As previously discussed, B2B brands tend to fall short when it comes to the widespread recognition or the flair and glamour often associated with B2C brands, yet, they are important assets to a company and can act as a facilitator of a long-lasting, trust-based relationship with its customers.

In recent years, many leading B2B companies came to realize that and have been since spending “*significant amounts of their budgets and effort on building and managing their brands*” (Dawar, Muylle, & Rangarajan, 2012; p.58). As a result their market capitalization has been majorly affected by their brands’ value (ibid). Some of the most successfully branded B2B companies are (i.e.) IBM, GE, and Intel – all among the top ten most valuable brands on the planet (Forbes; Interbrand, 2013). However, the process of realization that a strong brand can be a major benefit is a slow one. Many B2B companies still think branding is mainly useful in a consumer setting and often managers believe a B2B market and its respective customers are better served by using skilled sales agents (Interbrand, 2014). It is thought that explaining and delivering the complexity of a product to the customer can be best accomplished through a well-defined selling process during which the brands play no significant role (ibid). So it is no surprise that many companies neglect a sound brand architecture strategy during everyday business and are only reminded of it during times of upheaval such as mergers and acquisitions. Yet, even then the brand is often only considered after the initial purchase (ibid) and is not used as an analytical tool during (brand) acquisitions. Further, we do not believe selling and branding activities are mutually exclusive but rather the opposite – they are complements. A brand can be a powerful tool in the B2B market and well-designed brand architecture can render it possible (Dawar, Muylle, & Rangarajan, 2012).

Under brand architecture we understand the structuring and organization of the product and brand portfolio by establishing a hierarchical order among the brands of a company. The brand portfolio is therefore the pool of all brands and brand architecture determines



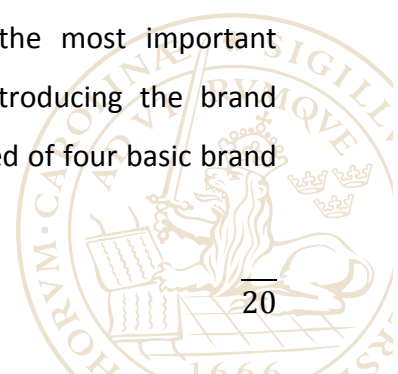


the single brands' relationship. During the business lifecycle of a company brands or entire brand portfolios might be added to the company's existing portfolio and embedded into the existing brand architecture (Kapferer, 2008: 310). However, the architecture itself is rarely altered and functions as a guiding device for the brand portfolio management (ibid)

In the literature first discussions on brand portfolios and their structure (brand architecture) can be traced back to the late 1980's. Olins (1989), one of the pioneers in this field, established three main portfolio structures: 'monolithic, endorsed, and branded'. In the 'monolithic structure', so-called sub-brands revolve around the corporate umbrella brand (Kapferer, 2001) and act as mere extensions. Vice versa, in a 'branded' structure sub-brands are separate from the mother corporate brand with each having their own name and visual identity to them. The endorsed structure poses a hybrid out of the former two. That is, each sub-brand retains its own identity, yet, is not completely separate from the corporate brand but affiliated with the corporate identity to a degree (Olins, 1989). In 1994, Laforet and Saunders built on Olins' concept by conducting extensive secondary (content analysis) and primary research (structured interviews) resulting in a more complex concept in which brands are structured in hierarchical order starting with (1) Corporate Dominant, (2) Mixed Brands, and (3) Brand Dominant. But their study does neither elaborate on the dynamics of brand architecture nor does it use the term itself. In 1996, Douglas and Craig added the importance of flexibility and motion to brand architecture theory. Based on their examination of the interconnectedness of geographic markets they proposed that brand portfolios might be enlarged, decreased, or combined to fulfill a company's desired goals. In 2000(b), Aaker and Joachimsthaler provided a precise definition of the term brand architecture:

*"Brand architecture is an organizing structure of the brand portfolio that specifies brand roles and the nature of relationships between brands."*

Additionally, Aaker and Joachimsthaler (2000a|b) made one of the most important theoretical contributions to the brand architecture concept by introducing the brand relationship spectrum (Figure 4, see below). The spectrum is comprised of four basic brand





architecture strategies: (1) house of brands, (2) endorsed brands, (3) sub-brands, and (4) branded house “with progressively increasing importance for the individual brand’s identity and diminishing importance for the corporate identity” (Harish, 2008; p.60).

In addition, due to the prevalent complexities in brand relationships in various companies, the four basic models are further broken down into nine sub-models (see Figure 1). For a company to choose a suitable model it would need to analyze its existing brand portfolio and look at the specific identity and role of each sub-brand (Dooley & Browie, 2005). A company with a dominant corporate brand is referred to as a ‘branded house’. A suitable example is the Virgin Group, which brands all businesses (i.e. Virgin Records, Virgin Airlines, etc.) under the Virgin name. On the opposite side stands the ‘house of brands’ strategy. Here the corporate mother brand stays in the background and employs several seemingly independent daughter brands that often carry individual brand identities. Such strategy is predominantly used by fast-moving consumer goods companies such as (but not limited to) Unilever or Proctor & Gamble. Other companies use intermediate strategies, such as Apple and their sub-brands (i.e.) ‘Apple iPad’ and ‘Apple iPhone’, or Hilton Worldwide who use the endorsed brand strategy with ‘DoubleTree by Hilton’. However, as afore-mentioned, it is sometimes difficult to make clear distinctions between each strategy due to the complexity of each brand portfolio and the individual path chosen by a company and its respective corporate brand. Thus, the scope of endorsement and the dominance of the corporate brand can vary (Harish, 2008).



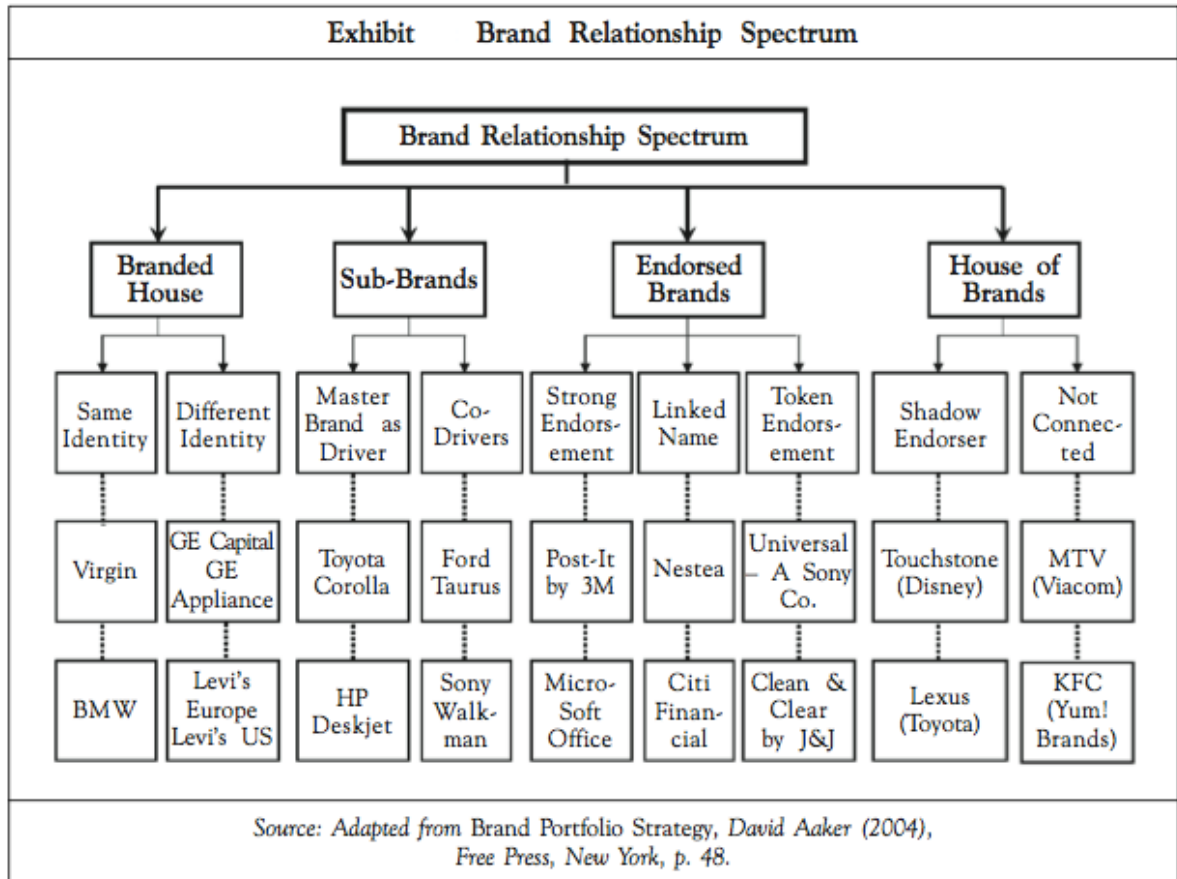


Figure 4, Brand Relationship Spectrum, Aaker (2004)

As Aaker and Joachimsthaler’s brand relationship spectrum serves as a suitable framework for this particular master’s thesis, a number of limitations shall be pointed out. Firstly, their paper (2000b) is mainly concerned with brand relationships within the firm. Co-branding between two brands owned by separate companies, are not taken under consideration and therefore not included in the brand relationship spectrum (Blackett and Boad, 1999; Leuthesser, 2003; Motion *et al.*, 2003). Furthermore, Aaker and Joachimsthaler neglect to mention that companies often make use of more than one of the four strategies. For example, Nestlé who are a house of brands but yet endorse the Nescafé brand. Finally, Douglas and Craig (2001) argue that brand architecture is an evolutionary process, developing over time, which is hence influenced by past and present as well as the intended future strategy. However, Aaker and Joachimsthaler (2000b) claim that brand architecture is primarily influenced by the intended strategy of a company.





### 3.5 Acquisitions & the Brand as an Asset

Between 1895 and 1904 a wave of mergers and acquisitions (M&A) swept across the United States of America resulting in a, hitherto, unprecedented conglomeration of many small individually operating companies into a few large companies that now controlled major market shares and therefore almost all American manufacturing assets at the time – this nine-year-long event is since known as *The Great Merger Movement* (Lamoreaux, 1988; Smythe, 2001). It is interesting to note that the event took place just five years after the U.S. Congress had passed the first antitrust law – called the Sherman Act of 1890 - aiming “at preserving free and unfettered competition as the rule of trade” (FTC – The Antitrust Laws).

M&A has since been a popular business strategy. In 2013, the total volume of M&A activities on the global market reached a five year high and exceeded \$2.3 trillion U.S. dollars with a total of 37,212 transactions (Credit Suisse, 2014; The Economic Times, 2013). Among the most actively acquiring companies is Google Inc. – according to Interbrand (2014) the second most valuable brand in the world - which announced on January 13, 2014 their most recent acquisition of Nest Labs, Inc. for \$3.2 billion in cash (Google Inc., 2014; Wollman, 2014).

But what exactly are and do M&As in the business world? M&As are corporate strategic business management activities enabling the buying, selling, dividing, and combining of two or more business entities into one (Schoenberg, 2009). Such activities facilitate the inorganic growth of companies in their respective business field or location, or a new field or location (Schlossberg & Alderman 2013). Through M&As a company is enabled to rapidly grow its market share and to obtain immediate access to tangible and intangible assets such as capital or brands, respectively (Kuntz, 2014). In contrast, organic growth happens from within the company by creating child entities such as subsidiaries or forming a joint venture. Such strategy requires extensive time and development, as growth activities have to be done cautiously since the risk of organic growth lies (e.g.) in the drainage of capital and other resources and the possible loss of focus on the business’ core mission (Kuntz, 2014). However, due to growth evolving internally the cultural and integration challenges are far less than during M&A (Symanowitz, 2013). Yet, by the same token rapid inorganic growth reveals severe challenges for business and especially brand managers. In line with



our research question we will focus on the branding issues and their effects. Often brand managers or consultants are summoned after the announcement of an M&A and branding is rarely used as a tool during negotiations even though it is considered a key strategic business asset (Blanchi et al., 2013). Many companies understand that their brand is more than a symbol or a logo; yet, most do not know how to develop a brand into a real business asset (Wiles et al., 2012). The ubiquitous branding questions after an M&A are: what to conserve, what to join, what to cease, and finally what shall be created from scratch? In general, the basics to be checked are given – the name, symbols, visual identity, and internal identity (culture and communication). Evidently, resources such as time and money are needed during the process of figuring out what to do with the brands and the overall goal is not to lose any value in the process. Rather the opposite is the aim – via M&A companies not only try to increase their value but create and increase sustainable competitive advantage through special factors of production that act as barriers of entry, which are usually intangible assets such as patents or brands (Arikan, 2002).

According to Barney's (1991) resource-based view firm specific resources that are rare, valuable, nonsubstitutable, and inimitable, are real sources of competitive advantage. However, there may be some inherent problems with Barney's theory, such as the limited focus on capabilities or the tautological aspect of his theory being focused on value creating, yet, in order to achieve that, a resource (among other characteristics) needs to be valuable, as pointed out by Priem and Butler (2001a|b). However, in answer to his critiques Barney (2001) admits the limited avail of his original theory for the real world and argues that it provides guidance for managers to understand their resource base and for achieving competitive survival. A view supported by Ludwig and Pemberton (2011), who claim, any organization in today's dynamic business environment needs to focus on competitive survival.

Consequently, Arikan (2002) argues that intangible resources are most likely the source sustainable competitive advantage since they accumulation of them is harder and more time consuming as well as the fact that intangibles provide simultaneous uses. For example, a strong brand can act as a carrier of information, as a seal of guarantee, a risk reducer, a catalyst, or create an image internally and externally (Melin, 2002). Evidently, *“strong brands are often a company's most valuable asset”* (Melin, 2002: 109). Yet, as discussed





above, many companies do not leverage them effectively during the M&A negotiation process (Blanchi et al., 2013). According to Kapferer (2012), a large risk is to consider brand transfers as name changes, because, as previously argued, there is much more to a brand than its name alone. This often occurs when companies misjudge the emotional attachment that is connected to brands as well as not realizing to a full extent the relationship that is immersed in the brand. Furthermore, Kapferer (2012) argues that hesitations and dual brandings might create problems following mergers and acquisitions as it can create confusion regarding the identity, as internal stakeholders might be holding on to the past essence of the brand instead of focusing on the future brand strategy.

As a result, a brand's value after an M&A depends on how the new owners leverage them and it is the target and acquirer firms' characteristics (e.g. culture and brand architecture) that affect the value of the brand to be acquired (Bahadir, 2008). Firms often restructure their brand portfolios during and after M&A activities in order to achieve differentiation, or economies of scale or scope (Kumar, 2004). For example, Colgate-Palmolive reduced their brand portfolio by 25 percent saving them \$20 million US per year. Another even more drastic one is Unilever who went from roughly 2000 brands within their portfolio to 500 – a cut of 75 percent. All is done due to the realization that sometimes divestment after investment is needed in order to retain overall brand equity (Miller, 2010).





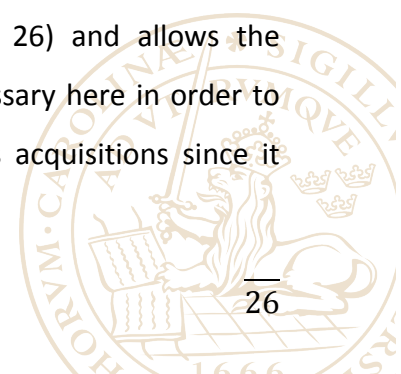
## IV Methodology

### 4.1 Research Philosophy

In the course of our brand management theory review we came to apply certain research philosophies, which will evidently affect the analysis, outcome, and the applicability of this thesis in later research.

While researching new insights into the field of corporate brands and their possible role during brand acquisitions, we adapt a relativistic ontological standpoint. We deem this approach highly appropriate because it enables us to comprehend managers' decision-making rationale and their perceptions regarding their corporate brand (Easterby-Smith et al. 2008: 19). According to Anderson-Hudson and Ozanne (1988), reality in relativism is a social construct that derives from the perspectives of individuals or a group. That is, the individual's distinctive environment leads to its subjective self-interpretation of universal cultural viewpoints (Thompson et al. 1994). Thus, many truths exist and each individual structures reality in order to cultivate, transfers, and exchanges knowledge. Written text, spoken word, and other communicative practices are mediums that are used but also limit the transportation of ones meaning and thoughts (Moisander et al. 2009). As a result, significance will be given to the communication between individuals and the consequential specific meaning created thereby (Thompson et al. 1994). En masse, we believe reality, and truth as such, is generated through incalculably social exchanges between individuals and dependent on circumstance and context (Moisander et al. 2009). Therefore, outcomes from this paper are representing only one truth out of many as reality is changing constantly leading to the co-existence of several realities (Anderson-Hudson and Ozanne 1988; Easterby-Smith et al. 2008: 19).

Under epistemology we generally understand "*a general set of assumptions about ways of inquiring into the nature of the world*" (Easterby-Smith et al. 2008: 18). This philosophical branch is concerned with the production and nature of knowledge. In accordance with our relativistic stance, we take the constructionism epistemology stance, which recognizes the existence of many different realities (Easterby-Smith et al. 2008, 26) and allows the gathering of rich data (Bryman and Bell 2007: 20). Rich data is necessary here in order to examine the role of the corporate brand and its potential towards acquisitions since it





induces ideas that can later provide new insights to the research matter at hand. Additionally, we deem explanations and individual reasoning as key to understand the corporate brand management and to investigate its potential. Constructionism provides the necessary setting by focusing on the meaning of language and aims at making use of case studies potentially resulting in theory generation (Easterby-Smith et al. 2012: 25).

### 4.2 Research Strategy

Since it is our aim to generate new theory in brand management in the business-to-business setting that explains the potential role of the corporate brand during brand acquisitions, we will undertake an exploratory study, as such is used *“to gather preliminary information that will help to better define problems and suggest hypothesis”* (Kotler et al. 2005: 345).

In detail, we will employ a qualitative research strategy, as it puts emphasis on words as the main form of collecting data in this study (Bryman & Bell, 2011: 386, 402). We deem this approach most appropriate since informative and detailed explanations are best used to explore the underlying functions of the corporate brand and the management thereof. This is an inner-world process that cannot be purely examined via observable actions but through spoken words and correlated behaviors, as McCracken (1988: 21) states: *“qualitative research is most useful and powerful when it is used to discover how the respondent sees the world”*. Additionally, the qualitative approach is in accordance with our ontological and epistemological research philosophy (see above) as it *“predominantly emphasizes an inductive approach to the relationship between theory and research, in which the emphasis is placed on the generation of theories”* and rejects the scientific model (positivism in particular) in preference for an emphasis on the individuals’ interpretations of their social world (Bryman & Bell 2011: 27). Without a qualitative appreciation that stresses the importance of words, we can *“know only what the numbers tell us”* (McCracken, 1988: 21). As Bryman and Bell (2011: 423) state, there have been concerns, stressed by researchers, over the fact that qualitative research is being too subjective, difficult to replicate and non-generalizable. Yet, Brown (2006: 214) argues that postmodern marketing research is progressively recognizing *“the boundedness of knowledge, the limits to generalization, the lack of universal laws, the prevalence of disorder over order, irrationality*



*rather than rationality, subjectivity instead of objectivity and passionate participation as an alternative to dispassionate spectatorship.*” Further, over the last two decades an increasing number of qualitative papers have been published in top tier journals hinting at the fact that qualitative research is no longer viewed as speculation as it has in the past (Goulding, 2005: 294).

Following the formulation of our general research question, we decided to link theory and research by approaching the subject inductively by first *“drawing generalizable inferences out of observations”* and subsequently generate theory (Bryman & Bell, 2012: 26). However, as the inductive approach is likely to entail elements of deductiveness (and vice versa), an additional iterative approach will be applied in which *“weaving back and forth between data and theory”* is done to establish conditions in which theory will stand (ibid). The combination of the two approaches is an appropriate choice since they aim at the generation of theory in accordance with the constructionist philosophy (ibid; Easterby-Smith et al., 2012: 25). Thus, our foreknowledge, comprised of theoretical as well as cultural understandings, offers a provisional starting point to foster a more educated comprehension of the role of the corporate brand during brand acquisitions and stay within our time and financial budget (McCracken, 1988). Consequently, our first step was to conduct an extensive literature review, entailing theory as well as assumptions we believe are related to our research topic, since the benefits of preconception outweigh the costs (ibid). As a result, our foreknowledge enabled us to design a structured framework guiding our research and aided the data analysis by stipulating categories and relationships, which help organizing the data.

Due to our studies in international marketing and brand management we acquired solid knowledge of corporate brand management theory, the correlated literature, and its surroundings. This had a substantial impact on the contexts and concepts we are focusing on in this paper and helped us in saving valuable time. Lastly, it was important to stay open minded towards emerging knowledge in our data collection and its respective analysis in order to balance the employment of preceding knowledge without compromising the emergence of theory from our observations (Goulding, 2005).





### 4.3 Research Design & Method

After arguing for qualitative research as the ideal strategy to investigate the research topic at hand it is of essence to clarify the corresponding design and method of research we chose since strategy alone *“will not get you far along the road of doing a piece of research”* (Bryman & Bell, 2012: 45). But first we found it necessary to clarify what we understand under the design and method, as it is crucial to distinguish between the two (ibid). According to Bryman and Bell (2012: 45, 46), research design acts as a structure, which guides the implementation of a research method and the subsequent analysis of the gathered data, whereas the *“research method is simply a technique for collecting data”*.

As we are aiming to investigate the role of the corporate brand during brand acquisitions and, thus, the underlying causes and effects of utilizing the brand, we decided to apply a cross-sectional design with case study elements in the qualitative research setting (Bryman & Bell, 2012: 63, 69). The reason of choosing a cross sectional design emerged as we wanted to compare several different approaches of corporate brand management selected by companies in the business-to-business sector in order to draw informed conclusions about the role of the brand and its effects and causes - specifically during brand acquisition (Easterby-Smith et al., 2012: 44). Though, many cross-sectional studies belong to positivist traditions and entail surveys (Easterby-Smith et al, 2012: 67) a constructionist, qualitative approach is not unusual as the comparison of causes and effects – in relation to the corporate brand utilization – facilitate the emergence of valuable insights, *“albeit not in the context of the language of variables that so pervades quantitative research”* (Bryman & Bell, 2011: 63). As the source of data we deemed a representative case study of three companies (more to this under 4.5) most appropriate, as here the researcher is able to capture the circumstances, complexity, and nature of a specific research topic (Yin, 2009: 48; Bryman & Bell, 2012: 66, 70).

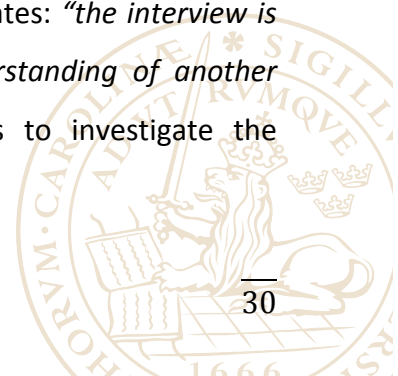
In quantitative research the investigator is required to gather a sample size large enough to generalize findings for the larger population; generalization; however, is not at issue in qualitative research (LeCompte & Goetz, 1982). Still, reliability and validity are important criteria in establishing and assessing the quality of qualitative research (Bryman & Bell, 2012: 394). External reliability in the traditional sense, adopted from quantitative research, is not possible as ‘freezing’ the social setting, for example, is impossible. Yet, LeCompte and



Goetz (1982) suggest that the researcher adopts a similar role as the previous one in order to approach requirements of external reliability. Our task is to facilitate the adoption of a similar role by providing ‘thick description’ of details of the setting we are working in (Geertz, 1973a). Internal reliability is especially important in our case, as there is more than one observer present (Bryman & Bell, 2012: 395). Thus, we had short, private discussions immediately after every interview to ensure that we agree on what was heard and seen and thus achieve ‘inter-observer consistency’ (ibid). In accordance with the constructionist approach (see 4.1), this thesis is aimed to develop a theoretical idea - in the field of business-to-business corporate brand management - based on observations resulting from interviews (Easterby-Smith et al., 2012: 25). Here, Internal validity comes into play, ensuring that observations and theory match (Bryman & Bell, 2012: 395). LeCompte and Goetz (1982) argue that especially in qualitative research tends to achieve internal validity due to the time and personal interaction spend with an organization, thus ensuring a high level of congruence between concepts and observations. In contrast, external validity tends to be difficult to be adapted to qualitative research; particularly, in our case when employing case studies and small samples, as the generalizability of findings across social settings is nearly impossible (Bryman & Bell, 2012: 395; LeCompte & Goetz, 1982).

### 4.4 Data Collection

In accordance with the constructionist qualitative research design there are many data collection methods to choose from (Easterby-Smith et al. 2012: 51). One is ethnography (e.g.), which seems a fitting method as it emphasizes on gaining access to the perspectives and experiences of organizational members (Easterby-Smith et al. 2012: 341). Yet, even though it fits theoretically to our research purpose, its drawbacks are insurmountable, as ethnography involves substantial time investment and requires an experienced researcher to collect data properly due to the difficulty of taking notes and using other methods (Bryman & Bell 2012: 433). Both, substantial time and experience are resources we did not possess during this thesis. However, Thompson et al. (1989: 138) states: *“the interview is perhaps the most powerful means for attaining an in-depth understanding of another person’s experience”*. Further, the interview is a suitable means to investigate the







interviewee's opinions and beliefs and comprehending such is the aim of this research (Easterby-Smith et al. 2008: 145).

Generally, there are two forms of how interviews can be conducted –via face-to-face or telephone. The interview over the telephone has several advantages we considered. Firstly, it is much cheaper and less time consuming than the face-to-face interview. Secondly, according to Bryman and Bell (2012: 206), the telephone interview is easier to supervise in terms of transgression in the asking of questions particularly when there is more than one interviewer present (which is the case here). However, telephone interviews become unsustainable beyond the length of 20 – 25 minutes. In comparison, face-to-face interviews can be much longer than this (Frey, 2004; Bryman & Bell, 2012: 207). Further, during the telephone interview, the interviewers are not able to pick up on and subsequently react to observations such as puzzlement or discomfort in answering a question. During the personal interview, the interviewer might be able to respond to these and adjust or clarify the question; yet this is to be done in a standardized way as far as possible (Bryman & Bell, 2012: 208). Lastly, Holbrook, Green, and Kosnick (2003) suggest that the quality of data collected from face-to-face interviews is superior to the one of the telephone interview. Thus, we made the decision to collect the necessary data through face-to-face interviews; as such interaction is also considered the fullest condition of participation (Bryman & Bell 2012: 489). Interviews can be structured, semi-structured, or unstructured and usually the research design dictates which method is to be chosen (Easterby-Smith et al. 2008: 142). As afore-mentioned, we chose a cross-sectional research design. A correlating, typical research method when applying the cross-sectional research design is the unstructured or semi-structured interview (Bryman & Bell, 2012: 62). We decided to refrain from the unstructured interview for the simple fact that our foreknowledge and experience with interviews was basic and the lack of both could lead to unintentional ignoring of important facts or data by omitting a follow-up questions (Bryman & Bell, 2012: 471). Thus, we chose the semi-structured 'long interview' where the researcher has a list of pre-formulated questions on specific topics prepared prior to the interview since it provides guidance for both, the interviewer and interviewee. Additionally, conducting 'long interviews' allowed us to tap into the conceptual world of the interviewee and observe the categories and logic they use to make sense of their world (McCracken, 1988).





The structure of the interview is provided by an interview guide, which enables us to generate a flow during the interview, prepare interview questions aimed towards our research question, and support us in recalling the underlying theory of each question yet still paying full attention to the interviewee's responses (McCracken 1988; Bryman and Bell 2007: 483). Moreover, the interviews will be semi-structured to 1) standardize the interviews by asking the same questions through which we 2) ensure the variation of answers will be based on true variation (from the answers) and not on different interview context (Bryman & Bell, 2011: 205). It is important to ask the questions consistently through out the interviews to avoid 'intra-interviewer variability' (Bryman & Bell, 2011: 203).

Each interview was approximately 45 minutes long, allowing us enough time to ask a sufficient amount of pre-formulated questions (20 in total) and impromptu follow-up questions to properly investigate the corporate brand's role (Bryman & Bell 2012: 489). Further, such method allows the interviewee still a "*great deal of leeway in how to reply*" (Bryman & Bell, 2012: 471). Due to the entailed flexibility the interviewer is enabled to gather rich data and allows the interviewee to draw attention to events, patterns, and reasons that were unforeseeable, which thus provides deeper insights revolving around the corporate brand as such (Bryman & Bell, 2012: 471; Easterby-Smith et al., 2012: 128). Additionally, semi-structured interviews tend to have a higher degree of confidentiality as the replies of the interviewees are more personal in nature – a fact this is crucial when researching brand acquisitions, as they involve confidential information (Easterby-Smith et al., 2012: 128). In correlation with this stands another advantage of the semi-structured interview for our particular research, namely allowing us to edit and specify our research question after analyzing the gathered data and - if necessary - collect additional data (Bryman and Bell 2007: 406).





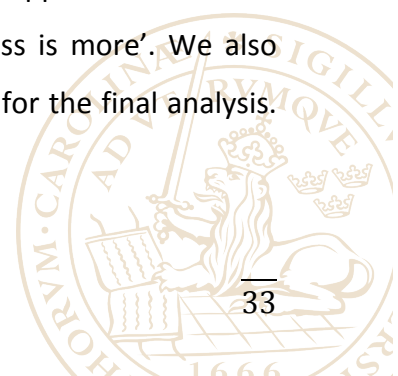


#### 4.5 Sampling Method & Participant Selection Criteria

As discussed under 3.2 (research design), in contrast to quantitative research, qualitative research is focused on choosing the right companies (Laverty, 2003) who are willing to be interviewed and are able to contribute with valuable insight into the business-to-business corporate brand management and their brand acquisition policies. Therefore, we decided to employ the ‘theoretical sampling’ method – a common method in qualitative research when the generation of theory is the goal (Glaser & Strauss; 1967; Strauss & Corbin 1998; Charmaz, 2000).

*“Theoretical sampling is done in order to discover categories and their properties and to suggest the interrelationships into a theory. Statistical sampling [on the other hand] is done to obtain accurate evidence on distributions of people among categories to be used on descriptions and verifications” (Glaser & Straus, 1967: 62)*

Hence, we refrain from statistical sampling, as mostly used in quantitative research. Theoretical framing is an ongoing process in which data is collected via interviews and collecting documents (e.g.) ‘for generating theory whereby the analyst jointly collects, codes, and analyzes the data in order to develop the theory as it emerges’ (Bryman & Bell, 2012: 443; Glaser Strauss, 1967: 45). As it is an ongoing process rather than a distinct single stage, we conducted several interviews over a time span of four weeks until we achieved the so called ‘theoretical saturation’, which means that the successive interviews have formed the basis for the creation of a category as well as confirmed its importance (Bryman & Bell, 2012: 442). For Charmaz (2000: 519), *“theoretical sampling [...] is concerned with the refinement of ideas, rather than boosting sample size”* and concentrates on sampling what is meaningful and relevant instead of potentially wasting time and resources, as it is often the case in statistical sampling (Bryman & Bell, 2012: 442). This approach dictated our sample size, as we decided to interview as many people as we felt necessary to achieve ‘theoretical saturation’ without wasting resources and time. Such approach is also in accordance with McCracken’s (1988) ‘long interview’ principle of ‘less is more’. We also followed McCracken’s principle to use no more than eight interviews for the final analysis.



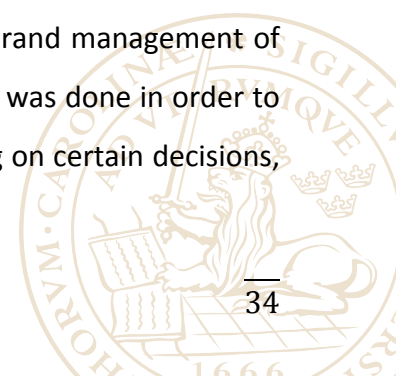


Ultimately, we conducted eight interviews. More interviews would have also been unfeasible due to our time and budget limits.

Subsequently, we decided to choose convenience sampling, a non-probability sampling method where simple accessibility is the main driver (Bryman & Bell, 2012: 190; Easterby-Smith et al., 2012: 228). We used our existing contacts with companies, which we deemed potentially of value towards our research question. All three companies had to be active in the business-to-business environment and be involved in brand acquisitions. The first contact was established with ALS Global, an international mining and laboratory company based in Australia with their European headquarters in Prague, Czech Republic. Here, personal ties allowed us access to top and lower level management. The second and third contact was enabled through interrelationships between Lund University faculty and Trelleborg AB and Göteborg Energi AB, which facilitated interviews with top management in respective companies.

In addition to our three case studies, we decided to consult and discuss our findings with, firstly, Ulf Strömqvist – senior advisor/strategist at Utvecklingsbolaget Metamorfosen AB - whose years of experience transformed into a high level of expertise in the field of brand management and specifically the role of the brand during acquisitions. Secondly, we took advantage of the expertise of Peter Aru – former CEO of CARDO AB and Besam/ASSA ABLOY – on his part vastly involved in the branding and acquisition processes within the respective companies. Both experts' insight will be seen as a third pillar in the triangulation and therefore verification of our findings with the other two being our empirical data and the theory review. We also chose to test our managerial implications with these two experts in order to get closer insight into real world business decisions and the phenomena of corporate brands during acquisitions.

Researchers such as Krueger (1994) argue that the interviewee should be a 'perfect stranger' to the interviewer, as the interviewee might find it easier to open up. Even though we had personal ties to all three case companies, none of the interviewees were personally known by us. In detail, our strategy entailed to interview business managers who were to a certain degree involved in the brand acquisitions and the general brand management of the corporate brand, as well as to interview assistant employees. This was done in order to attain first hand top-level business information, insight, and reasoning on certain decisions,





as well as to attain supplementary information reflecting the employees view. In accordance with Bryman and Bell (2012) this approach would allow us to compare answers of top-level managers with other employees and gain possible insight about the extent of corporate brand awareness within the company and unveil possible communication and identity gaps between the two groups. Further, all interviewees spoke fluent English, which was important in order to ensure that no information was lost in translation. Additionally, eligibility to be interviewed was not based on nationality or age because we aimed to gain access to a broad perspective based on different backgrounds. While interviewing employees of all their companies we talked to people from Canada, Sweden, Czech Republic, and Norway. A multi-cultural approach is of importance here due to the scale of all companies (active on five continents) and also to comprehend the different facets of the corporate brand and to gain rich and unique descriptions. This was done to later analyze the effectiveness of the corporate brand during the acquisition phase.

### **4.6 Designing & Conducting the Interview**

As deemed necessary by researchers (Easterby-Smith et al. 2008: 151), all interviews were conducted in serene, tranquil, and relaxed ambiances. Interviews were either conducted in private rooms in the onsite work facilities or on neutral ground in separate rooms in university libraries. Present during the interview were only the interviewee and the two researchers. Following the aim of the constructionist qualitative interviews involving to gather as much detailed information that captures the meanings and interpretations of the brand acquisition phenomenon in relation to the interviewee's worldview (Kvale, 1996), our interviews were designed in a way that would give the interviewees the opportunity to describe their view in detail. Otherwise, the interview might well result in a superficial exchange of information (Easterby-Smith et al., 2012: 132).

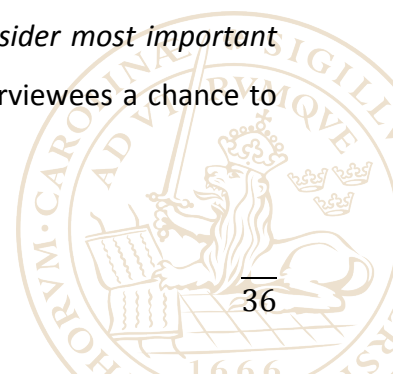
To guarantee that freedom to our interviewees, we felt our role as interviewers was partially to appear less or equally knowledgeable in order to allow the respondents to feel save and willing to express their thoughts without the pressure of committing a solecism. Thus, we tried to keep a natural flow of question and answer in a conversational style (Thompson et al. 1989). Follow-up questions were formulated based on the interviewees' words as we aimed to recognize and develop data to gather unanticipated insight and its



relationship to the topic (Thompson et al. 1989). A seemingly natural conversation between interviewee and interviewer turned out to be difficult to achieve for us, as we were rather inexperienced interviewers and the interviewees were at times not perfectly familiar with the topic of corporate brands. Thus, our interview guide proved to be beneficial in overcoming the obstacles and gave us guidance and structure.

As the brand acquisition topic involves confidential information, trust in the relationship between interviewer and interviewee is of importance. In order to gather rich and useful data it was hence imperative to establish and maintain trust throughout the interviews (Bryman & Bell, 2012: 141; Laverty, 2003). In order to do so, we first established a non-threatening environment by introducing ourselves and stating the purpose of the research interview. Subsequently, we informed the respective interviewee that he/she could refrain from answering questions at anytime and that there were no 'right or wrong' answers. We then asked simple questions regarding the interviewees' basic information (Bryman & Bell, 2012: 498). Specifically, we asked the interviewees to introduce themselves and give us a brief description of their work and also their educational background. All was done in an informal manner to apprehend simple details that would later help guide the interview if, for example, technical jargon needed to be avoided (Bryman & Bell, 2012: 498).

Following the initial introduction we started with the actual main questions aimed at gathering the rich data needed (McCracken, 1988) and designed to cover the topics established by our literature review. Further, we tried to prompt each interviewee to provide further insight by asking follow up questions as soon as we noticed the emergence of unexpected ideas. In accordance with the semi-structured interview method, such questions were asked in a non-directive manner in order to ensure that the interviewee expresses their own view without us directing him/her in a direction (McCracken, 1988, Bryman & Bell, 2012: 467). This method provided uncompromised, detailed insight and revealed unexpected ideas but also exposed the gaps of expertise in particular areas of brand management. To establish a basis for both, us as the interviewers as well as for the interviewee, every interview was designed to introduce the business-to-business field by asking: *"Considering the business setting you are in what do you consider most important internally and externally?"* We found that this question gave the interviewees a chance to





think about the topic and subconsciously prepared them for the subsequent questions regarding their corporate brand in the business-to-business setting.

As certain categories established by the literature review may not surface naturally through the interview questions alone, we arranged ‘planned prompts’ that helped jogging the interviewees’ memory (McCracken, 1988). Consequently, interviewees provided insight about phenomena they would have omitted otherwise. Additionally, we used floating techniques like nodding our heads and expressing interest by asking to further elaborate on ideas, in order to get the interviewees to discourse deeper into a topic. Also, pauses were used to signal the interviewee the opportunity to amplify an answer (Bryman & Bell, 2012: 478).

As the quality of the collected data is important, we checked the accuracy of interviewee’s answers by using specific probes, which were well prepared beforehand in order to ensure the proper elicitation of information (Easterby-Smith et al., 2012: 131). Doing the interview in pairs aided the facilitation of it (Bryman & Bell, 2012: 476). Since the attention in qualitative research lies on language, such as conversation analysis, the recording and later transcription of the interviews is mandatory (Bryman & Bell, 2012: 481). Therefore, we used a dictating devise and subsequently transcribed each interview in word documents. The transcripts served as evidence of the above argued for methodology as well as a mind aid to correct the natural limitations of our memories, thus allowing a more thorough examination of the collected data (Bryman & Bell, 2012: 481). At last, each interviewee was informed prior to the start of the interview that their participation is entirely voluntary and the confidentiality and anonymity of their persona is ensured.

### **4.7 Data Analysis**

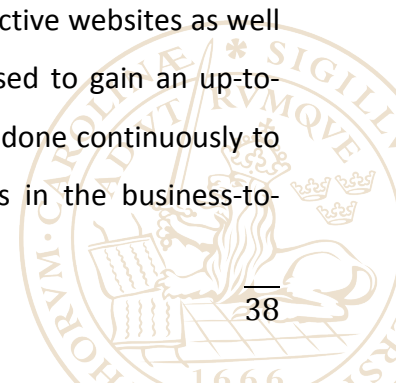
In qualitative research there are two main approaches of analyzing the collected data, namely analytic induction and grounded theory (Bryman & Bell, 2012: 574). The analytic induction approach entails the continuous “collection of data until no cases that are inconsistent with a hypothetical explanation (deviant or negative case) of a phenomenon are found (Bryman & Bell, 2012: 575), yet, we abstain from analytical induction due to the fact that we are not trying to explain a phenomenon nor have the time and resources to do so. Thus, we chose the grounded theory approach, which is also in accordance with the



overall goal of this thesis – to generate theory. Here, *“data collection, analysis, and eventual theory stand in close relationship to one another”* (Strauss & Corbin, 1998: 12). That is, grounded theory is concerned with two main aspects: the generation of theory (as previously stated) and an ‘iterative’ or ‘recursive’ approach, which means data collection and analysis proceed in tandem, continuously referring back to each other (Bryman & Bell, 2012: 576). As a result there are several features to be satisfied in order to apply ‘true’ grounded theory (Locke, 1996; Charmaz, 2000). The first two are ‘theoretical sampling’ and ‘theoretical saturation’, which we argued for above (see 3.5). Both are key tools for the actual analysis as they make up a basis. Next, coding is a key process in grounded theory, whereby the collected data are broken down into categories or parts, which are given names (Bryman & Bell, 2012: 577). This is done to give the data a basic structure. We therefore reviewed our interview transcripts repeatedly until we filtered out labels that seem to be of potential theoretical significance. Coding can thus be seen as a first step in generating theory (Bryman & Bell, 2012: 578). As coding in quantitative research can be seen as rather fixed, in qualitative research the process is in a *“constant state of potential revision and fluidity”* (Bryman & Bell, 2012: 578). Due to this, we treated data as potential indicators of concepts, which need to be constantly compared (Strauss, 1987: 25). We produced these concepts, which can be seen as the building blocks of theory (Strauss & Corbin, 1998), by using ‘open coding’, a *“process of breaking down, examining, comparing, conceptualizing and categorizing data”* (Strauss & Corbin, 1990: 61). We then tried to use the emerging categories of data and tried to systematically develop them into theory by stating their relationships, which eventually builds a theoretical framework that explains why the corporate brand is an important part in brand acquisitions (Bryman & Bell, 2012: 579; Strauss & Corbin, 1998: 22).

### 4.8 Collection of Primary & Secondary Sources

In order to find relevant background information about the corporate brands of the companies we used for our data collection, we researched their respective websites as well as their annual reports. The theory and literature review enabled us to gain an up-to-date knowledge about the framework we were operating in and was done continuously to ensure a complete understanding of the topic of corporate brands in the business-to-





business setting. Additionally, it was our aim to use primary sources mainly as these original works (peer reviewed journals articles, books) gave use firsthand insight into the matter. Our primary sources are thus highly reliable due to the review by peers prior to publication (Fisher, 2007: 81). The Lund University online library and physical textbooks served as the facilitator in finding these primary sources. We tried to refrain from using secondary sources as much as possible as these are subject to misinterpretation by the authors (Princeton, 2010).







## V Analysis

### 5.1 Introducing ALS Europe Life Sciences

ALS Europe Life Sciences is an international testing service provider for the TIC industry, which stands for testing, inspection, and certification. The services the company provides surround testing of organic and inorganic matter ranging from environmental testing, food, pharmaceutical, tribology, and products. These services translate into testing of chemical, radiochemical, physical, inorganic, isotopic, organic, microbiological, toxicological, and geochronical analyses. ALS global has operations in more than 350 locations, employing over 13000 people spanning 55 countries and six continents making it a global player in every sense of the word. The customers of ALS Life Sciences in Europe are all in the B2B segment with customers ranging from governmental bodies to environmental consultants and small businesses. All respondents that have been interviewed state that being in the market of B2B requires different marketing tactics than the B2C segment and that relationships play a big part in these marketing efforts. The managing director of ALS Life Sciences in Scandinavia explains their key factor to success as:

*“The most important thing for us is to be successful is the relationship to our clients [...] not to be a company where they just sign a deal but to build relationships to our clients”*

Similarly, the sales and marketing manager for ALS’s mainland Europe operations acknowledges that relationships are incredibly important but that the landscape is increasingly tricky for them to navigate in as price erosions and price dumping in the markets are occurring. The managing director of also acknowledges the difficulties that come with being present in many countries. Not only because the marketing material that is produced must be translated into a variety of local languages and still be appealing to all these countries but challenges also arise when different cultures interpret the material. It is also difficult to handle these differences internally, as the managing director suggests:







*“We have an internal sort of marketing program. It is called element for success. In this program we talk about our vision, teamwork and how we do work. [...] We have a great strategy, but no plan how to make it happen. It is very open to interpret the strategy based on your local culture”*

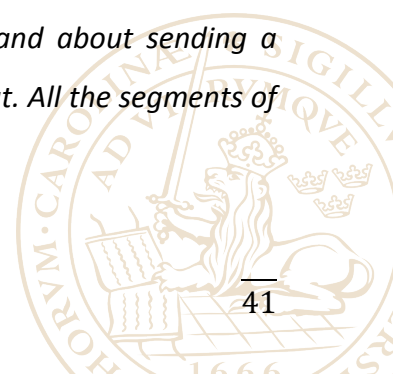
Moreover, how ALS is perceived differs from country to country. Often, this is depending on their relative size in that market. The latter has also sometimes created confusion regarding their brand. In some places they are considered to be the big, leading brand and in some others the challenging up-and-comer. The marketing budget of ALS Europe is very low. Little or no money is spent on the branding process, including marketing and public relations. Most of the clients of ALS are both found and approached by their internal sales and marketing team or via contacts or referrals from other, or previous, clients. The general manager of the European division of Life Sciences, explains:

*“We don’t do advertisement in the normal sense. Sure, a flyer here and there, but generally speaking. Our clients learn about us through us. We do some marketing, certainly, but differently than Pepsi or Coke”*

The marketing ALS utilizes varies from country to country and region to region, the marketing is local and the global presence they have in that regard is their website.

Unified, all three ALS managers believe that their branding efforts are not sufficient but that it is an important and powerful marketing tool. There is no clear defined understanding of what branding is and what it can do for ALS as a company. All mention the belief that branding can act as a facilitator in client communication where ALS can be recognized not only by logotype and name but also to communicate value to their customers. The respondents also highlight the importance of the brand to be consistent. The managing director elaborates:

*“Branding to me is a lot about consistency and about recognition and about sending a message. [...] It is in the head of corporate but it has not been rolled out. All the segments of the business are very different and the clients are very different”*





The respondents have clearly envisioned what they believe and wish that the brand could do for them, as well as provided some insight of the importance of consistency of brand management. Differences in regional marketing and success thereof are also something that the general manager discusses when pointing out that different business units within ALS are stronger than others. He exemplifies by using the Mineral business unit, which is a global leader and rightfully considered to be so among customers, while Life Sciences – also a global leader – in many regions lack that acknowledgement from clients.

ALS operates through the use of core values which are (1) honesty and integrity, (2) exceeding client expectation, (3) belief in our ability, (4) hard work and continuous improvement, (5) doing it better, (6) celebrating success, and (7) safety as a priority. The sales and marketing manager elaborates:

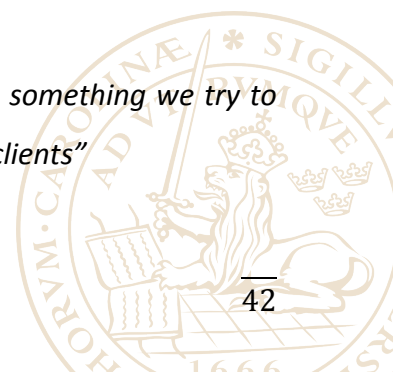
*“We have seven core values and that’s what we like to live after – that’s really our guiding light, so to speak”*

Visiting the offices and laboratories of ALS Life Sciences division tells the tale of their commitment to their core values. Not only are our respondents familiar with them, but also desktop backgrounds on computers as well as posters on the wall depicting the core values show the commitment to communicating them to the organization. The manager of client services for ALS Scandinavia, which is a part of the ALS Life Sciences Division, provides an example:

*“I feel like we live the core values. We try celebrating success. Sometimes it might not be possible though, and what does celebrating mean?”*

Manager of client services for ALS Scandinavia continues to provide another example in regards to the core value of exceeding client expectations:

*“We do not give away free sampling, but we for instance if we fail in something we try to give a quick response and to fix it. [...] We have a flexibility to help the clients”*





ALS also has a slogan, a brand promise, which is ‘the right partner, the right solutions’ but it is not used in business practices but is rather only visible on business cards and printed material. The brand promise does not permeate daily business operations. When asked about the brand promise, the manager of client services says that it is not something he has reflected upon and that is not something that is connected to his daily work. The reason behind this, he states, is because he is not in the marketing department. When confronting the brand promise, he however finds work situations in which the brand promise would enable guidance:

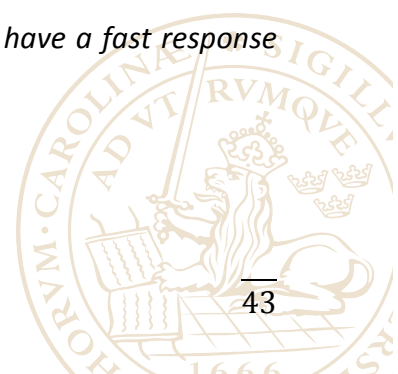
*“We try to be a part in the beginning of big projects of our customers. If there is a big and demanding project of a possible client we try to involve ourselves early in that process to service client needs as well as preparing ourselves for the amount of work it would require us to have capacity for. Usually, laboratories are never invited early in to these projects”*

When we asked interviewees about the translational right to the core values and what they stand for, the manager of client services said that understanding the core values is individually interpreted, while the general manager of Europe states that senior management has a structure to the core values that translates it into everyday business.

The sales and marketing manager of Europe explains that the one of the main challenges that ALS faces internally is in fact to align their culture and to maintain the same standards throughout their laboratories and offices concerning what they want to be associated with.

When asked about the strengths and weaknesses of the brand of ALS the respondents provide us with both similar and aberrant answers. All of them consider ALS to stand for quality, both concerning quality of service and the quality of employees. The manager of client services highlights the abundance and importance of having good staff:

*“We are chemists, biologists, or persons with many years of experience (in these fields). This is very important. Clients think we are a little bit more expensive, we have a fast response time. We can also offer a wide range of services [sic]”*





All respondents also acknowledge the strengths in their turn-around time on testing and that clients can rely on receiving reports on time and be professionally met at the same time. Concerning weaknesses, the staff of ALS that we interviewed is more dispersed in their answers. The general manager of Europe does not focus on weaknesses of the brand; while the managing director of ALS Scandinavia claims that the brand itself is the weakness. On the other hand, the manager of client services for ALS Scandinavia believes that it is rather processes, which are connected to their daily business that is the problem. Such processes relate to capacity problems in regards to testing and the inefficiencies of research and development. The sales and marketing manager of Europe believes that the difficulties and hardship of integrating acquired companies is the weakness.

As a means of inorganic growth, to widen the service portfolio as well as to create economies of scale, ALS Europe has acquired companies throughout Europe. Before, they have also tried Greenfield startups on the European continent to gain regional presence in markets that appeared interesting. The Greenfield startups entailed hiring and placing a regional sales agent in the market. While the concept of a Greenfield startup did not provide the market access they intended ALS Europe was able to gain valuable market knowledge for future acquisitions. The acquisitions have been performed to grow and build a platform to gain future financial earnings. The sales and marketing manager explains:

*“(Acquisitions are about) growing and building a platform. In some countries it is hard to get in, sometimes because of the market itself and sometimes because of legislation. It is to get market share. [...] We want to cover a geographical area”*

In addition, the general manager explains the reasons of acquiring companies as follows:

*“The reasons for behind acquisitions are because we as a company are very good at generating money. We are highly profitable, by any standard. [...] We are good at making money for shareholders, and with that cash we have two options: give it back to the shareholders, or make more money out of it”*





The number of players in the markets that ALS Europe is present in is shrinking because companies are buying each other out at a fast rate. The general manager explains that ALS Europe makes two different types of acquisition: strategic and tactical. The tactical acquisitions are acquisitions where the company is able to quickly gain control of something it is currently lacking or could get great use out of, such as a patent or access to a market it is not yet in. The other, more important, acquisition is the strategic one. The strategic acquisitions have a more long-term approach and can be done in large markets where ALS has no presence and with local economies that are expected to grow. In both cases, ALS is concerned with the size of the market. The general manager clarifies:

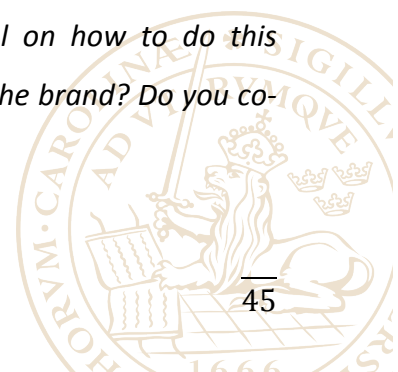
*“Generally in acquisitions, one should look at the market as a whole. Is pricing high or low? Is it a good cultural fit? Is competition tough or weak? ALS does not worry so much about that, but rather market size”*

ALS Europe has experience in acquisitions that have turned out both good and bad. ALS Europe, more often than not, acquires companies, which are in some way struggling. Often there are performance issues present, which create advantageous opportunities for acquisitions, if the performance issues can be fixed. The general manager describes:

*“In one country we bought a lab that was losing money hand over fist. Looking at why they are cheap, identifying the problems and knowing how to fix them makes for a good business decision. One year later, the laboratory is making money”*

The strategy of ALS is to change the brand name of acquired companies to the ALS name. How to make this happen varies from time to time, managing director of ALS Scandinavia says:

*“The ALS way is to focus on the brand, which I think is the right way because you have to be consistent to build a strong brand but there is no written protocol on how to do this internally. It is more about ‘how quickly do you think you can change the brand? Do you co-brand?’”*



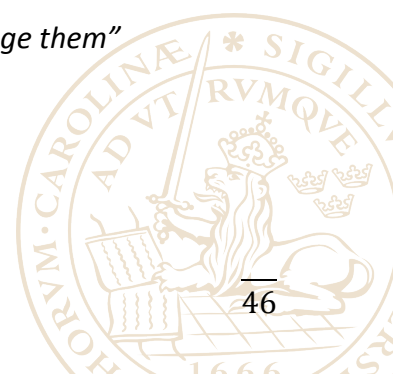


The general manager continues to explain that acquisitions are by no means an easy process. Often it entails letting people go at the newly acquired company and that other organizational changes need to be done. For these changes, ALS employs either of two different kinds of integration – a soft integration or a hard integration. Both integrations involve the alignment of human resources systems as well as financial systems. While the general manager has experienced that many employees in the newly acquired company often welcome integration, such change also often involves expectations towards ALS. They may expect to get higher salaries and new equipment. In many situations, this has been the case, but the general manager states that sometimes it has been a question of who to keep and who to let go. The general manager believes that most changes that are made after an acquisition need to be made within 3-6 months. If it takes longer ALS would risk losing good employees from the newly acquired company because it creates tension and uncertainty if they wait with making decisions and implementing them. Branding, according to the general manager, can usually wait. He explains:

*“Branding is driven by the market. If the local brand has a strong local anchor it might be stupid to rebrand that immediately. If there is a strong local brand, ALS utilizes co-branding”*

There is no real time frame for how long co-branding should be in place. Once, a newly acquired company was co-branded for a month and another time it was for ten years. If a newly acquired company is performing well, the reasons to rebrand it are not as strong as if it is performing well. The general manager claims:

*“One of our acquisitions is a perfect example (of soft integration). It is really good laboratory that is performing to standard. If we do not do anything, they are fine. There is no problem. Financially they are performing – quality, health and safety too. But eventually, we want them in the family. This can take one to two years, but there is really nothing set. There is not end point to integration, really. [...] there is no real impetus to change them”*





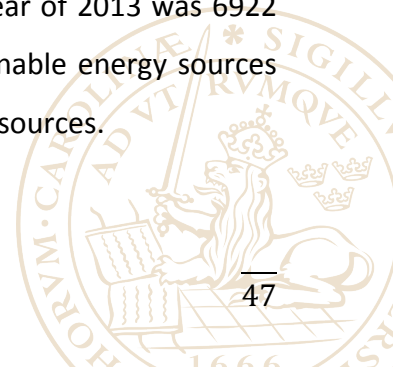
ALS, globally, spends more time on the hard integration, the 'black sheep'. An important way of making hard integrations happen is to promote the ALS culture. A way of doing this is to make sure that employees are treated by the ALS standard and that business is conducted in an honest way. Should there be deviations of these then ALS would enforce change. ALS also utilizes its size and reputation to market itself as the performance lab, now being available for the new employees. This also reiterated by the sales and marketing manager who believes that most new employees will quickly come to appreciate ALS but that it is depending on what kind of integration was made and how well it went.

Furthermore, the sales and marketing manager gives an example of an acquisition that failed in Finland. The acquired company proved to be of such different culture that in the end the laboratory that was purchased had to be closed down, even though it was, at the time of the acquisition, performing up to standard. The reason for the acquisition in Finland was to enter the respective regional market. The sales and marketing manager discusses:

*"We did the wrong acquisition. They did not fit into the business model and the culture. We could not turn it around and it was not the market we could survive in according to ALS standards. [...] Everyone can buy a laboratory but without the right people working in the right culture there is no point in doing business"*

### 5.2 Introducing Göteborg Energi AB

Göteborg Energi is an energy company in Sweden, which mainly operates in the area of Västra Götaland with Gothenburg as the main metropolitan area. The company serves energy and district heating to both business-to-consumer and business-to-business customers in the main areas. The company has a long and rich tradition of supplying energy to the west coast of Sweden boasting on an over 150-year history. The company is owned by Göteborgs Stadshus AB, the municipality of Gothenburg, which in extension translates to the company being owned by the citizens of Gothenburg. Göteborg Energi is employing 1153 people as of January 1<sup>st</sup> 2014. The net turnover for the fiscal year of 2013 was 6922 million SEK. Furthermore, they are considered a forerunner in sustainable energy sources and are to a large extent utilizing district heating and biogas as energy sources.







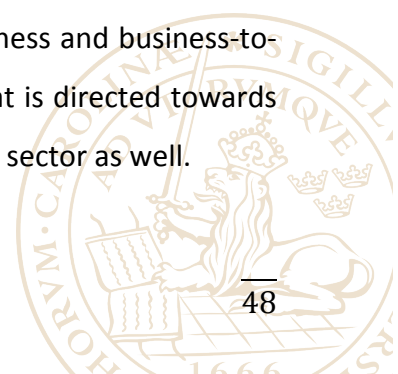
Currently, the brand strategy of Göteborg Energi is to leverage the corporate brand. Presently, the company has over twenty different brands even though many of them are sub-brands. The internal and external challenges of the company make a mother brand ideal because of its ability to align both internal stakeholders, such as employees, and external stakeholders such as customers in a cost-effective way. When discussing the brand, the communication director explains:

*“It’s a pretty strong brand. It has been in the market for a long time and the company has been very proactive when it comes to starting things up, like district heating. We are one of the most successful companies in regards to this. We are well known internationally and persons within our company have been involved internationally to help developing district heating in England and Chicago”*

In the business-to-business sector, the brand is well known in the region. Branding in a business-to-business environment is important to Göteborg Energi because they perceive the business context as more complex in comparison to business-to-consumer. It takes a long time to make business deals come to fruition and often it entails discussing with a myriad of different departments and individuals on the other end. The communication director discusses business-to-business agreements as follows:

*“It’s a heavier context. Business deals are about long-term perspective. It takes a long time to get customers. We have had discussion with gas customers and it takes a long time, it takes much effort”*

The brand is something that the communication director believes serves a great purpose in business-to-business marketing. Branding is an important tool when creating a perception of the brand with both potential and existing customers. However, he also highlights that sometimes mass-communication and advertising is important, too. In his experience, mass communication in companies that are both active in business-to-business and business-to-consumer settings can create synergies. The mass communication that is directed towards business-to-consumer segments can leverage the business-to-business sector as well.

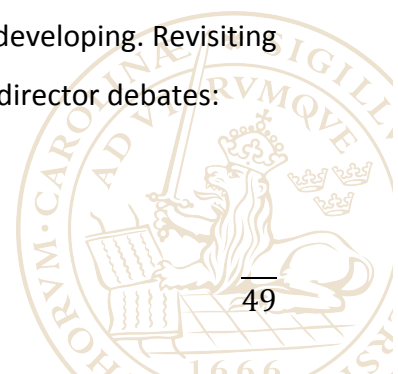




Göteborg Energi has both acquired companies as well as started new ones where they see business opportunities that relate well to their own company strategy. The company acquired mostly to gain market share (goteborgenergi.se, 2014). Presently, Göteborg Energi is also selling off companies, which have previously been bought or started by them since they are now focusing on their core brand and want to develop it. This is a part of their mother brand strategy, which will enable them to gather their brands under one and also to make well on their vision of being mainly a regional player on the west coast of Sweden. The vision of Göteborg Energi is: *“ett hållbart Göteborgssamhälle”*, which translates to *“a sustainable society for Gothenburg”*. The communication director describes the development as follows:

*“It’s a question of repositioning the brand. We have the history, but then also the different kinds of communication, different types of companies and it made the picture very blurry for our customers. Our research showed that a lot of people couldn’t tell any difference between our two biggest brands. It does not give anything but expenditure. The best thing to do is put everything in one brand. Especially considering the money we had to invest in this”*

An important strength that the brand carries is its long history, which is also reiterated by the communications director, as he believes the brand stands for: *“long-term commitment, fulfillment of delivery, and history.”* The long-term commitment and history is something that he believes customers experience and perceive, too. Customers perceive Göteborg Energi *“as a company, which has been there for a long time, and that it will stay that way.”* In a general sense, the communication director is; however, noticing that what the brand stands for overall is a weakness. Not by the values that the brand is connected with, but that customers have not realized or experienced them. Internally, he has tried to incorporate the brand into everyday business by outlining what the brand stands for and what values the brand carries. As a part of invigorating and rehashing the brand, new core values have been created: (1) responsibility, (2) sustainability, and (3) developing. Revisiting the discussing of what the brand really stands for, the communication director debates:





*“Does it really stand for developing? No, not yet. But we will have to do that. The same with Sustainability, a very important word for our business... We have the words, but we need to work on them. We have workshops where we outline where we are today and where we want to go, but ask 100 people what we stand for and you might get 100 different answers”*

The core values and the new brand identity of Göteborg Energi have not yet been communicated externally but have been the subject of internal efforts. The plan is to eventually externalize the ‘new’ brand. However, it is a matter of implementing it internally first and to, as he puts it: *“get it right”*. At Göteborg Energi, the company has also started to map out their envisioned brand aspects as presented by the Corporate Brand Identity Matrix (Urde, 2013). However, as the communication director states:

*“We want to put the matrix into the organization; it’s an internal program as of now. We have not started the external part yet. It’s a question of how to implement it. How do we do this in everyday business? [...] We want to be the leader of the brand, if would go out and promise things out there (which we cannot live up to), the day would come when somebody knocks on your door and says: we cannot see this; you are not living up to your promises”*

However, Göteborg Energi is lacking a brand promise, which is replaced by their core values, vision, and position, combined. For the positioning, Göteborg Energi has developed the following statement: *“Göteborg’s Energy”*. The emphasis on Göteborg is to highlight that the people of Göteborg own the company - it is their energy company. This shows that they have performed sound progress in the process of applying the Corporate Brand Identity Matrix as a framework for their business. However, it also highlights that some parts of the matrix have not been considered so far. Parts of why they have not yet developed a brand promise is because they have not worked out the external communication. The focus on the internal part of corporate branding of Göteborg Energi is because they intend on anchoring the ‘new’ brand internally before continuing further with the external communication process. Commoditization of the energy market is something that has made an imprint on Göteborg Energi. Price competitiveness is important and being





able to deliver and fulfill services are essential to keep good reputation and maintain client relationships.

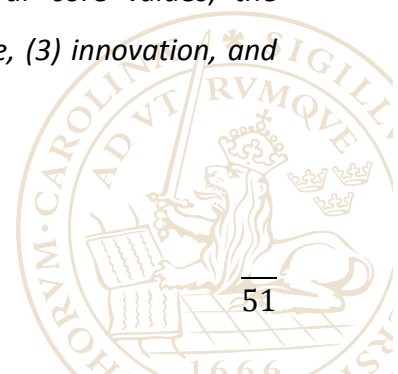
*“Customers choose us because we are price competitive. Price is very important. [...] The companies that buy from us are very loyal. We have good partners that trust us, our aim is to work very close to the clients”*

### 5.3 Introducing Trelleborg AB

Trelleborg AB is a globally active company that specializes in engineered polymer solutions that seal, damp, and protect critical applications for their business partners. With annual sales of about SEK 21 billion and circa 15,500 employees in over 40 countries the group belongs to the world leaders in their respective business sector. Additionally, Trelleborg AB owns a 50 percent stake in TrelleborgVibracoustic; itself a global leader within anti-vibration solutions for vehicles, with annual sales of SEK 15 billion and about 8.800 employees in about 20 countries. The group is headquartered in Trelleborg, Sweden and governed by President and CEO Peter Nilsson together with Sören Mellstig as the Board Chairman. Founded in 1905, the group started only recently, within the last five years, to increasingly focus on the management of their brand as the Head of Corporate Communications (HCC) states:

*“The understanding what the brand [Trelleborg] stands for has become much clearer internally over the past five years.”*

In that time period the company has started the branding process by working out a brand promise and a set of four core values that make up the, as the HCC says, *“DNA of the company”*. According to him, the core values were worked out over a *“long internal process”* that included workshops and internal interviews with a *“vast number of employees from all departments and positions within the company”*. The four core values, the Trelleborg Group developed, are: (1) *customer focus*, (2) *performance*, (3) *innovation*, and (4) *responsibility*.





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All four core values are backed-up by explicit explanations (to be found on the corporate webpage) on what each value means and how it is demonstrated on a daily basis. As an example, *customer focus* is explained as:

*“We shall be the solution provider of first choice in our selected markets. All of our decisions are taken with the customer in focus. Working in partnership, we aim to add value for our customers, as well as for Trelleborg. On a daily basis, we demonstrate Customer Focus by:*

- *Researching and fully understanding our selected markets*
- *Working with customers to build long-term partnerships for mutual benefit*
- *Understanding the impact on our customers of our business decisions*
- *Providing class-leading solutions with excellent service and quality*
- *Delivering on our promises and commitments.”*

*Trelleborg.com*

Trelleborg AB uses its core values corporate wide and overarching from the mother brand to the daughter brands. Thus, the core values are shared by all daughter brands.

*“The brand and its core values represent the entire corporation and reflects our heritage, principles, values, culture, people, and strategy”*

Head of Corporate Communications

Trelleborg AB utilizes the ‘Branded House’ strategy (Aaker, 2000a) under which all daughter brands carry the corporate brand name. The mother brand is Trelleborg AB and its five main daughter brands are: *Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore and Construction, Trelleborg Sealing Solutions, and Trelleborg Wheel Systems*. All five aim at different target groups under varying market conditions and due to the global scale Trelleborg AB is operating in, their customers range from smaller businesses to large global businesses. However, for Trelleborg:





*"[...] It is more and more important to come across as a coherent company with certain sets of values and benefits that we bring to the market place [...] and to clarify what's the benefit for the customer to have Trelleborg as a partner."*

The HCC explains that each customer, be it global or small, has different needs and wants, which is typical for the B2B setting as he says:

*"In B2B it tends to be less standardized solutions than in B2C settings and it needs to be like that because you are not targeting such a big mass-market. That is the big difference. Trelleborg as such are very seldom providing a standardized solution or product but still our customers want a standardized relationship."*

Further, he states that for big customers the brand, very often, stands for *"security, reliability, and professionalism"* when being in contact with the Trelleborg group. This is something that is *"becoming essentially important"* for those customers especially when they are becoming more globally oriented in their commercial business. They want to have the same type of partner wherever they are actively operating on the globe and *"the Trelleborg brand brings the value and the recognition and reliability to them"*, as the HCC underlines. On the other hand, he believes that to Trelleborg's smaller customers the corporate brand might be new and the awareness could be lower due to the fact that Trelleborg AB *"has not been that active in the particular market"*. In those cases the HCC says:

*"It is really on us that they get the best possible understanding of the benefits of being in contact with the Trelleborg AB brand."*

As afore-mentioned, in combination with the core values, Trelleborg AB developed a brand promise, which is used corporate wide and overreaches to all daughter brands and aims towards all customers - just as their core values do. The brand promise reads as follows:





*“We shall be the customers' first choice in our selected market segments, creating value through high-performance solutions.”*

*Trelleborg.com*

According to the HCC, the approach towards corporate brand management has led to an increased overall awareness of Trelleborg AB's brand in both the geographical areas and in terms of market segments over the past five years. In addition, he underlines the fact that the *“understanding of what the brand stands for”* has become much clearer *“internally”* over the past five years, yet on the external corporate level he states:

*“[...] We have started that harmonization process making sure we have a visual identity, positioning, and coherent communication [...] but there is a lot more to do especially in new geographies we have just recently established ourselves but the awareness is higher overall.”*

As a result, Trelleborg AB is starting to capitalize on what the corporate brand can do for them in the market place in terms of creating a competitive advantage over their competitors, as the HCC explains. He also states:

*“Looking at our journey over the past three to four years there has really been a nice upwards curve and we are starting to capitalize on our established brand management processes.”*

In terms of acquisitions Trelleborg AB has been very active over the past 20 years. Their two most recent acquisitions were finalized in 2014. The first out of the two the North American group Max Seal with an acquisition of a 51-percent stake and the second one is an industrial tire business, namely the Italian company Pircher Alfred s.a.s. Regarding the latter acquisition of Pircher Alfred, Trelleborg AB states as a reason for the take-over:







*“The acquired operation commands a strong position in the Italian market and has solid profitability. The transaction will strengthen our capabilities across the supply chain, from manufacturing to service of industrial tires.”*

*Maurizio Vischi, President of Trelleborg Wheel*

Further, the HCC explained that Trelleborg AB has grown mainly inorganically via acquisitions. Reasons for that, as he states, is *“to create a stronger geographical position in an existing segment”* or establish a new position in a new or adjacent segment that Trelleborg wants to grow in. When asked about the reasons behind most acquisitions and the role of the brand during the acquisition phase he answered:

*“There are of course different reasons when choosing a potential target and you look first at the different assets of that company. In some cases you have a certain customer base and so on. [...] But in B2B in general the brand, historically at least, tends to have less importance – not unimportant but less important.”*

As a reason for the, at times, omission of the brand as a decisive factor, the HCC explained that the B2B in nature is a less standardized business model, which focuses more on technical solutions. Yet, within the last four to five years the Trelleborg brand gained a significant amount of importance during the acquisition process and with an increased knowledge in the field of corporate brand management he claims:

*“We are of course now also assessing the brand aspects and of course we are looking when we acquire a company what to do with the brand name and if and how the new company fits in our existing brand portfolio in terms of adding more value [...] and how is it to align them with our culture”*

According to the HCC, the brand has been recently *“absolutely taken into consideration”* as Trelleborg AB is starting to realize the value of a strong corporate brand in the B2B environment, which is why he, as the communications director, now very much involved in the process. From the beginning on, he and his team try to assess the target company and



its brand and *“try to figure out why is the (target) brand bringing part of the value and how can we [Trelleborg] can capitalize on that.”* In order to facilitate a smooth integration into the Trelleborg mother brand system the HCC states: *“We [Trelleborg] have a very structured approach that we call ‘100 in 100’.”* The process entails 100 items that shall be cover within 100 days ranging from accounting system changeover to integrating core values and corporate culture. *“The ‘100 in 100’ approach was established to speed up the integration process, which in total can take up to a year”,* as HCC says.

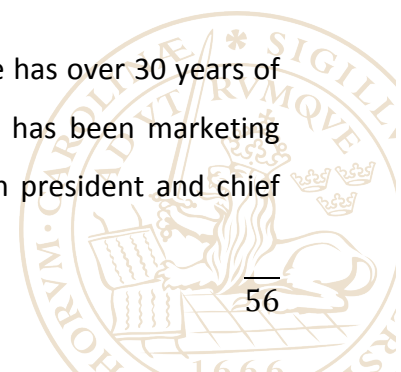
*“The decisive factor for a successful integration depends on the complexity of their business and if they are culture wise very alike to Trelleborg. It goes faster if they are (alike) and vice versa”*

Another important factor during the acquisition process is the fact that Trelleborg has a *“task force”* and *“battle plan”*, as the HCC describes it, which means that they have a certain team, including him, that handles all acquisition processes in order to insure the best possible outcome.

### **5.4 Introducing Ulf Strömqvist & Peter Aru**

Ulf Strömqvist is the owner and senior advisor/strategist at Metamorfosen AB in Sweden. Metamorfosen is a company that specializes in consulting boards of directors as well as advisory boards in a variety of business related matters to secure long-term growth. Ulf is currently active in nine separate boards of directors and has long experience in work relating to advertising, market communications and corporate brand management. He has, together with clients, been awarded fifteen times with 100wattaren, Sweden’s biggest competition for effect and result creating market communication. He is a published co-author of the book ‘från källaren till börsen’ (from basement to stock exchange), which received an honorary mention by the Swedish Marketing Association. He is also a popular and sought after public speaker.

Similarly, Peter Aru works as a business consultant for AruFam AB. He has over 30 years of experience working in the business-to-business setting, globally. He has been marketing manager of companies such as Munters and Crawford and has been president and chief





executive officer for Besam Assa Abloy and Cardo. He has, both as CEO and as business consultant, been working with boards of directors as well as professionally being a board of director representative himself. His work has recognized the switch from product focus to organizational focus by acknowledging culture and the knowledge around organizations as key factors in success.

### 5.5 Corporate Brand Identity Analysis

In this part of the analysis we examine the interviewed companies' commitment to their corporate brand identity. All the companies we have met with and interviewed have a corporate brand strategy, meaning that they, in line with Urde (2013) and Aaker (2004), have activated the corporate brand as a carrier of values - but to what extent do they dedicate themselves to the corporate brand and the surrounding values?

The different companies are in different stages of the process and dedication to - and the development of - their respective corporate brand. An example where all of the companies show eagerness to activate the corporate brand is the usage of core values (Urde, 2013) and the importance that culture plays (Urde, 2013; Kapferer, 2012; Balmer & Greyser, 2006; Brønn, Engell, & Martinsen, 2006). This is reiterated by Ulf Strömqvist. He highlights core values and the company culture as imperative tools for companies to align internal and external efforts. Peter Aru believes, like Strömqvist, that external efforts will not be successful should the internal alignment not be in place. He reassures the statements of the sales and marketing manager of ALS by saying that without a cohesive and organization-wide understanding and practice of company culture, business will fail.

Here, differences between the companies become evident. While Trelleborg utilize their core values as tools and as a strategic hub for both internal and external business efforts, Göteborg Energi and ALS show signs of mostly considering these as a framework for understanding internal values. The core values themselves are not only in the nature of internal values, for example a number of core values of ALS can be translated into external efforts - such as *"hard work and continuous improvement"* - but without efforts to externalize it and contextualize it into everyday business the core value becomes redundant, as argued by Persson (2010) and Urde (2013). The lack of brand promise for Göteborg Energi and the non-usage of the brand promise of ALS showcase the difficulties



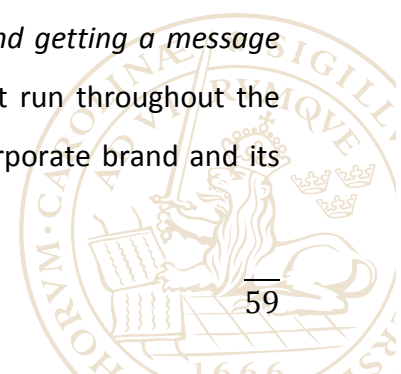
they have in externalizing and communicating their brand values to stakeholders (Urde, 2013; Kapferer, 2012). Both Aru and Strömquist emphasize the importance of the core values and the brand promise being consistent and to be lived through out the organization. ALS also has seven core values and as our interviews showed, we come to understand that only some of the core values have clear defined meaning throughout the organization, while others are free to interpret. Further, Strömquist and Aru state that it is imperative not to have too many, or unclear core values, since they in turn become difficult to communicate. This creates large risks for them to become emptied of value and thus, redundant (Urde, 2013; Persson, 2010; Kapferer, 2012). In line with Urde's (2013) and Kapferer's (2012) arguments of alignment of internal and external efforts as well as brand coherency, the differences in interpretation and understanding of core values and culture creates large risks to lose brand coherency and creates difficulties for stakeholders to understand the brand values. Ulf Strömquist explains that organizations often devalue the process of corporate branding by firstly not researching and understanding corporate culture and secondly also by considering it as a one-stop project and not a continuous formation and management of a dynamic process. This can be attributed to ALS to a large extent, Trelleborg to some extent while Göteborg Energi is dedicating a lot of time and resources to understand and continuously shape the corporate brand and culture. Aru reiterated this and states that companies more often than not undervalue the importance of aligning corporate culture and that it will at some point make or break organizational success. Especially, Göteborg Energi's communication director has concluded that employees play an important role in the success of the corporate brand and hence conducts workshops to align the brand identity among all employees, something which is emphasized by Aaker (2004), Balmer (2010) and Urde (2013) as an imperative to successfully leverage the corporate brand.

The shaping of a corporate brand identity starts within the organization, which all of the companies in our case studies understand but in the case of ALS there is not a coherent and efficient way of structuring the development of the corporate brand identity, as suggested by Balmer (2010), Aaker (2004), Persson (2010) and Brønn, Engell & Martinsen (2006), in the sense that employees are of outmost importance in the shaping of the corporate brand and the identity thereof. Furthermore, Urde (2013) and Kapferer (2012) both argue that



brands need management and cannot be but in place and then develop on its own. The low budget of the marketing department, which they hint would be responsible for branding, and non-existing work force commitment to branding in ALS, clearly shows that the corporate brand of ALS is not being managed. Strömqvist and Aru both emphasize that the corporate brand management cannot be the sole responsibility of a department of marketing or communication but must be a process, which the board and CEO is involved in and then anchored in the organization. On the contrary the corporate brands of Trelleborg and Göteborg Energi have the attention and support of senior management and thus have their corporate brand managed to a larger extent. However, the fact that Göteborg Energi is yet to construct the full picture of the corporate brand and anchor it in the organization also shows that the processes of developing and maintaining a corporate brand approach is both time and resource consuming.

The multifaceted framework of the Corporate Brand Identity Matrix (Urde, 2013) can be used as an analytical tool when investigating the corporate branding efforts of the case study companies and paint a clearer picture of what their strong suits, as well as the weaker points, are. When presented the idea of using the Corporate Brand Identity Matrix as an analytical tool, Strömqvist is enthusiastic. He finds that companies lack structured means to assess brand values before, during and after acquisitions. As previously mentioned, the relationships are very important in business-to-business environments but it becomes evident that only Göteborg Energi has considered the corporate brand as an enhancer of these relationships. Ulf Strömqvist argues that personal relationships are of great importance, - also apparent to all case study companies as well as discussed by Ghauri & Cateora (2010) and Biedenback & Marell (2009) – but also that the personal relationships change because they are by nature dynamic, while the corporate brand has the ability to maintain relationships over time. Taking Urde's (2013) arguments of the corporate brand identity to be maintained over time this makes sense, but also create an imperative for the brand communication to be coherent and consistent. We also come to know that all case companies understand that consistency in regards to branding is important. The managing director of ALS Scandinavia states: *"branding is about consistency and getting a message across to stakeholders."* This is a refreshing revelation that does not run throughout the organization given the other contradicting ways of managing the corporate brand and its





identity. The active use of company history, or heritage, is also not common practice among the case companies as suggested by Aaker (2004) but it is only Göteborg Energi that promotes its rich history into actual brand values for stakeholders, to the extent where it shapes their message as the obvious and preferred partner in their region. ALS is not talking of history at all, which can be a product or insecurity on their side because of the aggressive acquisition strategy – but that is a history and a story to be told, too. Ulf Strömqvist elaborates on this by explaining that it is a part of the brand platform and must therefore be addressed and thought out.

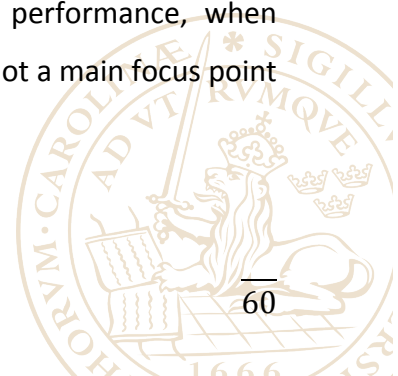
### 5.6 Market vs. Brand Orientation

In this section of our discussion we aim to unveil whether the respective three case companies employ a brand orientation or market orientation approach (Urde et al., 2011) when assessing the potential suitability of target companies. The underlying question is: What do the companies consider first when assessing and evaluating a target company?

Looking at the collection of the three case studies, all respective companies grow inorganically via mergers or acquisitions in order to gain market share, a customer base, or grow in geographical areas and eventually a dominant position in certain markets and segments thereof (Schlossberg & Alderman 2013). This is underlined by Trelleborg AB's Head of Corporate Communications statement regarding why Trelleborg AB engages in inorganic growth:

*“(To) create a better geographical position or to create a stronger position within already existing market segments or it is an adjacent segment that we want to grow in.”*

The same holds true for ALS Global as their sales and marketing manager states: *“It is to get market share. [...] We want to cover a geographical area”*. Further, when choosing a potential target company, both ALS Global and Trelleborg AB are first and foremost focusing on specific performance measures, for instance financial performance, when assessing the suitability of a potential target acquisition. The brand is not a main focus point for consideration when targeting an acquisition.







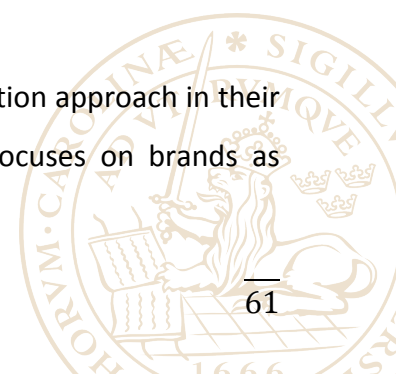
A major mistake according to Ulf Strömquist who claims that *“the corporate brand has to be the starting point for any acquisition.”* The main focus point should not be whether or not the target company is performing financially sound or strengthens ones own position in the market but, above all, if the corporate brand identity of the target company is correlating to the acquiring corporate brand (Peter Aru). Ulf Strömquist further states:

*“80% of all acquisitions in the B2B environment fail because they only look at the numbers and omit the company culture”.*

As statement that is coherent with Peter Aru’s experience stating that *“traditionally board of directors and CEOs only care about financial numbers when it comes to potential acquisitions.”* According to Symanowitz (2013), such mistakes can be fatal as cultural integration is one of the major obstacles for successful acquisitions. This is also in accordance with the empirical data gathered through interviews with ALS, whose acquisition in Finland simply failed because *“they did not fit into the business model and the culture.”* (ALS’ sales & marketing manager). Yet, Trelleborg started efforts to incorporate the brand into the decision making process as it is *“taken under consideration from the beginning”* (Trelleborg’s Head of Corp. Communications) In Trelleborg AB’s case, the brand has; thus, been a mere addition to the acquisition process when assessing the target’s fit into the existing brand portfolio because, as the HCC puts it:

*“In B2B in general the brand, historically at least, tended to have less importance. Not unimportant but less important. However, recently we (Trelleborg) came to realize that our brand is becoming more and more involved in the acquisition process because we realize that there is value in capitalizing on our brand identity.”* *“The understanding of what the brand can do internally and externally in the process of making sure we have a visual identity, positioning, and communication is now of importance.”* + *“On the operational level we are making more use of branding activities now.”*

Trelleborg AB has started to a small degree a corporate brand orientation approach in their every-day business environment and brand building process that focuses on brands as







resources and strategic hubs (Melin, 1997; Urde, 1994, 1997), claiming that their brand is “our most valuable asset” (Trelleborg.com). However, Trelleborg AB’s corporate brand role and consideration is lacking in the acquisition setting. Similarly stands Göteborg Energi. As shown above (under *Corp. Brand Identity Analysis*), Göteborg Energi takes very much their corporate brand under consideration during the brand building process. *“We realize that a strong corporate brand, that’s developed from within our company and then communicated well to the external stakeholder is what can ensure long relationships, that are prosper, with our customers”* (Communication Director – Göteborg Energi). One important tool Göteborg Energi makes use of, in order to grasp an idea of their corporate identity and to develop the respective idea, is the Corporate Brand Identity Matrix (Urde, 2013), as it is underlined by the their communication director as follows: *“We want to put the matrix into the organization; it’s an internal program as of now. We have not started the external part yet.”* However, at the same time the statement highlights an important fact - namely that the corporate identity and its usage have, so far, been internalized only. Consequently, Göteborg Energi falls back to ‘old habits’ when considering externally influenced processes like acquisitions.

Further along, ALS poses a clear lack of brand orientation in the acquisition setting. As discussed under brand identity, ALS’s corporate brand identity is incomplete and lacks coherence. As a result, a brand-oriented approach is most difficult to achieve, as the brand identity is key here (Urde, 1999; Urde et al., 2011). Further, ALS focuses solely on the gain of market share and financial performance measures when assessing a potential target. By the same token, Göteborg Energi’s brand identity core is also incomplete since it is lacking a brand promise, which in combination with the core values makes up the core of every brand identity (Urde et al. 2011; Urde, 2013). Consequently, the following key finding of this paper crystallizes. By focusing first and foremost on the financial performance of a target company and subsequently trying to achieve growth in the market, our case companies are taking a ‘market orientation approach’ (Urde, 1997; Urde et al., 2011) during acquisitions. Though Trelleborg AB and Göteborg Energi show signs of a brand-oriented approach in their everyday brand management and internal brand building processes, they fall back to a market-oriented approach under which the brand finds only small consideration. That is, the brand aspect is not at all left out but rather neglected, as the



case companies only take their brand into consideration further down the road when the implementation of the acquired brand into the brand portfolio is imminent.





## VI Conclusion

### 6.1 Discussion

Our research shows that the role of corporate brands during acquisitions in the business-to-business environment is widely underestimated and at best a mere addition to the financially driven decision making process that is applied by the three case companies. It becomes clear that companies are either lacking an extensive understanding of their corporate brand identity or are not actively utilizing it during the acquisition process. We argue; however, that the corporate brand identity should be the starting point of any potential acquisition and the assessment thereof. This in line with and confirmed by the two experts' – Peter Aru and Ulf Strömquist – opinions. We agree with Symanowitz (2013) that the companies' culture - and therefore the suitability and fit of an acquisition – are decisive for the success or failure of an acquisition. It is in every business' interest to reduce the risk of failure to a minimum. Yet, arguably the greatest risk reducer (Melin, 2002), namely the corporate brand, is often not considered due to its intangible nature, which makes it difficult to pin down and measure for management practitioners. This is one reason why many top managers omit the brand approach, as it found too difficult to grasp and rather choose the 'easy' way of assessing a company purely based on its financial performance - a disastrous mistake in times where 80% of all acquisitions (Ulf Strömquist) fail due to the collapse during the integration phase. Peter Aru reiterates the use of financial assessment as paradigm by explaining that, in his experience, boards of directors do not care about anything other but the financial aspect. Like Strömquist, he suggests that companies must start considering the corporate brand as a first step and afterwards move on to assessing financial, or market-orientated aspects.

Additionally, it became imperative along our case studies to make a distinction between the traditional definitions of market and brand orientation (Urde, 1999; Hakinson, 2001; Bridson & Evans, 2004; Ewing & Napoli, 2005; Urde et al., 2011) in the *brand building setting* in comparison to the *acquisition setting*. The acquisition setting itself is a special domain in the overall brand management domain because of its infrequent occurrence and is, therefore, a sub-setting to brand management with its own strategies. Consequently, the traditional customer is excluded from the market-orientated approach and instead the



financial performance and market standing alone come to the fore. Further, we believe the *brand-oriented approach* in the acquisition setting should be more appropriately called the *corporate-brand-oriented approach*. Reason for that is the fact that in the B2B setting during acquisitions the corporate brand identity is the focal point, excluding the product brand. Hence, a more precise term should be introduced.

At this point it is important to mention that disagree with Balmer's (2013) corporate brand orientation definition (*see Introduction*). In opposition to Balmer, we believe brand orientation is the 'mother' domain and 'corporate brand orientation' the 'daughter' or sub-domain. Furthermore, both the market- and the corporate-brand-oriented approach are *not* to be seen as mutually exclusive from one another but are simply defined by which side, market or corporate brand has precedence when assessing the suitability of a target company. In short, a company utilizes a *corporate-brand-oriented approach* if it considers one's own corporate brand identity as a first step when assessing a potential target acquisition, with the financial assessment as a subsequent step -and vice versa.

Eventually, the corporate brand and its core (values and promise) can become the hub around which the company's acquisition strategy and overall business strategy revolves (Louro & Cunha, 2001). Ultimately, the corporate brand orientation approach serves as a risk-reducer (Ulf Strömqvist & Peter Aru). Failure to successfully implement an acquisition, with respect to the corporate brand identity, is minimized – and as Ulf Strömqvist states: *"Reducing or even eliminating risk is one of the essentials in business."*

We acknowledge the importance of considering financial and market-orientated values when assessing potential acquisitions. Nonetheless, our research proposes that brand-orientated values have been considered too late in the acquisition process, if in reality at all. We therefore conclude that the brand-orientated approach does not entail disregarding market-orientated values, but rather propose a shift in the approach to potential acquisitions. The brand-orientated approach to acquisitions suggests that promoting the brand considerations as the first priority ensures that the corporate brand identity values are considered. By doing so, we argue firms can decrease the risk of failure of acquisitions.





### 6.2 Theoretical Implications

We argue that the acquisition process for companies poses a sub-field of concern in regards to brand management as it is special in its nature of occurrence and expresses consistently changing conditions on every new acquisition – in short: no acquisition circumstance is similar to the other. Consequently, brand orientation as it has been defined and explained (Urde, 1994, 1997; Gromark & Melin, 2011; Baumgarth, Merrilees, & Urde, 2013) has been thus far exploring the core value-based brand building and managing domain only.

Therefore, this paper takes the brand-oriented approach and explores its meaning and potential in the acquisition domain with special respect to the corporate brand of a business-to-business company. As a result, we can outline three main theoretical implications

Firstly, we expand the usage of the Corporate Brand Identity Matrix (Urde, 2013) and suggest it as an analytical tool to assess ones corporate brand and subsequently compare with potential acquisitions brand. As a result, similarities can be drawn and conclusions can be made in regards to the suitability of the acquisition.

Secondly, our research also supports the claims that branding, and brand orientation, has been disregarded in business-to-business firms. Furthermore, our research suggests that, in line with our definitions, companies mainly apply a market-orientated approach when assessing acquisitions.

Thirdly, at the same time, our findings indicate that a brand-orientated approach may reduce risk of acquisition failure. Consequently, the brand-orientated approach to acquisitions acts as a risk reducer. However, it becomes evident, that to facilitate a brand-orientated approach, companies need a solid brand platform and strategy. We argue that the Corporate Brand Identity Matrix can be utilized as a framework for creating a strong corporate brand platform.





### 6.3 Managerial Implications

Similarly, we were able to outline three main managerial implications.

Firstly, we argue that companies may utilize the corporate-brand-oriented approach when assessing a potential target. Here, the corporate brand identity is compared with the target companies' brand identity to identify crucial similarities and/or differences. Such approach reduces the chance of integration failure, the most common reason for unsuccessful M&As (U. Strömqvist; Symanowitz, 2013), to a minimum.

Secondly, on the basis of the brand-oriented approach (in the acquisition setting especially) lays a solid brand platform that may guide the corporate decision making processes. This in line with our experts' believe that companies who are planning to acquire a target should start with their *"corporate brand and thus their positioning and culture (etc.) – soft matters so to speak – and then continue with the financial figures"* (Ulf Strömqvist) and tangible assets. Otherwise the risk of having too many brand identities under one roof emerge and failure is imminent. Moreover, Peter Aru mentions: *"If you don't align the brand identities (native with foreign) you will not succeed in aligning the financial aspects of the two companies either – culture is of the essence."* Both Strömqvist and Aru, thus, concur with our key finding of having the corporate brand and its identity as the first step in evaluating and assessing the fitting of a potential acquisition and its brand identity.

Thirdly, the assessment and utilization of ones own corporate brand identity - let alone the targets' brand identity – turns out to be of much difficulty. Thus, we recommend employing Urde's (2013) *Corporate Brand Identity Matrix*, as an analytical tool in order to gain insight of ones own brand identity as well as the targets' brand identity. Consequently, one is able to draw comparisons between the two (native and foreign) brand identities and conclude, on an informed level, whether a target will and can be integrated successfully.





### 6.4 Limitations & Future Research

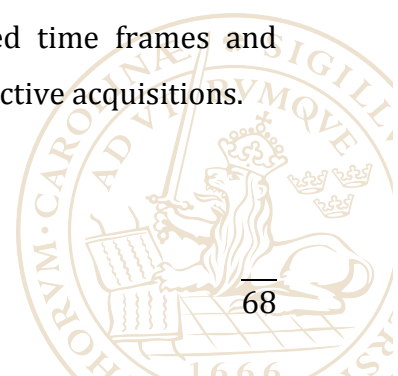
This paper explores corporate approaches to brands when assessing potential acquisitions in business-to-business settings. The gathering and examination of theory and case studies coupled with the perceptivity provided from experienced professionals unearthed profound insights. However, we feel certain limitations to our research should be acknowledged.

The research context of business-to-business was chosen because it has, historically, been overlooked in brand management. It is therefore important to note that this research paper aims to advance research in business-to-business branding. Thus, the empirical and theoretical data was gathered and interpreted from this point of view. We want to acknowledge that brand orientation and business-to-business branding share common areas with business-to-consumer branding.

Moreover, we did not study a specific acquisition but rather aimed to get an overview of the brand-orientated approach in the acquisition domain. Thus, we did not gain detailed information regarding a single specific acquisitions and the exact process around it but rather received a collective reasoning behind a wide-spectrum of acquisitions proceeded by the respective case companies.

Additionally, the empirical data collected focuses on Western European business operations and specifically on three case companies and is therefore limiting our research to the respective geographical area. It is therefore to be underlined that research provides valuable insights that should inspire future research and managerial implications rather than provide definite answers. This highlights the exploratory research method rather than an intimate and depth seeking one. We also wish to add that time restraints dictated the sample size and thus limited the generalizability of our findings.

Future research can expand on the topic by increasing sample size, which would prove enlightening when studying the integration of a brand into a corporate brand during a longer period of time. While our research can contribute to the understanding of what happens before and after acquisitions and outline factors contributing to success or failure, a longitudinal study could be useful by offering detailed time frames and providing insights into organizational decisions at the time of respective acquisitions.







The paper also concludes that branding is an elusive concept for companies active in business-to-business environments, as Strömvqvist and Aru confirm, and even more so in the context of acquisitions. An ethnographical study of an acquisition with a brand orientation as a backdrop would, thus, provide deeper understanding of acquisitions and illuminate the contextualization of the brand by gaining insights through first-hand observations (Easterby-Smith et al. 2012: 341).

As corporate culture is outlined to be an imperative factor in the make or break of an acquisition, it is interesting to study comparable acquisitions with brand-orientated approaches parallel to each other and outline success factors between the two. If the Corporate Brand Identity Matrix is placed as a framework for assessing the acquisitions, this would progressively test the applicability of the matrix as a potent analytical assessment tool for brand-orientated acquisitions.

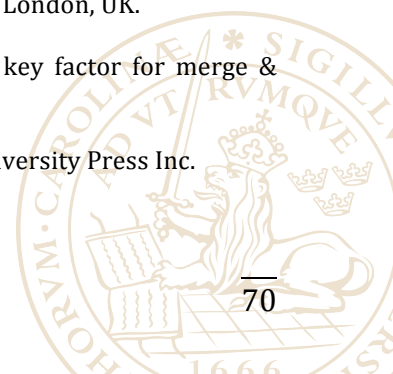




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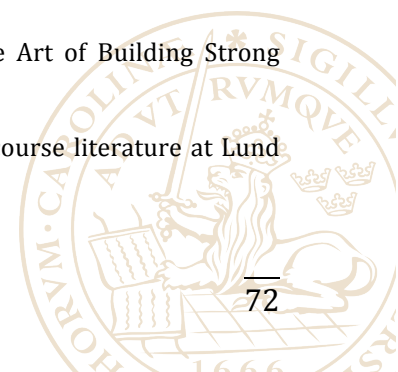
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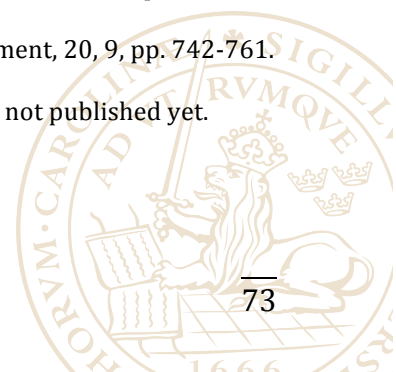
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## VIII Appendix

Name	Nationality	Residence	Company	Position
Ulf Strömqvist	Swedish	Sweden	Metamorfofen AB	Senior Advisor
Peter Aru	Swedish	Sweden	ex. Cardo AB	Former CEO
Anonymous	Swedish	Sweden	Trelleborg AB	Head of Corp. Commun.
Anonymous	Swedish	Sweden	Göteborg Energi	Commun. Director
Anonymous	Swedish	Sweden	ALS	Managing Director
Anonymous	Swedish	Sweden	ALS	Manager of Client Services
Anonymous	Canadian	Czech Rep.	ALS	General Manager
Anonymous	Norwegian	Czech Rep.	ALS	Sales & Marketing

