CLOSING THE
G A P S

Detecting misalignments between the corporate brand identity and brand image of
Volvo Cars and Volkswagen within the German and Swedish markets

by

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Abstract

Title: CLOSING THE G A P S: Detecting misalignments between the corporate brand identity and brand image of Volvo Cars and Volkswagen within the German and Swedish markets

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Thesis purpose: The purpose of this study was to investigate the phenomenon of brand identity and its relationship to brand image, with a focus on identifying misalignments of consumer perceptions on two national markets. The goal was to determine if the brand identity is communicated and aligned with the brand image in a local and foreign brand perspective, and what consequences it might bring on a corporate brand.

Methodology: By adopting a social constructionist perspective and employing qualitative abductive research methods, our study integrated theoretical frameworks and empirical findings to illuminate consumer perceptions within the automotive industry.

Empirical data: For our primary data, we conducted four in-depth focus group interviews with four participants each. The participants were from the two markets, Germany and Sweden, that were investigated and belonged either to the group of graduates or the group of post graduates. Our secondary data was obtained from the case companies websites and other relevant reports.

Findings/conclusions: Misalignments have been found for both companies in each market. More misalignments have been found in the foreign market in comparison to the national market. It can be said that the country of origin influenced the 16 respondents' opinion. The biggest misalignments could be detected in the personal value of Volvo while for Volkswagen the sustainability aspect was highly criticized.

Practical implications: Practical implications for both case companies could be detected and were pointed out. The detected misalignments can be turned into practical actions. The theoretical framework of this thesis can be used for other companies to detect their possible misalignments.

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1. Introduction

1.1. Background

Due to the global landscape of today, companies must find a way to drive their business in different cultures and markets. As market research has become increasingly focused on the cross-national dimension of brands, it is inescapable to miss the fundamental differences of consumer needs in different markets (Morgeson, Sharma & Hult, 2015). When gaining market shares across continents, more pressure is put on corporate brands to form their brand identity with unique attributes to set themselves apart from their competitors (Meierer, 2011). Hence, a move towards global markets also results in a more diverse group of consumers (Morgeson, Sharma & Hult, 2015). As consumers from different markets have various needs, the marketing has to meet all expected desires regardless of origin. As a consequence of these challenges, there has been a growing demand for marketing researchers to measure consumer perceptions of product and service offerings across numerous markets simultaneously, along with understanding their differences and similarities (Griffith & Hoppner, 2013). This information will further be vital to form varied marketing strategies across each market to impact the perceived consumer image of the corporate brand (Morgeson, Sharma & Hult, 2015).

A corporate brand can be seen as an object of the corporate identity that senior management has decided to actively communicate towards stakeholders (Balmer, 2001). To create a strong corporate brand, the brand identity along with its corporate vision and mission needs to be clearly understood by all stakeholders (Balmer, 1998). If done with the right organizational efforts one can communicate, enhance and differentiate the brand identity towards consumers globally (Balmer, 2001). According to Aaker (2004 p.6), a corporate brand represents an organization that "stands behind its products in spirit and substance, it can also work on an emotional level by providing a valued relationship with a respected organization". Moreover, corporate branding is the very communication effort of the corporate brand that is ought to state the company's identity clearly across all markets (Balmer, 1998). This type of marketing demands careful attention, investing in market activities that give both higher customer satisfaction and loyalty to secure good perceptions of the brand (Fill & Roper, 2012). However,

the expansion of business and product offerings in a growing number of markets present a unique challenge to corporate a company. As its task has become multifaceted, it is focusing both on managing the corporate brand on a global level, while at the same time satisfying consumers on each national market. Therefore, a different marketing approach must be considered in each market to maintain a global corporate brand (Morgeson, Sharma & Hult, 2015).

Corporate branding may also be about aligning and detecting possible gaps between strategies (Hatch & Schultz, 2001). According to Hatch and Schultz (2001), the creation of a strong corporate brand requires the alignment of three fundamental elements: vision, culture, and image. The vision represents the company's top management aspirations, while the culture refers to the organization's values, behaviors, and attitudes. Lastly, the image reflects the overall impression of the company held by the external world (Hatch & Schultz, 2001). These elements are crucial for an organization that aims to achieve coherence between its strategic vision and brand image (Fill & Roper, 2012). It is thus important to note that one detected gap might lead to a scattered reputation, which can damage the long-term image of the corporate brand (Fill & Roper, 2012). Therefore, the alignment of these elements is not a subsequent process but rather a continuous strategy that an organization must undertake to identify smaller gaps before they develop into larger ones (Hatch & Schultz, 2001).

In addition, the brand identity is crucial when establishing a unique and differentiated corporate brand, as it must align with the brand image to avoid miscommunication or confusion among consumers (Roper & Davies, 2007). Therefore, the perception of consumers is vital to build and maintain a strong corporate brand. Larsson, Brousseau, Driver, Holmqvist, Tarnovskaya, Bengtsson and Sandström (2003) further state that the brand's own identity is to be supported by its brand image. Although the vision is seen as something to aspire to long-term, brand identity could be used to explain corporate branding efforts as it is a concept that provides stability, direction and meaning for the brand (Aaker, 1996). This identity is therefore dependent on the consistent culture, structure and strategy of the brand communication (Larsson et al, 2003). Moreover, Urde (ed. 2022) emphasizes the importance of a corporate brand's core identity by creating a strong brand image and identity. Once the brand identity is established, the company should develop a brand strategy that aligns with its values and vision. As the brand identity is

portrayed in all levels of the organization, both internal and external, the brand identity should be the foundation of all brand communications and touchpoints (ed. Urde, 2022).

Consumer perceptions' are crucially dependent on the brand identity, as well as the brand image (Bertilsson & Tarnovskaya, 2017). Although managers may expect positive feedback from their most loyal customers, they may fail to anticipate negative feedback from consumers. Additionally, consumers develop their own perceptions of the brand, which are based on judgements and experience from the communicated brand identity (Bertilsson & Tarnovskaya, 2017). Bhattacharya and Sen (2003) further argue that for corporate brands to succeed with their brand image, consumers need to gain both knowledge, as well as a feeling of continuity for the corporate identity. If this is not well-managed, the risk of negative perceptions is at stake which might scatter the overall corporate identity (Bertilsson & Tarnovskaya, 2017).

A successful corporate brand is therefore one that is continuously evolving to stay relevant and resonate with its target audience (ed. Urde, 2022). The corporate brand must also stay relevant in all global markets, despite differences in national consumer perceptions. As the corporate identity is seen as the primary differentiator which makes the brand unique, it needs to be successfully communicated and received by each individual stakeholder, regardless of the market (Melin, 2002; Roper & Davies, 2007). Companies with a presence in several markets encounter the problem of managing a global corporate brand while also pleasing consumers in each national market (Morgeson, Sharma, & Hult, 2015). As a result, one should pay close attention to all consumers' opinions, regardless of origin, because they are the ones who decide whether the brand identity corresponds to the brand image (Balmer, 2001; Roper & Davies, 2007).

1.2. Problematization

As companies become more global than ever before, the requirement to address consumer needs in numerous markets becomes critical for a cohesive corporate brand strategy. As a result, many businesses fail to emphasize how their brand identity is translated into successful consumer

perceptions (Meierer, 2011). Failure to develop an effective connection that ensures the alignment of brand identity and brand image can easily lead to wrong perceptions and associations, causing an absence of customer trust (Fill & Roper, 2012).

Researchers have found it essential for a corporate brand to provide brand expressions such as brand identity to create differentiation through consumer perceptions (Aaker, 1996). One of the most prominent findings is based on the *Vision-Culture-Image Alignment (VCI)* (Hatch and Schultz, 2001), which see corporate brands as a collaborative activity. As the strategic vision, organizational culture and brand image should align to ensure a delivered brand promise, corporate management can use the framework to detect possible misalignments in their brand strategies in both national and foreign markets (Iglesias, Ind & Schultz, 2022).

Looking at previous conducted studies on consumer perceptions of corporate brands in a global market context, researchers have focused on customer satisfaction connected to local and global market perceptions (Safeer, Zhou, Abrar & Luo, 2022; Shaaban, Maher & Singhapakdi, 2019). Safeer, Zhou, Abrar and Luo (2022) investigate how consumers evaluate and perceive automobile brands based on their perceived localness or globalness. They suggest that companies should carefully evaluate their brands' national and international markets, while adapting their marketing efforts accordingly in order to effectively interact with customers. As a result, Shaaban, Maher, and Singhapakdi (2019) discovered that poor customer trust and a sense of betrayal toward an individual brand may spread to other brands in a similar industry, as well as the same country of origin. As a result, consumers may be prone to consider a product from the same country of origin as they currently own (Shaaban, Maher, & Singhapakdi, 2019). Furthermore, Janoskova, Kral, Popescu, Rowland, and Kramarova (2021) explores consumer perceptions of the Slovakian national market, revealing that the expected benefit and qualities of a brand play a major role in influencing customer satisfaction. The paper emphasizes the relevance of recognizing consumer expectations and integrating marketing to those expectations, as well as satisfying expected features and increasing customer satisfaction in the automotive business (Janoskova et al, 2021).

The purpose of this paper is to research the very gap between brand identity and brand image - *The Image-Vision Gap* (Hatch & Schultz, 2001). Brand identity is what a brand stands for according to management's aspiration, while the brand image is "the outside world's overall impression of the company" (Melin, 2002 ; Hatch & Schultz, 2001 p.130). Clearly, no company is profiting from ignoring its consumers, as a failed strategic vision will lead to poor brand image (Hatch & Schultz, 2001). Hence, consumers are one of many stakeholders that form an impression of a brand, as their perceptions are crucial for the corporate branding to align (Meierer, 2011). If the brand image of consumers does not align with the corporate identity, it will result in negative perceptions, as well as a lack of clarity and consistency (Hatch & Schultz, 2008).

In this paper, possible misalignment will be detected and obtained in the setting of two corporate brands in their respective national and foreign markets. Therefore, the purpose of this paper is to detect gaps between two European markets and how these should be aligned, despite their differences, to reach a correlative corporate brand strategy. To examine this in practice, we will investigate two corporate brands within the automotive industry to find misalignments in their current corporate strategy. Moreover, what consequences that might entail on the corporate brand if the corporate vision and consumer brand perceptions are not aligned. With a theoretical framework built upon the *Vision-Culture-Image Alignment (VCI)* (Hatch & Schultz, 2001), misalignments can be detected between the brand identity and brand image. The *Dimensions of brand equity* (Fill & Roper, 2012) will further be used to conceptualize the uniqueness of the corporate brands regarding consumer awareness, association, loyalty and perceived quality. In addition, the *strategy line* in *The Identity Matrix* (ed. Urde, 2022) will be covered to identify external brand strategies and gain deeper knowledge of the companies brand core, mission and vision, along with their brand position.

Even though previous studies have conducted significant findings regarding unsuccessful consumer perception and its impact on global corporate brand strategies, no research of our knowledge has yet investigated the consequences that a misalignment might entail in a European marketing context. Moreover, no previous research has been found comparing automotive brands in their respective national and foreign markets with a focus on Germany and Sweden; neither a

comparison between the brands of Volvo Cars and Volkswagen. Therefore, a research gap is seen in exploring the consequences of misalignments in corporate brand strategies, with an emphasis on similarities and differences in consumer perceptions of two European markets. While German and Swedish consumers might seem geographically close, their perceptions and image of the same corporate brands might be divergent. For this reason we will provide a better basis to understand various consumer perceptions on different markets.

1.3. Aim and Research Question

The aim of this study is to investigate the phenomenon of brand identity and its relationship to brand image, with a focus on identifying misalignments of consumer perceptions on two national markets. The goal is to determine if the brand identity is communicated and aligned with the brand image in a local and foreign brand perspective, and what consequences it might bring on a corporate brand. To achieve this, the study will analyze consumer perceptions of two corporate brands, namely Volvo Cars (hereafter referred to as Volvo) and Volkswagen, in the Swedish and German market. This aim has generated the following research questions:

RQ1: How does the brand identity of Volvo Cars and Volkswagen differ to the perceptions of consumers in the Swedish and German market?
RQ2: What are the potential gaps between brand identity and brand image and what consequences might that entail on the corporate brand?

1.4. Contributions and Delimitations

This study is ought to fill this research gap by contributing to the understanding of how brand identity and brand image can be examined to detect possible misalignments that might damage the perception of a corporate brand. By identifying possible gaps between identity and image, the study shed light on the challenges and consequences companies might face when communicating

their corporate brand across several markets. Furthermore, it focuses on the two European markets of Sweden and Germany hence seeks to identify the differences of how corporate branding can be executed in each brand's national and foreign markets.

The findings of this study are further aimed to help corporate managers to develop effective and successful corporate brand strategies when misalignments between the brand identity and brand image occurs. In addition, it increases the understanding of possible gaps between markets, both in terms of national and foreign corporate branding. As the research is specifically targeted to gain insights of the corporate brands Volvo and Volkswagen, the study will hence focus on the particular challenges that those companies might face. However, the managerial implication of this study will provide valuable lessons for other companies looking to enhance or improve their corporate branding efforts.

Furthermore, the authors witnessed a knowledge gap in the lack of understanding between theory and the detected misalignments. As each framework on its own may be seen as generic, it fails to be adapted to a global corporate brand perspective. Therefore, the theoretical framework will be obtained and visualized more precisely to fit the aim of the study accordingly. Nevertheless, the authors will view the importance of presenting the findings in a practical sense, while making the results useful for corporate brand managers. Overall, this research contributes to the field of marketing research by providing a comprehensive understanding of the relationship between brand identity and brand image from the perspective of consumer perceptions and how this might impact corporate brand strategies.

Furthermore, the focus of the study is of the external brand image, meaning how consumers outside the organization perceive the corporate brand. The internal brand image is therefore not the intended focus which is seen as a limitation of the study. The authors are hence aware that gaps or misalignments of some sort may always be found in the corporate brand strategy. Therefore, the research centers around what consequences a misalignment might have on a corporate brand and how this should be tackled by corporate management. In addition, another delimitation refers to the study's exclusive focus on consumers' perceptions of the chosen brands and its exclusion of other stakeholders, including employees, suppliers or investors. It should

thus be noted that the study will not be able to capture an extensive consumer perspective due to the limited number of interviewees and time frame. Lastly, it is crucial to note that the study only considers the perceptions of consumers, and therefore perceived reality.

1.5.   Outline of the Thesis

The six main sections of this thesis are each intended to give a thorough summary of the research effort. As an introduction to the study, Chapter 1 gives a background of the chosen subject, as well as outlines the proposed aim and chosen research questions. The relevance of the study is also covered in this chapter, along with its contributions to the research field, and the knowledge gap it attempts to address. Chapter 2 presents a thorough literature review that examines the subject of corporate branding. It is built upon the literature of consumer perception, national markets, brand image, as well as brand identity to provide knowledge of the critical variables that affect the given research question. Furthermore, this chapter introduces the theoretical framework of the *Vision-Culture-Image Alignment Model (VCI)* (Hatch & Schultz, 2001), the *Identity Matrix* (ed. Urde, 2022), as well as the *Dimensions of brand equity* (Fill & Roper, 2012). The methodology used in the research is the main topic of Chapter 3, which describes the research philosophy, strategy, design, data gathering procedures like focus group interviews and secondary data, sampling, analytic methodologies and methodological reflection. This chapter also addresses the research approach's advantages and disadvantages, giving information on the study's validity and trustworthiness. The study's results are presented in Chapter 4 and 5, together with a thorough analysis of the data gathered. These chapters connect the results to the theoretical framework introduced in Chapter 2 in particular and offer insights into the critical variables that affect consumers' perceptions in each national market. In Chapter 6, the analysis will be discussed. In Chapter 7 the conclusions of the study are presented, which also summarizes significant results and their managerial implications for future research and practice as well as theoretical contributions. Chapter 8 will deal with the proposals for future research.

2.   Literature Review

This chapter provides an overview of the foundational literature on corporate branding, brand image and brand identity. It begins with corporate branding and the two frameworks that will be used in this thesis; The Identity Matrix by Urde (ed. 2022) and the Vision-Culture-Image Alignment Model (VCI) by Hatch and Schultz (2001). The VCI Model will be used to display the possible gaps between consumer perceptions and brand identity while The Identity Matrix will be used to get a clear picture of the brand corporate identity. Foundational and more recent literature will be shown dealing with brand image and consumer perceptions. By using the Dimensions of Brand Equity (Fill & Roper, 2012), "awareness", "associations", "loyalty" and "perceived quality" are used to further explain brand image in a more expansive way. Additionally, a quick overview of the importance of national origin will be discussed.

2.1.   Corporate Branding

Looking at foundational literature of corporate branding, the first academic works began to emerge in the early 1900s (Iglesias, Ind & Schultz, 2022). Academics then identified the use of a brand to help a manufacturer to build awareness and recognition for its products (Merz, He & Vargo, 2009). It soon became evident that a brand will influence consumer perceptions and decisions (Iglesias, Ind & Schultz, 2022). Later, research concluded that the functional benefit of a brand alone was not enough to differentiate it from other competitors (Park, Jaworski & Maclnnis, 1986*)*. Scholars like Aaker (1996) developed theories where a brand can provide symbolic benefits to its consumers, as well as "...product differentiation through consumer perceptions" (Iglesias, Ind & Schultz, 2022 p.3). In addition, Balmer and Gray (2003) mention a shifted focus towards brand consumption and how consumers' reflects their own identity on *who the brand is*, *wants to be*, or *wants to be perceived as*. Corporate branding serves as the foundation for organizational efforts to communicate with, differentiate the brand and enhance it in relation to significant stakeholder groups (Balmer, 2001). It is the link between the community

and the organization, as well as the image and identity, and can further be described as the 'brand mantra' or namely the brand promise (Balmer, 2007; Balmer & Gray, 2003).

Hence, corporate branding can be seen as a managed expression of a company's identity (Leitch & Davenport, 2007). This proposition serves as the foundation for organizational efforts to *communicate* with, *differentiate* the brand and *enhance* it in relation to significant networks and stakeholder groups (Balmer, 2001). Leitch and Davenport (2007) present a similar approach as Balmer (2001), concluding that corporate branding helps businesses set themselves apart from the competition hence significantly improve the assets and the value of the total company.

Balmer (2001) further states that *corporate identity* has been the term which has replaced the usage of the term *corporate brand,* meaning many researchers now refer to identity while mentioning the corporate brand. This could be due to the fact that acquiring a corporate brand should be an objective of corporate identity management according to Balmer (2001) and Urde (1999). Thereby, corporate branding offers a frame which helps to combine all important organizational characteristics (Balmer, 200l). Brands are increasingly defined in terms of their connections with core values, and are increasingly defined in terms of their connections with core values (Balmer, 200l; Urde, 1999). These core values can be seen as a clear statement that shows the brand identity. The organization's identity should therefore serve as the foundation for a corporate brand proposition (Balmer, 2001). Urde (1999) goes even further and states that corporate branding insists upon a value foundation from the brand and the branding is seen to summarize the additional values that are associated with the corporation (Urde, 1999).

Furthermore, researchers have found the corporate brand to be an "informal covenant" or connection between community and organization (Balmer, 2007; Balmer, 2001). This covenant can be seen as the brand mantra (Balmer, 2007) or namely the promise (Balmer & Gray, 2003). This brand promise can also be seen in *The Identity Matrix* by Urde (ed. 2022), which will be explained later on. This promise is usually a tag phrase out of three words including brand functions with expressive amplifiers (Balmer & Gray, 2003; Balmer, 2001; Balmer, 2007).

Earlier research has primarily focused on the difference between product brand and corporate brands, yet now it has become less production centered (Leitch & Davenport, 2007). The new focus lies on the brand consumption (Leitch & Davenport, 2007). Balmer and Gray (2003) also confirms this by stating that brands are usually looked at from the sender to the receiver yet this dynamic has shifted. Now consumers' brand consumption reflects who the brand is, wants to be, and/or wants to be perceived as (Balmer & Gray, 2003). This consumption centered approach deals with the perception of customers and how they relate, consume and interpret the brand (Leitch & Davenport, 2007). The emphasis is on how customers use brands to create and express their identities (Balmer & Gray, 2003). This is done by using wider communication channels (Balmer, 2001). Now companies should pay attention to the perspectives of stakeholders and consumers (Balmer, 2001; Roper & Davies, 2007). They need to help the stakeholders understand and distinguish the corporate brand from the product brand and to clearly articulate the corporate brand values and corporate identity (Balmer, 2001; Roper & Davies, 2007).

As stated before the focus has shifted, as the perception of stakeholders is vital for a strong corporate brand. The brand's identity needs to be communicated and received by each stakeholder (Roper & Davies, 2007). This can be explained by the fact that corporate brands are a representation of organizations, and those may have many stakeholders, including customers, shareholders and employees (Leitch & Davenport, 2007). The importance of understanding company brands from both a stakeholder and a customer standpoint has increased in past years since the company owns the brand's "legal ownership", its "emotional ownership" (and hence, its true worth) is held by the brand community (Balmer, 2007). This emotional ownership is going even further since individuals use corporate brands to create their own version of brand identities (Balmer, 2007). The corporate brand "...can also work on an emotional level by providing a valued relationship with a respected organization" according to Aaker (2004, p.6).

This corporate brand mix is made up of cultural, intricate, tangible, and ethereal aspects as well as of communication (Balmer, 2001). The corporate brand focuses on all internal and external stakeholders, networks, and is based on a broader mix than the traditional marketing mix (Balmer, 2001). The perceptions of various stakeholders are of course varying to some extent. Yet these gaps between the perceptions of the corporate brand held by various stakeholders are considered a danger to the corporate brand and must be prevented (Roper & Davies, 2007).

Additionally, corporate branding refers to the corporate brand's communication efforts, which should clearly state the company's identity in all markets (Balmer, 1998). To ensure positive perceptions of the brand, this type of marketing necessitates careful attention and financial investment in market activities that increase customer satisfaction and loyalty (Fill & Roper, 2012). The companies that are present in an increasing number of markets present a special challenge because managing the consecutive corporate brand as a whole while simultaneously satisfying customers on each national market has become a big task for the company (Morgeson, Sharma & Hult, 2015).

It can be concluded that the core values of a company have a strong impact on the corporate identity ergo into the corporate brand. It is vital for strong corporate brands to have a clear corporate mission and business strategy in all markets (Roper & Davies, 2007; Balmer, 2007).

2.2. The Identity Matrix

As a part of the theoretical framework, the *Identity Matrix* (ed. Urde, 2022) will be used to identify the corporate brand strategies of Volvo and Volkswagen. The *Identity Matrix* will be covered in greater detail in the section that follows. The empirical investigation of this thesis will exclusively focus on the *strategy line*, including *mission and vision*, *brand core* and *position*, hence the authors have chosen to more thoroughly explain this part of the model. This thesis will exclusively focus on the *strategy line* of the Identity Matrix and not in its entirety, since the strategy line clearly depicts the company strategy on how it wants to act and be perceived. Since the research question aims to understand the difference between the visions of the corporate brand, i.e. brand identity, and the consumer brand perceptions, i.e. brand image, having a clear picture of the corporate brand strategy is key.

The *identity matrix* is a structured framework that helps organizations to picturize its corporate character, the value it produces, the commitments to itself and its stakeholders, and the processes used to produce that value (ed. Urde, 2022). It acts as both a blueprint for the organization's

future as well as a historical record of its previous successes (ed. Urde, 2022). It illustrates the reasons behind company actions, the methods businesses use to carry them out, your value proposition, as well as how and by whom it was developed (ed. Urde, 2022).

The identity matrix consists of nine components in three rows, with the internally oriented items at the bottom (firm's mission & vision, how they motivate workforce and stakeholders, and competencies, or distinctive talents), the internally and externally focused elements in the center, and the externally focused elements at the top (value proposition, external connections, and positioning - how the firm wants to be seen by its stakeholders, consumers) (ed. Urde, 2022).

	VALUE PROPOSITION	RELATIONSHIPS	POSITION
EXTERNAL	*What are our key offerings and how do we want them to appeal to customers and non-customer stakeholders?*	*What should be the nature of our relationships with key customers and non-customer stakeholders?*	*What is our intended position in the market, and in the heart and minds of key customers and non-customer stakeholders?*
	EXPRESSION	**BRAND CORE**	**PERSONALITY**
INTERNAL/ EXTERNAL	*What is distinctive about the way we communicate and express ourselves and makes it possible to recognize us at a distance?*	*What do we promise, and what are the core values that sum up the essence of what our brand stand for?*	*What combination of human characteristics or qualities forms our corporate character?*
	MISSION AND VISION	**CULTURE**	**COMPETENCES**
INTERNAL	*What engages us (mission) and what is our direction and inspiration? (vision)*	*What are our attitudes and how do we work and behave?*	*What are we particular good at, and what makes us better than the competition?*

Figure 1: Identity Matrix (ed. Urde, 2022).
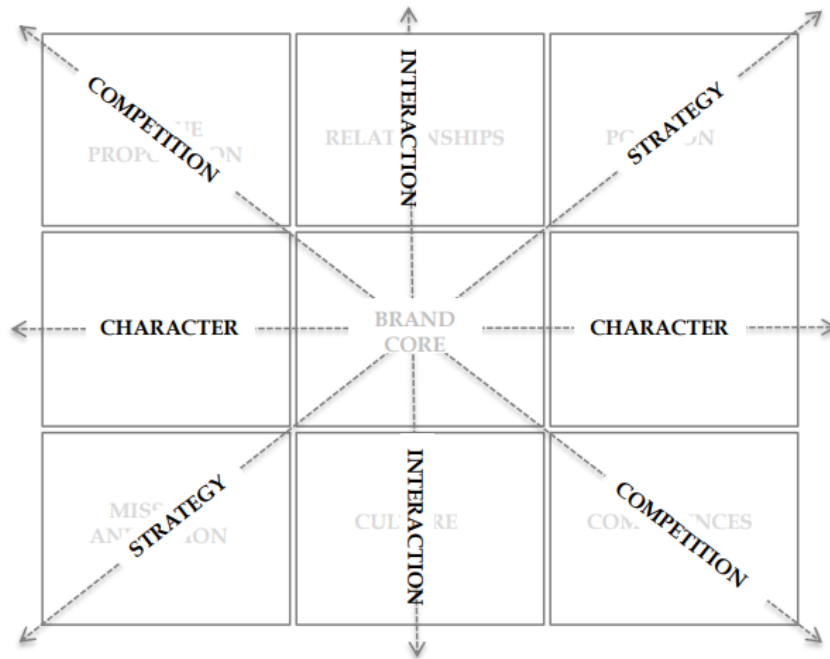
Figure 2: Identity Matrix with lines (ed. Urde, 2022).

As concluded before, it is vital for a corporate brand to have a clear corporate mission and business strategy (Roper & Davies, 2007; Balmer, 2007). This strategy line will be vital to evaluate the corporate brand of the case companies. The empirical investigation of this thesis will exclusively focus on the strategy line hence this part of the model will now be further explained. The strategy line reaches from the bottom left to the top right corner, crossing three of the nine boxes. The boxes crossed are Mission & Vision; Brand Core; and Position. These will now be elaborated. The *Mission & Vision* box of the matrix aims to show the brand's goal and vision and is supposed to answer the question: "What engages and inspires us?" (ed. Urde, 2022, p.5) So the company or the manager should answer what exactly is engaging us (mission) and what is our direction and inspiration? (vision). Urde (ed. 2022) mentions an example for a clear mission statement: NASAs mission is "To explore space". Following is the box *Brand Core*. This part of the matrix aims to show the brands core and brand promise; and is supposed to answer the question: "What do we promise?" (ed. Urde, 2022, p.5) The manager or the company should ask what do we promise, and what are the core values that summarize the character of what our brand stands for? Urde (ed. 2022) mentions an example for a brand core: "Just do it" by Nike. The third box of the strategy line is the *Positioning*. This part of the matrix aims to show

the brands external positioning and is supposed to answer the question: "What is our intended position in the market?" (ed. Urde, 2022, p.5) What is our desired market position, and how do we aim to be perceived by both important customers and potential consumers? What is our desired market position and how do we aim to be perceived by key customers and stakeholders both emotionally and cognitively?

This strategy line illustrates the mission, vision; the brand promise and the core values; and the intended positioning in the market. The strategy line also reaches through the full spectrum of internal, internal/external, and external focusses. Before it was discussed that the corporate brand can be seen as an "informal covenant" or connection between community and organization according to Balmer (2007). This Covenant can be seen as the brand promise in the core of the matrix. The brand core is supported by values that align with strategy and are demonstrated via performance (Balmer & Greyser, 2003). The Mission and Vision helps to get a clear picture of the company's goal and what keeps them going. It shows the inner motivation and shows clearly the company's internal mindset. The positioning box is located in the external spectrum and shows the company's intended position in the external environment - how they want to be positioned against competitors but also how they want stakeholders and consumers to see their brand. In order to answer the research question and detect differences between the brand image (consumer perception), as well as the brand identity (vision for the corporate brand), a clear picture of the company's corporate brand strategy is needed. Hence, the Identity Matrix framework, more specifically the *Strategy Line*, combines the *core of the brand* with the internal *mission and vision* and the external *positioning* of the brand. These three frames can therefore be used to fully display the brand identity, i.e. how the company sees themselves. This is why the *Strategy Line* is going to be used as a foundational framework of this thesis.

2.3.   Vision-Culture-Image Alignment Model (VCI)

As a part of the theoretical framework, the *VCI Model* (Hatch & Schultz, 2001) will be used to identify possible gaps in the corporate brand strategies of Volvo and Volkswagen. A more extensive part will follow to explain the *Image-Vision Gap*, due to this gap being the primary

strategy when detecting misalignments between brand identity and brand image. Although the empirical investigation of this thesis will exclusively focus on the very gap between vision and image, the authors have chosen to present the model in complete to gain a deeper knowledge of corporate brand strategies. According to Fill and Roper (2012, p.34), the "...desired identity reflects the vision for the organization". It is further acknowledged that customer wants and needs "...occurs within the boundaries of the brand's core identity, influenced by the organization's mission, vision and values" (Bertilsson & Tarnovskaya, 2017 p.37). Therefore, the *vision* within the *Image-Vision Gap* will in this study be compared thus replaced by *brand identity,* as the two concepts exist in the same sphere of corporate branding (Fill & Roper, 2012).

With extensive research, Hatch and Schultz (2001) has discovered three essential elements that must align to create a strong corporate brand, namely the *vision*, *culture* and *image*. Hence, the *vision* stands for the "top management aspirations of the company", the *culture* "the organization's values, behaviors and attitudes", and lastly *image* for "the outside world's overall impression of the company" (Hatch & Schultz, 2001 p.130). These three are essential to drive an organization that wishes to value both management, employees and stakeholders, as well as a higher coherence between the strategic vision and external consumer's desires (Fill & Roper, 2012). The model further provides a way to describe the ever-shifting terrain under the top management as a corporate brand processes will always evolve and change (Hatch & Schultz, 2008).

Therefore, one should remember that aligning the elements is not a subsequent process, rather a strategy that the organization need to conduct continuously to detect smaller gaps before they grow bigger (Hatch & Schultz, 2001). If gaps occur, it "will create problems and lead to underperformance" which damages the long-term image of the corporate brand (Fill & Roper, 2012 p.149). To guide executives to analyse their organization, a set of questions are created for each gap to acknowledge misalignments in corporate vision, culture and image (Hatch & Schultz, 2001). Below, the *Image-Vision-Gap* will be explained extensively, along with the other gaps, to exibit the practical use of the *VCI Model*.
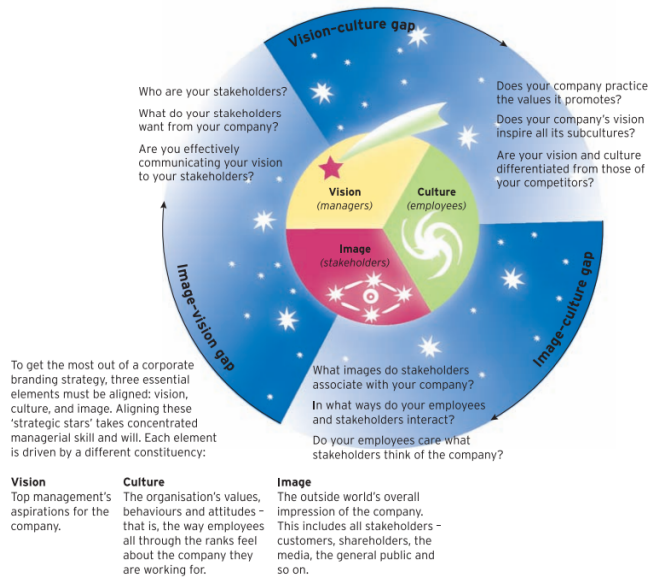
Figure 3: Vision-Culture-Image Alignment Model (VCI) (Hatch & Schultz, 2001).

The Image-Vision Gap

One misalignment is the one between *image* and *vision*, which includes the conflict between the external perceptions of stakeholders and management's vision of the brand (Hatch & Schultz, 2001). Seeing the external view of the company i.e. brand image as "we" and the internal view of the company i.e. brand identity as "I", withstands vital for corporate brand success (Hatch & Schultz, 2008).

Furthermore, consumers are the most important asset for a corporate brand as they are the ones that steer the brand perception (Hatch & Schultz, 2001). Although it seems obvious, managers need to ask themselves who their consumers are. In some cases, a brand's product might reach a different target group than the favorable market. Therefore, the "...most carefully crafted strategic visions will fail if they are not aligned with what customers want from the company" (Hatch & Schultz, 2001 p.132). Fill and Roper (2012) emphasizes the difficulty of brand image as many corporate brands wish to communicate one single image. However, a brand of today may project several brand images due to several stakeholders in multiple markets. The next question in the *Image-Vision Gap* is for managers to also ask themselves what the consumers want for the company (Hatch & Schultz, 2001). Is the vision aligned with the expectations of

consumers? This is reached by involving and reorganizing stakeholders to "...integrating organizational identity with the brand and the business" (Hatch & Schultz, 2008 p.178). By effectively communicating the vision to consumers, they will be able to connect it to their own cultural values while reaching a strong corporate brand image (Hatch & Schultz, 2001).

Vision-Culture & Image-Culture Gap

A misalignment between the *vision* and *culture* might also occur when the strategic direction of the senior management is not understood or supported by the company's employees (Hatch & Schultz, 2001). The gap is visible when the rhetoric of the corporate vision is too ambitious for the company, which might lead to less motivated employees and disappointed managers. According to Hatch and Schultz (2001), a distrust of the company brand will appear if such behaviors continue, which will damage the corporate brand. To fully align the vision and culture, managers should therefore ask themself if the company practices the vision it promotes. One should also oversee if the vision inspires all company subcultures, for e.g. the different values and priorities of several company departments (Hatch & Schultz, 2001).

Moreover, it is utterly important for a corporate brand to act upon their promises, as a gap between the *image* and *culture* will lead to confusion as to what the company stands for (Hatch & Schultz, 2001). The misalignment can be detected in a scattered image among stakeholders, which is usually caused by a weakened company culture. Due to the risk of employees expressing their disappointments to consumers, it is challenging to maintain a positive brand image. By comparing employees and stakeholder opinions, questions regarding stakeholders associations or in what ways the employees and stakeholders interact can discover gaps between the image and culture (Hatch & Schultz, 2001).

2.4. Brand Identity

According to Melin (2002), the brand identity is what the brand stands for, which makes it one of a kind towards its competitors and stakeholders. Looking at previous research, brand identity has been showcased in multiple ways among scholars with several definitions. While earlier studies

in marketing research has been focusing on traditional economics and the financial outcomes of branding, an absence of valuing consumer emotions became clear (Hatch & Schultz, 2008). Aaker (1996 p.115) was one of the first scholars who chose to see brand identity as the "particular set of values, culture, people, programs and assets/skills' that helps to provide the differentiation that goes into producing the unique product or service". As for later studies, Fill and Roper (2012, p.144) talk about brand identity as "the company's heritage, the values and beliefs that members of the enterprise hold in common". The corporate brand then uses its brand identity as a differentiator from other competitors to build consumer trust (Fill & Roper, 2012).

Looking over *The Strathclyde Statement* included in Balmer (2001 p.291), all brands have an identity. However, it is only when well managed that the corporate identity can be seen as a powerful asset to organizational success. Viewing it as a strategic issue, corporate brands can build commitment among all its stakeholders which will originate a sense of purpose and direction (Balmer, 2001). Therefore, a brand should continuously consider how its identity influences others in terms of consumers and vice versa. To conduct successful corporate branding, the brand identity needs to create a sense of "we" to let others know what the brand stands for (Hatch & Schultz, 2008). Taking inspiration from the work of Gorge Herbert Mead in the 1930s, Hatch and Schultz (2008 p.48) explains the use of identity in corporate branding as "the product of continuous negotiation between the individual and those with whom that individual forms relationships". Balmer (2007) further emphasizes that corporate brands need to be understood by stakeholders to generate brand value. To be able to construct "an identity of the self" the consumers need to feel an 'emotional ownership' to the brand which in turn will create thriving brand communities (Balmer, 2007 p.22).

Hence, organizations must constantly look for what consumers say about them through e.g. marketing research or direct communication via sales representatives. This input will further feed "the organizational 'us' in the same way that the looking-glass self creates a 'me' for the individual" (Hatch & Schultz, 2008 p.49). By reaching out to stakeholders one can figure out how the company is perceived by others. However, an organization can have a desired image shown through advertising corporate communication that might not be the actual image of stakeholders (Hatch & Schultz, 2008).

Melin (2002) further chooses to see the brand as a value creator. By supplying a unique brand identity companies should evaluate how significant factors like 'origin' and 'personality' influences the brand. Firstly, the origin focuses on a brand's "geographical and historical provenance" (Melin, 2002 p.120). These are important for identity development as the cultural and social connections will influence consumer perceptions and the overall brand reputation. Furthermore, the personality will help to humanize the brand. Studies have shown that consumers are more willing to buy products from brands they consider as a "friend", as those share the same values and associations that one wishes to be connected with. An attractive brand personality is therefore seen as a powerful factor in identity development and will create a more profound relationship between the brand and the consumer (Melin, 2002).

2.5. Brand Image

According to Keller (1993), brand image refers to the perceptions that consumers hold about a brand's attributes, benefits, and attitudes. These perceptions are often used to form an overall evaluation or attitude towards the brand. Brand image is a comprehensive construct that is created from a collection of all the brand associations associated with the brand (Keller, 1993). It should be distinguished from brand attitude, which is a consumer's general evaluation of the brand (Keller, 1993). Yet Keller (1993), as well as Faircloth, Capella and Alford (2001) all state that brand attitude is often mistaken for brand image, but it is just one of many associations that contribute to the formation of the brand image. Research shows that by adjusting brand associations, it is possible to effectively manage brand image and generate brand equity (Faircloth, Capella & Alford, 2001).

Brand Associations in connection to the brand image can be defined as anything connected to a memory to a brand (Aaker, 1991; Faircloth, Capella & Alford, 2001; Keller, 1993), while Keller (1993) also states that associations are brand attributes, attitudes and benefits. Iglesias, Ind and Schultz (2022) states that the brand image of an organization depicts the stakeholders' immediate and current perception of that organization and it has to do with the organization's name,

structure and product, as well as the quality cues that the company communicates, among other physical and behavioral characteristics. Brand image is linked to a variety of physical and behavioral characteristics of the company (Iglesias, Ind & Schultz, 2022).

Brand image can also be considered to be part of brand equity according to Faircloth, Capella and Alford (2001). Hatch and Schultz (2001 p.130) though state that the brand image is "the outside world's overall impression of the company". They further choses to see corporate brands as a collaborative activity where the strategic vision, organizational culture and brand image align to ensure a delivered brand promise. Therefore the brand image is a prominent and important part which has to be consistent (Hatch & Schultz, 2001).

Furthermore, the brand image is the image of stakeholders, consumers, as well as parties outside of the organization (Fill & Roper, 2012). Therefore, it is the believed perception of the brand that forms the brand image (Fill & Roper, 2012). Hence, customers can form their perceptions of a brand through social media, brand communities, along with brand interactions and experiences (Iglesias, Ind & Schultz, 2022).

2.5.1. Perceptions of brand image

The primary emphasis of classical branding theories is on the fundamental strategic actions undertaken by marketing managers to meet customer requirements and facilitate favorable brand perceptions (Bertilsson & Tarnovskaya, 2017). In addition, theories within brand management also focus on the link between consumer perceptions and brand performance, as this can be used as a foundation for developing effective brand strategies (Keller & Lehmann, 2006). Moreover, Bertilsson and Tarnovskaya (2017) emphasize that previous studies on consumer perceptions have excluded the importance of valuing all stakeholders, as it will have a crucial impact on branding strategies' success or failure. With the insights from recent marketing scholars, the importance of considering the multiplicity of different stakeholders is highly accurate (Hillebrand, Driessen, & Koll, 2015). While managers can anticipate positive inputs from their most loyal customers, they may not anticipate negative inputs from potential consumers or other

stakeholders. Moreover, consumers will form their own perception of the brand which is therefore highly important to the overall brand image (Bertilsson & Tarnovskaya, 2017). Bertilsson and Tarnovskaya (2017) further argue that taking a company-centered approach will only result in a top-down focus on marketers as the leading role of implementing brand strategies. Instead, Kapferer (2012) highlights customers' bottom-up brand perception process that is influenced by consumer's own evaluations and judgements, which in turn impact their overall perceptions of the brand image.

2.6.   Dimensions of brand equity

Brand equity is a crucial component of brand management and its definition has been an ongoing subject of debate. According to previous study, brand equity was defined as "the additional cash flow achieved by associating a brand with the underlying product or service" (Rosenbaum-Elliott, Percy & Pervan, 2019 p.100). Recent research, however, has changed the emphasis to consumer-based brand equity, which is assessed by customers' views of a brand (Rosenbaum-Elliott, Percy & Pervan, 2019). Customer-based brand equity is primarily influenced by customer recognition and positive brand associations, which ultimately lead to increased purchase intention and increased value for the brand (Fill & Roper, 2012). A brand with a strong equity is therefore likely to benefit from enhanced customer perceptions of its products (Fill & Roper, 2012).

In addition, brand equity attempts to capture the intangible and emotional aspects of a brand (Fill & Roper, 2012). The *Dimensions of brand equity* (see Figure 4)*,* which aim to evaluate the uniqueness and emotional value of brands, is generated by four factors: awareness, association, loyalty and perceived quality (Fill & Roper, 2012 p.163). In this study, these dimensions will be used to examine the gathered empirical data, allowing the participants to construct their own ideas and beliefs while also connecting their perceptions to the claimed brand identities of the two case companies.
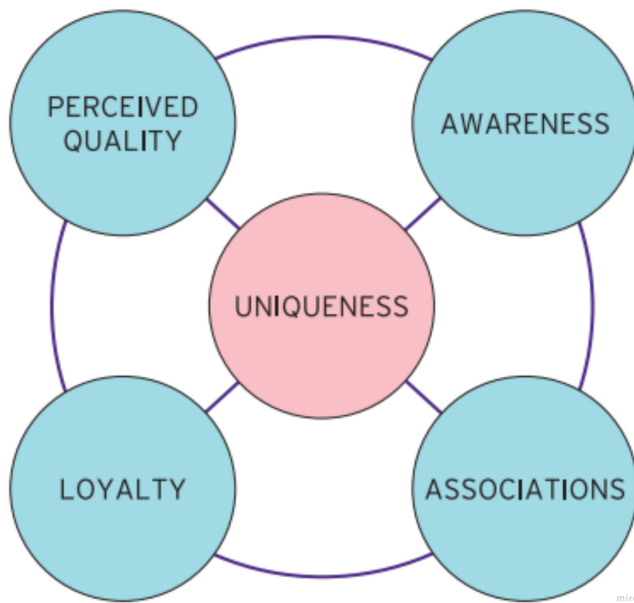
Figure 4: Dimensions of brand equity (Fill & Roper, 2012 p.163).

2.6.1. Awareness

Creating awareness of a brand's existence in the minds of customers is essential for achieving customer preference. This can be accomplished by establishing a positive presence and increasing the likelihood of consumers purchasing the brand's products (Fill & Roper, 2012). In addition, brand awareness gives a significant competitive advantage by influencing a brand's market position (Rosenbaum-Elliot, Percy & Pervan, 2019). One key factor in establishing brand awareness is the sense of familiarity, as it fosters 'brand recognition' and is vital for effective brand salience (Rosenbaum-Elliott, Percy & Pervan, 2019). Therefore, one must ensure that customers recognize the brand when they come across advertising at the point of purchase (Rossiter & Percy, 1997). Another important component of brand awareness is effective 'brand recall', with the brand name playing a critical role in distinguishing it from others (Fill & Roper, 2012). This requires associating the brand with specific memories or environments that correspond to the needs and preferences of customers (Rosenbaum-Elliott, Percy & Pevan, 2019).

2.6.2. Associations

Fill and Roper (2012) describe association as a subjective measure of a brand's emotional perceived value that captures both functional and symbolic aspects of a product. Customers' perception of a brand is influenced by their evaluation of a product, which is further linked to their memory (Rosenbaum-Elliot, Percy & Pervan, 2019). As it is unlikely to consider a brand if its associations are not prominent or distinctive enough, a positive brand association increases the overall value of the product beyond its functional benefits (Rosenbaum-Elliott, Percy & Pervan, 2019). Moreover, consumers tend to be more in favor of a brand that successfully associates its product to its advertising, compared to its other competitors (Fill & Roper, 2012).

2.6.3. Loyalty

Marketing necessitates careful attention and financial investment in activities that increase customer satisfaction and loyalty (Fill & Roper, 2012). Consumers with the highest level of loyalty will not accept a substitute along with insisting on using only their preferred brand (Fill & Roper, 2012). In addition, loyal customers frequently serve as brand advocates, encouraging others in their personal and professional networks to use it. These types of "brand communities" can also be connected to values where consumer perceptions will change depending on the sense of loyalty for a specific brand (Hatch & Schultz, 2010). Furthermore, Fournier and Lee (2009) state that the brand must initiate dialogues with customers and consider the social structures they employ to provide access and dialogue with both loyal and potential customers.

2.6.4. Perceived quality

The concept of perceived quality encompasses both rational and emotional components and is a vital factor in the design of products that reflect core values (Fill & Roper, 2012). Such processes are guided by a set of requirements that must be met by the final product. Identifying and

evaluating product attributes that contribute to perceived quality, on the other hand, remains a challenge in design research (Stylidis, Hoffenson, Rossi, Wickman & Söderman, 2020). While relying on developed expertise and heritage may be effective in some cases, it can be harmful to a product's market success. As a result, a greater awareness of how core values are communicated to consumers and how this further affects the brand image is essential (Stylidis et al, 2020).

2.7.   National markets

Farlex Financial Dictionary (2023) defines national market as a "domestic and foreign market in a given country". The national market includes all of the supply and demand traded within a country's borders and if these markets has its own regulations (National Market [Farlex Financial Dictionary], 2012). Therefore it can be said that the term "national market" describes the economic exchange area where resources, products, and services are purchased and sold inside a certain nation. The prices and quantities of products and services are determined by supply and demand in a national market, which is also subject to governmental rules and regulations and also has an impact on economic activity. Consequently, the national market's size might change based on the population, level of economic development and location.

According to Aaker (2004), corporate brands are either a local or global orientation yet some brands attempted to do both. But why do locations matter and what does it mean to be local or global? Being a local business may have a lot of benefits for brand positioning and client loyalty and the business may build a strong brand identity that reflects local culture and instills a sense of pride and ownership for its customers by establishing a connection with the neighborhood (Aaker, 2004). Namely, the benefits are pride in supporting local companies and relating to customers through shared culture (Aaker, 2004). Being a global company may offer several benefits, such as status, recognition, and the perception of quality and innovation. It is crucial to manage the difficulties that come with having a worldwide presence, such as keeping in touch with clients in various locations. The advantages of being global include a high prestige and recognition as well as implications of success, while a disadvantage could be appearing distant

and bureaucratic (Aaker, 2004). Maintaining a consistent brand image across several nations is difficult owing to differences in cultural conventions, consumer preferences, and market forces (Roth, 1995). To manage the complexity and preserve brand coherence in varied foreign markets, it is critical to adapt and align brand messaging and images while keeping key brand values (Roth, 1995).

2.8. Summary of the literature review

In conclusion, the literature review discovers the fundamental parts of corporate branding, while establishing that a misalignment between brand identity and brand image may pose a risk to the corporate brand (Hatch & Schultz, 2001). Consumer perceptions may vary between national and foreign markets, which results in a more challenging landscape for corporate brands (Roper & Davies, 2007). To effectively maintain brand coherence across several markets it is vital to align the brand identity and image globally, while at the same time maintaining the corporate brand in each national market (Morgeson, Sharma & Hult, 2015). Additionally, consumer perception has been defined and discussed, along with national market theory to address challenges in cultural differences and consumer biases toward national markets (Roth, 1995).

By adopting the theoretical framework of the *VCI model* (Hatch & Schultz, 2001), along with the *Dimensions of brand equity* (Fill & Roper, 2012), it will help us identify misalignments between brand identity and brand image. The latter further seeks to measure both the intangible and tangible values of brands, which will enhance emotional parameters needed for the research analysis. In addition, the dimensions of *awareness*, *association*, *loyalty* and *perceived quality* will generate a deeper understanding of how consumer perceptions take form and differentiate between markets - both national and foreign. A part of *The Identity Matrix* (ed. Urde, 2022) will also be employed to ascertain the *brand core, position* as well as the *mission and vision*, thereby gaining knowledge of the chosen case companies' brand identity. As displayed in Figure 5, *The Identity Matrix* is representing how the company displays itself (i.e. brand identity), and the *VCI model* along with the *Dimensions of brand equity* will display consumers' perceptions of the brand (i.e. brand image).

Brand Identity
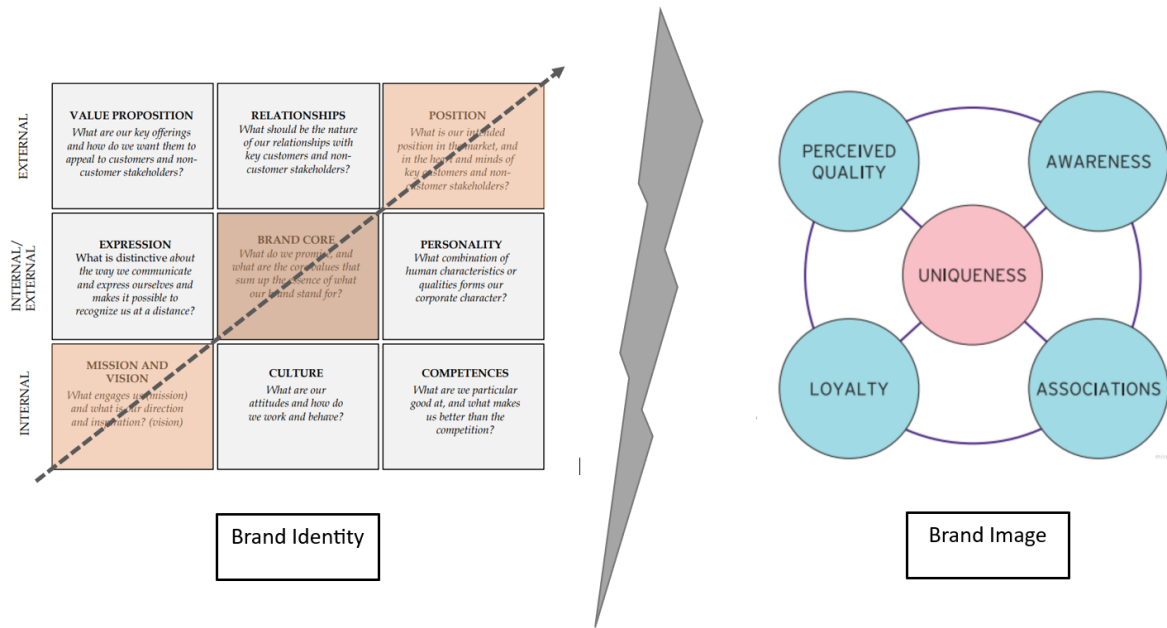
Brand Image

Figure 5: Own visualization of the brand identity (ed.Urde, 2022) vs. brand image (Fill & Roper, 2012).

3. Methodology

This section of the study aims to present and analyze the research design, along with arguments for why this specific design is suitable for the study. It will also provide a contextualization of the method used and cover the process of data collection and analysis, as well as the evaluation of the quality of the results obtained. Additionally, this section will cover the aspects of trustworthiness of the study such as credibility, transferability, confirmability and dependability.

3.1. Research Philosophy

Our research design started by us discussing the possible philosophy of our research. Said philosophy helped us through the master thesis process, while making sure that everything was reasonable and understandable before it was written. The model we chose to guide our research was *The Four Rings Model* by Easterby-Smith, Thorpe and Jackson (2015). This model is the basis for the research philosophy and depicts the four methodological steps. These are layered and from the inside out as follows methods and techniques, methodology, epistemology, and ontology (Easterby-Smith, Thorpe & Jackson, 2015). The authors' research design is based on a nuanced understanding of the interconnected nature of ontology, epistemology, methodology, along with methods and techniques.

The outer ring of the model deals with the *methods and techniques* (Easterby-Smith, Thorpe & Jackson, 2015). There are different ways to analyze qualitative data. These approaches involve using different methods and techniques to interpret and compare data and develop theories (Easterby-Smith, Thorpe & Jackson, 2015). These methods and techniques can be interviews and questionnaires (Easterby-Smith, Thorpe & Jackson, 2015). These elements are the most apparent features of the research hence they are the bark - things you can see with the naked eye. The implementation relies on underlying decisions about methodology, epistemology, and ontology (Easterby-Smith, Thorpe & Jackson, 2015). The core of all research philosophy is *ontology* which refers to the researcher's assumptions about the nature and configuration of reality and

what can be known about it. Ontology is at the core and the starting step (Easterby-Smith, Thorpe & Jackson, 2015). The debate between researchers follows the main stand points of realism and relativism. Realism states that there is one truth since the world is concrete. Within the relativism framework, it is accepted that observers can have different viewpoints, resulting in varying notions of truth, depending on the time and place and it is implied that people built up reality (Easterby-Smith, Thorpe & Jackson, 2015). In this thesis, the authors adopt a relativist ontology, meaning that they believe in the existence of multiple truths created by people (Easterby-Smith, Thorpe & Jackson, 2015). The authors have chosen a social constructionist epistemology to emphasize the ways in which people make sense of the world through language and shared experiences (Easterby-Smith, Thorpe & Jackson, 2015). The authors aim to explore the ways in which the brand image displayed when the companies reaches the consumers. The second step of the model by Easterby-Smith, Thorpe and Jackson (2015) deals with the *epistemological approach*. They state that an epistemological approach is the study of the nature of knowledge (Easterby-Smith, Thorpe & Jackson, 2015). A set of assumptions exists that guide the approach to understanding the nature of the world (Easterby-Smith, Thorpe & Jackson, 2015). Epistemology is split between two views: positivism and social constructionism. Positivism states that the social part of the world exists externally; while social constructionism states that reality is shaped by individuals rather than objective and external factors (Easterby-Smith, Thorpe & Jackson, 2015). For our thesis, the researchers have chosen to adopt a social constructionism epistemology and will not be focusing on searching for external factors. The researchers will try to understand the expressions and perspectives of individuals and groups, which contribute to the construction of brand perceptions (social constructionist approach). In order to appreciate the differences in opinions, the authors will collect multiple perspectives through various qualitative methods. The social constructionist approach allows for the existence of multiple realities (triangulation) (Easterby-Smith, Thorpe & Jackson, 2015). The third step in research pertains to the *methodology*, which involves integrating various research methods and techniques to paint a complete picture (Easterby-Smith, Thorpe & Jackson, 2015). As erlier stated, the authors will adopt a social constructionist epistemology and a relativist ontology, in order to see the ways in which individuals construct knowledge about the world. On one hand social construction focuses on individual meaning-making, while on the other hand it is relatively time-consuming for data collection (Easterby-Smith, Thorpe & Jackson, 2015).

Consequently of these two in use, a hermeneutical and dialectical methodology is appropriate for our approach (Guba & Lincoln, 1994). Hence a close interaction between the researcher and participants to gain insights into individual constructions, as well as engagement with the subject matter to ensure the research is relevant and of value.

In our study, we applied our chosen stance of subjective inquiry to explore how people perceive certain car brands. By analyzing the shared experiences of the study's participants, we identified patterns and gained insights into their perceptions and gained valuable insights into the underlying factors and dynamics that shape their brand perceptions, enabling a deeper understanding of consumer preferences. By embracing this approach, we successfully addressed our research question while acknowledging the individual nuances, diverse interpretations, and variations within our participants' perspectives, contributing to a comprehensive understanding of brand perception formation (Saunders, Lewis & Thornhill, 2019).

3.2. Research Strategy

Our research examines the phenomena of the gap between brand identity and brand image within the context of international marketing and brand management. This gap will be researched by looking at two case companies. Our investigation will be carried out utilizing a qualitative research method to fulfill this objective. In order to gain a deeper understanding of the respondents' ideas and underlying attitudes, as well as how they feel and think about the subject, a qualitative method is used (Bryman & Bell, 2017). For a thesis that seeks insight via the use of theoretically grounded concepts and words rather than numbers, a qualitative investigation is appropriate according to Silverman (2014). Additionally, we think that speaking with people improves our ability to comprehend their opinions and past experiences in relation to the function of the physical store. In this field of research, the relationship between research and theory is examined using two research approaches: deductive and inductive (Bryman & Bell, 2017). Yet the third option is the abductive approach, which moves between facts and theory, producing new concepts and explanations (Tavory & Timmermans, 2014). In this thesis, a grounded theory method for qualitative research is used, which entails gathering and processing

data in a way that encourages theory to develop from the facts. Because it uses an abductive methodology, the researchers both explore the data while at the same time letting theoretical concepts and categories flow naturally from it. One disadvantage of performing qualitative research using an abductive technique is that, regardless of the outcomes of the analysis, there is no absolute and unquestionable confirmation of truth (Easterby-Smith, Jaspersen, Thorpe & Valizade, 2021). Yet, it is unfeasible to find an absolute truth when investigating the situational and personal behaviors, thoughts, and opinions of people in qualitative research and according to Bell, Bryman and Harley (2019) no indefinite truth can be found when it comes to the social world of people.

3.3.   Research Design

This section will give a short overview over the methodological proceedings in this study, showing the different aspects like sampling, interview proceedings, analysis etc.

In relation to the purpose of this qualitative thesis, multiple case companies will be studied. According to Easterby-Smith, Thorpe and Jackson (2015), social constructionism epistemology emphasizes that the sampling process should involve selecting a small number of cases for a specific purpose, and for our thesis, we opted for a purposive sampling strategy, which allowed us to select sample units that were most suitable for our research.

Given our goal of investigating the phenomenon of the gap between brand identity and brand image in different national markets, we selected the car companies Volkswagen and Volvo, both present in each other's home country, in Germany and Sweden, respectively. Case company one is Volkswagen, which is a quintessential German company. Case company two is Volvo which is also closely connected to the country it is from – Sweden. According to Bell, Bryman and Harley (2019), having multiple case companies can help to study the phenomenon more in depth. We are interested in seeing whether the geographically close markets know about the correlation between car brand and country of origin and how this might affect the brand image. They were deemed appropriate for highlighting and gaining a deeper understanding of the phenomenon

hence using purposive sampling was appropriate. Our first choice was Volkswagen (Germany) and Volvo (Sweden) due to their similarity in being founded in the early 20th century, their status as the top car manufacturers in their respective countries, and their respective business histories. Furthermore, both businesses have undergone substantial changes recently with an emphasis on innovation and sustainability. As we are studying these companies in their home markets, it made sense to choose the Swedish and German national markets. The German national market Germany, which is the fourth largest economy globally, contributed almost one-fourth (24.7%) of the European Union's GDP in 2021 (International Trade Administration, 2022b). Germany's GDP has risen by 11.3% between 2010 and 2020 (European Commission, 2022). Germany has a considerable amount of government regulation and comprehensive social welfare programs (International Trade Administration, 2022b). The country has a population of 83.2 million and is the EU's largest consumer market (International Trade Administration, 2022b). The authors have chosen the Swedish national market and the case company Volvo which is originally a Swedish car manufacturer. The Swedish national market presents opportunities for businesses that are innovative, flexible, and able to navigate the complexities of doing business in a highly regulated and competitive environment. The Swedish market is a relatively small but dynamic market that is open to international business and trade while being the largest economy in the Nordic region, with a GDP of around $627 billion (International Trade Administration, 2022a). The population in Sweden lies at 10.4 million and the market is said to be transparent and is considered to be one of the most innovative countries in the world (International Trade Administration, 2022a; Schweden - Statistisches Bundesamt, 2023). The Swedish market is heavily export-oriented, with exports accounting for a significant portion of the country's GDP and their high taxes, strict labor laws, and a complex regulatory environment can prove to be challenging (International Trade Administration, 2022a). Additionally, the authors are familiar with the markets and both markets are also culturally similar. It is noteworthy that the authors have a thorough understanding of the markets in question, and both exhibit similar cultural characteristics. This shared cultural understanding is also beneficial in understanding the target markets, and provides insight into the market's potential profitability for the given case companies.

3.3.1. Secondary Data

To fulfill its objectives, our study makes use of both primary and secondary data sources. Our primary data comes from semi-structured interviews with consumers from the German and Swedish national markets. Later, to give a more comprehensive perspective and an outside view of the companies, this primary data was combined with secondary data. Additional qualitative data can be collected through various sources including secondary sources and can be a useful addition to primary data in research. These are secondary sources, materials gathered by researchers who were not directly engaged in the initial data collection, which were not originally created for this study but still can be relevant for other research purposes (Bell, Bryman & Harley, 2019). The hermeneutic approach supports this methodology by suggesting that researchers can use pre-existing reports or articles by interpreting them in the context and purpose of their current study (Easterby-Smith et al, 2021). Saunders, Lewis, and Thornhill (2009) also state this by saying that secondary data is often employed as a data collection technique for case studies by providing valuable insights. However, secondary data is typically collected for a different reason, hence researchers must approach it with caution and critical thinking while utilizing it (Ghauri & Grønhaug, 2010). Consequently, credibility must be kept in mind while using secondary sources. These sources can include company reports, websites, academic journals, advertisements, books, news articles, industry and governmental reports, along with other materials that offer specific data about companies or markets (Bell, Bryman & Harley, 2019; Easterby-Smith, Thorpe & Jackson, 2015). Our theoretical framework was developed using a variety of scholarly publications and literature. Most of the journals and books were available to the public through the databases of Lund University Library, while the remainder could be rented or purchased from the library.

Our study intends to supplement the primary data that we will collect through interviews with additional secondary data obtained from Volvo's global website (Volvo, 2023a; Volvo, 2023b; Volvo Group, 2023) and Volkswagen's global website (Volkswagen, 2019; Volkswagen, 2023b; Volkswagen, 2023a; Volkswagen, 2023c) and other relevant reports (International Trade Administration, 2022a, 2022b). This website data provides easily accessible information that the companies themselves have published. Using the firms' websites as secondary sources made it

easy to access information about how they present their own brand identity. Given that Volvo and Volkswagen are the publishers of these sources, it is reasonable to view them as credible and dependable. Nevertheless, it is crucial to bear in mind that the information presented may be inclined towards portraying the companies in a positive light, as the purpose of these reports is to highlight their positive attributes.

3.3.2. Focus groups

This study will be executed using an abductive and qualitative method. According to Easterby-Smith et al. (2021), participatory research methods such as interviews and focus groups allow for the collecting of opinions and perspectives. These approaches make use of either speech or text. We will employ the approach in the form of focus groups to investigate possible patterns of the observed phenomena. Furthermore, because this method involves respondents interacting with one another, communication will be facilitated in order to develop additional ideas and perspectives. The authors' network will be used to choose participants through non-probability sampling. Participants will be those who were available due to the time constraints for practical reasons. The target participants for this study will be consumers from the German and Swedish national market of German and Swedish nationality.

To gain comprehensive insights into consumer perceptions across two markets, we have undertaken a rigorous interviewing process, engaging a group of individuals hailing from these specific market segments. By conducting focus group interviews with representatives from each market, we aim to discern and analyze the multifaceted perspectives and preferences that exist within distinct consumer contexts. This meticulous approach enables us to capture a nuanced understanding of the intricate dynamics and factors that shape consumer behavior, ultimately enriching our understanding of market-specific intricacies and facilitating more informed decision-making processes.

3.3.3.　Criteria on how the participants were selected

The selection of participants will be done by using non-probability sampling using the authors' network. The mix consists of convenience sampling and quota sampling. Convenience sampling is a sampling technique that involves selecting participants based on their accessibility and willingness to participate in a study. While this method is relatively straightforward to implement, it has been associated with drawbacks like the significant bias due to volunteer bias. Meaning that non-random self-selection of participants is leading to potential differences between the characteristics of those who agree to participate and those who decline (Sampling Methods, 2023). Quota Sampling on the other hand is a common method in market research, where the researchers are fixing a quota in this case per group are 2 females and 2 males. This quota is established so the study has an equal representation of both genders to avoid gender biases. This method, while it may be proportionally representative, could still result in a non-representative sample due to the non-random nature of the sampling process and exclusion of unconsidered characteristics (Sampling Methods, 2023). Due to the ability to get information from individuals who are from the markets that are being researched and meet the study criteria, the selected sampling approach helps ensure that the results are relevant (Easterby-Smith, Thorpe & Jackson, 2015).

The participants will be people who were available due to the time frame for practical reasons and the selection will follow criteria like gender, education, nationality and age group. The four groups are divided into group 1 and 2 being of German nationality while 3 and 4 are of Swedish nationality. We employed a categorization scheme that distinguished between two distinct groups: graduates and postgraduates. Notably, group 1 and group 3 primarily encompass younger individuals aged between 23 and 26, including participants who are still pursuing their education (i.e. graduates). On the other hand, group 2 and group 4 comprise older individuals aged from 27 to 30, including participants who have completed their university studies (i.e. postgraduates).
The reason for choosing these specific groups was to gain insight into the perspectives of graduates who have yet to enter the workforce and have limited financial stability. It is important to note that the majority of graduates do not currently own a vehicle and do not have the

financial means to purchase one in the near future. Despite this, they continue to hold opinions about various car brands, albeit as potential rather than active purchasers (consumers). Examining this group will provide us with a valuable understanding of the mindset of people who have not yet begun the process of purchasing a car, allowing us to determine their overall perceptions of various car brands.

The second group, known as young professionals, consists of individuals who have recently begun their careers and may be thinking about starting their own families. As a result, they are starting to think about buying a car in the near future. As part of their preparation for an upcoming purchase, they are likely to have initiated research and sought information about car brands and models at this stage. Their perspectives may have shifted from their earlier graduate stage to the postgraduate stage as they enter a new life stage marked by increased financial stability and the emergence of new requirements, such as a car for work commuting or family purposes.

As a result of including both the graduate and postgraduate groups in our research, we are able to gain a comprehensive understanding of the varying perspectives and attitudes toward car brands at various life stages. This method allows us to investigate the changing mindsets and brand perceptions of people who have yet to purchase a car, as well as those who have recently entered a stage where car ownership is becoming a more imminent consideration.

3.3.4. Interview questions

The researchers decided to conduct semi-structured interviews. These semi-structured interviews are a better choice for gathering primary data because the aim of our study is to find customers' brand perceptions, while the topics to be covered are well-defined and most of the questions have already been thought of. Because the interviewer is not required to adhere strictly to the interview guide, semi-structured interviews are thought to be more flexible since they allow for the possibility of the interviews taking different directions (Carson, Gilmore, Perry & Gronhaug, 2011). The interview questions were developed prior to starting. Along with brand image and

identity, they also deal with corporate branding. The questions are formulated openly while still being relevant to the research question and the current topic in order to combat subjectivity. Following up questions were prepared in advance and will be posed in accordance with how the discussion has developed thematically. The interviewees were still able to respond to other participants' responses because using this procedure ensures that all participants will be asked the same questions. In advance, a pre-test of the focus group guide was done with family members and friends to ensure the formulation of questions were coherent. According to Carson et al. (2011), this also will help the researcher to find evident issues.

The first part of the interview was focused on questions about general interests in cars, whilst the second part was aimed at understanding participants' image of the brands Volvo and Volkswagen and their thoughts regarding their core values. The third part was aimed at understanding the impact of a global car brand being or not being from their home country.

Part 1: General questions cars
- Would you consider yourself interested in cars? Why or why not?
- What brand comes first to mind if you think about cars and why?
- What is the most important attribute for you when buying a car?

The primary goal of these interrogative prompts was to assess the participants' level of automotive knowledge and see if any of the featured case brands were mentioned as prominent or top-of-mind entities in their responses.

Part 2:
Volkswagen/Volvo brand questions
- Are you familiar with the brand Volkswagen/Volvo and what is your relationship to it?
- Name 2 words you associate with Volkswagen/Volvo?
- What do you believe makes Volkswagen/Volvo stand out from its competitors?
- What type of person do you see driving a Volkswagen/Volvo?
- Do you see yourself driving a Volkswagen/Volvo in the future?
- If so, what do you think will be the main reason?

Matrix Questions:

Now we will now present the core values of Volkswagen: Sustainable and Community

- Tell us your first reactions/opinions of these three values?

It was decided to use *The Identity Matrix* (ed. Urde, 2022) as a basis for the questions on the second part of the interview guide. These questions were about the core values of the companies and the brand core from the matrix specifically adjusted to fit the companies Volvo and Volkswagen. Initially, we engaged the Swedish participants in a discussion about Volkswagen, before moving on to a discussion about their core values. Following that, our focus shifted to Volvo, where we sought participants' reactions to the core values espoused by this brand.

Part 3: Local vs. Global brands

- Is it important for you where a brand comes from? Does it go for Volkswagen as well?
- Did you know from before that Volkswagen is German? Would you say that the country of origin connects to your perception of the brand?
- Would the same go for Volvo and your perception of the brand?

The overarching goal of these investigations is to determine the extent to which factors such as brand origin and national pride influence individuals' decision-making processes when it comes to brand images of automobile companies.

Overall, the interviews were based on what and how questions with some probe questions. Mostly open-ended questions were used. The key questions included, for example, "What type of person do you see driving a Volkswagen?", "What do you believe makes Volvo stand out from its competitors?", "Would you say that Volkswagen is effectively communicating these values?". To avoid eventual bias, the interview participants were not informed about the aim of the research, which is to find out how car brands identity differs from their image and how this difference shows in national markets. Instead, the researchers simply stated that the interview was about their perception of the car brands. We only questioned them on what a local automobile brand can provide that a global automaker cannot, or vice versa, towards the conclusion of the

interview. In addition to social contact, we took care to adopt the proper attitude and language to come across as professional while still seeming modest and compassionate, so as not to send our interviewers any message of judgment.

3.3.5.   How the Interviews were conducted

The researchers conducted four focus group interviews using Zoom, each lasting about 50 minutes, based on how much information the participants were willing to share with the researchers. The researchers informed the participants about confidentiality and anonymity rules and asked for permission to record the interviews before starting. Due to the limited time frame, the interviews were done digitally for all groups 1 and 3 (graduates) and groups 2 and 4 (post-graduates), which can nevertheless come with challenges. The use of Zoom may increase the probability that critical nonverbal indicators, such as body language and expressions, would be ignored while potentially compromising the overall accuracy of the findings. Easterby-Smith, Thorpe and Jackson (2015) also state that digital interviews are more flexible, quicker and have lower costs.

3.3.6.   Data analysis

To enable a thematic analysis approach, the collected data will be analyzed by the authors using the method described by Bell, Bryman, and Harley (2019). The authors will look for codes in the transcribed interviews and create themes that are relevant to their research questions. All interviews will be recorded and transcribed to avoid interpretation bias. The authors studied the transcripts attentively to find codes and themes formed by looking for patterns like repetitions, metaphors, analogies, parallels and differences, and language connectors (Bell, Bryman, & Harley, 2019). To discover patterns in the coded data, the authors expect to identify repeating subjects throughout all interviews as the major factor.

In order to serve the purpose of the study, the empirical findings aim to use the brand identity matrixes for the selected case organizations with Urde's (ed. 2022) frameworks based on data gathered from the companies websites (secondary sources). Based on The Identity Matrix the questions for the Interview guide were formulated and constructed.

The four interviews were conducted and recorded. This made it possible for the authors to analyze their responses more accurately without missing any important information. Once the interviews were done, the data was transcribed from the audio recordings to start the coding process. The analysis will primarily aim to develop perception themes from consumers of the chosen case companies based on the collected primary data. More specifically, the focus group interviews of the consumers for each market. The authors spent time going through the data to categorize similarities and differences in the responses. The material was reviewed a few times to ensure not to overlook any noteworthy patterns or quotes that could be relevant to the research question. This helped to avoid confusion and disorder in the data. Then the authors condensed the material, selecting only the most relevant data to include in the research, which addressed the issue of data representation. The authors further selected the most interesting statements that aligned with the research question. A thematic analysis, which involved identifying and interpreting common themes and patterns in the data, was conducted. These themes included repetitions, metaphors, analogies, similarities and differences, as well as linguistic connectors (Easterby-Smith, Thorpe & Jackson, 2015; Bell, Bryman, and Harley, 2019). Recurring patterns across different interviews were searched to form themes. The patterns were then grouped together into themes. The following phase was to outline the logical relationships between the themes. Establishing a link between a brand's image and brand identity requires finding those links within the themes, which is a critical step. The themes were organized into the four different categories of the model *Dimensions of brand equity* by Fill & Roper (2012). These four categories are awareness, association, loyalty and perceived quality. The themes are thereafter structured after these categories. All themes are identified and sorted into categories for each market and brand ergo 1x Volkswagen in Germany, 1x Volkswagen in Sweden, 1x Volvo in Germany and 1x Volvo in Sweden (see Figure 6). Then we compare Volvo in Germany to Volvo in Sweden (see Figure 7) and Volkswagen in Germany to Volkswagen in Sweden (see Figure 8).

Furthermore, we compare the national markets ergo Volkswagen in Germany to Volvo in Sweden. Finally, we compare the foreign markets Volkswagen in Sweden and Volvo in Germany.

Lastly, the study will next compare the associated themes from the focus groups with the components of The Identity Matrix from the case companies after making the aforementioned linkages. If these components are the same or convey the same attributes, the brand identity is translated and established into the brand image and the perceptions of the customers.

3.4. Methodological reflection

While reviewing the trustworthiness of a qualitative study, one must examine possible limitations in validity, as well as the researchers own biases (Easterby-Smith et al, 2021). Bell, Bryman, and Harley (2019) provide four measures of trustworthiness to acquire a better understanding of how these limitations may affect the analysis. The measures include credibility, transferability, dependability, and confirmability. These four factors were chosen to identify and address potential barriers and challenges encountered by the authors, with a greater emphasis on credibility and transferability.

3.4.1. Credibility

Conducting qualitative research in accordance with best practices is critical for credibility (Bell, Bryman, & Harley, 2019). As the credibility grows, researchers can obtain more trust from their readers (Easterby-Smith, Thorpe & Jackson, 2015). To ensure credibility, each group interview was recorded and transcribed, allowing for an in-depth analysis without losing any significant details. These recordings also allowed the researchers to validate each statement's interpretation, which enabled a more objective approach throughout the study.

As of today, according to Volvo Sweden and Volkswagen Sweden, the cheapest newly produced Volvo cost around 370 000 SEK (Volkswagen Sverige, 2023). A new Volkswagen is valued slightly less with a cost of 320 000 SEK (Volvo Cars Sverige, 2023). However, the two target groups chosen for the focus group interviews are, as earlier mentioned, graduates and postgraduates in the age between 23-30 years old. As the graduates may not have the financial means to purchase a car from Volvo or Volkswagen due to their current civil status, one might argue that this group is not fully appropriate for this study. Furthermore, the postgraduates might approach their first car purchase which will depend on their income as young professionals. This may, however, lower the credibility of the study as one might argue that both target groups are not seen as the main target group of Volvo and Volkswagen due to financial hindrances. Yet, the aim of the study is to research the difference in consumer perception between markets, and not specifically targeted customers of the brand. Furthermore, the author's reason for choosing these participants was to research the perceptions of consumers that are coming of age to, in the near future, purchase a Volvo or Volkswagen vehicle of their own.

3.4.2. Transferability

Ensuring transferability implies the study's relevance in a new setting or environment (Easterby-Smith, Thorpe & Jackson, 2015). It is critical to provide a detailed description of the study findings and their relevant context in order to make them valuable to others (Easterby-Smith, Thorpe & Jackson, 2015). As this study specifically focuses on the corporate brands of Volvo and Volkswagen, the context of the findings will apply thereafter. In addition, this study further involves the research of two markets, both in a national and foreign setting, the findings are specifically set in the context of analyzing consumer perceptions within the Swedish and German market. Therefore, the findings will not be as meaningful if not proposed in this very context. Yet, the findings might be transferred into another setting if a related comparison is made between markets with similar geographic and cultural scope. As the German and Swedish market are both located in Europe, a comparison could be made between two markets in e.g Asia. However, if a comparison is made between markets across continents, it may not result in the same findings. In terms of the study's sampling strategy, a purposive sampling approach was

used to ensure a deeper understanding of the selected research phenomenon. Although this approach may not fully transfer and represent all graduates and postgraduates consumer perceptions, the obtained results can still hold significant value for the research objective.

3.4.3. Dependability

The use of dependability facilitates a consistent and reflective approach by constantly evolving the research process to enhance the credibility of the research (Bell, Bryman, & Harley, 2019). Hence, an iterative data analysis was conducted to ensure a continuous analysis while re-examine the material frequently. Both researchers read through the material thoroughly from all four focus group interviews in order to detect new significant findings. The findings will, as a result, appear more trustworthy and consistent (Easterby-Smith, Thorpe & Jackson, 2015).

3.4.4. Confirmability

By reflecting on the confirmability of the study, the authors demonstrate their commitment to confirmability by engaging in reflective practices that minimize subjectivity and the influence of personal values (Bell, Bryman, & Harley, 2019). Since the subject of this study is of subjective nature, implying that the researchers selected a favorable subject to their interest, it may not achieve complete objectivity. When deciding on the two case companies Volvo and Volkswagen in their respective national market, the researchers were aware of possible biases they may have towards the corporate brands. As one researcher has its roots in Germany, and the other in Sweden, the analysis of the material may have a risk of involving personal experiences and opinions. This topic was carefully examined in order to reach an agreement on the best strategy for carrying out the study as objectively as possible.

3.5. Limitations

Qualitative research is fundamentally subjective since it requires the researcher's interpretation and analysis. When carefully examining the choices made in this study, there are a few factors that may have led us down a different path and resulted in different conclusions if done differently. It turned out that even after categorizing the participants into two groups based on their age and educational background (young graduates and older postgraduates), there were no significant differences in their answers. As this finding suggests, factors like age and education do not necessarily shape people's perspectives on the topic. During the data analysis process, this realization became definite, which led the researchers to avoid emphasizing the age difference as a significant factor.

Secondly, the chosen themes may be considered too narrow due to their focus on Volkswagen's (sustainability and community) and Volvo (personal, sustainable and safe) core values, as well as the heritage aspect related to Germany and Sweden. However, the chosen themes provide useful insights into the values and cultural significance of both brands in their respective countries. Considering a broader range of themes, the analysis could have provided the researchers with a more comprehensive understanding of the national and foreign markets. Investigating themes such as pricing, and customer satisfaction, among others, could provide a more comprehensive picture of the factors influencing consumer behavior and brand loyalty. Yet, these themes are not coherent with the research question ergo the researchers decided against using them even though they might be interesting and insightful to look at. Additionally, only the strategy line of The Identity Matrix (Urde ed. 2022) was used which narrowed the scope of the analysis significantly. It might have been an interesting approach to use the whole Identity Matrix to discover broader dimensions of brand identity. Another constraint we found was the selection of focus groups. In retrospect, it would have been better to include a larger number of groups in order to acquire a more thorough grasp of perspectives and a wider data collection. The researchers might have collected a broader range of viewpoints by increasing the number of focus groups, allowing us to construct a more nuanced and well-rounded analysis. A greater sample size would also have supplied us with a more diverse data collection, allowing deeper insights. Lastly, when investigating the perception of Volkswagen and Volkswagen, restricting the study to only Swedish and German participants ignores the influence of patriotism. Individuals from other

countries may feel a strong sense of national pride and attachment to their home country's automobile brands. By excluding participants from other countries, the study limits a global understanding of the research phenomenon.

4. Empirical findings

As explained in the theoretical framework, The Identity Matrix (ed. Urde, 2022) will be used to identify the corporate brand strategies of Volvo and Volkswagen. The empirical investigation of this thesis is exclusively focusing on the strategy line, including mission and vision, brand core and position. Firstly, a short introduction to the companies will be presented covering the key aspects of the company. Finally, each company will be analyzed to find their mission, vision, brand core and promise according to the brand itself.

4.1. Volvo's Identity Matrix

The brand Volvo is split into two groups; Volvo Cars and Volvo Group, as this research is focused on Volvo Cars. The brand was established in 1927 in Gothenburg, Sweden making it a quintessential Swedish brand (Volvo, 2023). Their mission can be described by three words that the company uses to position themselves: personal, sustainable and safe (Volvo, 2023). Volvo's EBIT of 2021 laid at 20.3bn SEK (Operating income) with a 7.2% margin making a revenue of 282bn SEK for the total of 2021 (Volvo, 2023). Volvo Cars has multiple series of cars like SUVs, CUV and Combis, all either petrol or diesel, hybrid or fully electric (Volvo, 2023). They are currently present in 190 markets across 6 continents (Volvo, 2023). 350.000 cars are produced each year (Volvo, 2023). Their biggest market share is in Sweden while their market share in Germany is at 1.46% (Volvo, 2023).

"What engages and inspires us?" (ed. Urde, 2022, p.5)
Volvo's *mission statement* is as follows: "We have made it our mission to make life easier, better and safer for everyone." (Volvo, 2023a). Volvo Group themselves state that its' products and services are a big part of a well-functioning society (Volvo Group, 2023).
Volvo's *vision statement* is connected to the same main ideas as the mission statement and goes as follows: "Our vision is that no one should be killed or seriously injured in a new Volvo car." (Volvo, 2023c). They state that their products and services are competitive and people are the key point in this strategy since they are the decision takers (Volvo Group, 2023).

"What do we promise?" (ed. Urde, 2022, p.5)

On their website they also list the three core values that make up the personality: Personal, Sustainable and Safe (Volvo, 2023a). They state that the core values yet are simple but the leading frames of the company across nations (Volvo, 2023).

Personal: "With new models of car ownership and attractive services whenever and wherever you need, we aim to make your life less complicated" (Volvo, 2023a).

Sustainable: "To help protect the world we share, we must do more than merely electrify our cars. We're committed to rethinking sustainability in our operations, in our cars and in society" (Volvo, 2023a).

Safe: "We make cars for people who care about other people. So when it comes to safety, we think just as much about your surroundings as we do about you and your passengers" (Volvo, 2023a).

What is our intended position in the market?" (ed. Urde, 2022, p.5)

Volvo aspires to be the leader in customer satisfaction in all of their brands since "The only true measure of success is customer satisfaction." (Volvo Group, 2023). Being "the most admired employer in our industry" is their second stated aspiration. The last goal in the intended positioning statement is to have the industry leading profitability (Volvo Group, 2023).

4.2.   Volkswagen's Identity Matrix

Volkswagen is a global player in the automotive industry and was founded in 1937 (Statista, 2023). It is headquartered in Wolfsburg, Germany and their last annual sales were 279.2 billion euros (Statista, 2023). Volkswagen has played a significant role in the development of electric vehicles in recent years and is one of the world's leading manufacturers of electric and hybrid vehicles (Statista, 2023). Additionally, the company has set itself the goal of being completely carbon neutral by 2050 (Volkswagen, 2019). Furthermore, Volkswagen employs more than 670,000 people worldwide and operates production facilities in more than 20 countries (Statista,

2023). Despite some challenges in recent years, such as the emissions scandal, Volkswagen has retained its position as one of the world's leading car manufacturers (Statista, 2023). The company is especially committed to innovation, sustainability and environmental protection (Statista, 2023).

"What engages and inspires us?" (ed. Urde, 2022, p.5)

A corporate *mission statement* outlines the proper tactics to support this development. There is no formal mission statement from Volkswagen but it seeks to "to offer attractive, safe and environmentally sound vehicles which can compete in an increasingly tough market and set world standards in their respective class" (MSA, 2019; compared to Volkswagen, 2023a). They also published a new Corporate Mission Statement just for the Environment called "goTOzero" in 2019 (Volkswagen, 2019).

A corporate *vision statement* indicates where a corporation wants to go in terms of development in the future. Volkswagen states "to make this world a mobile, sustainable place with access to all the citizens" (MSA, 2019).

"What do we promise?" (ed. Urde, 2022, p.5)

Their *promised values* are "Sustainability and Community: For the future. For everyone." (Volkswagen, 2023b). They explain that for them every step towards carbon neutrality is a step towards the future and that they are committed to reducing their impact on the climate crisis. Their statement: *"Every mile counts on the road to carbon neutrality. We're committed to increasing our use of renewable energy and reducing our carbon footprint"* (Volkswagen, 2023b)." They also state that they want to actively take part in the community: "We see citizenship as a verb. That's why we aim to play an active role in making every community safer, smarter, and more fun to live in each year" (Volkswagen, 2023b).

"What is our intended position in the market?" (ed. Urde, 2022, p.5)

Their *intended position* in the market is to be ready for the future (Volkswagen, 2023b). They are trying to enter a new era to future mobility and their electric offensive has already started (Volkswagen, 2023c). Now their focus lies on electric mobility and they are trying to position

themselves as a sustainable and future forward car company. They are investing heavily into this with 33 billion euros in the next four years (Volkswagen, 2023c).

5. Analysis

5.1. Introduction

This analysis delves into a thorough examination of the contrasting perceptions of German and Swedish consumers toward two prominent automobile manufacturers: Volvo and Volkswagen. The study includes a comparison of German and Swedish perceptions of both brands, national market analyses of Volkswagen in Germany and Volvo in Sweden, foreign market evaluations of Volkswagen in Sweden and Volvo in Germany, identification of general gaps between brand identity and brand perceptions, and a concluding overview.

To begin, this analysis examines the disparities in Volvo and Volkswagen perceptions in the German and Swedish markets. We hope to uncover the factors that shape these divergent perspectives by investigating the unique perceptions of both countries. Examining how each brand is perceived in its home market provides valuable insights into consumer preferences and the interaction between brand image and cultural influences. Following that, this study carefully compares the German market for Volkswagen and the Swedish market for Volvo. An examination of consumer perceptions illuminates the factors influencing the image of brands in each country. Furthermore, the analysis goes beyond national borders to look at both brands' foreign market scenarios. By investigating Volkswagen's presence in Sweden and Volvo's presence in Germany, we uncover the challenges that these brands face in foreign markets. In addition, this analysis examines the general gaps between brand identity and brand perception for both Volvo and Volkswagen. As we evaluate how consumers perceive each brand and compare it to the intended brand identity, we can gain insight into areas for improvement in marketing strategies and brand equity. This will be done by categorizing the themes into the *Dimensions of brand equity* by Fill and Roper (2012). The analysis concludes with a summary of the key findings, implications, and recommendations. Synthesizing the various dimensions explored in this analysis, we provide a comprehensive understanding of Volvo and Volkswagen similarities, differences, challenges, and opportunities in the German and Swedish markets.

Overall, the analysis aims to provide valuable insights into German and Swedish consumers' perceptions of Volvo and Volkswagen, as well as the dynamics of the domestic and foreign markets. This analysis provides a foundation for understanding brand management in the ever-changing automotive industry by identifying the gaps between brand identity and perceptions.

5.2. Own visualization of market comparisons
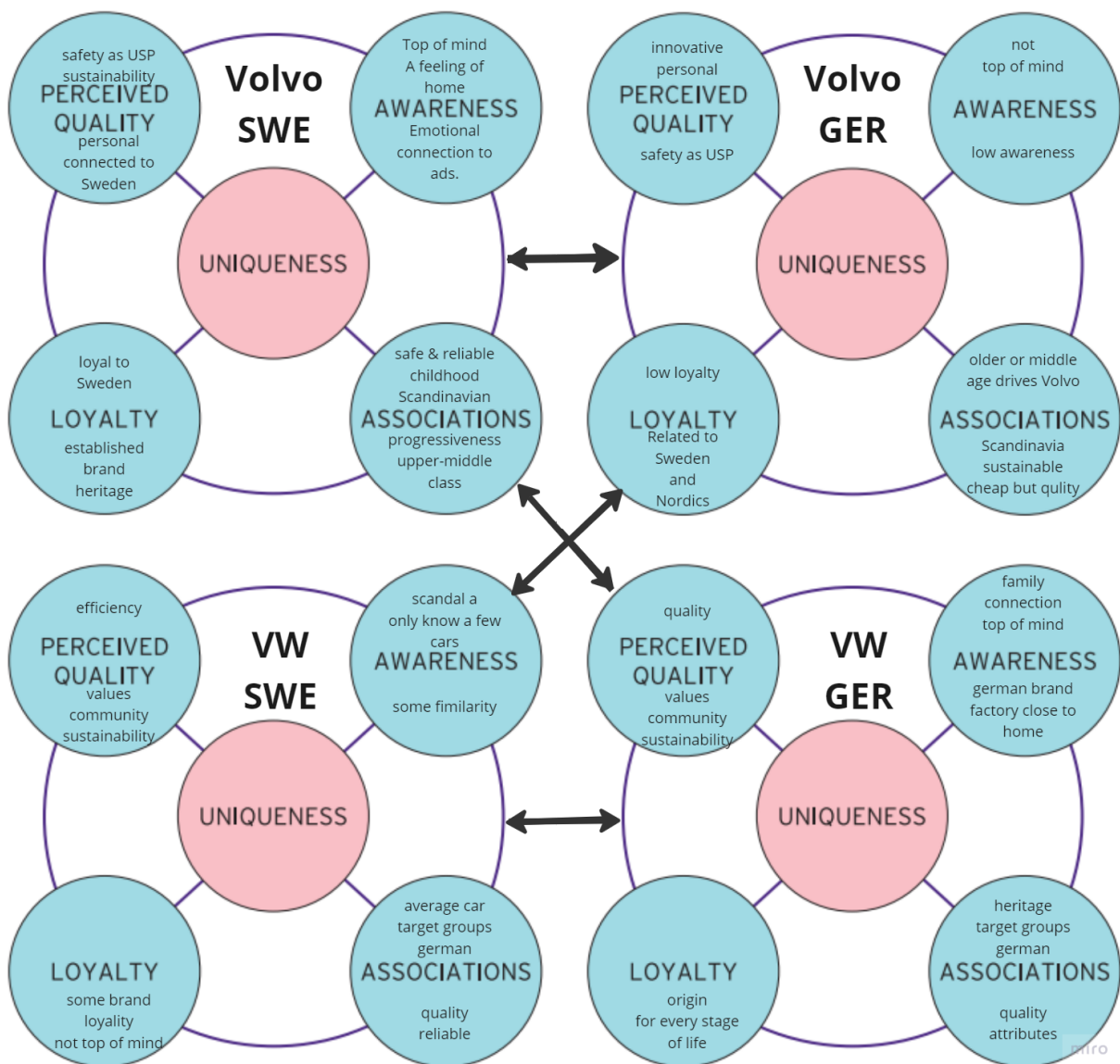
Figure 6: Own visualization of the dimensions (based on Fill & Roper, 2012 p.163).

5.3. Comparison

5.3.1. Volvo Sweden vs. Volvo Germany

Volvo is a well-known brand in both Sweden and Germany, yet there are significant variations in how it is perceived by individuals from each country. Below is a structured comparison of the two markets, examining the four dimensions of brand image from the perspectives of Swedish and German consumers. Figure 7 is included here once again to facilitate the reader's experience by eliminating the need for rereading previous sections.
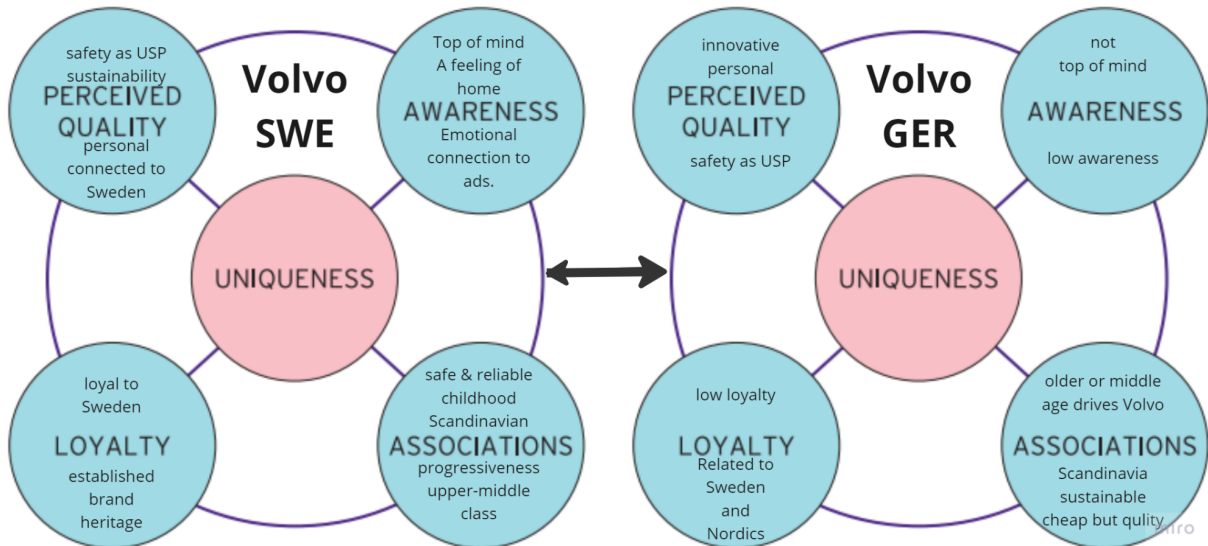
Figure 7: Own visualization of the dimensions Volvo (based on Fill & Roper, 2012 p. 163).

Awareness

1. Top of mind brand

Swedes:

In the case of familiarity, both the young and old Swedish group had an undeniable high awareness of the brand. Two old participants in question mentioned Volvo as *"the most well known car brand, at least in Sweden"* and *"something that everyone can relate to one way or another"*. When asked what brand that comes first to mind when thinking about cars, 5 out of 8

Swedish participants mentioned Volvo. Participant 9 stated that Volvo is a top of mind due to the family always owning a Volvo. Additionally, Participant 13 stated that: *"There used to be a huge Volvo factory in Blekinge back in the day (...) so a lot of my relatives actually work at that factory at some point in their life. So it's always like the car brand that is top of mind for me"*. This shows the strong personal connection to the brand that a majority of the Swedish participants had.

Germans:

The awareness of Volvo was in general very low among all German participants. Two of the participants commonly mentioned that they had no relationship to the brand but knew about it, while one German knew that Volvo was one of the first companies that invented the safety belt. A few of the younger German participants brought up their opinion towards the brand after moving to Sweden, stating that *"I have seen Volvo in Sweden, it's kind of the same as Volkswagen"* (participant 3) and *"I didn't want to buy a Volvo before coming to Sweden. It has grown on me, but I would rather buy a German produced car instead"*. This shows that the awareness of Volvo has grown for some Germans located in Sweden, but some are still decisive on choosing a German car.

2. A feeling of home

Swedes:

Having their own Volvo or a family member who owns or has owned a Volvo turned out to be a common thing amongst the Swedish participants. However, the ownership of a Volvo might bear a deeper meaning than the purchase itself, regarding local traditions and a feeling of home. Participant 14 describes: *"I lived in Torslanda where they actually produce the Volvo. Volvo is such a big part of my life and I always had a friend who had parents who worked there (at the factory). Everybody has a Volvo. I have a Volvo. My parents have had a Volvo"*.

Germans:

The majority of German participants had no personal connection to Volvo. However, one of the older German interviewees (participant 7) confessed a change of perceptions for the brand after a family member in Germany bought a Volvo car and stated: *"Volvo used to be the car that my*

teacher neighbor drove at home, until I met my girlfriend and her dad has a Volvo. I actually love the car and it's really cool. I quite like it now.”

3. Emotional connection to advertisement

Swedes:

Moreover, Swedish participants were asked if they recall a recent Volvo advertisement. One of the young participants mentioned a Volvo commercial starring Zlatan Ibrahimovic, while focusing on the ambiance of the commercial rather than the protagonist itself. However, Zlatan seems to be a big part of the Swedish culture for participant 10: *“I think they have a history of doing great ads. I remember the one with Zlatan when a Volvo car is driving through the Swedish landscape. But then I think the better word for (the brand) would be like it's from Sweden. Because, I think that was like the main thing that they were communicating through the ad”.*

Germans:

The German participants had no connection or recall of an advertisement of Volvo.

In conclusion, Swedish participants seemed more familiar with and associated with the brand, with many referring to it as the very first brand that comes to mind when thinking of cars. The ownership of a Volvo was also common among the Swedish participants, which had greater significance in terms of local traditions and a feeling of home. Some Swedish participants recalled a recent Volvo advertisement, referring to the commercials' Nordic settings. In contrast, among German participants, awareness of Volvo was generally low, with only a few having personal connection to the brand. The majority of German participants had no recollection of recent Volvo advertisements.

Associations

1. Safe and reliable

Swedes:

In the case of association towards Volvo, Swedish participants had similar opinions of significant attributes. All mentioned Volvo as a safe and reliable car. The brand is seen as a trustworthy and

dependable choice, especially for those who prioritize value for money from a long-term perspective. Participant 10 states: *"But if I were to buy an old car, I would probably choose a Volvo because I know that it's a safe car, even back in the days"*.

Germans:

Germans had quite a similar opinion about the attributes of the Volvo brand. "Safety" was the word that came first to mind for a majority of the German participants. Along with safety, reliability was also mentioned as a key feature of Volvo. Participant 1 also emphasized the longevity of a Volvo, like the Swedish participant 10: *"I would say that this is a very positive thing for me when I think of Volvo that you can drive them for a long time like Volkswagen as the old cars at least"*.

2. Progressiveness and Sustainability

Swedes:

When Swedish participants were asked about unique attributes of Volvo, all answers could be directly connected to the attribute of safety. In addition, one old participant (13) mentioned 'the safety belt' as a progressive feature which was said to be a part of the brand's uniqueness. *"As for safety, Volvo does have something to fall back on. I think that it was like a Volvo engineer that even invented the safety belt?"*. However, none of the Swedish participants associated Volvo with 'sustainability' when asked about what makes the brand unique from its competitors.

Germans:

The German participants also mentioned Volvo as an innovative and sustainable brand, literally stating that *"Volvo is connected to progressiveness, sustainability and design"* (participant 7).

3. Scandinavian heritage

Swedes:

When asked about association with the brand Volvo, almost all Swedish participants mentioned Volvo's Swedish heritage as a defining feature of the brand. According to them, the company's branding often emphasizes this connection to Swedish culture and values, which can be

appealing to those who identify with or admire Scandinavian culture. Participant 9 mentioned the Swedish spirit behind the brand and its close connection to its national branding.

Participant 15 even explained the pride of being a Swede, and what consequences it will have if they moved their production elsewhere. Both in terms of personal connection and the corporate brand: *"I support Sweden and they're even saying, like "Volvo, Vovve, Villa"...Like if they were to move their production somewhere else I think that would hurt a little more. It will hurt the brand and a 'feeling of duty' that a lot of people have"*.

Germans:

The German participants also mentioned the heritage behind the Volvo brand. Many participants talked about Sweden, but rather made a clear distinction to the region of Scandinavia, which may influence their purchase decisions. However, participant 1 connected Volvo foremost to Norway, which could be seen as reasonable due to the same nature and outdoor culture. Participant 2 states: *"I still associate Volvo with Scandinavia. And Scandinavia I associate with quality and reliability. So kind of these perceptions I have of Scandinavia, I also have with Volvo"*.

4. Target group

Swedes:

When asking Swedish participants who they picture driving a Volvo, all participants mentioned the word 'family' or alike. Many described Volvo as a good choice for families, with features like safety and reliability, making it a practical and sensible option for parents with children. Participant 12 had a particularly strong association and experience with the brand, conforming Swedes strong connection to Volvo: *"It has always been a family car. In our family, like growing up, we haven't had any other car."*

Germans:

In comparison to the Swedish participants' perceptions, the German participants also mentioned Volvo as a family car. Yet, some Germans connect Volvo to middle-aged or older people, which was not something that was found in the answers of Swedish interviewees. In addition, the word 'boring' was mentioned as a brand attribute, in connection to older people using the cars.

However, one younger German (participant 1) anticipated that the perception of older people driving a Volvo may be changing. As younger people become more interested in outdoor activities, they might consider driving a Volvo for their next adventure: *"Mainly families and maybe older people drive a Volvo but as it is a very nice car to go outdoors and more younger people are attracted now to go into the nature as well(…)I think this is changing a little and more younger people are also taking into consideration to buy a Volvo."*

5. Associated social status and perceived price

Swedes:

When discussing the perceived target group of Volvo, interesting points were mentioned regarding which social class that are most eager to buy a Volvo car. While most Swedish participants described Volvo as a middle-class car, some have been noticing a higher price point than before. Participant 11 mentioned Volvo being associated more with the upper class due to its high price point, but at the same time someone who values safety and functionality over luxury or status symbols: *"I would actually say someone like more upper class because I feel like they're really expensive today, like 700,000 sek for a car which is quite expensive."*

Germans:

The German participants also had distinctions among their answers. While two of the German participants connected Volvo as *"affordable for everyone"* (participant 4) or *"safe and cheap"* (participant 5), some rather saw it as an expensive car for more wealthy individuals. This could emphasize them having a perception that Volvo is available for a wide range of customers, including both middle-class and upper-class consumers.

To summarize, both groups Volvo with safety and dependability, and many mentioned the brand's Swedish heritage. Swedish participants recognized the brand as a good choice for families, whereas Germans associated it with middle-aged or older people. German participants experienced Volvo as a sustainable and innovative brand, whereas Swedish participants did not mention sustainability as a distinguishing feature. Finally, while Volvo was mostly associated

with the middle class, some Swedish participants perceived it as more of an upper-class vehicle, due to its higher price point.

Loyalty

      1. Customer loyalty

Swedes:

All Swedish participants had a high loyalty towards Volvo as a brand, as many of them "*never had any other car*" (participant 10). Participant 9 even thought that their loyalty to the brand might be too high: *"Since my father is working at Volvo we have like a strong connection to the brand. In that sense we're pretty biased".*

Germans:

On the contrary, when asking the German participants questions regarding their loyalty to the brand, most of the participants knew about the brand but did not have a high loyalty towards it. Often in regards that their family has never owned a Volvo.

      2. Loyalty to Sweden

Swedes:

It was further discovered that Swedish participants' loyalty towards Volvo was also connected with their loyalty to Sweden. One of the older Swedish participants (15) also explained that they would choose a Swedish car in favor of other international brands. Two of the Swedish participants also discussed the Swedish patriotism that might come with the brand, along with if it is important that Volvo is from Sweden. Participant 13: *"I can only relate to the patriotic Swedishness. And Volvo in that matter, I feel like, of course, it's important (where the brand comes from). But to be honest, I don't know and I don't feel any other connection to where a car brand is coming from in terms of like geography like with Volvo."*

Germans:

When asked about how connected the German participants felt to the Swedishness of Volvo, most of them could see the connection to Scandinavia but not relate to it. Both participants 3 and

2 discussed German patriotism, in the sense that they have a higher loyalty towards a German car brand. In addition, participant 2 made it clear that a German car would be their highest priority when buying a new car:*"But still I think, for me, being a German also, it will always be German car brands. So it's not probably an option for me to buy a Volvo, but I think they differentiates themselves with the Scandinavian image."*

To summarize, all Swedish participants demonstrated a high brand loyalty, commonly due to personal connection or loyalty to Sweden as a country. German participants, on the other hand, had lower loyalty to Volvo, generally due to a lack of personal experience with the brand. While some German participants noticed the Scandinavian image, it was not a significant factor in their purchasing decision.

Perceived Quality

Volvo emphasizes *Personal, Sustainable* and *Safe* as its core values. Swedes and Germans will now be compared on their perceptions and responses to these values.

1. Perception of *Personal*:

Swedes:

The Swedish participants were divided on whether the word "personal" is appropriate to associate with the Volvo brand. Some argue that the brand's emphasis on Swedishness and community make "personal" a poor core value, while others argue that it is appropriate given the brand's history. Participant 11 states: *"Personally, I think that is maybe a core value that I feel fits with their past like, the Volvo 240 was like very special car that old Volvo lovers really enjoy and still have or collect."*

Overall, the Swedish interviewees agreed that the effectiveness of branding is determined by the audience's perception and expectations of the brand. While some may consider "personal" to be a fitting description for Volvo, others may find it unsuitable, if not surprising, given the brand's current image. Participant 11 again stated: *"Having personal as a core value I feel is outdated. They don't come up with any new actions, I think it's a good choice to have personal but I don't think it matches their image as a brand."*

Germans:

According to the Germans, personalization is not necessarily a core value that Volvo emphasizes, but the brand's cars are adaptable to different lifestyles and provide plenty of space for various purposes. However, there was some disagreement about whether the word "personal" is an adequate core value for Volvo. Personal, according to participant 3, refers to how the car can be used for one's personal lifestyle and outdoor activities.

Some further argued that Volvo has a strong personal connection with people in northern countries, similar to how Volkswagen is closely associated with Germans, implying that the brand may have a personal aspect that is not sufficiently communicated to the German market. Participant 1: *"I would say that I could imagine Volvo being personal because I think that all the people that live in the northern countries are very close to Volvo as a brand. Like Volkswagen for the Germans. But I don't see personal that much in the brand. But maybe I'm not well informed. I cannot tell if they are doing stuff like that."*

2.   Perception of *Sustainable*:

Swedes:

The Swedish participant agrees that although sustainability is a shared focus among car brands and does not necessarily distinguish Volvo, they recognize and value the brand's commitment to it. According to some, sustainability is a core value that Volvo has effectively communicated through the production of electric and hybrid cars, which aligns with the increasing emphasis on sustainability across all car brands. However, participant 8 questions the core value: *"Of course, car brands wants to aim for sustainability, but it's more or less something that all car brands need to do today so and maybe not something to put in their values."*

Germans:

While some Germans are skeptical of the term "sustainability," others recognize that Volvo has made significant efforts to be environmentally responsible. However, there is a concern that sustainability may not be the best core value for a car company since driving cars in general is not sustainable. Overall, there was a mixed response to Volvo's commitment to sustainability as a

core value, with some recognizing its significance to Northern Europe and its perception of being a sustainable region. Participant 2 states: *"For whenever car brands use the buzz word 'sustainability', I kind of can't take it so serious because driving a car is still not sustainable. So it's kind of contradictory and I would have imagined another core value"*. Participant 3 states: *"It's a car company, so not the best product to make sustainable. But in comparison to other car manufacturers, I think they're quite advanced. Yeah, maybe that's one big step to have fossil fueled cars and their electric cars are also 100% environmentally friendly, so they try. That's good."*

3.   Perception of *Safe*:

Swedes:

Based on the Swedish interviewees, safety is a core value that Volvo has effectively communicated and that separates it from other car brands. Volvo's history of safety innovation, such as inventing the three-point seatbelt, reinforces and clarifies the brand's focus on safety. Participant 11: *"Volvo inventing the seatbelt really adds to that track record of being innovating safety or being in the forefront of that and always focusing on it. So I think it really fits their past and what they have been and therefore clarifies who they are really well."* While some argue that safety is no longer as relevant or distinguishing as it once was, others emphasize the importance of safety in making cars more user-friendly and in cultivating pride in representing a brand that prioritizes safety. Some argue, however, that the brand should consider other ways to differentiate itself to remain relevant in a changing market. Participant 9: *"The safety aspect is important because it makes the cars more like friendly in that sense(…)Using the safety aspect makes you also proud of it, that you represent something good and something that stands for something good that you want to like protect safety. And something that you want to represent."*

Germans:

According to the German interviewees, safety is a core value that differentiates Volvo. The company has a reputation for safety innovation, and they conduct extensive testing to push the boundaries and develop new safety features. However, participants 3 and 4 argue that safety is something that every car brand now offers and that it is not necessarily a differentiating feature for Volvo.

In conclusion, regardless of origins, participants had mixed opinions on the core values of Personal, Sustainable, and Safe. Swedes had varied attitudes towards "personal," with some finding it consistent with the brand's history and others believing it is misleading. Germans believe that Volvo's cars can be customized to meet a variety of lifestyles, but they doubt whether "personal" is an appropriate core value. Volvo's commitment to sustainability is recognized by both Swedes and Germans, but some doubt its significance as a core value for a car brand. Both Swedes and Germans related safety to be a unique attribute that distinguishes Volvo from competitors, however, others propose exploring additional aspects of distinctiveness in the rapidly growing market.

5.3.2. Volkswagen Germany vs. Volkswagen Sweden

Volkswagen is a well-known and prominent brand in both Sweden and Germany, but there are notable differences in how it is perceived by individuals from each country. Here is a structured comparison of two markets in the four dimensions of brand image with the perceptions of the Swedish and German consumers.
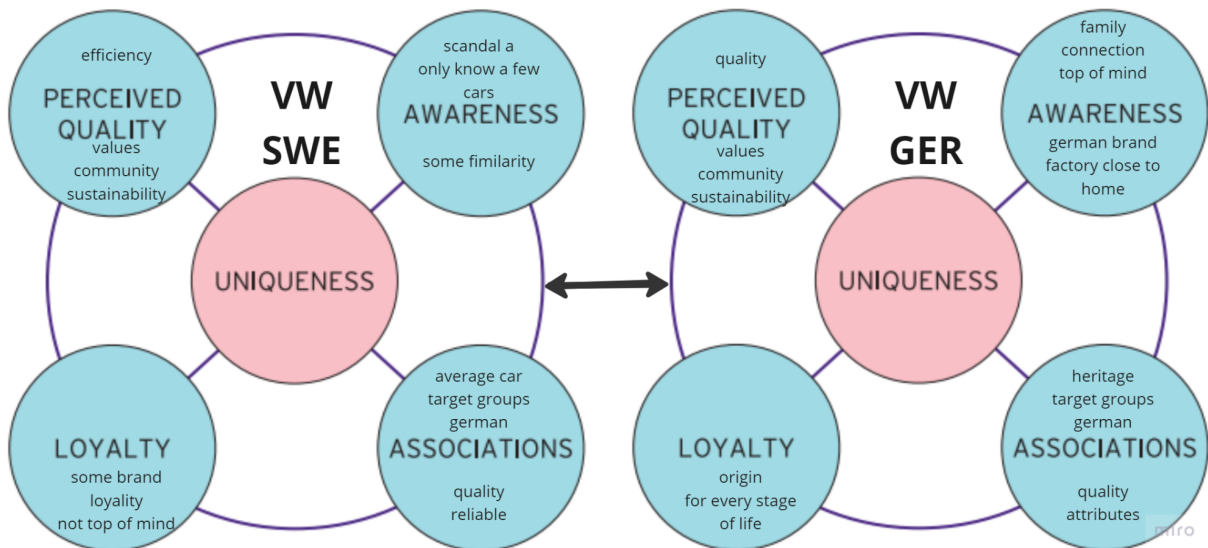

Figure 8: Own visualization of the dimension Volkswagen (based on Fill & Roper, 2012 p.163).

Awareness

     1. Top of Mind Brand:

Germans:

Volkswagen is frequently mentioned as the top of mind brand among young and older Germans. It is deeply ingrained in the German automotive industry and often considered a flagship company. When asked to name a brand out of the top of their mind all Germans mentioned a German car brand while two people immediately mentioned Volkswagen. Germans exhibit a higher level of general awareness of Volkswagen, with strong associations to the brand and its presence in the German automotive industry.

Swedes:

While some Swedes have a positive impression of Volkswagen, it does not seem to be the predominant top of mind brand for many. Other German brands are more commonly associated as the first choice among Swedes as well as other brands not from Germany. Swedes in comparison to the Germans, generally display a lower level of awareness of Volkswagen, with fewer personal connections and a limited understanding of the brand beyond specific models. With participant 8 even stating: "*I don't think I have any relationship.*".

     2. Family Connections:

Germans:

Many Germans have a personal or familiar connection to Volkswagen. It is mentioned that family members have owned Volkswagen cars in the past. Participant 1 from the younger Germans mentioned "*I think my relationship is long lasting. (...) My family always drove Volkswagen but always secondhand.*" Participant 4 (older Germans) also mentioned "*I think my dad at one point had like a Volkswagen when we were young.*" Both indicate a strong sense of familiarity and tradition. Additionally, participant 6 mentioned: "*Actually a lot of my friends and my boyfriend has a Volkswagen too. And his dad actually work there as well. So I guess. Yeah, I'm more in touch with the brand on an everyday basis.*" This shows that the connection to the brand is very preeminent in everyday life. This sense of everyday interaction with the brand, is indicating its widespread presence.

Swedes:

Family connections to Volkswagen seem a lot less prevalent among Swedes. While some individuals have a positive impression based on their family's recent purchase from participant 10: "*I like the ones that my mom and dad bought just a month ago*". Overall, there is less emphasis on familiar ties to the brand. The personal connections to the brand appear to be less prevalent overall. It is not mentioned as frequently in the context of everyday use or close relationships.

3. Scandal Perception:

Germans:

The scandal involving Volkswagen manipulating fuel emissions is mentioned, indicating that it was a significant topic of discussion and affected people's perceptions. Participant 2 mentioned the lost trust because of the scandal and the lesser trust in their sustainability promises, yet participant 3 "*I have to strongly disagree. Because they cheated once and now you learn from your mistakes (...)*". I can be said that opinions are split on the impact of the scandal. However, the brand's existence and familiarity remain strong among Germans.

Swedes:

The scandal is also acknowledged by Swedes, with the mention of the scandal darkening Volkswagen's image. Participants mentioned "*There was that scandal five or seven years ago where they manipulated the fuel*". However, it does not appear to have as profound an impact on their overall perception of the brand.

4. Product Range and Impressions:

Germans:

Older and younger Germans mention Volkswagen's "*very huge product range*", including cars and vans. Participant 2 especially stresses that the brand has a car for every step of your life: "*It's a very versatile brand. So I could see me at every stage in my life having a different kind of car from Volkswagen. So for example, when I was a child, we had a big family car from Volkswagen. But then when I learned driving, we had a Polo so small car and now the next car which I would consider buying myself would be the Volkswagen Passat.*"

There is a sense of uniqueness and iconography associated with the brand, and individuals have personal experiences with various Volkswagen models throughout their lives.

Swedes:

Swedes (older and younger) express familiarity with Volkswagen vans and buses but may have a limited awareness of the brand's full product range. The Volkswagen Polo is mentioned as a popular car in Sweden, "*I see a Volkswagen Polo car everywhere*" and some individuals appreciate the aesthetics and functionality of Volkswagen vehicles.

In summary, while Volkswagen is recognized and has a presence in both Sweden and Germany, the data suggests that Germans generally have a stronger and more personal connection to the brand, while Swedes exhibit a lesser degree of familiarity and personal ties. The Volkswagen scandal also seems to have had a relatively strong impact on both German perceptions as well as Swedish perceptions.

Association

      1. Connection to Germany:

Germans:

Germans strongly associate Volkswagen with its German origin, considering it a symbol of German efficiency and engineering. The brand's name and reputation for creating quality cars reinforce the German connection. Participant 4 even goes further and states: "*It's like a kind of a culture as well, as a part of German culture.*". This shows the automobile company being ingrained into the Germans' understanding of Germanness.

Swedes:

Swedes also connect Volkswagen with Germany, acknowledging its German origin like participant 13: "*It's a Volkswagen so it's very German.*" They are associating it with German industry and engineering excellence. The brand's strong reputation for quality further reinforces this connection like participant 10 states: "*German cars are efficient, high quality. It's good stuff.*"

2. Target Group:

Germans:

Volkswagen is perceived as a brand for everyone, catering to various demographics. It is seen as affordable and offers a wide range of models suitable for different needs, including families, young drivers, and business professionals. This can be seen in participant 5's statement: "*I could see young people in Golfs and Polo, and see families and managers as a business car. So basically a car for everyone.*" Germans perceive Volkswagen as a brand that encompasses a wide range of needs, with models suitable for different purposes. It is viewed as popular, fitting for the middle class, and has a strong presence in German neighborhoods. Participant 7 also states people who buy a Volkswagen are: "*People who don't really want to stand out but play safe with a good quality car. So lower middle class, upper middle classes.*" It was very strongly advocated that the Volkswagen car is not a family car but a car for everyone. Participant 4: "*I wouldn't say family but it could kind of be anyone, everyone everybody.*"

Swedes:

The target group perception of Volkswagen is "*typical middle class family between the parents age of 35 to 45*" according to participant 11. This is supported by participant 9 "*I'm picturing Volkswagen as like a brand oriented towards family*". There is an indication that Volkswagen cars are popular among families, and individuals looking for good quality and safe vehicles.

3. Perception of Quality:

Germans:

Quality is a prominent attribute associated with Volkswagen by Germans. When asked to describe the brand in two words all german participants (young and old) state quality. Participant 6: *"I would say quality"*. The brand is recognized for its long history, well-known reputation for quality, and as a standard brand for good quality cars.

Swedes:

Swedes perceive Volkswagen as a reliable and good-quality car brand, offering functionality and affordability. It is seen as a *"not really that cheap and it's not really that expensive"* by participant 14 and as a reliable car in terms of performance.

4. Perception of Design and Features:

Germans:

Design, individuality, and innovation are mentioned as attributes associated with Volkswagen by participant 1: *"I would say freedom and design"* participant 3 states: *"I would say individuality and all rounder"*. The brand offers unique models that are recognizable on the streets, and it is seen as a symbol of German engineering and individuality.

Swedes:

Swedes describe Volkswagen as a reliable, good-quality, and *"very fuel efficient"* (participant 14) car. It is seen as suitable for city driving and skiing environments, and it is perceived as an average car with functional features.

5. Community and Heritage:

Germans:

Germans view Volkswagen as a part of their culture, representing a community and heritage. The brand's iconic models and unique designs contribute to its strong presence in German culture. Participant 6 is adding to this: *"They are big in German culture"*. Germans have a strong sense of community and heritage associated with Volkswagen. Participant 4 stating: *"it's definitely is like a whole community"*. The brand's long history, iconic models, and reputation contribute to its significance according to participant 7: *"A lot of heritage, a lot of iconic assets. For example, all of those traditional models."*

Swedes:

The association between Volkswagen and heritage is not as strong in the Swedish market even though one participant has mentioned their *"pretty long track record of creating good cars efficient and with high quality."*

In summary, the association data suggests that Germans have a strong connection to Volkswagen as a brand that offers quality cars suitable for various demographics. There is an emphasis on its affordability, wide product range, and its role within German culture and heritage. Swedes also perceive Volkswagen as a brand with quality cars, but there is less emphasis on its community or heritage. The specific target group, design, and sustainability attributes are not extensively discussed in the provided Swedish data.

Loyalty

1. For Every Life Stage:

Germans:

Germans perceive Volkswagen as a brand that caters to various life stages, adapting to the changing needs of individuals and families. They see it as a brand that offers suitable cars throughout their lives, making it a consideration for future purchases.

Swedes:

The Swedes do not mention this loyalty based on life stages.

2. Origin:

Germans:

Germans value the tradition and proven quality associated with Volkswagen. Participant 4 states that: *"We like, traditions as well and we have proven our quality and tradition."* They believe that the brand's German origin is important and some state that they would always prefer to buy a German car. Participant 3: *"So yeah, as I said at the beginning, I would always buy a German car and I still believe it."*

Swedes:

The loyalty based on the origin of the brand for Swedes is not as high towards a German brand. However, they state they like the German attributes of quality and efficiency.

3. Loyalty to the Brand:

Germans:

Germans express a strong sense of loyalty to Volkswagen, considering it a lifelong brand and stating their willingness to purchase Volkswagen cars in the future. Participant 4: *"I would always buy a German car. Should be electric. A car is a symbol of freedom, I will buy it if I have money." Participant 2: "I would consider buying a Volkswagen myself"*. When asked, 85% of the German participants would buy a Volkswagen themselves. They associate the brand with freedom and see it as a symbol of their loyalty to German cars.

Swedes:

Swedes show some level of loyalty to the brand, expressing positive experiences with Volkswagen cars and their openness to considering future purchases. Participant 13: *"I could also see myself buying a Volkswagen in the future."* However, they do not mention it as their top-of-mind brand and do not consider Volkswagen when searching for a car, but they are not against it either. Participant 15: *"I don't think it's top of my mind that if I were in a car dealership and pitched it, I wouldn't be against it."* It is not their first choice but remains within the mix of options, depending on timing and new developments among different car brands.

In summary, Germans perceive Volkswagen as a brand that caters to various life stages and prioritize its German origin, emphasizing loyalty and tradition. They express a strong willingness to purchase Volkswagen cars and associate the brand with freedom. On the other hand, Swedes show some loyalty to the brand, based on positive experiences and openness to future purchases, but it is not their top-of-mind brand and they have fewer associations or opinions about it.

Perceived Quality

Volkswagen emphasizes *sustainability* and *community* as its core values. Germans and Swedes will now be compared on their perceptions and responses to these values.

      1. Perception of *Sustainability*:

Germans:

Volkswagen's sustainability claims are met with mixed reactions from German consumers. Even though they appreciate the brand's efforts, the past scandal has left them skeptical. In order to

demonstrate a genuine commitment to sustainability, tangible actions are needed. Participant 2 stated: *"Yeah, my first reaction was also like sustainability, Come on Volkswagen! Don't use that like every other word but not sustainability. It's not authentic, especially after the scandal. So it's ironic, it makes them less authentic."* This opinion was shared by most other participants. Many called out the scandal and the lost trust like participant 1: *"And the sustainability factor. I think it's the same that I'm not really trusting car brands that are saying this. I'm thinking about the Volkswagen crisis. I mean, it was not a big harm to be honest because people are still buying their cars, but I think it showed that there's going on a lot in the background and it's not nice at all, and it's not sustainable at all."*

Swedes:

Volkswagen is not strongly associated with sustainability among Swedish consumers. Values such as efficiency and quality tend to be prioritized by them. There is a contradiction in their perception as a result of the past scandal. Participant 9 sums it up nicely: *"I don't see sustainability connected to Volkswagen in the sense that I think about Volvo. I would rather like if I heard, maybe efficiency or like quality that that will be more in line with what I believe."* The suggestion of other core values fell multiple times in the focus group.

2. Perception of *Community*:

Germans:

Among German consumers, Volkswagen is perceived as a brand with a strong sense of community. This is shown by participant 1: *"I mean, the community, I would say, 100% they nailed it. Because I think it's pretty much that you have everyone included in the community. I know that the design is shaped to everyone's needs."* The brand feels like a family to them and they prefer sticking to it once they've been exposed to its offerings. The diverse range of models enhances the sense of community as participant 3 says: *"So once you figured out how it works, switching to another Volkswagen is like very convenient. So once you are introduced to this universe you can easily stay there. If you are looking for something more special, you can always go to other brands."*

Swedes:

Swedish consumers have mixed views on the community aspect of Volkswagen. Some understand the association with family-oriented values, while others struggle to connect community with a car brand. They believe it is not a distinctive core value. The participants have different opinions on this. While participant 12 can not see it: *"Community can't say so much about it. How would you connect community with a car brand?"*, participant 9 states: *"The community I can sort of understand that, at least from my opinion of this family branding car, so like a small community with family and stuff. So community makes more sense than sustainable for me."* Most of them agree with participant 8: *"Community, I haven't heard about anything like the Volkswagen community."*

In conclusion, German customers appreciate Volkswagen's German quality and regard it as a dependable and performance-oriented brand. They have mixed opinions about sustainability but respect Volkswagen's attempts to promote community. Swedish customers recognize German quality, but see it as a common stereotype. They have conflicting feelings about the notion of community and do not particularly link Volkswagen with sustainability. Their view of the brand has been influenced by the previous scandal.

5.3.3. National market comparison (Volkswagen in Germany, Volvo in Sweden)

Germans had an extensive general awareness of Volkswagen, with strong associations with its presence in the German automotive industry. All named German automakers to be a top-of-mind brand, with two participants mentioning Volkswagen right away. The Volkswagen emissions scandal has made an impact on brand perceptions, but opinions are divided on how much. Despite this, the brand remains strong and unique due to individuals having personal experiences with various Volkswagen models throughout their lives. As for the Swedish participants, Volvo proved to be a highly recognized brand among both young and old Swedish participants, with 5 out of 8 participants naming it as a top-of-mind brand. Owning a Volvo or having a family member who has owned one is a common experience among certain participants, which may

carry a deeper meaning related to local traditions and a sense of home. Overall, the findings indicate that Volvo has an immense impact in the hearts and minds of many Swedes.

As for associations, Volkswagen is viewed as a symbol of German engineering and efficiency for Germans. Furthermore, the brand is associated with words like "popular", "affordable", and "suitable for the middle class". "Quality", "innovation", and "uniqueness" were words that contributed to its iconic status in German culture. With a wide range of iconic models, Volkswagen, therefore, serves as a part of German culture, representing a community and heritage. Swedish participants consider Volvo as a reliable and trustworthy brand, especially for those who value long-term value for money. A unique word for the brand is safety, with the safety belt mentioned as a progressive feature. Volvo's Swedish heritage is also a distinguishing feature for participants who identify with Swedish culture and values. In addition, the brand is perceived to be practical and friendly, making it a great choice for families.

Regarding loyalty, Germans think Volkswagen is a versatile brand that provides high-quality vehicles suitable for a variety of life stages and needs. Volkswagen is also seen as a brand that adapts to changing needs, making it an appealing choice for future purchases. Overall, Germans express an interest to purchase a Volkswagen vehicle in the future as a symbol of their loyalty towards the German automotive industry. Swedish participants showed a high level of loyalty towards Volvo, which was frequently linked to their loyalty to Sweden as a country. This loyalty was so profound for some participants that they would never consider buying another car brand. Volvo's Swedish heritage was viewed as a unique characteristic of the brand, with some participants expressing feelings of national pride toward the company.

Due to the previous emission scandal, German consumers had mixed feelings about Volkswagen's sustainability efforts and its perceived quality. They however believe Volkswagen needs to take concrete sustainable actions to demonstrate genuine commitment. On the other hand, some perceived it as a brand with a strong sense of community, with participants seeing it as being a part of a family. With designs that consider everyone's needs, the diverse range of models strengthens the sense of community. As for perceived quality, Swedish participants had mixed views on whether "personal" is a suitable core value for the Volvo brand. Some believe

that the brand's emphasis on Swedishness makes it an unfitting core value, while others believe it is appropriate considering the brand's history. While sustainability is a shared focus among car brands, Volvo's commitment to it through the production of electric and hybrid cars is valued by some. Safety is a core value that Volvo has effectively communicated, with its history of safety innovation, but some argue that the brand should consider other ways to differentiate itself in a changing market.

Overall, Germans associate Volkswagen with efficiency and affordability, and despite the emissions scandal, they remain devoted to the brand and consider it a part of their heritage. Volvo has a strong emotional connection for Swedes, who see it as a symbol of Swedish culture. Volvo's safety and long-term value are core values that resonate with Swedish consumers, comparable to the Germans' perception of Volkswagen as a brand suitable for all life stages. Both German and Swedish participants value car brands' sustainability efforts, but have mixed feelings about how well Volkswagen and Volvo are meeting those expectations. Because sustainability is seen as a word that many car brands use as a core value, the word may have lost its power in their future car purchase decisions.

Finding	Volkswagen (German Perception)	Volvo (Swedish Perception)
Awareness	Extensive general awareness among Germans	Highly recognized brand among Swedes
Associations	German engineering, efficiency, affordability for Germans	Reliable, trustworthy, safety, Swedish heritage for Swedes
Loyalty	Versatile brand, loyalty to German automotive industry	High level of loyalty, strong connection to Swedish identity
Perceived Quality	Mixed feelings about sustainability efforts, sense of community for Germans	Mixed views on core values, emphasis on safety for Swedes

Table 1: Own Visualization National Markets Comparison.

5.3.4. Foreign market comparison (Volvo in Germany, Volkswagen in Sweden)

Volvo and Volkswagen generate distinct associations and perceptions among locals in their respective countries. German's regard Volvo as relatively unknown. Although some respondents know Volvo invented the three-point seatbelt, there is little connection to the brand or experience with it. Volkswagen awareness differs among Swedes. Some respondents indicated being familiar with the brand due to advertisements and family members owning Volkswagen vehicles. However, other respondents mentioned having little knowledge about Volkswagens and not knowing anybody who owns one.

Volvo is best known for being a symbol of quality, safety, and its Nordic history for the German consumers. The brand is perceived as trustworthy and long-lasting, with a favorable image for middle-aged persons and families. Volkswagen, on the other hand, is synonymous with German engineering, efficiency, and quality. The brand is regarded to be targeted toward middle-class families and is recognized for delivering practical and reasonably priced vehicles. The relationship with Germany and its reputation for producing high-quality automobiles is emphasized.

Cultural factors play a significant role in reinforcing this loyalty among both Swedes and Germans. Volvo appears to have a poor level of loyalty among Germans. While several respondents cited excellent characteristics of Volvo vehicles, they also stated a strong preference for German automakers and a lack of experience with Volvo. Swedes have a higher loyalty towards Volkswagen, with respondents indicating pleasant experiences driving Volkswagen vehicles and being willing to purchase them in the future. Volkswagen, on the other hand, is not a top-of-mind brand and may not be the first option for many responders.

For the Germans, Volvo is associated with safety, dependability, and endurance. The brand is regarded as having a positive reputation and being a high-quality alternative, equivalent to Volkswagen in terms of long-term driving. While Swedes see Volkswagen as a dependable, safe, and fuel-efficient brand. While Volkswagen is not closely linked with sustainability, some

respondents cited the company's attempts to produce electric and green vehicles. Volkswagen's high performance and quality are acknowledged.

In their respective countries, Volvo and Volkswagen have certain associations and perceptions. Volvo is synonymous with safety, longevity, and its Nordic heritage, whereas Volkswagen is synonymous with German engineering, efficiency, and a focus on middle-class families. Swedes seem to be more loyal to Volkswagen than Germans are to Volvo. Swedes are more likely to stick with a Swedish brand, whereas Germans are more likely to stick with a German brand. Cultural factors reinforce this loyalty even more. Swedes are proud of their culture and heritage and have a strong sense of national identity. As a result, they prefer Swedish-made products like Volvo over German-made products like Volkswagen. Furthermore, Volvo and Volkswagen have both been in business for over 70 years, which has resulted in a loyal customer base in both countries.

Finding	Volvo (German Perception)	Volkswagen (Swedish Perception)
Awareness	Relatively unknown among Germans	Varies among Swedes, some familiarity through ads and family ownership
Associations	Symbol of quality, safety, Nordic history for Germans	German engineering, efficiency, practicality for Swedes
Loyalty	Poor level of loyalty, preference for German automakers	Some loyalty, pleasant experiences, not top-of-mind brand
Perceived Quality	Associated with safety, dependability, endurance for Germans	Dependable, safe, fuel-efficient, recognized performance

Table 2: Own Visualization Foreign Markets Comparison.

6. Discussion

The researchers have identified misalignments in their pursuit of resolving the research question: "*How does the brand identity of Volvo and Volkswagen differ to the perceptions of consumers in the Swedish and German market?*". These misalignments are important findings because they shed light on the contrasting aspects of Volvo and Volkswagen's brand identities, as well as how these distinctions are interpreted and experienced by consumers in the Swedish and German markets. The researchers also made noteworthy findings related to the second research question: *"What are the potential gaps between brand identity and brand image, and what consequences might that entail for the corporate brand?"* These findings revealed significant misalignments between the intended brand identity and the actual brand image of both Volvo and Volkswagen. In addition, the misalignments will be contextualized from the core values, along with the *Dimensions of brand equity* (Fill & Roper, 2012) for both brands. Understanding these gaps is crucial as they can have far-reaching implications for the corporate brand. In examining these discrepancies, the study seeks to gain insight into the potential impacts of such misalignments on the perception of the corporate brand overall.

As earlier stated in the literature review, a brand holds significant influence over consumer perceptions and decisions (Iglesias, Ind & Schultz, 2022). Corporate branding serves as the foundation for effective communication, differentiation, and brand enhancement with key stakeholders (Balmer, 2001). It plays a crucial role in establishing a link between the community and the organization, representing the brand's image and identity (Balmer, 2007; Balmer & Gray, 2003). To ensure success, the brand's identity must be effectively communicated to all consumers, regardless of market (Roper & Davies, 2007). Understanding the brand from a customer perspective is essential in maintaining brand resonance. As a result, effectively communicated core values will positively affect the brand image which will lead to greater market success (Stylidis et al, 2020).

6.1. Misalignments of Volvo

In the case of Volvo, their mission statement is: "We have made it our mission to make life easier, better, and safer for everyone" (2023a, Volvo). Their vision is to become the most desired and successful transportation provider in the world (Volvo Group, 2023), and their core values are *Personal*, *Sustainable* and *Safe* (Volvo, 2023a). Furthermore, they intend to position themselves as the industry leader in customer satisfaction, the most admired employer, and to achieve industry-leading profitability (Volvo Group, 2023).

By effectively communicating their core values, Volvo could establish a strong connection within the brand community. This cohesive approach to corporate branding could ensure that Volvo's brand resonates with consumers, empowering the company to fulfill its mission and achieve its vision. Likewise, Volkswagen. In the following, findings will be discussed using both Swedish and German participants' answers involving Volvo three core values: *Personal, Sustainable* and *Safe.*

"I think the values of Volvo sound very general. I don't associate the brand with these words, it could easily be applied to other brands" (Participant 6, German).
"I don't know if the core values are gonna convince me to buy a car anyways. I think it's more from what I feel about the brand. The values are sometimes just words to be honest" (Participant 9, Swedish).

As stated by participant 6, core values are essential for consumers to establish a connection with a brand. Customers will have less trust in the corporate brand if the core values are too vague or easily applicable to other brands. However, participant 9 claims that core values are of less importance while purchasing a car. It is more about how you feel about the brand in relation to previous interactions and experiences. These arguments may both recognize that brand identity must be personally meaningful to consumers in order to have a positive effect on their perception of the brand.

6.1.1. Core Value: Personal

Volvo explains their core value "personal" in the following way: "With new models of car ownership and attractive services whenever and wherever you need, we aim to make your life less complicated" (Volvo, 2023a).

Most Swedes were unable to recognize or connect the core value "personal" to the brand identity of Volvo. Given Volvo's connection to Sweden and Scandinavia, some Swedish participants were left confused as to why the word was chosen. Furthermore, due to the brand's history of loyal customers and classic car models, some could see why "personal" was chosen as a core value. Moreover, the Germans had greater awareness of how "personal" could be linked to the brand identity of Volvo. Many of them interpreted the core value as related to Volvo's numerous vehicles, which provide plenty of storage space for a broad range of activities and lifestyles.

Overall, when Swedes described their strong personal connection to the brand, they frequently referred to significant memories from their past or present with Volvo. As a result, the word "personal" may be associated with Sweden for them, as well as feelings of home. It is thereby possible that the Swedish participants subconsciously associate the word "personal" with Volvo, even though they state that they are not. A clear misalignment is therefore detected between the brand identity and brand image. From a corporate brand point of view, this core value should be more effectively communicated in the brand identity, with consumers becoming more aware of its significance as a result.

- *Scandinavian heritage*

The relationship between Volvo and its Scandinavian heritage was brought up frequently in all focus groups. With Swedish and Germans having similar perceptions of the brand image in terms of its origins, Swedes undoubtedly had a greater attachment to the heritage due to growing up in Sweden. In two of the focus groups, participants discussed how the image of Sweden and the Nordics could benefit the corporate brand in the long term. Participant 11 (Swedish, young): *"I think the origin of the brand has its spillover of the values. So, that's what Sweden stands for as grand as spillover brand Volvo because it's from Sweden."*

As stated by participant 11, the brand's origin has a noticeable effect on the brand identity. Because Volvo is Swedish, the majority of participants perceived it as a positive brand attribute. Comparable to this, participant 7 (German, old) says: *"To me, for a very long time, Volvo didn't really stand out at all. Volvo has like an underdog touch to me. But still unique in a way with its nordic heritage."* They describe their impression of Volvo as a brand "with an underdog touch". It is debatable if this attribute has a favorable association or not. However, participant 7 also stated that what distinguishes Volvo is indeed its Nordic heritage. Referring back to the research of Melin (2002), the brand identity is what distinguishes the brand and serves as a value creator. As a result, Volvo may be able to successfully incorporate its Scandinavian identity via its core values.

6.1.2. Core Value: Sustainable

Volvo explains their core value "Sustainable" in the following way: "To help protect the world we share, we must do more than merely electrify our cars. We're committed to rethinking sustainability in our operations, in our cars and in society" (Volvo, 2023a).

When asked to identify what distinguishes Volvo from its competitors, not a single participant referred to sustainability. Despite this, when presented with the core value "sustainable," some Swedish participants said that the term frequently appears as a core value among car brands. As a result, the core value "sustainability" may not be quite as distinct as it once was. Furthermore, the Germans' responses to the core value of "sustainability" varied, with only a few immediately acknowledging Volvo by their sustainability initiatives. Some were doubtful, noting the fundamental unsustainable nature of purchasing and driving a car. The Swedes agreed that it did not seem to be the ideal core value to adopt for Volvo. Still, the Germans appreciated Volvo's immense sustainability efforts in comparison to other car manufacturers, particularly their innovative electric cars and green materials.

Since Germans frequently mentioned the Swedish car industry as forerunners of sustainable technology, it may also show why Swedish participants do not consider Volvo to be as sustainable. As the Nordic countries are considered more environmentally friendly by the German participants, the Swedes may view sustainability in an entirely different manner. With Swedes arguing that the car industry should push for more sustainable efforts reflects the vagueness that Swedes feel when they hear the core value "sustainable". As a result, the Swedish and German participants' perceptions of the term "sustainability" varies. Therefore, a less severe gap can be detected between the brand identity and brand image.

6.1.3. Core Value: Safe

Volvo explains their core value "Safe" in the following way: "We make cars for people who care about other people. So when it comes to safety, we think just as much about your surroundings as we do about you and your passengers" (Volvo, 2023a).

Given the responses of the Swedish participants, safety remains a crucial core value that Volvo has successfully communicated throughout its corporate brand. Customers are more prone to believe Volvo's emphasis on safety features due to the brand's history of innovations, such as the three-point seatbelt. The German interviewees shared the same perception, claiming that the core value is a distinguishing feature of the Volvo Car brand. Many emphasized Volvo's excellent track record of competent engineers, extensive testing, and pushing the boundaries of safety innovation. Nonetheless, both Swedes and Germans claim that stressing safety as a core value has become outdated and essentially irrelevant. Due to safety being something that every car of today should have according to universal standards, the core value is not necessarily a distinctive feature for Volvo.

In conclusion, responses from both Swedish and German participants show a modest skepticism concerning how beneficial the word "safety" is as a core value. Some claim that safety is no longer as relevant or distinctive as it once was and that Volvo should look for new ways of distinguishing itself as a way to stay competitive in an evolving industry. Therefore, the gap is minimal or barely present between the brand identity and brand image. Consequently, while

Volvo's use of safety may be a critical feature for some, others consider it as a feature that every modern car has.

6.2. Misalignments of Volkswagen

While Volkswagen does not have a formal mission statement, their goal is to offer attractive, safe, and environmentally sound vehicles that can compete in the market and set world standards (MSA, 2019; compared to Volkswagen, 2023a). Their vision is to create a mobile and sustainable world with access for all citizens (MSA, 2019). Volkswagen promises *sustainability* and *community* for the future, striving for carbon neutrality and active participation in the community (Volkswagen, 2023b). In terms of market positioning, Volkswagen aims to be at the forefront of future mobility (Volkswagen, 2023b). Their focus is on positioning themselves as a sustainable and forward-thinking car company, ready for the future (Volkswagen, 2023b).

6.2.1. Core Value: Sustainability

Volkswagen defines their core value *sustainability* as: *"Every mile counts on the road to carbon neutrality. We're committed to increasing our use of renewable energy and reducing our carbon footprint"* (Volkswagen, 2023b).

Most participants could not identify or connect to the Volkswagen brand identity. Germans could appreciate the brand's efforts, yet both Germans and Swedes have a lasting skeptical view because of the past emission scandal. Another German participant states that Volkswagen is better to drive than any other car yet the damage that was done to the brand is also fair because they cheated. But, he/her states that they are constantly sustainable or more sustainable than other cars ergo the term sustainable could be justified. Taking tangible steps towards sustainability was required by Germans. Swedes stated that values such as efficiency and quality should be chosen instead. In addition to this, participant 3 stated: *"I see that core values are a bit too similar. Today, a lot of car brand are becoming more and more similar. Audi, Volvo, BMW*

that are very little difference, so whatever added value you can achieve with core values should be highly focused on."

Concluding both Swedish and German participants might not connect the word "sustainable" to Volkswagen. Both mention the emission scandal as the reason for it yet the Germans are more forgiving. Therefore, a gap between the brand identity and brand image is clearly evident. From a corporate brand point of view, the value could be reasonable to build up on through corporate branding while focussing on trust reestablishment. In that way, consumers will trust promises more.

6.2.2. Core Value: Community

Volkswagen defines community as: "We see citizenship as a verb. That's why we aim to play an active role in making every community safer, smarter, and more fun to live in each year" (Volkswagen, 2023b). The German consumer perceives Volkswagen's core values as more fitting than the Swedish consumer. Among German consumers, Volkswagen is perceived as a brand with a strong sense of community. The Volkswagen brand feels like a family to them, and they stick to it after being exposed to it. Some Swedish consumers understand Volkswagen's association with family-oriented values, while others struggle to make the connection between Volkswagen and community.

- *German heritage*

Participants from Germany and Sweden both stressed the importance of quality. Most did mention it was associated with German heritage and craftsmanship. Participant 5 emphasized the significance of labels such as "Made in Germany," emphasizing their superior quality when compared to products labeled "Made in China" or "Made in India." This perception automatically conjures up images of higher quality and similar characteristics (Participant 5). Participant 7, on the other hand, expressed a different viewpoint, stating that while "Made in Germany" has traditionally represented German heritage and quality, they believe that the future dynamics are changing. Volvo is associated with progressiveness, sustainability, and design in

their minds. They disagreed with the notion that "Made in Germany" is still a significant quality indicator, particularly in electric vehicles, where they believe China will play a more prominent role. Participant 7 acknowledged that Germany's position as the leader in innovation may be changing, implying that the reliability associated with "Made in Germany" may no longer carry the same weight as it once did. However, Participant 7 was the only one to stand by this claim.

Concluding, German participants might connect the word "community" heavily to Volkswagen. Since for them it is connected to heritage, family and the country of origin. The Swedes lack to see this connection as clearly as the Germans do. Therefore, the Swedish market pose a bigger misalignment between the brand identity and brand image. However, for the German market the gap is non-existent between the brand identity and brand image. From a corporate brand point of view, the value could be reasonable to build up on in Sweden through corporate branding focussing on establishment of community engagement as it is in Germany.

6.3.   Brand image in the national and foreign market

Several similarities and differences emerge when comparing Volkswagen and Volvo's foreign and domestic markets. As stated before, maintaining a consistent brand image across several nations is challenging (Roth, 1995). Even though the brand identity is the same in both markets, the brand identity and brand image of Volkswagen and Volvo are misaligned in some aspects as mentioned above. We are now further discussing the impact of the country of heritage.

Volkswagen's brand strength is generally regarded as stronger in its home market (Germany) than in foreign markets such as Sweden. Cultural factors influence brand loyalty, with Swedes preferring Swedish-made products like Volvo, while Germans prefer German-made products like Volkswagen. Volvo and Volkswagen both have devoted followings in their respective foreign markets, with Volkswagen being more popular in Sweden. Both Volkswagen in Germany and Volvo in Sweden benefit from a loyal customer base built over many years of operation in their respective national markets. In comparison to the foreign market, the domestic market has higher brand loyalty. However, due to their sense of national identity and pride, Swedes tend to be more

loyal to Swedish-made products, including Volvo. As a result, Volvo has a relatively stronger position in the national market than Volkswagen, owing to Volkswagen's larger pool of German competitive car manufacturers. Perhaps loyalty is stronger in Sweden due to the Swedes only have one major Swedish car company till date, whereas Germans are divided between German car companies such as Audi, BMW, and Volkswagen, among others. Volkswagen and Volvo have different associations and perceptions in domestic and international markets. Volkswagen is synonymous with efficiency, targeting everyone as a consumer, and German engineering in Germany. Volkswagen is synonymous in Sweden with middle-class family values and German engineering. Volvo in Sweden is associated with safety, middle-class families, and in Germany, it is associated with low-cost but longer-term living, as well as its Nordic heritage.

6.4.   Significant findings

Concluding significant findings with the use of the *Dimensions of brand equity* (Fill & Roper, 2012), Swedish consumers had a similar awareness to Volvo than Germans had to Volkswagen. A sense of familiarity is accomplished when the brand is establishing an increasing presence in the market, resulting in an effective brand salience (Fill & Roper, 2012; Rosenbaum-Elliott, Percy & Pervan, 2019). With both Volvo and Volkswagen being highly established in their respective home countries, the consumers experience a strong personal connection and a sense of familiarity. This can also be shown in Volkswagen's positive presence on the German market, as the Germans' way of perceiving Volkswagen as an integrated part of the German automotive industry and heritage. This will further increase the chance of consumers purchasing Volkswagen products (Fill & Roper, 2012).

Furthermore, Swedes connect Volvo to Swedish culture and a sense of home. As earlier mentioned, consumers will have positive associations to the brand if their products are successfully communicated in terms of advertising (Fill & Roper, 2012). This can be confirmed in the Swedes clear association to Volvo advertisement (e.g. Zlatan Ibrahimovich commercial), which aligns with Volvo's intended brand identity. Germans had a similar association to Volkswagen as Swedes had to Volvo, as they were connected to German engineering and

longevity. However, Germans did not recall any Volvo advertisement, which could confirm that the Volvo brand associations are not as prominent or distinctive enough in the German market. Unsurprisingly, both Swedish and Germans were more loyal to their respective national brands. Yet, German consumers seemed less loyal to Volvo than Swedes were to Volkswagen due to a few Germans' determination to only purchase from German car brands. This can be related to the statement of Fill & Roper (2012), where consumers would rarely accept other brands if the loyalty is high. However, a majority of Swedes could consider buying foreign car brands, although their loyalty was subsequently high. Lastly, the dimension of perceived quality has been incorporated in the brands' respective core values as viewed in 6.1 and 6.2.

Lastly, the mentioned findings has led us to our detected misalignments as shown in the parts *Misalignments of Volvo* (6.1) along with *Misalignments of Volkswagen* (6.2). According to Fill & Roper (2012), these misalignments will influence consumers' brand perceptions negatively, as well as result in a fragmented reputation that detrimentally impacts the long-term image of the corporate brand. Our findings reinforced this, with participants' expressing confusion regarding the core values, particularly in the case of Volkswagen. Corporate branding literature features several findings that show how vital it is for a corporate brand to have a clear corporate mission and business strategy in all markets (Roper & Davies, 2007; Balmer, 2007), which can also be seen in our findings. Both Volvo and Volkswagen assume to adopt the same corporate branding strategy in both markets. Yet, this did not translate the same way in the analysis since both markets had different consumer perceptions of each brand. According to Balmer (2001), corporate identity should be actively communicated to consumers, which was also observed in our study. However, it is important to note that the corporate brand was not always consistently and actively communicated in practice. When a company operates in multiple markets, it must effectively manage a global corporate brand while meeting the expectations of customers in each national market (Morgeson, Sharma & Hult, 2015). Our analysis reveals significant discrepancies and misalignments across markets, highlighting their struggle in this regard. If consumers' brand image does not align with the corporate identity, it will result in negative perceptions as well as a lack of clarity and consistency (Hatch & Schultz, 2008), as seen in our findings with participants not understanding or relating to the case companies' core values.

6.5. Theoretical Contributions

In the theoretical contributions the authors will highlight the contributions to research as well as provide a comprehensive overview of the novel concepts, ideas, or frameworks they have developed.

Our research has made a significant contribution to the field by providing a comprehensive approach for comparing brand identity and brand image that is accessible to companies, consumers, and researchers. While misalignments are inevitable, our research has enabled the identification of these gaps and their categorization. Although models like *Dimensions of brand equity* by Fill & Roper (2012) are effective for categorizing perceptions and the brand image, they fail to capture both sides of brand image and brand identity hence they cannot identify the misalignments. This thereby hinders immediate action. Our research, on the other hand, not only utilizes the *Dimensions of brand equity* to identify unique brand attributes but also introduces the concept of *The Identity matrix* by Urde (ed. 2022) to facilitate a comparison with the intended brand identity. While we acknowledge that our approach may not be the definitive solution, it represents a significant step forward. By comparing existing models in a manner that had not been previously explored, our research has provided a valuable framework for comparing brand identity to brand image.

Previous studies within the field have been lacking a comparison of two European markets, including both national and foreign consumers' perception. As the country of origin of Volvo and Volkswagen is geographically close, it is of bigger change that consumers have similar fundamental values and associations. Finding research articles relevant to our specific request proved to be a difficult task, yet the ones found were specific and only somehow related to the topic. For example, Janoskova et al. (2021) has only studied the national market of Slovakia and its consumer's perceptions of cars; not comparing it to other foreign markets. Furthermore, studies have been found researching brands across continents where the fundamental values of the consumers might be significantly different. Safeer, Zhou, Abrar and Luo (2022) conducted a study of global and local brands in emerging markets, where the impact of consumer perceptions of brand localness and brand globalness on brand attitudes was investigated in China and

Pakistan. Therefore, a research gap is seen in exploring the consumer perceptions of two geographically and culturally close European markets. As far as our knowledge goes, no previous research has either been found comparing automotive brands in the German and Swedish market; nor a comparison between the brands of Volvo and Volkswagen in this very context.

In this research, we showed that there are existing misalignments between the German and Swedish market in the perceptions of car brands, even though the markets are geographically and culturally close. This research provides a substantial theoretical contribution by evaluating two well-known middle-class brands in the European market, while offering useful insights into their distinct national and foreign market. This research gives a unique perspective that leads to a deeper understanding of the European middle-class market by focusing on Volvo and Volkswagen. The findings is hence emphasizing the complexities of managing brand perceptions within seemingly similar markets. The findings of the study indicate the challenges in aligning brand image with brand identity. None of the selected companies managed to fully translate their intended brand perception to the perceptions of consumers.

6.6.   Managerial Implications

In the managerial implication the findings will be explained in terms of actions. These will further be divided between the two case companies, discussing practical implications for managers to drive the corporate branding of Volvo and Volkswagen more successfully.

Volvo

Although the Swedish participants had very little connection with the core value of "personal", the Germans highlighted it in relation to customized car models and various lifestyles. Nonetheless, according to a statement on the Volvo website, the core value of personal is described as an on-demand lifestyle (Volvo, 2023a). As this does not go in line with the interviewees perceptions of the brand, there is a clear gap between the brand identity and the

brand image. Volvo should therefore promote the core value even more than it is done today. Particularly towards Swedish customers, who account for the majority of their market share. One action could be to communicate "personal" through Volvo's Scandinavian heritage, as both Swedish focus groups had a very strong personal connection to the brands origins.

Furthermore, the core value of "sustainability" appeared to be communicated more effectively among Germans, resulting in a misalignment in the Swedish market. Sustainability is currently a typical phrase for corporate brands to add to their core principles, making them less unique to consumers. Although participants in all focus groups agreed that Volvo should keep "sustainability" as a core value, the brand should be more transparent about its sustainable initiatives.

"Safe" is the most successfully promoted core value of Volvo, as no bigger misalignment can be found. Both Swedes and Germans shared positive perceptions of Volvo as a pioneer in safety innovations. However, one may argue that safety is no longer as vital due to modern technology and the belief that all automobiles should be safe. Overall, Volvo should continue to effectively communicate "safe" as a core value in both the Swedish and German markets. However, they may also seek out new approaches to differentiate themselves in order to remain relevant.

Volkswagen
Both German and Swedish participants addressed the Volkswagen emissions scandal in relation to "sustainability," as well as the impact on the Volkswagen brand. To make up for their errors, Volkswagen may be able to build value through corporate branding while focusing on trust reestablishment. As a result, the image of Volkswagen as a sustainable company will improve.

"Community" was clearly related to German consumers, demonstrating how brand identity and brand image are successfully and strategically aligned. The Swedish participants, on the other hand, had no relationships to the core value. Volkswagen should therefore aim for greater community engagement in the Swedish market in order to gain more loyal customers.

7. Conclusion

To conclude the thesis, the final chapter will provide the outcomes of this Master's thesis, along with further implications and suggestions for future studies. The following research questions will be addressed to bring the thesis to a close:

RQ 1: "*How does the brand identity of Volvo and Volkswagen differ to the perceptions of consumers in the Swedish and German market?*"

Finally, the perceptions of Volvo in Germany and Volkswagen in Sweden reflect their respective cultural and historical environments. Due to Volvo's relationship with Swedish culture and a sense of national pride, Swedes have a greater affection for Volvo. Germans, on the other hand, have a stronger attachment to Volkswagen as a symbol of German engineering and heritage. Both brands have loyal consumers in their respective home markets. Consumers in both nations value sustainability, although the term itself may have lost a certain credibility due to it being a core value of both brands, along with its common usage among car brands in general. Understanding and acting on these country-specific perceptions may help Volvo and Volkswagen strengthen their brand identities and effectively communicate with the target markets of Sweden and Germany.

RQ 2: "*What are the potential gaps between brand identity and brand image, and what consequences might that entail for the corporate brand?*"

The researchers found the following misalignments for Volvo for Swedes and Germans. Swedes do not significantly identify the core value "personal" with the brand identity, while Germans associate it with the adaptability of Volvo vehicles. Both groups acknowledge Volvo's Scandinavian background, with Swedes having a deeper affinity owing to their upbringing. Sustainability is not seen as a distinguishing feature of Volvo, yet opinions differ amongst Swedes and Germans. Safety, while still important, is viewed as less relevant and unique in today's automobile market.

Participants from each country had different perspectives of Volkswagen's core values. Volkswagen is perceived as a brand with a strong sense of community by German participants,

but not by Swedish participants. Quality is connected with German craftsmanship and heritage, with the "Made in Germany" mark viewed as a symbol of exceptional quality. Sustainability as a core value is not seen as appropriate from both nations.

As stated before, gaps may lead to challenges and underperformance, ultimately inflicting damage to the company brand's long-term reputation according to Hatch and Schultz (2001). The process of transferring a brand from a Swedish market to the German market, and vice versa, appears to be fraught with complications. Misalignments have been found for both companies in each market. Bigger misalignments have been found in the foreign market in comparison to the national market. The Swedish people understood Volvo's brand identity better than the Germans and vice versa. It can be said that the country of origin influenced all 16 respondents' opinions and attitudes regarding a company's brand. The level of quality is a significant element for consumers, and it is influenced by the origin of the brand, in this case Germany and Sweden. The biggest misalignments could be detected in the *personal* value of Volvo while for Volkswagen the *sustainability* aspect was highly criticized. Several managerial implications was derived from all misalignments and implementation suggestions have been mentioned above.

8.   Further research

The findings of this research provide valuable insights into the brand identities of Volvo and Volkswagen in the Swedish and German markets. However, there are several pathways for further research that can deepen the understanding of brand identity and brand image.

The purpose of this study was to investigate the impact of cultural factors on consumer perceptions of Volvo and Volkswagen. Further research, however, can delve deeper into cultural nuances and their impact on brand identity. For example, more research in closely related cultures might be interesting since it will show the nuanced differences in consumer perceptions. This study revealed that Volvo and Volkswagen provoke different perceptions of sustainability as a core value. More research into the role of sustainability as a brand differentiating factor in the automotive industry might be needed. Another key area for future research is the importance of consumer interaction in retaining commitment to core values. When comparing the success of brands with different core values, insights into the relative efficacy and consumer loyalty connected with core values could be gained. Furthermore, the study's findings indicated difficulties in transferring brand identity from one market to another. Future research could concentrate on determining the characteristics that lead to successful brand identity transfer across cultural contexts. Exploring ways for adapting brand identity to the cultural dimensions of a foreign market can provide significant insights for businesses looking to grow abroad. Finally, future study should focus on researching the relationship between brand identity, brand image, and consumer behavior outcomes to help gain a better understanding of how brand identity affects brand performance. By addressing these research directions, future studies can further our understanding of brand identity, its formation, and its impact on consumer behaviors and perceptions on both national and foreign markets.

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Appendix 1:

Participants and their Nationality and Age:

Participant	Nationality	Young/ Old	Age	Male/ Female
1	german	young	23	female
2	german	young	24	female
3	german	young	23	male
16	german	young	26	male
4	german	old	27	female
5	german	old	28	male
6	german	old	28	female
7	german	old	27	male
8	swedish	young	26	female
9	swedish	young	26	male
10	swedish	young	23	female
11	swedish	young	26	male
12	swedish	old	28	female
13	swedish	old	29	male
14	swedish	old	28	female
15	swedish	old	27	male