Brand Building of Born Globals

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Abstract

The purpose of this thesis was to increase the understanding of two early internationalizing firms (Born Globals) brand building efforts. By performing case studies on these companies we wished to discover similarities and differences in their marketing efforts. The companies that we studied were CTEK Sweden AB, a battery charger manufacturer and POC Sweden AB, who designs advanced protective gear for the alpine ski market.

The theoretical framework was divided according to the four 4Ps (Product, Price, Promotion and Place) as previous studies had shown all four factors were important in the efforts of building a strong brand. Classical marketing mix theories have been augmented with theories on brand-building as well as international marketing to give further depth to the theory section.

Interviews were conducted with key people in each company, who we believed would have good insight into the strategies that these had pursued. After analyzing our empirical data, we drew the conclusion that the companies had many similar traits when it came to their brand-building efforts. The foundation for rapid brand building was laid by having an innovative product. A standardized promotion strategy was used by both companies in all target markets. The ability to disregard lucrative short-term gains in order to secure long-term benefits for the brands was also a common trait in the building of their brands.

Keywords: Brand-building, Branding Strategies, Born Globals, 4Ps
1. Introduction

In this introductory chapter we will present the research topic to the reader. Secondly we will present the purpose of our thesis. The chapter will be concluded with our delimitations.

1.1 Why Strong Brands?

Every year the magazine Business Week publishes a list of the 100 strongest brands in the world. These companies are rated by the strength of their brands, not the financial value of the company. The beverage maker Coca-Cola was at the top of this list in 2007 with an estimated value of roughly 65 billion dollars! (Interbrand, 2008). Another way in which the value of the brand is becoming apparent is during acquisitions. Companies are being purchased for many times more than what they are worth based solely on financial performance, due to the strength of the brand (Kapferer 2004 p. 4). Although these values are estimated, it does raise the importance of the brand.

A definition of a brand is found in Kotler (2002, p 469) where a brand is seen as a name, term, sign, symbol or design that helps identify a seller or a maker of a specific product amongst their competitors. Research shows that a company that is able to build a strong brand can gain higher margins, deeper market penetration and have more repeat purchases (Kotler, 1999). A strong brand is associated with trust, quality and serves as a means to reduce risk for a potential purchaser, both an industrial and end-consumers (Keller, 1998 p. 7). Strong brands have the possibility to charge a price premium which increases the financial margins. This is one of the most important benefits of creating brand awareness and strong favorable and unique brand associations (Keller, 1998 p 181). Kapferer (2004 p. 3) argues that brand names are a principal asset of a company.

Export as a percentage of the Gross Domestic Product in Sweden accounts for more than 50 % (Cabinet Office, 2007). Large Swedish companies such as Volvo and Ericsson account for the largest part of this. However, the Small and Medium Enterprises (SMEs) is the fastest growing export segment (Swedish Trade Council, 2007). This makes these companies an interesting area for research.
Among these SMEs, there is a kind of firm that starts selling internationally at birth, or shortly thereafter. Firms that behave in this way have been dubbed Born Globals (Rennie 1993). These companies are characterized by their relatively small size, limited resources and ability to internationalize rapidly (Gabrielsson, 2005).

According to Douglas et al, (2001) a brand plays an important role to establish visibility and position in international markets. As Kotler puts it, “the process of developing a brand “requires a great deal of long-term investment, especially for marketing and promotion” (Kotler, 2000 p. 404). However these Born Global companies are able to compete successfully in multiple markets in a very short time frame (Oviatt & McDougall, 1994). The emergence of Born Globals, point to the fact that it is possible to build a brand rapidly and with limited resources.

1.2 Born Global

In 1993 the consultancy agency McKinsey performed a study of SMEs in Australia. The study discovered that companies in the study had not internationalized in the slow manner prescribed by the Uppsala Model. Instead, they found that these companies had internationalized rapidly right from inception or shortly thereafter. These companies were named “Born Global” (Rennie 1993, p 1.). In Rennie’s study these Born Globals started exporting after on average 2 years and 76 % of their revenue was derived from export. This stood in stark contrast to the traditional firms in the study, which started exporting after 27 years, and where the export accounted for only 20 % of the revenue. (Rennie, 1993)

Earlier studies of internationalization have argued that due to the high cost of information, companies had to internalize the value adding functions when going abroad (Dunning, 1980). However, development in fields such as IT, communication- and transportation technologies has all been important factors to facilitate international business (Oviatt & McDougall, 1994; Hill 2007). These factors help lower the transaction cost of doing international business and has been an important prerequisite for the Born
Globals as “they lack sufficient resources to control many assets through ownership” (Oviatt & McDougall, 1994, p.54). When transaction costs fall, companies are able to outsource value-adding functions and instead focus on their core competencies (Rialp et al, 2005). As a result, companies are moving away from vertically integrated companies, and moving towards focusing on core competencies as they do not have resources to be up-to-date in a dynamic fast-moving world. (Ford et al, 2006.) Achrol and Kotler (1999) argue that companies are focusing more and more on their core competence and outsource other activities.

This is also discussed when regarding Born Globals, who often rely on supplementary actors (Oviatt & McDougall, 1994). Due to this, relationships with distributors and middlemen are becoming more important (Keller, 1998).

Earlier research on Born Globals point to that there are different factors that may affect their internationalization behavior. Some argue that the role of the network in which the company is embedded is an important factor in explaining rapid internationalization (Oviatt & McDougall 1994; Knight & Cavusgil, 1996). The role of the individual decision maker (entrepreneur) has also been highlighted, to explain rapid internationalization in these SMEs (Rennie, 1993; McDougall et al. 1994; Madsen & Servais, 1997).

When analyzing these factors the time perspective should be extended beyond the company’s birth, to give full attention to the experience of the individual’s past and network connections that are available to the firm prior to the start (Madsen & Servais, 1997). Ambition level and motivation of the entrepreneur are seen as important in explaining rapid internationalization (Andersson & Wictor, 2003). Prior international experience by the entrepreneur might decrease the psychic distance to that specific market, which is in line with the assumptions of the Uppsala model (Johanson & Vahlne, 1977). Internationally experienced entrepreneurs are also able to access value-adding functions in multiple countries (Oviatt & McDougall, 1994).
Born Globals are usually relatively small (Rialp et al, 2005) and lack both human and financial resources (Madsen & Servais, 1997). Therefore these companies have to rely on complimentary actors to perform value-adding functions e.g. (sales and marketing activities). These interdependencies create links, ties and bonds between actors that are dynamic and develop over time (Ford et al, 2006). Networks can be used to internationalize in multiple ways; to strengthen existing relationships, as bridges to other networks or establish relationships that are new to the firm (Johanson & Mattsson 1988). These networks provide access to information, resources and finances to the Born Global, which will speed up the internationalization process (Oviatt & McDougall 1994).

The factors that distinguish Born Globals, such as a lack of resources and a dependency on other actor might create implications as the company can not completely control how their brand is conveyed towards the end-consumer of the product. A born global is dependent on other actors to both sell their goods as well as market them. How do Born Globals with limited resources and interdependencies with other firms manage the process of building their brands?

1.2 Purpose

The purpose of our thesis is to increase the understanding of the marketing actions taken by Born Globals in their brand building efforts. By studying 2 companies that fall within our chosen definition of a Born Global we hope to gain a deeper understanding of the underlying factors of the marketing actions taken by Born Global firms to build their brands.

1.3 Delimitations

Our primary interest is in understanding how Born Globals work with the marketing mix (product, price, place and promotion) to build and manage their brands. Our focus is not on measuring the financial value of the brand, rather deepen the understanding of building and managing a brand.
2. Theory

Our theoretical framework is divided according to the 4Ps. We hope this simplifies the structure of the theoretical section. Each factor of the marketing mix will be followed by branding strategies available for a company. Also included are possible complications related to the distinguishing factors of Born Global firms.

2.1 Building and Managing Brands

Strong brands are associated with many positive effects. A strong awareness of the brand amongst consumers makes it easier for a manufacturer to persuade a distributor to market and sell the product. By having a strong brand, distributors will be less likely to force the manufacturer to spend heavily on marketing to push the product through the distribution channels. (Keller, 1998 p. 64.) A distributor is more likely to want to go into business with a manufacturer of a strong brand as he/she is more certain that they will be able to sell, which reduces the risk of doing business (Kapferer, 2004)

As noted earlier, brand building, according to Kotler (2000, p. 404) is a long-term investment, especially for marketing and promotion. In a study on the branding strategies of Finnish Born Globals Gabrielsson (2005) claims that the branding strategies available for these firms are limited and argues that the strategies regarding brand building should be characterized by being cost efficient, allowing for a rapid impact on a global market and not too advanced due to managerial inexperience (200).

2.2 Product

Kapferer (2004 p. 10) refers to brands as a conditional asset, as they can not exist in isolation; rather they evolve around a service or product. Keller (1998, p. 176) views the product as the key component to building a brand as it is around this that consumers build their experiences.
Kotler (2002 p. 460) divides a product into three levels. The first is the *core product* which solves the basic need of the customer. The second level, the *actual product* deals with levels of quality, features, styling and design around the core product and is part of what differentiates the product. On the third level is the *augmented product*, which deals with how the company tries to exceed customer expectations in areas such as warranty and service. To build brand loyalty, the product needs at least to meet or exceed customer expectations (Keller, 1998 p. 176). A marketer can use the different attributes in level two and three to differentiate the product and increase customer value and strengthen its position. These attributes are concerned with quality, features, styling and design. (Kotler 2002)

*Quality* should be measured by how the customers perceive it, and the level of quality of the product should be chosen so that it supports the positioning in the target market (Kotler, 2002 p. 466). Exceeding quality expectations is becoming increasingly difficult, but all the same important, as studies have shown that companies that have high quality are experiencing better financial returns (Keller, 1998 p. 177).

*A feature* can be defined as a complimentary element supporting the core product (Keller, 1998, p. 177). Features which offer little relative value to customers should be discontinued and those with high perceived customer value added (Kotler, 2002 p. 467). Features should only be added if they increase the perceived value of the product for the customer (Best, 2005 p 283)

Keller (1998 p. 177) argues that style and design are connected to appearance and can give a feel of quality. Kotler (2002 p 468) on the other hand views *style* attributes as the aesthetic side and does not mean that the product will perform better. *Design* features on the other hand allow a product to perform better as well as differentiate it from the competition, which can be a source of competitive advantages (ibid).
Since both our case companies are producing technically advanced products which are protected by patents, the Kotler definition seems more appropriate in our case as we will look at factors that helps differentiate the company. Aesthetics can be copied, but patents are more difficult to infringe upon.

### 2.2.1 Branding Strategies for Products

When it comes to the product, Kotler (2002 p. 475) lists several strategies that are available to companies to get a product into the market. These are known as product branding strategies. A manufacturer can decide to market a product under its own name, which is known as a *manufacturer brand*. This type of branding strategy is the most common, and all the benefits of creating a strong brand affect the manufacturer directly, such as increased consumer loyalty, price premiums etc. The drawbacks of this type of branding strategy are that it is costly, and time-consuming (Kotler, 2000 p 408). *Private branding* and *OEM branding* (original equipment manufacturer) are very similar and refer to when a company produce to specifications of another company. This product can then be directly installed prior to purchase or sold as original equipment. Benefits from using these types of strategies are that a company can take part of existing sales channels and leverage brand awareness from their partners. Disadvantages are that these interdependencies can become dependencies as a company becomes overly dependent on a single customer. (Gabrielsson, 2005)

*Co-branding* is when two or more well known brands are combined into a joint product or marketed together (Keller, 1998 p. 283). Co-branding is used when the two companies believe that the other’s strong brand name will lead to increased purchase intentions (Kotler, 2000 p. 417). Gabrielsson (2005) argues that co-branding is a strategy that is more likely to be used by a Born Global than a traditional firm to leverage the other partner’s resources and marketing efforts. Co-branding can further lead to increased sales exposure by using the partner’s customers and channels. It can also reduce the cost of entering new markets, as companies divide them. On the negative side, co-branding can diminish the control over the brand and the positioning strategy. (Keller, 1998.)
Gabrielsson (2005) goes on to say that companies that use co-branding extensively run the risk of loosing control of their brand due to a decrease in the brand awareness from the end-user market.

2.3 Price

The price of the product has several implications for a company. Price can not be set without regarding other factors, such as target market and value proposition (Kotler 2002). But as Keller (1998) puts it; “price is the one revenue driving element of the marketing mix” (p. 181). The pricing strategy for the brand can in some ways create associations in consumer’s minds; consumers tend to rank brands according to price in every segment of the products (Keller, 1998 p. 183). Still, perceived benefits of the product need to exceed the cost of purchase to create customer value (Best, 2005 p. 283). Pricing strategies should be determined by the target market and positioning objectives. A company that has chosen a positioning strategy the company has to communicate this position to the customers (Kotler 2002 p 96). And a company with a “more-for more” value proposition should not set prices in the same manner as a company who has a value proposition such as “more-for-less” (Kotler, 2002, p 365-366).

2.3.1 Branding Strategies for Price

There are multiple strategies for setting prices, which will affect the revenue, market share and customer perception of the brand. Cost-based pricing sets the floor for how little a company can charge for the product without loosing money. The opposite of cost-based pricing is value-based pricing, where a company assesses the customer’s perceived value of the product, and sets prices so that they match perceptions (Kotler, 2002 p. 583). Keller (1998 p. 185) looks at value-based pricing as a combination of product quality, product cost and product price to meet customer requirements as well as financial goals of the firm.
Keller (1999 p. 184) argues that factors regarding manufacturing costs as well as competitors pricing affect the price strategy. Best (2005) argues that companies wanting to gain market share rapidly use a *penetration* pricing strategy, which keeps margins low, but increases sales volume.

This strategy lowers profit per unit but increases market share growth. (p. 248.) As Born Globals rapidly reach multiple markets in a short period of time, penetration pricing is more likely to be used. A company looking to maximize revenue from its customer at the expense of a slower market share growth uses a *skimming* pricing strategy (Kotler 2002, p 598). This strategy tries to target the customers with the highest marginal benefit first and implement high prices initially. As time goes by, prices are reduced to attract new customer segments. This latter strategy is more common in markets with weak competition, or in markets where consumers may perceive a product as being of high quality if the price is set relatively high and if price can be seen as a signal for quality. (Best, 2005 p. 242.)

A company can temporarily lower prices to create an increased interest in purchasing the product (Kotler, 2002 p. 572). However, Kapferer (2004) argues that price-lowering has to be done with caution, as rebates for extended periods can undermine the perceived value of the brand. If a company sells directly and is aware of these consequences it is not a problem. However, Born Globals that often use intermediaries (Oviatt & McDougall, 1994) to sell their products may have difficulties in controlling the price-setting and rebates that are offered to the end-user. Kotler (2002, p. 571) argues that prices should be set to support the distribution channel. This becomes increasingly important as the number of channel member increases.
2.4 Promotion

Kotler (2002) defines promotion as the activities that a company takes in order to communicate with its current and future customers. Companies communicate with multiple parties e.g. (distributors and customer) and through multiple channels e.g. (TV, radio) and they can choose to do so via different means.

2.4.1 Branding Strategies for Promotion

Kotler (2002 p. 626) divides the promotional tools available for a company into different categories.

Advertising is any type of non-personal presentation and promotion of goods or services by an identified sponsor. Examples of advertising are advertisements on television and in newspapers. Positive factors about using advertising are that it can reach large quantities of people at a relatively low cost per exposure. However the total investment is often substantial. Negative factors includes that advertising is impersonal and not very persuasive. (ibid) On a similar note Keller (1998 p. 221) argues that advertising can be very powerful in creating strong brand association, but adds that the effects are difficult to measure.

Personal Selling is when an employee of a company personally meets customers for the purpose of building relationships or making sales. Personal sales are useful in understanding a customers needs and are especially important in the early stages of the buying process. The direct communication is more persuasive than advertising, but comes at a much higher cost per exposure than advertising. (Kotler, 2002 p. 647.) Keller (1998 p. 253) argues that personal selling is more detailed and customized than advertising and increases the chance of closing a deal.

Sales Promotion/Trade Promotion is concerned with giving short-term incentives to encourage sales, such as discounts, samples or demonstrations (Keller 1998, p. 239). According to Kotler (2002, p 647-648) sales promotion can be done for multiple reasons:
Sales promotion towards end-consumers increases short-term sales and builds long-term relationships, by getting customers to try new products. Trade promotion is directed towards getting distributors or retailers to buy more of the product and advertise it (Kotler, 2002 p. 687). This can be done by giving rebates to the distributor, to promote purchases in larger quantities or by giving distributors an advertising allowance, where they are compensated for advertising the product. This leads to increases in shelf space in stores and create opportunities with new distributors (Keller, 1998 p. 245.)

Conventions and trade shows can be used to attract new customers, present new products and find new sales leads. (Kotler, 2002.) Keller (1998, p. 240) argues that there are disadvantages associated with sales promotion, such as a lower perception of quality and increased price sensitivity on part of the customer.

*Public Relations* is a communication tool where favorable publicity about the company or its products are published on for example TV or in a magazine without the company paying for it. Positive effects of using PR is that it has a high credibility as it is viewed as news instead of advertising as well as highly cost efficient. (Keller, 1998 p. 253.)

As companies go international, there are many things to consider for the promotional activities of the company. According to (Melewar & Vemmervik, 2004) there are three different schools of international advertising strategy. The first is standardization, the second is adaptation and the third is a combination of the two. (Papavassiliou & Stathakopoulos, 1997)

Proponents of standardization of the advertising argue that it leads to economies of scale and a consistency in how the brand is portrayed. However, this stream acknowledges that some adoption has to be made, for example translation of the advertisement into the local language. (Melewar & Vemmervik, 2004)

The second stream, which is in favor of adaptation, argues that due to differences in tastes, habits, culture and local regulations the homogenization view of the global market as proposed by Levitt (1983) is questionable.
Due to these differences, a company which follows a standardized approach is losing a competitive advantage which will result in lower sales (Boddewyn et al, 1986).

The third stream proposes a mix of standardization and adaptation. These authors argue that there are local differences that a company must take into account, but that the benefits from standardization (consistent brand image and economies of scale) are too important to overlook. Companies are viewed not as being standardized or not, but rather to which degree they are standardized. (Melewar et al 2004 p. 867.) Gabrielsson (2005, p. 204) argues that Born Globals are more likely than traditional firms to apply highly standardized marketing strategies.

2.5 Place

A company can choose multiple ways to get its product to its customers. The different ways by which a company can get its product to its customer is referred to as its marketing channels (Kotler, 2002). These marketing channels can be either direct or indirect and the choice of marketing channels can have substantial impact on sales and the ultimate success of a brand (Keller, 1998, p. 191)

2.5.1 Branding Strategies for Place

Kotler (2002) divides marketing channels available to a company as either direct being direct (company-owned stores, selling via phone, Internet) or indirect (selling through an intermediary). As we are studying companies who do not sell direct we will only focus on indirect marketing channels.

In using an indirect marketing channel (intermediaries), such as a manufacturer selling through a distributor or a retailer, a company gives up some control over how the product is sold and to whom. This loss of control is augmented as the number of actors in the marketing channels increase. (Kotler, 2002 p. 743.) Factors like what prices to charge the end-user, how the product is displayed and the shelf space it is given are important factors that a company looses control over using indirect channels (Keller, 1998 p.193).
Intermediaries can play important roles in multiple value-adding functions and manufacturers sell through them rather than direct for several reasons. Reasons for using intermediaries are that it gives access to contacts; they have experience, are usually specialized in a certain segment and may also have scale of operations (Kotler, 2002).

Intermediaries take a financial risk by purchasing a manufacturer’s product and stocking it. To minimize this, intermediaries can promote the manufacturers products in multiple ways; either by the intermediary itself, or in a co-operative way, where the manufacturer pays for a portion of the advertising that the retailer runs to promote the manufactures product. (Keller, 1999 p. 195)

Some firms sell through multiple outlets using both indirect and direct channels such as telephone sales, internet and through intermediaries. Kotler (2002 p. 749) refers to these as multi- or hybrid structures. The positive effects of using hybrid structures are that the company increases its market coverage and may be able to reach new segments. Channel cost can be lowered by adding a new channel to an existing segment e.g. (telephone sales instead of personal sales calls). Moreover, companies may be able to choose a channel which fits customer preferences better. (Kotler, 2000 p. 508.) One of the drawbacks of using hybrid structures is that other channel members feel threatened and are less inclined to promote the product when someone else might reap the benefits (Kotler, 2002, p. 750).

All manufacturers don’t have the same ability to attract intermediaries. A company with a strong brand image is more likely to attract qualified intermediaries. Furthermore, the middlemen are more willing to work actively to promote and sell a product with high customer demand and recognition. (Keller, 1998 p. 64.) A company can choose to motivate its distributors by raising margins or by giving special deals, or negatively affect a relationship that isn’t working, such as reducing margins to end non-desirable relationships (Kotler, 1999, p. 500).
This section will be used to analyze how these companies work with the marketing mix to strengthen their brands. We will not look at how these companies view the importance of having a strong brand asking questions like “is it important to have a strong brand?” Rather we want to obtain information regarding their marketing mix and from that draw conclusions based on this theoretical section.
3. Method

This section will be used to clarify and motivate the choices we have made regarding literature, theory, choice of companies and choice of respondents.

3.1 Brand Definition

There are different views of the brand amongst authors. The product plus definition by Styles and Ambler (1995) looks at the brand as only an identifier of the product. A more recent interpretation of the brand is that it is the sum of all the elements of the marketing mix, not just the product. This is known as the holistic view (Ambler & Styles, 1997, p. 14). When positioning a product Kotler (2002) argues that all elements of the marketing mix have to be consistent with the brand image the company is trying to pursue. This implies that all four Ps are relevant variables in researching how a company tries to build its brand. As we want to research how these companies attempt to build their brands not only based on the product but also research other factors we argue that this wider definition of a brand is more suitable for our study.

3.2 Choice of Method

The aim of our thesis is to increase the understanding of underlying factors to a phenomenon and is in line with a qualitative research method. We decided to perform case studies of two companies that fit our chosen definition. In his study on branding strategies of Born Globals, Gabrielsson (2005) argued that the case study approach is the best in answering how and why questions, and this method increases the understanding of the behavior of the examined companies.

To achieve our purpose we decided to perform personal interviews, which were conducted in a semi-structured manner. We chose this approach to allow the respondents to answer freely and thereby avoid missing information that they may deem relevant, but that could have been overseen if we had steered the interview too rigorously. The interviews were taped and transcribed, and we secured the possibility to contact them again if we had any further questions regarding the interviews or otherwise.
3.3 Defining Born Global

The research field on Born Globals is relatively new, and as such, has been struggling with different names and different measurements to qualify (Madsen & Servais, 1997). Rennie (1993) found in his study that Born Globals sold on average more than 76% of their sales to other countries within two years. Others researchers focus on both export as a percentage of revenue, as well as a time restraint to qualify. Anderson & Wictor (2003) defined a Born Global as a company who in 3 years time had achieved international sales accounting for 25% of the revenue. As well as this restraint, they argued that a company could not solely work as a supplier towards another multinational and be considered a Born Global. Lastly, Oviatt & McDougall (1994) define a Born Globals as a company that “seeks to derive significant competitive advantage from the use of resources from, and the sale of outputs in multiple countries” (p. 49).

3.4 Choice of Companies and Respondents

We wanted to perform our study on Swedish companies which sold products to the consumer market. We were interested in finding companies in different industries to see if there were similarities- or dissimilarities between the companies’ brand-building strategies. After we had decided to study how Born Globals work to manage their brands, we set out to find companies which could be categorized as such. Both POC and CTEK had their products manufactured in China right from the beginning. POC started selling in 15 markets in its first year and Sweden accounts for only 6.5% percent of total sales. CTEK’s sales in Sweden account for roughly 20% and sold to multiple markets within its first few years. Both of these companies sell their products under their own names. We argue that these factors point to that we are dealing with companies that can be defined as Born Globals.

Our empirical data was gathered from interviews with two Swedish companies: CTEK Sweden AB (CTEK), and POC Sweden AB (POC). The former is a manufacturer of advanced battery chargers, and POC manufactures protective alpine equipment such as helmets and back protectors.
We wanted to perform the interview with people who had been with the company for an extended period of time, and who had access to the information that we deemed be important. At POC we were able to interview the CEO, Stefan Ytterborn who has been with the company since the start and has a background of working as a consultant in branding, communication and design. At CTEK, we were able to perform two interviews, one with the marketing director, Jan-Ulf Söderberg, who previously has worked as head of Edelman’s in Spain (the world’s largest PR-bureau). The second interview at CTEK was performed with the CEO Börje Maleus, who has been with the company since October 2001 and has a deep knowledge of the company and its marketing strategies.

### 3.5 Choice of Theory

The choice to use the marketing mix as a framework for our study is based on the Ambler and Styles (1997) holistic view of the brand. Furthermore, Kotler (2002) argues that the marketing mix (product, price, promotion and place) will impact how a company’s brand is perceived. We also believe that by using this structure throughout the thesis we will simplify for the reader. In each of the sub-headings we have added theories of brand-building strategies to increase the understanding of the complexity of building a brand.

The choice to use various literature by Kotler is due to the fact that he is a well-published author in the field of marketing. In our literature search we also found many published articles referring to Kapferer (2004) and Keller (1999) when it comes to brand-building and they were therefore included in our theoretical section.

We are not interested in why these companies themselves believe that it is good to have a strong brand. We are interested in understanding how strategic choices affect the companies’ brands. Our theoretical section will be used to analyze how these companies are working with the different parts of their marketing mix in an effort to strengthen their brands.
3.6 Data criticism

Our primary data was transcribed and sent to our respondents to ensure that we had understood and quoted them correctly. Our pursuit of interviewing people in key positions in each company was to increase access to valuable information concerning the companies’ marketing strategies to build their brands. However, we understand that our findings can not be generalized, as the sample size is too limited.

The literature used is relatively recent and focuses on major authors within the field of marketing and brand-building strategies. Our goal with the secondary data was to see if it could help explain the marketing efforts of the relatively new phenomenon that is Born Globals. One drawback of our literature data is that it focuses on only a limited number of authors.

The research field of Born Global is relatively recent and as we have shown earlier, the definitions lack uniformity as to what constitutes a Born Global. Due to this, our findings may not correlate with other studies on the subject. The aim of our study is not to be able to generalize our findings. Rather we aim to increase the understanding of the complex environment that faces a Born Global in its brand-building efforts.
4. Empirical Data

In this section we will present the two companies briefly as well as the data collected from the three interviews. In an attempt to simplify for the reader the material will be divided by company and by following the theoretical structure as presented earlier.

4.1 CTEK Sweden AB

CTEK is a company that designs and sells advanced battery chargers for multiple markets, such as cars, boats, motorcycles and heavy traffic vehicles (CTEK webpage, 2008). Their technology is protected by patents and trademarked in many countries. Since 2002 their revenue has gone from 2 million SEK to 160 SEK in the year 2007. CTEK is the market leader for smart chargers in Europe and the company is currently present in over 40 markets worldwide. CTEK’s headquarter is located in Vikmanshyttan, Dalarna and the company employs roughly 50 people. (Maleus, 2008)

4.1.1 Product

A battery is dependent on battery chargers to perform optimally. The market for batteries (lead-acid 12V) is more than 400 million units per year world-wide and the market is growing as more and more applications are becoming dependent on batteries. When CTEK was founded in Sweden, they combined a technology that was new (Switch-mode) with a completely new design concept. This allowed the company to create a charger that weighed much less than a conventional charger, that looked good and that was better and safer for the batteries. All these factors helped differentiate the charger. The larger models in the product line are equipped with a mode button to be able to serve the needs of different vehicles or battery types to increase the flexibility of the product. These features further helped differentiate the product. (Maleus, 2008.) As Söderberg (2008) explained “it is important to start with a good product as a foundation and from there build a strong brand”.

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The warranties on the CTEK product were originally 2 years which was the industry standard. CTEK had to change its warranty policy, when a chain of stores started selling a copy-cat of the CTEK product, which cost less than a third, but with a longer warranty (3 years). As a response to this, CTEK decided to increase its warranty to five years on all its products. This increase in warranty was done do ensure the credibility of CTEK’s products as CTEK couldn’t have shorter warranty’s than a copy-cat. “We stand behind our products, not only with words, but in action” (Maleus, 2008). This incurred increased logistical problems as chargers had to be sent to headquarters from all markets for inspection, which resulted in slightly higher costs due to warranty handling. It was deemed necessary to gain credibility from the customers. “Our promise can not be worse than a copy-cat” (Maleus, 2008)

A new standard in 2006 in one of CTEK’s key markets forced the company to re-design the whole product line to comply with electrical standards of that market. This was very costly for the company, but this was carried out to keep the promise of being a “problem-free” product in the eyes of its consumers. The compliance with this standard is now used by CTEK as a competitive advantage of their products to fight of “copy-cats” products, and sales in that market has doubled in the last year. (Maleus, 2008)

CTEK works as an OEM (Original Equipment Manufacturer) to a select few exclusive customers. The companies that CTEK has chosen to work with include Ferrari, Lamborghini, Porsche and Harley-Davidson. These exclusive customers are used both to create revenue for the company, but also to act as reference customers to gain access to other customers and markets. By working with these companies, CTEK hopes to gain credibility and reliability for its products in its own markets and uses these collaborations in their marketing efforts. In some instances, CTEK has chosen to work with high-end customers even when the financial return is minimal, just to get their business and help strengthen the CTEK brand. (Maleus, 2008)
When it comes to co-branding, CTEK acknowledges that co-branding is becoming a more important trend due to the fact that as distributors are growing larger, they are demanding that products be made with their name on it. CTEK has very strict rules on how the product should be viewed from a customers’ perspective if it is co-branded. “There should be no doubt that the charger is made by CTEK. CTEK is the manufacturer of the product and stands for the quality” (Söderberg, 2008).

The company is continually turning down lucrative co-branding opportunities that are not in line with the CTEK strategy to protect the CTEK name. This is due to the fact that if an exception is made for one customer it will become increasingly difficult to explain to other customers why they are not allowed to co-brand. (Söderberg, 2008)

After coming into dispute with one of its distributors over their selling price, CTEK tried to solve the problem by designing a simpler model, which was sold under a different name, different logotype and at a lower price by that specific distributor. This was not a part of an outspoken product strategy but was rather done reactively to protect the margins for the other distributors. By making the product slightly less advanced, CTEK tried to legitimize the discrepancy in price to its customer base. (Söderberg, 2008)

4.1.2 Price

CTEK began its pricing strategy by deciding the appropriate length of their distribution channel from a distributor to the end-consumer. Secondly, an estimated margin for each channel members was calculated. CTEK set a recommended price to their distributors strictly according to what they thought their customers were willing to pay for the product. Finally they calculated if that revenue would be sufficient to cover expenses in marketing, R & D and growth. In the beginning, the margins were very slim, but this price was chosen anyway, due to fact that they wanted to sell the product in mass volumes and to achieve this, the price couldn’t be too high. This price setting strategy has been used on almost all subsequent markets. (Maleus, 2008)
Although CTEK has a suggested retail price (MSRP), CTEK can not for legal reasons directly control what prices their distributors and resellers sell the product to the end-user for. This creates implications for CTEK as they want a homogenous price image in their different markets. Some distributors are charging too high prices (problem in Spain, Italy) whilst other charge prices that are below the recommended price. The distributors that charge high prices can be handled either by simply asking them, or by using other strong distributors in the same area which sell at the recommended price. The result is that the more expensive distributor either lowers his prices or goes out of business. This is not really a major problem for the company, as someone else is often willing to sell at the recommended price. Some deals have to be forgone even though they may seem very lucrative due to the fact their distribution channel is too long. This creates a problem when the margins aren’t sufficient for all parties. To avoid companies selling at a too high price, CTEK avoids deals that don’t match their business model when it comes to price setting.

The problem is much greater when a distributor or retailer decides to drop the price below the recommended and this can have serious implications. One of the major problems when a retailer sells the product at a price below the recommended is that the margins can become insufficient for other distributors who can not operate with such small margins. This can lead to lost sales and customers for CTEK. (Maleus, 2008.) Another problem when the price is lowered is changes in the customers’ perception of the company. The argument is that the product is more expensive to the customer because it costs more to manufacture, and if someone lowers the retail price, the customer can become confused. (Söderberg, 2008)

Internet retailers that store the product themselves can work with very small margins, and are therefore able to sell at low prices. CTEK tries to solve this by “authorizing” certain internet dealers that follow their guidelines. These dealers get better service from CTEK, such as being listed on the internet dealer locator service, which is an internet program that allows a potential buyer to see where they can purchase it close to their home by logging on to CTEK’s website. (Maleus, 2008)
To get customers to comply with recommended retail prices, CTEK uses different strategies. “One is to remind the other that they are partners, and that it is beneficial for both in the long run to sell at the recommended price to maintain their margins. Another way is to say please, which can have more effect than one thinks” (Maleus, 2008).

Distributors that sell at the recommended retail price can receive benefits when they order, advertise or get sales support, such as education on the product. Relationships with some distributors that consistently sell at prices which are not in line with CTEK’s strategy are sometimes ended even though they may purchase very large quantities. (Söderberg, 2008)

The pricing strategy of CTEK is the same in every country and the prices have never changed since 2002, except for 2 € on one single product. This has created problems in some markets where the exchange rates are lowering the price compared to other markets. A concrete example is the American market. The price for the product Multi XS 3300 when entering the US market was set at 69, 99 $, which at the time was equivalent to the European market price. At this time the dollar and the euro had the same value, but today, the dollar has lost a lot in value. (Maleus, 2008.) Prices haven’t been adjusted as the value of the dollar has diminished. Consequently, the American distributors are now paying considerably less than their European counterpart. (Söderberg, 2008)

4.1.3 Promotion

CTEK’s promotion is divided between advertising towards end-consumers and distributors. To reach end-consumers more traditional advertising, such as paid advertising in magazines is used, but this is not the focus of the promotion strategy. Another way to reach end-costumers is attending expositions in many countries to generate interest for the product. Furthermore, CTEK tries to get PR in magazines as they believe it to be more effective than advertising, as the credibility is higher in PR.
The ability to gain PR is connected to how interesting the product is to the readers of the magazines. (Maleus, 2008.) “The goal is to create a pull effect, so that the customers walk into the stores and ask for a CTEK charger” (ibid). He continues by arguing that the use of a push strategy would not utilize the strength of the brand for example by having to give rebates and lower prices to generate interest for the product. (ibid)

To convey a consistent image of CTEK to the customers, the company provides distributors with point-of-sales material (folders, store stands, posters) that provide a consistent image of CTEK’s product to the end-customer as well as clear guidelines on how they want the products promoted by their distributors. The distributors can then use this material in their marketing of the product to the customers. Distributors that advertise using the templates from CTEK can get their advertising subsidized by CTEK, but only if the company is portrayed in a manner consistent with the strategy. (Maleus, 2008.) “CTEK would rather pay 100% of an advertisement to make sure that the message is correct and the brand is portrayed correctly” (Söderberg, 2008). A company that purchases large enough quantities can receive up to 25% of co-advertising support of the product. All advertising subsidies can be halted if CTEK’s products are exposed together with other products to once again ensure that the brand is portrayed in a consistent manner. (ibid)

Target markets are chosen carefully as the marketing budget is limited. When a market is entered, the goal is to gain a good reputation. This reputation is then subsequently used as a springboard when trying to enter other markets. To achieve this, CTEK uses a “package-deal” with the new distributor, which consists of co-advertising, PR material, education on the product and point-of-sales material. When entering a new market, CTEK tries to create close relationships with distributors by offering materials and support. CTEK believes this to be more effective than lowering prices when it comes to legitimizing the brand in a new segment. (Söderberg, 2008)
Educating their distributors - new and old- is deemed very important as the distributors need to understand the benefits of the products to be able to motivate its higher price to their customers.

When entering a new market, CTEK tries to time its efforts so that the advertising and PR efforts coincide with when the new distributor starts working with the product. By timing this promotion with the entry, CTEK tries to create pull demand from the consumers and then refer them to the new distributor. The focus of the promotion efforts is towards engaging the distributor so that they want to work with the products and “become good ambassadors of the CTEK brand”. (Söderberg, 2008)

4.1.4 Place

CTEK has never had the intention of selling directly. This was a conscious step, as it would be too costly to build up a selling organization. The company has no direct sales of its own, as it believes that it would be taking business away from their own customers. However, they are testing selling via the Internet on the US market. This is done in a manner in which the customer believes that he is purchasing directly from CTEK, but the order is going through one of the distributors instead. (Maleus, 2008)

CTEK’s strategy when it comes to its distribution channels is to sell using a two-step distribution; selling wholesale to a distributor, who in turn sells to a retailer. This strategy was chosen from the outset to try and ensure that the margins would be sufficient all the way down the chain based on the original price setting strategy. This strategy is pursued regardless of market. CTEK tries to work with one strong distributor per segment e.g. (one boat distributor in Italy, one car distributor, etc) in order to ensure that the distributor stays motivated in advertising and selling the product. (Maleus, 2008.)

The strategy that is outlined is never as perfect in reality, but the goal is to work towards it. This has been especially true for some of the distributors, who cut off the distribution channels horizontally, selling to every party possible. This is in contrast to strategy where the company tries to have strong vertical distributors, one towards boat, one towards cars etc. (Söderberg, 2008)
Problems regarding the distribution channels have occurred when they have engaged in business with companies who use either a one- or a three step distribution. In the former, the difference between CTEK’s price and the recommended retail price is rather large, and therefore some actors are tempted to lower price and take market share. To solve this problem, these companies have been sold a slightly different product under a different name to legitimize the price difference and separate it from CTEK brand. In the three step distribution, products have not reached the end-consumer due to too small margins and these business relationships are sometimes terminated. (Söderberg, 2008)

A good distributor is defined as one who can convey the CTEK brand and products in a way that is in line with the company’s strategy. This includes using the point-of-sales material provided, having good knowledge of the products and “are good ambassador for the brand.” (Söderberg, 2008.) The choice of distributors is a top-level management priority and is crucial to the success. “Choosing the right distributors is an ongoing process that is time-consuming, but necessary if CTEK wants to build its brand”. (Söderberg, 2008)

At present, the company has the ability to turn down distributors that they do not believe have the right qualifications to promote the brand. “In the beginning it was a matter of which distributors that would carry our products” (Söderberg, 2008). Today CTEK is the market leader for chargers in Europe, and the product has become important for many European distributors. (Maleus, 2008)

### 4.2 POC Sweden AB

POC was founded in 2004 in Saltsjöbaden, Sweden. The company designs, develops and markets advanced protective gear for alpine skiing. CEO is Stefan Ytterborn who has been with the company since the start. The company’s products are manufactured in China and have since the beginning been sold on the international market (Affärsdata, 2008.) Today, the company is present in 27 countries and the Swedish market accounts for only a small percentage of sales (Ytterborn, 2008).
4.2.1 Product

POC designs products that are technically advanced for its segment and aimed at “people who see skiing as their primary winter hobby” (Ytterborn, 2008). The product has won several awards, including the Swedish Outdoor design award in 2005 and the Red Dot award in 2008, which is one of the largest design competitions in the world. Many of POC’s products have patents pending, such as their back-protector system and a material that is used inside the helmet to help resist penetration. When designing their products they consult medical experts in order to create products which offer the best possible protection. (POC Webpage, 2008)

The market for skiing helmets is growing at an estimated 30% yearly, and the market for back protectors is growing rapidly as well. Approximately 3,500,000 ski helmets are sold each year world-wide. It was in this niche that POC saw its opportunity. “We can make a safer, more attractive product for this market”. (Ytterborn, 2008)

In an effort to legitimize its technically advanced products amongst consumers, POC chose to start working towards the race market, where the most research and development is done. However, the market for race helmets is roughly 100,000 out of the 3,500,000 helmets sold yearly, and therefore the company started making products that would also fit the needs of other skiers. Today POC designs products towards four different types of skiers: Big Mountain, Race/Ski cross, New School and Kids. POC aims to build products using the best materials available and design their products in a way to differentiate them from its competitors (Ytterborn, 2008)

4.2.2 Price

When setting prices, POC started with creating a product using the best possible materials. After the cost of the product was calculated, a margin they deemed necessary was added which resulted in a recommended retail price. The recommended prices are set the same regardless of market.
However, Ytterborn (2008) stresses that in some markets, the distributors use price as the main competitive advantage, and in these markets it is difficult to maintain a consistent price image.

A part of their strategy is to be as expensive or more than the closest competitor. Ytterborn exemplified this by explaining that in 2005 the most expensive children’s helmet before POC was 1400 SEK. He continued by explaining that the models many parents were buying cost approximately 700-900 SEK. This is contrasted with POC’s first helmet that cost 2800 SEK in the stores. Today, he believes that POC’s market share in this segment in Sweden is roughly 70%. (Ytterborn, 2008)

The higher price is motivated by providing a higher-quality product which they believe sets them apart from the competition and Ytterborn estimates that design alone can account for 20% higher prices than competitors. As time goes by, the pressure from distributors to lower prices increases. This is especially true in the United States, where distributors earn money by selling large volumes with low margins. (Ytterborn, 2008)

4.2.3 Promotion

The basic idea behind the promotion strategies of POC is that there is no need to differentiate the promotion strategies. “They read the same magazines, use the same medias, attend the same events and their basic values are extremely similar” (Ytterborn, 2008). Due to this they use the same strategy regarding promotion on all market and a lot of effort is put into making sure that all communication about the POC brand is uniform.

To create favorable associations for the brand and to generate credibility for the products the company sponsors skiers in the different target markets. These riders in each segment work as ambassadors for the brand. The process of choosing and working with these skiers is a constantly ongoing process, and the goal is to work with the best skiers in the respective fields. For example, POC is official equipment supplier to both the American and the Swedish alpine ski teams (POC webpage, 2008).
In the more youthful segment of New School skiing, POC has contracts with some of the biggest stars. (Ytterborn, 2008)

Traditional advertising is kept at a minimum due to the fact that it is expensive and not very powerful for this type of product. Having a good product can have the benefits of generating favorable PR as well as being up for awards. These media are far superior than advertising, due to the fact that an independent source has a higher credibility as opposed to a paid advertisement in the eyes of the consumer. “A bad product needs a lot of advertising to sell; a good one doesn’t” (Ytterborn, 2008)

POC does some advertising, to support its distributors. Distributors that purchase certain quantities of POC’s product get supportive advertising. The more they purchase, the larger the advertising support. (Ytterborn, 2008)

4.2.4 Place

POC uses distributors for most of its markets. POC tries to work with distributors that really want to work with their products and who can be good ambassadors of their brand. “it is important that they speak the same language about our products” (Ytterborn, 2008)

According to Ytterborn, one of the advantages of using a distributor when entering new markets is that it is relatively cheap. “There is no difference shipping our merchandise from our warehouse to a customer in Barcelona or Stockholm”. (Ytterborn, 2008.) A disadvantage is that distributors usually work with multiple brands. This means that the distributor has to divide his time and resources to promote the different product in his portfolio, and therefore each brand gets only limited attention. This has created problems for the company, as some distributors have trouble in conveying the technical benefits of the product to the retailers. “It is incredibly important that the end-user meets a sales person who is capable of explaining why the product costs twice as much” (Ytterborn, 2008). To handle this, POC monitors its distributors on a regular basis so that “they have the right knowledge and resources to convey the POC brand” (Ytterborn, 2008).
Distributors are free to sell to whom ever they want. However, POC tries to have a presence in retail outlets which help build acceptance and credibility for the products. To achieve this, the company tries to have a presence in stores specialized in skiing equipment rather than every major retailer. As a result, more than 70% of POC’s products are sold in stores that are specialized on skiing. “We don’t want our products to be sold in Intersport, Mjölby” (Ytterborn, 2008). A problem that POC is experiencing with these specialty stores is that these are usually quite small and have minimal marketing budgets. “They are better at fiddling with ski bindings than marketing” (Ytterborn, 2008). As a result, these stores are crammed with products and exposure of each brand’s products is limited. POC tries to increase exposure of their own brand in these stores by providing point-of-sales material as well as educate the staff on the products. (Ytterborn, 2008)

POC tries to have a consistent price image across its markets. Distributors that keep lowering the prices can not for legal reasons be excluded from selling the product. However, POC makes use of other methods to terminate relationships that are not in line with their strategy. In some markets, where POC hasn’t found suitable distributors, the company has chosen to start fully owned subsidiaries instead of using distributors. This has been the case in markets where a distributor hasn’t performed in a way that POC wanted, due to either a lack of resources, or to slow growth. Finding the right distributors has become less difficult as the company has become more well-known.
5. Discussion

In this section, we will discuss the companies’ brand-building efforts. This discussion will be divided in the same manner as the theoretical framework.

5.1 Product

The product has been a key component in the rapid success of CTEK. The fact that the product is protected by multiple patents as well as subsequent patent infringements (copy-cats) support this idea, and is in line with Keller’s view of the product as the key component in building a strong brand. When looking at the different levels of the product we argue that what differentiates the CTEK product from its competitors is not only the core product, which can –and is being- copied. The differentiating factors are in the actual product and augmented product levels. Here CTEK has designed features which make their products more versatile as well as compliant with all safety standards in Europe. This has been used later on as a differentiating factor to strengthen their brand. The aspiration to exceed customer expectations can be seen in the extension of the warranty beyond industry standards. This is in line with Keller (1998 p. 1769, who argues that exceeding customer expectations will help a company build its brand loyalty, which is an important factor in building a strong brand.

When it comes to their branding strategies, CTEK has focused mainly on selling under its own manufacturer brand and this has been a consistent strategy to try and build the CTEK brand. Many co-branding arrangements have been turned down, which point to the fact that the negative effects of co-branding are greater than the positive, at least in the long run. These negative effects included a loss of brand awareness with the end consumer, loosing control of the brand and its positioning. In the case of CTEK we find no evidence of Gabrielsson’s claim of co-branding being an often used strategy for Born Globals.
The choice to become OEM manufacturer for only an exclusive number of brands, such as Ferrari and Bentley has been chosen to help drive the CTEK brand. These deals have been performed even when the financial returns on the deal itself are very low. Further evidence to support the brand-building efforts is the fact that many potentially lucrative deals have been turned down with companies that CTEK has judged might damage their brand in the long run. This gives merit to Gabrielsson’s claim that an OEM branding strategy is performed in order to leverage brand awareness from their partners in order to build their own brand as it is used in CTEK’s own marketing.

In a manner similar to CTEK, POC also regards the product as a key element in building their brand. The awards that have been won for their design as well as the technological solutions, which are patented leads us to believe that the product is superior to many of its competitors. The choice by both the Swedish and American ski associations to use their products is another factor that points to good quality products. Even though these sponsorships may include a financial aspect, we don’t believe that these professional skiers would use the products if they were not safe. The choice to consult medical expertise in the design of the product as well as creating a design that makes it stand out is used as a differentiating tool by POC. According to Kotler, this differentiation can help build customer value and help strengthen POC’s Brand. As for warranty and service, we have no evidence that supports that POC works with these factors to increase the differentiation from its competitors and thereby further strengthen their brand.

As for the branding strategies for POC, POC only works with its own manufacturer brand. Analogous to an OEM collaboration, we believe that building protective gear to specifications of the Swedish and American ski team. These teams are strong brands in their own, and by associating the POC brand with them, the same benefits as with working with an OEM partner are obtained.
5.2 Price

The strategy by CTEK was to have a mass-market approach and gain market share rapidly. Strictly interpreting our theoretical definitions, CTEK uses what Best (2005) refers to as a penetration pricing strategy. However, CTEK did analyze what margins that were needed for its resellers as well as what the customers were willing to pay for the product. This second stage is more in line with Kotler’s value-based pricing. Therefore, we argue that CTEK uses a “mixed” pricing strategy containing several steps. Commencing with overall strategy goals e.g. (fast market penetration in multiple markets), secondly addressing channel members requirements e.g. (margins) and finally assessing what end-consumers would be willing to pay for the product. The choice to set prices to allow for a rapid market penetration is what we expected from a Born Global as they lack resources and have rapid internationalization patterns.

CTEK works hard to maintain a consistent price image. Distributors who sell at prices below recommended for extended periods of time are dropped. When entering new markets, CTEK doesn’t lower its prices or offer samples to potential customers. Instead they focus on supporting their distributors with point-of-sales material and education. We believe this is done in order avoid undermining the value of the brand in the long run. This in line with what Kapferer (2004) argues. A potential problem of keeping their prices constant is that fluctuations in international exchange rates will result in price differences between markets. If the price difference becomes too large for an extended period of time we believe that this may have negative impact on how the brand is perceived in the long run.

POC looks at several factors regarding their price setting strategy. Firstly they calculate a cost of manufacturing the product and then add on a margin. This is similar to the cost-based pricing strategy described by Kotler. However, they also have as a strategy to be as expensive or more than the closest competitor e.g. (children’s helmets). This higher price is motivated by Ytterborn by offering a superior product with differentiating design.
Keller (1998) would probably argue that the choice of setting a deliberately high price may increase the perception to the consumer that POC makes a high quality product and thereby the positioning as a high-value brand. A high quality product or a high perception of quality helps build a strong brand, according to Kotler.

POC strives towards having a homogenous price image on all markets. Distributors that for different reasons don’t sell for the recommended price are dropped. This problem is larger is some markets where the competition is more fierce. As POC’s brand image is built partly on a relatively high price, this may have implications for how the brand is perceived. This is especially a problem in highly competitive markets, which is argued by Keller.

**5.3 Promotion**

CTEK’s promotion is divided between promoting towards the end-consumer and the distributor. The strategy is the same in all markets, only adapting the language to local conditions. This implies that CTEK’s promotion strategy is standardized according to Melewar & Vemmervik (2004). Proponents of this approach argue that this helps the brand by conveying a consistent image. This approach is also what Gabrielsson (2005) argues is the common for Born Globals. We further believe that this approach is an economically favourable approach for companies who lack resources.

The promotion towards the end-consumer is used to create a “pull-marketing” effect i.e. (getting customers into the stores and asking for the product.) This is done by using both traditional advertising as well as PR. The advertising is limited and focused around the launching points in new markets. This may be explained by the fact that even though advertising can create strong brand awareness, the amount of resources available to the company simply does not allow them pursue this option which may be a weakness when trying to build a strong brand. To counter this, CTEK works hard to gain PR in newspapers and magazines to generate interest for their products. The ability to attract PR should be correlated with how interesting the product is to the consumers.
By having a strong product, CTEK is able to market its products without spending heavily on advertising. PR also has the added bonus of having high credibility in the eyes of the consumer, according to Kotler. High credibility should convey the brand image in a more persuasive manner. This in turn should help build the brand without a large advertising budget.

When promoting towards distributors, CTEK uses material and education as a means to spark interest with the intermediary. Trade promotion theory is often focused on giving rebates to give incentives to purchase. This type of behaviour can lower perception of quality which has a negative impact on the brand. CTEK does support advertising that the distributor does, but only to the extent that it is performed in a way that conforms with CTEK’s image. This way, CTEK ensures that the brand is portrayed in a consistent manner, which helps build the brand.

POC’s promotional strategy is based on the assumption that its customers are very similar and therefore there is no need to differentiate. Based on this, we conclude that they are using a standardized promotional approach. All in all, POC’s promotional activities are very similar to CTEK’s. The amount of money spent on advertising is limited, due to cost issues and the fact that it isn’t considered an attractive medium for their target market. Instead, by having a product that is attractive, the company can gain positive PR. Sponsorship is a form of promotion that POC uses extensively in an effort to legitimize the brand and create associations with the sponsored individuals. Although we can not support the impact of sponsoring on the brand using our theoretical framework, the fact that they continue pursuing this venue, points to a positive outcome.

POC uses supportive advertising as well as trying to educate their distributors during trade promotions. This has two benefits; firstly POC can help steer how the brand is portrayed in advertising. Secondly, by educating distributors, POC increases the likelihood that the distributor is able to convey brand image in a consistent manner. We believe that all of these promotional activities are aimed at indirectly trying to control how the brand is portrayed when selling through intermediaries.
5.4 Place

The choice for CTEK was always to sell through intermediaries and the company has no direct sales at all. In this way, CTEK avoids competing with their own customers, which is seen as one of the drawbacks of selling through a hybrid structure, according to Kotler. By selling only through distributors may be a way to keep the distributors more motivated in selling the product. This in turn should help keep distributors being what CTEK refers to as “good ambassadors for the brand”

An advantage of working with distributors is that they are often experienced and working in specialized fields, according to Kotler (2002). CTEK’s strategy is to work with only one strong distributor within each target segment. By giving a distributor “exclusive rights” to a segment, the distributor will be more inclined to work actively to promote the CTEK brand. By being sold through a strong distributor CTEK can become a strong brand in new segments or markets rapidly. The process of attracting these specialized distributors has become less difficult as the CTEK brand has become more well-known, which is what Keller (1998) predicts.

Another important factor that has helped build the CTEK brand has been the strategy of turning down distributors who in the long might not promote the brand in the way that CTEK wants. Partnerships with distributors that haven’t followed CTEK recommendations have been ended. We believe that this long-sighted approach and the ability to withstand lucrative short-term deals has helped CTEK’s brand grow stronger.

POC uses both subsidiaries and distributors as marketing channels. If cooperation with a distributor fails or if a suitable one can not be found, POC starts a subsidiary. However, most markets are taken care of through distributors. In contrast to CTEK, POC is present in more of a niche-market. Therefore we believe that it is more crucial for the POC brand to have a presence in the “right” stores. These stores are relatively small and not very good at exposing and marketing products. Therefore, POC puts a lot of effort in providing these stores with material and knowledge to ensure that a consistent image of the brand is conveyed.
Distributor relationships are on similar grounds as CTEK but with one major difference. For POC, like CTEK, price dumping is the major issue when working with distributors. For POC, who is in a different type of market is having some troubles with distributors who carry many brands. These distributors may have a lack of focus on the POC brand, resulting in either a lack of knowledge in the retail step, or sales that are not growing to POC’s satisfaction. As POC’s value is found in the technical solutions of the product, the problems of a lack of knowledge down the marketing channel have a greater impact on the brand as opposed to a generic product.
6. Conclusions

The product has been a key ingredient in the brand-building efforts of both companies. Both have developed products which are technically advanced in their respective markets and have unique design features. These innovations have created a foundation for both companies from which they could then develop their brands. When it comes to branding strategies the aim of both has been to build their own brands by being favourably associated with other strong brands. However, the means of achieving this were different, probably due to differences in type of product as well as target markets.

When it comes to the pricing strategies they are quite different. However, they both strive for maintaining a homogeneous price image in all of their markets to be portrayed in a consistent manner. CTEK uses a “mixed” pricing strategy which includes multiple steps in order to fulfil the company’s overall strategy of rapid market penetration. POC has deliberately chosen a high price to help in the positioning of the brand. However, a possible weakness of this is the difficulty of maintaining this price image in markets that are becoming increasingly competitive.

The promotional efforts are both highly standardized for both companies. This was expected as Born Globals are more likely to use this strategy than traditional firms. Both firms use pull strategies in the promotion such as sales support and material instead of lowering prices, which may erode the brand. PR is widely used by both companies and is contributable to the strength of their products. Traditional advertising is limited by both parties, due to high cost.

Both companies sell via intermediaries, and both use a two-step distribution system. Both parties try to align themselves with partners that will help strengthen their brand and legitimize their products. The courage to turn down lucrative short-term deals in order to protect the long-term well being of the brand is also something that symbolises the actions of both companies in their brand-building efforts.
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