This thesis discusses brands and branding in a B2B context by investigating the role corporate brand image plays during the selection of subcontractors and, furthermore, how subcontractors might pursue branding as an active communication strategy. The background for these questions can be found in the evolving topics of corporate communications and B2B branding.

The empirical parts focus on how buyers and sellers representing nine companies in the subcontractor context describe different phases and processes included in sales and purchasing.

The results indicate that subcontractor corporate brand image can play different roles depending on the buyers’ situation. The type of product and buy class, in addition to the availability of time, known subcontractors and information sources, prove to have an impact on buyer behaviour and, consequently, the role played by corporate brand image. The analysis of subcontractor branding reveals that, although the brand concept is not in focus, branding activities can be identified. However, it also indicates that the reality of subcontractor branding is not in compliance with the theory on corporate branding and communications, which might be criticised for giving a too straightforward approach to the introduction of integrated and corporate-wide communications management.
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ANNA BLOMBÄCK

Supplier brand image - a catalyst for choice

Expanding the B2B brand discourse by studying the role corporate brand image plays in the selection of subcontractors
Supplier brand image - a catalyst for choice: Expanding the B2B brand discourse by studying the role corporate brand image plays in the selection of subcontractors

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Jönköping, May 2005

Anna Blombäck
Abstract

By tradition, research and literature on brand-related topics have focused on consumer markets. However, the brand definition per se implies no limit to particular markets or products and, since the 1990’s, increased attention has been paid to B2B brand research. This dissertation represents one part of this developing research interest. By investigating subcontractors, which can be seen as exemplifying a worst case scenario for branding, the overall objectives are to expand the B2B brand discourse and understand further what branding means in the industrial context.

The first part of the thesis focuses on corporate brand image by investigating its role during the selection of subcontractors. The second part of the thesis explores how subcontractors might pursue branding as an active communication strategy. The empirical parts are based on qualitative interview studies where 24 respondents from 9 companies active in the subcontractor market are included. The interviews mainly focus on how buyers and sellers describe different phases and processes included in sales and purchasing.

The results indicate that subcontractor corporate brand image can play different roles depending on the buyers’ situation. The type of product and buy class, in addition to the availability of time, known subcontractors and information sources, prove to have an impact on buyer behaviour and, consequently, the role played by corporate brand image. The analysis of subcontractor branding reveals that, although the brand concept is not in focus, branding activities can be identified. However, it also indicates that the reality of subcontractor branding is not in compliance with the theory on corporate branding and communications, which might be criticised for giving a too straightforward approach to the introduction of integrated and corporate-wide communications management.

In short, the thesis shows that branding can be an issue regardless of which type of market, customer or product is considered as long as the buyers have to go through a selection process to decide where to obtain the required goods or services.
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Chapter 1
Introduction

This thesis mainly focuses on the brand concept and some of its relatives including brand image and branding, in an environment that has yet to be commonly connected with these terms. The thesis represents a contribution to the area of industrial marketing and marketing communications by analysing the role of corporate brands in a subcontractor context. This chapter presents the basic assumptions and main issues, which are dealt with further in the thesis. Towards the end of the chapter an outline of the thesis purpose is also presented.

1.1 The brand as potential aid in competitive climates

Three interrelated characteristics frequently used to describe contemporary markets are globalisation, increased competition and increased pressure for efficiency. Although these might seem as clichés we are daily exposed to their effects, indicating that the climate of most business environments has changed and in many cases turned harder during the last decades. Under the assumption that markets are competitive one valid question, regardless of whether one investigates industrial\(^1\) or consumer markets, is why a buyer decides on a particular offer in a situation where there are similar or even identical choices. In the field of business administration a main assumption is that autonomous market forces are not sole determinants of a firm’s outcomes. From this perspective one can assume that a company through different types of activities can affect the choices made by buyers in the market. In short, these activities can be summed up in the ideas of marketing.

Since long, brands and branding have been recognised as one way companies can take in order to attempt to affect their customers and the firm’s competitive strength in the market. The idea is that brands can aid and bring value to customers while at the same time generating value to the company (e.g. Keller, 2003, Riezebos, 2003). These ideas, however, have not till quite recently

\(^1\) In this thesis *industrial, business-to-business* and *B2B* are used synonymously and indicate the buying and selling between companies and organisations as opposed to that between a company and a consumer, i.e. a household or a private person.
been considered in relation to industrial markets but have mainly been discussed with focus on consumer markets.

Mudambi (2002) points out that there is a gap between the research in industrial buying behaviour (which by now is quite extensive) and the industrial brand literature. Industrial purchasing has often been described as a so-called professional and step-wise process, suggesting that product quality, price and availability are the main factors for evaluation. Brands, which on the other hand are often connected with emotions, have been left out of the discussion, although the past 40 years have seen studies pointing towards the subjectivity and impact of product-peripheral aspects on the buying process (e.g. Levitt, 1965, Wind & Thomas, 1980, Lazo, 1960). Likewise, the presently dominating definitions of what a brand is do not imply focus on a particular type of customer or market and the recent development of brand research and literature has in fact begun to focus on the industrial market as well.

Previous studies have indicated that branding is a valuable strategy also in B2B markets and that the actors in these markets are positive to the ideas of branding. Similarly, theories on industrial buying behaviour (IBB), along with the relationship marketing field, deliver indications that there is more to the success of a seller in the industrial context. Studies in IBB have, for example, clearly suggested that intangible and product peripheral factors also can have an effect on the exchange between parties in the B2B market.

Still, attempts to manage brand image can cover efforts related to a broad spectrum of communication channels, in theory encompassing the whole organisation. This is costly in terms of money, time and energy and it will be of interest for companies to know whether such efforts are worthwhile. One of the questions that spring to mind is how a firm can understand whether brands and the management of brands are actually helpful. At a basic level Riezebos (2003, p. 23) suggests that two questions must be asked in order to appreciate whether it is worthwhile to develop brand strategies for a certain firm in a certain market.

1) Firstly, it is necessary to know whether brand strategies are suited for the market in question (i.e. do brands have an impact on the buyer’s choice?)

2) Secondly, once the first question has been positively answered, one should consider whether the expected benefits from branding are good enough to invest in it.

This means that Riezebos (2003) does not consider branding feasible simply because there is an opportunity for it. Instead he brings forward the idea of understanding costs which are implicated and that these need to be weighed against the expected benefits of carrying out the strategy. From such a perspective more questions concerning the industrial markets and branding arise. While brands theoretically do exist in different forms in different markets,
there is little evidence that it is actually a valuable strategy. In order to make that decision it is necessary to understand how brands affect the buyers and sellers. In their study on the importance of brands in the industrial consumption goods market McDowell-Mudambi, Doyle and Wong (1997) conclude that there is a need for more sector specific research into the area in order to find how buyers “actually value different tangible and intangible attributes”. That is, to understand more about the opportunities inherent in branding on a market, it is necessary to find out more about the buyers’ behaviour and decision-making processes. This relates to Riezebos’ (2003) question suggesting further understanding of the mechanisms that make a brand valuable and brand management feasible. While this connection between brands and industrial buying behaviour has been done in theory, few researchers have empirically investigated the indications of a certain buying pattern/behaviour on branding potential. This thesis offers a brand perspective of the behaviour displayed by industrial buyers.

The question, however, does not concern whether a buyer has an image of the selling party and the company’s corporate brand or not. As long as the customer has some awareness or knowledge about the selling party there will be an image. Instead, the question is what role the brand image plays in the buying process? Related to this it becomes interesting to understand what aspects are used to form a customer’s image. Here, at least theoretically, it is possible to separate between how a factor can both affect brand image and be the basis for a decision. Price, for example, can both be part of what creates a brand image and be used for making a decision regardless of the brand image. We need therefore to distinguish between what aspects can affect brand image and the effects brand image has on decision-making!

Marketing communications in B2B markets has for a long time primarily been discussed from a perspective emphasising personal sales and informative messages as the primary communication channels (e.g. Gross, Banting, Meredith & Ford, 1993). Foster (1998) argues that the lack of research in industrial marketing communications has been highlighted ever since the late 1970s, stressing a need for further knowledge about the communication processes and the promotion tools used in industrial markets. What research on information sources and communication channels has determined is that several types of sources are important. What it has not concluded, however, is whether the types of information, information sources and impact of the information, differ during different stages of a customer’s buying process. Further more, this research appears to have focused much on the communication channels traditionally described as the promotion mix (i.e., advertising, personal sales, publicity and sales promotion) often overlooking plausible sources of alternative information.

Research has previously investigated the communication efforts by industrial sellers on the one hand and the sources of information used by industrial buyers on the other (e.g. Deeter-Schmelz & Norman Kennedy, 2004, Foster, 1998,
Tuncalp, 1999). Ozanne and Churchill (1971, in Foster, 1998) conclude that the sources of information differ depending on what phase in a buying process the buyer is in (impersonal sources rule during awareness and interest, personal sources during evaluation, trial and adoption), however, what type of information is searched for and used in each decision phase has not been primarily considered. In relation to branding the question is whether straightforward product related information leads to decisions or if also other kinds of information or associations (e.g. the perceptions of a corporation in total or the image a customer might gain from using a certain supplier or product) play a role in the decisions made?

Based on the above the following four principles are maintained:

1) Changes in the marketplace have led to a climate that calls for increased understanding of what makes a firm successful in being chosen.

2) A focus on brands and brand management is one answer to how a firm can improve its competitiveness and chances of survival in this type of competitive market.

3) A focus on brands is only interesting to a seller if brands affect the buyers’ buying behaviour.

4) It is necessary to understand the buyers’ behaviour and use of information (and marketing communication) to conclude if brands are of importance.

So far industrial brand and branding research has been quite limited both in its empirical and theoretical scope. The industrial brands considered are mainly those representing large companies or ready products with individual product brands, e.g. computers, copier machines, and not subcontractors who deliver components and parts which are often anonymous to the end user. As a consequence the research has mainly revolved around product brands. Thus, even though industrial companies are now included in the brand discussion, it seems there is still a large group of companies left out.

De Chernatony (1993) concludes that a brand has a better chance of succeeding if the company holding it first recognises what kind of brand it is and how audiences approach it. He argues that this knowledge is crucial for brand holders to choose the best strategy and reap the best benefits. Due to the above-mentioned limits of B2B brand research, there has so far been little research into what kind of brand particular groups of suppliers have and what impact functional and representational aspects have on the buyers.

There is a range of different industrial suppliers. A common denominator for most of them is that they do not have direct contact with the end user or the consumer market even if they supply parts that are placed in products that eventually are sold to consumers. Still, what they offer varies and due to that, so do their abilities and ways to market their offer. Some obviously supply goods while some offer services. The firms offering goods can either be such that they
develop, manufacture and market their own products, or such that only manufacture products according to the customers’ orders. The subcontractors focused on in this thesis are the latter of these. Their situation indicates that they cannot exactly market a product since they normally do not have ready products to market. Their offer is rather their ability to manufacture for someone else. That is, they could be considered as firms offering a service but delivering pieces of goods.

On the subcontractor markets one consequence of the above mentioned market changes has been that competition has brought with it an increased pressure on price cuts along with demands of global reach. In many ways these demands have created a tougher situation for subcontractors who sometimes run into financial problems in trying to adapt. Furthermore, demands are also placed on the suppliers of components and parts to increasingly be able to present complete solutions. Part of these pressures can probably be an indication of the large buyers’ demands on improved efficiency in their own manufacturing. This has further led them to begin a process aiming to limit the number of suppliers they employ. It is then possible to argue that the demands on suppliers in general as well as the competition among subcontractors have increased. Considering these changes a crucial question for subcontractors should be how to succeed in being one of the chosen suppliers.

As regards branding, which above has been suggested as one plausible means to cope with some of the challenges facing firms in today’s markets, it seems that subcontractors have a somewhat special situation. Firstly, they do not know exactly what they are selling until the buyer has demanded it. Secondly, in accordance to the service provider they have no tangible product to place their mark on. Thirdly, they are not in general offering an exclusively available offer and are hence theoretically more likely to face straightforward price competition. Taking this into account it would seem that these subcontractors face a kind of dilemma considering branding in terms of how it is often approached.

Based on this discussion about subcontractors another set of principles is defined:

5) Given the three characteristics of the subcontractors’ situation outlined above, it can be said that they face a kind of “worst case scenario” when it comes to branding. Thus, if it is possible to note that brands play or could
play a role for them, brands and branding should also be highly relevant for other suppliers in the B2B market.

6) If the above assumptions are true, branding should be considered a key strategic issue for companies in the industrial markets (and subcontractors should be managing branding accordingly).

Based on these six principles this thesis concentrates on the role of brands in a subcontractor context. The expectation by doing so is to bring forward the research and knowledge about branding in the industrial markets.

1.2 Purpose of the thesis

Taking the above points into account and with three separate studies serving as examples, this thesis aims to describe and analyse the role corporate brand image can play for subcontractors during the selection of a subcontractor and, further, to investigate whether these subcontractors pursue branding as a conscious strategy which could be assumed if the above assumptions should be correct.

1.2.1 Structure of the thesis

This chapter is merely an introduction to the main research question that this thesis considers. The forthcoming chapters, however, goes deeper into the main areas related to this question and further clarify what the upcoming empirical studies focus on. Together the first five chapters can be seen as constituting the thesis’ first section where introductions are made and the stage for investigation is set.

Chapter 2 introduces the idea of the brand and branding as a strategy that a company can choose to pursue or not. The necessity for subcontractors to focus on corporate brands is further presented.

Chapter 3 and 4 represent two important parts of the theoretical framework that support the idea of this thesis. In the third chapter ideas about industrial buying are looked into. Chapter 4 digs deeper into the particulars of marketing communications that can easily be related to industrial markets. These chapters are concluded in a number of research questions that present the framework for the thesis.

Chapter 5 outlines how the empirical studies included in the thesis have been conducted and also what and why, choices were made.

The second section of the thesis deals with answering the first part of the thesis’ purpose, including chapters 6, 7, 8 and 9.

Chapter 6, 7 and 8 present three empirical studies, one in each chapter.
**Introduction**

*Chapter 9* presents an analysis of all the three empirical studies. The aim of this chapter is to concentrate on the main findings of these studies and to point at their impact on current theory.

The third section of the thesis primarily deals with the second part of the thesis’ purpose, including chapters 10, 11 and 12.

*Chapter 10* presents further theory about corporate branding and how it is dealt with in the literature related to firms in the B2B market. This chapter ends by specifying research questions for answering the second part of the purpose.

*Chapter 11* presents a continuation of the empirical studies presented in chapter 6, 7 and 8.

*Chapter 12* provides analysis and conclusions related to the second part of the thesis.

The final section of the thesis only covers one chapter (13) and serves to conclude the thesis as a whole.

*Chapter 13* concludes the thesis by summarising and discussing its main contributions and by outlining ideas for further research.
Chapter 2
Focus on brands and branding

This chapter presents the brand concept and part of its history. Different concepts related to the brand are also discussed as is the distinction of branding as a conscious strategy. It also discusses the brand with respect to B2B markets taking particular interest in the usefulness of brands and branding for subcontractors.

2.1 Why is the brand in focus

In 1988 some extraordinary acquisitions were made placing brand management and foremost the value of brands in focus. Nestlé made one of these acquisitions as the company paid £2.5 billion for acquiring British company Rowntree (Kapferer, 1992). Of this sum only 12 percent (£300 million) represented material values while an additional £1 billion represented Rowntree’s market value at the time. This indicated that £1.5 billion were paid without confirmation of existing value. Similarly, Philip Morris acquired Kraft for $12.9 million, a sum which corresponded to four times the company’s accounted equity (Melin, 1999). The explanation for these “overprices” was that both acquired companies included some well-known and highly valued trademarks (e.g. Rowntree’s portfolio included KitKat, After Eight, Polo and Quality Street), which meant that the buying companies calculated for vast future incomes thanks to the recognition of what impact brands can have on customers’ loyalty and willingness to pay premium prices for a particular product. Due to these and other similar examples during 1988 the Economist proclaimed the year The year of the brand (The Economist, 1988) and the arrival of a brand management era was unquestionable.

Although these acquisitions are often considered a starting point for the recognition of trademarks and brands as important assets, this does not mean that brand values did not exist or were not recognized prior to 1988. Riezebos (2003) mentions that brand values were debated in the financial market already in the early 1980s. Still, these now almost legendary stories about the Rowntree and Kraft purchases triggered a discussion about brand equity as an important asset.

---

1 Riezebos (2003) presents one explanation for this concept: "Brand equity is the extent to which a brand is valuable to the organisation; this value can be manifested in terms of financial, strategic and managerial advantages." Simply speaking, as suggested in this definition, brand equity is the brand’s value from a firm’s perspective. In general it further suggests a long-term perspective.
Focus on brands and branding

eexpression for the values a brand can provide for a company and also instigated a debate on its potential use in financial accounting (Melin, 1999). However, while during the first half of the 1980s brand equity had primarily been seen from a perspective of financial gains, it soon became recognised as a marketing issue that could affect strategies and management decisions (Riezebos, 2003). From this perspective brand equity and brand values are not only considered from the financial gains that can be made but rather a customer perspective is taken so as to understand and manage the perceived value that customers have/can get from a brand (sometimes denoted “brand added value”, e.g. Riezebos, 2003). Still, the above-mentioned acquisitions proved that companies had begun estimating and understanding the potential of brands on a market where many sellers compete for the same customers and their limited capacity for consumption. Since then, the focus on this issue has not decreased but rather increased.

2.2 A brand definition

To some extent we are all familiar with the brand concept as we continuously run into brands in our daily lives. Typical examples like Coca-Cola, McDonalds and IKEA along with many others constantly compete for our attention by visibility in advertising, their products, stores and other communication channels. What is important to consider, though, is that while a brand can be recognised by a name, logotype, symbol or perhaps a particular design, that is not what makes it interesting for a company. Instead, it is the ideas customers have about the brand and the added value it thereby brings which is worthwhile. As long as a brand brings a customer added value, it can also be seen as a source of value (brand equity) to the company. For example, customers who for some reason like a particular brand will probably buy it several times thus bringing repetitive sales and perhaps also positive word of mouth. Still, related to this comprehension it is possible to identify two usages of the brand concept per se (Keller, 2003).

The above-mentioned features (e.g. name and logotype) can be seen as examples of brand elements, which together with other elements make up the parts of a brand a brand holder/owner can manage. The function of these with focus on translating the value into a financial figure. However, as Riezebos’ definition shows, value can also be thought of in other ways. There are multitudes of suggestions for how brand equity should be calculated (for further information see, e.g. Keller, 2003, Riezebos, 2003).

After the acquisitions of 1988 several companies included an estimated brand value as assets in the balance sheet. Therefore, in 1989 a debate began about whether this was in line with accounting standards and should be allowed (Melin, 1999). Although international standards have been introduced there is still a debate about how this type of immaterial assets should be handled in financial accounting.
elements is to distinguish the offer a particular brand represents from that of others (Keller, 2003). This view is based on the logic that brands, in a competitive environment, are needed to create some kind of added value to the customer. The individual brand elements then function as a platform that can be used both to make audiences aware of the offer and to provide this audience with something they can attach perceptions and values to in their minds. These perceptions are often called a brand’s image and represent the different values or ideas a beholder attaches to a certain brand1. This image is formed through the different brand contacts a customer has with the brand, i.e. each time he/she observes or interacts with any of the brand elements.

Another way to consider the above mentioned elements is that each of them individually represents the brand itself rather than parts of it. Both interpretations of the meaning of brand elements are available in current brand literature (for further descriptions of a spectrum of brand models see de Chernatony & Dall’Olmo Riley, 1998). For example, the American Marketing Association (AMA) uses the following definition:

_A brand is a name, term, sign or symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers._

(Keller, 2003, p. 3)

However, one might argue that this definition was more suitable to a time when the idea of using brands in commercial corporations began. During the end of the 19th century, as manufacturers increasingly began using their name on manufactured goods4 (Riezebos, 2003), the objective was not primarily to make people think something special as they saw it. Rather the objective was to make sure the buyer noticed that a manufacturer actually existed and the name was a primary means to distinguish the offer. The use of brands was then limited to naming products, often by using the founder’s, investor’s or inventor’s name (Rooney, 1995). The features mentioned in the definition above are often registered and called trademarks5 indicating that the owner has legal protection assuring the exclusive right of usage in a certain geographical

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1 Kapferer (1992) offers the following definition of the brand image: “Image is on the receiver’s side. Image centers upon the way a certain public imagines a product, brand, political figure or country, etc. The image refers to the manner in which this public decodes all the signals emitted by the brand through its products, services and communication program. It is a reception concept.” (Kapferer, 1992, p. 37)

2 In the meaning of a certain symbol or name, brands have been used as long as men have attempted to establish ownership or origin of a piece of goods or livestock by e.g. burning or carving a mark onto it. The use of brands as a marketing strategy has developed over an extensive period of time due to the changes of the market and its conditions (for a more extensive description of the historical development of the brand see e.g. Diamond, 1973, Riezebos, 2003).

3 Also sounds, colours and typefaces and further examples of distinguishing factors are today known to be registered as trademarks (e.g. Melin, 1997) but these three examples are still the most common ones.
Focus on brands and branding

area and product category. This definition is one that suggests the brand actually is the distinguishing feature and also that it exists independently of an audience’s awareness and images.

During the 1960s and 1970s researchers found that consumers were using a more meticulous process than simply searching for product function when choosing what products to buy and some even concluded an existing parallel to the way persons choose their friends (De Chernatony & Mc Donald, 1998). This research introduces the idea of brand personalities, indicating that a company by different communication efforts can make audiences perceive different trademarks as representing different types of attitude, behaviour and lifestyles. Based on this thought brands prove equivalent to more than a logotype that serves as a means for identifying a specific offer’s origin. They become a marketing tool that can be managed in order to transmit certain promises making an offer more or less competitive relative to others (c.f. Ries and Trout’s (1986) ideas on positioning). From this perspective companies focus on their customers’ ability to perceive and form beliefs, and make choices accordingly. As a result the product (goods or service) and trademark (or equal brand element) only represent one part of the brand while impressions and surrounding values represent another. This insight leads to the idea that a brand is dependent on an audience’s attention and attitude to exist and be of some value. From such a perspective the above definition used by AMA is somewhat incomplete since it merely describes the symbols for a brand, i.e. listing a number of brand elements.

From the wider perspective of what a brand is (that which includes the idea of audiences’ perceptions), creation and management of a brand is about making customers notice, understand and foremost believe that your offer is better suited for them and their needs. As Kapferer (1992) puts it, the brand can be seen as a living memory that is built up by the interactions a person has with its different symbols, both tangible and intangible. Contrary to above, the argument for working with brands is not a need for indicating the existence of a certain manufacturer. Rather, on a competitive market where customers are both experienced and selective, working with brands becomes necessary to create an impression that makes customers prefer a particular offer and thus might also willingly pay more to obtain it.

Accordingly, the brand image different audiences have is a necessity for a brand and in the end a brand’s value comes down to the perception the audience has and not what the owner/holder wants. The image a single person has of a brand is not limited to his/her personal experiences since the perception of a brand might also be affected by word of mouth, that is, other people’s ideas and experiences of it. Hence, every organisation, wanting it or not, is profiled by a brand (Nilson, 1998) since audiences will have an opinion about it as long as there is some brand element to attach meanings and memories to.

For clarification, in this thesis the wider perspective of the brand is taken and hence the following quote is illustrative.
People define brands in many ways. A brand, very simply, is a collection of perceptions in the mind of the consumer. (Garrity, 2001, p. 121)

However, one might discuss if the elements (e.g. logotype, product, employee, colour, slogan) that provide the perceptions mentioned in this quote are not in fact also part of the brand? The value of a brand (as concluded above) is dependent on the beholders’ image and added value, and there would be no image unless there were elements to gain image from and attach the image to. Conclusively, it seems elements and perceptions are both necessary for discussing the existence of a brand. Thus, the brand concept in this thesis is understood and treated as a combination of brand elements and brand images.

Evidently, since the late 1980s, brand literature, ideas and discussion have continuously intensified and the concept has developed immensely. From being something quite easily definable and constrained to consumer goods markets, the idea of the brand has evolved into being something ultimately abstract, quite hard to describe, and something that can be used for competitive advantages in both consumer and industrial markets and likewise both for goods and services. Thus, the brand is neither confined to a particular type of offer, nor to the offer itself. The idea of brands also relates to companies and persons. In short, anything that has a distinguishing mark, name or other type of brand element that may signify it also has a brand.

In this thesis, based on the considered subcontractors’ situation, focus lies on corporate brands where associations are mainly connected with a company name, logotype or other brand element and not necessarily with a certain product offer.

2.3 A branding definition

Once we establish that there is something called brands it is apparently logical that the owner and/or holder of a brand can attempt to affect what it signifies to different audiences. The attempts to influence and shape the brand leads us to another term frequently discussed in relation to brands, i.e. branding. This word comes from the verb to brand and implies the actual doing of something and hence also a consciousness about what a certain action will imply for a brand. This is far from the general view of branding though. For example, Graham (2001) writes:

Branding isn’t an option today. Companies, people, products and services are branded by consumers, one way or the other.

(Graham, 2001)
Focus on brands and branding

Graham (2001) suggests that once there is a brand there is branding. Furthermore, he suggests that branding is something detached from the company’s actions; it is rather something that customers are doing. His statement actually equates the recognition of a product or service with branding. For this thesis, however, branding is something conducted by the company. Likewise, since branding is considered to be a conscious “doing”, companies are suggested to actually have a choice, i.e. the existence of a brand does not automatically result in branding!

Nevertheless, Graham advocates a clear understanding of the branding concept as it has been frequently discussed for so many years. At the same time it is confirmed that there is no unanimous definition of what it means to brand, regardless if it concerns people, goods, companies or services (de Chernatony & Riley, 1997, Graham, 2001). Many writers, however, regardless of their exact definition of the concept, agree and state that a brand ultimately is about experiences and what the audience and customers perceive of it (e.g. Graham, 2001, Kapferer, 1992, Melin, 1997, Keller, 1998) which further implies that branding should be about the attempts to affect or monitor these experiences and perceptions.

Whereas the term brand image was previously defined as representing the perceptions different audiences have, it has also become customary within brand literature to talk about the brand’s identity. Aaker and Joachimsthaler (2000, p. 43 & p. 40) describe brand identity as follows: “Brand identity is a set of associations that the brand strategist aspires to create or maintain.”, and further say: “In a fundamental sense the brand identity represents what the organization wants the brand to stand for”. In short, contrary to the image concept, brand identity is thus described as something internal and a tool which can be used while attempting to pursue branding. Aaker and Joachimsthaler (2000) propose that a special function is needed to control the brand and describe this brand manager as someone who “...takes control of the brand strategically, setting forth what it should stand for in the eyes of the customer and relevant others and communicating that identity consistently, efficiently and effectively.” (Aaker & Joachimsthaler, 2000, p. 7. Emphasis added by the author). Through this definition they clearly ascribe the identity concept to a visionary touch and also point out that the identity is closely connected with the work to gain a certain image.

In order to recognise what type of actions should be perceived as branding it is necessary to reflect on the definition of the brand as such. One such consideration is made by Nilson (1998) resulting in a wide definition of what brand management, i.e. branding, is:
As the value of a brand is created by all the different activities the customer will connect with the brand, the brand management process is identical to managing all the factors that are externally apparent and relates to the brand, i.e. virtually all the activities of the company.

(Nilson, 1998, p25)

From a wider perspective branding is clearly a marketing issue. Reviewing the marketing field it is clear a development has occurred where marketing in organisations has developed from being a closed function to including every part and party in an organisation (Webster, 1992). Similarly, it seems the brand has gradually changed into a more holistic idea where any and all associations are potential influencers. Consequently, branding has become something that can include every person in a company.

Hart (1993) describes marketing communications as "all the various channels of persuasion". Although brands can be part of choice, it is not necessarily so that every piece of communication that built the brand was part of a planned communications aimed at persuasion. Marketing communications are normally connected to e.g. advertising, personal sales, exhibitions and trade fairs, sales promotion and direct mail. While brands are certainly affected and can be managed partly by these media, they cannot be used as the complete explanation for branding. Melin (1999) explains the increased interest in branding with increased competition and a demand for long-term benefits to conquer this competition. A reasonable belief seems to be that no matter who is your customer, a well-known name with a reputation among your customers of e.g. quality products should be a benefit. If markets get tougher and noise on the market is "louder", it should also be reasonable for companies to exercise more of the potential tools to gain recognition and sales.

To summarise, a brand might be symbolised by a company name, a logotype, a person or anything else the surrounding audiences attach their opinions to and thus all companies that anyone knows anything about have brands, willingly or not. However, as far as this thesis is concerned, the fact that a brand exists does not automatically result in branding! Branding in this thesis is seen as an approach which focuses on the potential values inherent in a brand. That is, branding is considered to be a choice of strategy and actions taken by management.

Parallels to this perspective can be found in Michel, Naudé, Salle and Valla’s (2003, p. 286) who describes that branding “attempts to guarantee perceived quality and to make it concrete and memorable for the stakeholders concerned”. Similarly, they discuss (with focus on B2B markets) the technical basis for communication management, which is an expression for how the diversity of communication sources requires a communications director and precise methods for communication related to a company’s image. This method includes steps like image development, visual identification system, and control and information
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systems related to the transmitted and registered image (Michel et al., 2003, p. 287), pointing towards very conscious attempts of management.

With basis in this belief and the previous outline of what a brand is, branding can be explained as having three main features. It should be emphasized, though, that the outline of these does not imply that other things cannot also be important for branding. Instead, this outline intends to clearly position this thesis’ use of branding by portraying what is required to fulfill its logic.

• As noted above, the values of a brand are much reliant on what images exist among audiences (e.g. Keller, 2003, Riezebos, 2003). In order for audiences to create and remember these they need some distinct brand element to recognize and attach associations to. This can be, for example, a registered trademark, logotype, name, person or uniform. Since branding reflects the attempts to manage the values possibly derived from these associations, a company conducting branding needs one or several brand elements available to work with. That is, to have particular brand elements is a fundamental aspect for the brand as such and thus also for branding.

• As pointed out above brand management reflects that the holder of a brand identifies what the basis for the brand is and what it should represent, that is its brand identity (e.g. Aaker & Joachimsthaler, 2000). The aspiration is normally that this identity should be reflected in the images audiences have so as to gain value. In accordance, a plan for what and how to communicate needs to be constructed (cf. Aaker & Joachimsthaler’s (2000) brand manager). This plan towards brand value can be described as having a brand strategy where the aim is to change or monitor brand image to improve or maintain brand value. Thus, outlining a brand strategy based on the brand’s identity is another fundamental for branding.

• Although one might assume from the mere outline of a strategy that this strategy will also be pursued it can be further clarified. For branding to happen it is not enough to outline what an identity should be and what actions should be taken. Thus, one feature of branding that has been identified as necessary is the active management of the strategy. Again a parallel to Aaker and Joachimsthaler’s (2000) idea about the brand manager can be drawn as they talk both about the outline of and of consistent execution of communication. Similarly, Nilson’s (1998) reference to management of factors in the company indicates the need for controlled actions. Management of the brand strategy is hence identified as yet another fundamental for branding.

As pointed out above the idea of conscious actions is regarded a general requirement for branding. These branding segments are visualized in the following figure where also the necessity of consciousness is pointed out.
Branding here is identified by three basic features pointing at a management perspective including stringent plans and monitored action. The logic behind this is a belief that if you are not aware of your actions and connect them to a certain objective you are less likely to understand why you gain the benefits you reap and also less likely to be able to affect the increase of them. Still, at this stage it should be noticed that even if a company is not aware of its brand and does not conduct branding according to the approach taken here, it can still have a good brand image and a high brand value! Since the audiences perceptions are in focus a company that always delivers good products or services, is nice to customers and surrounding society might have a brand image that is hard to improve. The above attempts suggest that the chances to obtain a beneficial brand image and to understand changes in attitudes among audiences’ are better if deliberate plans and actions are taken to affect or monitor the brand image.

That is, the fact that branding is denoted as conscious actions should not be interpreted as if companies that are not aware of their brand and do not use branding actively always have low brand values and bad images! Instead, branding should be considered a communication strategy which can be used for increasing the chances of being competitive and successful in a crowded market. Thus it is here assumed that a company can improve its chances of managing brand image by having a better understanding of the ideas behind the brand concepts and their scope.

From the outlined model of branding above, one might be tempted to think that brands can be completely managed. This, however, was not the purpose. The reason for the structured model is to emphasise the basic logic of branding as being a choice and an opportunity to affect the brand, not to control it.
Focus on brands and branding

Noted previously, a large part of a brand’s existence and values resides within the beholder’s mind. This means that the branding in the end is merely the attempts to steer the brand in a certain direction. Likewise, since the beholder is in charge of his/her brand image, it goes without saying that parts of the brand image as well as the concurring brand value can be created without the management or complete awareness of the firm (or another brand holder). In all, this allows for an extended model of the brand and how it relates to branding.

**Figure 2-2: Brand image and value as a result of conscious branding strategies and/or unconscious actions**

While branding is still considered an outcome of consciously taken actions to affect brand image this figure adds to the discussion by pointing out that brand images and values also appear without branding. It might be helpful here to further clarify the use of conscious and unconscious action. Conscious and unconscious actions in this discussion should be considered in light of what aim plans and actions taken have in relation to brand image and the values it can bring. That is, a conscious action here is not the opposite of a person acting in general without thinking about what he/she is doing. Instead, a conscious action here is the opposite of actions taken without an aim to affect brand image or a consideration for how the action might affect brand image. However, as the figure aims to illustrate, unconscious actions might still affect brand image! The point made here is that without a particular aim to affect brand image and thus brand values, it is not conscious actions and thus it should not be defined as branding.

In connection with the recognition and increasing interest in brand values, branding literature and discussions mushroomed during the 1980s (Nilson,
1998, Melin, 1999, Kapferer 1992) and have not decreased abated since. Many of the different terms such as strategic brand management, brand strategy, brand building and branding commonly used in this area still need to be distinguished or defined.

One author who does highlight different usage of the branding concept and expresses his opinion is Nilson (1998). He distinguishes between two types of expressions for branding where the concept is described as either an implication of the pure graphic design of a brand (e.g. logotype, signs, letterheads etc.) or as the creation of values signifying it, thus making it possible to note the two different perspectives of the brand concept presented earlier. Nilson (1998) proposes that only the latter description actually is branding which is also the position taken in this thesis even though this should not be understood as if graphics have nothing to do with building brand value. Just like Nilson who considers design a crucial part of branding, branding in this thesis could include certain management of graphic design and so forth as long as it is within the strategy of creating, altering, improving or maintaining brand image.

For further distinction, branding in this thesis is to consciously work to affect brand value, by developing strategies and managing them in order to generate, alter, improve, maintain or emphasise the image, i.e. ideas, audiences have of a brand.

2.3.1 In what situations is branding suitable?

The fact that it is possible to theoretically identify and describe a concept does not necessarily mean that it is of value to firms active in the market. As mentioned briefly in the introductory chapter one can assume that a focus on brands and a strategy of branding should only be of interest if the brand somehow affects the buyer. That is, if the customer experiences brand values and acts accordingly. In relation to this logic it becomes interesting to consider the brand sensitivity of a market (Riezebos, 2003, p. 21).

Riezebos (2003) suggests that brand strategies will have a larger potential in cases where consumers cannot thoroughly judge the quality of the purchase in advance and also when it relates to a product that can have an effect on the consumer’s personal identity. Riezebos (2003) calls the type of products where it is not possible to foresee the outcome of one’s purchase experience articles.

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6 In this thesis branding is used in parallel with brand management and brand building.

7 In this thesis brand value is considered both from the customer and company perspective. From the customers’ view brand value can be referred to as brand-added value (Riezebos, 2003), which represents the extra value a customer perceives from an offer due to a certain brand image. From the company’s perspective brand value can be referred to as brand equity. It should be noted that, as described previously, in this thesis the former type of value is considered a prerequisite for the latter!

8 Developed from Nelson’s (1970 & 1974) definition of search and experience goods, as well as search and experience qualities of different types of goods. These derive from the idea that
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The definition for such an offer is that the most important intrinsic attributes, i.e. the characteristics of the product, are hidden, indicating that you cannot try or evaluate the offer’s main function (e.g. taste of pre-packaged food). In such purchase situations the extrinsic attributes that are not part of the actual product but still part of characterising the offer are suggested to play an increasing role (Riezebos, 2003). These extrinsic attributes for example refer to brand name, price and packaging. Similar to the experience articles, Darby and Karni (1973) develop the idea of credence qualities, which characterise a consumer’s inability to evaluate an offer even after it has been purchased and used. Darby and Karni (1973) give the example of a recommended appendix surgery or car repair where a buyer has a lack of information and even after the purchase cannot from the results tell whether the taken action was proper or not. Consequently, these types of offers should also be greatly sensitive or dependent on extrinsic attributes.

The opposite of experience articles are called search articles. These are distinctive in that the main intrinsic attributes are not hidden, i.e. the most important parts of the offer can be evaluated before the purchase and thus the customer would need to rely less on extrinsic attributes. Although the related discussions by both Nelson (1970 & 1974) and Riezebos (2003) appear to mainly concern consumer goods it turns out the logic might be applied to any type of product or customer. For example, services by default in general are experience or credence articles since you most often cannot try the service before you buy it (at least not without having to deal with the outcomes, that is, you might get away without paying, but you still would have to live with the consequences of having tried the service). Still, depending on what service we are considering there might be visible intrinsic attributes which in some sense are part of the service delivery, e.g. the scissors or the hair dyeing products used in a hair-dresser’s saloon. Depending on what is the most important factor of the offer for a customer there could hence be differences in the potential or impact of extrinsic attributes like the brand name, and thus also the use of branding.

Considering the world today and how consumers act in the market it seems that it is possible to make yet another distinction between products. First, we have the products one cannot evaluate certain qualities prior to purchase for which extrinsic attributes play a necessary role for the assessment of the offer (i.e. experience or credence qualities). Secondly, we have products where it is possible to evaluate the quality but customers still choose to include extrinsic attributes in their search and evaluation due, for example, to an aspiration to manage their own personal identities. With this in mind brand sensitivity can in fact exist for both search and experience articles although based on different logics.

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products offer consumers different abilities and varying costs to locate information about their quality and that this will instigate different types of consumer behaviour.
2.3.2 An old phenomenon

The definitions presented above can seem limiting in terms of the history and use of brands and branding. However, they should rather be considered a means to handle research in the area and foremost to serve this thesis’ purpose. Brands have always been there if we go by the basic meaning of the term! Likewise, there has always been branding! The key in the above discussions is the introduction of consciousness considering the connections between what is here called the brand, its values and the actions taken. This consciousness indicates simply that someone has a plan to reach a certain goal (affect brand value) and plans and conducts certain activities with the aim to reach this particular goal (brand strategy and its implementation). Regardless of whether the exact words brand and branding are used, someone can have a brand and can conduct branding. Likewise, the perspective in which branding is considered in this thesis indicates that we should not talk about it if a person takes action without the underlying objective to somehow affect what is here defined as brand image and value.

Still, the impact of using the word brand should not be completely overlooked. It seems plausible that management and employees in general can have a different attitude and way of looking at things if the thing is emphasized and singled out by the use of a special word. The point being that branding is not about image in general but about a strategically important and consciously planned set of activities and behaviour. Although this thesis suggests that branding can be made without using the words brand and branding in a company, it is also assumed that the use of concepts as well as a person’s idea about what they signify can affect the branding efforts.

2.4 Increased focus on brands in a B2B context

As determined above the brand is not, based on its definition, necessarily restricted to a particular type of company or market. Still, brand research and literature for a long time were focused on consumer goods markets although in recent years an increasing focus has been placed on the subject in connection to industrial and service markets (Low & Blois, 2002, Melin, 1999, Nilson, 1998). According to Nilson (1998) the previous consumer market attention was a result of the fact that brands and the process of branding were first...
focus on and *professionalised* in consumer businesses. Consequently, most models and techniques suggested for branding were designed for the consumer goods market and the concept normally connected with this setting. However, this neither means that brands have not always been something inherent in and applicable to all types of businesses (Nilson, 1998), nor that the concept and ideas cannot be applied to B2B markets (Ward, Light & Goldstine, 1999).

During the 1980s and 1990s a trend could be observed indicating that service and industrial companies began focusing on brands as a means for competition (e.g. Melin, 1999). Nilson (1999) further argues that brand development is increasingly considered a strategic matter in B2B companies, indicating that brands are not only seen as a short term tool for attracting sales but also as long-term perspective values. Likewise, Malaval (2001) concludes that branding in the industrial market is becoming increasingly sophisticated. The recognition of brand relevance to industrial markets is further proven by statements indicating that industrial marketers who do not recognise that brands have an important role to play ignore a *powerful tool* (De Chernatony & Mc Donald, 1998) and that companies failing to extend their strategies to include branding will suffer consequences (Hague & Jackson, 1994). Shipley and Howard (1993) conclude that branding is widely used and considered to be an important strategy for competitiveness by actors on the industrial market. These arguments currently surface in marketing textbooks. For example, Ranchhod (2004, p. 106), suggests that branding is the key to marketing and does not make a distinction between the two markets:

*Branding and advertising are functions that are fundamental to the continual evolution and success of consumer and business-to-business markets. Branding, advertising and associated communication approaches are not the 'last stand' of marketing but perhaps are now recognised as key in strategic development, rather than a tactical function to improve short-term gains.*

It is possible to find practical indications of this industrial brand phenomenon in daily newspaper reports. Debates and statements related to the stock exchange market mention brand values of companies in consumer as well as industrial market companies (e.g. an editorial about the Wallenberg brand in Sweden in a Swedish business newspaper, Dagens Industri, 2002). Another interesting detail is the granting of a Swedish yearly award for brands called SIGNUM to B2B companies in 2001, 2002\(^\text{10}\) (Löfgren, 2002) and 2005 (Brandnews) respectively. Furthermore, the main leaflet for a subcontractors’ tradeshow presented an article on the front page concerning the importance of brands for subcontractors (Elmia Subcontractor, 2003). Whether the newspaper stories and award givers have the same view of brands as this thesis is

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10 SIGNUM is rewarded to the company considered the best among a number of nominees managing and nurturing their brands on a long-term basis. In 2001 the reward was given to ITT Flygt, in 2002 to Atlas Copco and in 2005 Tetra Pak.
not clear, however, they still represent examples of the fact that the industrial market does not shun the brand discussion.

The discussion above denotes that branding has become a marketing issue also for the industrial market and likewise that industrial companies are actively pursuing branding as a strategy. The reason for this change of interest has not been clearly outspoken. Considering, however, how the brand and branding concepts have developed, it is possible to suggest that they have brought more attention to the potentials of branding for industrial companies. As long as brands were mainly considered to be a name attached to a tangible product on a shelf, it did not apply to the industrial purchase. The wider description of the brand concept, however, leaves more room for discussing brands related to different types of offers and purchasing. All in all, this suggests that the previous negligence of brands was not necessarily a result of branding’s possible application to the market but rather that there might have been little need for it. Further what is considered branding today was not recognised as such, i.e. industrial companies might have used branding although it was not recognised as such by them or marketing in general.

Rooney’s (1995) suggestion for why brand potentials in industrial markets have been recognized is the increasing similarity between competing offers. In such a situation branding becomes a way to help differentiating a product from those offered by other actors. A further explanation for the focus on B2B brands is the realization by industrial market companies that the benefits which branding can yield in a competitive market also apply to their context. Another explanation could be that during this time companies begin to recognise that there are differences between industrial branding and consumer branding that needed to be brought forward (similar to the differences proposed between corporate and product branding). A fourth interpretation is that the emergence of B-2-B branding literature relates to discussions on corporate branding and the fact that more organisations grasp that firms can also be, and actually are, brands. Since the industrial brand normally is represented by a company or division name, i.e. the firm operates with a monolithic or house brand strategy (de Chernatony & McDonald, 1998, Gordon, Calantone & Benedetto, 1993), there will logically be few attempts to pursue branding unless the notion of corporations as brands exists. As is often the case the most likely explanation is probably a mixture of the two. Either way, the general increase in focus on integration and corporation in marketing communications should have influenced the business to business brand discussion, if not by instigating it at least as a catalyst.

2.4.1 The value of brands for the B2B marketer

Since the initial efforts the field of B2B branding has grown and researchers have pointed out that brands have an interesting and important role to play in the industrial context (e.g. Egan, Shipley & Howard, 1992, Gordon et al.,
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1993, Michell, King & Reast, 2001, Shipley & Howard, 1993). Suggested benefits a business-to-business company could get from having a strong brand image connected to its offer are thus similar to the ones referred to in consumer contexts, such as obtained premium prices, demand of products, increased customer satisfaction and competitive strength (Low & Blois, 2002). Hague and Jackson (1994, p. 101) even suggest that the essential goals of branding are the same regardless of what firm is considered since, in the end, it comes down to increase profitable business, which can be done by primarily gaining awareness, differentiating the offer from others and obtaining a positive image. However, it is also possible to note some differences. For example there is the idea that B2B brands normally are about the brand as reference (Goodyear, 1996), indicating that a company name is mainly used for identification of the source and with time also a signal of quality, and the importance of including the complexity of market channels in the branding (McQuiston, 2003, Rosenbröijer, 2001).

Due to the characteristics that industrial marketing has traditionally displayed, it is not very surprising that marketing communications in its traditional form, with focus on short-term promotions, did not attract nor talk much about the industrial market. In accordance it is not very surprising that branding was not related to industrial markets as long as it was mainly considered to be a tool for identification by names, terms, signs, and symbols, using mass advertising as main media. However, as the brand discussion developed into being about perceptions that relate to some type of value, doors opened. As noted before, value can be about a variety of things and hence the concept of brand becomes much wider. The things one actor considers valuable might be considered of little significance by another. Similarly, value can be different depending on the market or product in question. In short, it is the idea of perceived value connected to an actor, offer or organisation that makes branding interesting for industrial sellers. It is therefore not surprising that industrial brand literature is on the rise but rather it is strange that it has taken such a long time for it to happen. McQuiston (2004, p. 348), quoting Ward et al. (1999, p. 88) concludes:

*For the B2B marketer then, a brand can be defined as “…a distinctive identity that differentiates a relevant, enduring, and credible promise of value associated with a product, service, or organization and indicates the source of that promise…”.*

The brand discussion related to industrial markets since the 1990s has gained increased recognition both among practitioners and researchers (Egan et. al., 1992, Keller, 1998, Malaval, 2001) but still remains a young area with authors repeatedly pointing at the limited research into brands and branding on industrial markets (e.g. Egan et al., 1992, Low & Blois, 2002, McDowell et al., 1997). Nevertheless, searches for studies that focus on industrial branding in

Competition can be seen as one main reason for why in supplier markets it becomes crucial for actors to differentiate their products to reach a competitive advantage (Egan, et. al., 1992). Just in Time management and similar trends in industries have led to a decrease in the number of suppliers per manufacturer (El-Ansary, 1986, in Egan et al. 1992, Vonderembse, Tracey, Tan & Bardi, 1995). Conclusively it is proposed that in order to maintain or gain these limited supplier relationships a company needs to have suitable images both of the company and its products. One example of the trend towards branding among industrial companies, which can be recognised by the market in general, is the benefit or ingredient branding (Aaker & Joachimsthaler, 2000, Keller, 2003, Norris, 1993), such as DuPont’s Lycra and Teflon, Intel, and Gore Tex. This is a kind of subcontractor branding that aims to place focus on the added benefits the subcontractor’s product adds to the end product, e.g. the fast micro processor of Intel and the rain and wind resistance of Gore Tex. By using brands this way it is suggested that the subcontractor or components manufacturer can reach the end consumers and create a derived demand at the same time as branding can bring the value discussed earlier in terms of communicating a trustworthy source to the business buyer. The buying company hence has something to gain by including that certain supplier’s product in its own production. Even though the consumer will never buy directly from the supplier, the image he/she has of the supplier product can influence the supplier’s competitive edge on the B-2-B market (Malaval, 2001). However, while this points towards an increase in the sophistication and thinking about branding among B2B companies, it is primarily a brand strategy aiming at consumers. Looking further at the companies and branding towards other organisations, additional issues can be observed.

With the limited discussion on branding in industrial markets, brands have been marginally considered as part of the buying process. However, the current discussion indicates that it is not sufficient to look upon branding by considering marketing communications alone, or successful sales by simply considering buying behaviour. Rather the two sides must be considered

\textsuperscript{11} This is not an exhausting list of articles on industrial branding. However, the restricted number of articles made available by several databases e.g. Emerald Fulltext, ABI/Inform Global, Jstor, Science direct, Ebsco host, through searches covering e.g. branding & industry, industrial brand, business brand, B2B brand.
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simultaneously to make complete sense and suggest proper action. Malaval (2001) suggests that a brand’s role in the buying process starts early on (already in the recognition of needs phase) since brand (or company) reputation and image are of importance for being considered in the first place. Similarly, Moller and Laaksonen (1986, in Hutton, 1997) claim that although the aspect of brand familiarity is seldom considered part of choosing a product, it should in research be regarded as one of the five most important product factors that are central to sales. Hague and Jackson (1994) specify the outcome by claiming it will increase the chances of being customers’ first choice while at the same time lowering the risks of losing customers to competitors.

2.4.2 Prerequisites for brand value

While the development of theory and the brand concept have motivated a brand discussion for industrial markets, there is still a basic logic that needs to be addressed. This logic relates to the common sense of branding which was previously referred to as brand sensitivity. That is, in order for branding to be of value to a firm brands need to have an impact on the market, i.e. the buyers’ behaviour need to be affected by them. Thus, it is necessary to understand how and why the audiences behave. As long as a buyer makes choices based on objective evaluations related to the product (e.g. measurements of price and quality), the brand has little or no bearing since it largely represents emotional values and revolves around affecting purchase decisions through associations and feelings.

This reasoning provides yet another explanation for why consumer markets have concentrated on the brand discourse. Consumers are often described as emotional individuals that can be lured by the seller’s emotional and manipulating efforts (Ahmad & Buttle, 2001) to act irrationally since their purchase behaviour is not completely structured. Contrary to this, industrial buying is often described as guided by precise and technical specifications of what is requested (e.g. Wind & Thomas, 1980, Malaval, 2001, Solomon, 2002) and business buyers as professional and active customers who carefully evaluate alternatives. These outlined characteristics indicate that buying, based on impulse and emotions, should be very rare in the industrial market (De Chernatony & McDonald, 1998, Malaval, 2001, Solomon, 2002) as the buyers are assumed to focus on the offers’ price, quality, quantity, timing, services and availability (e.g. Baily, 1998, Håkansson & Wootz, 1975, Klass, 1961 in Baptista & Forsberg, 1997). With these assumptions in mind, brands arguably would indeed have little to do with industrial marketing since they, per definition, are about subjectivity in terms of perceptions and emotions, and suggest that every piece of communication, also that which is separated from the product, can affect the buyer.

However, if one leaves these quite stereotype and general assumptions about industrial purchasing to look instead at research on industrial buying behaviour
(IBB), one finds that the assumption that industrial buyers behave like economic men might not be so evident after all. Studies on what matters to the business buyer’s decisions during different stages of the sales process show that aspects like reputation, quality of presentations (Levitt, 1965), familiarity (Moller & Laaksonen, 1986, in Hutton, 1997), earlier performance, articles and other publications in trade press, computerised services and other customers (Baily, 1998) are all examples of factors that have shown ability to affect buyers primarily during stages including nomination, selection and evaluation of sources. This indicates that (at least) the early stages of purchasing on industrial markets can be affected by buyers’ perceptions and factors that are quite peripheral to the actual product offer. Hence, there is room for emotional impact on industrial buying and a wider selection of communication channels can be important to manage.

Still, the question remains whether the increased interest in industrial branding is based on a theoretical discussion or whether the changes in practice have induced a need to investigate further branding potentials and effects on industrial markets. Also, the fact that the buying behaviour has been determined as different depending on what type of purchase is made (e.g. Axelsson, 1996, Malaval, 2001, Solomon, 2002) suggests that brand influence as well as branding could be more or less important and possible depending on what is being purchased.

De Chernatony and Mc Donald (1998) suggest that business customers are affected by feelings especially when it comes to decisions about technologically advanced products and such when big financial risk is involved. Other researchers have found that buyers, when evaluating suppliers of components and complex products, consider price as a minor factor while quality, delivery and performance history are important criteria (Dickson, 1966, in Wind & Thomas, 1980). The fact that history of a supplier can matter indicates that the buyer’s corporate image of a supplier can be important. Logically, this can be connected to the need for safety in a long-term purchase which is further emphasised by Johnston & Lewin (1996) who argue that the perception of a selling company is increasingly important the more risk is perceived in a purchase. In concurrence with this it is further argued that new task purchasing is open to great brand influence; since the company has no experience from any supplier in that particular purchase, there is an opening for all supplying companies (Malaval, 2001). On the other hand, Bendixen et al. (2004) maintain that even if peripheral factors play a role in the purchase of electrical

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The expression economic man, in Latin homo economicus, “refers to the neoclassical portrayal of economic agents or individuals as rational actors who maximize their profits or welfare in the marketplace. Neoclassical economics often posits that individuals possess complete and fully defined preferences, or tastes, perfect information, and no limit to their abilities to calculate advantage and disadvantage…. Homo economicus is a stylized ideal, defended as an element of economic modeling not on the presumption that individuals really do behave so precisely, but that their learned behavior over time approximates that of the rational economic actor.” (Economic Man)
equipment, price and quality are most important, which indicates that there are still gaps in the discussion and hence also reason to continue investigations further.

2.5 The corporate brand phenomenon

A general categorisation one can make when talking about brands is that between product brands and corporate brands. A product brand refers to the use of a brand name that is separated from the company’s name on an individual offer or a line of similar offers. A corporate brand simply represents the name of a company (or other type of organisation). One general trend in brand management appears to be a shift from product or line branding to corporate branding, the reason being that a strong corporate brand is considered “the most important discriminator in an increasing competitive commercial environment” (Balmer, 1995, p. 24). Citing Procter & Gamble Balmer, suggests that even large companies with many individual product brands, so called house of brands, have realised the value or even the necessity of also having a strong corporate brand. Some reasons for the focus on the management of corporate brands, according to Balmer (1995), include the increased interest in corporate identity during the 1980s. During that period market structures changed, affecting the time-span of product life-cycles, the number of mergers and acquisitions, and re-organisations due to the privatisation of state owned organisations.

The reasons brought forward during the 1990s, to emphasise corporate brand and identity work, were in part that consumers began to focus more on the ethical and environmental issues (Balmer, 1995). During this period the consumers were described as increasingly confident and cynical persons who were not likely to believe or accept any type of messages. The consequence emphasised was that companies need to think about the corporation as such; that it will be scrutinised along with the offered product (Keller, 2000). As expressed by Ed Arzt, CEO of Procter & Gamble, consumers now want to know about the company, not just the products (Swasy, 1991, quoted in Keller 2000, p. 118). It was also argued that the emotional tie would be the only potential competitive edge when offers at an increasing speed got more homogeneous (e.g. Balmer, 1995).

Gregory (1993, p. 34) supports the need for corporate focus and claims that customers’ actions are guided by their awareness and impressions of the firm:

*Studies show there is a strong, positive correlation between corporate reputation – or corporate brand awareness - and the level of supportive customer action.*
In a study that focuses on communication managers in large multinational companies, Einwiller and Will (2002) conclude that corporate branding since the end of the 20th century is considered a highly and increasingly important issue, a development which is further supported by van Riel and Berens (2001). Balmer (1995) also notes an increasing focus on corporate branding and relates the intensified discussion to developments of corporate image and identity research ever since the 1950s although he also acknowledges an important increase during the 1980s. This development has continued supported by several authors focusing on corporate branding in their research in addition to the attention textbooks have given to corporate brands (e.g. Balmer, 2001a,b, Balmer & Gray, 2003, Bickerton, 2000, De Chernatony & McDonald, 1998, Harris & De Chernatony, 2001, Hatch & Schultz, 2003, Kapferer, 1992, Keller, 2003, Kitchen & Schultz, 2001, Knox & Bickerton, 2003, Malaval, 2001, Meijis, 2002, Mudambi, 2002, Schultz, Hatch & Larsen, 2000, Simões & Dibb, 2001, Urde, 2003).

Alongside an overall increase in focus on corporate level communication it seems that intense competition and structural changes among companies, followed by financial pressures on marketing departments, most likely plays a part in this change. King (1991) argues that organisations have a harder time differentiating their offers due to technological developments and, during times of mergers, acquisitions and restructuring, also to maintain a stable relationship with audiences. Thus they need to brand the overall organisation to satisfy and attract customers as well as employees (Olins, 2000). Olins (2000) points out that while it might previously have been possible to make a distinction between types of audiences, and thus also possible to differentiate communications and behaviour toward them, it is no longer possible since the same actor can take several market positions (e.g. supplier, buyer, journalist, specialist, consumer). This brings with it a need for an integrated and consistent communication scheme which further brings forward corporate branding.

De Chernatony and McDonald (1998, p. 189) list the following four reasons for corporate branding: *make the company name known, distinct and credible in the mind of potential buyers; facilitate the building of relationships with buyers and suppliers; portray the benefits it offers to the buyer; embody the value system of the corporation.* These can also be identified in an investigation among 166 corporate brand/identity managers by Lewis (2000, unpublished, cited in Balmer, 2001b). Their perceptions of benefits related to having a strong corporate brand include improving *public profile, customer attractiveness, visual recognition, investor confidence and staff motivation*. Noteworthy here is that they

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13 As observed by Balmer and Greyser (2003) Balmer (1995) does not clearly separate between the corporate identity and corporate brand concepts. However, as noted above, this thesis holds that corporate identity is a management instrument for branding and since the increased focus on identity research relates to the recognition of what importance corporate images and reputation represent, corporate identity can be considered an indication of interest in corporate branding.
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include an internal marketing perspective in the corporate brand discussion as they bring forward the use of a strong corporate brand towards employees.

While all companies have a corporate brand, there are different ways the corporate brand can be exploited. One common conceptualisation of the different approaches, although different authors use different labels, is the division into three main alternatives. Balmer (1995) calls them brand dominance, equal dominance and corporate dominance, while Olins (1989) refers to them as branded identity, endorsed strategy and monolithic identity. In the first, brand dominance, or branded identity (c.f. also the house of brands approach described by Aaker & Joachimsthaler, 2000), an organisation focuses on separate product brands without drawing attention to the corporate brand in connection to the single offer (e.g. Procter & Gamble is the holder of product brand Head & shoulders). Equal dominance, also referred to as endorsed strategy, represents a dual focus where product brands are connected with the corporate brand either through the product (or subsidiary) name or simply by making a visual indication (Polo Ralph Lauren’s fragrances, e.g. Romance, Safari, Ralph, Siler and Blue, are all presented along with the name Ralph Lauren). While the word equal suggests that the corporate and individual brand get equal attention and weight in communications, it only presents the basic idea of endorsement. The straightforward separation of corporate dominance and equal dominance suggests the distinction between them is easy, however, there is a full spectrum of degrees as to how much emphasis is placed on the corporate and individual brand respectively. Consequently, there has been criticism in regards to the simple structuring suggested here by Balmer and Olins (Uggl, 2001b).

Laforet and Saunders argue (1999) that corporate brands seldom are used in isolation without some type of descriptor or tag (c.f. the branded house strategy, Aaker & Joachimsthaler, 2000). They say the corporate branding often is based on a company’s divisions and introduce an alternative to the general corporate brand approach which they call a house dominant brand structure. This approach suggests that a company works with monolithic strategy within each of its segments. As an example Laforet and Saunders (1999) mention Quaker, that used the corporate name Quaker for cereals but Fisher-Price as the overall brand for its toys. This so-called house branding indicates an adaptation to different market segments’ demands, the management of merged firms, and a need to separate types of offers which might not support each other and thus indicate a problem for the corporate identity. Finally, corporate dominance indicates that the corporate name is used throughout the line of products, regardless of product category (e.g. Adidas, Xerox, and Sony). This approach to the corporate brand, also referred to as a monolithic identity, can be connected with managerial and strategic perspectives related to an organisation’s use of its resources. By having a corporate brand strategy the resources spent on

14 The authors’ discussion took place prior to 1993 when the Fisher-Price division was merged with Mattel, and 2001, when Quaker became a division in PepsiCo.
marketing communications can be more efficient, as the inherent values and associations to a corporate brand might influence a wider span of offers. If considering extensions, awareness and trust can be transferred when introducing new products or sub-brands (Keller & Aaker, 1998, Riezebos, 2003).

Still, in the presentations of brand strategies and discussions of brand architecture (Aaker & Joachimsthaler, 2000), it is not uncommon that the corporate brand is mentioned in terms of its usage, importance and management relative to the available lines of products and brands, as an alternative or a support to product branding (e.g. Aaker, 1996, de Chernatony & McDonald, 1998, Kapferer, 1992, Saunders & Guoqun, 1997). From this perspective the corporate brand is presented as a response to changes in the competitiveness of markets and consumer attitudes. What this indicates is that this rise of corporate branding cannot be connected with industrial markets (which could have a greater need for corporate communication due to the nature of exchange processes). On the contrary, it appears that corporate branding is introduced as an important issue also for consumer markets and companies that traditionally have worked mainly with product brands. This is supported by Garrity’s (2001) finding that a current trend among organisations is to work with both product and corporate brands. Corporate branding then is an issue that, in line with increasing focus on corporate identity and communication in general, has gained an overall interest.

In short, corporate branding attracts close attention regardless of which of the three above outlined approaches is considered. However, Proctor and Kitchen (2002) suggest that corporate branding as opposed to line or product branding, that is the equal or corporate dominance approach, has taken the lead in brand discussions since the last decade of the 20th century.

Although the increased focus on corporate branding has been much related to product brands and different offers it is also an issue for companies that do not have diversified product ranges or separate product brands or divisions. As the debate on corporate communications intensifies, articles discussing the corporate brand and branding phenomenon per se, which take a broader approach to communications and what needs to be marketed, also appear (e.g. Balmer, 1995, Balmer & Gray, 2003, Kapferer, 2002, Knox, 2004). Many of these articles are of a theoretical, conceptual background, untangling the concept and outlining key aspects of the corporate brand as a phenomenon, however, they also include practical pieces with a bearing on the idea of corporate branding being necessary for today’s companies to be competitive (e.g. Bender, Farquhar & Schulert, 1996).

In general, corporate branding can be discussed in two ways.

1) In the first the corporate brand is simply used as background to a product brand in order to guarantee a source or endorse the offer (e.g. Kapferer, 1992, Aaker & Joachimsthaler, 2000). Two approaches used for this are called source branding and endorsement branding. These are very similar except for in
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the latter one the product brand is accentuated and could well survive without the corporate brand. Kapferer (1992) suggests that many times source branding turns into endorsement branding as a product brand get increasingly strong and live “its own life”. In either case, the corporate brands are used only as backup and the product brands are those actually marketed towards the customers. This strategy can for example be recognised as that used by large corporations that have multiple product brands on consumer markets.

2) The second alternative to viewing corporate brands is that which Balmer (1995) calls the corporate dominance approach where the corporate brand is the only brand used. Here it is worth noting that some authors suggest that companies following a corporate brand strategy must focus on a slightly different issue than a company using another type of branding (e.g. Harris & de Chernatony, 2001). From a communication perspective this could indicate that a company pursuing a corporate brand strategy has more chances to affect the audience since it clearly suggests that all contacts a customer has with the company will be used to form the brand image. However, this latter route has not yet been dealt with at length in the corporate branding discussion.

By narrowing the discussion down to these two routes it seem that much remains to be considered within the area of corporate branding. Although corporate brands and branding in general has gained increasing attention the above reflects that less focus has been placed on a certain type of corporate branding and also, that due to this some types of companies mainly have been excluded from the branding discussion. These are the companies with only a corporate brand whose offer at great length equals the company per se, indicating that they in fact do not have the option to focus on product brands. That is, they have not chosen the second route described above but are left to it since they have not distinguishable products to brand. Service firms in general and subcontractors in particular are such firms. This thesis attempts to add to the understanding about corporate branding in this particular situation.

2.5.1 The inevitable corporate connection in B2B markets

While consumer markets for an extensive time period have used different brand strategies and frequently employ the branded strategy, the use of brands in industrial market is more characterised by corporate brands, implying that the name of the company, founder or origin are used for recognition of offers (Gordon, et al., 1993, Hague & Jackson, 1994, Malaval, 2001, Mudambi, 2002). This enables the companies to offer several products while still taking advantage of an overall corporate identity (de Chernatony & McDonald, 1998). As a consequence, de Chernatony and McDonald (1998) argue that suppliers can be thought of as brands among their customers, indicating that it primarily is the company that is chosen and not a product brand. When considering the industrial brand discussion so far, it might be argued that
available research and literature on corporate identity and branding have some bearing.

Jacobsen (1999) stresses that businesses deal with corporations and not simply a product. In his words the B-2-B company has to focus the totality and thus cannot focus only on product brands managed via promotional tools that focus on the product and disregards direct interactions. This is based on a quite logical reasoning that a company’s products will be more demanded if potential buyers perceive the company as such to be good and not the contrary. According to Malaval (2001), this implies that a brand’s image among departments in the buying company is important during the appearance of a need, since it is their suggestions and requests that start the process and guide the very first selection.

This goes hand in hand with the general discussion on increased importance of corporate communication and corporate branding. According to Jacobsen (1999, p. 54, author’s translation), the brand is the organisation and hence everyone is included, “from reception to top management”. He says that thanks to the numerous possible and intrinsic contacts firms in this environment have with clients, branding should actually be easier in B-2-B than in consumer markets.

Research on industrial purchasing has focused on the interaction between actors and, instead of highlighting the supplier’s sales function or the buyer’s buying centre as separate functions, several groups of researchers have recognised that the interaction and its effects cannot be overlooked (Malaval, 2001). As the buyer is considered being an active customer who interacts with the seller, it seems quite logical that the behaviour and process of purchase should be best understood by looking at the total relationship between the parties instead of only investigating the separate pieces. As a result of this focus on interaction, one can also understand that the brand affects not only the buyer’s buying centre or the selling function of the supplier but influences the total atmosphere between the two companies and thus can be of importance for both the buyer and the seller. Malaval (2001) suggests that in order to investigate the role of brands in the process, it is necessary to consider several parameters like the phases of a buying process, the buying centre, purchase situations and what factors influence a decision to buy. Due to this process-thinking and the suggested complexity of B-2-B buying behaviour in general, greater exposure of employees and the company could be seen as helping in clearly communicating the brand since there are many points of interaction. On the other hand, as the above discussion on integrated communications has revealed, due to these many points of contacts, B-2-B corporate branding might actually be harder to accomplish.

Malaval (2001) mentions levels of trust, risk and dependence as well as the perception of a counterpart in general as aspects that are part of the brand influence in a relationship. The reasoning indicates that while trust might be an important factor to the buyer in terms of reducing risk, beneficial perceptions
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might aid the selling party in gaining more sales or better terms of negotiation. This can be connected with the previous ideas on corporate image and reputation, pointing towards the integration of corporate communications and the importance of these parts when elaborating on B2B branding. Discussing the topic, McQuiston (2004) follows the basic logic that buyers in the B2B arena nowadays are more informed, more sophisticated, have higher demands and more choices. Faced with this situation, it is suggested that suppliers must work harder to differentiate their offer from others in order not to be considered a commodity. To brand products is one, growing strategy, although McQuiston (2004, p. 345) points out that branding is more than this:

For industrial products, branding is a multidimensional construct that includes not only how the customers view the physical product, but also the logistics, customer support, and corporate image and policy that accompany this product.

The idea of the inevitable corporate connection, however, has not always been apparent in research dedicated to industrial branding, a case obvious when scanning the available pieces.

2.6 Previous research in B-2-B branding

One early attempt to locate brand impact on industrial markets was the study by Saunders and Watt in 1979. They focus on branding as the usage of brand names on products in a market where there is practically no ability to differentiate the tangible offer (man-made fibres). The conclusions drawn from the study is that brand names give little or no effect regarding the success of an actor. However, their study has been criticised since it is not directed towards the industrial customers but to end consumers, which indicates a perspective towards industrial branding where it is simply about creating a pull from the consumer market. The focus of this thesis, on the other hand, is on the branding all companies can conduct towards their direct target market. Furthermore, the study exemplifies an approach that seems to equalise branding with the placing a name on a piece of product, an approach that, considering the currently available literature, can be questioned. Saunders and Watt (1979), however, are not the only researchers who have taken this approach.

Sinclair and Seward (1988) connect branding with the use of brand names on product lines in the wooden panel market. Their study of manufacturers and retailers mainly concludes that price and availability is more important to the retailers than what the pieces of wood are called. Nevertheless, a few examples in Sinclair and Seward’s (1988) study show that higher price margins are obtainable thanks to strong brand awareness and preferences. Likewise, Shipley and Howard (1993) investigate branding in the industrial market by focusing on the brand naming process. Their conclusions are somewhat different from
those of Sinclair and Seward (1988). Through surveys among manufacturers, their study explores 10 propositions concerning the importance of brand names, their usage, strategies, processes and managerial commitment. The conclusions suggest that branding is widely used and appreciated among manufacturers of industrial products. However, it is important to note that the assumption by Shipley and Howard is not that a brand name can completely outplay the product efforts. Almost ten years later, Michell et al. (2001) partly replicates the study by Shipley and Howard (1993). Their study explores attitudes among operating managers with regards to their product being a value-bearer and whether these brand values serve to gain competitive advantage in promoting the company. The conclusions are in line with Shipley and Howard’s and point out that there is a positive attitude towards the use and effect of brand names in the industrial market. That is, the manager respondents connect competitive benefits with branded products compared to non-branded ones and furthermore confirm that these benefits are of intangible nature. As in many cases, these research efforts are not aimed at a specific segment of the industrial market, but simply relate to B-2-B in general.

Egan et al. (1992) represent another example of how the name-focused brand perspective has affected the research in B-2-B branding. In their introductory discussion they appear to take the wider perspective towards branding, since they suggest that products alone cannot be considered but that the company behind them must also have a good image (i.e. they present a corporate approach to branding). Still, in their study they limit branding to being equal to naming ready products and attention given to the choice of name. Thus, the comprehensive approach towards branding is not really adopted. Again, since the study only considers brand names to be those attached to products available for the end user, the corporate branding is left out of the discussion.

This approach, where branding equals simple use of names on products or product lines, reflects a perspective that disregards the idea of the industrial organisation as a corporate brand and that part of the choice in essence lies on a higher level than the product per se, namely in the company’s image. Branding hence is not used, or rather, researched as being a concept that comprises a comprehensive focus on what creates added value. One outcome of this product name focus is that the studies risk excluding important brand and branding components. Then again, focus on brand names does not automatically suggest a study is badly conducted or not interesting! There are examples of studies which focus on the brand name to get indications of whether branding is a suitable strategy. For instance, Firth’s (1993) study with focus on company names examines the transition among auditing firms from a local name to a large, internationally known auditor’s corporate brand. The author explores the relation between auditing firms’ names and the prices they are able to charge concluding that the corporate brand of certain firms bring about higher returns on the audit fee.
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While still focusing heavily on the brand name and its potential as one means for differentiation, Egan et al. (1992) recognize that the associations attached to a brand name and company can function as competitive advantage in a market where price is no longer the single alternative for evaluation and where suppliers need to expose themselves in order to gain some of a limited number of deals. From a corporate perspective, that would in principle indicate the brand in terms of it being all associations that are connected with the company. In line with the criticism brought forward above in reaction to the studies equating branding with naming a product, Egan et al. (1992) propose that industrial companies need to change attitudes towards the simple ownership of a brand name. Instead of looking upon this in itself as being an important marketing possession, they argue that the development and management of strategies for branding should be considered.

As a consequence of their discussion a model for industrial branding is presented below, considering both the customer and supplier points of view and pointing towards the complexity that branding can entail. This model is of particular interest thanks to its focus on outlining and illustrating the potentials of brands in the industrial market as opposed to the overwhelming majority of consumer market analyses related to branding.
Figure 2.3: Model of industrial branding. (Egan et al., 1992, p. 313)

### Branding objectives
- Image building
- Brand loyalty
- Segmentation
- Product acceptance
- Customer service differential
- Alter perceptions of competitor's brand
- Offensive marketing
- Strategic defence
- Illuminate neglected product features

### Branding strategy
- Brand sponsor
- Manufacturer
- Distributor
- Generic brand family individual names blanket family separate family names company/individual names
- Brand extension
- Multibrand decisions
- Brand repositioning decisions

### Selection criteria
- Value analysis
- Supplier credibility
- Supplier performance
- Uncertainty reduction
- Risk-cost containment
- Quality control
- Financial/industrial stability

### The market*
- No. of supplier firms
- No. of purchasing firms
- No. of product characteristics
- Total market advertising expenditure ('selling costs')

### The market (derived demand)
- End user markets

### Buying factors
- DMU components
- Buy class
- Quality
- Price
- Delivery
- Reliability
- Technical ability
- Market services
- Information
- Geographical location
- Innovativeness
- NPD
- Previous contact
- Reciprocity
- Willingness to customise
- Personal benefits for buyer
- Centralisation of procurement
- Continuity of supply
- Inventory management

* These factors determine the degree of interdependence and thus the level of non-price competition through branding etc.
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This model could be considered a summary of the development in industrial buying behaviour and the changes in communication towards corporate levels bringing with it a further focus on corporate branding in the industrial market. Depending on the market conditions and the offer's characteristics, the seller is forced to compete on dimensions other than price and functionality of products. As can be noted in the model, trying to manage perceptions and image as well as gaining loyalty to brands are plausible options. The indications of buying behaviour theory which were earlier noted are noticeable in the model. The buying factors on the demand side are wide and go much further than the obvious product related issues. For example, reliability and previous contacts are considered as important.

Looking closer at the selection criteria of the model’s demand side, uncertainty reduction and risk-cost containment are two of the suggested criteria for selection. These are both potentially affected by the human ability (or inability) to handle risk in situations, i.e. internal factors. Drawing further on the search for uncertainty reduction in industrial buying, branding is suggested to be a valuable aspect (Webster and Wind, 1972 in Egan et al., 1992). To the industrial buyer (or indeed any buyer) uncertainty and risk should ultimately lie within the amount of value received from a purchased product in relation to what has been paid. These feelings of uncertainty might be reduced if buyers feel that they can trust sellers. What then do we trust? We trust the things we perceive we know as trustworthy. In order to gain trust the selling party needs to create a well-known profile with a good reputation and an image of quality. Recollecting the earlier discussion on brands, it is logical to deduce that this reputation and image reflects the company’s brand. Hence, uncertainty should be possible to reduce which might be perceived as an added value to the customer.

Several authors have investigated the concept of value. In their research, McDowell-Mudambi et al. (1997) suggest that the reason a few companies still succeed exceptionally on these markets is based on the superior value these companies’ customers experience. One might then consider what this value is constructed of and whether it can be managed. McDowell-Mudambi et al. (1997), supported by Aaker (1992), hold that in fierce competition it will come down to how the brand is perceived. They conduct their own research on how decision-making processes look in order to explore what triggers brand value for the customer. One of the outcomes of this study is a suggestion that managers and researcher should “Recognize that intangible factors matter; even in rational and systematic decision making.” (McDowell-Mudambi et al., 1997, p. 444). One distinction they make is that brand image can play a particularly important

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15 Anderson and Narus (2004) focus their books on business market management on the delivery of value. Also they have added a discussion on brands in the industrial market that suggests value to customers should serve as the cornerstone for branding. Like other authors they emphasise the importance of intangible values in industrial contexts where offers are hard to differentiate and suggest branding is one way of making these values easier to grasp.
role for purchasing where it is hard to differentiate by product quality. The study also concludes that the intangible parameters of interest can differ depending on what the company is purchasing and also how big the company is. For example, while the medium-sized company can be impressed by a supplier’s other customers due to their size, a larger company might remain relatively unimpressed and thus unaffected. Similarly, Thompson et al. (1997/98) attempt to find out what types of value industrial brands should display in order to be successful at different stages. They conclude that both technical and service related attributes can play important parts, which further points at the importance of the company as opposed to only the product. What is interesting about the above quote, however, is the authors’ pointing out that inclusion of intangible (or emotional, or subjective) factors in a purchasing process does not necessarily indicate that the purchase is irrational or unplanned.

Although not completely focused on branding, it is possible to add to this discussion Axelsson and Wynstra’s (2002) suggestion that the risk reducing evaluation might be even more important for the service buyer, suggesting that what is being purchased matters to the discussion. They argue that in situations where the purchased product includes services which to large extents are reliant on successful interaction between buyer and the seller, the evaluation process should be considered more important than when purchasing a simple physical piece of goods where the actual product focus can be greater. In the light of the model above this could be interpreted as if the inherent amount of service attributes in an exchange process makes the uncertainty reduction increasingly important since the service per se is intangible and thus cannot be directly evaluated on beforehand. If this is true it would also indicate that the industrial firm whose offer includes service attributes and co-operative segments will have greater opportunities for using branding to affect the outcome of business. McDowell-Mudambi et al. (1997) seem to agree when saying that research indicates branding has more impact on purchasing processes the more complex they are.

Mudambi (2002) investigates these questions further as she attempts to outline for whom and during what situations branding is important in the industrial market. With some resemblance to Egan et al.’s (1992) model presented above, she suggests that a model of industrial branding needs to take into account the buyer and purchase characteristics which decide what attributes drive the purchase. Depending on what functional, emotional and self-expressive benefits the buyer is in need of, branding will play different roles. The study identifies three buyer clusters (the research in on bearings) by investigating the importance of these different purchasing attributes. Mudambi’s (2002) conclusion is that these clusters are not based on a type of buyer but rather on a type of purchase situation. In the end Mudambi emphasizes that although branding is not equally important for all types of purchasing and all types of customers, it in general plays a more salient role.
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than has previously been recognized. Furthermore, she emphasizes the need for additional empirical evidence, taking the phases of purchasing into account and research that also focus the sellers.

Another group of available studies in the B-2-B branding area focus on brand equity (Bendixen et al., 2004, Gordon et al., 1993, Hutton, 1997). Gordon et al. (1993) set out to identify brand equity in B2B markets and detect possible differences related to brand equity in consumer markets. The prime conclusion of their study is that B2B brand values do exist and that brand equity can be capitalized on to form competitive advantages. The study also concludes that industrial products are branded with firm names, which suggests that loyalty is “of a more global nature, extending across all the firm’s product lines” (Gordon et al., 1993, p. 15). The products investigated in this study are sold through distribution chains, indicating that Gordon et al. take into account the loyalty towards distributors and suggest that branding must pay attention to all parts of the distribution chain.

Hutton (1997) focuses on brand equity by investigating B2B purchasing and under what conditions the buyer focuses more on the brand name than price or other factors. That is, in what situations the buyer is willing to pay more, or recommend a certain brand due to its image rather than, primarily, its price and function. Hutton (1997) concludes that familiarity has great impact on the buyers’ tendency to display this brand equity behaviour. He argues that, “little attention has been paid to….the conditions under which buyers are most influenced by the brand name rather than by price or other factors” (Hutton, 1997, p.428).

The results of the study show that brand equity does exist among the studied buyers and also that the buyers are likely to choose well-known brands under certain circumstances. These are when product failure causes problems either to the organization or the buyer in person, when the product requires great service or support, when the product is complex, and if there are time constraints. Hutton (1997) suggests that more research is needed to verify whether the findings apply to other product categories. As in the case of Gordon et al. (1993) the buyers in focus are end users of office supplies, e.g. computers, floppy discs and copier machines, which are normally purchased through an intermediary. This means that the studies are perhaps more similar to those of ingredient brands that also focus on managing brand images among end users who are indirectly connected.

Bendixen et al. (2004) describe a study on brand equity’s existence for a particular industrial product (medium-voltage indoor circuit-breaker panels). The study supports the previous research findings by concluding that brand equity has a role to play. However, as Bendixen et al. (2004) do not stop at identifying the potential existence of brand equity the conclusions are only partly consistent with Gordon et al. (1993) and Hutton’s (1997). They also attempt to compare its importance to other criteria used by the buyers. Quality and reliability are pointed out as the most important features for buying. Then
again, at the same time it is suggested that a company with a strong brand can gain a price premium, which is quite confusing. Similarly, the authors confuse the reader by mixing the concepts. For example, while quality is considered not to be part of the brand and used as a means of saying that brand equity is not very important, the authors claim that quality is the main brand-equity generating variable. In the end this study serves as a good example to point at the complexity of dealing with the different brand concepts. Furthermore, it can also serve as a means to indicate that there are still many things to discover concerning branding and the research of brands in the industrial context.

Although, as noted earlier, the change of focus in brand literature has indeed turned away from an exclusive consideration of consumer markets, the research on industrial branding presents a picture that is quite similar to that of industrial marketing in general. Primarily, companies with their own products or benefit brands are considered while smaller firms, service firms and subcontractors of components and parts according to customers’ specified orders are mainly left out of the discussion. The studies have also been rather broad in their choice of respondent firms while Michell et al. (2001) as well as Hutton (1997) point out that studies related to specific markets or products might be a good idea to bring the research forward. Likewise, limited attention has been paid to the suppliers’ (or sellers’) ideas about branding as a beneficial strategy, despite the existence of a few related studies (e.g. Shipley & Howard, 1993, Michell et al., 2001). Furthermore, while several authors in their discussions acknowledge that buyer as well as seller behaviour is important to branding, the studies so far have generally focused on one or the other.

As suggested above, industrial branding should not be considered without taking into account corporate brands. However, if corporate branding is the focus of research, it is often discussed from a perspective where the company’s offer can be defined by individual product brands and the discussion relates to why and whether a corporate brand or corporate communication is important (e.g. Kitchen & Schultz, 2001). Perhaps as a consequence of this product brand focus, B2B branding, as noted above, has mainly been investigated from the perspective of branding being equal to using a name on products. This is neither the currently dominating perspective to branding, nor the perspective taken in this thesis. However, there are examples of research that has taken a more comprehensive approach to branding in the industrial market, where naming is not necessarily the only thing in focus. McDowell-Mudambi et al. (1997) and Mudambi (2002) use an approach to brands and branding that is not automatically consistent with the naming of a product. Their method to approach the subject is rather to understand what values are noticeable during sales and purchasing and then transforming this to logics of branding, rather than directly talking about the brand. Similarly, McQuiston (2004) approaches B-2-B branding in a way that takes into account how buyers behave and relates the fact that they are not only interested in a physical product but also the surrounding services to the conduct of branding. His research concludes that...
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trust in the company is necessary and that branding needs to be broader than
the product. In this thesis these three articles serve as examples of how research into
the area needs to develop if we should learn more about branding in industrial
markets and their different situations.

In conclusion, limited emphasis in research devoted to B2B branding has
thus so far been placed on subcontracting companies whose main offer is the
service of manufacturing rather than supply of original equipment even though
they in theory should have as much to gain from branding as anyone. The final
section of this chapter takes the discussion further by pointing out why the
firms focused on in this thesis provide a particularly interesting stage to explore
branding in the industrial market further.

2.7 Branding for subcontractors?

As mentioned above part of the attention attached to B2B branding has been
given to companies that use a so-called ingredient brand strategy (Aaker, 1996),
for example Gore-Tex, Windstopper, Intel, Lycra and Teflon. What is
interesting about this strategy is that the companies behind the ingredient
brands have corporate brands useful for the industrial market while these
product brands are used towards consumers. Hence, one might say that they are
using an endorsement approach (e.g. Lycra by DuPont) on the industrial
market while using a regular product brand approach on the consumer market
(Lycra). De Chernatony and McDonald (1998) argue that this strategy is an
indication of industrial companies taking advantage of the fact that emotions
affect the industrial purchase. However, since the product brand is really used
to affect the consumer market, this statement should be reconsidered.

On the other hand there are subcontractors who manufacture components
or parts that do not use individual product brands. Their manufacturing might
include aluminium profiles for refrigerators, metal details for trucks, and plastic
containers for butter or medicine. The benefits and the origin of these products
are less obvious to the end user and the manufacturing subcontractors are
seldom recognised by the end users. Furthermore, although this supplier does
the manufacturing, it is often the case that the customer has actually developed
the product, which means that the subcontractor might not even be able to
mark the piece with its name or assume credit for its function.

While both the suppliers using ingredient brands and the subcontractors
delivering nameless components are examples of suppliers, they are different.
The former represents components that a supplier has developed itself, which
carry a function that clearly changes the value of the end product for the
consumer. The latter represents something that is necessary for the product’s
finalisation although it could be supplied by “anyone”. Consumers are not
generally familiar with these suppliers. Hence they cannot use their brand
awareness on the consumer market as a competitive advantage towards their
industrial customers. In total, they will probably have trouble using the ingredient brand strategy. Instead their branding must be focused on their primary customers. Further, since the manufactured parts are not firm-related and can be obtained from other similar subcontractors, it seems their competitive edge must have its origin in the company itself.

Recollecting the discussion on brand sensitivity and connecting it to the latter example above, i.e. subcontractors, it seems what they offer in many ways resembles a service. These subcontractors actually offer the ability and capacity to manufacture something, on behalf of a customer. In the case where a customer has not used a supplier before, the situation should hence be possible to define as one including the purchase of an experience article. If the component has not been manufactured previously, it cannot be evaluated and thus the extrinsic factors of the supplier’s offer should be used for evaluation. That is, based on this logic there should be room for branding in this market. De Chernatony and Mc Donald (1998) strongly propose that brands are important for B2B firms. However, they refer to the organisational brand issue (here denoted industrial), proposing that the contrasts between industrial and consumer markets imply differences in how successful brands can be developed and managed. They also suggest that the significance of various brand elements will differ depending on what products and customer groups are considered.

Even though authors in this field indicate that the essential brand is the corporate one, by acknowledging that industrial buyers will always focus on the company’s image, focus has been on brand impact, potential and strategies in the purchase of products with individual brands. Furthermore, much attention has been given to large companies (e.g. Malaval, 2001) and the branding of “ready” products which are used directly in the organisation as opposed to in their products, e.g. IBM’s computers and Philips tape recorders (De Chernatony & McDonald, 1998).

Thus, the industrial brand discussion so far, including research on corporate branding, has not covered much of the variety of companies and offers. A large part of what can be considered the industrial market has been left out of the discussion. The subcontractors referred to above are a case in point. They only have a corporate brand, have a hard time depending on their image among consumers, and can rarely focus branding on the specialisation of what they manufacture since the products in general are not their own. In theory, different processes and behaviour are present during different types of purchasing. Should not this also be reflected in the branding discourse?

This thesis takes on the challenge to investigate brands in what could be considered a less straightforward brand environment. The reason for this is twofold. Firstly, this is an interesting pursuit in itself deserving its share of attention. Secondly, based on the assumptions outlined in chapter one, finding out about brand value(s) in this part of the market would indicate that branding, at the very least, should be of interest for all parties in the industrial arena.
Chapter 3
Industrial buying and marketing

While the interest in brands and branding in the industrial markets has increased limited attention has been paid to the explanation of brand’s importance and what values are related to them in these markets. This chapter aims to illustrate how business buyers and industrial buying behaviour are considered in marketing literature and how this aligns with the notion of brand values and the potential for branding.

3.1 The connection between buying behaviour and marketing

When looking at how the industrial markets have been described from a marketing theory perspective during the 20th century a few characteristics constantly reappear. The basis for all assumptions is that business customers presumably act on behalf of a larger entity, i.e. their actions are guided by operational efficiency goals as well as strict budget limitations. Due to this the purchase decisions often involve many people and the buyers often have precise and technical specifications of what is requested, indicating that a vast amount of knowledge is needed (e.g. Malaval, 2001, Solomon, 2002, Wind & Thomas, 1980). Business buyers are therefore seen as professional and active customers who carefully, in a technical way, evaluate alternatives indicating that purchases on impulse are very rare in the industrial market and that the buying process is more time consuming (De Chernatony & McDonald, 1998, Malaval, 2001, Solomon, 2002). The number of customers is generally relatively small in business markets, which means the individual buyer has more power and that the money spent and the size of orders is great (Axelsson, 1996, Solomon, 2002). Another reoccurring description of industrial buyers is that they are not passive actors but active ones who interact, build relationships and are part of business networks larger than the single seller-buyer dyad (e.g. Ahmad & Buttle, 2001, Axelsson, 1992, Håkansson & Johansson, 1993, Gross et al., 1993).

As a consequence of the outlined characteristics of the market and its buyers, industrial marketing theory by tradition has focused on rational information, long-term contracts and personal relationships (Axelsson, 1996, Fill, 1999).
This has had effects on the description and assumptions made of how marketing communications should be handled and what communication tools are feasible for the industrial market. Gross, et al. (1993), for example, suggest that promotion in B2B markets focuses on rational, economic issues and while advertising is only something used for preparing the market, personal sales are the leading sales tool. However, the following quote applies plain logic to understand marketing communications towards industrial customers in a way that does not proclaim limits for what tools are useful.

*In every case, effective management of communications messages begins with discovering how business buyers make decisions. Once these processes are understood, it is possible to select the proper message, media, and tools to reach these vital market segments.*

(Clow & Baack, 2002)

This statement indicates that an understanding of how and what to communicate should be based on the purchasing process of the particular audience you wish to gain attention or sales from. Along the same ideas, Sherlock (1991) presents a somewhat critical view on the general assumptions for industrial buyers, suggesting that the idea of completely technical and objectively analytical buyers is not likely. By bringing psychology into the equation (which is normally only done in theory on consumer marketing), he claims that an understanding of decision processes is critical to performing well in business-to-business marketing. Similarly, earlier researchers on industrial buying behaviour (IBB), then called organisational buying behaviour (OBB) (e.g., Flodhammar, 1987, Hill & Hillier, 1977), suggest that the industrial marketers challenge is to understand how to become increasingly effective and earn more money.

In line with Sherlock’s (1991) ideas, the discussion on IBB indicates that marketers will only solve this problem by understanding buyers in terms of e.g. what the purchase represents to the buying firm, what persons are part of the decision-making unit, what the decision process looks like and what factors affect the buyers’ behaviour. The idea being that once sellers understand the buying process more thoroughly they can become increasingly efficient in adapting their actions so as to affect the buyers and hence be profitable. With a focus on quality, Qualls and Rosa (1995) also take a *market driven* perspective on management in B2B markets, stressing the need to understand the customer’s perceptions of quality since this can determine how they evaluate a supplier.

The basic logic for this reasoning can be displayed by the following figure. While there is an exchange between the parties, the assumption is still that the seller needs to adapt to the needs and behaviour of the buyer:
In order to further discuss marketing communications and the role of brands in the subcontractor market, the following sections look into the theories of industrial buying process and behaviour.

3.2 Industrial purchasing as process and behaviour

According to Malaval (2001), the buying process on industrial markets has been researched since the 1960s while interest was focused on buying behaviour during the 1970s. Whereas the process perspective presents the purchase as a step-by-step event with consecutive stages, the behavioural perspective dwells on why buyers act in certain ways during these different stages of the process.

Robinson, Faris & Wind (1967, p. 14) express organisational buying as a process including eight separate steps:

1. Anticipation and recognition of a problem (need) and a general solution
2. Determination of characteristics and quantity of needed item
3. Description of characteristics and quantity of needed item
4. Search for and qualification of sources
5. Acquisition and analysis of proposals
6. Evaluation of proposals and selection of supplier(s)
7. Selection of an order routine
8. Performance feedback and evaluation
Since the presentation of this model in 1967 many others have appeared with steps ranging from two to twelve phases (Wind & Thomas, 1980, Xideas & Moschuris, 1998). Nevertheless, the above eight-phases description is still the one most frequently adhered to in the literature (Malaval, 2001).

The two models that shortly followed Robinson et al’s were those presented by Webster and Wind in 1972, and Sheth in 1973. Within these three models there are many similarities about the assumptions that have later been confirmed. One main aspect of industrial buying behaviour regarded in all models is that it should be perceived as a process with separate phases, although the number of these phases, their order and exact content differ. Another similarity is the description of issues affecting the outcome of a buying process. The characteristics of environment, organisation, purchase, participants, information, sellers and negotiation are all presented as potential influences (Johnston & Lewin, 1996). Although further research has resulted in some adjustments to the early models (e.g. Johnston & Lewin, 1996, added four factors in their integrated model of organisational buying behaviour), these three models together can be seen as representing a basis for industrial buying behaviour theory (IBB).

Wind and Thomas (1980) suggest that it is the complexity of industrial buying processes that causes the numerous models, showing how it is best and foremost conducted. The authors also put forward that although great focus has been placed on the purchasing process in general and stages in these models, concentration on a particular part of the buying process has increased. This focus represents research on what criteria are used by the buyers to make decisions (e.g. Kelly & Coaker, 1976). In this area it seems only a few of the phases in the available models for industrial buying are more interesting to look into, namely the ones relating to choice of suppliers. The search for sources phase, the identify alternatives phase, the evaluation of alternatives and proposals phase, and the decision phase, are all mentioned in different models and represent steps where an industrial buyer logically would have to use criteria in order to make evaluations and proceed in the process of selecting a supplier (Robinson et al. 1967, Webster & Wind, 1972, Wind & Thomas, 1980).

According to Buvik (2001), IBB is a theoretical concept used for explaining industrial purchasing that mainly focuses on the sellers’ point of view in order for them to organise marketing efforts as efficiently as possible. One assumption has been that sellers should emphasise measurable product characteristics to be successful (Shaw, Giglierano & Kallis, 1989), which is based on a common belief that buyers place great focus on price, quality, quantity, timing, services and availability when evaluating suppliers (Baily, 1998, Baptista & Forsberg,

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As a result of the importance these phases can be seen as playing in the selection of suppliers, the studies and analyses of buying behaviour in this thesis will use them to structure data and discussions. Three main phases are identified and are referred to as: Search, Qualification and Evaluation, and Selection. This is also discussed in the chapter on method (chapter five).
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1997, Håkansson & Wootz, 1975, Kelly & Coaker, 1976). Under the assumption that these are the important aspects for decision-making in industrial markets, the evaluation process has been defined as a rational and objective procedure consisting of several stages (e.g. Anderson & Narus, 1999, Baily, 1998, Brand, 1972, Clow & Blaack, 2002).

The description of the evaluation process normally is begun with an initial screening where the buyers, among the total array of suppliers who could possible deliver what is requested, select a smaller number usually referred to as the *evoked set* (Morris, Pitt & Honeycutt, 2001) or the shortlist. This nomination phase appears in general not to be fully investigated and some writers largely disregard this primary phase of the process, which seems quite paradoxical as this is where the choice is partially made. However, Morris et al. (2001) describe how buyers usually search internal files first or use a type of official lists of suppliers, but also that word of mouth, trade shows, brochures and advertising can be information sources for this process. Levitt (1965) conducts a study where both reputation and quality of presentation are reported important for identifying alternatives, which is supported by Moller and Laaksonen (1986, in Hutton, 1997, p. 429) who note that familiarity is important in the *initial screening process in multi-stage buying processes*. Similarly, Webster (1970) reports that personal contacts influence first selection, the first part of a buyer’s purchasing process. Baily (1998) verify these earlier suggestions and also add other factors. Reputation, earlier performance, articles and other publications in trade press, computerised services, buyers from other markets and trade fairs are all examples of sources suggested to give valuable information to the buyer at first selection. While these sources give the buyer some information about the company’s offer, Morris et al. (2001) suggest that industrial buyers normally need to know more about the supplier since the products purchased are critical to the buyer’s own operations. As a result they suggest that evaluation of production facilities, quality programs as well as the company’s management group might be conducted.

Secondly, the evoked set of suppliers is examined according to certain criteria, e.g. production capability, quality control, age of equipment, electronic advances and financial stability. This assessment is considered particularly important where buyers look for a long-term commitment, e.g. in component purchases. During this stage it is also suggested that the buyers might send out requests for written proposals to known vendors in order to have some data to use for comparison. Finally, after the audits have been done, the buyer group evaluates the different alternatives by looking at, e.g. possibilities of repurchase, production schedules.

The logic of supplier evaluation in industrial markets is that in the end any decision made should be valuable in total to the buying organisation and then primarily financially feasible (Clow & Blaack, 2002). However, as the above suggests, research has also shown that price alone as a factor for evaluating suppliers has little significance (Corey, 1976, in Malaval, 2001, McDowell, et
This insight has had support for some time and can be illustrated by the following quote (based on Dowling (1986) and Caves and Porter (1977)):

*Corporate audiences routinely rely on the reputation of firms in making investment decisions, career decisions and product choices. Reputation signals publics about how a firm’s products, jobs, strategies, and prospects compare to those of competing firms. Favourable reputations can therefore generate excess returns for firms by inhibiting the mobility of rivals in an industry.*

(Fombrun & Shanley, 1990, p. 233)

In theory a buyer *should* be able to evaluate the product and the supplier separately. In practice however, it seems the integration is so significant that it is not possible for a buyer to separate the two. The findings of McDowell-Mudambi et al.’s (1997) study indicate that buyers are just as likely to base their choice on the source, i.e. the supplier, as they are to base it on the product. This has been further supported by examples from “purchasing guides” claiming industrial buyers mainly consider the source (Lyson, 1993 and Syson, 1992, in McDowell-Mudambi et al., 1997). Further, the study indicates that the product and supplier are evaluated simultaneously.

Vokurka, Choobineh and Vadi (1996) argue along these lines when claiming that industrial *buyers* are in need of better selection procedures. According to them, management trends like *Just in Time* indicate that supplier relationships are becoming increasingly important and hence must be taken seriously. Instead of only focusing on quantifiable aspects of suppliers when conducting evaluations, it is suggested that a more qualitative approach should be adopted. The outcome of their research is a “*prototype for an expert system of evaluation and selection of potential suppliers*”, that incorporates issues important for strategic partnerships instead of just cheap and for the-time-being, good buys. This research reveals that the discussion is not only notable from the seller’s side in industrial *marketing* theory, but also in the industrial *purchasing* area!

Shaw et al. (1989) support this development as they argue that there has been little empirical evidence showing that sellers on industrial markets in fact do best by focusing on the measurable product characteristics. After performing a study among companies buying high-tech products, they determine that the so-called *psychological attributes* are widely used among buyers once quantifiable criteria had been applied to select the possible suppliers. The study shows that some buyers even regard intangible attributes related to the selling party as more important than the performance of products. For example, the reputation of an actor is mentioned by many as quite important both during primary selection and final evaluation, indicating that the earlier referral to reputation and familiarity as part of the primary selection should be added to. When Fitzsimmons, Noh and Thies (1998) describe the purchasing process for industrial services, they conclude that the vendor selection phase includes not
only costs but also experience, reputation, references, locations and company size. Although specifically concerning services, these results concur with the above in that the buyer considers a more total perception of the seller at least in the phases of narrowing the market down.

In coherence with Shaw et al.’s (1989) study, Clow and Baack (2002) argue for what they entitle the peripheral route, as something that should be considered by the selling party. The peripheral route is described as including things like the look of a brochure, the clothes worn by company representatives and other issues capable of affecting first and lasting impressions of an organisation. This proposal can be considered an outcome of the fact that buyers are human beings and as such they will be influenced by attitudes and values based on both social and personal considerations, when making evaluations (Anderson & Narus, 1999, Clow & Baack, 2002). Consequently, although the peripheral route represents quite subjective perceptions, it will, according to the above, still matter to the outcome. Similarly, Solomon (2002) suggests that business buyers, like private persons, are affected both by internal as well as external factors. The internal factors are represented by the individual’s psychological nature as well as experiences with purchasing. The level of risk willingness is then one example of a personal trait that might differ and which affects the decision making indifferent of whether a purchase is individual or organisational (Malaval, 2001, Solomon, 2002). These ideas indicate that also aspects that are not at the centre of a strict financially rational and objective decision-making are important in the industrial sales process.

Shaw et al. (1989) consider this aspect by pointing out that historic marketing theory is quite inconsistent when suggesting that people should make decision in business based solely on quantifiable and tangible issues while basing purchase decisions as private individuals on intangibles. Also Malaval (2001) mentions similar ideas as he concludes that the rational buying behaviour can sometimes also involve irrational criteria for which he (and others) mentions reputation as one example. Lazo (1960) refines this discussion somewhat and determines that the increased similarity among products has led to an increased importance of subjective factors in the buyers’ decision process. Lazo further concludes that favorable emotional impressions of both persons and companies will then play an important role in this decision. What is important to note, though, is Lazo’s (1960) idea that although the impact of these impressions might not always be conscious, they still affect the outcome! As Brand (1972, p81) determined 30 years ago:

*It is clear that industrial purchasing decisions are not solely governed by a rational review of the problem posed if ‘rational’ is to be interpreted as a long fully considered view of all possible alternatives in order to obtain maximum company profitability.*

However, Brand (1972) also emphasises the fact that actions, which are not completely rational according to this view, are not automatically irrational. For
example it is noted that by identifying a limited number of potential suppliers and deciding on one with a low price, the organisation may make a good and in the long run profitable decision in comparison to going through all available or possible alternatives. In fact, if acting rationally includes examination of all alternatives (instead of available or selected alternatives), the concept might well be considered an anomaly.

Perhaps Axelsson and Wynstra’s (2002, p. 175) condensed version of what aspects are considered by business buyers can represent a compromise of all the above. While they mention product attributes as one important factor also the supplier’s performance and, perhaps most importantly for this discussion its underlying capabilities are considered. This division of aspects once again indicates that although rational factors in a financial and functional view are considered, they are not the only things being evaluated by a potential buyer. Axelsson and Wynstra (2002) suggest that while supplier ratings often are based on quantitative measurements, the audits made by buyers use qualitative measures since their objective is to find out more than the supplier’s production capacities. In essence, the buyers want to evaluate a supplier’s capability to meet with their total and individual demands.

3.3 The necessity of customer value

Anderson and Narus (1998, 1999) focus on customer value as they discuss how a supplier can achieve sustainable and profitable relationships. A basic assumption in their reasoning is that the buyer of any business product has the option of making the product itself instead of purchasing it. In order to decide whether to make or buy, a company must be able to evaluate the price paid against the value of the purchase. Consequently, Anderson and Narus (1998, 1999) argue that the core to winning customers on a competitive market is to understand what they value. By doing this suppliers can alter their strategies and offers in order to deliver as much appreciated value to customers as possible. Anderson and Narus propose that customers need to be persuaded not to consider only acquisition prices but to look at total costs and benefits in a purchase. For example, the costs for enabling lower temperature demands in a production process could in the long run lead to decreased energy costs. An outcome of this perspective is that the authors differentiate between value and price. Value can then be described as

_..the worth in monetary terms of the technical, economic, service and social benefits a customer company receives in exchange for the price it pays for a market offering._

(Anderson and Narus, 1998, p. 54)
That is, the price alone should not be thought of as telling too much about the value. Instead the customer’s value should be considered something relative to the price.

While Anderson & Narus (1999) write much about the management and organisation of customer value, they say less about what business customers actually value. Still, examples are given as to what could influence the customers' perceptions of value, e.g. length of lead times, variation from promised delivery dates, product condition at arrival, sales calls, order initiation requirements, credit, invoice and collection procedures, effectiveness of after-sales support, product documentation and instructions, product performance, fit and function, product downtimes frequency and duration, maintenance costs and difficulty. These aspects together clarify the width of potential value-creating factors and that the price of a product, its quality and function are not the only factors for a seller to excel on and compete with. Further light can be shed on this by considering Ford, Berthon, Brown, Gadde, Håkansson, Naudé, Ritter and Snehota’s (2002) description of two sources for a customer’s value. First, value can be derived from the offering and second, value can be gained from the relationship customers have with their supplier. The above introductory discussion on value concerning the calculation of whether to make or buy a product is probably related to the first kind whereas several of the factors listed there can be connected to the outcome of a relationship.

Walter and Ritter (2003) also focus on value and attempt to understand how value can be created in business networks and relationships. Contrary to much discussion on value, their focus lies on the supplier instead of the customer. In what could be considered a summary of the above list, their study concludes that adaptations, trust and commitment are the key drivers for creation of value indicating that although the supplier and the customer might define value differently, it seems their value often derives from the same sources.

Morris et al. (2001) also describe value creation as important but stress that it cannot be treated as an absolute since what value is searched for and what it represents depend completely on the buyer. Furthermore Morris et al. (2001) suggest that fulfilling the needs of customers is the core of marketing but also, that in order to do this there is often a need for interaction between the parties. Likewise, Ottesen (2001, p. 23) determines that the value perceived by customers is a “subjective perception rather than any objective assessment”. Ottesen (2001) argues that the human capacity of registering and handling new and changing information limits the rationality in choice and action. As an example of this limited capacity of rational behaviour he claims that once a customer ignores an improved offering in favour of an older one, the rationally based behaviour is gone. One might then argue that it depends on what is actually rationality. Since Ottesen’s (2001) argument is based on the belief that all companies are profit maximizing, one might get an indication on what rationality represents to him. For example, it might be more financially feasible to stay with a known producer and avoid switching costs that changing to a
new, unknown supplier with a new product offer. However, financial rationality is not the only existing rationality. The same choice of remaining with the current supplier could also be based on risk reducing rationality. When switching suppliers from a known party to a less known party, the product as such is apparently not the only matter of importance. Relating to the above discussions on IBB it seems that goods services, documentation, after sales support and so forth are also parameters considered by buyers and thus also should be possible to regard as part of rational behaviour.

In the end what one might conclude from the discussion on value is that unless customers perceive value they will not consider the purchase. This adds to the realisation that supplying parties on industrial markets must recognise the variety of aspects affecting buyers’ decisions. Consequently, marketing strategies should be managed accordingly to facilitate the best success possible.

3.4 The inherent value of relationships

Ahmad and Buttle (2001) present an array of writers who all indicate that interaction and relationships can add value to the basic product an industrial actor is offering. This suggests that relationships are inherently valuable to both the seller and the buyer. Authors have focused on a variety of explanations for why relationships are valuable and what characterises a high-quality relationship.

Power and dependence between actors is one explanation commonly brought forward (Gelderman & van Weele, 2004). This suggests that parties are dependent on each other for reasons related either to the importance or characteristics of a particular resource, or the difficulty and cost of obtaining it from another source. The outcome of this being that parties must support the relationship in order to operate efficiently. Another understanding for relationships can be traced in the shift of strategic focus from purchasing to supply management that occurred during the last twenty years of the 20th century (Gadde & Snehota, 2000). Kraljic (1983) explains this by pointing at changes in the market which companies must adjust to. He portrays an unstable market that offers, e.g. potential raw material scarcity, increased competition and fast technological development. The change in focus is hence related to companies’ increasing comprehension that competitive advantages can no longer be traced to one single company but rather to the relationships and linkages it has with other actors (Lewis, 1995, in Gadde & Snehota, 2000).

Potential benefits from having relationships or partnerships which focus on a long-term, win-win situation, for both suppliers and buyers, thus outweigh the idea of maintaining arms-length relationships and thinking about business negotiations as a win or loose game (Carlisle & Parker, 1989). Under these premises, supply management becomes a crucial aspect of a company’s
achievements and hence the choice of suppliers and relationships must be treated carefully².

However, establishing and managing close relationships incur costs, which means that companies will not automatically work towards this in their overall supply. On the other hand, different supplier relations are handled differently within a company. Depending on the strategic importance of the supplier, some are managed through close personal interaction and others by arms-length distance (Gadde & Snehota, 2000). This has changed focus on supply management and has turned the choice of whom to purchase from into a matter of more than just getting the product per se. Since it is suggested that the kind of relationships a company forms with suppliers rather than the ability to make good buys are the basis for future market potential (Sheth & Sharma, 1997), the choice of suppliers can actually be of great strategic importance.

Naudé and Buttle (2000) summarise the varied discussions on value and quality of B2B relationships and identify trust, needs fulfilment, supply chain integration, power and profit as the main underlying attributes. Their conclusions suggest that even though this focus on the supply chain integration and trust are highly noticeable, some actors are mainly interested in establishing relationships thanks to the profits they might infer. In sum, Naudé and Buttle (2000) conclude that the relative importance of the main attributes will vary depending on what types of actors are included in the relationship! Hence it does not seem possible to consider all relationships as being defined by a general concept.

The different attitudes towards the impact of personal interaction are proof of this. Personal interaction is about individuals interacting and making connections and while Axelsson (1996, p. 238) describes the individuals as the “thinnest threads” in a network, he still suggests that they are perhaps the most important ones Hayes and Hartley (1989) report in a study where the personal relationship in terms of kinship rated low in importance. In their case the desired focus is on industrial matters and the depth of relationships as based on a recognised mutual dependency. Any personal connections that might develop are reported as an outcome of repeated contacts rather than a requirement for the relationship.

In contrast to this Hallén (1992) notes that personal relationships are indeed important for business although they are not always focused on business deals. He argues that the non-task relationships between people provide an infrastructure on which business networks can be based. His study shows that managers in high positions often use social connections to create a kind of safety

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² Part of the industrial marketing literature which puts great focus on relationships as an important factor for the exchange processes between organisations is referred to as the IMP group (Industrial Marketing and Purchasing, e.g. Ford et al. 2002). The IMP group was formed in 1976 as a result of co-operation between researchers from several European countries. Since then the group has taken the lead in research in the area of business relationships and networks. Hence, the discussion in this section is much influenced by this group.
net in case of emergencies indicating that the social aspects of business relationships are not only an outcome of business but perhaps also a prerequisite for taking the risks some deals infer. Discussing similar ideas, although at a different level of employees, Håkansson and Gadde (1992) suggest that the personal-contact network is so important when it comes to building confidence in relationships that the employee recruitment should even take it into consideration.

In support of both views is the research conducted by Bendapudi and Leone (2002) on the relationship between buyers and key account employees. Their study shows that relationships with key account persons are much valued although the benefits perceived by different actors vary. Some actors emphasise aspects related to industrial experience while others concentrate value on the empathy and kinship a key account person relationship could render. Perhaps the emphasised aspects depend on what level in an organisation a respondent is located or what operations he/she is in charge of? Although not proven here, this might explain the differences in results of the above noted research. Regardless, the value of functioning relationships between parties in the industrial exchange is further acknowledged.

Further indication that several aspects should be considered when reviewing crucial aspects of relationship comes from Gadde and Snehota (2000) as they define the intensity or perhaps rather depth of a relationship. Three aspects are proposed that are also believed to affect the outcome of the relationship: the coordination of activities, adaptations of resources and interaction among individuals. Depending on how involved the parties are within these three aspects, the supplier relationship can be termed as either high or low involvement. Depending on the potential cost or revenue benefits gained from a particular supplier relationship, the buyer will strive to achieve either one or the other. Gadde and Snehota suggest that the high involvement relationship is mainly of interest when non-standardised solutions are bought while low involvement is logic when the purchase considers standard products and the buyer might use several suppliers.

Regarding the time span of supplier relationships, it appears that high involvement, although not always, often implies long-term commitment (Gadde & Mattson, 1987, Håkansson & Snehota, 1995) which is explained by the time it takes to develop both the relationship per se and also to attain the benefits it can bring. Once the relationship is of a high involvement kind both parties generally have invested a lot of resources that constitute something of rational barrier to end the connection (Gadde & Snehota, 2000).

*The supplier relationships represent some of the most important assets of a company and should thus be considered and treated with a similar logic to other types of investments*

(Gadde & Snehota, 2000, p. 315)
Ottesen (2001) suggests that involvement in, e.g., economic and legal bonds indicate that, not only have investments been made, i.e. sunk costs, but there are switching costs which further promote long-term relationships.

Relating to this time frame, industrial relationships are sometimes described as similar to a marriage that develops and gets deeper as time passes and in the end risks ending up in a situation where parties are taking each other for granted. Similarly, Gross et al. (1993) emphasise that sellers need to focus on remaining enthusiasm and awareness if the relationship should be positive and continue. In this regards, it is also worth mentioning the “institutionalisation of relationships”. Håkansson and Snehota (1995) use this concept to explain how routines and rules of conduct over time are formed in the relationships partly thanks to the efficiency routines can add to the exchange. However, while routines might bring the impression of stagnant behaviour, Håkansson and Snehota (1995) emphasise that relationships will not be completely stable due to these routines. Instead they suggest that continuity is the word to use since relationships will keep on evolving although routines are formed.

Gross et al. (1993) propose that this time consuming creation of relationships is something predominantly existing in the markets for component parts and capital goods. As they include the type of product in their reasoning, they touch upon the idea of different purchasing processes for different products and situations. Håkansson and Gadde (1992) separate between simple and complex purchasing situations and suggest that the complexity of a buying situation will generate uncertainty that emphasises the need for trust between actors. According to Håkansson and Gadde (1992), uncertainty can never be entirely removed but only managed in better or worse ways. Håkansson, Johansson and Wootz (1977) introduce the idea of different types of uncertainty existing for the customer. They separate between need, market and transaction uncertainties and explain how these are vital for a supplier to understand since the customer’s demands will vary according to them. By understanding the customers’ “dilemma”, suppliers might plan their behaviour or actions accordingly. Ford et al. (2002, p. 22) even refer to what they call manipulation of uncertainties as one possible way a supplier might improve its chances of being successful. This includes attempting to affect the customers’ perceived uncertainty according to what favours the suppliers best.

Under some types of uncertainty close relationships can be a reassurance for the buyer (Håkansson & Gadde, 1992). Consequently, Håkansson and Gadde claim a purchasing situation should never be considered in isolation of earlier events since the actors will handle situations according to their experiences with the other party. If trust has been established through earlier contacts, the buyer will act differently than if the opposite is true.

3 For further outline of the concept “routine” and its meaning regarding the organisation’s continuity and development, see Nelson & Winter (1982).
Anderson and Narus (1998) argue that trust and commitment are essential parts of working relationships on the industrial market. Selnes (1998) further suggests that trust is one of the factors that reduce the perceived risk for actors when acting in a business relationship. Axelsson (1996) agrees and suggests that trust is an outcome of both time and available resources another actor can provide. This indicates that the importance of trust can be connected with the practical operations of a buyer. This is stressed by the following quote:

*A marketer demonstrates commitment to a relationship by agreeing to adapt his offering or promise. These show that he is willing to incur immediate costs for the prospect of later reward. A marketer builds up the trust of his customer by the way that he actually fulfils that promise.*

(Ford et al. 2002, p. 108)

While trust can appear to be a general term, Sako (1998) suggests trust is more complicated and outlines five different forms of trust that can exist between parties. The logic behind these is that although one form of trust exists between two parties, it is not certain that the others do. The *contractual trust* refers to whether an actor will fulfil its contractual agreements, *competence trust* refers to whether an actor is able to fulfil what has been agreed upon, and *goodwill trust* refers to whether an actor is believed to adjust to open-ended agreements that can bring value to both actors without taking the advantage of opportunism. In addition to these trust types, Sako (1998) also includes the belief of an actor’s *fairness* and *opportunism* as two important dimensions when investigating the role trust plays in relationships. When looking at these five forms of trust, it seems they can easily be interpreted as integrated and hence it might not be easy to assess them one by one. Still, the idea of several dimensions or types of trust can aid in evaluating the status of a relationship between two parties and also in forming future strategies to improve trust (Axelsson & Wynstra, 2002).

Duncan and Moriarty (1998) to some extent criticise the relationships marketing literature claiming that it disregards the importance of communication. They argue that a focus on trust and commitment as crucial factors implies that communications are essential since these aspects are in fact *products* of communication. Further, Duncan and Moriarty (1998) note that although managers in general seem to have moved towards more relationship-focused approaches, they have done so without articulated strategies or processes. The outcome of this is that the interaction companies have with interest groups sometimes is not managed properly in respect to what is communicated. The problem with this, according to Duncan and Moriarty, is that the total of brand communication is then not completely understood nor handled.

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*The ideas of total and integrated communications will be handled in chapter 4.*
3.4.1 Do relationships outplay brands?

In the light of the above discussion a question might arise in the reader’s mind as to whether the idea of relationships, being an important part of selection, make brands and branding unimportant? For example, in contrast to Balmer (1995) who focuses on the impact of emotional ties, and Rooney (1995), who emphasises brands as an essential instrument for B2B marketers when product offerings get increasingly homogenised, Grönroos (2004) explains that the remaining way to create competitive advantage are the added services obtainable through relationships. That is, depending on which perspective is taken, different explanations for why a supplier is successful can be made. Consequently, different interpretations of what a marketer can and should focus on will also be outlined. If the ideas in relationship marketing are applicable the buyers’ focus should be on obtaining the values inherent in long-term relationships. Their choices then would be guided by a desire to gain and maintain valuable relationships, indicating that established relationships can be a main factor in the selection process. Based on these ideas one might question the previously presented logic of corporate brand image importance during the different steps of purchasing.

This potential dilemma of weighing brands against relationships will be further elaborated on in the thesis’ upcoming analysis and discussion.

3.5 Three types of purchase

It is possible to identify three different types of purchase from the buyer’s perspective with an impact on buyer behaviour and the potential to use branding, namely the new task, straight rebuy and modified rebuy situations (Axelsson, 1996, Brand, 1972, Clow & Black, 2002, Robinson, et al., 1967, Solomon, 2002). According to this structure the type of purchase situation an organisation is in depends on whether a product has been bought before and how familiar the source is, as opposed to what product is considered.

The straight rebuy represents purchases that are simply repeat ones, the same product from the same supplier. Minimal effort in terms of planning and information search is then necessary. The modified rebuy demands further consideration. This situation implies a change in the purchase, either that a new vendor is chosen for an existing product or a change is made to the product in question. The buyer might want to change supplier because of dissatisfaction, end of contracts, better offers or when an infrequently purchased product is in question. The new task purchase, finally, represents decisions that include great information search as it includes buying a product that the customer is not familiar with. A group of specialists is often formed within the buying organisation in order to properly evaluate available alternatives. A new task
purchase thus is a situation that includes a high level of uncertainty for the customer and the reason for its complex procedure is that the customer might suffer great losses in case the product or supplier fails.

Depending on whether a purchase represents a new task, a modified rebuy or a straight rebuy, the phases of the buying process are considered and managed differently (Malaval, 2001). The number of influencing parties of the buying center also changes accordingly (Crow & Lindquist, 1985, in Malaval, 2001). The perceptions of a company is noted to be more important the more risk is perceived from a purchase (Johnston & Lewin, 1996) while on the other hand the less risk is perceived in a buying situation, the less influence from perceptions there is. In concurrence with this it is argued that new task purchasing is open to great brand influence. Since the company has no experience from any supplier in that particular purchase, there is an opening for all supplying companies (Malaval, 2001). Even though the brand influence gets weaker in the modified rebuy, Malaval argues it is still quite big especially among the buying centre’s buyers (compared to users, general management, R&D executives and maintenance executives). In a straight rebuy situation, on the other hand, the buyer acts on routine and hardly recognises that there are alternatives, which indicates that the brand has less to do with the decision in terms of a relative evaluation among several alternatives although it might still actually be the brand image that causes the buyer to stick to a certain supplier. Still, one assumption based on this reasoning is that branding as a competitive edge or as a means to gain sales should be more important and valid towards buyers who are acting in a new task or a modified rebuy situation.

3.6 Further support for subcontractor branding

Earlier sections have indicated that the customers’ buying behaviour affects the potential to use branding as a means to gain competitive advantages and success. What has not been discussed thoroughly, though, is what factors make a purchasing party develop a certain buying behaviour.

Gross et al. (1993) claim that the business buying process scarcely varies depending on the type of product if that is categorised according to products’ features per se. Instead, they argue, the individual company’s perception and usage of products should function as basis for classification of buying behaviour, indicating that the same product could lead to different buying behaviour depending on what buyer is considered. The aspiration to define these different product types in industrial marketing theory has resulted in several examples of categorising where the number of categories ranges from (at least) two to seven (e.g. Clow & Baack, 2002, Gross et al., 1993, Xideas & Moschuris, 1998), although most are quite similar in that they are based on the same main groups. Xideas and Moschuris (1998, p. 977) propose that the most commonly used categorisation in the business world is one that separates
product groups due to their requiring different managerial action, and consists of production materials, capital goods, components, maintenance materials and supplies, capital equipment and services. Based on these different categories researchers have tried to identify particular buying behaviour, the general idea being that a product which is complex or considered important to a buyer obtains a different purchase attention/strategy than that which is of little importance or is standardised (Axelsson, 1996).

Studying these different categories of products, Davis (1974 in Xideas and Moschuris, 1998) find that the acquisition of raw materials and capital goods is more centralised and more systematically carried out than the purchasing of components and supplies. This indicates that component purchase requires a less meticulous procedure. Another finding related to this is that when it comes to supplier evaluation of complex products, price is less important while quality, delivery and performance history in accordance to mainstream assumptions are important criteria (Dickson, 1966, in Wind & Thomas, 1980). Nevertheless, depending on what components are considered it should be possible to find that they can be both complex and capital goods. A case in point, further discussed by Axelsson and Wystra (2002), is the subcontractors who deliver key components reliant on great services in terms of development and manufacturing skills.

Although the division above covers a large spectrum of what can be purchased in the industrial market, Axelsson and Wynstra (2002) carries a discussion indicating that services are not so simple in their character that they can be reduced into one segment like the models referred to above usually do. Three of the service types they mention (based on OECD, 2000 and 1999) are facility services, business organisation services and research and development, and technical services. Out of these three, Axelsson and Wynstra seem to believe that the first and the second are commonly considered stereotypes for purchased business services while the third, though common in the market, is not as commonly considered. The difference between these subgroups can be defined by the standardisation and also the complexity of each transaction, e.g., cleaning services are not very differentiated or complex to purchase while the development and production of a new component for a specialised tool is both individualised and complex in its nature. The outcome of these different services’ characteristics is that the buying behaviour will also differ. As mentioned above, the evaluation of service providers for example is suggested to be more important the higher the necessary amount of interaction that must turn out well.

### 3.6.1 Four supply situations

In parallel to Clow and Baack’s (2002) idea that sellers need to understand the buyers’ purchasing process in order to adopt successful communication strategies, Van Weele (2002) suggests that a company should define what
purchased products and supplier relationships are strategically important in order to manage efforts towards supplier markets accordingly. Relying on Kraljic (1983), he basically combines all the above suggestions for how different industrial purchasing can be segmented. He does this by suggesting four kinds of situations. These are based on the proposition that two variables relating both to the required product and the situation on the supplier market are important for distinguishing the need of different purchase strategies. The first variable indicates impact on financial results while the other relates to the supply risk of the product. The first of these indicates the amount of money spent on a particular purchase or the volume of a purchase. The more costs in this respect included in the purchase the higher the impact on financial results. The supply risk, on the other hand, indicates the difference in availability, the number of potential suppliers and the possibilities of switching to substitute products. The supply risk is high when there are few or only one supplier and when switching costs are high.

Van Weele (2002) outlines these aspects in two matrixes where one shows the situation from the supplier’s perspective (upper one) and one the buyer’s perspective (bottom one). By identifying the company’s position in these models, van Weele (2002) proposes that different supply strategies can be managed and also that the risks inherent in purchasing can be identified. Correspondingly, by identifying the supply situation for a subcontractor (or rather its clients), information can be obtained about its potential to use branding. Depending on the buyer’s need for long-term stability and the strategic risks inherent in the purchase, trust can surface as an important piece of evaluation and behaviour, aspects that a supplier’s brand could communicate.
The *strategic products* are described as those that are purchased in great volumes, represent a large part of the cost price of end product, specifically designed for one buyer and can only be purchased from one supplier. Examples of these products are engines and gearboxes for automobiles and turbines for the chemical industry. This situation is described as including frequent interactions where power balance can be both supplier and buyer dominated, depending on the skills of the supplier and demands of the buyer. As the model indicates, van Weele proposes that a partnership is the preferred supplier strategy in this situation where the objective is to make both parties work together in a planned
co-operation. Since both financial impact of small changes and the supply risk are high in this segment, the buyer will search the market thoroughly before deciding on a suitable partner focusing on, e.g. the suppliers’ references, research and development and production capacities.

**Bottleneck products** represent little monetary value although they are hard to obtain since there is only one source for the products, which implies that the supplier has the power. Examples of these products are spare parts for equipment and catalytic products for the chemical industry. Van Weele (2002) suggests that the strategy in this case is to secure continuity of supply while also searching for alternative approaches to replace the bottleneck. Fundamentally, a buyer in this situation is looking for a way to decrease dependence on a sole supplier.

Relating these supply situations to branding, it seems the opportunity to affect a buyer emotionally or otherwise via branding should exist in all situations where several potential suppliers exist and there is room for competition that is not purely based on a product function. In both the strategic and bottleneck product situation the supplier should not have much trouble gaining or maintaining customers since there is only one potential actor who can fulfil the need (at least in the short-run). Logically, branding should in such a situation not be important in terms of competitive strength (although it could still be important from other perspectives). Rather, the mere awareness of the supplier’s existence and offer should be enough for potential customers to approach the supplier.

**Leverage products** indicate those that are possible to obtain from several sources and also represent quite a large share of the end product’s cost. Since there is opportunity to source from different actors and the price of end products will differ greatly if only small changes can be made in supply costs, the buyers for these products will be identified by aggressive purchase behaviour. Since switching costs are usually low in this situation, Van Weele (2002) suggests that the buyers have freedom of choice and hence also the power although they have to manage several relationships that have been recognised as potential sources. The suggested supply strategy used in this situation is one where a number of suppliers are qualified as suppliers and where the buyer is continuously scanning the market for better prices or deals, i.e. competitive bidding. Van Weele further suggests that long-term contracts are not always present due to the similarity of products and thus ease of changing suppliers.

The **routine products**, finally, are those products that result in minor consideration from the buyer’s perspective. The cost for each item is very low and there are many alternative suppliers. Examples of these products are consumables, which can be office supplies and cleaning materials. Van Weele (2002) explains how only the administration of these products often incur higher costs than the actual items and he suggests that the management of these normal products should be as efficient as possible so as to release resources to
the more demanding situations, i.e. the strategy is to enforce systems contracting.

On the other hand, the left side of the above matrixes should be considered differently from a branding perspective. For both leverage and routine products, the supply risk is low indicating that there are alternative sources and thus a competitive situation exists for the supplier. For leverage products, the buyer will look for the best possible deal among the potential suppliers. For the routine products, buyers are looking for an easy way out and seek direct purchasing through continuous contracts. Brands in these situations could serve as a means for the buyer to select something that is familiar and which he/she perceives as known and/or reliable.

The subcontractors of interest in this thesis are not primarily identified in van Weele’s models. However, since they supply a type of service in a competitive market and deliver custom-made parts, it is possible to identify their situation as something in between the leverage and strategic products. Although the individual pieces of goods these subcontractor deliver might not be very costly and can be manufactured by several suppliers, the parts supplied are still custom made, indicating that switching costs can be great once a supplier has been chosen to deliver a certain product. Investments might then be made in co-designing the component, creating tools for its manufacturing and establishing a relationship with the supplier. Thus, the supply situation related to these subcontractors represent a quite high financial risk while the supply risk theoretically could be seen as both low and high. Since the subcontractor’s products can have a significant effect on the buyers’ finances and they indicate a long-term commitment through relationships (or partnerships), the customers should, in compliance with buying behaviour theory, go through a thorough process in identifying and selecting an appropriate supplier. This would indicate that a wide set of factors is taken into account and again points towards the potential impact branding could have for the supplier. For a supplier in that situation, where a number of potential suppliers are available to deliver the same product, the focus should be on persuading the buyer of its ability to manufacture and deliver in a good way. This has to do with reliability, which has a lot to do with perceptions with a bearing on branding.

3.7 Reflections on IBB’s impact on marketing

Rather contrary to what industrial marketing literature (aimed at teaching the subject) as well as the structured process models for industrial purchasing might suggest, the studies on industrial buying behaviour give a picture of differentiated behaviour and buyers that are affected by their emotions and sometimes use a different logic than the one foremost described by the traditional characteristics. Focusing on this behavioural perspective of the
industrial actors, it is possible to get a different understanding and attitude towards what marketing processes and tools are feasible for a seller on that market.

What should be emphasised is that while the foundations for industrial marketing discussions in literature appear still to be very much based on the initially mentioned characteristics, current literature and discussions to a large extent bring relationships, networks and interactions into play. Since these are partly, per definition, related to emotions, trust and similarly more or less product-peripheral issues, they bring at least a touch of openness towards the idea of a less technically focused and cold rational organisational buyer. For instance, Morris et al. (2001) and Ford et al. (2002) are examples of books that both acknowledge the inherent framework of the industrial market based on its characteristics (e.g. smaller number of customers, corporate responsibilities and financial risks) and allow for the discussion of individual and social as well as technical impact on decision making (e.g. complexity of purchasing organisation and individuals’ personal needs):

_Economists assume, in their models of marketplace behaviour, perfect rationality on the part of customers. In technical terms, they assume that customers maximize the marginal utility gained per dollar spent on each and every purchase. This assumption is unrealistic and typically does not apply to the way organizations or individuals make their purchase decisions. This is an important issue, as it explains why the company with the best product, best price and best customer support is not necessarily the vendor that gets selected._

(Morris et al., 2001, p. 70)

As indicated in the beginning of this chapter, the reason for looking into the theories and previous studies on purchasing is to get the mirror image of what a seller can do to be successful. As mentioned above the idea of being rational apparently can have different connotations, which partly implies that the buyer is not a complete stranger to emotional values and impressions. The latter description, of different types of relationships’ potential impact on the outcome of a purchase and repurchase, also give indication that the buyers to some extent act on an emotional basis.

What then has marketing communication discussions suggested for the B2B markets? The upcoming chapter makes an attempt to capture the development of marketing communications literature related to the industrial context.
Chapter 4
B2B marketing communications

The aim of this chapter is to present marketing communications literature aimed at industrial markets by focusing on a few main aspects, including the current status of brand literature related to this context. Starting with what could be seen as traditional ideas, the discussion continues by pointing at attitude changes which have influenced the literature in the area. The outcome is an increased emphasis on integration and corporate approaches that focus on identity, reputation and brands.

4.1 The traditional perspective

B2B marketing communication theory in general has suggested that customers should not be treated like private consumers (e.g. Fill, 2002, Haas, 1995) and that only certain types of information and media are efficient. The two following quotes are examples of how this has been expressed:

"Customer/supplier relations on business markets should absolutely not be described in terms of "bait the hook and catch the customer", or "try to influence the anonymous crowd of customers to buy a product by advertising, by more or less planned sales calls and other promotions…"

(Flodhammar, 1987, p. 3)

"In the markets for cornflakes or soap powder consumers are similar in size and perhaps similar in requirements. In contrast, individual buying companies have pronounced difference in size, power and requirements – and there aren't so many of them. They do not buy just because they see an advertisement on television or because a salesman calls. The process is not one of action and reaction. It is one of interaction"

(Ford, 1990, p. 2)

As Ford is one of the authors strongly advocating the relationship perspective of industrial marketing, it is not surprising that he emphasises the interaction part of communication. Despite the focus on relationships, a discussion about different promotional tools should be of interest. In fact, the idea of customers as active parties only makes it more important to understand what information is used and how the buyer behaves in order to understand what marketing
communications are feasible to the supplier. Still, while there is quite extensive literature on industrial marketing per se, the extent of current literature on industrial marketing communication is rather limited. Most textbooks in the marketing communications area describe it per se and use in essence examples related to private consumers and consumer products (e.g. Duncan, 2002, Mårtenson, 1994, Pickton and Broderick, 2001, Rossiter & Percy, 1998, Smith, 1993).

Statements like the ones above can be interpreted in at least two ways. One way is that there are differences in consumer and industrial markets concerning the impulse purchasing, i.e. industrial buyers are not lured into buying something simply by seeing a product displayed in an advert. Then again, in contrast to this there are studies in the B-2-B marketing communications area concluding that industrial buyers do value advertising as a useful source of information (Patti, 1977). The other interpretation is that statements like these indicate that industrial buyers are not affected by advertising, i.e. the professional buyer base all decisions on other information sources. If adhering to the first explanation, one should not draw the conclusion that certain communication tools are only useful for one type of market. That is, just because advertising is not the trigger for a demand, it does not mean that advertising cannot affect the purchase in another way.

Fill (1999) and Haas (1995) suggest some characteristics of industrial marketing communications. These include usage of formal messages, personal sales dominance, below the line tools with high level of integration, great use of financially rational, logic and information-based messages, limited use of targeting and research although increasing usage of segmentation, budgets focus on sales management, and a limited number of alternative approaches for evaluation. Solomon (2002) makes a comparison between industrial and consumer markets and concludes that organisational buying/selling often includes more personal selling and less advertising than the consumer counterpart. Smith (1993) suggests this is due to the industrial markets’ need for relations and professional contacts. Then again, these statements and conclusions are neither proof that these communications tools are more efficient in the industrial market, nor that others cannot be valuable. What they suggest is simply that industrial companies often act according to the communications mix traditionally assumed feasible for the context.

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1 Foster (1998), deBonis and Peterson (1997), and Hart (1993) are among the few authors clearly tackling industrial markets.
4.2 A changing perspective

Although Fill (1999) describes several characteristics of how industrial sellers have used communications, he suggests that there is a trend among industrial companies that deviates from the traditional way of handling communications. This trend is partly supported by Gilliland and Johnston’s (1997) observation that major B2B firms are switching from advertising agencies focused on B2B to agencies traditionally specialised in consumer marketing. One part of the trend also suggests that there is a change towards more imagery on the market. Fill (1999) claims, for example, that companies, instead of only focusing on the traditional industrial communications mix including exhibitions, trade advertising, financially rational messages, and long texts, are turning towards more emotional messages. Gross et al. (1993) confirm this as they maintain that advertising in industrial marketing during the 1990s contained emotional aspects like humour, fear and friendly counselling. This is further supported by de Chernatony and McDonald (1998) who give examples of emotional appeals in B2B advertising for various products such as financial services and roof tile.

Furthermore, to support this trend, Gilliland and Johnston (1997) report on a survey by Cutler and Javalgi (1994) showing that an increasing number of industrial goods and service providers use emotional headlines in their advertising. Fill (2002, p 368) further stresses the importance of emotion and feeling in B2B advertising by referring to Gilliland and Johnston’s (1997) ideas about how different persons’ level of involvement in a purchase affects their aptness to be influenced by central or the peripheral route communications. According to this thought, persons with a high buy task involvement (BTI) will be affected by the traditionally supported, technical and informative communications. However, the realisation that several people are often involved and, one might assume, people can differ in their buy task involvement depending on what should be bought, makes also the peripheral routes of communication important to gain awareness and interest. This indicates that emotional messages can play a more salient part than previously acknowledged. Fill’s (2002) conclusion is that the industrial marketing communication must be designed according to the situation. That is, depending on the level of involvement among the purchasing parties, different promotional strategies should be adopted.

2 Söderlund (2003) reflects on the increasing use of emotions in marketing communications, in general pointing out that even though all advertising could be considered to evoke emotions, there has been a change in the way communication efforts attempt to actively trigger emotions and use them as a vehicle to reach through the clutter of current markets.

3 In a study including 430 full-page advertisements, part of the analyses concerned the headlines. “...an informational headline was defined as one that provides news and/or information, or a stated product use benefit; and emotional headline as one that contained a familiar saying, uses contrasts (e.g. opposite words), shock, or curiosity.” (Cutler & Javalgi, 1994, p. 120).
Similarly, Michel et al. (2003) suggest although that there are bound to be differences between the consumer and industrial markets in terms of communication, the resemblance to consumer communication, i.e. traditional media communication, will increase along with the decreasing need of direct relationships. Seven groups of communication are classified, under the assumption that the relative use of these will differ depending on what is soled and the buyer’s corresponding need to interact and form relationships. These seven groups being: personal contact, company offers, information supports, media and direct marketing, direct sales promotion, general media and trade fairs and exhibitions (Michel et al., 2003, p. 275). These point out that even though Michel et al. (2003) concludes that B2B or interorganisational communications are different from public communications, they are based on the same instruments.

Flodhammar et al. (1987) wrote about possible objectives for using the trade fair as a communication tool in industrial markets. Two main types were presented namely the qualitative and quantitative. While the quantitative goals relate to number of contacts or sales, the qualitative objectives are exemplified by an aspiration to be perceived as an innovative or young company. This has little to do with the quality or function of products but is rather in line with the idea that feelings and attitudes have an impact also on the industrial purchase.

Another contrast to the view of Smith (1993) and others who seem reluctant to accept any above the line marketing communications as useful for industrial markets is the recollection of Gross et al. (1993) that communication is a social process. Likewise, Pickton and Broderick (2001) indicate that people acting in business situations are not suddenly transformed from human beings into robots but are in fact still humans. This means that they not only should be affected by relations to sales people, as indicated by traditional ideas in industrial marketing, but also by other types of marketing communications, e.g. emotional advertising. This type of discussion indicates that B-2-B marketing cannot be dismissed in marketing as relating simply to purchases based on finance, products and personal relationships. Instead it proves more intriguing and more issues are relevant than those customarily considered (Pickton & Broderick, 2001).

4.3 A stepwise process

Ever since the 1950s and 1960s when psychology entered the field of business management and communication it has been possible to suggest that marketers live by the devise that attitude leads to behaviour. This idea was originally explained in what we call the hierarchy of effects approach where communication is seen as an instrument for guiding buyers’ behaviour. The underlying assumption for this approach is that buyers go through a learn-feel-do process.
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(Kotler, 2000) where they first gain awareness and then, through a step-wise learning process, move towards a certain attitude and eventually decide on a certain behaviour. According to Schultz (2001), the first model related to this approach was outlined by Lavidge and Steiner in 1961. The following figure is an example of how it can be illustrated.

![Figure 4-1: Traditional "advertising-based" view of communication. Adapted from Schultz (2001, p. 349)](image)

This type of models easily can be criticised for being much too simplistic and focused on a one-way communication process, which is quite contrary to the current marketing discourse where two-way communication and interactive processes are stressed. Still, this does not necessarily indicate that the basic idea is objectionable or out of date. Instead it should probably be considered simply a reflection of the receiver’s internal process which does not exclude the other occurring processes.

Schultz (2001) recognises that many models for analysing and measuring brand value are based on the attitude-behaviour idea. Although the focus at that time is primarily on fast-moving consumer good markets, he brings forward the thought that it is quite possible to connect the logic of attitude-behaviour to corporate level communications and corporate brands.

In the light of this it is of interest to note researchers arguing that the differences between consumer and business buying behaviour are not particularly obvious or great and need to be discussed further (e.g. Hutton, 1997, Wilson, 2000). If this is the case, which one might assume considering the previous section on industrial buying behaviour, it should have an impact on how marketing communications are considered.
Foster (1998) looks at industrial marketing communications by focusing on what channels are considered important by sellers and buyers respectively concluding that there is some incongruence between the sellers’ efforts and the buyers’ information search. Other studies have, for example, reported on the relative importance of Internet as a source for information indicating that “traditional” sources like sales people are still very much appreciated by industrial buyers (Deeter-Schmelz & Kennedy, 2004). Similarly, Tunçalp (1999) investigated buyers’ opinions about the importance of 14 different information sources. However, while the studies with focus on information channels are interesting, they offer limited assistance to the seller unless you do not at the same time investigate what type of information is gathered from what sources, what impact it has on attitudes and ultimately on the sales process. To further come to grips with the attitude-behaviour approach and to state something about communications, it is necessary to have an in-depth understanding of buying processes.

Gadde and Håkansson (1993) conclude that the use and need of information differs depending on what is purchased, the number of people involved and also the complexity of the requested information. They divide information in this context into three main categories whose usage and time of usage can also differ depending on what part of a purchasing process is being conducted. These are referred to as administrative, commercial and technical information. While Gadde and Håkansson (1993) describe how all three types of information can have co-ordinating, controlling and learning roles, they still explain that each is used for different reasons. Ford et al.’s (2002) interpretation is that the administrative information is such that is necessary to make transactions at all. Within this concept lies all information related to inquiries, offers, delivery notifications and invoices. The technical information can be crucial at initial evaluations since it reflects how interactive activities might function and what resources are available. The commercial information is described as the type a buyer needs and uses when continuously evaluating and identifying current or potential suppliers. Although this type information includes possibilities to rank different suppliers, Ford et al. (2002) suggest that some aspects of a supplier’s abilities are not possible to evaluate until having conducted business for a while. This indicates that a supplier who is only a potential supplier for a certain buyer here has a problematic situation, which Ford et al. summarise in saying that: convincing new customers of their fulfilment abilities is often a major challenge for marketers (Ford et al., 2002, p. 83, emphasis added by the author).

Wind and Thomas (1980) summarise earlier studies on the influences of the identification of alternatives in the industrial purchasing process. They find that personal contacts are perceived as more important, in particular for final decision phases, while advertising campaigns are reported crucial for awareness. Their summary shows that depending on phase in the purchasing process, different types of communication might have an impact. One indication of this

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is that every message is not likely to convince the buyer to purchase but rather the communication should have different objectives in different phases. This can be connected to the ideas of attitude behaviour since it implies that customers move between stages and can be affected by different factors/instruments depending on where they are in the process.

In accordance with their description of the complexities of industrial purchasing and the many things that can be part of the evaluation of a supplier, Morris et al. (2001), with support from Fill (2002), suggest that advertising, sales promotion activities and publicity play supporting roles in the industrial market while personal sales is the main driver of sales. What they suggest in essence is that although potentially important, none of the supporting communication sources usually on their own create sales. However, Morris et al. (2001) are among the few authors who discuss the industrial advertising at length and describe how not only technical product information can be displayed through it but also that it can potentially function as a means for saying more about the company or supporting a certain corporate identity. Nevertheless, in their discussion, Morris et al. come to compare the efficiency of different promotional tools by pointing at a figure adopted from (Haas, 1976, in Morris et al. 2001, p. 355). In this figure personal sales rate high in efficiency, trade shows, direct mail and catalogues rate medium while trade advertising and other advertising rate low. This can seem a bit strange when considering the openness of Morris et al.’s (2001) earlier discussions concerning the purchasing process. If one type of communication, e.g. an advertisement, serves to gain a potential buyer’s attention, is that then less efficient than personal sales simply because the latter is the type of communications closest to the decision? However, by touching on the relative importance of promotional elements Morris et al. manage to get around this discussion, i.e. they acknowledge that, for example, advertising in this case might have a different role rather than a less efficient one!

Similarly, Patti, Hartley and Kennedy (1991) discuss how advertising can have different types of effects depending on what stage of a buyer’s purchasing process is considered. They argue that it is important to mind the objectives presented for advertising. For example, in the initial phase of a purchase, advertising could help to gain awareness and interest primarily by focusing on the product and its functions. During the search for appropriate solutions phase, advertising could play another role. In order to be one of the potential suppliers, it is necessary to position the firm as a good one relative to the alternatives available to the buyer. In the evaluation of alternatives phase, Patti et al. (1991) suggest a focus on total perceived value and thus the objective of advertising could be to communicate a sense of confidence and reliability. This goes well with authors focusing on relationships and suggesting that marketing communications is a means to manage the necessary relationships which are the core of industrial markets (e.g. Fill, 2002). Based on different types of communication, trust, viewed as a cornerstone for relationships, can be built.
Related to different types and different sources of information, Sherlock (1991, p. 27) introduces what he refers to as the valuing image. He suggests that this represents the ideas that form in a customer’s mind as the first contact with a company is experienced (similar to the ideas of Moments of truth in Service management literature presented by Normann, 1991). This first contact can represent anything from a personal sales call, an advertisement or a brochure, and results either in a net positive or negative impression. What is interesting here is that Sherlock (1991) does not exclude any communication tools or other things that might affect this valuing image. Sherlock even claims that from the beginning a valuing image is mainly formed by fantasy but changes towards a more reality-based one as the customer is exposed to more types of contact with the selling company. However, Sherlock’s main idea is that even though the valuing image is formed very early on in the process of decision making, it can function as the basis for buyers’ decisions although they later rationalise their choice by including the technical data available in later stages. Sherlock (1991) has no empirical studies to support his arguments. If his ideas are accurate, they point at the importance of planned communications (in any form) in the industrial markets which has not generally been tackled in the industrial marketing literature. From his perspective advertising, for example, is not only a media generating awareness in general but also certain images.

In relation to a discussion on industrial markets where part of the offer is customised, Ottesen (2001) suggests that a selling company can try to increase the buyer’s perceived value throughout the buying process (from search of alternatives to after-sales behaviour). An approach is presented where the buyer’s route to purchase is divided in different phases. Each phase can then be analysed as to how valuable features can be made apparent to the buyer. This discussion implies that a supplier cannot settle down after developing and producing a good product, leaving the rest up to planned communications and the buyer. Instead, the communication process must be a continuous process involving every possible contact and aspect that might be part of a buyer’s decision to buy or not to buy, to make repurchase or not and so forth.

Burger and Cann (1995) are two other authors urging suppliers to understand the width of the buying process in order to gain sales. They argue that customer value does not end at the moment of a sale but that the after-sales actions are as important for the customer’s perception of quality and foremost, total satisfaction. Similar ideas are brought forward by Moon and Millison (2000) as they explain a model called the satisfaction lifecycle, a multi-staged procedure which continues even after a sale has been made. They propose that a major function of marketing and sales activities is for sellers to move alongside the customer throughout these stages and provide him/her with answers to essential questions. Although their reasoning never goes into the decision making in particular, it explicitly displays the time aspect of purchasing and highlights the need to pay attention to the customer’s shifting objectives throughout the process.
The bulk of research on communication sources referred to above was conducted prior to the massive growth of the Internet. Considering the width of web-based services and the growth of Internet in society at large it would seem this channel of communication should be included in discussing also B2B marketing communications. Moon and Millison (2000) do consider the Internet when discussing how buyers move through different needs during their purchasing process. Berthon, Ewing, Pitt and Naudé (2003) focus on how the web can affect B2B buyers and marketers in that it can affect transaction costs and add value during different phases of a purchase. In terms of being a source of information during selection they describe how costs related to search, information, bargaining and decisions can be reduced by using different Internet features. This suggests that the Internet is a cheap and available source for information that possibly can aid buyers during several of the suggested stages of selection or purchase even though the information objective is different during these! Consequently, even though the Internet was not, for natural reasons, mentioned in much previous research and discussions on B2B marketing communications, suppliers in the current markets should consider the inclusion of Internet as part of its marketing communications.

4.4 The integrated approach

During the 1990s the area of marketing communications begun to place great focus on integrated marketing communications, which is a concept that since then has been widely adopted, often referred to as IMC (e.g. Percy, 1997, Proctor & Kitchen, 2002, Shimp, 1997). Van Riel (1995) explains that the idea of integrated marketing and communications has really been around ever since the 1950s but it appears most authors agree that it was during the last decade of the 20th century the matter gained attention. Currently books on the marketing communications area usually proclaim to focus on integration in their (e.g. Duncan, 2002, Pickton & Broderick, 2001, Schultz, Tannenbaum & Lauterborn, 1994) or include a chapter on the subject (e.g. Fill, 1999, Smith 1993, Rossiter & Percy, 1998). The main idea behind this concept is that marketing communications, instead of focusing on advertising, personal sales, sales promotion or public relations as individual parts, should treat them as parts of the same communication, striving towards the same objective. Furthermore, while a communications or marketing department previously managed the communication of a firm, IMC proposes that communication is in need of a more holistic perspective on what and who communicates as well as the need for a comprehensive analysis of the different communication efforts. Due to this overriding discussion, internal communications including support and understanding among employees is a main issue and points towards communications being a main and strategic issue for the organisation (e.g. deBonis & Peterson, 1997, Kitchen & Schultz, 2001, Schultz et al. 1994).
The reason brought forward for an extensive focus on the integration is that companies/organisations on a highly competitive market need to co-ordinate all communications to convey a coherent brand or product image. Schultz et al. (1994) maintain that in a market where products are continuously becoming more homogenous, the only remaining competitive advantage will be to manage a special image in the customer’s mind through communication and for this to be most efficient its different parts needs to support each other. The overall aim thus is to be able to communicate a clear message and keep a consistent identity towards different publics independently of what communication tools are used.

The bulk of writings on IMC treats it like the integration of promotional efforts that are within the area of what advertising agencies deliver to companies, i.e. IMC mainly values the co-ordination of planned messages in advertising, sales promotion and public relations (e.g. Eagle and Kitchen, 2000, Smith, 1993). However, Pickton and Broderick (2001) offer the following definition of IMC:

...a process which involves the management and organisation of all ‘agents’ in the analysis, planning, implementation and control of all marketing communications contacts, media, messages and promotional tools focused at selected target audiences in such a way as to derive the greatest economy, efficiency, effectiveness, enhancement and coherence of marketing communications effort in achieving predetermined product and corporate marketing communications objectives.

(Pickton & Broderick, 2001, p. 67)

This definition points at a move away from the view of marketing communications as being a selection of separated instruments that can be easily chosen and fully managed by one section of an organisation. Smith (1993) points out some examples as he suggests that packaging, sponsorship, corporate identity, word of mouth, merchandising, direct marketing and exhibitions are all plausible parts of an organisation’s marketing communication. Regardless of how many examples one can find of different communication tools they should, according to the idea of IMC, all be managed so as to convey a meaningful entity (Uggla, 2001b). Integrated marketing communications hence literally mean that every message from an organisation, no matter via what type of medium it is communicated, should be harmonised in order to make audiences perceive a consistent set of messages (Fill, 1999, Duncan, 2002, Ottesen, 2001).

Taking the brand into account while discussing this, it seems an organisation that is persistent in its transmitted core messages has a greater likelihood of maintaining a strong brand and consistent image. This idea is further supported by the following description of the IMC mix:
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In its simplest form, the process of integrating all elements of the marketing communications mix across all customer contact points to achieve greater brand coherence.

(Pickton & Broderick, 2001, p. 7)

Some criticism towards the IMC concept has been brought forward by Van Riel (1995) who suggests that the discourse has been too functional and needs to grasp more fully the ideas behind communication. He further refers to an investigation made by Knecht in 1989, which suggests that although the theoretical comprehension of IMC is lucid, very few advertising agencies and/or companies have actually been able to pursue it in reality. Likewise, Eagle and Kitchen (2000) argue that regardless of the massive writings on the importance of IMC, there is little evidence of its application, function and evaluation in reality. However, their study shows that both advertising agencies and marketers believe IMC represents a major and important change in the field although they argue that a discussion is needed concerning the relationship between marketing communications and the closely related concept corporate communications.

4.4.1 Total communications

Åberg (1990) adheres to the idea that all communications in a company must be integrated. He further structures communication within an organisation by outlining four different functions.

1) Supporting internal and external core operations (to regulate)
2) Organisation and product-oriented profiling (to persuade)
3) Informing internal and external audiences (to inform)
4) Socialising individuals into a good organisational citizen (to integrate)

Åberg (1990) refers to this idea as total communications. As can be noted the profiling part of this suggests that both the company in itself and the company’s offer should be considered although they might have respective communications. In correspondence to this thought Van Riel (1995) discusses an approach that he calls corporate communication including three types of communications, i.e. marketing, organisational and management communications, indicating that marketing communications is simply one part of the total communications an organisation should/can consider. Varey (2001) confirms this integrated perspective by pointing at the need to acknowledge interrelations between management and marketing in current markets where increasing focus is placed on the corporations and corporate brands rather than individual business units or brands. Van Riel (1995) suggests that the view on integrated and corporate communication has changed from being considered a
child of consultants that focused on “simple” efforts to affect the external image in corporations where monolithic identity was brought forward (e.g. visual identity), to an approach that suggests an overall focus on corporate goals through internal as well as external means. Argenti’s (2003) discussion further emphasises this by stressing that corporate communication needs to be considered in relation to the organisation’s strategy and furthermore included in the company’s mission and vision statements so as to make sure the planned identity is coherent with its operations.

Van Riel (1995) sheds more light on the integration of communication efforts by pointing at the various and growing number of functions in companies that, through different means, communicate with different groups. He suggests that this leads to an increased risk for fragmentation of messages a company sends out which can be quite devastating, or at least a reduction in the advantages of coherent messages. The recognition of this risk is arguably what makes integration of different types of communication so emphasised. The trend, according to van Riel (1995), is that instead of leaving the task of communication to a limited department all internal sources need to be included in a communications perspective. Duncan (2002) refers to this way of thinking as a cross-functional process with the intention of making sure all departments in a company communicate on the same basis while monitoring brand relationships:

…The presupposition which underlies this striving for coherence is that a coherent communication policy positively contributes to the favourable image of each individual component, which in turn is working positively to contribute to the entire performance of the company. A favourable corporate reputation is not an isolated objective, but a vital condition (thus a means) to create a sound commercial basis from which the success (in the widest sense of the word) of the company will eventually stem…. (Van Riel, 1995, p. 3)

According to Van Riel (1995), although management communication arguably is the most important, companies tend to focus on marketing communications. In his discussion, management communications represent all types of communication towards internal and external audiences that managers send out in order to gain trust for the management team, empower employees, start change processes and create a shared vision of the company. Van Riel relies on a definition by Pfeffer and Salancik (1978) in van Riel, 1995) to describe a

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4 Pfeffer and Salancik (2003) identify three roles of the manager, the symbolic, responsive and discretionary role. Their discussion focuses on how managers are able to interact with, analyse, adapt to, and affect other social actors, thereby enabling support of the organisation’s objectives. Van Riel’s (1995) definition mainly relies on the responsive part of the manager as it reflects how the manager is someone who can adjust other social actors in response to the demands of the organisation.
manager as representing any person with the ability to influence these groups and thereby affect the firm’s available resources. This indicates that this type of communication can be created by both the CEO and middle managers although the external parts of this communication mostly are the CEO’s challenge. The management communication is described as taking its form in speeches and interviews as well as internally focused word of mouth. Kitchen and Schultz (2001) similarly emphasise the role of the CEO communication pointing at the important impact characters like Anita Roddick (Body Shop) and Richard Branson (The Virgin group), among others, have had on their companies’ overall accomplishments and images.

Van Riels’s (1995) marketing communications focus instead, as mentioned above, on planned communications through advertising, sales promotion, personal selling and similar activities that are often handled with the help of advertising agencies or the like. Based on Floor and Raaij (1993) and Gusseklo (1985), both cited in Van Riel (1995), he finds support for his idea of corporate communications as the three suggest one should make a distinction between the corporate communications mix and the marketing communications mix. While the latter is directly related to the sales of particular products, the former can be interpreted as a more comprehensive mix of different corporate messages. Van Riel’s (1995) description of organisational communication is mainly that it consists of the corporate similarities to the above mentioned marketing communications tools, e.g. corporate advertising, public and investor relations, labour market, internal and environmental communications. The aim is thus more directed towards relations with different groups and the creation of image instead of promoting certain offers.

### 4.4.2 Integrated Corporate Communications

Although the above reveals slight differences of focus and opinion concerning what concepts should be used and their exact meaning, it is possible to conclude that there has been a distinct trend towards the idea of marketing communications as being more than a simple choice of using, e.g. advertising, sales promotion or personal sales. We might conclude then that marketing communications actually has come close to Olins (1989) proposal concerning communication in general:

> “Everything that the corporation is, everything that it does, communicates – to everybody with whom it deals.”

(Olins, 1989, p. 210)

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1 These references are in Dutch, and since the current author does not speak this language it was not possible to read the original sources even though they were possible to retrieve.
Based on such a belief, a company that is dependent on relationships with different interest groups (e.g. buyers, users, investors, suppliers) should not limit its communication efforts to the sources conventionally included as part of marketing communications. Instead, a company’s communication should be identified as various sources, like the behaviour of individual staff members along with different types of media (Michel et al., 2003). Reflecting on the above and the many concepts which are apparently used by different authors, some clarification should be made as to what this thesis adheres to.

Corporate communication, from the Van Riel (1995) point of view, can be seen as the acknowledgment that all types of communications from an organisation can be important and should be considered. Although it it sometimes hard to see the difference between this and the way IMC is today explained, from the beginning the focus has been on the tools traditionally addressed in marketing communications literature and primarily have corresponded well to mass-market conditions. Thus, by referring to the corporate instead of marketing communications you avoid the confusion of thinking that it has only to do with the traditionally considered planned marketing communications instruments (e.g. advertising and sales promotion).

It is further obvious, that the sufficiency of IMC can differ depending on a company’s structure. IMC might be highly useful when planning the marketing of individual products or brands that have no direct connection to the organisation behind the product. However, in the case of products that demand, or by tradition include, an interactive exchange process where the responsible organisation is more salient, the idea of corporate communications should be more appealing and important. In conclusion, while corporate communication is undeniably always something an organisation should bear in mind, there can be differences in the scope of this communication.

For an organisation with a monolithic identity\(^6\) (Olins, 1989), corporate communication represents the communication with all different stakeholder groups. In an organisation with endorsed or branded identities on the other hand, corporate communications might have more to do with communication among specific interest groups, e.g. financial stakeholders and suppliers. Maintaining a generalised view of different markets, one might assume that the service and industrial sector could be examples where the corporate communications perspective is the option. However, Kitchen and Schultz (2001) argue that one reason for focusing on the corporate level of communications is that customers and consumers today are interested both in the products or brands they buy and the corporation behind it. Thus, they claim, all organisations must acknowledge the corporate brand and the necessity of communicating with different potentially influential groups. It seems that integrated corporate communication, i.e. ICC (e.g. Kitchen & Schultz, 2001),

\(^6\)Monolithic, endorsed and branded identities are described in chapter 2 under section 2.5.
is not only the thing for a certain type of companies but rather the communications perspective to be adopted in general, by consumer, services and industrial firms.

Notable, however, is that the idea of integration need not be disregarded simply because you talk about corporate instead of marketing communication! In fact, since you are in the corporate communication perspective often referring to even more sources, the integration could be further essential. Thus, in this thesis ICC, rather than the original IMC concept, is considered the crucial concept in focus.

4.5 Focus on corporate communications

Judging from the number of books and articles available on the subject, it appears as if the focus on corporate communications has increased in general, that is, regardless of the concept or market in focus (e.g. Balmer & Greyser, 2003, Dowling, 2001, Kitchen & Schultz, 2001). Argenti (2003) summarises the increasing importance of corporate communications by pointing broadly at the changing environment for business including both changes in customers’ attitudes and behaviour as well as the structure of business organisations. One suggestion for why this is the case is the increasing demands on commercial organisations to be visible due to the fact that they are held accountable for their actions in a more fierce manner than previously was the case. Balmer and Greyser (2002) point in particular at the needs and demands of financial markets and how alliances, mergers and acquisitions have brought the need for new corporate structures. There is also more suspicion among customers that leads to further pressure on the organisations to prove their worth to society, which is partly shown by an increasing level of corporate philanthropy (Collins, 1993, Thorne-McAllister & Ferrell, 2002). The extent to which buyers are active in their consumption is also a factor proposed to play a part in this increased focus as several authors claim that purchasing no more is simply guided by product and brand but also reflections about the organisation and management behind the product (Kitchen & Schultz, 2001). And, obviously, it is not possible to disregard the so often referred to globalisation in this elaboration. What a company does in one end of the world cannot be hidden from the rest of the world, and similarly, an Internet-based company cannot refrain from its availability all around the world. Managing the corporate-wide communication, both internally and externally, hence becomes increasingly important (Kitchen & Schultz, 2001). When examining the discourse on

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7 Recent events in Sweden during 2003 and 2004, including for example Skandia and Systembolaget where top and middle managers are investigated for bribery and embezzlement, show to what extent actions that can be related to the corporate culture can have immense effects on consumer images, stock prices and attitudes toward the company’s offer.
corporate communication, three concepts that are often mentioned in relation to each other are corporate identity, corporate image and corporate brand.

While the thesis has previously discussed both brand and image, the identity concept has not received much attention although it is also a concept with many possible interpretations. Once related to the marketing and communications field, Van Riel (1995, p. 28) suggests that it has become generally accepted that image is ‘the picture of an organisation as perceived by target groups’, while identity is associated with ‘the way in which a company presents itself to its target groups’. A closer look and clarification of the identity concept per se and its use in this thesis is offered below.

4.5.1 Identity, a concept with many angles

While identity is a commonly used concept in today’s marketing literature it has its origin in ancient philosophy where great thinkers like Socrates, Plato and Aristotle in different ways discussed identity of the individual (Gioia, 1998). During the first half of the 20th century the identity discourse spread into other fields like psychology through its development (e.g. the idea of a person’s “real me” and possible various identities) (Gioia, 1998). According to Gioia (1998, p. 19), many writers in the social domain of identity have come to understand that identity is primarily a construct indicating: “that identity is most usefully viewed as a general, if individualized, framework for understanding oneself that is formed and sustained via social interaction.” Thus identity from this point of view is about finding and labelling key aspects of what is you. Further, identity is something that an individual obtains and understands through relating to and comparing with other individuals. While identity can then function to distinguish one person from others, it similarly can help in identifying a group of individuals who are alike. From these ideas sprung a spread in focus from simply individuals’ identities to one where also group and organisational identity is considered (Gioia, 1998). Albert & Whetten (1985, in Gioia, 1998) suggest that organisational identity is about finding the answer to the question: Who are we as an organisation? The answer according to the same can be found in the summary of a) what the members think is central to the organisation, b) what differentiates it from other organisations, and c) what enduring features are perceived by the members? Hence, just like the identity of individuals the organisational identity suggests a need to identify key factors and a position in relation to other available actors. Albert (1998) acknowledges this development and also points out how the nature of identity per se makes discussions about it

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* This thesis by no means attempts to give a complete overview of the identity concept, nor does it aspire to present the only way to discuss it. When referring to identity the aim is simply to explain and understand how the concept is considered related to marketing communications and branding. Main interest here lies with what is commonly referred to as corporate identity.
similar regardless of the considered level of analysis. To clarify, he cites Ashforth and Mael who assert:

...Identity has been researched at the level of the individual (particularly in the fields of developmental psychology, social psychology, symbolic interactionism, and psychodynamics), group (particularly social identity theory and various perspectives on genre, racial, ethnic, and national identities), and more recently, the organization. We see many parallels across these levels in the conceptualisation of identity dynamics.


Still, within the notion of identity in organisations, different perspectives can be found related to the way identity is considered. Balmer (2001a) describes how a variety of identity-related interpretations and concepts in a business context have created fog in the area although the many perspectives also serve to point out the importance of the issue.

To begin with, it is possible in a simplified way to distinguish two main perspectives. One that mainly focuses on the individual (e.g. Alvesson, 1990, Ashforth & Mael, 1989, Svenningsson & Alvesson, 2003, Whetten & Godfrey, 1998) and one where identity is discussed with focus on the corporation (e.g. Balmer & Greyser, 2003, Balmer & Soenen, 1999, Dowling, 2001, Olins, 1995, Van Riel 1995). Hatch and Schultz (1997) calls these two streams of identity studies the organisation theorist one and the marketing theorist one. The former refers to organisation identity and the latter to corporate identity. It appears that the main difference between the two is what focus is placed on (top) management’s ability and responsibility to actually create and monitor an organisation’s identity. Instead of identity being created and managed, the viewpoint is that identities exist as a result of the cultures and individuals that comprise the organisation. Thus, while organisation identity studies relate to what members of the organisation perceive, feel and think about their organisations, corporate identity relates to a function of leadership (Hatch & Schultz, 1997, p. 357). Notable in this description is that although marketing is used to identify the latter perspective, its basic idea is not necessarily restricted to the functions of marketing.

Based on these descriptions of development, a figure has been designed to visualise the proposed relation between streams of research related to the identity concept.
Although this figure could give an impression that corporate identity is somewhat of a novelty, it seems the discussion on corporate identity is not a new phenomenon. Balmer (1998) suggests the concept was coined already in 1964 by graphic design consultants Lincott and Margulies. In the 1970s, Margulies (1977) discussed corporate identity management stressing its importance and the need for top management interaction, suggesting that corporate identity was something that can be managed. When considering the notion of managing corporate identity another dimension of the identity construct appears, namely that concerning whether corporate identity is decided upon or something that is inherent in the organisation.

In line with the marketing theorist perspective above, Van Riel (1995) proposes that the corporate identity term was first brought forward in the area of design and primarily related to a company’s visual symbols (logotypes), house design and similar symbolic artefacts. This view of corporate identity, however, is regarded as too short-term and narrow when considering that the identity is what lays the foundation of what idea an audience has about an organisation. Hence, although this perspective still exists the numerous available definitions reveal that additional aspects are also considered, pointing towards a more comprehensive attitude of the corporate identity concept. In this wider perspective also behaviour of corporations⁷ and the people within the organisations are taken into account as well as the interaction with different stakeholders. According to Van Riel (1995), this behavioural perspective of

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⁷ Although this thesis acknowledge that corporations are not persons it is suggested that the corporation can “act” in terms of what actions are taken towards the market in general and other companies, which policies are followed, that is, behaviour which in the end are the result of people, but they represent the corporation for someone who is a beholder.
corporate identity has been revealed by the German authors Birkigt and Stadler (1986, in Van Riel, 1995) and it seems, when examining the current corporate identity literature, that it is increasingly moving towards this dualistic, or if you will, broader perspective (de Chernatony, 1999). Nevertheless, it is possible to find recent authors who remain convinced that identity has to do with the visual manifestation of a company’s reality conveyed by the organization’s name, logo, motto, products, services, buildings, stationery, uniforms, and all other tangible pieces of evidence created by the organization (Argenti, 2003, p. 58).

Hatch and Schultz (1997) suggest that an organization can never completely manage the corporate identity since individual managers will always be affected by the context they are in. Mejis (2002) also presents a critical view towards the general conviction that corporate identity is manageable. He concludes that identity in one company can consist of many identities due to the fact that different parts of an organisation are influenced by different cultures and also are in different stages. Related to this, Mejis also discusses the necessity of identifying and working towards one single identity in a company. With support from Gioia (1998), he points out that multifaceted identities in an organisation are not necessarily an evil thing as long as a particular stakeholder is not confronted with incoherent messages. Both Hatch and Schultz, and Mejis apparently suggest that a corporate identity is something which resides within an organisation and changes according to the ideas and perceptions of the managers. Thus, although using the corporate identity concept they seem to adhere to the organisation theorist perspective, which is partly explained by the fact that Mejis (2002) suggests that a separation between them is not necessary. The basis for his argument is that corporate identity has to do with the characteristics of the company, which to a large extent are based on the employees’ behaviour. Thus he argues it is not possible to separate between them and the corporation if looking to find its “true identity”.

After identifying and reflecting upon seven different approaches in the corporate identity discourse (e.g. links to strategy, organisational behaviour and human resources, corporate communications, marketing communications, public relations, and graphic design), Balmer (1995, p. 36) concludes that they should rather be seen as indications of the necessary width of corporate brand discussions rather than exclusive approaches. His definition of corporate identity clarifies this approach and also points out that it should be understood through all the individuals it encloses:

An organization’s identity is a summation of those tangible and intangible elements which make any corporate entity distinct. It is shaped not only by the actions of corporate founders and leaders, by tradition and the environment, but also by the mix of employee values and affinities to corporate, professional national and other identities. It is multidisciplinary in scope and is melding of strategy, structure, communication and culture…

(Balmer, 2001b, p. 308)
What seems to be the case then (as so often is the case) a middle road has turned up. The two streams of identity studies in organisations are not necessarily contradictory nor do they need to compete for which is the righteous one. Instead, the focus on an “internal perspective” with focus on individuals and relationships between people seems to constitute one requested part in corporate identity management since as far as it includes the behavioural aspects.

In favour of identity management but with arguments that point at the complexity to do it, Balmer and Greyser (2002) suggest that every organisation consists of five different types of identity, the actual, communicated, conceived, ideal and desired one (i.e. AC’ID, a development of the original ACID test developed by Balmer and Soenen, 1999). The basis for their discussion is that organisations cannot simply manage an identity but instead need to understand that identity is fragmented and each of its identities must be considered. All identities should be managed to make sure they are in alignment. Once more, this points at a connection between integration and corporate level communication. However, one might discuss here the matter of whether it is possible to actually manage identities which apparently Balmer and Greyser take for granted.

The idea of identity management in this thesis indicates that agreeing on the main characteristics of an identity, planning accordingly and keeping track of its status, are all parts that can be considered. From this perspective the five identities mentioned above could indeed be managed. However, people obviously cannot be controlled, and as long as people are involved in creating an identity, which they doubtlessly will be if talking about corporate identities, there will be limits to the amount of control management implies. Still, by approaching the issue like this, it seems also Balmer and Greyser (2002) to some extent connect the organisation and corporate identity discourse. In fact, due to the development of communications theory, e.g. the ideas of total and corporate communication described above, corporate identity has inevitably drawn closer to the inclusion of people, understanding of how identities can form and thus also the focus on internal communication. This conclusion can be recognised in the baseline discussion of Moingeon and Soenen (2002) as they suggest that the previous division between internal (organisational) and external (marketing) approaches to identity management is no longer necessary. Subsequently, they and other researchers attempt to outline an integrated perspective on the matter.

4.5.2 Defining corporate identity in this thesis

Thus, it should be clarified that there is still no unanimous definition of the corporate identity concept (Melewar & Jenkins, 2002, Van Riel & Balmer, 1997). However, the above section suggests that if taking a marketing
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communications perspective to corporate identity, it is not simply about the
design of a logotype or symbol. Neither is it simply about the perceptions that
employees have of the company’s communications.

The basis for the corporate identity discussion in this thesis is that an
organisation is not equal to an individual in the sense that it per se is not an
independent being that can decide things and act upon them. In the end
organisations are made up of people and it is their actions along with other types
of communication signed by the organisation that constitute the behaviour of the
organisation. However, what an audience should think about the organization,
what actions are taken and why can be planned and agreed upon. This leads us
to the managerial issues of corporate identity.

The logic then is that top management set out to identify what the
organisation’s characteristics are, how they might be altered and, primarily, how
the firm should, by and large, be perceived by different audiences. Olins (1995,
p. 3) talks about corporate identity as related to decisions concerning who you
are, what you do, how you do it and where you want to go. By answering these
questions an identity can serve to position and understand the position of a
corporation among others (Alvesson, 1990, Olins, 1995, van Riel & Balmer,
1997). Noteworthy here is the emphasis on the current organisation! This
discussion does not indicate that management can overthrow all previous
actions and products, nor the members of the organisation. What it means is
simply that the corporate identity must be structured in order to be of
assistance in communications management. The management of corporate
identity can then, for example, be conducted through focus on what is called
the corporate identity mix, embodying the three parts communication, behaviour
and symbols (Van Riel 1995, p 28-33). The indication of this is that these three
parts should not be interpreted as exchangeable, but rather they are all needed
as they play different roles in the management of corporate identity.

Conclusively, the following definition gets to represent the perspective taken
towards corporate identity in this thesis:

Corporate identity is the strategically planned and operationally applied
internal and external self-presentation and behaviour of a company. It is
based on an agreed company philosophy, long-term company goals, and a
particular desired image, combined with the will to utilise all instruments of
the company as one unit, both internally and externally.

(Birkigt & Stadler, 1986, quoted in van Riel, 1995, p. 30)

The reason for why this particular definition has been chosen is that it includes
both sides considered above, i.e. the visual as well as behavioural, and
furthermore that it points towards a perspective where corporate identity is
something that management aims to plan and manage through company wide
agreements and activities. In total the management of corporate identity in a
company hence comes down to distinguishing what it is and should be about
and attempting to make company communications and behaviour in line with this so audiences can gain a distinct corporate image. That is, although the approach referred to mainly deals with the external, marketing perspective of corporate identity it should be emphasised that it cannot be made-up without regards to the current content of the company (e.g. the employees, goods and services offered, history, location, and so forth). The perspective taken here thus is that corporate identity serves as a strategic instrument to set objectives and make plans for a beneficial position on the market. However, important to note once again, this neither means that the people within the company are unimportant for the corporate identity nor that they have no identity of their own.

4.5.3 Corporate identity = corporate brand identity

When Proctor and Kitchen (2002) discuss changes in marketing and communications, they draw a parallel to changes in the brand discourse pointing at the theoretical closeness of the two concepts. One piece of evidence of the similarity between the discussion of corporate communications and branding is the fact that both discourses include the concepts personality, identity and image, which, although individually interesting, are assumed together to make up the core for the management of both corporate communication and brands (e.g. Aaker & Joachimsthaler, 2000, Proctor & Kitchen, 2002). If one is then discussing the corporate brand, a legitimate question should be whether there is really a difference at all. As far as this thesis is concerned, while the two terms exist, there is no obvious difference between them.

If a brand is founded on all elements (communicated signals) a beholder can take into account and the association connected to these, and corporate communication equals total communications, i.e. it includes all types of communication from a corporation (management, organisational and marketing communication), it might be difficult to separate between the corporate brand and corporate communication. The corporate identity, however, should still be considered an instrument that management can use to make sense of and structure the corporation’s communication towards different audiences. Thus, identity and brand are not the same, although, corporate identity and corporate brand identity can be seen as equivalents and will be treated as such in this thesis. Likewise, the corporate image and corporate brand image are also considered equivalents. Why then is it necessary to include the brand concept in the discussion? Why can we not simply talk about the corporate identity?

One suggestion is that the reason for including brands at all is that the brand in fact is used as indicator of a commercial instrument that needs management. As far as this thesis is concerned, branding is an active communication strategy
that a company can either choose to carry out or not. Corporate branding hence points at something else other than corporate communication per se. Communication will take place and a brand will exist regardless of the company's action, however, branding implies planned action.

For companies having a branded identity or a house of brands, e.g. Procter & Gamble and DuPont, the brand discussion is inevitable since they will plan for individual product brands. However, companies with a monolithic identity or a branded house, e.g. SAS and Caterpillar, do not deal with individual product brands and hence the connection to the brand might be less evident. Still, both types of companies have brands and are as reliant on planned commercial strategies related to these. Based on the idea that the brand concept is intrinsically tied to planned communications, using the term corporate brand identity in relation to companies with monolithic identities could serve to clarify the necessity of planning communication efforts.

Although, as noted above, the concept of identity had been used previously in cultural and organisational studies, it was not till the 1990s some European researchers introduced it as an important part of brand management that concerns more than graphical design (Kapferer, 2002). According to this perspective, a focus on brand image simply serves to dilute the focus in managing a brand as it does not represent what a brand is or should be but simply the reflection of what people have perceived it to be (in Kapferer's mind reputation is basically the corporate equivalent to brand image). The identity approach to branding, on the other hand, suggests that the core lies with a brand's identity, understanding what the brand is and what parts affect it instead of the traditionally considered image. Kapferer (1992) outline the brand identity prism which has further been followed by, for example, Aaker and Joachimsthaler's (2000) outline of four cornerstones for branding. These are brand identity, brand architecture, brand-building programs and organisational structure and processes. Importantly, this change in perspective should not be interpreted as a complete abolishment of the term image and reputation. On the contrary, image and reputation are still defined and acknowledged as the external illustrations of a brand. However, the focus on identity in brand literature points clearer at the management perspective, establishing that brands need to be managed and what is necessary to focus on in order to succeed.

Van Riel and Berens (2001) discuss that coming to terms with corporate identity and a strategy for corporate branding can be more or less difficult and feasible depending on the combination of individual brands or subdivision of the company, and the level of identification they have with the corporation (mother company). It should hence be emphasised, again, that the discussion on corporate communication, identity and brand, relates to all firms thanks to the different types of stakeholder groups and audiences that all companies have. That is, even though companies with endorsed or branded strategies are closely related to product and line brands, they still should be considered during this discussion. It is possible, for example, to discuss corporate brand and identity
towards investors and other corporate or strategic stakeholders while mainly, in sales, dealing with individual product brands where the corporation is of less importance.

To conclude, this thesis suggests that the nuances of the identity and brand concepts in relation to corporate communications can probably be fruitful and play an important role, for example in distinguishing communication that is frontline and commercial from that which is more peripheral or internal.

In an attempt to structure part of this discussion, Balmer (1998) suggests a shift in focus from corporate identity during the 1980s, to corporate branding during the 1990s. This could be interpreted as an indication of both the general increase in brand orientation and, perhaps primarily, also the recognition of organisations as brands. The idea of a changing concept focus with similar content is also assessed by Balmer and Greyser (2003) who suggest that corporate personality, identity, reputation and branding, are all concepts that since the 1950s have succeeded each other due to authors’ tendency to focus on one concept at the time. In light of this process one suggested outcome is a development of the corporate discourse, with contributions from different concepts that end up in a stream of marketing constituting identity studies or corporate-level marketing (Balmer & Greyser, 2003, Balmer & Gray, 2003). Quite in line with this transformation there are currently research streams which focus on corporate branding, identity and reputation respectively, although the inclusion of several concepts is not uncommon (e.g. Balmer, 2001a, Balmer & Gray, 2003, Dowling, 2001, Schultz et al. 2000). Balmer and Greyser (2002) further use the five identities (ACID) to illustrate the similarities and differences between the numerous concepts which have flourished in the corporate communication literature. In doing this they clarify how corporate identity and corporate branding are principally the same although one constitutes the overall strategy (branding) and one the instrument (identity). It appears beyond argument that the brand discourse has come to occupy an important position in the corporate communication literature indicating it should be beneficial to look further into it.

4.5.4 **Corporate image = corporate reputation?**

While corporate identity and branding represents an organisation’s internal and external attempts to shape the company and communicate correspondingly, the corporate image\(^{11}\) and reputation relates to the view different publics’ have of an

\(^{10}\) Balmer and Gray (2003) note how corporate brands have gained an increasing interest among both practitioner and academic authors during the past decade and place great importance to the subject. “Corporate brands represent one of the most fascinating phenomena of the business environment in the twenty-first century. … Their importance is irrefutable” (Balmer & Gray, 2003, p. 972)

\(^{11}\) Van Riel (1995, p. 79-99) describes three different perspectives that can be identified among writers in the corporate image field. One is the socially critical one which has a social and
organisation. Barich and Kotler (1991, p. 95) suggest that the image concept was introduced as early as 1955 by Sidney Levy of Northwestern University. One of the authors who further discuss the concept is Dowling. He uses a definition by Aaker and Myers (1982, quoted in Dowling, 1986, p. 110) to elaborate on the concept’s function and characteristics.

...an image is the set of meanings by which an object is known and through which people describe, remember and relate to it. That is, the net result of the interaction of a person’s beliefs, ideas, feelings and impressions about an object.

While this definition is general and not directly related to corporations Dowling (1986, p. 110) suggests that it is good for grasping the idea of images. For a contextual discussion one should then substitute the word object by that which suits the current purpose, for example, company, brand or product. Barich and Kotler (1991, p. 95) also reflect on different adaptations of the image concept, however, they offer a more direct explanation of corporate image saying: “First, there is the corporate image, the way people view the whole corporation” (Barich & Kotler, 1991, p. 95).

Van Riel (1995, p. 77) suggests that the transmission of a positive image is important both for the sender and the receiver. For example, he claims that a positive image improves the chances of being part of a buyer’s evoked set. For receivers, on the other hand, image helps in simplifying all different impressions into one coherent truth about the sender (Bernstein, 1984). Other authors suggest that the receivers in this process can be very diverse and that image can be important in attracting, for example, analysts, investors, customers, partners and employees, but also in that it embodies the emotional values which can infer a competitive advantage:

Image is a representation in the mind. It affects attitudes which in turn affect behaviour. No company can afford to ignore image. The impression it creates - consciously or unconsciously, whether it wishes to or not – inevitably affects people who do business with it.

(Bernstein, 1986, in van Riel, 1995, p. 76)

sociological perspective on image. Authors in this group are critical and describe how image focus in our society favours the unrealistic instead of the realistic picture and how competition makes images decreasingly accurate as companies must continuously excel. The analytical group is less critical but instead interested in understanding the concept and how it can be measured. Finally, the utility group is defined as those writers focusing on how the image can be adopted and exploited. While this thesis acknowledges the first group of writers and finds their approach of interest, focus lies on the two latter perspectives. These have a closer relation to marketing literature which is consistent with this thesis' focus as well as the question of how utilization of image is possible.
What is interesting about this quote is that it points at the fact that all organisations, regardless of their activeness in planning and pursuing strategies for corporate (or brand) identity will gain an image. Thus, a company’s image might be that of an anonymous one but nevertheless it has an image (Bernstein, 1984). Van Riel (1995) further points at the relationship between the different types of importance of image for different groups, indicating that an organisation should probably be better of considering the impact (as mentioned in the quote above) of image on the receivers’ behaviour:

...The greater the reliance that the subject places on the (corporate) image when making decisions, the more important it is for the company to build up a sound reputation.

(Van Riel, 1995, p. 77)

Notable here is that Van Riel includes the term reputation and it seems it is a separate thing from image although the connection between them appears very logical to him. In relation to discussions about less product- and financially-related aspects of industrial purchasing, reputation management is an area that has gained special attention as it highlights how reputation can make a difference by affecting a company’s competitiveness. Primarily research on reputation highlights that a company’s reputation can affect its success by making it the preferred choice among several firms with similar offers, presenting the ability to charge premium prices, providing support for the company in the event of disagreements, aiding the creation of trust among buyers with little experience with the firm, and establishing value on the financial markets (e.g. Bennet & Gabriel, 2001, Fombrun, 1996, Greyser, 1999). Hall (1992) even suggests that reputation along with other intangible assets will characterize the prime competitive advantages as homogeneity in terms of tangible products and assets increases among competitors.

Shaw et al. (1989) support this development as they argue there has been little empirical evidence which shows that industrial sellers in fact do best by focusing on measurable product characteristics. Performing a study among companies buying high-tech products they determine, that the so-called psychological attributes are widely employed among buyers once quantifiable criteria have been used to select the possible suppliers. The study shows that some buyers even regard intangible attributes related to the selling party as more important than the performance of products. The reputation of an actor is mentioned by many as particularly important both during primary selection and final evaluation. Levitt’s (1965) study comes to similar conclusions as he finds that reputation can be important on industrial markets for obtaining a first hearing. However, Levitt (1965) also find that the impact of reputation decreases as the perceived risk of a decision increases. Thus he suggests, while a good reputation might suffice to make a customer look closer at your offer, it alone is not enough for a customer to purchase a new product.
Similar to the shift of corporate identity research into corporate branding, Balmer and Greyser (2003) suggest that corporate reputation gained increased focus during the 1990s while corporate image until then had been the prominent concept. A majority of authors that reflect on both image and reputation seem to make a distinction between the terms where reputation connotes a collective impression among audiences which forms over time and is quite stable, while image is immediate and can be associated with single individuals or groups (e.g. Argenti, 2003, Balmer & Greyser, 2003, Bennet & Gabriel, 2001).

Still there appears to be two somewhat different schools related to the concepts’ connection. The first explains reputation as a part of brand image, while the other school considers image as the driver of reputation. For example, Dowling (2001) defines corporate reputation as a value construct of the corporate images a person holds. This means, that while an image is constructed by many different individual impressions and associations, both positive and negative ones, and more or less connected with the company’s offer or members, reputation comprises the summary of the image into an either good or bad reputation. Thus, from Dowling’s perspective corporate reputation is an outcome of the person’s image and value systems indicating that there will be both many images and many reputations to each organisation. Consequently, for an organisation to achieve good reputation it has to understand what main values drive its reputation and while it probably cannot affect these values, the organisation might be able to change the perceptions people get (Dowling, 2001). These ideas match well the idea of how reputations turn out, i.e. that they are an overall idea of a company which can easily be communicated between different stakeholders. However, Dowling seems to forget that for an individual who has no experience with a particular company, i.e. there can exist no image, the reputation communicated from another party will actually form his/her image. Thus, while in the individual’s case, image sets the foundation for reputation, the corporate reputation of a company can be one of the impressions shaping a person’s image of a company.

Fombrun and Van Riel (1997) suggest that the interest in reputation is gaining grounds within several fields related to business management. The economics’ view of reputation is that a customer will ultimately rely on what is heard about a specific actor in the market since he/she will always have limited information about the company’s true intentions (Stiglitz, 1989). Another perspective on reputation value is connected to trust, which, as argued by Selnes (1998), is built incrementally over a long period of time in which actors are “exposed” to each other and gain experiences (Ravald & Grönroos, 1996). Based on these and other similar statements it seems logical that trust cannot exist at the beginning of a relationship and thus should not be considered a primary basis for choice (e.g. Anderson & Narus, 1990).

As an alternative, Achrol (1997) argues that decisions which might seem trust-based sometimes are actually calculated risk-takings or decisions made
based on the other party’s reputation. Wilson’s (1985) elaborations further suggest that reputation can function as an indicator of a party’s trustworthiness in the beginning of an exchange when, due to information asymmetry, the buyer has to rely on his/her beliefs and expectations about a supplier. Greyser (1999) connects well to this idea as he mentions credibility and points at corporate behaviour as a fundamental issue for corporate communications. Without behaviour that goes along with the audiences’ expectations, he argues, there can be no credibility.

Thus, good reputation can be a trust substitute reducing perceived risk and uncertainty although it places demands on the organisation’s behaviour. Dowling (2001) further proposes that the corporate reputation serves as a risk reducer to the customer since it can be considered a performance bond and this particularly in situations where a buyer has never purchased the product before, when products are hard to evaluate in advance and when buyers purchase the company and product at the same time (e.g. air travel).

A different suggestion on how reputation influences management of companies is that companies sometimes make sure to be connected with actors who have a reputation of high standards and credibility, e.g. a top consultant or auditor, since this will ultimately rub off on the hiring party (Wilson, 1985). Similarly, when discussing different strategic issues in relation to reputation, Davies, Chun, DaSilva and Roper (2003) stress how the choice of partners can be crucial and also related to risks depending on the outcomes and consequences of a co-operation. From a brand perspective this lending of reputation or skills can be referred to as image transfer (e.g. Riezebos, 2003) and is notable through co-branding efforts and celebrity endorsements.

One might conclude from the above that the closeness of the concepts is evident and represent attempts to clarify levels of perception and sense-making rather than two completely separate debates. The below quote by Kitchen and Schultz (2001) where image and reputation are treated as synonyms further clarifies this by pointing at the impact of corporate identity and communications for both concepts:

*The image or reputation of a company is thought to be a close reflection of its behaviour, communication, and use of symbols (that is, its identity), though there may well exist a strategic gap between the planned identity and received image.*

(Van Riel & Berens, 2001, p.45)

Still, the perspective taken in this thesis is that reputation is the aggregate image which can be transmitted between and is shared among audiences. Thus the reputation is not solely obtained by the communication managed by the corporation but also through interaction with other stakeholders or audiences. In coherence, the sociological view of reputation suggests that it is a position which has been socially constructed through the interaction among several
actors (Ashforth & Gibbs, 1990) in Fombrun & Van Riel, 1997). As Fombrun and Riel (1997) suggest, it is actually the fact that a company has many different stakeholders who interact in a wider context that makes the reputation come alive. In conclusion, what reputation management points out is that an organisation’s reputation is the totality of many actors’ impressions which together generate an assumption about what kind of behaviour is to be expected from the reputed entity (Davis et al. 2003) and that these actors will interpret many sources to form an impression of the interesting target.

4.5.5 Identity = Image = Reputation = Brand?

It is necessary to sometimes reflect upon the above is a description of the same thing, over and over again, using different terms for each round? Let us pause for a minute and review the logic in and inter-relations of communication, identity, image, reputation and brand, which arguably have been the most important concepts mentioned above. If we consider that a brand is based on everything an audience can perceive about an entity (e.g. company, product or person), it is without a doubt a broad concept. In fact one might claim it defines everything and nothing at the same time. In order to make the brand concept clearer, we might consider a few key concepts that can be used to understand and manage the potential values inherent in the brand.

First, brand identity represents an organisation’s ideas about what a brand should be stand for. Brand identity also denotes what the organisation wants audiences to recognise the brand as being. Second, in attempts to manage this identity, plans that can be called brand strategies can be created. These plans can include the use of instruments such as behaviour, visual symbols and what is offered in the brand’s name. At the bottom of these ideas lie communications and the simple logic of a sender transmitting a message to a receiver. In this case a message is coded through the creation of identity which is sent through different types of media. Examples of these are marketing communications, people and physical evidence. The most salient “vehicles” for communication are often company names or names of products, and logotypes. The aim is to generate an impression of the offer through these vehicles (earlier identified as brand elements). Third, these impressions are called brand images and reputations. They represent the ideas and expectations different audiences have about the branded entity (e.g. company, product or person), which appear as an outcome of what actions, that can be related to this entity, are taken by an organisation. However, since the image and also reputation are a result of people’s perceptions, thoughts and interactions, these will appear even if an organisation does not engage in setting forth a brand identity and making brand strategies. It is important to understand that the brand strategy represents

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12 This reference was missing from the reference list in Fombrun and Van Riel (1997). Therefore I have not been able to obtain the original source.
an attempt to lead the image in a certain direction. That is, in a direction that makes the image as close to the aspired identity as possible.

In sum, although closely tied together, neither identity nor image or reputation, are in essence equivalents. Identity is a tool for making the brand manageable outlining what key characteristics it should have and communicate. As an example of this view de Chernatony and McDonald (1998) explains corporate identity as being something that “can be a powerful tool helping business to business marketers promote their brand” (p. 192). They point out that identity is not the brand but rather an instrument for managing it. Being reflections that cannot be fully managed, image and reputation might not reflect the complete brand identity and thus cannot be used to explain what the brand is. Then it is also important to note that in the end the value of a brand is closely related to its image. In principle, we probably have to be content with the realization that the brand is a wide concept, somewhat hard to grasp. Nevertheless, from the perspectives that are maintained in the discussions above it is clear that the focus on corporate identity, image and reputation, together can be summed up in the importance of corporate branding where each constitutes an instrument that can guide or evaluate the actions taken and current position.

4.6 Connecting the brand concepts

A number of brand and branding-related concepts have been introduced in the preceding sections (e.g. brand, brand element, brand image, brand identity, brand strategy, brand sensitivity, brand added value, brand equity, and branding). As these concepts are used somewhat differently depending on what author or theoretical field is considered, it seems of importance to clarify how they are used in this thesis and also how they relate to each other. While the earlier descriptions and discussions have mainly considered one or two concepts at a time, the following figure clarifies how the main concepts relate to each other.
B2B marketing communications

Figure 4-3: Mapping out the concepts

More or less planned, the supplier communicates through many channels. The pieces of communication that can help a customer to distinguish an offer can be said to represent an element of the brand. In this thesis a brand element can be represented by anything, e.g. an advertisement, a product design, a logotype, a name, a uniform, a car, a factory, a package, or the way a secretary greets a visitor. Depending on the suppliers’ perceptions of these elements’ importance they will manage them to varying extent.

Each time a customer in some way has contact with a brand element, a brand contact has occurred. Based on the sum of brand contacts, a customer will form a brand image of the entity which the communication represents. This entity can be, for example, a company, a product or a person. The customer will at some point choose some kind of behaviour relative to the branded entity.

Depending on the brand sensitivity of the market, this behaviour might be affected by the brand image. If the customer feels that an extra value is being delivered to him/her due to the fact that the offer is of a certain brand, we can say that the customer experiences brand added value. If the customer takes action based on the brand image and if there is a brand added value for the customer, there is also a value for the supplier (e.g. due to repurchase). This value is called brand equity. This connection brings out the importance of understanding a customer’s buying behaviour! If brand added value is acknowledged, it is a worthwhile effort for suppliers to attempt to manage brand image.
These attempts are called branding. In this thesis branding represents the conscious strategy to affect brand image and thereby also the brand values for both customer and supplier. From this perspective branding is much reliant on the identification of brand elements, what and how to manage in terms of communication. Consequently, it is further assumed that the supplier’s perception of the brand will affect its branding.

4.7 Guiding questions

The above has presented a picture of industrial communications that suggest a corporate focus cannot be ignored and also that each organisation has a brand regardless of its approach to identity. It has also been suggested that firms, primarily in their industrial context, need always to consider this inherently available corporate brand as it can have an impact on their customers’ behaviour. In terms of research, the above has attempted to show that B2B brand research still has not thoroughly covered all types of companies, nor have the research been very diverse.

The forthcoming studies aspire to add to this area by discussing the corporate brand in a subcontractor context. The basic idea of the studies is to approach both the buyer and the seller in order to understand more fully, not if corporate brands play a role but rather, what kind of role they play during the processes including search, evaluation and selection between subcontractors and their customers.

With the approach taken to the brand concept in this thesis, it appears an approach to investigate the subject cannot simply consider the name of a product or company. Since the brand comes down to any and all perceptions a customer might have of a supplier, it becomes of interest, in order to understand the role brands play in the process, to understand which factors form the image and which affect the buyer’s search, evaluation and selection.

Based on this logic and what has previously been considered in terms of communications, reputation, identity, relationships and so forth, the following questions appear suitable as a guide for attempting to fulfil the first part of the thesis’ purpose.

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13 Once more, here is a clarification of the subcontractor concept: the word subcontractor in this thesis does not equal all “sub-suppliers”. Subcontractors under study are suppliers that do not primarily develop and manufacture their own products (OEM), which are sold under single brands or through retailers. The subcontractors considered in this thesis are such whose operations are based on orders of specific and custom-made products, i.e. they manufacture on demand, they are contractors, and could hence partly be considered providing both services and goods.

14 In the following, for variation, the subcontractors will be referred to as suppliers, subcontractors or sellers. Their customers are either referred to as customers or buyers. That is, the parties are referred to in terms of what position they hold in the dyad chosen for this particular thesis, although in another setting the subcontractor obviously is a customer and the customer is a seller.
B2B marketing communications

- What information sources are used and/or considered during the search for a subcontractor?
- What type of information is considered during the search for a subcontractor?

These questions represent the first part of the buyer’s process which in the following will be referred to as search. In light of the discussion on total communications and how different types of communication can be part of forming a corporate image, considering what sources and what information are by the buyers can tell us something about the role corporate brands play. This can especially be done if it is possible to understand how the information or the source affects the buyers’ behaviour.

- What information determines if a subcontractor is considered of interest during search?
- What types of value does the buyer look for in a subcontractor?
- What aspects are considered during the evaluation of a subcontractor?

These questions refer to the qualification and evaluation phases of the buyer’s process. In order to understand what impact corporate brands have it is necessary to understand why certain preferences are kept and why a buyer comes to a certain decision. These questions are suggested to help appreciating the buyers’ logic and thus also if the corporate brand affects them.

- What factors, related to a subcontractor, are important for the buyers’ choice?

This question is referred to as selection in the forthcoming empirical studies and concerns the final phase of the buyer’s process to find and decide on a supplier. The seller’s objective is ultimately to be considered in the final selection. Understanding the buyer’s behaviour and logic also in this part of the process (just like the ones explained above) can further give information about what role the corporate brand plays and how far a long in the process it is considered.

- What impact do personal relationships play during the processes?

As mentioned in the previous chapter, relationships, network and interaction are currently given great attention in (at least) parts of the industrial marketing literature and discourse. The basic idea being that all exchanges are based on relationships and that all actors are tied to other actors which ultimately affects the way business can and will be conducted. This perspective represents a potential alternative to the interpretations made above, which suggest that corporate brands and branding might explain the current assumptions about industrial buying behaviour and why these do not follow the theory of the economic man. When investigating the assumptions made about corporate brand potential and impact on the subcontractor context, the perspective of
relationship can therefore be interesting to consider. Similar to the quantitative study’s inclusion of control variables the exploration of relationships’ impact on the buyers can either contradict or corroborate the assumptions, thus potentially enriching the outcome of this thesis’ empirical studies.

The questions outlined above are guiding and will therefore not be explicitly used in the forthcoming chapters. However, the main categories, i.e. *search*, *qualification & evaluation*, and *selection*, can be recognised repeatedly in terms of the structure used for the empirical studies and parts of the analysis.
Chapter 5
Method

This chapter explains how the forthcoming empirical studies were conducted and describes the logic behind their design. It focuses on how the studies were conducted in practice and touches on how they might be evaluated. The below description might be interpreted as a picture of a chronological process, but this is not the case. The writing of this thesis was an iterative process where theory and empirical chapters developed partly simultaneously. That is, chapter one was not necessarily written first and the conclusions presented in the final chapter, not necessarily last.

For this chapter a decision is made to sometimes use the pronoun "I". The reason for this is to point out the inevitable closeness of the author to the research carried out and to emphasise where highly personal opinions are voiced.

5.1 Research design

This empirical research in this thesis can be divided into two main parts\(^1\). The first part studies the role corporate brand image plays in the selection processes taking place among and between subcontractors and their customers. The three previous theoretical chapters are related to this part. To meet the purpose of the first part, descriptions of these processes provided by respondents from both subcontractor and customer firms are used to identify factors that affect customers’ ideas about which subcontractors are considered interesting, suitable and good, and how selections are made.

The second part deals more directly with the brand concept and branding among the subcontractors. It explores how the brand concept and branding is perceived and managed among the subcontractors. As an introduction to this part a theoretical chapter is presented where the ideas and managerial implications of corporate branding are further dealt with. To meet with the purpose of the second part, discussions about the brand concept and communication strategies with respondents from the subcontracting firms are presented.

In the descriptions below these two parts of the thesis are dealt with simultaneously except for the section considering the analyses.

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\(^1\) During the rest of this chapter, these are the parts referred to when writing either the first, or the second part of the thesis.
As the aim of this thesis is to discuss brands and branding in a certain context, by considering the purchasing and marketing between subcontractors and customers, it seemed necessary to include both perspectives. Anderson, Chu & Weitz (1987) suggest that it can be difficult to obtain data from industrial purchasing units. Due to this, in their research they approach the supplier side to gather information about what behaviour was experienced among the buyers, indicating that valid data about the purchase can also be gained from the seller’s perspective. For this thesis, however, it was possible to get both the perspective of the seller and the buyer. This should be considered an attempt to get a richer picture of the processes.

As a result of this dual perspective the collection of data was conducted in two steps, with the first focusing on subcontractors and the second on their customers. The reason for this separation was not so much a methodological choice as it was a result of an initial plan to write this thesis in two steps, first a licentiate and then a doctoral thesis, the first concentrating on the subcontractors and the second embracing both parties. However, on the level of each study there is also a logical reason for why the subcontractors were approached and focused on first. Since the subcontractors were really the starting point of the “problem” and a key to finding (and potentially accessing) a certain type of buyers, it was necessary to meet with them in order to get access to their buyers.

5.2 Choosing subcontractors

The subcontractors included in the study were chosen based on a convenience sample, i.e. the procedure for finding appropriate cases to study was partly rudimentary. However, this does not mean that the choice of firms was arbitrary and made without criteria. Companies of interest to the study were subcontractors with their own production of goods that are manufactured on specifications from the buyer. This means that neither manufacturers of “bolts and screws” type of products you can buy in bulk at any time, nor the original equipment manufacturers (OEM, e.g. small engines that are manufactured and marketed as a ready solution) were of interest. Another criterion for participating companies was geographical in that they should be located in the South of Sweden for convenience reasons; however, as the bulk of Sweden’s subcontractor community is situated in this area, it should not be considered a limitation of the selection.

By reviewing the participant list under the heading Products and Components in a subcontractor trade fair held in Jönköping, Sweden, November 2001,

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1 A manuscript was completed for a licentiate thesis and a so-called final seminar was held (a seminar where discussants present valuable final comments before the thesis is concluded), however, the licentiate thesis was never completed since a decision was taken during the seminar to finish the doctoral thesis without delay.
several companies were identified as potential participants. As the thesis is not directly aiming to verify an existing theory but rather to explore a gap in theory, the choice of subcontractors was not particularly driven by an objective to find “cases” that either support or contradict the other (cf. Yin’s (1994) discussion on literal replication and theoretical replication). Instead, as long as a subcontractor fulfilled the main criteria of being a supplier of customized manufactured parts, they were considered a plausible help in filling the gap and thus a suitable starting point for a study. That is, the studied cases were chosen based on their fit to the research questions which can be referred to as theoretical sampling (Silverman, 2001).

5.2.1 Number of companies to include in the study

In total, six subcontractors were contacted for the purpose of participation. First contact with the subcontractors was made by telephone-calls to the CEO of each company. During the introductory conversation, the study was briefly explained as a doctoral thesis project with focus on industrial marketing where the main interest lies on discussing aspects of importance for the success of subcontractors. One company declined participation beyond the CEO-level and was therefore excluded at once. The other five companies all accepted participation.

On the matter of sample size, Merriam (2001) points out the impact of research design and the time available suggesting that there are no rules but that, “What is needed is an adequate number of participants, sites, or activities to answer the question posed at the beginning of the study”. The decision to initially contact six subcontractors was primarily arbitrary and based on an estimate related to time allocated for the thesis. This choice was affected by the plan to include customers related to each subcontractor, which meant that each subcontractor included in the end represented several companies.

Based on the thesis first purpose which relates to understanding how buyers select subcontractors, it seemed valuable to include as many customers as possible. Following this and an estimate of the likely possibilities to get access to customers, through the subcontractors, a decision was made to aim at getting contact with two buyers from each subcontractor.

After the subcontractors had been visited and decisions about the thesis’ design and report structure had been more finalised it was apparent that the estimation of including five subcontractors was somewhat enthusiastic. It appeared that three subcontractors would suffice as a basis, both in terms of the data obtained and time spent on analysing each company. This indicates that, in total, nine companies would be approached. Consequently, two of the five companies that agreed to participate were later excluded from the study. The

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1 Chief executive officer, alternatively president or managing director, will be referred to as CEO throughout the thesis.
decision to focus on three subcontractors was taken before contact had been made with the subcontractors’ customers. At that time there was no particular preference for any of the companies in terms of their suitability for the study. The decision of what firms to remove was therefore made based on which firms had provided the least data so far. The three remaining subcontractors are in the thesis treated anonymously and referred to as Trinity, Skywalker and Janeway.

### 5.2.2 Choosing respondents among the subcontractors

Wind and Thomas (1980) maintain that studies related to organisational buying behaviour have a great problem in the sampling procedure as a unit cannot be represented by a single individual and thus choices have to be made. Normally, they suggest, organizations are the *sampling unit* whereas individuals represent access points to data about the organization and hence require another sampling process. The same is true for this thesis. The firms (subcontractors and eventually also their customers) are the starting point of the study since the thesis’ interest basically lies in understanding the exchange between these types of firms and exploring how brand image can play a part during these processes. In order to do so, individuals involved in this exchange needed to be pinpointed.

Based on this, the aim for data collection was to interview people active in the sales and purchasing functions within the companies as they were thought to be persons who could shed light on the main topic. However, from the beginning there was little clarity about who within these units should be included (i.e. it was not possible to define the respondents by choosing all persons with a particular title). The exception was a purposeful sampling to include the CEO from all subcontracting companies. The CEOs were thought of as a starting point for each study in terms of being persons making access possible. Furthermore, the interview with the CEO was considered crucial as, in smaller companies, the CEO often is close to everything going on in the company. Therefore the CEO’s opinions and actions can be assumed important for customer contacts and the plans, actions and behaviour apparent in the company. The choice of other respondents, however, was similar to that which Weiss (1994) refers to as *convenience sampling* based on referrals and in some cases *snowball sampling* (cf. Coleman 1958, in Wind & Thomas, 1980 referring to *circular sampling* or *interpersonal-linkage sampling*). The CEO of each subcontractor got to name other respondents in the firm as well as contact persons in two customer firms. The sampling thus started quite structured, with the aim of gaining further access.

At the end of the day it was necessary, for both parts of the thesis (section 5.1), to gain access to persons who could deliver a credible description of what was being researched. For the first part (with focus on the role of brand image
Method

in the selection of subcontractors) this simply indicated that the respondents should have an idea about sales or purchasing in the market under study, regardless of their relation to a specific firm. For the second part of the thesis (with focus on the brand concept and branding in the subcontracting firms), the inclusion of respondents relating to the specific firms was more important. Primarily, the purpose of this part suggested a need for interviewing persons who had insight into the decisions and/or communications of the company. Secondly, since the idea was to understand branding in specific companies, it was necessary that the chosen respondents were able to present a valid picture of the firm’s communication activities. Hence, several respondents from each firm, primarily with management positions (including the CEO in all 3 subcontracting firms) were focused upon.

After the introductory telephone call to the CEO, an e-mail with a somewhat more detailed explanation of the project was sent to the CEO. A second phone call was later made to the CEO where he (in all cases the CEO was male) could affirm an interest in participation. During this second contact a date for visiting the company was also decided. In all three companies it was also decided that the CEO would consider what other interviewees would be suitable for the study. Still, there were some differences in the way the selection was made.

Table 5-1: Access to additional respondents in subcontracting companies

<table>
<thead>
<tr>
<th>Subcontractor</th>
<th>Access to additional respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trinity</td>
<td>CEO had arranged for himself and 4 other respondents to meet with me at different times during the day. All contacts were individual, face-to-face interviews.</td>
</tr>
<tr>
<td>Skywalker</td>
<td>Individual meeting was arranged with the CEO. After this interview a second respondent was identified by the CEO. This second person was later contacted through telephone, a meeting was scheduled and another face-to-face interview was conducted.</td>
</tr>
<tr>
<td>Janeway</td>
<td>Individual meeting was arranged with the CEO. After this he suggested two other respondents who I also found of interest for the study and I got the chance to interview them immediately. A third interview was later conducted with one of these additional respondents over telephone.</td>
</tr>
</tbody>
</table>

While the original objective was to include respondents from three levels in the organisations (top management, management and manufacturing or administration), the outcome was a more narrow spread of respondents in top management and management positions. The reason for this was twofold. Firstly, the access turned out to be difficult since it was not obvious to the CEO’s what information of interest could be gained from a person in
production, or a secretary, when the research topic was clearly related to marketing. This presented somewhat of a dilemma as I had chosen not to reveal my theoretical standpoint in order not to affect the respondents (cf. Mudambi, 2002) and hence could not easily explain why I thought that communication and brand questions definitely related to all levels in a company without revealing the thesis’ perspective of a brand. Secondly, as the purpose of the thesis was settled during the research process, less emphasis was placed on having a wide spread of respondents and more on interviewing respondents who were either in decision-making positions or directly part of the exchange process.

5.3 Choice of customers to include in the study

After the first step of data collection and writing, with focus on the subcontractor perspectives (planned to become a licentiate thesis), the CEOs were again contacted with the aim of gaining access to some of the subcontractors’ customers. This contact was also made through telephone and later via e-mail. None of the three companies declined further participation but the CEOs were all supportive and helpful in assisting the work to get in touch with respondents from their customers. The CEOs took some time to think about suitable customers and then presented the name of one contact person, from two customer firms, each. These contact persons represent individuals who were continuously in contact with the subcontractors.

In Trinity, the CEO also contacted the customer respondents, informing them about my upcoming call, before giving their names to me. In two cases the contact persons could not participate due to their leaving the company. In these cases I returned to the subcontractor CEO in question and was able to get the information for other customers and contact persons.

As in the case of subcontractors, telephone calls were used for initial contact with the persons whose names were delivered by the CEOs. In accordance to Weiss (1994) suggestion that it is easier to establish a contact with a respondent if you are able to say, for example, that “he or she recommended I speak to you”, the subcontracting firm and the CEO’s names were mentioned during this first contact. Once the respondent had been briefly informed about the project, a letter similar to that which was sent to the CEOs was sent to give further information. By doing this, time was also given to the respondents to consider the participation. Another telephone call was later made in which the respondent could affirm interest and where a date was set for interview (Neo was an exception to this as the date for interview was set already during the initial call as the respondent already knew about the study after being informed by the CEO in Trinity). There was approximately one-week span between the first and second telephone call.
Method

The customers are also treated anonymously in the thesis. In the forthcoming they are referred to as Neo and Apoc (Trinity’s customers), Yoda and Solo (Skywalker’s customers), Neelix and Tuvok (Janeway’s customers).

5.3.1 Choosing of respondents among the customers

During the first telephone call with the contact person it was brought to his (in all cases the contact person was male) attention that, if possible, I would appreciate to talk to several respondents in the buyer’s buying organisation. None of the contact persons reacted to this. However, the way of solving this issue was somewhat different in the different firms.

Table 5-2: Locating respondents in the buyer companies.

<table>
<thead>
<tr>
<th>Subcontractor</th>
<th>Customer</th>
<th>Locating respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trinity</td>
<td>Neo</td>
<td>Contact person arranged group interview with himself and another respondent before I arrived.</td>
</tr>
<tr>
<td></td>
<td>Apoc</td>
<td>Contact person arranged group interview with himself and another respondent before I arrived.</td>
</tr>
<tr>
<td>Skywalker</td>
<td>Solo</td>
<td>Contact person had another respondent in mind but arranged individual interview as the other respondents was away on business. A telephone interview was later conducted with this respondent.</td>
</tr>
<tr>
<td></td>
<td>Yoda</td>
<td>Contact person arranged group interview with himself and another respondent before I arrived.</td>
</tr>
<tr>
<td></td>
<td>Tuvok</td>
<td>Contact person visited me as he happened to be in Jönköping. He then presented the name of another respondent with the same tasks as him. This second person was also interviewed and presented a third person, with other tasks. A telephone interview was conducted with him.</td>
</tr>
<tr>
<td></td>
<td>Neelix</td>
<td>Contact person arranged group interview with three persons before I arrived. A second interview was later conducted on telephone with one of these persons.</td>
</tr>
</tbody>
</table>

It should be noted here that in the cases where the contact person had chosen a second or two other respondents, it was not a criteria that they should be involved in purchasing from three subcontractors that form the base for this study. Rather, the instructions were to include individuals who were involved with the same type of purchasing, experience similar situations. One main reason for this was that not only the occurrences in the particular relationship
between these subcontractors and their customers were of interest but the purpose was to find out as much as possible about this process in general. In line with this, when interviewing the subcontractors, there was no particular focus on a certain customer but the discussions concerned the sales processes and communications in the company in general. Still, questions were posed in relation to the subcontractor of interest if it appeared natural or convenient, e.g. when going into a certain topic. In the end, there were also connections between the subcontractors and their particular customers as they discussed the same type of purchase.

5.4 Collecting the data

Based on the thesis’ research design, the target for data collection was to find out what actions are taken by different actors during particular processes and to understand what makes them act the way they do, that is, looking onto the basis for decisions taken. Furthermore the study aimed to understand respondents’ perceptions of the brand concept and their thoughts of it. As processes and ideas are often complicated and require discussion, qualitative data and analysis were considered the most appropriate means for solving the problem. Some basic assumptions of qualitative research are that it aims at studying a phenomenon in a social context by perceiving and understanding it through the individuals who are present in that context (Denzin & Lincoln, 1994, Miles & Huberman, 1994). In order to achieve these goals it is further suggested that the research methods used for data collection must allow researchers to get close to the phenomenon and to enter the social context of interest.

Weiss (1994) lists examples of research aims that can benefit from qualitative interviews. Among these are developing detailed descriptions, integrating multiple perspectives, describing processes and learning how events are interpreted, which can all be considered part of this thesis objective. The argument is that these aims require open questions in order to grasp different person’s perspectives and perceptions, suggesting that the qualitative interview format is preferable. In accordance, personal interviews were chosen as the main tool for collecting data.

5.4.1 Interviews

With one exception, all personal interviews were conducted in offices and conference rooms in the companies’ facilities. Part of the reason for this was simple - access. It was considered much more likely that the approached CEOs would agree to participate and allow employees to participate in interviews during work hours if I offered to see them at their convenience. Visiting the
companies, seeing the facilities, manufacturing areas, offices and people, were also considered of much interest for improving the general understanding of respondents’ descriptions.

As indicated, it would be hard to use completely standardised and structured interviews since the issue of interest was to understand processes and ideas about a concept. Answers like yes, no or a number would neither be sufficient nor even likely to appear. The idea was hence to have a dialogue that allowed for discussion and follow-up questions. With regards to this a semi-structured, non-standardised interview type was chosen. The interviews were based on an interview guide including the questions outlined in appendix 1 and 2. The objective was never to fully structure the interview according to this guide, nor even to ask all questions literally. Rather, the guide was meant to function as an aid in making sure the interview had covered the areas perceived as being of interest in advance. That is, the guide was not meant to function as a restriction as to what or how much could be discussed in an interview but it was simply meant as a checklist to make sure at least certain areas were covered.

According to Weiss (1994), this conduct suggests that the thesis can be characterised as a qualitative interview study.

*Interviews that sacrifice uniformity of questioning to achieve fuller development of information are properly called qualitative interviews, and a study based on such interviews, a qualitative interview study.*

(Weiss, 1994, p. 3).

By pointing out that the study is a qualitative interview study the idea is to emphasise the importance of each individual interview, in terms of representing a picture of a certain phenomenon. More specifically, for the first part of the thesis, neither the individual nor the company or even a particular exchange sets the frame for the study. The phenomenon of interest here is the role of subcontractor corporate brands in the B2B market and thus it is not easy to fence in what should be studied and see boundaries of a specific unit (Merriam, 2001). For this part of the thesis, each interview is interesting because they are all believed to help explain the role corporate brand image can play in the exchange between subcontractors and their customers. However, this does not mean that any inference drawn in regards to the individual, the firm, or a particular exchange situation is not interesting or cannot appear during the analysis. Still, in theory, any set of respondents, as long as they represent both customer’s and subcontractor’s perspectives could have been used. It was perceived, though, that the chances for interesting findings, enjoyable presentations of data, and access to respondents are better when choosing to include respondents from a limited number of companies.

Nevertheless, another conclusion can be drawn related to the second part of the thesis. Here focus lies not on general market-related questions but on one that is more closely related to the individual subcontracting firm. In order to
answer that type of questions it was necessary to limit the research to a more narrow set of persons related to a particular firm. Thus, the main interest here is closely related to each subcontractor’s ideas about, and pursuit of, branding.

While the interviews in the subcontractor companies were individual (except for part of one interview in Janeway), the customers were mainly interviewed in groups of two or three persons (in 4 out of 6 companies). The reason for why group interviews were used in this context and not among the subcontractors was twofold.

1) The respondents of customer companies appeared to prefer or take for granted simultaneous interviews. In order not to jeopardize the access and since it was not considered a great drawback, the idea of group interview was not contested.

2) In the subcontracting companies part of the original research ideas was to investigate the way branding had spread through the company in terms of conscious actions and perceptions among different respondents. Individual interviews were considered the most feasible option for that objective. However, in the case of customers this was never a prioritised issue. Rather, it was assumed that the respondents from customer firms might even bring more aspects into light concerning their purchasing, if being allowed to discuss together, reminding each other and possibly opposing each other’s statements.

It should be emphasized also that the group interview did not constitute an ultimate limit for access to the customer respondents since no one declined additional contacts via to email or telephone in the case additional questions should appear. Although the group interviews were not seen as a major obstacle to the data collection among customers, they did obviously imply some restrictions. For example, when being in a group some individuals usually talk more than others indicating that one or several respondents might not have said all the things they would have done in an individual interview. Also, it is possible that respondents affect each other so that they do or do not mention issues, which for some reason are sensitive relative other persons in the room. By attempting to direct questions to different persons during the interview the first of these issues was partly considered although in some cases it was still clear that one person took the lead of most discussions. For the second issue it is harder to find a solution, although the fact that the respondents work together on a daily basis and were, at least apparently, voluntarily taking part in the interview suggested the climate between them was not too tense.

Telephone interviews were used on four occasions. Two of the telephone interviews were supplementary interviews when a respondent was obliged to leave a personal or group interview and it was perceived that the respondent could add more data of interest to the study. The remaining two were conducted with persons who were never met face to face. On all occasions the
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respondent was first contacted (once via e-mail, otherwise telephone) and a date and time were set for the interview. That is, the interview was not held during the first call but the respondents were asked to suggest and schedule it at a later date when they felt they had time. In the two cases where there were the telephone interview was not preceded by face to face contact a similar letter as that which was sent to the CEOs and the contact persons was sent via e-mail directly after the first telephone call.

The fact that the persons had no direct experience of the researcher could be a problem in telephone interviews. However, as the discussions in this case did not concern questions of a very personal nature but rather quite straightforward queries as to the processes of purchasing, this does not appear to have done any harm to the interviews. In fact, I perceive that I was able to get somewhat acquainted also with these respondents and they did not appear to feel awkward or stressed about it. One of the respondents, who had declared a time limit for the interview, even extended this and appeared to favour a continued discussion.

Still, as in all interviews it was possible to note a difference between the beginning and the end of the interview. In general, both for face-to-face and telephone interviews, the interviewees appeared to be more relaxed and willing to elaborate on questions and show their own opinions after a while. Accordingly, the interviews were normally started out with quite straightforward questions of a descriptive kind (e.g. What is your position in the company? How long have you been with the company? What do you do? Could you describe the sales/purchasing process?). That is, the interviews as a rule started with general questions to, somehow, warm up the respondent.

The interviews lasted between 45 minutes and two hours and were all tape-recorded with respondents’ permission. All interviews were conducted in Swedish, which means that all quotations used below have been translated by the author. In some cases the wording has been slightly altered so as to facilitate reading and make sense of the statement. However, caution has been taken in order not to affect the content and the individuals’ persona, indicating that the quotes sometimes include grammatical mistakes and incomplete sentences. On rare occasions, when it was difficult to find an appropriate translation in English a footnote has been included explaining the exact Swedish expression.

In total, 20 interviews were made during the years 2002 and 2003, 10 among the subcontractors and 10 among the customers. 24 individuals, representing 9 companies were interviewed. The following is an overview of what persons were interviewed for the study.
Table 5-3: Interview overview subcontractors

<table>
<thead>
<tr>
<th></th>
<th>CEO</th>
<th>Marketing Manager</th>
<th>Sales Manager or Representative</th>
<th>Production and Project Manager</th>
<th>Production Personnel</th>
<th>Sum:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trinity</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>XX</td>
<td>5</td>
</tr>
<tr>
<td>Skywalker</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Janeway</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 5-4: Interview overview customers

<table>
<thead>
<tr>
<th></th>
<th>Purchasing Manager</th>
<th>Purchaser</th>
<th>Production and purchasing manager</th>
<th>CEO</th>
<th>Project manager</th>
<th>Sum:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neo</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Apoc</td>
<td></td>
<td></td>
<td>XX</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Solo</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Yoda</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Neelix</td>
<td></td>
<td></td>
<td>XXX</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Tuvok</td>
<td></td>
<td></td>
<td>X</td>
<td>XX</td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

As noted above, the subcontractors’ CEOs had great impact on what participants were eventually included in the study since they either suggested or decided what persons in their own company would be interviewed, and which contact persons in the customer companies to approach. Likewise, the contact persons had great impact on what other customer respondents were included. The question is whether this had an affect on the results of the study and whether the results would have been different if I had chosen all respondents myself?

It seems logical that the CEO had knowledge about which people in the organisation could answer the type of questions outlined in the description of the study indicating that my choice, which would have been based on an assumption about people based on their official title, would not necessarily have been better. Also, the respondents gained access to through the CEOs were people whose tasks included the type of active participation in sales, marketing and purchasing that was requested from the start. Similarly, it seemed logical that the contact persons in the customer companies would have a better idea about which persons in their organisations were fit to answer the questions connected with the study’s description. As noted above it had been specified that the additional persons need not be involved in the same purchase as the

4 One of the respondents from Trinity’s production was excluded from the analysis in the first part of the thesis as he was not in the type of position outlined above as necessary for that purpose. However, in the second part of the thesis all respondents were included as voices illustrating the ideas about the brand concept in Trinity.
contact person but rather that they should have similar tasks or be involved in
the same type of purchasing. This meant that the contact person had an idea
about what persons were of interest to the study.

All interviews were transcribed verbatim shortly after they had taken place.
By transcribing the interviews shortly after they were carried out, various details
and impressions were still fresh and at hand which helped making the
transcriptions as thorough as possible. During the transcription, observations
made at the scene and comments related to the analysis were added to the text.

5.4.2 Interview structure and questions

In accordance with the thesis’ two parts (and purposes) the interviews consisted
of two sections.

The first section focused on the way selling (subcontractor perspective) and
purchasing (customer perspective) are done and how aspects of marketing and
communications are considered. This approach to understanding the role of
corporate brand image is similar to those used in McDowell-Mudambi et al.
(1997) and Thompson et al. (1997/98). The logic of this approach is that
understanding of brand values, and what attributes to focus on in industrial
branding, can be gained by looking into the decision-making process in an attempt
to understand what factors affect the purchase. This goes with the first purpose of
the thesis which is to learn about the role corporate brand image plays. That is,
rather than directly exposing the main concepts of brand, brand image and
branding, the discussions focused on aspects that can be related to these (as
defined in this thesis). Thus, the respondents were simply asked questions about
“how they sell” and “how they purchase” giving them the chance to answer in
many different ways without constraints.

The words brand and branding were thus consciously avoided and were not
mentioned during the first section of the interviews. McDowell Mudambi et al.
(1997) and Mudambi (2002) have used a similar method avoiding the word
branding while interviewing respondents. For this study this approach was
chosen to avoid that respondents were distracted or limited by the brand
concept when telling their stories about the purchasing and/or sales processes.

Furthermore, like in McDowell-Mudambi et al’s. (1997, p. 441) study,
particular emphasis was placed on understanding how a customer chooses
between several possible, or competing suppliers. This is assumed to reveal what
types of value a customer pays attention to, which can suggest what the
subcontractor’s branding should focus on.

Wind and Thomas (1980) have pointed out that it can be hard to
empirically validate outlined models of the purchasing process as respondents’
answers are likely to be affected by the order in which steps are presented to
them by the interviewer. In this thesis an attempt has been made to avoid this
by not explicitly using a model of purchasing for structuring the interviews. The
questions were more general and not restrictive in terms of particular phases.
Although there was a general idea about the opening of the interviews, as far as possible the respondents’ stories were to represent the basis for what structure each interview had.

Considering the importance of different factors during the process, respondents were not only asked to rank a number of factors in accordance to their significance. While the question about what factor was believed to be most important was sometimes asked, it was always supported by further discussion and descriptions. In general the respondents’ stories were used to understand what factors affect them in total and not necessarily which are more or less important. Support for this approach can further be found in psychology where research has suggested that people in general have a hard time describing their cognitive processes (e.g. Fischhoff, Gointein & Shapira, 1982, Slovic, Fischhoff & Lichtenstein, 1977) and thus in this case would have problems recollecting how different factors affect them in coming to a decision. Similarly, research has also suggested that decision-makers tend to exaggerate some factors while underestimating the weight of others (Bruns, 2004). Generally, the idea in this section of the interview was to let respondents describe what they do and not to only ask them to rank or describe key factors, although this was partly done on some occasions. The outcome was a collection of data that allowed for analysis of these issues from a wider perspective.

Previous studies on industrial marketing communication have explored what sources are mostly used for gathering information by the buyers and what sources are most focused on by the sellers by providing lists of examples of the traditional communication tools (e.g. Patti, 1977, Foster, 1998). Although this line of research is interesting it does not outlines all sources that buyers with information that they eventually found selections on (with regards to what criteria is considered important for a supplier). What it does is that it sheds some light on what communication channels the respondents actively search information from. For this thesis respondents were never given a list of types of marketing communication and asked to rank them. The basic idea behind this was to get passed the respondents potential preconceptions about what matters in the process. By asking the respondents to talk about marketing, sales and purchases in general, it was possible to also find some aspects that they did not mention themselves in connection to communications and information (e.g. while the visit in the factory was emphasised in the description of sales/purchases, implying the importance of factory looks and thus outlining a criteria, respondents did not primarily consider the factory as a communication channel). By focusing on the accounts of sales and purchasing and providing opportunities for supplementary questions, this study should have a greater potential in making statements about what types of communication play a role in the buyer’s selection process, allowing for a wider perspective on communications than the traditional marketing communications approach.

Nevertheless, at some point during the interviews, direct questions were addressed related to subcontractors’ planned marketing communication efforts.
Method

(e.g. advertising, trade fairs and sponsoring). The aim was twofold. Partly these discussions shed light on what tools are considered important, by both subcontractors and their customers. At the same time they facilitated the analysis of what perceptions exist towards branding among subcontractors. By looking at the usage and opinions of different marketing communications tools and channels, the idea was to identify what activities are used and whether there is a plan behind the usage. The, discussions about marketing communications among the subcontractors provided some information about branding, regardless of how the respondents defined a brand.

In the second section of the interviews, which was more connected with the second part of the thesis, the brand concept was more directly approached as well as the respondents’ feelings towards branding in the subcontractors market. As there is not even agreement among researchers considering the definitions of concepts brand and branding, it would seem strange to assume that the respondents approached in this thesis study would have the same view of the concepts as that taken in this thesis. The respondents were thus asked to define a brand to establish what the word brand meant to them. Based on these definitions, discussions were held with focus on the importance of brands to the subcontractors and aspects connected with branding. This resulted in a collection of data that allowed for an analysis of each respondent’s perspective on and position towards brands and branding in relation both to the thesis’ definitions and other respondents.

5.4.3 Withholding information

The idea of the interviews was to get the respondents untainted view on the processes of interest, thoughts on communications and the brand concept. As far as possible the study aimed to get the respondents’ spontaneous answers and not a rationalised version of the processes. Explaining the exact purpose of the research before the study was carried out was therefore considered risky since this might lead to respondents’ thinking about the questions and outlining their answers. To avoid any possible effect a thorough presentation might have, it was decided that the exact purpose of the study would not be presented to any respondent before an interview was made. Consequently, the study was explained in quite general terms with focus on marketing and an increased understanding of the exchange between subcontractors and their customers, without mentioning the brand concept.

For similar reasons the interview guide was not sent to the respondents in advance. The questions in general did not require the respondents to find out information and prepare for the answers, but simply asked them to describe a process they are themselves included in. In light of this, sending the questions in beforehand did not seem important in perspective of the validity of the respondents’ answers. However, in some cases, examples of questions that the study considered were included in the introductory letter.
This approach indicates that some aspects of the study were kept from the respondents until it was considered appropriate for them to know about it. However, the approach to understanding brand values and branding in this thesis does not mainly focus on the concept of brands but rather on the underlying issues, which are precisely those described in the letter sent both to subcontractors and buyers. Furthermore, the objective of keeping information from the respondents was not a result of ulterior motives that the respondents would be harmed by the measures taken. Thus, withholding some information was not considered a problem fringing on dishonesty.

5.4.4 Additional sources for data

Observations, although in a very limited form, were carried out within the companies during visits and included things like employees' behaviour and clothing, factory/office exterior and interior, and cars. Sometimes after the interviews comments based on these observations, connected either to a respondent or the company, were also recorded. Written documents provided further impressions in the form of brochures, some internal organisation material offered during the interviews and the companies' Internet sites. This type of data was not explicitly used to great length in the analysis although it served well as supplementary information during the continuous analysis, supporting or challenging interpretations.

E-mail was primarily used as a means for sending informative letters concerning dates and places for interviews although some requests for minor details of supplementary information as well as notes of appreciation were also sent via e-mail.

5.5 Analysing the data

In line with reflexive methodology the analysis is considered to be an iterative process (Alvesson & Sköldberg, 2000, Dey, 1993, Shaw, 1999), indicating that although several parts can be identified, they do not take place in isolation or a strict chronological order. The analysis of data in qualitative research thus can be seen as taking place from the starting point of data collection (Alvesson & Sköldberg, 2000, Merriam, 2001, Shaw, 1999). Dey’s (1993) analogy of qualitative analysis as climbing a mountain makes sense of this idea. The objective being to see the view from the mountain, being able thus to understand the relative closeness and connections between different parts of the scenery, however, as he explains, the view is not simply the sum of the steps that are taken towards the peak. Instead, since we have turned to reflect upon the view several times during the climb, the perspective we have on the final view is affected and the way up to the view might have been altered.
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For a study like the current one this indicates that although one part of the written report is particularly concentrated to this objective, i.e. analysis, it is not possible to narrow each conclusion or interpretation down to a specific moment or to identify exactly what part of the analysis process it has been derived from. Thanks to the continuous analysis some questions that were not considered from the start were included in interviews at later stages and a wider potential theoretical connection was elaborated. Still, there are also chapters in this thesis which more clearly, in a deliberate way focus on analysis (Ch. 9 and 12). The following paragraphs will explain how these analyses were carried out.

When describing an analysis it can also be useful to consider what the unit of analysis is since this can aid in understanding the logic of its structure and content. The unit should be such that by concentrating on it during the analysis it will be possible to answer the posed research questions. Yin (1994, p. 23) suggests that it is crucial to understand the unit of analysis as it presents the logic for what body of knowledge the findings should be related to. In accordance with the aim of the first part of the thesis, i.e. to investigate the role of corporate brand image in subcontractor selection, the unit of analysis can be described as being the buyers’ behaviour in searching for, evaluating and choosing a subcontractor. In the second part of the thesis, which focuses on exploring whether the subcontractors make use of branding, the unit of analysis is the branding carried out in each subcontracting company, according to how branding is defined in this thesis.

5.5.1 The creation of theory

Dey (1993) describes how qualitative analysis can be divided into three main parts, that is description, classification and connection, where the overriding objective is to present a thorough and plausible account of what has been studied. The description outlines the phenomenon, the classification identifies structures in the data and the connection attempts to see how these classified concepts and parts interconnect. Very similarly, Merriam (2001) refers to three levels of analysis that occur regardless of what type of qualitative research is conducted and that can render different heights of abstraction, namely simple descriptions, category construction and theory creation. The main difference between these three levels is the increased ability to explain the data to the reader the higher you get. Like most qualitative studies (Merriam, 2001) this thesis aims to reach further than mere descriptions. Since the objective is to understand the connections between different pieces of data as well as to be able to explain these connections, the purpose is to reach the highest of these levels, i.e. to create theory. Nevertheless, it is my belief that theory need not necessarily be completely new to be of interest or fall into this level. Equally important are alterations, improvements or extensions of current theory.

Theory creation is often described in terms of research being deductive or inductive. Deductive refers to research that infer hypothesis from available
theory, test these against empirical data to ultimately corroborate or reject the hypothesis. Inductive refers to an approach that departs from the empirical to arrive at new theory (e.g., Seale, 1999). In its extreme form the inductive approach assumes a researcher able to refrain from any preconceptions in order to ground theories in the actual, allowing the empirical data lead what is emphasised in the analysis instead of forcing it into predetermined structures.

Ali and Birley (1999) discuss the dichotomy where one end represents deductive-quantitative research and the other inductive-qualitative research. While this general division is not uncommon, they argue that it is not necessarily good and maintain the qualitative researcher can adopt both inductive and deductive approaches. Furthermore, Hyde (2000, p.88) argues that a balance of induction and deduction is required in all research, suggesting that research can include both inductive and deductive processes regardless of its qualitative or quantitative character. As an option to the purist deductive and inductive perspectives, Ali and Birley (1999) present the integrated approach. Theory here is used as a basis for defining the research problem and content for data collection while collected data is partly affected by the respondents. The results of the approach can either be a revision of existing theories or generation of new ones. Ali and Birley (1999) thus suggest that the same study can cover both deductive research and the abilities of description and exploration. This integrated perspective suggests that an analysis might well be guided by previously suggested constructs without losing the ability to induce new theory. Likewise, it suggests that a study’s character does not automatically determine its ability to test or generate theory.

Dey (1993) maintains that the logic of separating between inductive and deductive research is not possible when discussing qualitative research because this many times implies conceptualisation alongside the check of whether that is an appropriate way to do it. This thesis apparently is a good example of this dual perspective since the purpose was formulated based on a logic derived from theory on brands, corporate branding and industrial buying behaviour, although, there was no genuine testing of hypothesis. Instead the research aim was to find data to fill gaps identified in theory. Hence, while the idea was deduced from contemporary phenomena and available theory, the thesis’ analyses were clearly inductive to some degree, although, not in the sense that preconceptions do not exist at all, but in the sense that no prepared answers were available.

Dey (1993) emphasises the need to be aware of one’s preconceptions and to still be able to question and conduct a critical analysis. In the writing of this thesis it is not possible to say that I have not been affected by previous theory since the problem and the purpose obviously is related to what has, and has not been done, in the area before. However, with respect to the analysis of data, the decision to structure data in a certain way and what themes to emphasise were not predetermined but rather decided upon as it turned out the data in many ways matched what is available in the literature.
Method

It is, however, possible in this regard to observe a slight difference between the first and the second part of the thesis. There is more available research related to the first part’s problem since it is based on ideas about industrial buying behaviour whereas only an insignificant amount is at hand for the second part with direct bearing on corporate branding among subcontractors. All in all it seems the words of Merriam (2001), suggesting that even grounded theory needs pieces of deduction to be able to verify tentative results, are suitable for this thesis: “Thus the researcher is continually shifting back and forth between deductive and inductive modes of thinking” (Merriam, 2001, p. 192).

According to Hyde (2000) the deductive approach has long been the predominant one in marketing research and the lack of rich data to guide theory creation as well as heavy focus on quantitative analysis, have been criticised. This thesis fits well into the integrated approach, adopts a qualitative analysis and includes a rich set of data, thereby serving to remedy the imbalance Hyde refers to.

Shaw (1999) discusses what parameters are important for inductive analysis and includes methods like repeated reading of transcripts, structuring and bringing meaning to raw data by using codes, and searching for relationships among categories of data which surface. These examples of how to analyse can all be found in the analyses included in this thesis and the following attempts to explain how and why this was the case.

5.5.2 Analysing the first part – Search, Qualification & Evaluation, and Selection

Dey (1993) discusses the management of data and whether data should be filed as a complete interview format or in bits and pieces relating to specific questions. As so often, regardless of which way is chosen, there will be both positive and negative consequences. All in all, however, the suggestion is that the research’s focus and analysis objective must be the basis for how data is recorded and filed. In this thesis, the personal interviews were primarily filed as complete documents in the form of verbatim transcripts. As the interviews were only partly structured and it was not obvious what questions belonged together, this procedure was considered most practical. However, as the work to analyse data in a structured fashion began, a type of issue-based filing was also made as discussions or statements related to a certain topic were copied and placed in a separate section.

Finding key themes or categories in the data places us in the second level of analysis (Merriam, 2001) but can also simply be described as a way of finding focus and structure for the analysis of qualitative data (Dey, 1993). To translate this into practice, all interviews were first transcribed to ordinary word processing format. Each interview was then read through and quotes or discussions that were perceived of as important for the research questions and, thus, analysis were marked. One outcome of reading through interview
transcripts is the researcher’s ability to organise data into topics, locate patterns, themes and categories (Patton, 1990). In this thesis re-reading transcripts also helped verifying that it was logical to emphasise the sections chosen to be of particular interest in each description. This procedure was conducted company-wise as the firm appeared to be a logical way to group respondents.

Each interview was read several times to make sure no significant details were missed. The marked pieces were then copied and placed in a separate document. For the thesis’ first part (investigating the role of corporate brand image), statements relating to sales were extracted. Once all highlighted pieces of data were gathered in a special document (one for each company), the process of structuring the data according to themes started.

Merriam (2001, p. 179) describes category construction as the finding of patterns in the data and suggests that it is often an intuitive process although it is also shaped by the purpose of the study as well as the author’s knowledge. Reading through the extracted pieces of data, it was possible to see that the respondents’ accounts did in fact relate to different parts of the purchasing process previously outlined in theory. Due to this, available theory on purchasing was used as inspiration to select a key categorisation of data and the categories from commonly used model in purchasing theory were partly used to name three identified sections in each description (for information on these models see further in Ch. 3). A decision was made to divide the descriptions into three parts, called: search, qualification and evaluation, and selection. While these identified categories are not exactly used in any of the previous models they are essentially covered in all of them.

Robinson et al. (1967), for example, describe the search and qualification of sources as one phase of the process. Similarly, Robinson et al (1967) have evaluation of proposals and selection of suppliers lumped together. However, in this case a separation of search and qualification was perceived as useful since the buyers’ search behaviour in itself was perceived as a rich part of the data constituting important information for the analysis of subcontractors’ communications. Consequently, this part of the descriptions was given the classification search.

Furthermore, a division between evaluation and selection seemed useful since, when reading the material, it appeared that evaluation not only concerned the suppliers’ proposals but also the supplying firm in general. Thus, the classification qualification & evaluation was instead considered appropriate to the parts of data focusing on validating the source as well as actual proposals since the buyer behaviour demonstrated related to these appeared similar.

Finally, parts of the descriptions were identified as directly related to the selection of a subcontractor. Consequently, the classification for these parts of data was selection.

Nevertheless, as could be assumed, the processes described in the data are iterative processes, i.e. the customers and subcontractors neither think in terms of moving through a number of phases nor do they concentrate work related to
one phase to Monday and another to Tuesday and so on. One consequence of using these categories to present data was therefore the absence of chronological order. Further, it was not always obvious what category a certain piece of data belonged to. Considering Merriam’s (2001) argument that categories should be mutually exclusive and that a piece of data should only fit into one of the categories, this might seem strange. However, the described processes along with the type of data collection (semi-structured interviews where respondents skip between issues), should make the division into waterproof categories difficult regardless of which were chosen.

Glaser and Strauss (1967) advice caution when using already existing classifications during what they call creation of theory as it might hinder creation of new categories. The argument is that patterns emerging from the data under study are more likely to reveal suitable categories than categories given by previous theory. However, as the categories used for structuring data in these analyses were not decided on before but rather appeared as useful during the analysis when data was already extracted and a grouping of data had begun, it does not seem probable that the use of previous theory imposed limits to the analysis or led to the exclusion of important data. Actually, the existing theory fits the thesis’s purpose, provides a simple structure for the descriptions and an opportunity to more easily compare the results to previous work. Accordingly, a decision was taken to stick with the three identified sections of data and the above-described categorisation. It should be emphasised though, that the division into three main parts was primarily used to make data easier to grasp and allow for readers to recognise patterns in the data.

These three-category driven descriptions were first constructed for each of the nine companies. However, it soon was clear that nine different parts without apparent connections, i.e. one description for each included company, was not a good way to make the data available. In order to make the descriptions more interesting and easier to grasp the companies were grouped according to their connections in being subcontractor and customer. With basis in the three subcontractors, three main studies comprising one subcontractor and two customer firms were hence composed.

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**Figure 5-1:** Grouping nine companies and 23 respondents into three studies.
It should be noted, that these three studies are not here referred to as case studies. They are but three groups of interviews that together help shed light on a particular type of processes and grouping the subcontractors with their customers seemed reasonable. Once these three studies were constructed the more in-depth analysis work began.

Writing about case studies, Eisenhardt (1989, p. 540) considers writing case description as crucial to the process since it helps the researcher to structure often-immense amounts of data, and also to become “intimately familiar with each case as a stand-alone entity”. In line with this reasoning quite large chunks of raw data were included in the presentation of each study as a means to ensure that the closeness between data and perceptions in the analysis was kept, although this was also a choice related to making the results comprehensible to the reader.

Each study was analysed with a focus on its salient perspectives, indicating that the content and elaborations for each of the three studies might vary. However, the descriptions and analyses followed the same principal structures thanks to the three key categories that all studies maintained (search, qualification & evaluation, selection).

As noted above, the main focus of the analysis was to investigate the role subcontractor corporate brand image plays in the exchange between the involved parties. In practice this analysis was carried out by re-reading each study, taking into consideration different pieces of data with regards to how this thesis defines the brand. Based on what this analysis brought about, conclusions were drawn concerning the role of corporate brand image among the particular subcontractors and customers represented in each of the three studies. In the thesis, the analyses are mainly integrated in the descriptions in terms of discussions about the quotes and elaborations about connections among them. In addition, each study concludes with a discussion that further highlights the salient features identified.

Although these are interesting findings on their own, arguments can also be made that further insight can be gained by integrating the studies. Eisenhardt (1989), for example, suggests that a cross-case analysis can help researchers move beyond the obvious of a single case result and further improve the fit between data and created theory, something Perry (1998) refers to as a richer theory-building. Hence, a continued analysis, including all three studies was also carried out.

The single studies were analysed without much explicit connections to theory whereas the overall analysis aimed at making those specific connections since, as suggested above, implications on and/or for theory are better supported by more than one case. In practice this analysis was primarily carried out by reading the three studies’ analysis and conclusions with the aim of identifying similarities and patterns that either seemed to corroborate or contradict what had previously been assumed. This analysis was primarily connected with the categories used to structures each study, i.e. search,
qualification & evaluation, and selection. However, during the analysis new themes appeared related to the decision making process of the customers and how different characteristics of this process appear to affect the “brand potential” among subcontractors.

All in all, the structure of the analysis for the thesis’ first part can be summarised according to this figure.

**Figure 5-2:** Illustration of the analysis in part 1.

### 5.5.3 Analysing the second part

The second part of the thesis aimed to explore the subcontractors’ branding, indicating that *the customers were no longer considered a main group for the research*. Since the purpose here was primarily related to the individual subcontractor company, it appeared logical to, also in this case, group the respondents in accordance to the firms they belong to. Consequently, the empirical study in the second part of the thesis can be illustrated like this:

**Figure 5-3:** Grouping ten respondents into three separate firm studies.

The data for this was collected during the same interviews as the data for the first part, although the majority of data for this part of the thesis could be found in the final section of the interviews (see paragraph 5.4.2). Nevertheless, some additional data was added, in terms of marketing communications material and descriptions about what matters during the sales process, to
analyse the branding in each firm. The analysis was in line with the above iterative arguments and was not restricted to a certain batch of data. Instead an effort was made to take into account all data available that could aid in the description and understanding of the subcontractors’ perception of and approaches to brands and branding.

The same procedure was used to extract pieces of data as in the first part of the thesis. That is, the interviews were read through in order to mark sections and quotes which appeared interesting to answer the research questions. Direct responses to questions concerning the brand concept and statements that included the word brand were obviously selected as, in the light of branding, one main focus was on the brand concept. However, in addition to these quotes, discussions that were perceived as reflecting the respondent’s or the company’s efforts to maintain a certain image were also included. In line with the thesis’ perspective on branding these could be indicators of branding regardless of the respondents’ using the word brand per se. All these sections were highlighted and eventually placed in a separate document. This process was carried out for each of the three subcontractors.

The analysis of this part takes into account both the respondents’ direct answers to what a brand is and what they implicitly refer to as branding, as well as the actions which can be considered branding in light of the definition used in this thesis. That is, the use of the word brand was not the only factor used to extrapolate the data for this analysis. One underlying objective for taking this approach was the ability to identify any discrepancies between the respondents’ perceptions of the brand as a concept and what the subcontractors did that could be labelled branding according to this thesis.

Once data had been extracted from the interviews, the analysis continued by forming descriptions for each firm where the respondents’ perceptions of the brand concept, the companies’ ideas about branding and efforts of branding were elaborated. The analysis includes attempts to connect the brand perceptions with efforts of branding and relates the subcontractors’ branding to corporate branding in theory and to attitudes previously identified in research among B2B companies.

The analysis structure for the thesis’ second part is summarised in the below figure. Individual presentations and analyses of the subcontractors can be found in chapter 11 while an overriding analysis can be found in chapter 12.

Figure 5-4: Illustration of the analysis in part 2
Method

5.6 The quality of qualitative research

Being the younger of two main approaches in research, qualitative research has been subject to critical voices and has been forced to argue for its legitimacy as an approach that can deliver valid research. Traditionally, research focused on quantification, indicating that research suited for quantitative studies constituted legitimate research. According to Milliken (2001), this bias is shown by the fact that physics, mathematics and other areas that often adopt quantitative research methods are known as “hard” whereas the social sciences are referred to as “soft”. However, Reswick (1994) criticises this connotation and argues that these have nothing to do with what methods are adopted or research in general. Instead he says that the important distinction to make in discussing research approaches is that between qualitative and quantitative research, which then should not be confused with social vs natural sciences since, for example, social research often includes quantitative research in terms of statistics. Similarly, case studies have, according to Yin (1994), for a long period of time been considered an inferior means for social research due to their lack of quantification, which also in fractions of social research has been considered the equivalent for rigour and objectivity. Nevertheless, proponents of these methods claim that this criticism is wrong, implying that studies with a focus on qualitative data are not worse than other methods.

As noted by Patton (1990), no matter what research approach and data collection is chosen, the research design will always include matters of “trade off”, for example between breath and width. In this thesis, although admittedly, the intention was from the beginning to use the qualitative interview approach, there were also elaborations considering the use of a survey. In the end it is possible to conclude that Patton is correct. As indicated by the concept “trade off”, although the qualitative interview method was considered most feasible in light of this thesis’ research questions, it also brought obvious limitations.

Some of the answers sought for in this thesis could probably have been gained by, for example, a quantitative survey while, again, others would have been harder to grasp. A survey might have yielded a larger amount of respondents but at the same time would most probably have limited the understanding of processes due to the tool’s potential to produce in-depth descriptions. Continuing the thoughts on alternative courses of action for this thesis, perhaps the ultimate choice would have been some type of action research where a buyer’s processes of locating and evaluating a supplier could be experienced at close range. However, the difficulties of knowing when and where the different parts of such a process occur, due to its complexity, indicates that it is hard to identify in advance when a researcher should be together with the buyer. Furthermore, a buyer might not consider a new

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1 It is worth noting here with regards to Yin’s (1994) definition of case study as a research strategy (how to study), rather than an indication of limits of the researched (what to study).
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supplier for a very long time. This indicates that even following a buyer on a full-time basis over a period of time might not result in this knowledge.

One suggestion for how the potential weaknesses of qualitative research can be brought under control is the method described by Alvesson and Sköldberg (2000) as a reflexive methodology. This suggests there are four levels of interpretation starting with the construction of data as it is collected and presented. Their argument is that during this phase the researcher might not be very aware of the interpretations that are being made although every aspect of data collection, be it personal interviews or observations, is indeed interpreted as soon as the researcher has contact with it. While this first level is referred to as raw interpretation and in this thesis equals the interview sessions and verbatim transcripts, the next level of interpretation is defined as a more systematic one where previous theory or the researcher’s own ideas set the guidelines for how it should be done and also what should be focused on. For the research presented here the second level should be equivalent to the beginning of forming descriptions, i.e. the reading and formation of key categories in accordance to both the data and previous readings.

Alvesson and Sköldberg (2000) conclude that if the researcher is truly guided by a reflexive methodology, he or she will allow the data to alter the theories used for analysis. However, the main point of this reasoning should be that authors’ interpretations actually play a big part despite the perception that collected data drives these changes. For example, it is noted that given a researcher’s background different aspects will be considered more or less interesting, which naturally will affect the potential effects on previous theory. One further aspect of this subjective impact on the results is that a researcher who has been restricted to a certain research area for a long time will ultimately decrease his/her chances of a reflexive approach since there is a risk that data will be interpreted as aligning with theory (Alvesson & Sköldberg, 2000). A researcher is, however, not lost to the methodology if this should happen, provided he/she stays familiar with different kinds of theory that are not too closely linked. As Alvesson and Sköldberg (2000, p. 251) put it, “to control theories (interpretive possibilities) without letting them control you”.

Keeping the current study in mind, this kind of objectivity is not easy and it is indeed hard not to let previous theoretical perceptions lead you on! However, the many read-throughs of verbatim interview transcripts as well as a constant consideration of slightly different theoretical areas than the one of first focus and, finally, the critical eyes of tutors, and discussants at conferences and seminars, suggest that the reflexiveness of this study has been assured as far as possible.
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5.6.1 About the study's reliability and validity

Being reliable in research, in short, comes down to the question of whether the results of a study are trustworthy in what it suggests about a certain phenomena and whether the findings would be the same if someone else did the study. A related question is whether it is possible to find the truth? Furthermore, a question for consideration is whether this can be done in qualitative research and if it has been done in this thesis? I believe there is a limited objective reality which is possible to illustrate. For example, if watching a scene where two cars are parked outside a factory, where a tree provides shade, it is possible to explain objectively that there are two cars and that there is one tree, and that the shade is coming from the tree.

However, it is my belief that the objective truth about reality pretty much ends at this physical description. That is, I cannot with certainty explain, for example, why the cars are at this scene and why they are parked as they are. On the other hand, it is possible for me to make an interpretation of these questions, but it is not certain that the drivers of the cars, or another beholder would interpret the scene as I do. Still, based on the information I have and my experience, the interpretation made might seem plausible and cannot be disregarded. Thus, we should talk about a subjective reality and truth which derive from the fact that people make interpretations of what they experience and see. In research what we can do is to explain what we see and why we interpret it the way we do. Others are then obviously free to make a different interpretation.

However, to make the interpretation a trustworthy one, one that can tell us something about the phenomenon at hand and hopefully deliver some knowledge that is transferable to other similar situations or actors, it is the researcher’s task to present a rich picture of the scene of interest. In this thesis, interviews with the persons involved in the processes under focus were used for this reason. Their stories, in which they hopefully did not perceive that they could profit from saying something other than what they actually perceived and believed, provided a basis for interpretation. By frequently pointing towards these accounts, by direct quotes, the idea was to make clear why certain interpretations were made and allow the reader to judge its trustworthiness.

Silverman (2001) discusses how qualitative research needs to take questions of credibility seriously in order to fight off the critics and to function as a creator of valid knowledge. He dismisses the ideas of Agar (1986, in Silverman, 2001) who indicates that the basis for credibility in qualitative research lies in the experience and integrity of the researcher. In essence, it is argued that the qualitative researcher needs to ask as many critical questions about the research, and provide as clear proof of credibility, as the quantitative researcher in order not to be considered a second-rate research stream. Reliability and validity are two concepts often used when referring to questions of trustworthiness and quality of research. However, some social scientists argue that these concepts are
inherently connected with a positivist, realist notion of the world and hence might not be the best option for describing credibility of qualitative field studies (e.g. Guba & Lincoln, 1989, Lincoln & Guba, 1985, Seale, 1999). Still, several authors in qualitative research concentrate on validity and argue that it can indeed be useful when discussing qualitative research (e.g. Kirk & Miller, 1986, Kvale, 1989, Maxwell, 1992, Merriam, 2002, Miles & Huberman, 1994, Phillips, 1987, Silverman, 2001). In addition, Merriam (2002) also discusses the matter of reliability in qualitative research arguing that it should not be excluded but rather considered in a way that suits the chosen approach:

Qualitative research also has strategies for establishing validity and reliability, strategies based on the different worldview and different questions congruent with the philosophical assumptions underlying this perspective.

(Merriam, 2002, p. 24)

Merriam’s (2002) view on the reliability in qualitative research is that it comes down to proving to the reader why the results are reasonable and trustworthy and not that it concerns the performance of the same study again to obtain the same results. Bearing in mind the interpretive or constructionist perspectives which are often taken in qualitative research, the latter (reproduce a study for the same results) is not even of interest. As an explanation for the logic of reliability, Merriam quotes Dey (1993, p.251).

If we cannot expect others to replicate our account, the best we can do is explain how we arrived at our results.

In all, it is possible to conclude that both strands of researchers in the end have the same main ideas about what aspects need to be considered when discussing the quality of qualitative research. They agree that the underlying assumptions about the world often present in qualitative research must be taken into account when dealing with these aspects. Hence they also agree that it must differ in logic from that used for the more realist approach often present in quantitative research. However, they have chosen to use a varying set of concepts. In this thesis the authors’ similar arguments have been used to show what I find logical although they describe it with different words.

Inspired by Kirk and Miller (1986) and Seale (1999), Silverman (2001) places great emphasis on the so called low inference descriptors in relation to qualitative research’s ability to display good reliability. This involves detailed documentation of the research process, recording and transcribing interviews verbatim and including direct quotes in the research report. Similarly, although referring to dependability or confirmability instead of reliability, Lincoln and Guba (1985) and Guba and Lincoln (1989) discuss the audit trail as a means for enabling readers to evaluate the collected data in relation to presented results. In this thesis attempts have been made to follow these ideas of reliability as being about clarity concerning the research process. The lengthy explanations
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about the research process, the verbatim interview transcripts as well as the extensive use of quotations are examples of this attempt.

Related to this, also the trustworthiness of accounts used for interpretation becomes an issue. Allowing respondents to read written material (member checks, e.g. Phillips, 1987; Guba & Lincoln, 1989) is one of the proposed ways in which a researcher can improve the credibility of his/her research (e.g. Kohler Riessman, 2002; Merriam, 2001). By letting respondents read parts of, or the full manuscript, it is possible to reduce wrongful use of facts and statements, and also to investigate whether interpretations and conclusions appear plausible to the persons active in the context under study. This line of reasoning relates to what can be called descriptive validity (Maxwell, 1992). In this thesis respondents for different reasons were allowed partial access to the text.

After the subcontractor studies were made the manuscript (i.e. the intended licentiate thesis) were sent to the CEOs of all three companies. They were asked to focus on what was written about their company and check for mistakes regarding facts about the company. None of the CEO’s reported dissatisfaction when contacted by telephone some weeks later (note that these calls were made prior to the final seminar of the licentiate thesis).

Similarly, before the doctoral thesis was finalised, also the customers were given the opportunity to check what had been written about their company. The presentation of the company and the presentation of respondents from that company were e-mailed to the contact person (the names presented by the subcontractor’s CEO) in each customer company. Positive reactions to this were received from: Neo, Apok, Solo (with comments), Yoda and Neelix while no response was received from Tuvok despite repeated attempts. A decision was made not to send the full description or manuscript to these respondents (the customers) for two reasons. First, due to the length of these texts it was perceived a risk that the respondents might disregard reading the descriptions. This was noted as a potential problem already when the subcontractor CEOs were asked to read about their company. Second, since the studies were mainly built on direct quotes, the statements and discussions related to the respondents’ were partly confirmed through the verbatim transcripts. While the respondents might still have opinions about the interpretations and conclusions drawn from their statements, these were considered to be the sole prerogative of the researcher and not necessarily up for the respondent to debate⁶. As Kohler Riessman (2002, p. 217) says: “In the final analysis, the work is ours. We have to take responsibility for its truths”.

Without doubt, as a consequence of the nature of qualitative research, the researcher plays an important part in the conclusions made. Related to this and

⁶ This can obviously depend on the area of study! In cases where the content of the research and thus also interpretations and conclusion deal with “delicate” information (e.g. of private kind, personal or company wise, or potentially of harm to others), the respondents’ opinions might be important to take into consideration. This thesis, however, was not perceived to deal with such issues.
in conclusion of a discussion on research’ validity, Phillips (1987) suggests two things; first that the worry about valid results from qualitative research will not disappear simply because the search for valid results will never end, and secondly that although qualitative researchers should continue to strive for reporting what is “true” they must also realise that their abilities have limits. These are both valid points. Without a debate on whether (any) research is valid, the attempts to make it so would most likely diminish. Thus a continuous discussion on the topic could be seen as fruitful rather than simply an obstacle or a bias towards one type of research. At the same time, it is doubtless appropriate for qualitative researchers to take caution in the way research results are presented simply because we are, as pointed out by Phillips (1987), social beings interacting with and potentially affecting the social context and people we meet with and study. As a consequence, any research result must be considered relative to how the research has been conducted, data has been presented, and the analysis managed. In short; thus the need for this chapter.

It appears that one of the aspects that have caused most of the discussion related to qualitative research is that of external validity (Merriam, 2002) also referred to as generalisability (Maxwell, 1992) or transferability (Lincoln & Guba, 1985) depending on which epistemological perspective is taken. In qualitative research this question generally does not relate to statistical generalisations about a population since the sample is seldom random or large. This, quite obviously, is also true for this thesis. For critics of qualitative methods the fact that this type of generalisation is not possible becomes an instrument for arguing that qualitative studies do not generate valid results. Still, authors leaning towards the qualitative research tradition discuss other forms of generalisation! I agree with the idea that qualitative research can bring a certain type of generalisation and thus it should neither be ignored, nor used as a tool for discrediting the qualitative approaches. However, a discussion is necessary as to what is meant when referring to generalisation in qualitative research.

Cronbach (1975, in Merriam, 2002) introduces the idea of working hypothesis and Patton (1990) brings forward something called context bound extrapolations as alternatives to the use of generalisation. Both these can be seen as examples of diplomacy brought about to humour the critical voices by attempting to translate the idea of external validity to qualitative research and a non-realist world view. However, Merriam, among others, hold on to the concept of generalisation, concluding that:

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Patton (1990, p. 489) describes extrapolations as “modest speculations on the likely applicability of findings to other situations under similar, but not identical, conditions. Extrapolations are logical, thoughtful and problem oriented rather than statistical and probabilistic.”

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If one thinks of what can be learned from an in-depth analysis of a particular situation or incident and how that knowledge can be transferred to another situation, generalizability in qualitative research becomes possible.

(Merriam, 2002, p. 28)

Other supporters of this perspective, which suggests that although we are dealing with a type of generalisation other than that in quantitative research it is still generalisation, present transfer of situation-specific processes. The saying: “The general lies in the particular” (Merriam, 2002, p. 28), indicates that characteristics that are identified in one particular situation can be considered for similar future situations. In terms of allowing for this type of reader or user generalisability (Merriam, 2002, p. 28), a thorough description of what is being studied is a prerequisite. If it is not possible to identify the type of situation the study considers, it will not be possible to understand what the general in the findings are. This thesis has attempted to make such understanding possible.

If only one type of respondent is included in a study and the study attempts to conclude things about that particular group of respondents, it is possible some criticism will appear that the conclusions are not validated. That is, if another type of respondent is not used as comparison, how can conclusions be drawn suggesting that some features are particular for the studied group? In order to avoid this problem, comparison cases (Weiss, 1994) is one example of how results can be considered in a more relative fashion. In this thesis it is possible to see two types of such comparative cases. Primarily, the existing theory and previous research has considered a type of companies (B2B) and the purchasing behaviour they represent. This thesis’ focusing on a particular group of these companies (subcontractors and buyers of customised manufactured parts) indicates that potential contrasts between the general ideas within B2B literature can be depicted. Secondly, the buyers included in the study also purchase from other types of companies and at times exposed the differences in buying behaviour that can occur depending on what product is considered. Thus, the respondents in the thesis partly represented comparison cases themselves.

Strauss and Corbin (1998) stress the idea of grounded theory and maintain that the objective of analysis is to build theory. One approach for doing this is explained by the move from the specific to the more general by considering several cases (Strauss & Corbin, 1998, p. 88). This can be an appropriate way of looking at the empirical parts of this thesis. The basis for their suggestion is that the first case we consider will initiate our understanding of a particular phenomenon and open up our minds. As further cases are considered these original ideas are kept in mind and during the analyses of additional cases differences and similarities will be noted, which together with the original ideas help us characterise the studied phenomenon (Strauss & Corbin, 1998).
…We are not just sticking to one case. Rather, by asking theoretical questions about this case and by thinking comparatively according to properties and dimensions of categories, we are opening up our minds to the range of possibilities, which in turn might apply to, and become evident, when we sample other cases.

(Strauss & Corbin, 1998, p. 88)

Based on the methods used for this thesis it will not render statistically supported assumptions that are general for a population. Instead, its findings are context bound and to some extent situation specific, indicating that although the results are not general in the sense that they are true for all subcontractors and their buyers, there are bound to be some similarities which can be applied. Furthermore this thesis represents but one of many attempts to bring more understanding of a complicated process that is affected by numerous sources.
Chapter 6
Trinity & friends

This chapter starts the second section of the thesis. Each of the following three chapters represents an individual study. They are followed by a comprehensive analysis of the three studies. As described in chapter 5, each study is divided into three main parts labelled with reference to phases of industrial purchasing, namely: search, qualification & evaluation, and selection. Under each part there are also a few subheadings, which mainly have been included to aid the reader by dividing the text into smaller fractions. The studies’ descriptions have no chronological order and lack a clear connection between all pieces of information since several respondents have been used to shed light on what goes on in the customers’ selection processes. Instead one might say that the reader is given a stream of concrete examples on how respondents in this context think and behave related to the questions at hand. Still, during the analysis the emergence of certain topics made it possible to make some connections. The subheadings hence are also used to frame these distinct issues from the more general descriptions included in each part.

The first study focuses on a company called Trinity and two of its customers identified as Neo and Apoc. In accordance with the purpose of the first part of the thesis, the following presentation aims to aid the analysis of what role subcontractors’ corporate image can play in the buying process its customers go through. This is done by explaining the on-going processes of search, evaluation, and selection. Thus, the following chapters do not deal specifically with brands or branding. Instead it attempts to understand whether the behaviour of these customers is affected by subcontractor corporate brand images thereby providing a climate where subcontractor branding is beneficial.

6.1 The companies

Trinity was founded in 1970 by a sole entrepreneur and has since gone through several changes of ownership. The fourth and current owner acquired Trinity in 2001 and is represented by an investment company that holds several similar companies. Trinity’s main operations include the manufacturing of tube components in steel, stainless steel and aluminium. A smaller and alternative production area includes manufacturing of aluminium products both from profiles and tubes. The bulk of Trinity’s production goes to the automotive industry although part of the production is conducted for companies whose
main business is not cars or trucks, e.g. telecom. The largest customer is Volvo and the remaining production chiefly represents other large Swedish companies. Trinity aspires to co-operate with the largest actors on the market with consequences in terms of improving quality levels.

According to the investment company’s homepage (November, 2003), the estimated annual turnover is SEK 70 million and the number of employees 86. Trinity’s business idea, as formulated in the organisation’s internal documents dated March 2000, is that the company “in close cooperation with the customer” should “design, manufacture and deliver components in steel and aluminium”.

At the time of the study Trinity experienced difficulties in attracting educated employees like engineers and technicians despite advertising. The company was previously searching for constructors but since no one responded to the adverts it is now looking for available contacts or interest internally. According to the CEO, one explanation for this problem is the fact that the company does not manufacture products of its own but acts as a subcontractor for other companies’ components. His reasoning is that persons interested in development and construction might not be very intrigued by this. It almost appears as if Trinity’s operations have too many obstacles to be able to attract educated personnel. The CEO believes that international contacts and technically advanced products are a prerequisite for gaining young employees in today’s market. He mentions a nearby, larger company that does succeed in attracting educated employees. Still, as a concluding remark the CEO mentions that it is hard to attract people to a smaller community in every case. The respondents from trinity in the study are:

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1 SEK = the Swedish currency, Swedish Crown
2 The abbreviations in brackets are used to refer to each respondent in the forthcoming text.
Table 6-1: Information about the respondents in Trinity.

<table>
<thead>
<tr>
<th>Role</th>
<th>Information</th>
<th>Communication Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>The CEO (CEO)</td>
<td>Has been in the company for seven years, lives in a larger town and commutes to the company daily. He describes his work as including pieces of every function in the company although the main task is to manage customer relations. He also adds advertising, brochures and information in general.</td>
<td>Personal communication, interview 1h, 30min + tour of the factory + lunch. 19 February, 2002.</td>
</tr>
<tr>
<td>Production manager pipes (PM)</td>
<td>Has been in the company for 19 years. His daily work includes total management of several functions in production as well as maintenance of the premises.</td>
<td>Personal communication, interview 1h. 19 February, 2002.</td>
</tr>
<tr>
<td>Sales manager (SM)</td>
<td>Has been in the company for 14 years. His daily occupation includes management of two people, handling requests from customers and presenting them with estimates.</td>
<td>Personal communication, interview 45 min. 19 February, 2002.</td>
</tr>
<tr>
<td>Group leader production (GLP)</td>
<td>Has been in the company for 32 years. His occupation includes management of 7 people and their work in production.</td>
<td>Personal communication, interview 1h. 19 February, 2002.</td>
</tr>
</tbody>
</table>

The first buyer in the Trinity study is called Neo and represents one function in a large automotive manufacturer. The division is responsible for logistic services, including purchasing, to all companies in the large business group and located around the world. Neo purchases all parts that are exclusive for the company’s products and need to be available to the market once a vehicle has been sold, i.e. also spare parts supply. Trinity has been a subcontractor for Neo for several decades indicating that the buyer has stayed with the company through the several changes of ownership and leadership. For several years Neo has had a strategy aiming at radically decreasing the number of suppliers. One outcome of this objective is to encourage subcontractors to forward smaller sized production orders to even smaller manufacturers that are available through the primary subcontractor’s network. Thanks to this chain-reaction Neo gets fewer suppliers on paper while the actual number might be higher than the number of contacts Neo has to maintain. Within such a network all orders are handled through the primary subcontractor, e.g. Trinity, while Trinity’s supplier has no direct contacts with Neo.
Although Neo currently has many suppliers worldwide there is a continuous process of evaluating new potential subcontractors. Normally the subcontractors need to be quite large and it is demanded that they can manage global deliveries. However, when a vehicle is out of the production line the necessary supply of some products decrease and the need for big suppliers shrinks. Therefore, despite the general requirements, buyers in Neo still need to keep their eyes open for solutions with smaller subcontractors. Neo has a turnover of approximately SEK 6 billion and employs in total more than 700 persons worldwide. The respondents included in the study from Neo are:

The second buyer in the Trinity study is called Apoc. Like Neo Apoc represents one unit in a large company that employs close to 8,000 people worldwide. The company’s main business is similar to Trinity’s as it mainly develops and produces aluminium profiles. However, Apoc is substantially larger than Trinity and has units worldwide. Hence, also Apoc can be considered a subcontractor since it has no products of its own but manufactures according to specifications from customers, which to some extent are the same as Trinity’s. This means that Apoc represents the middle party in the above figure, i.e. has its own units to manufacture subcontracted goods while simultaneously using Trinity and other subcontractors for some of the work. Due to this middle position, Apoc’s purchasing from subcontractors is characterised by a derived demand.

As the figure below illustrates, the trigger for contacting a subcontractor is that a buyer (often a large company, e.g. Volvo or IKEA) contacts Apoc with a
request. Thus Apoc, just as Trinity, can be one of several considered subcontractors and the offer Apoc receives from Trinity potentially affects the offer it can give to its large customers.

Figure 6-2: Sales and purchasing process Apoc

In most cases Apoc chooses to work with one of its 16 (during time of study) contracted subcontractors, referred to by Apoc as co-suppliers, or one of Apoc’s two own manufacturing sites. Still, there is a constant search for potential new subcontractors. The respondents included in the study from Apoc are:

Table 6-3: Information about the respondents in Apoc.

| Plant coordinator, Fabrication (PC) | Has been with the company for 30 years and in purchasing activities for 23. Daily duties include scanning the market for new subcontractors and also monitoring the subcontractors’ continuous development (e.g. education and machines) to make sure they keep up with Apoc’s directives. | Personal communication, interview 1h 40 min. 13 May, 2003. |
| Application and development Engineer (AD) | Has been in the company for 29 years and in purchasing activities for 21. Daily work includes evaluating requests from customers and matching them with new or current subcontractors or Apoc’s own manufacturing units. Works in close connection with sellers. | Personal communication, interview 1h 40 min. 13 May, 2003. |

The remains of this chapter present a description of how purchases are made in the context of these companies and what aspects appear of importance during these processes.

6.2 Search

The search phase refers to how a customer looks for a subcontractor. This includes discussions on what actions are taken to find potential suppliers, as well as the communication channels and types of information used.
6.2.1 Who does what?

The market where Trinity operates is a competitive one where buyers have alternative suppliers to choose from. As a consequence, none of the contracts the company gets can be taken for granted. On the contrary, there is always a pitch where at least three different suppliers can present an offer although a customer under great pressure for time might present a contract without the regular process. This market structure implies that suppliers must gain customers’ attention and somehow prove they are better than alternative sources in order to gain contracts. When it comes to this it seems Trinity is usually quite a passive actor and in a majority of cases it is the customer who takes the initiative.

PM: …we don’t have any sellers in the sense that they are out trying to promote sales from new customers…. The normal procedure is that we wait for the telephone to ring. And it does you know, since we have these big customers. And since they have gone through tough selections among their suppliers they don’t have so many to choose from. And it’s like, we know, that as long as we do good we always get a request.

This statement primarily concerns the repurchase of current customers indicating that large customers, thanks to their investment in the co-operation, will often return with requests as long as Trinity delivers according to agreements. For new contacts the sales manager suggests that other customers’ recommendations can have an impact. The CEO explains that there are many ways a customer might notice Trinity, for example through trade fairs, advertisements and representation on an industry related website. Yet another source that was mentioned is a company that sells machines to Trinity. Apparently this company gets questions from potential customers about what subcontractors have bought certain machines since this indicates who can manufacture specific components or parts. The CEO recognises that since this is a good source of customers, it is important to keep good relations to the machine supplier as well. By not acting too big or trying to push prices without cause, he argues that Trinity can get benefits from this actor. Still, it seems the respondents are not, in general, certain why customers contact them in the first place.

The descriptions presented in Apoc of how they go about finding a supplier for a contract corresponds well with the idea that customers stick to their subcontractors. It seems Apoc usually manages to cover requests by using one of its contracted workshops; however, there is still a constant search for potential new subcontractors.
AD: Well, you keep your eyes open all the time and listen and go to trade fairs and so on. But, it is not everyday we bring in a new subcontractor. Rather, that is quite…, very sporadic that it happens.

Occasionally Apoc looks for something particular, for example a new kind of welding. In that case Apoc always has to search for a new supplier although in most cases it aspires and also manages to find the subcontractor within the existing network. Another reason for the search of new suppliers is that Apoc tries to stay in the forefront of development and thus needs to find subcontractors that works with new solutions.

PC: …It has turned out like this, we try to be one step ahead, so we have people here looking at unique ways of production, you know.

AD: Well, in principle we have had a new technique to add to the customers’ product every five years… That way we have created, as you say, the right conditions to take care of new production technology.

Another reason for Apoc’s hunt for potential new subcontracting partners is that there are sometimes variations in the level of productions. It is the PC’s responsibility to make sure the technicians have some companies to contact when the extra capacity is needed. Thus there is a continuous work to locate alternative subcontractors of different kind.

Also Neo has a number of suppliers who are primarily considered for contracts within each product category. Still, the PD notes that the company is always interested in finding new potential subcontractors. In relation to how respondents in Neo go about to find suppliers, the question is whether they sometimes make a simple search on the Internet and find a suitable supplier. Finding new suppliers through the Internet or trade fairs in general is not very likely, according to the PD

PD: No, that’s a bit too easy. I mean, we do search, we might go to a trade fair and find things. But it’s a bit too easy because the requirements on our subcontractors are so incredibly great in comparison to those outside the automotive sector. … So a lot of times you have this supplier-base available around the truck manufacturing places, and that is what you use.

Still, the purchaser of Neo explains how, in his mind, trade fairs are the only alternative for finding new suppliers unless they contact Neo themselves.

P: …then you have trade fairs which I think is good for looking around, since they show their products (details) and you can also talk and exchange business cards. And then, the next step, you go to visit with them…
On the other hand, in Apoc the PC stresses the importance of trade fairs as a forum for finding new suppliers and suggests that trade fair participation along with recommendations can arouse an interest in a new company.

PC: *We visit trade fairs. The subcontractor fair in Jönköping, Sollentuna, we go down to Germany and Holland and so on, where you can learn more. Then you might, through your network, find that 'they are a good company, they are complete, they can make this', you know.*

The PC concludes that Apoc’s need for subcontractor can be easily filled by visiting one trade fair.

PC: *...But really, it’s enough that we visit the subcontractor fair in Jönköping once a year. You cover all of Sweden, you cover Norway, Denmark, Finland, and now also the Baltic countries and even Russia starts to join these trade fairs. So it’s quite nicely covered there.*

In total, these statements suggest that the customers are not necessarily interested in finding *the* best subcontractor for each particular contract. Rather, they search for sufficient suppliers who can offer what is requested.

When discussing Trinity’s trade fair participation with the CEO, it seems the reason for participating is mainly to show the company’s existence. During these occasions several employees are used as representatives and it appears trade fairs are used as a meeting place for the production planners and the customers who rarely meet each other under normal circumstances but communicate mainly by telephone.

CEO: *We try to distribute the favours a bit and show a broader front than we perhaps do normally.*

R: *...why do you want to do that?*

CEO: *Well, partly I believe it is nice for the customer to meet with L** out here or meet S** who they call so often…. Partly I believe it is interesting for our employees to come out and see what it is like at a trade fair, meet some people and so on.*

The SM agrees to the description of a trade fair as a meeting place and further argues that if Trinity is not a the trade fair perhaps the customer would talk to someone else. He thereby implies that the company could run the risk of losing current customers, indicating that trade fairs are beneficial for keeping them. However, the SM does not rate the ability to gain *new* business very high and

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1 When direct quotes from interviews are used R: signifies something the researcher said.

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claims that you need good luck to run into a new customer at a trade fair. It appears that his idea about marketing communications in general is about being seen.

R: Why are you [in Trinity] willing to invest in these things [advertising and trade fairs]?  

SM: Well it’s always good to be seen, but then if it generates any business, that’s hard to say. I don’t think it does give so much business. But you are seen. And you... I believe that’s positive.

R: Why is it good and positive to be seen?  

SM: It’s always good to be seen. There is always someone who..., it gets around that you are part of this and that, and here and there you know. One always talks about it.

The PM is quite determined as he says that trade fairs do not pay off their costs and the same goes for his opinion on advertisements in trade press. He has trouble specifying why Trinity should join trade fairs as it is his perception that a disappearing number of customers have entered via trade fairs. He argues that trade fairs are of no use whatsoever to the company’s existing large customers, claiming that these never visit trade fairs. The sales manager seems to agree:

SM: ...no large customers like Scania or... THEY don’t come to a trade fair you know. They just don’t, that is very rare.

As Neo is actually one of these very large companies, this perception is apparently not in complete correspondence to what happens. Quite contrary, as could be noted above, the trade fair appears to be an important source for searching and finding potential suppliers in Neo’s case. An alternative to this perspective is offered by the GLP. He argues that the main reason for trade fairs is to show that Trinity exists and that they can be a sign of activity and have an impact on current customers’ view on the company. However, in contrast to the CEO, SM and PM, the GLP believes the trade fair is a potential source for new customers. He believes that visitors passing by might remember the company once they need components or they might already be searching for a company that can supply particular products. It is interesting to note that both Neo and Apoc’s respondents suggest that trade fairs can be a quite important way to identify potential new subcontractors. While the CEO’s focus seems to be towards current customers, nourishing current relationships, there are apparently chances to get in contact with new customers. The question is whether Trinity’s approach to trade fairs has an effect on these chances.
6.2.2 The Internet and advertising

Like most companies today Trinity also has a website which represents one obvious opportunity to introduce the company and also communicate continuously with the market. Trinity’s use of this website is somewhat limited and it mainly contains a brief explanation of the company and how to get in contact with it. The Neo respondents have somewhat differing opinions regarding homepages as a means for finding subcontractors. The purchasing director claims that it can be a useful tool:

PD: Well that’s if I get a hint from someone that there is a subcontractor, and then you might look. I visit quite a lot of homepages, but I am not sure that I get any wiser by doing it. I sort of don’t get a feeling of whether it is right or wrong.

But the purchaser says:

P: I have never looked at a homepage, never.

Apparently, neither trade fairs nor the Internet are very reliable ways for a subcontractor who wishes to influence or get in contact with Neo although the respondents admittedly visit trade fairs occasionally. On the other hand, for Apoc Internet appears to be of some importance when looking for interesting companies to work with. The PC even recalls how he spent half a day searching for a specific type of company on the Internet a few weeks ago.

PC: ...You check that from time to time you know. And then you know of some of the companies, and then you enter, and if they are eager, at least they update their homepage sometime every year. And then you can see that, ‘wow, they have purchased a new machine, and look at this, they have both [specialised machines] and wow’. And then you might call them, and then if you have been in the business for a while and you say that you are from Apoc, well, ‘yes, of course we can meet, and ‘you are welcome. And then you might go there, or they come here sometimes.

When Trinity uses advertising for communication it is mostly done in industry-related magazines. Some of the adverts are produced at Trinity, e.g. recruitment ads, while an advertising agency is employed to make advertisements for magazines and the like. Trinity has also appeared in several newspaper articles describing the company or its part of the automotive industry, which, according to the CEO, is good since it is “cheap advertising”. When Neo is asked about the importance for subcontractors to use advertising the response is less supportive:

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4 In Swedish: “på hugger”
Trinity & friends

R: ...you mentioned trade fairs. What about advertising, that is also a more traditional communication channel?

P: I have never looked at that.

PD: That doesn’t matter.

When respondents in Apoc are asked whether advertising can be one way for a subcontractor to gain interest the respondents claim this is not an important media for their search:

AD: I don’t believe marketing in a general sense has any significant impact. Then, all information, that you give, that you are part of this Legofakta, that you get in touch with [PC], that is also a kind of marketing. But, I mean, what we think about traditionally, that you advertise in newspapers and so on, I believe that’s really marginal. And especially if you are already a subcontractor for us….

Apparently, whereas trade fairs and Internet appear to at least be a chance for an unknown supplier, neither the respondents from Neo nor Apoc think of advertising as something that is a valuable source for them, thus indicating that it is not a very efficient way for a subcontractor to communicate and be visible. Then again, these questions do not conclude that advertising cannot affect the recognition or choice of a supplier, what it does suggest though, is that these respondents do not very actively seek out advertisements in their quest for new subcontractors. The AD’s statement and the following discussion further point out that communications from a current supplier is not the same as that from a supplier which is not known or used. Once a subcontractor has been accepted into the customer’s operations it appears these types of communication are not important anymore.

Trinity is also visible at a homepage where members of something called the Automotive component group are presented and it might be that this is considered a more likely point of search for the customers than Trinity’s own homepage. This is partly corroborated by the fact that Apoc’s main search tool when looking for new, additional subcontractors appears to be Legofakta, where Trinity is a member:

PC: ...I can send an e-mail to one of them saying that ‘I want a company, I want five companies in Sweden that have welded a certain type… the companies should be between 20 and 25 employees.’ It takes between 2 and

5 Legofakta is a company specialising in aiding companies find suppliers of different types of parts. Subcontractor joins the company’s databases and when potential buyers use Legofakta the subcontractors can be recommended or informed about the search.
5 days before I have an answer. Then I get a number of workshops that I, in turn, can continue with you know.

Although this selection depends on how specific a company like APoc is in its search criteria, companies can be more or less arbitrarily chosen by the person working at Legofakta. If, for example, the criteria is only to find ten companies providing bended aluminium profiles in Sweden, this person will select from the database inventory on unknown criteria. In any case, when Apoc uses Legofakta, the subcontractor who is not a member of that service is automatically excluded from the selection. From the above it seems Apoc is the active party in cases a new subcontractor can be considered. However, companies also contact Apoc on their own initiative and if there are enough companies of interest there is no need to contact Legofakta:

AD: ...those you already know about for some reason are easy to judge once you have a demand. If I have enough contacts I can start searching there. It happens every month that companies contact me because they are ready to supply us with work.

Hence, it could be the case that a subcontractor will only be considered if it is active in contacting Apoc. Similarly, Neo’s selection of new subcontractors is primarily based on the suppliers who choose to make contact in order to be available and qualified for a chance to get Neo’s contract. Relying on planned marketing communications like trade fairs, advertising and a webpage, then is not in general enough for playing a part in the very first phase of these customers’ selection process.

6.2.3 Rumours

In relation to the idea of being familiar it can also be considered whether rumours can have an impact on a subcontractor’s potential to become a supplier to Neo. The P claims that rumours are not a reliable source for making a choice. He is supported by the PD:

PD: I don’t think that the reputation… it’s more that, we have to base such decisions on facts.

Still, in relation to personal contacts and their potential to affect customers the PM in Trinity indicates that reputation is sometimes considered:

PM: Then I also think it is extremely important that our delivery supervisors and planners are perceived of as nice and easy to deal with. That they leave decent information on time. I think that is extremely important too. Because otherwise, I mean, if they are dissatisfied with something they will talk to others.
This quote is really about rumours and how the daily acting of people might affect or create a bad reputation. Furthermore, the PD in Neo suggests that hearing something about a company might lead to an inspection by Neo:

PD: ...you can hear when talking with representatives from [another division] that, 'We have a supplier that is excellent at this'. And then you can sort of go there to check, because then they are already evaluated by [the other division]. And then it might be about rumours as people say 'no, they are a crappy supplier', then we don’t care about them. But on the other hand they might say that it is a really good supplier and then you might check it out.

Her statement implies that suppliers which have not targeted Neo directly can become subject of interest as they have already been approved by another division in the large company and also, that a negative rumour is more certain to have an effect than a positive one.

In an attempt to further find out what it is that generally makes a company seem interesting, a discussion about familiarity and reputation was also initiated in Apoc. When asked whether it is important for a subcontractor to be well known in the market, the respondents are reluctant to agree.

PC: No, not really.

AD: No, I don’t think so. It’s about competence.

PC: If they have the right structure in their business and have the machines needed to work aluminium.

Still, some of their statements suggest that the reputation a subcontractor has among other companies can have an impact on interest. For example, one way for Apoc to become aware of a potential subcontractor is when it occasionally gets a suggestion from one of its customers to look into a certain supplier. If Apoc does not already work with the suggested supplier it usually looks it up. However, being noticed does not automatically result in being chosen, but it brings with it the potential to be. This is an issue of significance in this section.

6.3 Qualification & Evaluation

Qualification and evaluation refer to the customers’ desire to ensure that they focus on appropriate suppliers. Included in this phase are the questions of how and why evaluation is actually made and what matters during qualification and evaluation.
6.3.1 Why and how evaluation?

Even though the current situation with a majority of large customers who make repeat purchases allows Trinity to sit back and wait for requests, this is not always the case. On some occasions Trinity has targeted a certain customer and been active in order to get some attention. The reason for aiming at particular customers like that is the amount of potential contracts they represent. Companies in the automotive sector have quite meticulous audits and high demands on their suppliers. According to the respondents, this indicates long-term commitment from both sides and thus great potential in lasting turnover for the supplier. Trinity might invest in certain certificates and/or machines in order to meet the customers’ requirements and this commitment implies that the customers will have trouble finding new suppliers who can fulfil all requirements on short notice. Instead they are limited to certain suppliers who fulfil their requirements.

One effect of these customers’ particular demand is evident through the lists they make of which suppliers are approved for the company. In order to appear on this list a supplier has to pass an in-depth evaluation. The lists can then function as an internal quality and control system making sure that all subcontracted work maintains a certain standard. For Trinity to be approved to one of these lists it took the company approximately five years of continuous upgrading and preparations.

CEO: They look at how we run our operations. They look at whether we have ISO 9000 certificates, whether we have ISO 14000 certificates and how, what our controls look like, how do our manuals look, how do we perform in delivery precision? What are our quality measurements? It can be ppm-readings, it can be number of failure reports.

Representing the automotive sector, Neo is a company with an outlined procedure for how a new subcontractor can enter its operations. Since the company is large and well known, many subcontractors want to become suppliers to the company. Thanks to this the buyers at Neo rarely need to search for new subcontractors but instead the subcontractors contact them. When the interview was made, a new Internet-based system for subcontractor contacts had recently been released. An aspiring subcontractor can enter the web page and fill out an evaluation form, called Supplier Evaluation Model (SEM).

Still, the buyers at Neo search and find potential and new subcontractors on their own. However, regardless of whether Neo or the subcontractor is the active party in taking a first contact, the latter always has to pass the evaluation forms (SEM) which appear to be something like the sacred parts of evaluation. If a subcontractor cannot pass the first evaluation consisting of approximately 100 questions it will not be considered further. As a result of this process, the PD suggests that any company that is considered and/or chosen as a new
subcontractor must be extremely good from the start. Furthermore, she describes how the demands and development within Neo impact the choice and evaluation process:

**PD:** ...that's why it is important to choose suppliers who somehow are already on track. Either that they supply some of our competitors or that they are big enough to understand the investment they need to do, that it is this big and that it is necessary in order to be on the train. And as of today the small subcontractors don't quite cope with that. Unfortunately that is the case, because we could really use more of these small suppliers, but then they might have to have other requirements and we cannot decrease requirements on quality or safety or such things. It is a balancing act all the time.

Another outcome of this is that when Neo decides to proceed with an evaluation of a company, it has to do with more aspects than product quality:

**PD:** ...this means that it is a company which is very good from the start. We often check each part of the company, not only that you concentrate on quality.

While Neo through the SEM(s) has a quite rigid system for selecting which companies can possibly qualify as subcontractors, Apoc appears to have somewhat less structured routines for finding those subcontractors. Once a request is received Apoc handles it by assigning one sales person and one technician to it. The technician evaluates what requirements exist for manufacturing the requested part and based on the need for production skills and authority, a few subcontractors are chosen who might be suitable for the job. A request is then sent to these suppliers and on the basis of their responses one final supplier is chosen:

**PC:** …Then [AD] chooses eventually. It can be the price, it can be the way of manufacturing, it can be how they formally have structured it in the manufacturing area, that there is a planned flow. ‘Here it's really in order, here the quality will work', and so on. And then there is the price. And then he decides, I’ll take this one. Then he goes home to the sales person, or if he has the sales person’s approval [AD] can go directly to the customer and leave an offer from Apoc.

In Apoc’s case customers are in general large actors on the market resulting in some restrictions. This means that Apoc has to mind certain aspects when making the choice of who can manufacture a certain part.

**AD:** ..So if you have 20 workshops, perhaps ten of them are not qualified for that certain product you know. And then the selection gets smaller, and perhaps you need to go out to find a new co-operation partner. But the 80-
20 rule applies here also, i.e. most of the times we have the competence within Apoc since we have been active for quite a while… we have found new areas all the time. So we feel pretty, well not complete, but we are quite broad in the way we can provide our customers right now.

However, managing to pass Neo’s first SEM or being one of the companies considered by Apoc or suggested by Legofakta, does not automatically mean that a subcontractor is chosen. It simply means it still has the chance of being considered. The selection process continues by evaluation among the available and potential suppliers who have managed to get on the “shortlist”. As part of this evaluation, Trinity respondents report that the purchasing parties often make an audit where statistical data like faults in production and quality measurements, ppm (parts per million), internal processes, less formal documents and actual observation of the premises are considered. In addition, it is clear that potential customers sometimes visit Trinity on one occasion before conducting the audit. This meeting normally includes a session with the CEO who describes the company, its operations and current customers. He believes that once potential customers decide to pay a visit to the supplier they have already gone through references and examined the company as best they can without taking contact. If this is correct it implies that customers make some sort of pre-evaluation before they decide to visit a potential subcontractor. Once you get a visit you have already come part of the way.

In Neo’s case this description appears accurate since evaluation begins already when a company contacts Neo (or is spotted by Neo). During the discussion it appears that the visits with potential subcontractors can play a rather important part in the evaluation process:

R: …when do you get the feeling that these we can trust….?

PD: …well, it might be that we are looking for something specifically. We might say that we have a problem with certain things and then you can contact a supplier who makes these things, one that you think suits you well. And then we go there and make a first visit and then you also probably make this Evaluation (SEM). ….We have two types of SEMs. One short that the supplier makes itself and one where we go to the company for two days……And if you have checked this out, and ok, this might be a company worth looking at, then we go there, and evaluate. And you see lots when you visit with a subcontractor. In fact, you see lots and lots and lots. And we are lucky to have people who know plenty about processes and production and so on.

Thus, before a visit is made the potential subcontractor fills out an initial SEM indicating interest in being a supplier for Neo. Then a visit is made and not until that appears to be positive the second SEM is conducted. While the SEM indicates a structured and more or less objective evaluation of a company, the
respondents descriptions of what happens before the visits, as well as the expression “trust”, initiate a question about how much personal impressions mean when comparing them with balance sheets and price:

PD: It means a lot. It does. You can .. connect this together, thinking that if you have gone to this subcontractor you probably also have received an offer to start with. Then you think about.. why does the price look like this? And you can relate that to what you see in production…. But you can also connect it and say like this, ‘Well, they are so cheap they don’t have that and that. And they would need that to be able to deliver at all’. And then you can say that, then they are not really at the point where they should be. So I believe you connect these things. The same with quality. You can measure that almost as soon as you step inside what quality they will deliver.

Describing how the process goes when finding and evaluating a new potential subcontractor, the PD points out things important to look at when making a first visit:

PD: You see whether things are properly structured, if it works quality wise. How are management, the manger and the people functioning? Is it clean and in order? All those things you look at.

PD: …I believe buyers at Neo in general are well educated when it comes to these things. They can enter a firm and see that, oh, look here are some boxes, and here they have company A’s products in boxes saying company B. So they have this eye for detail, you know….

R: But then it’s in the end also about a feeling you get when you visit the company, and talk to people, even if there is also some kind of quantitative evaluation on paper?

PD: Yes.

6.3.2 Evaluating a company or a product offer

During the audits in Trinity potential customers meet with several people of the organisation. The CEO is one but when it comes to discussing questions on production, the meeting is extended to production facilities and the personnel handling orders and planning. The representative from production claims that the only contact he has with customers is when they visit the company and take a tour of the production facilities:

GLP: ...but [the CEO] can bring a customer into the workshop and stop for a chat with some guy. That is very important since then the customer too
notices that the CEO has some contact with us, the employees. That is very important.

The purchaser from Neo describes how he always considers the plant from a production perspective and takes into account the way productions are running, how people are moving and how the order in the factory appears to be maintained:

P: Efficiency is what I look at. That there is a nice flow that is running all the time. And that it is clean and proper you know.

One indication of how important this efficiency in production is for Neo is that the company considers and aids in quite immense changes of the subcontractors’ factories. This also points towards the long-term strategy Neo has towards suppliers:

PD: But then we have people who can go in and completely change the process, the whole layout of a factory. It has happened.

This could be interpreted as if the impressions of the company play an important role in the evaluation of the supplier. However, what is primarily considered by the respondents is the visitors’ abilities to see potential deficiencies and potential improvements in the production environment or management systems. This means that a company’s current production abilities are not always the primary hindrance for the choice or its enforcer. Rather, it seems Neo considers a more holistic view of the company, e.g. its abilities or attitudes towards development and its management structure. Further support for this can be taken from the PD’s answer when asked whether selection is a question of choosing a company or merely a product:

PD: It depends on what kind of product it is. For components I believe we often choose the product. However, when considering things like Trinity makes, then we choose the companies. You know, there is an unlimited number of Trinitys, so then it is better to choose a company that we know is ok. They understand our requirements and what we want, and we know what they can do…

The respondents in Apoc were also asked if they choose the product or the company when signing a contract with a subcontractor. Their answers support the notion that the company per se is of interest.

PC: The company. And you have all these parts about quality systems and machines and capacity and occupation status and, well…

AD: Well, competencies on the whole, to be able to see possibilities in what you get…
Trinity & friends

It appears that the respondents are quite in agreement and their descriptions indicate that the total picture of a company makes a difference. Still, the behaviour of one individual might alter this impression. One of the aspects that seem important for Apoc in choosing a subcontractor, and also for continued co-operation is that the subcontractor is perceived as a company that strives to develop:

AD: I have to say, the answer is simple. A company who joins the development and make investments, that company is on the market. Then, of course you can make mistakes and invest yourself to death. But in general, if you don’t invest you are not in… During the last ten years we have basically changed all machines.

This indicates that to be considered by Apoc and Neo it is not enough for a supplier to plan ahead and think about changes and development. Instead it seems a supplier should clarify its ideas and display what attitudes and potential the company possesses. Concurring with this broader idea of what is evaluated, the PD in Neo mentions employees’ working conditions and education:

PD: Yes everything, from the CEO to the person doing the cleaning up.

In line with the above the PD of Neo stresses that there are some aspects a subcontractor must fulfill to be considered. These include quality, time and security. The interview describes how different kinds of evaluation can be applied depending on the degree of safety required from a product:

PD: Well, there are some criteria you have to fulfil, you know, and those are quality, time and safety. Those are our three main things that really matter.

Still, when discussing that subcontractors often stress quality and price as the main aspects of sales, the PD concludes:

PD: But I think, many times, the suppliers experience it that way. They don’t understand that when we are there to look we also look at completely different things…

While the supplier audits are described as taking quite a holistic approach to the subcontractor, the respondents from Trinity emphasise aspects they perceive as playing especially crucial roles in the customers’ evaluations. There is great similarity among the respondents as to which these factors are. According to the CEO, it is almost a necessity and certainly a requirement from customers that you deliver on time and that you deliver top quality:

CEO: Yes, what is important today is that you can keep a good service level. And by service I mean delivery on time, delivery of satisfactory quality. Today it almost goes without saying that quality should be 100 percent. And that
Although focused on production-related factors the CEO includes some softer factors in this assessment of what is valuable to the customer, e.g. be responsive and quick in case of a problem, and sensitive to customer requests. However, as all respondents perceive these issues to be extremely important, delivery times and swift response appear to be crucial factors in general. The explanation for this appears to be that Trinity’s customers often run their operations according to *Just in Time* philosophy, where a minimum of stock is kept. If these customers do not receive their parts on time, they face the risk of being forced to stop production. Hence delivery precision is perceived as a central evaluation factor in Trinity.

Price is another factor which is perceived by a few respondents as having great influence on customers’ evaluations in Trinity’s market. The PM expresses a belief that price is the primary factor in evaluating a supplier among other equal actors. The SM who has both an initial and continuous contact with most customers likewise emphasises price as an important factor among the automotive industry customers. However, in contrast to other respondents he explains how the technical competence in a company might help customers manufacture more efficient products that in the end might decrease its costs. In such a case, he argues, price is not a very good factor for evaluation. His perception of what is most important to the customers is that there is a continuous service focus and that information is update towards customers - a view which the CEO seems to share. This also goes well along with the thinking displayed in Neo where supplier development is in focus and the choice is not primarily about a low price but an overall situation and people evaluation. Still, this does not mean that low prices are not considered important by the customers. The point here is that price does not appear to be a main issue when Neo and Apoc try to find suitable subcontractors.

In the decision to choose a particular subcontractor in a group of applicants for a certain contract in Apoc, it seems some aspects are more highlighted than others in the assessment. The size of the subcontractor is deemed important as it implies the size of the order a supplier can master. A similar aspect deciding whether a particular subcontractor is of interest for a certain contract is the number and kinds of machines it has and, finally, the AD suggests that some kind of industrial knowledge can be of importance, i.e. that some subcontractors for some reason have become specialized in one type of products indicating they are simply able to provide a better service and product than the others. These three aspects (size, machines and special knowledge) are all of the kind which suggests an impact on the final piece of goods and also that Apoc quite easily can separate between the ones who possibly can handle a job and those who cannot:
When using the services of Legofakta, Apoc gets a list of companies to consider:

PC: …Then, in time, during a month or so, you go to visit those you find [of interest] to see what kind of company it is, before you take the next contact so to speak….

This means that after being given a name, Apoc makes an initial visit to the company just to check it out. If, following the visit by the PC, the company is still considered interesting further investigation may follow:

PC: Well, then it might be that I go there myself the first time. Then I might bring my boss for the second visit. By the third visit I bring some of our technicians who can see, because we might have a product that I think is suitable, but I don’t decide that myself. So, perhaps AD and I go to this company and when we leave perhaps he is quite in agreement with me. And then we take them to [the city Apoc is situated in] and show what Apoc is about and then we make an agreement and decide we will make a test of some products in that factory.

These statements clearly point out that the company and its abilities rather than a singled-out product characteristic is considered in situations where the aim is to find subcontractors to handle more than one contract and not primarily to weigh one supplier against another. Thus, a single product offer and its price are not in primary focus when it comes to valuating the potential of a new subcontractor.

When discussing whether the visits are really necessary for Apoc’s choice of subcontractor and if they could not make the evaluation based on written information and figures, the respondents suggest that personal meetings are very important and that these must be made also with other members of a subcontractor than simply the CEO:

R: But then it is important that you go in the production areas as well when making these [evaluations]…

PC: Yes, of course.

AD: I guess that’s where it’s decided, when we go into the workshop looking at reality sort of. As little administration and theory as possible and as much practice as possible. The theory comes in anyway.
R: Yes, I thought that these faults, ppm or what ever you call it, they are always available on paper so one thinks there must be something else, one could imagine that it’s about, you mentioned a feeling of safety..?

AD: Yes, a feeling of service, to experience that you get a good service. That includes a lot of service.

In relation to this the PC of Apoc stresses that while appearances can be overlooked, it is important to consider issues of employee behaviour:

PC: Not the way they look or how they are dressed. No. But how it looks around the machines and how it looks on the floor and such things. That can be important yes.

This also points to the difficulty in distinguishing between the impressions one gets regarding the individuals and the company since behaviour is part of a professional meeting where the individual represents a company. The AD clarifies this point:

AD: ...It kind of usually reflects how you [as a company] are in your general behaviour. If you have decent order concerning tidiness, usually also other things are done in order. But if you have no order anywhere it’s not likely that the company in general …

The AD notes that during the visits there are some quality evaluations made which follow a certain format. He mentions how companies based on these quality management reviews can be divided into different segments. One company might qualify to manufacture only a certain product since Apoc is not quite satisfied with some parts, while another company might generally provide more trust indicating it is perhaps suitable for partnership. One part of gaining trust appears to rely on what customers the subcontractor has had before:

PC: ...If they can present their five largest customers and I feel that this is the same customer segments that we work with, you know, then you’re like, okey, then you have gotten somewhere so to speak. If they can’t point at any special customers, ’...we had two contracts for Volvo last year and then they have not been in touch’. Then you might start wondering…

This reasoning indicates that the trustworthiness of a subcontractor, based on the history, can also be of importance for Apoc’s choice. On the evaluation of quality, it turns out these are not made until Apoc is quite interested in the company:

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*Sve: “kommit en bit på vägen”*
Trinity & friends

AD: I guess that is when we are considering to use them. You feel that in general it is so interesting that…

This suggests that prior to that point Apoc’s interest has mainly been based on personal feelings about the company:

AD: No..., I believe there must be something, you have to check that..., well, yes, during the first contacts it can be a personal feeling that you experience that this sounds interesting. But then you must more practically…

PC: …work your way forward…

AD: Yes, sort of check, that there are basic conditions for them to do at least something like what we want. So, it very quickly turns to concrete possibilities, you know.

Hence, in evaluating the potential of a subcontractor to become a partner for Apoc there is first a basic assessment of what the company can manufacture and then the respondents suggest the process continues to soon cover other concrete measures. However, in Apoc’s case there is apparently a long process before a company is signed on as a partner and there are several visits to the company. Contrary to the process in Neo though, there is no formal, quantitative evaluation before at least one visit is made. Instead, this structured evaluation comes into play only when Apoc has reached a point of evaluation where it is seriously interested in the subcontractor.

In relation to the indication of long-term commitment and also, perhaps foremost, focus on continuous development, it is worth mentioning that the numerous visits, which apparently take place before a subcontractor is chosen, are not just a sign of an initial evaluation. All Apoc’s subcontractors are continuously visited also after contracts have been signed. Trinity, for example, is visited once every ten weeks. During these visits the PC makes sure to note that he does not only interact with the CEO of the company but considers it of great importance that he also meets with other persons, persons who know about different types of problems that may occur between the subcontractor and Apoc.

6.4 Selection

Although some types of selection can arguably be recognized also in the above sections, the phase denoted here as Selection refers to the customer’s ultimate choice of one subcontractor.
6.4.1 What finally matters

Once a shortlist has been identified for a certain contract there are still several companies left to choose from. In Apoc this indicates that the basic requirements concerning production ability have been considered and the evaluation then comes down to another type of assessment. The types of characteristics considered have less obvious impact on the subcontractors’ abilities to manufacture a part of high quality:

PC: Then we come to competences within the company and also administrative competencies.

The PC describes how a choice between two subcontractors might be affected by the fact that one party can supply Apoc with the complete product to be delivered to the customer (including additional parts, e.g. glass details or wheels) while another subcontractor only delivers the basic product (without additional parts/details):

PC: …they relieve the pressure on our technicians and sellers… They have found a niche you know, and then you choose that one.

He describes that when two companies are equal in terms of how a product can be delivered, the only difference might be at what time they are able to deliver. If the demand from a customer is to have an offer within a limited time, the choice of subcontractor can come down to who is able to quickly present an estimate on the contract. At this point the AD makes an addition since he considers price so far has gotten too little attention in our discussion:

AD: That’s in a case where you estimate they are quite similar… Because, we can never get away from the fact that it is important to keep track of price. One always claims that price is not a decisive aspect, but it can’t become….

The AD indicates that when offers are delivered from the considered suppliers on a short-list, price can indeed play a decisive role. The PC adds that the price is an important aspect in the sense that Apoc also has to make a profit on the difference between what a subcontractor charges and what Apoc can charge in turn towards its customers, indicating a limit to the prices Apoc can accept.

PC: Here it’s about finding the market price. What, how much can you charge for this, what is the highest and lowest price. Because we have pressure on us, we are also supposed to make money, you know.

In Neo’s case it appears that price is very seldom the ultimate issue for deciding who can get a contract when it comes to the type of suppliers Trinity represents. As P suggests below, the process of admitting a supplier into a
Trinity & friends

certain supplier segment is too rigid and complex to let price be the reason to disregard an offer directly, especially if the supplier is new to Neo:

P: No, you should talk to them. You can’t just call and say, ‘You’re not interesting because you are too expensive, 25 percent more expensive, boom’ (pretends to lay down the telephone). You just don’t do that. You might ask why? How have they come to that price? Explain it…. I think that, if you have gone through this whole process for a new supplier, they have finished the SEM and we believe they can do the stuff, we have looked at their production and it looks very good…. And then the price is too high or way too low or something, then you talk to them again.

In relation to the price discussion, the added values of a purchase are mentioned and it turns out:

PC: Apoc doesn’t just want to sell profiles but we try to sell the soft values. That we have nice technicians, nice sales people, men and women who visit with our customers, creating a dialogue. That you meet and go to an ice-hockey game or whatever it might be.

This quote is about how Apoc needs to mind the “softer values” when dealing with their customers. When considering whether these soft aspects are also important for Apoc’s selection of subcontractors, both respondents seem to agree that they are. However, the AD ascertains that it is very hard to identify when these so called soft aspects appear or become important:

AD: Well, these soft values are much about a feeling for service. That you feel welcome and cared for, that you [as a supplier] have some empathy. And one can never say that now, now this matters…. It is something that is present all the way…

As an example the PC describes a previous incident where one of two similar suppliers was favoured based on an overall impression although one party was an internal manufacturing unit in Apoc and both production processes and price were equal:

PC: …and they were pretty similar… neither how they were producing nor the financial parts differed, but we felt that, sort of, they [the internal workshop in Apoc] were not on track, they were not hungry. We sort of didn’t get back what we gave them. But the subcontractor, they were in our lap and tried to affect the process so to speak. Then we told our bosses that we wanted to choose, that we didn’t want to produce here, and we had to argue, and then, ‘Ok, let’s make it that way’.
All in all, the choice process among currently known subcontractors seemingly first comes down to aspects that set limits for production. Once these have been considered and the suppliers offer similar prices also impressions based on the company’s or the individuals’ behaviour can have an impact. In correspondence with the above discussion about what basic requirements buyers have on subcontractors, the respondents in Trinity were asked why Trinity’s customers choose them instead of other, equal actors:

CEO: Well because we serve them well. We are easy to communicate with and we always do our best to solve problems that appear. That’s one thing. The other is that we have contracts that run for several years including price reductions each year. Price reductions! And in return, from Volvo, they have been faithful to us and we have had the chance to leave offers on each job in this segment that they have chosen to work with us.

GLP: Fast delivery, precision, the right number and everything. That’s how I want to be treated myself by any customer.

Confronted with the idea that most competitors probably focus on those same factors, the GLP emphasises that Trinity’s customers are satisfied with the fact that even though there might be a problem it always works out in the end. In spite of great costs, Trinity might choose to send an item by taxi or the like to solve a problem since the company does not want to lose the customer.

The PM appears to be quite price-focused even though he believes that price sensitiveness will diminish if you are somehow able to add value to the customer’s product:

PM: We are a number of manufacturers in Sweden, we are not many who do what we do, you know. And everyone can be part of calculating those jobs there are for Volvo. But in that stage it is the one who is cheapest that gets it. Then, what can have an affect, it is if you also have the possibility of helping in the development of parts.

The SM sticks to the previous focus on product delivery:

SM: That’s very hard to say. I believe we have pretty short lead times and I think that gives us some sales. It’s not always price that is determining, perhaps. It can often be the lead time then. That you bring out a detail faster than someone else...

During the last decade the organisation in Trinity has undergone changes in order to handle the requests of large customers. One outcome of the pressure to deliver on time and on short notice is that production personnel have become flexible and are not hesitant to working extra hours in the evenings. However, coping with requests for short lead times and high quality is costly and as a
result Trinity has somehow entered a niche segment of the market indicating that all customers have to pay for requirements instigated by the automotive industry. In other words, Trinity cannot offer the lowest prices and thereby automatically scare off some customers. As the production manager said:

**PM:** *We can’t manufacture bed legs or the like.*

Another aspect mentioned in this conversation is the fact that Trinity might create a certain aura around the company simply by being a subcontractor for the automotive industry. It appears it is well known that car and truck manufacturers generally are extremely particular about quality and precision. Thus, by being able to show that you currently supply these companies with components you might gain in credibility and quality reputation. In other words, some customers might consider or choose Trinity due to its being a subcontractor to the automotive industry, which Neo’s PD has already pointed out.

Asking why Neo chose to work with Trinity in the first place, Neo’s respondents were swift to suggest that it was about personal relationships and a matter of convenience as the buyers visited many suppliers in a quite narrow geographical area. The current requirement on a certain size was not used during the 1970’s. The P suggests that in “the good old days” people helped each other in another way, recommending other suppliers and so on, the thing that might have had an impact on the choice of some subcontractors:

**PD:** *It was probably some manager who new another manager.*

It appears that the choice of Trinity might have had little to do with the offer and more with the buyers’ routes and personal relationships. As noted, however, the process of evaluating subcontractors has developed and Neo’s requirements are today excessive. The PD even stresses that the change is grave and that it is not possible to choose subcontractors in the same way as during the time Trinity was first employed by Neo:

**PD:** *It’s like, you can’t choose a supplier in that way anymore. It is not possible.*

The P describes how, when he started to work at Neo, there used to be another type of relationships and a less stressful environment in the contacts between the subcontractors and Neo. He agrees with the PD:

**P:** *No, no, it is not possible.*

**R:** *Why is it not possible?*

**PD:** *Because, primarily you have a production that is much, much bigger than it was back then. You can imagine… producing 100 cars a day where*
each part should look identical. It is an amazing process behind in order to make those parts look exactly the same.... So, all this indicates a very sophisticated construction, a certain type of thinking behind everything. You have to have suppliers who really understand this, who can be part of the construction work and have an impact, and then have this process in their production so that each step of the process is 100 percent secure. It cannot fail anywhere! And then you cannot choose any Tom, Dick or Harry. It is not possible...

This makes one wonder how come Trinity is still one of the subcontractors at a time Neo has cut down on subcontractors and especially the smaller ones. This, coupled with a statement by the P, suggests that smallness might be a problem for a subcontractor to be able to cope with the requirements. But it seems Trinity is perhaps better off as it has been acquired by a larger, financially robust company:

P: Yes, they have [been acquired] and they have always kept up, and then you don’t have any complaints. They have always adapted. If they hadn’t they wouldn’t have been where they are today you know.

Hence, one of the reasons for Trinity’s success in remaining a subcontractor appears to be the fact that the company has been willing to adapt to the Neo’s changing requirements throughout the years. And today Trinity is backed by a larger company which has indicated a willingness to raise money if there is a need for further development.

6.4.2 Relationships and people

In previous sections measurable functional and financial factors like price and timing were given much emphasis as evaluation variables by the subcontractors. Nevertheless, the respondents have indicated how important personal relationships are for the sales process. Although personal relations are emphasised in some industrial marketing literature as being important for business, the idea of their influencing buying behaviour could be considered as quite the opposite from the traditionally considered rational factors. One obvious example of this change in focus is the PM who stresses that price is the prime factor in the choice between suppliers' estimates. When personal relations are mentioned, he willingly describes the importance of relationships between sales managers and customers as crucial and the outcome of his reasoning is that you might actually get a job even tough you are not the cheapest alternative. Another suggested benefit from close relations is that you develop a system for

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1 In Swedish: "..Kleti och Pleti.."
2 In Swedish: "..hängt med.."
favours between the involved actors. This could result in a customer’s letting Trinity know that the charge is too high and therefore risk losing a contract in a pitch:

R: Are they [personal relationships] important from your point of view? Do you think you can win something by having strong connections to the buyers?

CEO: Yes I do. I definitely do. We gain from it. That’s exactly what it’s about, to create a relationship which makes, which makes it comfortable to ask Trinity. Then again, we don’t ‘get’ any contracts but, all contracts we gain in competition with others...

R: …but it doesn’t mean that they buy at a higher price because of a personal relation?

CEO: …It might happen

R: It might happen…?

CEO: But it’s probably not usual.

R: It’s rather that you get a hint?

CEO: You get tips and stuff.

Similar attitudes, towards the importance of functioning personal relationships, are apparent in Neo:

P: We have had many companies that have changed managers and it has not worked. Neo then has sometimes required that if you want to continue you need to change managers….. Because that is definitely one of the most important things, that it works between the parties… both are dependent on each other.

Also the PD is quite determined when considering the importance of personal relations with subcontractors:

PD: …Returning to this about relationships, it is really important. Because it’s like this, we don’t experience this as a customer-supplier relation really, because we are so dependent on each other. We cannot get by without our suppliers, and I mean if we have to stop our production for a day it costs millions of millions. It costs so much money that we cannot postpone it for half an hour even. So, that’s why the relationship, the personal relation, it’s really important that it works.
The importance of relationships between parties can be seen as a sign of more or less holistic approaches to the selection of suppliers. The fact that one person's behaviour or ability to co-operate might have an impact on the selection process suggests it is less holistic (since he/she is simply one person among many in an organisation). On the other hand, the fact that people and their behaviour are taken into account at all suggests that the evaluation in fact is quite comprehensive and that it stretches beyond estimates on price and quality. In relation to the perceived importance of personal relations, the discussion about the importance of first meetings with a subcontractor can also be mentioned:

P: That is one of the most important things, at least that's what I think. Then (at first meeting) you should talk about exactly how things should be handled in the future…and since I have been involved with starting dealing with new suppliers like this…it felt good at once. When they placed the papers on the table, showed us their calculations and everything, it was, you get confidence you know. But, there are some who, you feel that they are trying to deceive and fool you and such. But, there you feel kind of, ‘Come in here and look, get around, let's go through the processes’, and they are open and honest. That gives a lot. But of course that's always the case.

Also the PD admits that the choice of subcontractor is indeed affected by the impressions and feelings a person gets from meeting with people in a company. In Trinity only the sales manager is reluctant to place too much emphasis on personal relationships and their importance for sales. Instead of looking on particular individuals' relation to each other, he brings forward a company's relationship with its customers and like before he focuses on the general service level and the capacity to give rapid and good information to keep the customers alert. However, he still emphasises the importance of a dialogue between buyer and seller (e.g. to be able to notify late deliveries) but does not see why a single, specific person should be the key to a deal. In contrast to this opinion it is acknowledged that some buying companies exchange the person in charge of contacts at regular intervals in order to avoid strong personal ties. Apparently there is some fear for personal relationships sidestepping factors like price and other product-related aspects which these customers have rather focused on during evaluation and selection. Trinity's CEO thought about this:

CEO: …We are all a bit lazy and it is easy to ask someone if you know they can manage and that you get your things on time. Then you overlook that you know, because you know it works and then you buy from them.

The above statement implies that the respondents regard relationships as one alternative of what can affect a customer. Even though none of the respondents clearly state that business deals are a consequence of personal relations, they refer to these as having the potential to influence a decision. All in all, the
examples given of benefits related to personal relationships are quite operational, day-to-day issues. For example, if Trinity’s production and planning functions cannot meet a deadline they contact the customer and ask for prolonged delivery times. If they are not too late in communicating this delay there is generally no problem as the customer then has time to reorganise production according to the actual delivery. Thus, the social effects of relationships do not appear in focus but the respondents mainly discuss the relationship factor as something that makes business exchange easier.

6.5 Findings on corporate brand image in the Trinity study

In official documents it is suggested that the reasons for Trinity’s success in the aspired large customer segment is its zero faults, total precision of delivery, competitive prices, good competencies and also an environmental emphasis. “These factors make us a world class subcontractor”, claims Trinity’s homepage (2002-04-18). “These factors” appear to focus on Trinity’s offer, that is, to manufacture parts and deliver them according to customers’ specifications. Similarly, the respondents in Trinity also pay great attention to quality, price and, primarily, precision of deliveries when describing what customers evaluate and think of as crucial for selecting suppliers. However, when assessing the CEO’s statements contrary ideas also surface. Although the CEO mentions quality and delivery as main issues, he primarily pays attention to Trinity’s ability to be a partner that is service-minded and easy to deal and communicate with. In short it seems these suggestions can be seen as two sides of the same coin, namely the coin of supplier evaluation. Both sides are important, but not necessarily for the same reasons.

With regards to the customers’ stories about finding and selecting subcontractors, it is quite clear that it is possible to separate two stages of selection and thus also two levels where a subcontractor can potentially be successful. Apparently, both Neo and Apoc have a portfolio of suppliers that they continuously use. The first level of selection then can be seen as being identified and also recognised as a subcontractor that suits this customer portfolio for a certain type of products. The second level of selection relates to the customers’ continuous work where selection is made among the approved subcontractors in this portfolio. That is, the decisions related to which subcontractors are asked to leave an estimate and who will eventually get a contract.

On the first level of selection both Neo and Apoc mainly rely on the subcontractors to be active in some way. The actions primarily considered a possible way to contact the buyers are to directly approach them, take part in a
web-based supplier community, and participate in trade fairs. Then again, simply being available does not automatically lead to recognition or interest.

It is apparent that corporate brand image does not play the same role throughout the process, neither in Neo nor in Apoc. For example, since Neo uses SEM-protocols as a type of initial threshold, it seems corporate brand image has little to do with the initial phase of becoming a supplier for Neo in the case a supplier is the active party in making contact. Similarly, if Apoc uses the Legofakta service, the first part of scanning the market to identify a manageable number of suppliers is not guided by impressions. Rather, the SEM and Legofakat could be seen as serving the customers with lists of possible suppliers without them actually making an active choice. Under these circumstances the selection and evaluation only begins after a subcontractor company has appeared on these lists (either it has passed the first SEM in Neo, or it has been listed by Legofakta for Apoc). In the primary phases of this evaluation it is also possible to note that resource-related factors rather than the ideas about the company (corporate image) play an important part. Similarly, when gaining interest in a supplier during a trade fair, it seems the customers are mainly concerned with what products are displayed in the booth. If the products are similar to what Neo or Apoc are looking for, they might approach the booth. It could be argued that this partly relates to corporate image since the products on display are used to form an idea about the company’s competence. However, it also indicates that the customer makes a decision primarily based on an identified product rather than a feeling about a company.

Once a subcontractor has managed to be noticed by a customer, the subcontractors’ likelihood to also be considered potential suppliers depends on what factors a buyer takes into account. Gadde and Håkansson’s (1993) idea about different types of information suggest that technical information is important during initial phases. While looking for new suppliers both Neo and Apoc appear to mainly begin by considering technically specified data like machine equipment, size and so forth. However, as noted by the authors this information does not reveal everything about a supplier, which is also corroborated by the stories presented in Neo and Apoc. As a consequence, the buyers’ stories point towards a tendency to include a wider set of information, which is somewhat hard to classify, according to the three types of information specified above. The study shows that the impact of corporate brand image can be boost once a supplier has successfully been qualified through a SEM or has been suggested through Legofakta.

When a first contact is taken, the discussions show that impressions can play a crucial role for the continued evaluation. In Neo, individual impressions seem very important during the primary visits when a decision has not yet been made to conduct the longer and more in-depth audit (SEM no. 2). In general the audits appear to play an important role for both customers in this situation. They reflect what factors are considered important during this level of selection and suggest a focus that is much wider than technical information or product-
related factors such as price, quality and precision of delivery. Those factors basically could be audited through written reports and statistics and if they were the only important issues for evaluation and choice of supplier, the customer would hardly need to make a face-to-face visit to the company. The visits instead indicate that customers want to get a more holistic view of the company and, as Neo’s PD suggests, “get a feeling for” the supplier. Both Apoc and Neo’s respondents point out that walking through the company to get a look at the production facilities as well as meeting with people other than the CEO are important parts of these visits. It is possible, however, to make a connection between this thorough company assessment and product delivery since the customers seek to make sure that all processes are functioning in order for them to receive their products on time. Still, this in turn in the end comes down to gaining a certain impression and building some form of trust. One example of this is the emphasis placed on what customers the subcontractors have served before. It appears the customers search for indications of what type of company a subcontractor is in order to be able to form an idea of its potential to fulfil their demands. In summary, corporate images reflecting many parts of a company do seem to play a role when Neo and Apoc go through levels of evaluation to decide if an available subcontractor is suitable for them or not.

On the other hand, accounts from both Neo and Apoc testify that the buyers sometimes gain an interest or contact a supplier without using the intermediary channels, the SEM and Legofakta. In that case a supplier’s corporate brand image or reputation can play a role even before a contact has been made. Examples of these situations are when Neo hears about a supplier through another division and when Apoc is advised by one of its current suppliers to contact a particularly good subcontractor. In these situations the subcontractor’s corporate brand image can be seen as playing different roles. Primarily, the images available among these divisions and other suppliers, who recommend the subcontractor to a potential customer, play an important role. It is only through their positive impressions that Neo and Apoc will be recommended to make contact or at least investigate the subcontractor. This points out that the corporate brand image one beholder or group has, although it is exclusive to them, cannot be considered isolated. Similarly, when Trinity’s CEO suggests that it is important for them to keep a good relationship with the machines supplier, he is considering this same type of potential interaction and image transfer between actors.

On the second level of selection customers approach one or a few subcontractors who are considered interesting for a particular job. In this situation the customers already have approved of the supplier and the evaluation hence does not concern primarily whether the subcontractor is good enough. Instead, the matter concerns whether the supplier suits the contract in question. Apoc’s respondents explain how size, machines and speciality are the main grounds for deciding what suppliers can be considered and once estimates are returned, price is of main interest. Still, looking closer at this, it seems the
selection of what suppliers are possible to use can be affected by corporate image. As Apoc’s AD explains, a choice is often made not to contact some subcontractors even if they are within the right “product segment” since they know it would be pointless to give a certain type of contract to certain suppliers. Thus, some suppliers are left out of the pitch for a contract. What this suggests from a corporate image perspective is that the customers’ image of a subcontractor can play a role also after it has become part of the approved supplier portfolio. If a supplier is considered to be one that only manufactures or can handle a certain type of products or contract sizes, it will only be asked to leave estimates on that particular type of products and contracts.

From several respondents’ statements it seems clear that people matter in the exchange between subcontractors and customers. Perhaps it should then be no surprise that an individual can affect the corporate image a buyer has of a subcontractor and thus also the selection of it. Then again, the idea that a single person is the reason for the so-called professional buyer’s decision to select or not select a supplying company is not in line with the general assumptions we commonly have about the industrial market. Still, when considering that these customers are looking to understand and grasp an overall corporate image when searching for or evaluating a new supplier, and that they actually make selections continuously in many stages of an evaluation (e.g. when noticing a company for the first time at a trade fair or on the Internet, when meeting with sales representatives, when visiting the manufacturing plant, or when receiving an estimate on a request), it is easier to see how one person can sometimes be important. In Neo’s case, for example, the P explains how the impressions gained from a company presentation and the attitude of the people representing it can be crucial for his image and will to proceed with evaluations.

6.5.1 In search of value

The main question for this study is what role the corporate brand image plays for a company like Trinity. The discussion above points at several situations where the images a customer has or gets can affect the discovery, evaluation and/or selection of a subcontractor in Trinity’s market. Furthermore, the stories suggest that the corporate image is built by many factors throughout the company and not always those connected to the products delivered. Then again it is also possible to detect some differences in the way this corporate image affects a supplier’s chances depending on the purchase situation and what is being purchased. The buyers’ accounts suggest that the corporate image can play a more salient role during purchases of customised components or products that are connected with safety and end quality of the buyer’s products. In these situations the respondents report that the company per se, as opposed to only a piece of metal, is what buyers evaluate. Finally, the study implies that corporate image plays different roles when a subcontractor has previously been
While the respondents in Trinity suggest that customers value precision of delivery and price, the recurring theme, primarily in Neo, is that customers first and foremost search for something else. Neo attempts to identify and develop a subcontractors’ potential beyond what is currently at hand, for example, by assessing the background for their estimated prices if they are perceived as too high or low. This shows that deliveries and price, although significant, are not always the decisive factors for why a supplier is regarded as interesting or not. Rather, Neo searches for a supplier’s potential and confidence in a supplier to deliver and have a durable business. Whether a supplier has these characteristics or not is partly determined through the impressions, i.e. the corporate image that the buyers get. In Apoc’s case it seems the estimated price a supplier presents has a larger impact on the choice although the respondents also refer to values such as administrative competencies and relief for Apoc’s technicians.

In summary, the Trinity study supports the idea that corporate branding can be useful for a subcontractor like Trinity. By working to improve the way employees present the company, the way manufacturing sites are kept and monitoring what information is communicated about the company, the chance of customers getting a good feeling about the company are bound to improve as will the chance of being one of the considered suppliers. Likewise, maintaining good relations and a healthy reputation among actors other than customers can be important since different actors interact. However, the above also suggests that customers looking for a subcontractor like Trinity search for companies that fulfil certain practical specifications, e.g. of a certain size with certain machines. This means that although branding in Trinity’s case in some ways appears useful, it seems it cannot play a role that compensates for lack of basic factors that customers consider a prerequisite. Corporate branding then relates to being noticed and being recognised as someone who fits the characteristics of a subcontractor. Being able to communicate trustworthiness and a quality above the level of prerequisites and practical matters becomes the important instrument for gaining a competitive edge through a branding focus.
Chapter 7
Skywalker & friends

The second study focuses on a company called Skywalker and two of its customers, here referred to as Solo and Yoda. Like in the previous study, the following presentation addresses the role subcontractors’ corporate image plays in the processes its customers go through to select a supplier. It explains the on-going processes of search, evaluation, and selection and consequently does not deal specifically with brands or branding. Instead it attempts to understand whether the behaviour of these customers is affected by subcontractor corporate brand images, thereby providing a climate where subcontractor branding is beneficial.

7.1 The companies

The history of Skywalker dates back to the end of the 1960’s when a firm focusing on general subcontracting of moulded plastic parts was founded. In the mid-eighties Skywalker was started through an acquisition of that company and has since specialised in production of injection-moulded plastic containers in different shapes and sizes for the food industry¹. A large part of the production is customised by in-mould-labelling techniques, which means that customers’ pre-printed labels are cast into the sides of the container during the manufacturing process. Skywalker partly differs from the other subcontractors presented in this thesis since its offer includes both subcontracting according to the customers’ demands and a line of ready made products. Skywalker’s customers are both major food producers and smaller actors situated in Sweden and in other European countries. However, in correspondence with the company’s growth also the size of its customers has increased. Furthermore, due to the food industry’s particular demands and the products Skywalker produces, there is apparently a geographical restriction on the company’s competitive ability. According to the company’s CEO, Skywalker can manage competition with actors as far as central Germany. To go further, however, would imply too

¹ Although Skywalker’s products are not included in the buyer’s product it is still part of the offer since food is placed in the containers before it can be sold. Some containers are manufactured according to specified orders and are exclusively used by one actor in the market. Hence the company represents a crucial necessity for the buyer. Skywalker is therefore considered a subcontractor of components in this study.
great transportation costs and a lack of competitive edge indicating that the range of customers is limited.

One year prior to the study a foreign company acquired Skywalker while constructing a business group consisting of three similar manufacturing plants in Europe. The group in total employed approximately 300 people. The business group’s marketing and sales were partly shared but other than that, the factories operated as individual companies. At the time of the study an even larger actor in the industry acquired the group. Skywalker is today a subsidiary in one of the largest manufacturers on the market, which in total employs more than 2000 persons. The large company has 18 production facilities and sales offices in 17 European countries and one office in the US. In this study the entity of the original Skywalker is in focus although the impact of the new owner is taken into account\(^2\). At the time of the study Skywalker had 110 employees and a turnover of SEK 235 million. The information here has been obtained from the following respondents in Skywalker:\(^3\):

<table>
<thead>
<tr>
<th><strong>Table 7-1: Information about the respondents in Skywalker.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The CEO (CEO Sky)</strong></td>
</tr>
<tr>
<td><strong>Areas Sales Manager Sweden and Finland (ASM)</strong></td>
</tr>
</tbody>
</table>

Solo, the first buyer included in this study, is a Swedish company in the food industry. The company is one of several subsidiaries in a family-owned firm with heritage from the 16th century, currently managed by the 13th generation. Solo was founded roughly 40 years ago. At the time of the study Solo had an approximate 25 percent share of the restaurant market and 8 percent of the private consumer market. Its turnover was roughly SEK 200 Million and the number of employees slightly below 100\(^4\). Solo has used Skywalker as supplier of different types of plastic containers for approximately 25 years. The respondents from Solo in the study are:

\(^2\) The different company structures will be denoted as follows: *Skywalker* = the original company and the company as part of the business group acquiring Skywalker in 2001. The *Large Acquiring Company* = the major actor who acquired the first business group during the study.

\(^3\) The abbreviations in brackets are used to refer to each respondent in the forthcoming text.

\(^4\) Since the study was conducted both market share and turnover has increased. The turnover in 2004 amounted to SEK 230 million (information added by CEO in December 2004).
Table 7-2: Information about the respondents in Solo.

<table>
<thead>
<tr>
<th>The CEO (CEO Solo)</th>
<th>Has been the CEO of Solo for approximately 25 years and is also the CEO of the overall company. Daily duties cover monitoring the organisation as a whole, work with contracts and being part of crediting/accepting new suppliers.</th>
<th>Personal communication, 28 February 2003, Interview 1h 15 min</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production and purchasing manager (PPM)</td>
<td>Has been employed in the company for 11 years. Daily duties include managing production and purchasing for production. He is normally the person finding new or current suppliers for a certain purchase.</td>
<td>Personal communication, 15 April, 2003, Telephone interview 45 min.</td>
</tr>
</tbody>
</table>

Yoda, the second buyer in this study, is also a Swedish company in the food industry. Started by a single entrepreneur as a small scale business, the company has been operating for approximately 60 years. At the time of the study, his family still occupied the company’s top management positions. Yoda had approximately 15 percent of the total Swedish market within its food segment, the approximate turnover was SEK 265 Million and the number of employees was 125. The respondents from Yoda in the study are:

Table 7-3: Information about the respondents in Yoda.

<table>
<thead>
<tr>
<th>Purchasing manager (PM):</th>
<th>Has contact with and finds suppliers and is responsible for production planning and some purchasing.</th>
<th>Personal communication, 25 February, 2003, Interview 1h 15 min + tour of factory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager of research and development and environmental planning (RDM):</td>
<td>Functions as quality manager in Yoda and takes part in product development. Decides which suppliers can be used for ingredients and works on establishing formal purchasing processes in the company.</td>
<td>Personal communication, 25 February, 2003, Interview 1h</td>
</tr>
</tbody>
</table>

7.2 Search

The search phase refers to how a customer looks for a subcontractor. This includes discussions on what actions are taken to find potential suppliers, which communication channels and what types of information are used.
7.2.1 Who does what?

Since the involvement of the first business group, the sales process in Skywalker is not mainly handled through the individual factory locations. Instead the idea is to direct customer contacts through a central sales function. In each country where the business group is active at least one sales person is located to take care of new business deals and customer relations. However, according to the CEO, customers still contact Skywalker directly, for example, when their concerns are related to deliveries, quality and other similar issues. The description by Yoda’s purchasing manager of a continuous contact supports this:

PM: …we use their products more or less every day in production. This means that we have contacts more or less several times a week. Okay, a lot of these are conducted via e-mail and fax, but sure there are conversations, you talk to each other…

Customer size is quite important for Skywalker as it chooses what companies are potential customers. As approximately 50 percent of all deals involve investments in product development and new tools for Skywalker, the deal must be of a certain size to be worthwhile. The ASM explains how the company has tried to steer operations towards a bit larger customers since, he claims, Skywalker is not good at small deliveries. He further reports that the company has been able to keep its old customers and anticipate to gain still more ones as the work continues and the new organisation transforms into one functioning unit. The fact that customer size matters to the Skywalker respondents is one indication of the company’s activity in trying to find and gain customers. The Large Acquiring Company’s area sales managers are active in different parts of Europe and these sellers pay visits to both present and potential customers according to a list. However, the ASM at Skywalker points out that his job is not about travelling in sales every day. He says that neither Skywalker nor the customers appreciate too many visits. These visits are in part made to show new product ideas and what possibilities Skywalker can offer.

When Yoda’s PM attempts to describe the purchasing process, he uses an example:

PM: The ideas most often come from our marketing department, if you consider a new product. …We want a new package for ½ litre’, and then we look for that. What containers are there on the market? What do our suppliers have? Are we satisfied with those available? Do we want the same one, should we have a copy or should we contact a company that can manufacture a new half litre container for us? And then we decided that we should find a new container. Then we contacted the companies we knew about. My goal is that preferably we contact three companies to get some different references, you know. But in this case it turned out that these three companies searched and two of them came up with product developments
that we thought were okay. And then we had a vote here in the company on which one it should be... When you are purchaser and product developer you manage quite a lot. It's somewhat from your own ideas at first since the suppliers' way of entering the company is by talking to us. So it's important that you're attentive to what others in the company want, that you really know what they are looking for. And then, to find these three companies, you are out in the market, you visit trade fairs and you meet with visitors who come here...

This story indicates that while current suppliers are considered, Yoda also might contact companies that are familiar or new companies identified for a specific task. From the latter part of the statement it seems that there is an active search for potential suppliers, e.g. at trade fairs, and also that the visits mentioned by Skywalker can play a role in the choice of suppliers. Further, it also points to the important role one individual (the PM) plays for which suppliers are considered and later evaluated in Yoda.

In Solo's case, the process of introducing a new package can take many forms. However, it seems from both respondents' answers that it is not obvious that Solo searches the market for new actors who might be able to supply it with what it needs. Quite the opposite, if possible it chooses to work with one of about four available and known plastic container suppliers:

CEO (Solo): Either we have an idea that, this is what the package should look like, or we get introduced to an idea. Or you find something down in Germany that you bring home with you, and then it's quite natural that you take that idea to the ones you already know...

On how Solo goes about to find appropriate subcontractors for a new idea, the answer is direct and quite simple.

CEO (Solo): Well, when we go forward with a new idea, if the idea is ours, then we can, then we will ask at two, three or four places you know... And then we will choose the one that is best in quality, price and the criteria we have considered.

From this answer one can assume that Solo always asks the available plastic suppliers and that straightforward criteria are used to judge who has the best deal to offer. A bit further the selection process is clarified:

R*: There are more than three or four who can do it. How do you decide which should actually be asked, who can leave you a proposal?

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1 When direct quotes from interviews are used R: signifies something the researcher said.
Skywalker & friends

CEO (Solo): Well, that is relationship-bound. The ones you know about you ask and you don’t bother searching for too many new ones, I mean, there are innumerable ones…

He explains how each contact when you have an idea takes several meetings and perhaps even days indicating that you, as a buyer, don’t have the resources to deal with more than three or four potential suppliers (proposals). When asked whether this suggests that Solo mainly uses the same three or four subcontractors for plastic containers all the time, the CEO’s answer is somewhat ambivalent.

CEO (Solo): Yes, basically. There might be some newcomer who surfaces or that you see somewhere, but basically it is the same. We are very loyal to the suppliers we have. If it works we rather don’t change, you know. Skywalker works well. We have a good relation and we know, the stock is important to us, that we get the packaging when we order it and not the following week. If they have promised us Friday morning it can’t come on Monday morning because then we might have to stop the second shift here on Friday afternoon and that is not possible. So that relationship must work. So, of course, if we have a supplier in southern Italy it is not very good because then we have to hold the stock ourselves instead and we rather don’t.

This description underlines that Solo preferably sticks to the same suppliers and that there is a continuous search for new potential ones. At the same time it gives some further information about what aspects are important for Solo as it chooses who can be a supplier. The security of deliveries appears to be a big issue for the food manufacturer indicating that the suppliers need to be particularly reliable in this aspect.

At the time of the study Yoda was in the process of developing a system for how suppliers should be evaluated and qualified. The PM admits that he currently works according to a supplier model of his own and describes his situation in a purchase as follows:

PM: Well, when you go out to look for something, partly you have an opinion about what it is that you’re looking for, and we never buy anything without support from the “rest of the people”. If you purchase a carton you check it with production personnel, the one who is responsible for the line gets to speak his mind, the workshop and the production manager is included and the quality manager can say if he requires some kind of certificate… And there is a long chain of things before you change suppliers. And to bring in a new product from a current supplier, that is much easier than to change suppliers. Then the supplier is already approved and it goes much faster.
In relation to this the matter of whether a very low price can make Yoda change suppliers or if low prices can be outweighed by something else is brought forward:

RDM: *On bulk ingredients and such, we might consider changing. When it comes to packaging they are often... you need a tool and then it's about several millions so that is very long-term as I see it, if it's a plastic container...*

PM: *For product development's sake and in order for Yoda to get access to new products it's important that our suppliers feel a certain amount of confidence in us, that we are not only a one-year client. ...They have had these product development costs, we remain loyal until that product is withdrawn...*

The discussion shows that neither ingredients nor packaging are usually changed during a product’s life-cycle and thus the suppliers used for one product are rather safe. However, as the product portfolio changes continuously, there is also some continuous search for new ingredients and package suppliers which is dependent on what product characteristics are introduced by the marketing function.

Just like in Solo’s case Yoda apparently, if possible, tries to take advantage of current suppliers. This is shown by the RDM’s answer to what information sources can be important when searching for new suppliers:

RDM: *On the Internet there are a lot of these summaries of different suppliers... There you can obtain some, but it's seldom you search for something like that directly but you rather go for current suppliers. In the first place.*

The PM suggests that there can be a difference in making contact depending on what is being purchased.

PM: *If we need to find some print-tape, then I can use the yellow pages or some other way and find a supplier for that.*

In this case little or no activity is needed from the seller to be chosen by Yoda since the PM more or less can choose the first one that comes about. However, the PM also mentions that he might take the one he recognizes indicating that having an active communications strategy could be a way to improve chances of success.

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6 In Swedish: “Tryck-tejp” (adhesive tape with the company’s name on it which can, for example, be used to seal and secure boxes)
PM: …you look and, this one I recognize. And when you look through the catalogue, well, these have had an ad in the paper, or these I recognize, then you have this reflex of reflection. …or I have these trade magazines that I can look through to see which are in there…

Then again, in this case the PM is talking about a consumption product not included in Yoda’s and hence the selection and evaluation process might be different. This is further implied in the following statement where RDM explains how a choice of ingredient supplier has to be different:

RDM: For ingredients I could never accept something that hasn’t been here to visit us. Because then you have no relation with them and then you need to build this, and for something that might turn out to be nothing but a suggestion. And I never do that but then you turn to those who have at least shown some interest in us.

Solo’s CEO also points at the development process which takes place between the customer and a selected subcontractor like Skywalker. This can be interpreted as an indication that these customers do not simply search for and select a plastic container but rather a partner to co-operate with.

CEO (Solo): …Previously it was much more common that the supplier came and presented a proposal to us. That has become increasingly rare. Really, they are glad to sell what they have but they don’t do much otherwise but the ideas have to come from us…

CEO (Solo): …it is less about sales promotion and more about taking care of the ideas that we have you know. …And it has a lot to do with the price pressure we also put on our suppliers. Neither can they afford to do too much7, nor do we want them to waste money on something we don’t want…

7.2.2 Marketing communications

When asked about how Skywalker communicates with its audience, both respondents began by talking about trade fairs. While the ASM is quite uncertain about the benefits of participating in trade fairs, the CEO mentions a social dimension represented by the meeting with existing customers and a dimension of exposure related to proving things to other actors in the industry.

CEO (Skyw): My experience of trade fairs is, really it is mostly about showing we are alive and that we are pretty big. We are ‘still going strong’ [expressed in English].

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7 In Swedish: “…de har ju inte råd att hålla på med hur mycket som helst…”
The ASM says something similar when discussing the logic behind trade fairs and why large firms like Skywalker and the business group should take part.

ASM: Perhaps a touch of fear for [people saying] 'What has happened to that company, can't they afford to be at trade fairs anymore?'

Although the ASM never concludes whether trade fairs are worth the amount of money they cost, he finishes of by determining that his opinion is that the social contacts during a trade fair make it a good communication channel. Neither one believes you get new customers from trade fairs but both apparently focus on the trade fair’s potential to maintain an impression of the company.

The CEO in Solo appears to think that the most important type of communication for a potential subcontractor is to be active in visiting customers. However, the following quote further emphasises that even though new suppliers are active the old ones still have a head start.

CEO (Solo): …if you are selling plastic containers to [Solo’s industry], in Sweden there are four major actors and of course they visit all four… …then you might see if they have something very new and unique to offer. But it’s probably not them I would turn to if I have a great idea. Those you most often bring to the ones where you have an established contact, the ones you know. …at least you think it’s safer to go to the old relations. It’s not certain but…it feels the best.

The PPM has an alternative opinion as he answers the question of how you can get in contact with new subcontractors implying that also trade fairs and the Internet can be valuable sources.

PPM: Well, it’s either trade fairs or the Internet. Or that you have..., they are also active on the market, so they come and visit us or… they still come to us and want to sell.

Solo’s CEO explains how physical things like the booth matter if a subcontractor should be successful at a trade fair:

CEO (Solo): Yes it does, primarily if you visit the big trade fairs where you have several thousands of exhibitors. Obviously, you have to do something that makes you stick out so that you [as a visitor] stop. …I like to look at how many containers they have done so far, what it is. Others think it’s funny if there is a motorcycle or a beautiful girl or something in the booth. There are many tricks you know…

R: Is it possible that you get interested thanks to what they have delivered before?
Skywalker & friends

CEO (Solo): Yes, I think so. If they are in, if they can deliver to [the food industry where Solo operates] and that they are not only dealing with e.g. margarine. Because these are two different product types that have different requirements… Everyone in [Solo’s industry] has essentially the same problems and if you [as supplier] know about all those problems we at least don’t have to teach them that.

As a subcontractor of containers it thus seems you can shape your corporate identity to reflect and appeal to a certain type of industry. At least it appears the respondents in Solo are prone to consider the subcontractors’ history and based on this, decide on their suitability. Still, Solo’s CEO does not appear to consider the trade fair to be of great impact in the process of finding new suppliers:

CEO (Solo): I visit a few trade fairs a year and that’s really to confirm to yourself that you are on the right track. That might be the most important thing with trade fairs…

He suggests that besides this check to see if Solo is doing well, there is not much more interest in trade fairs. In contrast, the PPM gives a picture of Solo as a company that continuously keeps track of potential suppliers and trade fairs are suggested an opportunity for doing this:

PPM: If you visit a trade fair or something and see something that is interesting you take information about it with you home… So, sure you have a small supply of current or alternative suppliers, yes.

What this discrepancy depends on is hard to say. It might be simply that the CEO and PPM use trade fairs for different reasons, i.e. the difference in opinions does not make one less credible.

In Yoda’s case visits to trade fairs are made every other year and this goes both for trade fairs that focus on packaging and those that focus on ingredients. According to the PM trade fairs are a lot about forming relationships and getting contact with interesting companies and people. His impression is that the design of a booth has little impact on what interest a company can gain from Yoda. Instead the PM claims he can approach a booth if he sees a product that interests him. Further, the PM suggests a trade fair can be used to learn more about a current supplier, supporting the idea that customers place suppliers in a category which then helps to form the image of a subcontractor:

PM: ...you discover a lot when you are at a trade fair, it has that advantage. You enter a booth, and you visit, it might be a current supplier, then you enter his booth and realize, ‘My God, he’s got this and that and that.’ We might never have discussed that because the supplier didn’t think we had a need for it, so therefore he has never presented those products. It happens, once
Advertising has been very limited in Skywalker and according to the respondents it does not seem the acquiring company has used it to any great extent either. The CEO argues that since most actors know about Skywalker already, the advertising has no impact. Instead he reasons that Skywalker has a pretty well defined customer base and knows who and when to contact if there is a chance of getting an order. However, Skywalker still places the occasional ad in some magazines although it seems it is more of a nice gesture than part of a marketing strategy:

CEO (Skyw): Well, it's more like, some magazine that a supplier distributes asks if we want to be in it. Well, 'I guess we can', an advert for SEK 5 thousand. Just to be seen.

The ASM believes advertising can be used to spread a new offer and indicates that being a familiar company can be important.

ASM: ...as far as I see the company, here in Sweden and Finland that I work with, it is so famous that we should not have to advertise. On the other hand, perhaps a new market that you want to enter, there you might have some lobbying. ... it is easier to sell a product that: 'Well, yes, I recognise that'.

Relating to new subcontractors in Solo’s case, advertising and trade fairs are both discussed to understand what information sources are important.

CEO (Solo): Well, yes, if we are searching for something special... ...the amount of offers in advertising is enormous so, so really I think for me advertising is mostly about confirming that they are still alive. Those you have a lot of contacts with, you don't care whether they advertise, because hopefully, by the time the ad gets out you already know what's happening. It's really about attracting new clients and foremost those that are new in the business and have the time to read...

While the CEO obviously does not consider advertising as a very good option for subcontractors, the PPM seems to use trade journals to a larger extent although he admits that it might not be a very important source:

PPM: Well, I don't know whether it's really important. But it's like you say, if one day you're in a position where you know that you recognise a firm thanks to their heavy advertising, perhaps it is important. But I don't think it's important in general.
Then the PPM returns to the basis of finding subcontractors and emphasises that this process mainly is about contacting current suppliers:

PPM: *I believe, really, primarily you search in the available supplier base. ..You first ask the ones we have today about what they can do.*

If the current subcontractors cannot supply what Solo is searching for, they might recommend another company and apparently Solo is not hesitant to follow that recommendation and contact this other company:

PPM: *...but you can ask if they know about someone who does it and then you might ask them if they have any ideas…*

Nevertheless he also reflects on the Internet and trade fairs as possible sources to find a new supplier and hence also a potential way for a subcontractor to enter the stage. In line with the discussion about whether previous containers can affect the perception of a company, the PPM’s statement suggests that the actual products are important for the exhibitor at a trade fair since they help the visitor separate between interesting and less interesting actors:

PPM: *...It’s a lot about whether it is something you find interesting, or exciting shapes or…, you see someone who is good at something. It is a lot about what they display at the trade fair…*

His statements about the Internet indicate that it is not only used as a check-up instrument once a potential subcontractor has been found, but rather that the Internet is used for general searches to scan the market for potential suppliers. From this, one might conclude that having an informative homepage can be quite important as it would in this case be the first direct interaction the buyer has with the subcontractor:

PPM: *Well, it’s more like you search the Internet and search for plastic containers or whatever it is you’re looking for. And then a certain number of hits show up and then you can check what kind of homepage they have and where they come from and what policy they have and such.*

In Yoda the PM appears somewhat less reluctant than the RDM to consider sources like magazines when searching or remaining open for new suppliers:

PM: *Mostly, you consider known facts. But then I believe, when you get trade magazines, you read and look through them, you skim it to see if there is something interesting.*

The PM and the RDM have different opinions regarding whether companies that aspire to become suppliers for Yoda are wasting their money when advertising:
Skywalker’s ASM explains how communications and sales can differ depending on the recognition a company has in the market. He claims that in the Nordic countries Skywalker is a known name, which means that customers sometimes call the company with a request on their own initiative. In Poland on the other hand, which is a new market for Skywalker, the salesperson has to start at another end when trying to sell:

ASM: …Everybody knows who [the Large Acquiring Company] is and also Skywalker that we were before: Everybody knew who it was. For me it’s a lot about taking care of the customers we have. Make sure they are not lost to competitors…While he [the seller in Poland] has to get out and present himself. What is Skywalker? What do they want to sell? And things like that.

This reasoning indicates that before making sales the market needs some general awareness of the company and not simply about its offer. Once Skywalker gets a customer though, the ASM believes that they do not have to spend much money on maintaining awareness or image as customers do not change suppliers very easily:

ASM: …So it’s quite some work when you sell a product. Then, once they [customers] have bought it and concluded that they want it, then they are getting machines and stuff. They don’t want to change again after two weeks and have another package. They haven’t got the money, or the power either, so to speak. So a lot of the times it’s like, sales at one time and then it is like, well, you might sell them other things later as well. But you know, it is not like ‘Get out and sell!’ You want my jar today and buy from the competitor tomorrow. It’s not much like that.

7.3 Qualification & Evaluation

Qualification and evaluation refer to the customers’ desire to ensure that they focus on appropriate suppliers. Included in this phase are the questions of how and why evaluation is actually made and what matters during qualification and evaluation.

7.3.1 Why and how evaluation?

Yoda has an ambition to obtain ISO 9000 and 14 000 certificates. However, the PM concludes that this is not a formal requirement on Yoda’s suppliers and
PM: No, they don’t need that. It’s like this, [the RDM] and I can visit a supplier and then we can decide to approve that supplier. We go there ourselves and make an audit. And, well, they fulfill our requirements. You know it’s us that place requirements on what we want. They don’t need ISO 9000…

The PM rather emphasises environmental issues as important for their choice of suppliers and also refers to something called a Hapsup, which is an evaluation format used in Yoda related to a supplier’s production quality. Similarly, also Solo’s CEO claims it is not a requirement for suppliers to have particular certificates. However, if an available subcontractor has ISO systems, it is much easier for Solo to judge the company since it also has ISO documentation and hence understands what it means. When asked whether it is strange that suppliers use these internal management tools for communication towards customers, the CEO suggests that certificates can actually communicate things about the company in general:

CEO (Solo): Yes, yes, even if it’s internal it’s, well if you’ve had the strength to get through the system you’ve reached a certain, I mean you don’t do it to be sloppy in your work but you want to, you have a certain order, a certain system for what you do…

Companies in the plastic container industry face competition from similar companies throughout Europe although there appears to be a geographical limit to the competition since it is not possible to keep competitive prices if the containers have to be transported too far. According to Skywalker’s CEO, there are about a handful of active competitors in Scandinavia and about two dozen in Europe that have to be considered:

CEO (Skyw): A lot of competition, a lot of fighting you might say. We fight with all available means. Unfortunately it has been price lately. So we have to be at the top when it comes to precision of delivery and quality, because our competitors are. We also have to have good relations and stand by customers at all times.

After concluding that most actors on Skywalker’s market are aware that quality and precision of delivery is of importance, the CEO elaborates on how that can be the competitive edge:

CEO (Skyw): Well, to exist you need a certain quality. Then you might have a certain, to be even better towards customers you can have very few deviations and very small deviations. It can’t be big faults and they can’t be
frequent. ... Then the next level, after that, is delivery precision. There you must be, you have to reach 95 percent, preferably 98 percent on average. You can miss two out of a hundred deliveries. ... Then the next level... you must have a price which is right on a long-term basis. You can make a lot of money short-term, but the customer will notice and then he will switch suppliers. The fourth level I would say is the relations. You could discuss relations, level three of four...

One indication that the contracted plastic container is not of sole interest to the buyer is revealed when the CEO explains that the customers care about which plant has manufactured the supplied containers. Although Skywalker had been part of the business group for a year when the study was done, it appears that customers still have certain feelings for “their” factory although the deal is actually made with the business group.

CEO (Skyw): ... the dream is that customers wouldn’t care whether it [products] came from A, B or C [factories] but I guess they don’t always do that. They sort of want, if we have a customer in Norway... he knows our factory, he knows who we are, he wants the things from us. Of course, if we tell him that we will manufacture this in [another country] and deliver it to him, then he also wants to know that factory. But his priority is probably to get it from us. He has probably created an image of which is the best factory.

In relation to this it is interesting to discuss what the buyers actually buy. Do they focus on the product or the supplier? The above quote seems to suggest that the supplier is indeed important since the same plastic jar, at the same price could be delivered by any of the business group’s factories. At first Solo’s CEO states the product as the core but when elaborating on the answer he is not as clear:

CEO (Solo): Yes, yes, yes, naturally it’s a combination, but if I have to rank the two it’s product to 60-70 percent and the company 30-40. If you fulfill the other criteria that is! So that they can deliver and have hygiene and this, you know, but otherwise it’s the product. That’s what we are going to use. And then, who makes our plastic jars is not so damn important as long as it works. They have to follow our requirements, the minimum requirements we have stated of course.

The PPM has the following to say about whether the choice is of a company or product:

PPM: ... You can also think that it’s both, to some extent. Because if you have a good supplier where you know that things work you might, you like to keep it too. And then you might choose that product before another since you know it’s a good supplier. Sure you might do that. Absolutely.
Ultimately, the way you judge whether a subcontractor fulfills the basic requirements so that it can deliver according to your specifications partly depends on how you perceive the company. Thus, this question is more complicated than it might appear at first glance. At the same time, the following statement points out that preference for a certain company stretches further than personal relationships. Reflecting on whether the removal of certain people might affect a supplier’s position, Solo’s PPM says:

**PPM:** Well, sure it’s good to have a personal relationship with them, but that is not what we purchase. We do purchase products.

Similarly, when asked if the first impressions of a person can ruin a supplier’s potential to sell to Yoda, the PM says:

**PM:** No, I have stopped that, this about first impressions. Really I have. I learned that many years ago. You can’t look at that because it’s very hard you know, this with first impressions. It’s really tricky and if you focus on that, perhaps people might say ‘He’s got the wrong tie or wrong hair-do, or she was in that way’. It’s still the company, what kind of products they have that is interesting. It’s not the person.

The PM also suggests that evaluation mainly concerns the company rather than simply the product:

**PM:** You look a lot at what company it is. You, you have to have a company where you can be sure you get your product. That you get it on time, that you know they have a sense of quality. You must look for potential, that they can continue delivering…

In this statement it is clear that reliability is important and also that long-term thinking is part of the choice of supplier. This indicates that a subcontractor should look to communicate that it is going to be around for some time, i.e. generate an image of being stable and persistent.

The PM in Yoda further suggests that he begins evaluation once enough interesting companies are available. When questioned about when and why he considers himself satisfied, the answer shows the difficulties of plainly explaining what makes a subcontractor a good one and how the selection is in fact made:

**PM:** Well… sometimes you feel satisfied. And sometimes when you’re out searching you can feel you’re not really satisfied. Then you continue searching until you find something that you. It’s like this, a purchaser’s role in a company, he is the supplier’s face of the company, and everything that goes wrong from that supplier, the buyer gets hanged, you know. That’s why I need to feel satisfied, content and confident with this supplier. …If I feel
some skepticism but still choose to present a firm, then it must have something unique that I really believe in...

Hence, if the subcontractor does not have a very particular offer, the PM clearly takes a more holistic and seemingly emotional approach to evaluating the supplier’s chances or feasibility to work with Yoda. In trying to further understand what gives this feeling of satisfaction and confidence in a supplier, at first it appears the PM can give no clear answer:

PM: Well it’s probably, I believe it’s a feeling. I probably don’t have a clear answer to that.

Still, he continues:

PM: But it’s a summarized impression you know, that gives you that feeling. Do they have different activity routines in the company? If they are good at that part perhaps you should feel good, but sometimes you can still feel some skepticism. Then it might be that this person does not provide a serious impression. Then the personal issue can be what makes you [hesitate], or it might be that you will become a very small customer…

7.3.2 Impact of reputation

Both respondents in Skywalker explain that some customers make contact thanks to recommendations from other customers. The ASM further suggests that customers often know each other and also what type of packaging the others use. As they talk to each other they get to know how different subcontractors are doing and whether the containers are any good. However, both respondents recognise that this word of mouth also functions in the opposite direction. Maintaining good results on basic product parameters therefore appears to be important:

ASM: …It gets around so to speak. Just as well as badwill will spread if you are not doing well, ‘Ooh, they have huge problems over there, watch out for them’.

When the ASM elaborates on what damage rumours can have on a company in Skywalker’s market, he mentions how the acquiring company has had some trouble with deliveries. Apparently the customers had learnt about these problems and they were not so happy about the change:

ASM: …I know for example when I have been out with these sales people [from the Large Acquiring Company] that they have had problems with capacity and deliveries. So it has not been that easy to come to all places and
say [that we have been acquired by this company]. There is a risk of them [customers] switching suppliers.

His statement suggests that the customers were somewhat cautious at first when realizing that Skywalker was now part of the large concern although they would still, in reality, be dealing with the same manufacturing plant and people. From the statement it is once noticeable that the product alone is not all that can affect a buyer’s attitude towards a subcontractor and thus its chances of becoming a supplier. Related to this it is interesting to investigate what the buyers think about when deciding which of all available subcontractors should be considered and closely scrutinised.

The PM was asked how Yoda chooses among the potential suppliers of a container and whether price is a main factor:

PM: Well, partly you look at what experiences you have. There is an abundance of suppliers, you know. Which are you familiar with? Now, Yoda is such a big company that if a supplier is interesting it has probably been in contact with us at one time or another, so then you have a reference you can call if you are interested. Then you also know some things from your colleagues in the business, how they are perceived…

This mentioning of the perception colleagues have is an indication that Yoda might listen to what others have to say about a supplier:

PM: ... it’s a conception of the supplier, how they perceive them to be quality and delivery-wise and so on. When purchasers meet we never discuss prices actually. We never discuss prices, what price some other supplier has given you and such. I have never experienced that yet. On the other hand you might say that ‘Damn, something has happened in this company, they have made some changes, how do you perceive that? Do you get your deliveries as usual and do you feel safe? ’ That type of questions you might pose to a colleague. But you don’t discuss if this is an expensive or a cheap supplier…

PM: In that case I will be more affected if a guy I consider reliable tells me.. About this choice process, you ask me if first impressions matter, but this person that I pose questions to when we sit and talk, purchaser to purchaser, then it’s not, there I have an impression of that person. There I have formed an opinion.

PM: If I trust in him, if I consider him to be a good guy, then I will listen to what he is saying. So it’s, a little back and forth.

This could have an impact on a new supplier’s potential to enter Yoda’s business and also the process in which Yoda locates potential or future suppliers. However, at the same time, the PM claims that all visitors are
accepted and then this would mostly affect a situation where Yoda is the approaching party.

Discussing the importance of reputation for a supplier in Solo, it first seems that the CEO suggests that you should not listen too much to people’s chatter. However, as he goes on it seems that reputation can have quite important effects on a subcontractor’s abilities to be considered after all. (The question posed here is whether Solo writes off a supplier if hearing that it has done something wrong):

CEO (Solo): No, everyone makes mistakes. Often, you don’t get the whole truth…It’s like when I talk to ICA or KF you know, it’s the same, sometimes you think you are on different planets. So, no, I don’t think so. It’s our history, how has that worked, that matters. But of course, if you have never dealt with someone and then you hear all the time, no matter who you talk to, that they are bastards and clots, they don’t pay their bills on time, clearly it takes a lot for you to start negotiations with someone like that. It really comes down to having a spotless, well to have a good reputation. That you fulfill what you say…

The question is what influences other people’s opinions about a subcontractor?

PPM: That matters too, you know. …in our industry we talk quite a lot with the other manufacturers. And that, then you talk, if you have problems you discuss them too. If they have the same problems or if it is positive that can also be… When you know that [a potential subcontractor] is the supplier you might call and ask [another manufacturer] whether they are good or bad.

His response points at a type of communications network suggesting that subcontractors cannot consider each delivery or customer as an isolated venture. Since customers communicate with each other, reputation spreads further than current clients. A customer who has no direct experience with a supplier might confer with someone who has in order to get a better idea of the supplier. Hence, relationships among the buyers might affect the potential of a subcontractor to enter Solo’s business. As a consequence it seems maintaining a generally good reputation and level of performance can be quite important. At the same time the PPM claims that if he hears about a problem, he might approach the subcontractor to have a discussion about it. Thus, although rumours can have an impact it does not automatically mean that a customer disregards a company based on one negative statement. However, he also says:

PPM: …in the first phase I don’t think so. But of course you get more sceptical when you know there has been trouble somewhere else.
This can easily be connected to the discussion about trust as an important issue for exchange. However, since trust per definition is built over time through exchange, there can be no trust when a customer considers a new (or unknown) supplier. While the CEO in Solo agrees that trust is a very important issue, he has the following answer on how to decide that a new supplier is interesting or good enough.

CEO (Solo): Well, initially it is either that they visit us for some reason, or that you meet with them at a trade fair. And then we conduct an analysis of them, through our ISO systems and go down to look at what it is…. They have to answer a number of questions basically. How they, what standards they keep, if they have ISO certificates or about their hygiene requirements, or what ever it might be. Depending on what product it is. And then we have to follow up on that. And if they fulfil the criteria we have set up we can accept them as suppliers.

Although logical, this description is a fairly imprecise description of how the evaluation and decisions are made in regards to whether an available supplier is interesting. One wonders, for example, if all visiting suppliers are analysed thoroughly and which standards are actually considered important? When going further into this discussion a more complex picture reveals itself.

7.3.3 Evaluation among short-listed companies

The statements from Skywalker suggest that customers who buy something for the first time usually make an audit of the potential supplier before deciding or placing large orders. Although Skywalker has been certified for both ISO 9001 and 14001, the ASM says that customers want to investigate whether the company actually follows the directions given by those licenses. This is inline with the arguments from both Solo and Yoda, suggesting the certificates per se are not important in making a choice. Rather, the customers want to see that a supplier actually follows certain standards. Part of the audit can be a 10 page questionnaire on the subject of how operations are run while another part includes actual visits to the plant to look at things perceived as crucial to the customer, e.g. hygiene. According to the ASM, Skywalker has an outstanding factory environment:

ASM: All customers coming here have never seen such a factory before. So in that aspect we are first class. We want to get the customer here you know, because it’s very clean and fresh out there [in the manufacturing area].

After some thought the ASM also concludes that he considers what clothes to put on depending on whether he is meeting with a customer and also which customer it is. This points out that some attention is paid to the impact
peripheral factors might have. However, the ASM does not believe that a seller’s appearance determines whether a sale is made or not. Behaviour, he argues, probably has more impact on that outcome.

The CEO in Skywalker appears quite determined that quantitative measures (e.g. quality, delivery and price) are the basis for the customer’s choice of supplier whereas more qualitative and emotional aspects (e.g. inherent in relationships) are secondary. However, a somewhat contrasting idea emerges as he is asked if first impressions of people and facilities are important. The CEO answers that he firmly believes it is of importance and goes on describing how one of the former owner’s strategies was to create an impressing environment in the production area. The machines as well as walls were painted in order to create an appearance that is different from the traditional factory look. The floors were changed from cement to regular indoor floors and the ceiling was lowered to hide the wiring:

CEO (Skyw): *For quite small amounts of money you got a whole new look in the factory. You know this has an incredible impression on customers: ‘This seems very professional and clean’…*

R: *Do you think you have gained or can get customers thanks to this?*

CEO (Skyw): *I think it might, it can be the thing that makes the customer fall for you.*

In this regard it is interesting to consider some statements from Solo. The CEO agrees that a certain quality and delivery ability is a prerequisite for suppliers to even be on the market. However, contrary to some respondents he does not agree that most companies are equal:

CEO (Solo): *Everyone is not that way, no, there are huge differences. There is no doubt about it. It’s, the price can differ, of course it differs since that can be calculated so in detail. Quality also differs. You know we need very similar jars since they are automatically fed and we can’t have the production stop every one hundred jar… But then it’s clearly also important, how does it look when you visit the company? We try at least to visit our large suppliers. How does it look, how are you received and foremost, how does the production facilities look? And obviously, you have seen Skywalker…*

R: *Yes, they have an extremely…*

CEO (Solo): *You know it’s fantastically nice, there’s no doubt about it, orderly, nice looking and neat, both outside and inside the house and such, such things affect you, you know…*

Solo’s PPM also has some thoughts about whether the impression you get from a supplier’s facilities during a visit has an impact:
Skywalker & friends

PPM: It probably does, that’s true. The overall impression should also be good… …you come to a backyard with various things lying around. It plays an important role what, how it looks and how it is run.

According to the PM, Yoda does not always visit the factories providing it with supplies although the aim is to improve in this area. Still, some suppliers are visited and the RDM was asked what type of audit is made when these visits do take place.

RDM: If you’re making a large audit and check the whole company, then you have a list you follow. Then it’s about quality systems, ‘Hapsup’, environment and how they run this. And then, foremost, to go out [in the factory]. Because often they show very nice papers and such, but the important thing is to see the plant and talk to the employees there. That’s where you learn most.

Based on a visit to a packaging company he was not very impressed with, the PM describes what he reacts to:

PM: General impressions, the general impression when you walk around [in the factory], you know. The things [the RDM] mention, that when we walk around and observe, and then you think that this seems…, it can’t look like this.

The RDM suggests that practical things like whether the doors are sealed to avoid insects and whether employees are properly dressed and so forth, can affect the impression a buyer gets about the company’s feasibility to supply the food industry. The PM agrees:

PM: Yes, so that you think that they deal with food. And we didn’t get that feeling. Then there’s the contrast when you visit Skywalker. …It almost seems as if they have a higher standard than many other companies. They have great quality standard there at Skywalker, you know, somewhat more towards the pharmaceutical industry.

7.3.4 Impact of familiarity

Reflecting on whether a renowned supplier stands a better chance of being chosen, Yoda’s RDM and PM say:

RDM: Not with me. On the other hand they should have resources, which is often the case among larger suppliers.

PM: I don’t think so either. On the other hand it’s about what impression you get when you’re out. Because there is such an abundance of companies
that are huge, that have innumerable products that you have never seen. Then suddenly you notice them during a trade fair and then you might gain interest for that company. So, the name in itself has little impact, but rather about how that company looks...

R: And if you visit, how it feels at that place?

PM: Yes or how it feels when you talk to them or look in their product catalogue and see what potential they have in helping you with your work. …We buy their knowledge, because we can’t know everything…

In contrast to the RDM, the PM has no real in-depth knowledge of the products he is buying but rather general purchasing experience. He explains that he therefore depends a lot on the person selling him containers. The impression he gets from these meetings apparently has an impact on his choice. This statement also seems to be in some conflict with the previous quote where the PM suggests that the impression a single individual makes has no impact on the company’s potential to become a supplier. In this latter discussion it seems clear that due to the buyer’s limited knowledge in some areas, the individuals he meets actually get to represent what the company can deliver. His discussion indicates that the buyer’s perception of the seller’s knowledge is very important since the buyer must believe in the quality of the purchased items. If the buyer has limited knowledge himself, then obviously the meeting with the seller becomes more crucial. However, also in Solo it is possible to note that first impressions and even an individual’s looks can have an impact on the choice process:

CEO (Solo): But I believe it depends, I mean I can’t judge generally but it depends. Do you know the person or do you not know the person. If a completely new person comes and acts arrogantly and superior and lounges about. That doesn’t give a good impression, at least not to me. It doesn’t impress me…

CEO (Solo): ...completely new ones, if you meet someone at a trade fair... Then certainly, the way they present themselves and present their firm, certainly, that is the impression you get and it might be the impression that makes you accept their visit when they come to Sweden next month.

Asking also about the importance of feelings when choosing a supplier:

PPM: Yes, in the first phase, there I have to say, there the feeling for this, how is it structured, the presentation and everything. That is important, definitely. But you know, it’s still the product we are buying. It might be a nice production and the feeling might be great but if the product doesn’t work it is not worth so much.
This statement again suggests that while the company has to fulfill certain criteria related to the product, emotional aspects can still be important in a choice situation. One interpretation is that perceptions function more as a differentiating factor in the initial phases of search, evaluation and qualification, when several similar offers are available.

In line with this it is interesting to note how Skywalker thinks about the state of the plant. To keep cleanliness and make sure customers get a good impression of the factory environment, there are some strict rules for the employees to follow. Special clothes, cap and hair-net are part of the compulsory outfit for employees in the manufacturing area. Before working they have to wash thoroughly and remove any jewellery from their hands. According to the CEO, this cleanliness is the foundation of the business since it would be devastating for the customer if the containers were contaminated in some way. This means that keeping a nice looking environment can help in exposing a trustworthy operation, which in its turn makes customers feel safe.

7.4 Selection

Although some types of selection can arguably be recognized in the above sections, the phase denoted here as Selection refers to the customers’ ultimate choice of one subcontractor.

7.4.1 What finally matters

Although supplier characteristics appear to be an important aspect in choosing a supplier, the offered price must not be disregarded! In Yoda the PM’s quite determined opinion is rather that price is actually the most important factor:

PM: Yes, but price is always of importance, you know. Price is very important. I say like this, that if I'm changing to a supplier that has an identical product, if playing with that idea, that I have a product that works really great, then a firm comes and says ‘Hi, I want to deliver and I have much better everything’. But if he has a higher price then he is not interesting.

....a lot of purchasing schools and everything they have talked about how quality and product safety, delivery assurance as the most important and then price comes in somewhere in fourth place. I think you hear that a lot and I think it’s completely wrong. You teach the wrong things then. Price is absolutely the most important. Because if you don’t have the right price then your customers can’t, in the next stage, sell the product...
He continues by claiming that product safety and delivery are so crucial that a supplier which is not able to maintain a good level will not be kept and hence price actually becomes most important. The RDM, however, disagreed when hearing this:

RDM: No, not always. We have suppliers that we know are more expensive although we could make a fortune by switching.

After some discussion the PM concludes that price is mainly the most important factor when a new supplier tries to attract Yoda's attention for a product type where Yoda already has a good supplier. If, on the other hand, Yoda is looking for a completely new product or a substitute the price is but one of several important factors that are important for selections:

PM: ...Then there are also tiny players. They might show up here, perhaps a firm with five employees that can make these jars like Skywalker does, that are cheaper. They might be really close to us, but what happens if that particular machine breaks down? Then I can't be certain I get my deliveries. Then it doesn't matter how cheap they are.

Although price is brought forward by the PM, it is possible to note similarities with what was discussed previously, i.e. that impressions based on experiences, size and machines, and confidence, can be important along with price. The buyer, in this case Yoda, is looking for safety, and price cannot weigh up the safe feeling Skywalker can present through its size and historical stability. Then again, price is indeed important and the PM explains that although Yoda is loyal to Skywalker, there is a continuous check of the prices in relation to alternative offers:

PM: Yes, we do that every year. You can accept that a supplier is somewhat too expensive, but still, you don't do that in the long run since it has to be a competitive price…

When Solo's CEO was asked about what type of aspects he considers when referring to analysis of the suppliers' "standards and processes" he clarifies by saying:

CEO (Solo): Yes, well price and precision of delivery and, well, price, quality and precision of delivery, those are really the three most important factors always, you know. But it doesn't help that you have a very low price if you cannot deliver... You have to know that it works delivery-wise. But sure, the price is really important. Especially today when it's getting worse and worse, you know. So today it's actually a prerequisite that you manage the price. It is also a prerequisite that you handle deliveries, otherwise you are rejected. ...Primarily that you can handle a dialogue. When something goes
wrong you know, it can be wrong in both directions, we either sell too little or too much. Primarily if we sell too much, that we can change prognoses quite fast so that we get our things and that they don’t miss a delivery with us because that is devastating. Both financially and trust-wise. So it’s important that you can have that dialogue.

Again, he returns to the aspects of trust and the need for security in deliveries. He clarifies how price, while important, does not always outweigh delivery and “softer aspects” connected to flexibility. Some indications of how these softer aspects can be brought forward are found in the Skywalker CEO’s statement on things that he deems important to gain and/or keep customers:

CEO (Skyw): You should be one step ahead of the customer and tease him with news, so that he notices that: ‘Aha, we should work with Skywalker. They are sort of; they are creative’.

Similarly, when the ASM was asked why customers choose Skywalker among other rival suppliers, his answer includes both the more traditionally product-related factors like quality and indications that familiarity and stability of operations can communicate important things to the potential customer:

ASM: Well, we have been, and I dare say are still, good at precision of delivery. We have good quality and they know what we are about. And we have been on the market for so long that we are not some kind of thing that is here today only to be gone tomorrow.

Skywalker delivers on time almost no matter the cost. The ASM explains how Skywalker, especially if it has made a mistake, will pay for transportation by plane or car to meet with the customers’ orders or demands.

ASM: If a customer says: ‘I have to have these products at noon on Sunday’, then we make sure it is there at noon on Sunday.

7.4.2 Relationships and people

Although quite determined that a customer’s choice of supplier is based on measures like quality and delivery, the CEO in Skywalker explains how these factors can actually be affected by personal relationships:

CEO (Skyw): …when I say that it is delivery and quality it might very well depend on the fact that the customer knows the quality manager. The customer knows the manager for deliveries, you know, so it’s not only that we have a really good, that we have 98 percent precision of deliveries and only a certain ppm [parts per million] faults, but they know it is a really good
delivery, customer supports manager and a damn good quality manager. So somewhere the relation comes in anyway.

It seems several of these issues come down to a company’s credibility and the customer’s sense of security in knowing “who” the seller is. In relation to this the CEO notes that although relationships might exist from the beginning, there could be a difference between deals made with new customers and old ones. A close relationship to a customer might induce benefits in terms of a more tolerant customer. The ASM agrees as he says:

ASM: Well I believe that for the existing customers, and a person that you have good relations with, it takes quite a lot before he changes [subcontractors].

Solo’s CEO appears to have similar impressions of how personal relationships can affect the exchange between a supplier and a buyer:

CEO (Solo): ...And then, obviously, trust between people, to me that still means a lot. Is it someone you can shake hands with and trust? Or is it just some ‘shmuk’ who is out selling something? There’s a big difference. What you agree upon should hold.

Again, it is possible to question how this trust can be found in a new subcontractor and what substitutes there are for trust until it exists. Skywalker’s CEO describes how, as a part of a supplier audit the quality manager of the buying party visits Skywalker to meet with him as well as with the quality manager and persons responsible for customer support. These personal meetings appear to have less to do with routines and products and more with individual chemistry and trust in the persons’ and company’s abilities. The occurrence of these personal meetings is further stressed as the CEO explains how the outlined process for business is not always followed. Even though customers should handle contacts via the central sales force, some customers prefer to speak directly to the CEO throughout the business deal:

CEO (Skyw): Many [customers] want to make contact with the individual companies’ CEOs. It gives them stability and they know if he is on top of deliveries. He runs most of the daily issues when it comes to delivery and management and such. So the ones in charge of subsidiaries they have a lot of customer contacts, like I have. It is natural.

Still, the CEO does not appear to perceive that his involvement with customers has much to do with sales being realised:

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*In Swedish: “…eller är det bara någon spillevink som är ute och säljer någonting?”*
CEO (Skyw): I probably don’t do so much selling. Rather, current customers and new customers, they like to keep contact with me, know who I am and, to have this, to know everyone in the supplier’s chain in order to have buttons to push if there should be a problem sometime with quality, delivery or something else you know. So the point is not that the subsidiary executives should sit here and do business. They should be great at running these establishments.

Like the ASM, he also says that existing customers give more leeway and might tolerate some problems. However, he emphasises that every problem must be taken seriously as the relationship will not forgive too many mistakes. He continues to elaborate on relationships and their impact on acceptance by pointing out how reliant they are on what kind of organisation exists on the customer’s side.

CEO (Skyw): Some purchasing managers are very, … yes I believe you can say that, if they get nice Christmas presents every year and if they are well taken care of, it makes them extremely tolerant for faults. While some, purchasing managers, they can’t take anything. They operate strictly professional. They don’t give a damn about Christmas presents and all that. Nothing gets to them you know, and it shouldn’t do. They are professionals.

Related to this he mentions that his experience is that this cold rational behaviour is getting more common. The CEO’s thinks that an explanation for this is the increasing size of the customer companies, often through mergers. The organisations are getting more professional, indicating that buyers have more critical eyes watching them and hence need to act accordingly. In contrast, Solo’s CEO appears to argue that this cold rational behaviour is not very apparent:

CEO (Solo): …I have some of my suppliers you know, we have been doing business for 25 years. They are as much my personal, fantastic friends. It doesn’t mean that it affects our business relations except, at an emotional level they always have a head start when you are proposing something new and take a discussion. But of course, I think that it would be awful if it shouldn’t be a factor. That someone you trust and feel for, that you, of course they have a head start. And I think, that’s why it is so damn hard for someone else to enter…. If you have an extraordinary supplier… it takes an awful lot to replace that supplier.

The price discussion is once more brought up. Can a new subcontractor enter the scene simply by offering at a lower price?

CEO (Solo): No, that’s not interesting, because there you have a much greater delivery security. I can call now and he [manufactures our order],
we will have the stuff here by tomorrow afternoon you know. I mean that’s worth almost any amount of money. We can decrease our stock by several hundred thousands, thanks to our having this close contact with each other. And no one else, in Germany or north of Sweden could handle that logistics, they are too far away. So, sure, personal relationships, that someone you trust... because if you trust someone you are much safer in your daily world also.

This establishes the idea that previous experiences of doing business with each other can be used to rationalise a choice:

CEO (Solo): Yes, you know that this works. And then, why should you trouble yourself with something else? You save three [Swedish] crowns, and get a lot of extra work and quality problems and things that always appear with new suppliers.

R: And uncertainty?

CEO (Solo): Uncertainty above all!

Somewhat in contrast to Solo’s CEO, the ASM in Skywalker does not believe that a customer will pay more simply because of a social relationship, although he still argues there might be benefits in having close relationships. He believes customers pay a higher price thanks to subcontractors’ skills. However, the things he mentions in relation to this might well be referred to as the outcome of a relationship:

ASM: I [speaking from a customer’s perspective] might pay a few cents more for that container because I get this service, this feeling of security more or less. You can include that, you know. If I go to another subcontractor I don’t know if they are as good or that they work Sundays, send it on time on Sunday evening as they [Skywalker] do, so that I get it during the night. Well, some small issues you know.

Again, it seems the sense of having security in purchasing is very valuable to the buyer and thus can be a reason for paying more or choosing a special supplier. However, like the CEO, the ASM recognises potential differences between new customers and existing ones. While relationships might have an impact in the latter situation he elaborates on what is in focus in the former:

ASM: But that’s in the existing customers. For a new customer it can be totally different. There you might emphasise your products more, what offers

9 In Swedish: "...Jag menar, det är nästan värt hur mycket som helst..."
“Skywalker & friends

you have. You can refer to certain customers, that they have never had any problems and so on.

Although he stresses a product focus, the references made to pervious business results suggest another type of impact where the purpose appears still to be the creation of a platform of trustworthiness. In terms of using former and current customers as a reference to new customers, the ASM claims that most actors in the market will recognise the big actors and hence will also realise that Skywalker has certain abilities:

ASM: So, the first time it’s more about acting on what you are good at and what we can offer them that they might not have today.

Considering the fact that Skywalker has been acquired by the Large Acquiring Company, Solo’s CEO claims that it is quite boring to deal with the larger company and that he still thinks about the manufacturing plant in the south of Sweden when talking about business with Skywalker.

CEOs (Solo): I mean, we deal with Skywalker. It’s not really the [nationality of the Large Acquiring Company], because we don’t give a damn about them. …but of course, as a person I’d rather deal with the old Skywalker than I deal with [the Large Acquiring Company]. It’s completely anonymous to me. I really don’t know a damn thing. I don’t know who owns them.

It seems his feeling about the Large Acquiring Company is different although it is be able to deliver the same containers as Skywalker does from any of its many manufacturing sites. The size of the company is one thing the CEO mentions, as well as the fact that he has no knowledge about the company and that he has no personal experience or relations with it. His statement clarifies that there are indeed emotions at work in the interaction and exchange with a subcontractor. Thus, Solo does not simply choose a manufacturer for a piece of goods. It searches for partners that can bring about a certain feeling in doing business. Considering then that the PM in Yoda estimates that it would take eight months for the company to change suppliers of a plastic container, partly because tools for manufacturing need to be produced, this might not be so surprising. Consequently, customers must try to avoid abrupt ends to supplies. Thus, the PM concludes, it is crucial to have good relationships with subcontractors.
7.5 Findings on corporate brand image in the Skywalker study

Once Skywalker gets a customer it is likely this customer stays with the company for quite some time. Hence it becomes very important to be among those that are considered as a subcontractor every time a new potential customer gets ready to do business. Both in Solo and Yoda the process of managing the shortlist of potential suppliers appears in part rudimentary and since there are no rigid standard procedures for qualification, the individual buyer’s impressions seem to have an impact on what companies are later considered. If the person who first meets with the supplier concludes that the supplier is interesting, the chance of being approved is still there. Trade fairs and visits seem to be the main access points for potential suppliers in both Solo and Yoda’s case. For the subcontractor, displaying the correct type of products, pointing at previous customers and not behaving completely out of order is then important to gain attention. However, the evaluation obviously goes further than being recognised.

Part of the answer to what customers consider important in selecting a subcontractor can be found by looking at the audits made of potential suppliers. The ASM’s eagerness to bring customers to the facilities indicates that being impressed by appearance for example could be an important part in the battle for contracts. Product peripheral impressions thus seem to have value in qualifying as an attractive supplier. What then is the logic of this? Respondents from all three companies suggest that price, delivery and quality are most important and also that they are so important that they in reality are prerequisites. Skywalker’s CEO also suggests that most subcontractors are very good at these things, which indicates they might not primarily be competitive factors. Although the CEO in Solo disagrees, this raises questions of what factors can then make a supplier competitive and what the customers consider when finally approving or selecting suppliers.

The questions of a supplier’s ability to manufacture the requested quantity, offer the right price and the right quality at the requested time, can all be related to evaluation of the ordered product. A supplier can answer the first two questions by pointing at the available machines and manufacturing capacity, and present the estimated price on the contract in question. Quality and delivery however are more complex since the supplier cannot prove its abilities on these issues by pointing at something tangible. Additionally, quality and delivery are crucial aspects for the customers. As a result, the customers seem to look for other ways to establish the evaluation of a supplier’s ability to solve delivery and quality. Then the company as such becomes important and issues that are not clearly the product-related come into play.

Thus, while visits to factories are closely related to the quality of the containers in terms of hygiene and so forth, what is interesting is what potential
customers conclude from a certain order in the production area and the behaviour of sales people. The use of references to current or former customers is another example of how Skywalker tries to use non-product related factors to affect the images potential customers have. In cases where potential (new) customers have no direct experience of dealing with Skywalker, references to previous clients serve as an indication of concrete results and, depending on which customer is referred to, also as assurance of quality. Similarly, the ASM believes that customers might choose Skywalker thanks to the many years it has been active on the market. The fact that Skywalker has changed names to the Large Acquiring Company’s due to its even longer existence on the market further supports this idea. The indications that longevity and stability of operations can affect the buyers suggest that these characteristics bring about a feeling of security which is important to the buyers on this market. What the stories suggest, in short, is that there are image transfers from the impressions a customer gets from the factory floor, by reviewing concrete evidence, certificates, history of manufacturing and sales people, to the subcontracting company as such.\footnote{For more examples and information on image transfer see e.g. Gwinner (1997), or Riezebos (2003).}

One could say then, that customers in essence only care about the product. They want the right quantity and quality, at the right price, at the right time. However, due to the difficulties in verifying some of these aspects in a straightforward way, the company’s corporate image must vouch for its abilities in these areas. Likewise, the respondents’ accounts indicate that the choice of supplier is not mainly focused on the plastic container they make a contract for. Instead, in line with what the subcontractor actually offers, the customers mostly focus on the abilities of a company to make and deliver the plastic container. For a new customer, however, the prerequisite level of quality cannot be completely known (e.g. assurance of delivery, following of hygiene regulations and quality of delivered containers), which indicates that making an impression of being good in these areas can be very important for a company like Skywalker if it should be able to get companies like Solo and Yoda interested. The role of corporate brand image then is not explained by truly emotional selections, that is, that customers buy thanks to a feeling and without thorough concern for the product. Instead, the role brand image plays here is related to evaluation with much concern for the product where impressions of the company are used as a proxy for quality (e.g. hygiene and order).

This section concludes that the evaluation both Solo and Yoda conduct relates to the production and delivery processes. Selection of subcontractors hence is turned towards a more comprehensive company issue rather than a direct product issue. Thus, as concluded, the corporate brand image matters. Still, the actual manufactured containers are not irrelevant! For example, both the PM in Yoda and the CEO in Solo suggest that subcontractors are labelled
according to what the buyer knows about them, product-wise. That is, each supplier or potential supplier is categorised according to what products they display or have delivered. Depending on this labelling a certain supplier will then be asked about a certain type of product. For a subcontractor this indicates that the potential to gain attention and also win a certain contract can be affected by the clarity of what types of goods they can manage.

Furthermore, it seems reputation can spread fast among a customer group and also affect their willingness to buy from a certain actor. Being recognised as a company with problems or low quality goods and services could hence be devastating. The problems which surface in Skywalker related to the Large Acquiring Company, show how powerful word of mouth can be in terms of influencing a corporate brand image. Although the Large Acquiring Company is really large, with a great and long history, some recent mistakes have affected the brand to the extent that customers are somewhat suspicious as the ASM in Skywalker mentions that the subcontractor is now part of this large company.

The Skywalker CEO’s story about a Norwegian buyer that prefers Skywalker to any other subcontractor, even if it is part of the same business group, further indicates how a favourable image can affect the subcontractors’ business. Since the Norwegian actor has dealt with Skywalker for some time, its image of Skywalker is based on positive experiences also indicating what values a strong corporate image can have for both the subcontractor and its customer. In this case, the customer has no clear image of the other factories/companies and thus they are not automatically credible in the customer’s mind even though they could probably deliver the same containers. This relates to Skywalker in several ways. Primarily it is a reflection of the fact that once a customer has decided on a subcontractor, it is not likely to change easily. Secondly, it indicates the important values inherent in the corporate image and established relationships between the subcontractor and a customer. Thirdly, this is in fact the situation Skywalker faces every time a new potential customer either is approached or approaches the subcontractor.

The fact that many customers prefer to keep the personal contact directly with the CEO instead of solely relying on the central sales organisation indicates that this contact has a particular meaning. The statement indicates that the reason is safety since risk perceptions are decreased if the buyer has connections within the manufacturing organisation and thus feels that he/she then has control of the situation. Looking further though, it is possible to divide this safety aspect into two functions. If the customer has not done business with the subcontractor before, the actors apparently will not always be guided solely by financial figures, rumours or product samples. The function of direct contact then, in resemblance to the visits in the factories, is to form an opinion of the company and perceive of its willingness and ability to meet with the customer’s requirements. The contact can be seen as part of what forms the corporate image. Quotes from both the CEO in Skywalker and Solo indicate that it really is what you know about a person rather than the fact that you
simply know someone that is the reason for making a deal. If a person has
certain abilities or a personality that are favourable for Skywalker’s type of
operations, a customer might assume that the company is similar to this person.
In other words, a person’s reliability image is used as a proxy for, and thus also
gets to represent, the image of reliability related to the corporate brand.
However, once the deal has been made and operations are running, a second
motive for the contacts appears. As the CEO puts it, should there be a problem
the customers want to know what “buttons to push” in the chain of delivery. In
that sense it is not a question of developing an image but rather to secure a
safety line for the continuous operations.

7.5.1 In search of value

In the end much of the discussion comes down to the simple equation of risk
perception and reduction. As a subcontractor Skywalker delivers a product
which for its customers (e.g. Solo & Yoda) is crucial and thus connected with
great potential risk. Due to this a customer might be willing to pay slightly
more for perceiving a reduction of risk. Hygiene, correct treatment of goods,
stability in deliveries and manufacturing capacity are parts that represent risk
areas. At large it appears that Solo and Yoda’s evaluations and selections are also
made with a focus on these factors. The quotes attributed to Solo’s CEO
concerning the impact of long-lasting friendships and trust, and also to some
extent the respondents in Yoda as they debate the importance of price, further
add to this. The outcome of their stories is that offering good product-related
issues (price, quality and delivery) are not really sufficient if a new supplier
should be interesting. There must also be credibility, good reputation and
production related security, in short, the offer must include a feeling of safety,
stability and simplicity to the customer.

Still, this should not be mistaken for an unfocused and completely
haphazard process. As noted above the evaluation is still concerned with the
products (in terms of production and delivery) and not, for example, with a
supplier’s general image in the market. Signs of this can be noticed in the way
both Solo and Yoda talk about how it is not important that Skywalker is known
on the end-user market. Consequently, Solo’s CEO even claims that the
company does not really care about who makes the containers. That is, the type of
reputation considered in selecting a supplier like Skywalker is not based on
what associations the company has in general but on how well they are
perceived to be able to deliver according to orders!

However, the descriptions also indicate that while these factors impact the
choice of suppliers for both Solo and Yoda, they are never the only factors
considered. Yoda’s case presents an example of how the type of purchase can
affect this discussion. It appears that for supplies like bulk ingredients, Yoda’s
evaluation is very much based on quality and price while the company behind
the delivery is not really considered. Similarly, the respondents in Yoda suggest
that the purchases of consumables like printed tape, does not include thorough investigation of the supplier but simply a search for the product. On the other hand, when considering other types of products (e.g. a container or a specific ingredient), it is, as Yoda’s PM says, about purchasing a certain type of knowledge and ability to manufacture a specific type of product. In those cases a functioning relationship, knowledge and positive attitude within the company appears more in focus, implying that the corporate image plays a more salient role. In line with previous research on type of purchase, this indicates that surrounding factors are more important when the outcome is harder to evaluate and the supplier harder to replace on short notice (compared to a type of jam or a nut that might be purchased immediately, from many suppliers).

In general it appears that the CEO in Skywalker is right when suggesting that quality and delivery are key factors for customers that Skywalker serves as a subcontractor. These are the main issues for both Solo and Yoda since they are crucial in their own operations and thus this is not a very big surprise. How a customer evaluates these issues in a potential supplier, however, is not as straightforward. Next the CEO suggested that it could be discussed which one of the factors price and relationship is more important. This discussion has its logic in the fact that price could matter less if the relationship could ensure the quality and the delivery. Only when there is no existing relationship between the companies’ representatives, the buyers need to rely on other factors to support their trust in the company’s abilities. That is, for a company in Skywalker’s situation it seems the corporate brand image which is communicated through sales people, trade fairs and plants, plays a less salient role the closer and long-term a relationship is. Then again, when these relationships do not exist, for example during the search for a new subcontractor or the evaluation of a subcontractor who has made contact, the simplicity disappears. Many sources of information, feelings, and perhaps also a comprehensive audit of the supplier can then be part of the evaluation. However, the above suggests that the most crucial pieces of a subcontractor’s corporate image concerns its type of customers, delivery and hygiene. Price, both in the selection among known suppliers and during the evaluation of a new one, appears to be included only when these main characteristics have already been supported.

11 Noting again that Skywalker is not a subcontractor for all its customers according to this thesis definition of what a subcontractor indicates since it also sells containers off the shelf.
Chapter 8
Janeway & friends

The third study focuses on a supplier called Janeway and two of its customers referred to as Neelix and Tuvok. Like the previous two studies it aims to analyse what role subcontractors’ corporate images can play in their customers’ buying. This is done by explaining the on-going processes of search, evaluation, and selection. Hence, the following presentation does not deal specifically with brands or branding, but simply attempts to understand whether the behaviour of these actors is affected by corporate brand image and thus provides a climate where branding is beneficial.

8.1 The companies

Since its establishment in the 1960s, Janeway has manufactured components and products in plastic materials, and combinations of plastic and metal. In 1987 a subsidiary was started and in 2001 a company was acquired. Consequently, Janeway is now a concern consisting of three companies that provide similar services to the same type of customers. The original company and the first subsidiary are situated in the same building and in practice managed as one company that employs 22 persons and has a turnover of roughly SEK 60 million. This study focuses on this part of Janeway. Janeway’s business idea as stated in a leaflet dated spring 2002 is to:

...provide technical injection moulded components to the industry according to customer requests and at the same time provide the customer with a high level of service with fast decisions and effective production with high technical level. This is achieved by great experience and good competence among employees.

Competition is quite fierce in the area and since Janeway operates on a worldwide market there are competitors in Sweden as well as in other countries. Although customers represent several industries, e.g. pharmaceutical, automotive, packaging and telecom, most of Janeway’s operations are related to electronics. As a consequence of this, Janeway has become somewhat differentiated and now offers production primarily in certain materials. As most firms in the industry do not choose to specialise like this, the limitation has both led to a smaller potential market and a decreased number of competitors.
The below description includes discussions held with the following respondents in Janeway:

Table 8-1: Information about the respondents in Janeway.

<table>
<thead>
<tr>
<th>The CEO (CEO)</th>
<th>Has been the owner and CEO of the company since he bought it 20 years ago. Daily work includes contacts with new and old customers.</th>
<th>Personal communication, interview 1h + demonstration of the factory, 27 March 2002.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing manager (MM)</td>
<td>Is responsible for all marketing contacts and actions. Has been fully employed in the company for 4 years</td>
<td>Personal communication, interview 1h, 27 March 2002.</td>
</tr>
<tr>
<td>Project manager and maintenance (PM)</td>
<td>In charge of building tools for production and conducting all test-runs. Has worked in the company most of his life, thanks to close relations with the CEO. Full-time employment for 4 years.</td>
<td>Personal communication, interview 15 min. 27 March &amp; Telephone interview 40 min. 3 July 2002.</td>
</tr>
</tbody>
</table>

Neelix, the first buyer in the study represents one of several subsidiaries in a multinational company that sells technologies and solutions to the food industry, for example equipment aiding processing and freezing of different types of food. Neelix manufactures large-sized freezers and systems. While being part of the multinational company’s portfolio, the products bear Neelix’s name. In 2003 Neelix had approximately 140 employees and a turnover of SEK 1.1 billion. The first contact between Neelix and Janeway was made in 1987. The respondents from Neelix in the study are:

1 The abbreviations in brackets are used to refer to each respondent in the forthcoming text.
2 The respondents of Neelix were interviewed in group. The PD had to leave early and a telephone interview with him was therefore later conducted to fill the gaps.
Table 8-2: Information about the respondents in Neelix.

<table>
<thead>
<tr>
<th>Purchaser (P1)</th>
<th>Has been in the company for 16 years. Work consists of purchasing components to the company’s production.</th>
<th>Personal communication, interview 1h 15 min. + touring the offices and factory buildings, 13 February, 2003.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchaser (P2)</td>
<td>Has been in the company for 30 years. Occupation has previously included transportation and delivery management but currently consists of the same kind of purchasing as P1.</td>
<td>Personal communication, interview 1h 15 min, 13 February, 2003.</td>
</tr>
<tr>
<td>Purchaser development division (PD)</td>
<td>Has been in the company for 7 years. Active in the development function of Neelix and partly works with finding out what components are needed as well as where they can be obtained.</td>
<td>Personal communication, interview 30 min, 13 February &amp; telephone interview 45 min 3 April, 2003</td>
</tr>
</tbody>
</table>

Tuvok, the second buyer represents one of several divisions in a large Swedish company with many units spread throughout the country. The company makes customised components and systems, mainly in metal, for national and international actors within the automotive industry. The parts necessary for making these components are partly manufactured by Tuvok and partly gathered from a number of different subcontractors. Janeway has been active as one of these since 1991. While Janeway supplies Tuvok, the latter sells its components either to yet another level of suppliers or directly to the automotive “giants”.

![Figure 8-1: Tuvok’s position in the manufacturing chain.](image)

Both Tuvok and Janeway can hence be considered subcontractors although they are active on different steps on the same flight of stairs. In 2003 Tuvok’s turnover was approximately SEK 1 billion and the number of employees 800. Respondents included in the study from Tuvok are:
Table 8-3: Information about the respondents in Tuvok.

<table>
<thead>
<tr>
<th>PM (PM1)</th>
<th>Has been with the company for 3 years. Work consists of obtaining requests and orders, contacting potential and current subcontractors for development of offers which are later presented to the purchasing department. “Purchasing places the order, but we make all basic data available in advance.”</th>
<th>Personal communication, 2003, Interview 50 min. 13 November, 2003.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM (PM2)</td>
<td>Has been employed by the company for 4 years when his previous firm was acquired by Tuvoc. Conducts the same work as PM 1.</td>
<td>Personal communication, interview 45 min, 12 December, 2003.</td>
</tr>
<tr>
<td>Purchaser (P)</td>
<td>Has been in the company for 5 years. Work includes choosing which suppliers are interesting and which ones will get the orders.</td>
<td>Personal communication, 21 January 2004, Telephone interview 40 min.</td>
</tr>
</tbody>
</table>

8.2 Search

The search phase refers to how a customer searches for a subcontractor. This includes discussions on what actions are taken to find potential suppliers, which communication channels and types of information are used.

8.2.1 Who does what?

All Janeway respondents mention that recommendations by current customers and material suppliers help the company gain new customers. The CEO thus argues that Janeway has never been very active in searching for them. Still, the firm does engage in some activities that increase the chances of gaining a new customer’s attention (e.g. trade fairs). Another consequence of this is, the MM suggests, that Janeway has never thoroughly pursued a marketing strategy.

From the customers’ side it is possible to see that the discovery and choice of suppliers depends partly on what type of purchase it represents to the buyer. One example is that different people are in charge of decisions depending on the situation at hand. In Neelix, three distinct situations can be identified. First, when a new machine is developed and components are needed, the PD manages the search for someone who can make them:

\footnote{In Swedish: "...men vi plockar fram allt underlag innan..."}

\footnote{During the interview the purchaser declared that Tuvok at the time was undergoing some changes indicating that the tasks of project managers were to be slightly altered. A slight overlap of the respondents’ stories can therefore be noticeable.}

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PD: …I get an order to develop a new machine. I’m with the development department. …Then I have to make sure this machine fulfils certain required functions and to do that I have to find components or come up with solutions that do this. So then I have to start searching… ‘Ok, we don’t have that today, where can we find that?’

Secondly, the continuous purchasing of components and parts for machines that Neelix makes, is handled by the purchasing department (e.g. P1 and P2). A third situation appears when a current supplier needs to be exchanged. Also in this situation the P1 and P2 can be involved in searching and finding a new supplier. Neelix continuously employs between 50 and 100 suppliers but still there is sometimes a need for new suppliers. The PD explains, however, that, for him this is not really a constant search:

PD: No, mostly it’s for a new product. Either it’s a product that we have that doesn’t work the way it’s supposed to, so we have to look for a new one, or it’s a product that has been excluded. …Or it’s a new machine that we are planning that needs new components that we haven’t had before since it has new functions or a new context surrounding the component. Another temperature or something else that we haven’t had before…

However, P1 suggests that if it is only about changing an existing component you turn to the current suppliers for help even though it is in reality a new product. Thus, if current suppliers have the ability to supply a new product, Neelix rather uses one of them:

PD: …Those are the first ones you turn to, the ones you already have so to speak.

The PD also describes how, when searching for a supplier of a particular component, the search might provide a few companies who subsequently are contacted. However, when Neelix states the product requirements not many subcontractors are able to provide them:

PD: …when you have called a couple of different ones, it usually, first they are very interested and then when they realize it’s way out of their area, they usually give suggestions on who might be able to do it.

Also Tuvok remains open to new suppliers continuously although PM1 explains that there is really no active search until there is a particular need. The purchaser further describes how Tuvok wishes to keep the number of suppliers to a minimum which has some implications for the process of who you consider or ask about certain jobs:

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P: …we have started a structural work in Tuvok today where we try to refine our supplier base. And it means that we send [requests] to a smaller number than we have done before… …we have made a choice, the purchasers in the group along with our purchasing manager. These are the suppliers we should work with primarily.

Still, the fact that Tuvok has many suppliers already does not mean that the respondents do not keep their eyes open for new potential suppliers:

P: It’s a constant work.

Also the PMs indicate that they sometimes search the market for actors with potential.

PM1: …yes partly we do that, if it’s about a component that we have no previous supplier for. Otherwise, most of the time we have purchased a similar product before and then we ask that supplier. We continue to ask that one then you know.

PM1 also mentions the availability of different purchasing guides where suppliers are listed although he suggests that most of the times Tuvok is able to find the suppliers in or through the existing network. Similarly PM2 explains how the process of finding a supplier can look when Tuvok gets a request from one of its customers.

PM2: …If it is a plastic detail for example, then we have to look at, we have a number of suppliers that are approved and primarily we look at those. If we can’t find an appropriate supplier among those, then we have to keep searching. But for the most part we find suppliers in our register.

Upon receiving such a request the process of deciding who can get the order seems both structured and not structured:

PM2: What we do is that we calculate a simple structure in a calculated system and from that we extract estimates. We deliver those requests to the ones we choose in this case [the short-listed suppliers]. If it’s a plastic detail it is probable that Janeway is included. And then we have perhaps two or three others who also get requests [to leave a price estimate]. And based on…, then when we get the estimated answers we make judgments. When it concerns components that go into our products, purchasing makes the final decision… We can only make recommendations.

Tuvok’s purchaser presents a similar story about how requests are handled. Among the suppliers that have been approved by the purchasing unit, he usually sends a basis for request to four suppliers. So far there is neither an
A while ago Janeway started a process of finding a niche on the market. By only working with certain materials and a certain quality level, the number of competitors has decreased from 350 to a hand-full. The number of customers who are in need of products in these special materials is also limited which indicates that competition is still an issue. As a consequence Janeway has recently employed one person who will only function as active sales person, which points at a new strategy for marketing and sales in Janeway as they will now locate and contact companies they suspect might be in need of, or benefit from products manufactured by the special materials. It then becomes further interesting to understand how the customers’ view such actions.

The PM1 in Tuvok argues that there is no clear structure for how new suppliers can enter Tuvok’s operations. Sometimes they make sales/marketing visits with Tuvok which initiates an interest, indicating that a visiting seller can be a successful approach. In Neelix, on the other hand, the PD argues Neelix is mainly the approaching actor. However, P1 explains that it does happen that suppliers of various parts try to offer Neelix their products and services although they do not always know very much about Neelix:

P1: But a lot of times suppliers contact us and ask a lot. …It happens that it’s them also, but, mostly they have read and seen something about Neelix, but they don’t really know what we do. And what we have are quite major things, and they only see it as the freezer they have at home. Often it’s been like that.

1 When direct quotes from interviews are used R: signifies something the researcher said.
At the same time the customers’ stories are in line with Janeway’s suggestions that customers are gained through recommendations. Third party connection and discussions in the industry can affect which companies are considered for a component. In Neelix the PD explains the rationale of using available sources of knowledge:

**PD:** *For example if you... Janeway for example, if you search for something that you know they are not interested in manufacturing but it’s not far from what they do, perhaps a particular type of plastic you need. So instead of chasing after something yourself, a journey into the blue, you call Janeway to ask where you can get hold of this plastic.*

The PD agrees to the suggestion that many times it can actually be the word of an individual that is decisive of what companies are considered:

**PD:** *Yes, yes, it’s a lot about that, what you have heard about them and if they’ve done a good job for someone else and such.*

In Tuvok’s case when a new supplier is needed, simplicity is preferred and thus, a third party included:

**PM1:** *No, often you go for, for the ones who manufacture similar things and ask them. That’s the fastest way.*

These statements suggest that it can be important for a subcontractor on Janeway’s market to be recognized and have a good reputation both among customers and among other actors within the industry.

### 8.2.2 Marketing communications

In terms of planned communication the respondents in Janeway consider advertising and trade fairs as channels towards their customers. Part of the advertising is done in trade press and often in connection to trade fairs. The CEO looks upon the objective of advertising as being one way of creating a name on the market and showing that you exist. He also considers that advertising can function as a channel to emphasise what special skills the company has and then motivate a corresponding demand to the customer. The MM on the other hand does not consider advertising a very beneficial marketing tool for Janeway. She argues that the company gets nothing out of advertising and further questions the need for Janeway to keep ads in phone books:

**MM:** *Before we have been in 20 different phone books and ads here and there. I mean, in the end it gets real expensive and you do not get any new customers thanks to it.*
Looking at what the buyers say about this it seems the CEO’s ideas are supported. In Neelix, for example, although the PD does not admit to an active search, he apparently keeps his eyes open for potential suppliers all the time:

**PD:** ...we rip [advertisements] out of the papers when there is something we might come to use. Then you rip that ad out and then you have it.

Other printed materials can then be ordered from companies that appear interesting:

**PD:** ...then after you receive some catalogues or brochures or something and it sill seems okay, then you give them a call. Often you then call to talk specifically about what you want, or about prices and delivery times. But first you want to see a bit more what they have and what they can offer, before you discuss in detail what it is you’re after. Otherwise it easily happens that you talk about something they don’t have the slightest idea about.

Hence, there is a small evaluation of the company even before there is a discussion about what Neelix actually is interested in. In relation to this the graphical impressions of brochures and the like can be considered and it seems brochures can evoke some ideas about the supplier:

**PD:** The one that appears to know what they’re talking about. …If they talk specifically about their different components and say what temperature limits they have, instead of simply describing the sensor and describing it as something that can manage everything, then you start getting sceptical because really no one can do that. Everyone has limitations.

In Tuvok the P and the PM1 suggest that advertisements are not of a very great help in finding new suppliers and the basis seems to be that Tuvok is looking for things that are not available yet. However, PM1 touches upon the suggestion by Janeway’s CEO when he claims that an ad can still be interesting if it says something about the supplier’s abilities in terms of manufacturing.

**PM1:** No, we don’t consider that much because it’s not, it’s different if it’s something that we demand continuously. But that’s not the case for us but it’s always unique things that we are looking for. And then it’s not really about, well okay, in that case it’s about the processes the supplier has you know, or the subcontractor.

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*In Swedish: "Det är ju rätt lätt hänt när man pratar om någonting som de inte har en suspning om annars."*
PM1: Well, I mean, what type of equipment, machines and that type of things they have. What is possible for them to manufacture.

This indicates that the customer might in fact use an ad to label a supplier as potential or not. For a subcontractor this means that it should be important to clearly state what abilities it has in these types of communication. Furthermore, the P in Tuvok suggests that a supplier’s persistence in communication efforts can also pay off:

P: ...but it’s like this, if you’re seen in a number of medias, then of course a supplier eventually becomes interesting. Perhaps it is for that reason you eventually seek them out at a trade fair.

In Janeway the MM further emphasises that although marketing has rarely been an issue before, she is now trying to get some structure both on spending and strategies. Janeway uses both advertising agencies and their own skills to create advertisements. The CEO argues that the company knows exactly what message should be sent and also emphasises the need for resemblance in advertising messages over time. The MM expresses some difficulties in relation to this matter as she answers what is important for her in order to mirror Janeway’s identity when dealing with the homepage:

MM: No. It’s not that easy. It’s not that easy. But you always try to remind customers not to forget us. It’s like we have nothing to profile, other than our knowledge.

This statement somehow summarises the special situation subcontractors like Janeway are in. Although the MM thinks it is hard to manage the communication over the Internet, the following quotes point at how important Internet communication can still be to a company like Janeway. When the PD in Neelix mentions sources for new suppliers, he suggests that one is hearing something about someone at a trade fair although he seems quite focused on the Internet:

PD: A lot of those components, that’s handled over the Internet. You search very much on the Internet, you do that. And then you search, what you have heard from other people sort of; I mean, you might call a workshop that makes some kind of machine to discuss where you might find something like [the component he is looking for].

Looking into how he uses the Internet in practice, it seems the process is somewhat arbitrary:

PD: You search for the name of the component. Because most of the time you have an idea of what kind of thing it is you want. I mean, if it’s an engine you search for engines, and if it’s a blower you search for a blower, and if it’s
a special blower you type that. And then you get a number of hits and then
you go into their homepages to see which suppliers have the kind of
component you want and also, where is that supplier situated? If it’s closer
you are more interested than if it’s on the other side of the Atlantic ocean.

From the discussion it is also possible to note that Neelix prefers to work with
suppliers in Europe to facilitate the contacts and have as little problems as
possible that come with a geographical distance, e.g. time differences. A search
on the Internet can render an enormous amount of results and when asked
whether he normally gets a lot of hits, the PD suggests that he doesn’t always
have time to look through all of them:

   PD: ...It varies, sometimes you get so many [hits] that you, after having
       checked a few of them you have to consider yourself satisfied. There are far
too many.

Thus, as the PD makes Internet searches his goal is to, as easy as possible, find a
supplier that is sufficient. In Tuvok the P explains how homepages are one part
of searching for suppliers. He concentrates on the products a supplier makes
and what quality systems it uses. He further mentions that the Internet can be a
way to check on trade fair participants before going to the event. In line with
this, PM1 states that the product portfolio is in focus when conducting a search
of the web:

   PM1: …primarily we consider what type of products they can manufacture
       since that information is often available in some way. So that is really what
       we search for. And the outcome then is that you enter the homepage and look
       at what kind of equipment it is.

Although PM2 declares that Tuvok hardly ever needs to look further than their
base of known subcontractors, he still thinks that Internet can be a good source
for information if a search is necessary.

   PM2: Well it’s not often we meet with that problem, but, the Internet is a
       good source to search. Then you have to try to be a bit of a detective in the
       business.

He continues by suggesting that since Tuvok consist of so many smaller
companies, there are a lot of different backgrounds and competencies indicating
that usually they are able to find what they need through internal knowledge or
contacts. Furthermore he states that searching for completely new suppliers is
not in line with Tuvok’s current plans since there is a continuous work to limit
the supplier base even further. This means that the yet unfamiliar
subcontractors, still not used as suppliers, will face an increasingly hard task.
Nevertheless, suppliers continuously contact Tuvok and the PM2 explains how trade fairs can be a possible way of being noticed:

PM2: …Then you are at trade fairs to look and if you see something interesting you leave traces behind. Then you will be contacted. So, there are different ways for them to get in. But, suppliers…, a new supplier has to be able to point at something. That they are [special]. Then there has to be an assessment. Do we need another supplier? …if it’s then a material we already purchase and where we have a supplier, then we might have to….

Thus, while Tuvok does at times keep an eye open for new suppliers, the existing ties are hard to compete with.

Janeway’s participation in trade fairs is currently limited to a few exhibitions in Sweden but, according to the CEO, there might be plans to widen the range and include trade fairs also in other Nordic countries. The respondents have quite similar opinions as to why Janeway participates and the outcome of participation:

PM: It is the old customers we meet. Then you meet everybody, and even constructors and the like, people who do not really have anything to do with us. You increase the group so to speak, within a company, of people you meet. And you show them what you can do also.

MM: …the greatest reason for trade fairs is the meeting place for customers who are not here that often. They can drop by and say hello and, well, it’s sort of a meeting place. That’s the greatest reason. That you show yourself, that you are at the trade fair I mean. And they expect you to be there.

CEO: It is both parts. It is one social part and one marketing part. So it’s both.

The PM1 in Tuvok explains the reasons for participating in trade fairs by suggesting that they can be a good way to get in contact with potential buyers:

PM1: …when it comes to trade fairs it’s my opinion that it is more worth than advertisements in press, because you meet a lot of professional buyers. …moreover, if you’re also in the catalogue it is very good…

His statement continues with explaining how the trade fair catalogues can function as a source of information when a buyer is searching for a particular supplier. Also the P in Tuvok spontaneously mentions trade fairs as a way to find new suppliers although he also returns to the impact different types of relationships can have on what suppliers are considered:
Janeway & friends

P: Often it's at trade fairs you find them. I believe it's easiest to find them at trade fairs, like the subcontractor fair in Jönköping for example. That is one of the places where we find them.

P: Primarily the trade fairs. And then, we occasionally talk to our contacts at Volvo, Saab and Scania, what plastic suppliers are they using? Which ones do they recommend, for example?

Neelix’s PD, on the other hand, who does not conduct active searches for new suppliers all the time, has a somewhat different attitude towards the use of trade fairs.

PD: Yes, but often you don’t have time to wait until there is a trade fair when you need a new component. …So, sure, you go to trade fairs also, but that’s not to a great extent. It happens that too, but today most [work is done] over the Internet.

PD: …mostly we go there to look at our competitors. How do they look, and then at the same time we look for components. But mostly it’s not the components that are in focus…

In his mind trade fairs are not that important to the subcontractors in the sense of finding new buyers:

PD: I probably have, I have more use of seeing them in Ny Teknik’. If they have a small add and show some of their components there. It’s not very often I am at [purely specialised] component fairs, that’s very seldom.

Asked whether the ad per se can have an impact on his interest in a subcontractor, the PD again shows how dependent he is on using the Internet as a search tool:

PD: ...it has to contain their Internet address. If the Internet address is not available it becomes much tougher. I really like it to be there because then I can go in there myself to see if it really is something of interest, or I can disregard them at once. If [the address] is not there I have to call and find someone I can talk to and explain what I want. That’s too much work.

R: Could it be that it says something about the company, that one hasn’t got an Internet address?

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7 Weekly Swedish newspaper that covers e.g. industrial technology and research development.
PD: Yes, it does, if they don’t have it they are pretty small… Foremost, they don’t go for the world. And we deliver to the whole world and then they are not interesting due to that.

In continued discussions about the Internet, the respondents agree that it is not important how the page actually looks or is structured. Rather they seem to focus on what you can find on the page and what it can say about the supplier’s ability to manufacture. Nevertheless, the focus on Internet homepages, suggests that the subcontractors should probably not overlook their value as communication channels. Although these customers do not look at all potential suppliers’ homepages, the chances are that it is the first and perhaps only contact they have with some suppliers. If the customers do not get the right information and impressions from the homepage, the supplier’s chance might be gone.

8.3 Qualification & Evaluation

Qualification and evaluation refer to the customers’ desire to ensure that they focus on appropriate suppliers. This phase includes questions on how and why evaluation is actually made and what matters during qualification and evaluation.

8.3.1 Why and how evaluation?

Elaborating on the fact that little is written about the industrial purchasing process in terms of what is evaluated and how choices are actually made the PM2 in Tuvok makes an attempt to summarise the problem:

PM2: I can understand that. I guess it’s not that easy to measure and describe it, but, it’s a feeling you get when you talk to a seller or a sales technician. Does he know these products?...

In this quote the PM2 points out a feeling which apparently is important to him as a buyer and it seems logical that the evaluation of a potential supplier might involve attempts to gain this feeling. In Janeway the respondents explain how customers generally make an audit of the company before they decide on Janeway as a subcontractor. According to the CEO, this audit can include a look at what references Janeway has, inspection of machines and financial status. Since the starting cost of manufacturing to a customer is seldom cheaper than SEK 100,000, which is the initial cost of creating a tool for making any product, he emphasises that trust must be built during the process. This is quite in line with the PM’s statement concerning a certain feeling. The question then
is what triggers this trust and feeling and what types of evaluation the customer uses to find it?

In Neelix’s case it appears visits are only made to some of the suppliers:

PD: Larger suppliers, when it’s about large components we go out to look at them. When it’s about small stuff we just take it home. That is, if it’s a thing that costs a couple of hundreds or a couple of thousands [SEK], then we just take it home. But if the thing costs 50 thousand [SEK], then we want to go out and look at the supplier before we bring home a sample.

PD: You look at what the plant looks like, what kind of machines they have, if they, well what can I say? It’s hard to say what you really look at.

The P1 suggests that the trustworthiness a company can show through its response is very important:

P1: Well, what you said before, that they sort of can, if you pose a question, that they can answer it sort of directly. They don’t have to sort of, ‘Well, I don’t know, let me investigate. Then you start feeling a bit insecure whether they are appropriate. But if they can answer your questions straight away and if they can’t they can call someone right away, and then immediately it feels better I think.

Although the PD is somewhat insecure about what he takes into account when assessing the potential supplier, it seems these respondents agree on the impact verbal impressions can have.

P1: Because if they start hesitating right away you feel that, well, they probably are not really into this thing that I am after.

PD: Then you often quickly go to someone else. Especially if you’re dealing with a completely new thing.

These statements indicate that the approach to finding a supplier differs depending on several aspects. The PD’s statement for example points out that different emphasis is placed on visiting the company depending on the cost of the product. Furthermore, his final comment indicates that the search process can be affected by whether the product is new or old. On how a supplier is evaluated when the search is related to a new product, the PD continues:

PD: Well, commonly, at first you go on instinct. You consider how, how they behave when you call and talk to them, if they seem to know the things they have. And then you simply take home some samples.

Clearly, appearance of knowledge is very important to the buyers in Neelix and it seems even the first impressions and meetings with someone from a supplying
company can be crucial. Similar emotional elements of evaluation can be noted in Tuvok, for example when the PM1 is asked how an initial choice between many potential suppliers is made:

PM1: Yes [there are many], but then it’s like, we only want a few. So we don’t bring in very many at the same time, but we might take four or five at the most. And then, if they aren’t up to standard we have to go further.

R: How do you choose those four or five suppliers?

PM1: Well, that’s, that’s really the feeling you have yourself.

Similarly Tuvok’s P elaborates on the fact that in a first search a buyer might not have the time to be “completely rational”:

P: No-no, that’s impossible. It’s not possible, it becomes somewhat of an instinctive feeling, how you feel about, well, ‘This company I have read something about, this I have heard something about and a colleague of mine mentioned something’, and so on.

The perception of knowledge seems to be important also in Tuvok and could be part of the feeling the PM1 is talking about. One example of how this is shown is the PM2’s answer to the question of whom the buyer needs to meet with in a potential supplier company:

PM2: Usually it’s sellers you meet with or sales technicians or the like. But you also try to evaluate the knowledge in these persons. It can be salesmen that have no knowledge about the product. If you don’t see someone who has very deep knowledge about the product, then you have a harder time forming an opinion. So that is really important too. If you talk to someone that gives you the impression that he knows this perfectly, he knows about everything, difficulties and possibilities and everything about the product. Then you get a greater confidence.

He further admits that this feeling is about the company and that it is easier to make an assessment of the company after having met with it face to face. This provides further logic to the relevance of including visits in the audit. Hence, Tuvok also makes visits with potential and/or current suppliers, regardless of which party made the first approach to contact:

PM1: Yes, most often we do that too. It completely depends on the situation and where they are situated also you know. And likewise, how soon you need the information.

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8 In Swedish: “...det blir grann med fingertopparna...”
The P mentions these visits as he describes the process of evaluating a potential supplier once it has been noticed at a trade fair, indicating that this is indeed something which is preferred.

P: …we send them a self-assessment. After that we make a visit with the supplier, sort of to follow that up, what they have written.

The reason for making the visit is explained by the PM2 and the P as follows:

PM2: Well it’s to get knowledge about the company. To see the product portfolio and in what areas and what materials they work.

P: …it’s like this, if you are certified according to ISO 9000 you have certain routines described and so forth. But then we might, with our experience, know that some things still don’t work and then we make an on-site revision so to speak. And then we might not take the whole company but we look at certain parts and look and suggest to the supplier what they perhaps should look at and improve. This is a continuous work we have.

These reasons for making visits are quite tied to the products as well as the potential production performance of the supplier. However, when considering further if the way a manufacturing plant looks can have an impact, the respondents’ answers propose that the evaluation is somewhat broader:

P: Yes it does of course. In that case, even if we say that we don’t make that judgement we probably do. This, about orderliness in the factory, for example, it’s probably included as a, subjective evaluation, the first time.

In this statement the P brings forward a different argument than the one he considered when asked if these impressions are important during a recurring evaluation of current suppliers. Then he was very determined that the impressions from the plant and people as such had little or no impact. This indicates a difference in what aspects are important for a subcontractor depending on whether it is trying to become or already is an approved supplier. The PM also attaches some quality issues to the way the plant is managed, suggesting that Tuvok might, for example, receive the wrong products if in the absence of order in the company’s premises:

PM1: …we attach great importance to orderliness, because otherwise you can’t handle the quality standards.

In total the discussions on feelings and impressions underscores the importance a person’s perceptions and associations can have. However, it should be noted that in this case it has to do mainly with associations that are connected to production and thus can possibly affect orders placed with a supplier. Hence, someone’s clothes probably are of little importance while the behaviour in
relation to manufacturing or discussing the products can be crucial. Accordingly, the PM1 in Tuvok is not willing to claim that the way a building is designed on the outside can have an impact:

PM1: No, no, no, rather it has to do with, how the area where they manufacture looks, and what means of management do they have…

Also, the PM2 emphasises that you should be able to go beyond this impression:

PM2: Well obviously it's a compound image you get and it plays an important part. Then it might of course be that you enter a factory, you think it's a bit messy and so on, but they still have a managed quality system and everything is really managed, although I experience it as untidy. And then you must try to see through it in that case. It's sometimes hard. Of course, a tidy factory is always the best.

8.3.2 Employees and appearances

When asked about the importance of a certain appearance, Janeway’s CEO says that the “white shirt and a tie” concept, does not apply in their industry. He makes a comparison to the financial market and suggests that it is a different world where other rules apply. If they had been selling financial services he thinks the clothes might have been different but when selling plastics one should not be too overdressed. Nevertheless he is still convinced that it is of importance that the company should keep a clean and good-looking appearance:

CEO: We try to communicate this, that we should keep a face towards the external publics and be able to invite people at anytime. It is not just the employees then but also machines and general orderliness. It is very important and we emphasise that, you know.

The external looks of the company get even more support from the MM who draws a connection to the society at large and argues that appearance is becoming increasingly important. She talks about making a professional impression and indicates how this has an impact on more than just the visitor’s impression of one single machine or employee.

MM: You cannot give a sloppy impression because then it’s like, it permeates the whole organisation.

Both her and the CEO’s ideas of the appearance go well in hand with, for example, the statements by Neelix PD’s concerning what matters during auditing visits. However, they mainly support the indications that overall
impressions of a supplier can affect the choice process in a situation where time is limited or there are too many choices. The PM adheres to the importance of appearance but makes a connection to the workforce:

PM: Yes, but this is also important, because here [in the region] the personnel is quite requested. So you need to have a pretty attractive workplace too.

When Tuvok’s PM1 elaborates on the impact of an individual (e.g. clothes and behaviour) during a sales process, he returns to the product issues and adds that presentations have to do with facts. He suggests that a person might simply be nervous and that personal character is not a decisive factor for a supplier’s chances. Instead he emphasises that the competence individuals in a company display can affect the image he has of a supplier, although he then makes a point of claiming that it is then about images of people per se and not of the company. When asked whether this is not really about the perceived competence, he says:

PM1: No. It’s a competence that you, during an encounter, can measure. That is, if you sit down and discuss a construction then you can measure if the competence is there or not.

Although this discussion refers to the level of individuals, it seems the main part of both Tuvok and Neelix’s evaluation has to do with grasping the company’s competence and abilities. Then again, it would seem the behaviour of individual employees is used as an indicator and thus single employees might influence the final impression and thus also the customer’s interest and decision.

8.3.3 Product or company evaluation?

In a situation where two suppliers have very similar offers, Janeway’s CEO suggests that buyers consider the total cost or value. Lead times, i.e. the time from an order’s arrival to its delivery, is one example of what he believes is very important to the customers’ value. This discussion of value indicates that price per unit need not in all cases be the primary factor for selecting a subcontractor. He suggests that the choice in such a situation comes down to how business is being handled in general and draws a parallel to buying a candy bar:

CEO: It’s like buying a bar of chocolate. You don’t pick the one with a broken wrapper but you take the one which is intact.

Related to this one might consider if the buyers see their evaluation as being about a company or the products it can deliver. On how the company per se is considered the PD in Neelix says:
PD: No. Not for components. For a 'manufacturing' company to us we look at that, the ones who make, that assemble all the bits and pieces that we have chosen. In that situation you look more at the company, what economy it has, and, I don’t really know whether we look at personnel politics and such. That’s more [P1 and P2’s] area.

He argues that there is a difference due to the fact that the component is so cheap in perspective of a complete unit. Also there are many others who can manufacture the component, according to the PD. Similar answers are presented by the purchasers as both P1 and P2 maintain that the product is what they focus on:

P1: …How their office is like, how they work between each other in there, I don’t think that is so, but instead, that I get what I order, get it on time. That’s what I consider most important.

It seems the P1 disregards any possible connection between a company’s general characteristics and its potential to manufacture and deliver the right things at the right time. Apparently the respondents in Neelix do not perceive of their evaluation as relating to the company as such although some of the earlier statements can be interpreted as suggesting otherwise. When the same thing was discussed in Tuvok the answers were not quite as clear-cut. They imply instead that the company’s composition and history have an impact when there are several alternatives to choose from. The question is if the company in total is important when choosing which suppliers will be asked to leave an estimate on a contract:

PM1: Well, what we look at in that case is that we consider if the product suits them you know, and also if they are used to delivering to the automotive industry. So, there are several parameters you can consider.

The PM2 indicates that being known to the potential buyers on the market, for example, through advertisements, can have an impact:

PM2: …well if we are, if I have to choose the ones I’m going to accept estimates from, then I choose the ones that are most familiar, the ones you know of. And then it’s obviously up to the suppliers we have to show what they have. Brochures are one way…Trade fairs is one place where you see, where you can see what a supplier has to offer…

R: Why do you think it is that way, why do you rather choose the ones that are well-known?
PM2: Well primarily we cannot just send out requests to any Tom, Dick and Harry, but it’s the ones who are in our supplier register. And, there we sometimes also have to make a small assessment. We have to create awareness, so that we don’t have to send requests to everyone in the business. If we have four plastic suppliers perhaps we choose two when sending requests.

From their reasoning it seems that the supplier’s overall characteristics, status and ability to make it known, do matter. Along the same line the respondents in Neelix maintain that while there is no formal requirement for suppliers to have certificates of any kind, it can be beneficial to have them if there is an evaluation between several similar actors. The certificates are suggested to tell the buyer something about a company.

P2: But if a supplier is ISO certified, it’s an advantage. It’s not a disadvantage if you include many aspects.

P1: It might be [something that matters] because then you know that you have something else, that they have a controlling party above them, this reviewing company.

This could be a sign that buyers, if possible, use indicators of a supplier’s characteristics to be able to form an opinion of the company’s capacity. One such indicator, suggested by the respondents in Janeway, is the supplier’s history in terms of who have been the company’s customers. Janeway’s PM believes that results from previous business can function as a reference to potential new customers and be part of their choice of Janeway:

PM: Yes, that to, that you have a history from the customers we are working with. And also, to new customers you know, the ones we work with are no small customers, e.g. Tetra Pak and Ericsson... Those are giants!

It seems the size and reputation of these customers have a potential impact on the auditing party. Both the MM and the PM imply that the documentation of long-term business with well-known actors on the market gives some proof of Janeway’s qualities since the large customers will not tolerate too much failure. It seems the Janeway respondents are right in their conviction that previous customers play a part in the interest of potential buyers. In this quote, for example, Tuvok’s P explains how he can decide which suppliers in a trade fair are interesting:

P: Well, that is subjective. There is no handbook that you follow, so to speak but, no, I believe you, partly you look at what kind of quality work the company has, what customers they have today. That is pretty interesting. If

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*In Swedish: “…kleti och pleti…”*
you already work towards the automotive [industry], well, then you know what is required. Then we sort of don’t have to teach them once more and tell them that, ‘We require this’, but they know that from the start.

With this in mind it also becomes interesting to return to the fact that suppliers interested in supplying Tuvok with components sometimes contact the PMs and also the purchasing unit. One might wonder how a PM decides if such a company is interesting?

PM1: Well then you look, partly, at what background they have, I mean what type of customers they have.

R: That is important?

PM1: Yes. And, what type of productive apparatus\textsuperscript{10} they have, the quality system, and, what else can I say? Well, it’s financial aspects too.

PM1: Yes it can matter. I mean, if you have, it’s an advantage if you have worked towards the automotive side or at least a larger company, because then you know something about the requirements when it comes to delivery precision and such things. And that can vary somewhat if you’re normally working with smaller companies.

Asked further whether there are any guidelines that the PMs follow when deciding if a supplier is interesting, the PM1, again, indicates that subcontractor assessment includes the generation of feelings related to stability and security.

PM1: Yes it can be a bit different [from time to time], but really, it’s like if you go out to buy something yourself. Then you want to know that you can really achieve that service in the future also. That is really what it’s about, you know.

Acknowledging that some kind of safety feeling is important, PM1 was questioned how that can be applied on a new supplier in the absence of history to base that feeling on. His answer states that one way to get this security is to call the potential supplier’s reference customers, assuring that the company “is what it claims to be” and that it has fulfilled its previous commitments.

\textsuperscript{10} In Swedish: “…vilken typ av produktionsapparat de har…”}

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8.3.4 Word of mouth and reputation

The time and precision of delivery is something the respondents at Janeway emphasise as an aspect they handle well and which is also important for their competitiveness in the sales process. If an order is placed with Janeway before 10 am the customer will receive the delivery during that same day. If on the other hand an order is placed after 10 am the customer receives it the following day. The CEO mentions how 70 percent of all orders are handled like this. The remaining 30 percent are sent to other parts of the world where Janeway offers door to door delivery service within the week. According to the CEO, the company has never failed to keep these delivery times in the past twelve years. As indicated above the respondents argue that most customers come to Janeway thanks to recommendations from other customers. Both the MM and the PM believe that these recommendations are based on Janeway’s reputation concerning the good precision of delivery and high quality.

Once the PD in Neelix explained that it is hard to define what he evaluates in a potential supplier the question was posed whether a supplier’s reputation can play a role in the choice.

P1: Yes, if you hear bad things it’s not a supplier you approach directly. Then it must have something that no one else can manage to deliver. That’s what I think. Personally I’m reluctant to go for a supplier when I have heard that, ‘He is no good’…

PD: You rather go to someone else first… But if you can’t find someone else you have to go to that one.

Although these rumours seem quite devastating for the concerned company, P1 claims that it is not very often the buyers actually hear something like that.

The CEO in Janeway suggests that it is hard to safeguard against bad reputation although he thinks a working structure in the company reduces the risks since it increases the chance of good performance and few mistakes:

CEO: Then you do not create any negative effects. It’s easy to get yourself dirty, very easy, and it takes no time at all, while building confidence takes both time, stamina and money.

Tuvok’s PM1 does not agree that it is important for a supplier to be a renowned actor. He sticks to the emphasis on financial stability in the first phases of selection and refers to the importance of sensing that a supplier will be able to survive. In Neelix, the P1 first says that the one thing that matters is that a supplier can deliver the requested products. However, later he alters his opinion slightly and suggests that it might be easier to recognize a supplier if you have heard about it before and the P2 adds:
P2: Or, if there are several suppliers for a certain product, then reputation is very important, how they are perceived. But if there is only them, then you can be less particular about that.

P1: If price also is pretty equal you go for the one you know or have heard of before. As a rule, that’s what happens.

8.4 Selection

Although some types of selection can arguably be recognized in the above sections, the phase denoted here as Selection refers to the customers’ ultimate choice of one subcontractor.

8.4.1 What finally matters

To start of the discussion about how choices are made, the following quote from Neelix’s PD is useful. As indicated in previous sections, he points out how a choice process can be more or less arbitrary depending on the method and factors used for evaluation:

R: …It’s supposed to be so rational but you come to understand that some other things also affect.

PD: Yes, a lot is subjective, it is. Because it’s, if another colleague looks for the same component it’s not certain that person will choose the same supplier that I choose. It depends somewhat on what his, what persons he has been in contact with and, perhaps we don’t really use the same basis for making our choice…

Janeway’s CEO believes that price becomes less important for selection of a subcontractor if quality and deliveries are always good. The risk reduction connected to knowing what you get is proposed to be of greater value than a few cents of the price:

CEO: Well, a complaint can cost so much more that I think large industries choose safety before low price.

According to both the CEO and the PM, one outcome of Janeway’s great history of precision of delivery is that it presents the company with a head start in price negotiations. Along with the CEO’s above statement, this further implies that delivery is such an important factor that it might even outweigh the price:
The CEO concludes that even though the great delivery distances that Janeway has all over the world induce some costs, he does not believe it will have a final impact on customers’ choice of Janeway since quality is more important. The complexity of the buyers’ organisations is another factor that affects this issue. The companies that purchase Janeway’s products and services are often one actor in a chain of actors with a major manufacturer in its end (e.g. Tetra Pak, Volvo, Ericsson). The demands from these are often major and hence it is not possible for Janeway’s customers to switch supplier at the blink of an eye.

Two situations of selection that both Neelix and Tuvok go through are when the buyer identifies a shortlist for an order and when a selection is made among the short-listed suppliers of who gets the contract. The shortlist can be made up of companies already within the buyer’s supplier portfolio, or companies that are new and merely potential suppliers. When choosing what four suppliers among these get to leave an estimate for an order, the P suggests best performance as the key measure:

P: Yes, it’s for example quality, delivery assurance, payment conditions. Then, if two end up on the same conditions you might choose to place the order with the [supplier] that is closest to the manufacturing site.

He continues, however, by stating that the geographical factor usually has a very small impact on the final choice but might matter depending on the size of the product as it has implications for logistics. Then again, contrary to these performance measures that guide selection among currently known suppliers, the P explains a different rationale when choosing among potential, new suppliers.

P: ...I mean the new suppliers you choose to look at, for example in a new project. It might be that none of the current suppliers fit the product. But then it’s probably pretty subjective. You choose the ones you know about, or the ones you’ve heard about, or those that have received some award somewhere. You..., I relatively often look at the homepages of those companies. It can be interesting. Then there are companies that never update their homepage and then you wonder, why don’t they do that?

Examining the history of Janeway and Neelix reveals a selection of a new subcontractor where competence and activeness of the supplier seem to have been important factors:
P1: …when we chose Janeway they had nothing like what we wanted. But we sat down, followed those ‘Janeways’ and then we started brainstorming and sketching and they helped with the development and we had an idea of how we wanted it to look. So, that’s another possible way, that the detail does not exist beforehand, no one knows how it should be. But this particular co-operation resulted in this that we have today.

Still, it appears that Janeway was working with the right processes and, although not manufacturing the same type of product Neelix was looking for, might have had something similar. That was the reason for why they were contacted.

P1: …and someone had met them or seen them somewhere, that they could manufacture something like what we could consider here…So they sat down and went through what was possible with the man who makes the tools and [the CEO of Janeway] he knew a lot about injection moulding, so, this co-operation ended up in [a component] that we use today.

Janeway was within the right area of manufacturing. Still, it appears that the connections Janeway’s CEO had to a tool-maker and the company’s ability and will to take part in Neelix’s product development, made Janeway successful. The respondents are not certain how the subcontractor was recognised but it is still an example of how the choice of a new supplier is not necessarily dependent on price and measurements, especially when there is yet no product. In another situation where the product is less complex and there are several similar companies that can deliver, how does Neelix decide who gets the order?

P1: Well, they [the similar suppliers] calculate and offer us a price.

When asked directly if price, delivery assurance and quality are prime factors for choosing a subcontractor, the PD corroborates the complexity of choice:

PD: That’s not what you choose when you choose a brand new, some completely new component that you have not run into before. That type of criteria you have later when you are up and running, when you have decided that you’re going to use this one and we are going to produce it, include it as a standard…

P2: And perhaps also if you have an existing product since before that a supplier doesn’t have time for any more, it becomes too much, so you’re looking for someone new… Then you look a lot for price and quality and what kind of people are there, but [the PD], works a lot with new types of products.
The difference appears to lie in the fact that the new products have not been available in the past and hence, the respondents from Neelix argue, there can be no price competition. However, it also suggests that the evaluation process does not include taking offers from several suppliers but instead finding one who is actually able to deliver. When products are not standard, a more complex interaction with the supplier is needed:

P2: Yes it is, you have to send blueprints and, when there is time, you ask about the things also, what it costs. Sometimes it’s such a hurry that you just send it straight out.

Price then, it appears, can be of little importance depending on the situation:

P2: Yes, sometimes the lead time is the most important, so we’re not able to ask at that time.

This suggests that under time pressure the buyers use other factors to decide which party is able and suitable for delivering a certain contract. The respondents in Tuvok reveal a similar pattern. If companies are equal, price is believed to matter most:

PM1: If it’s equal, it is price that matters.

PM2: It’s very probable that they get it, yes [the lowest price supplier]. Since we are very much informed about the subcontractors, that our subcontractors have a quality system to work according to… Then we have to trust that it works.

This answer basically indicates that Tuvok’s comprehensive knowledge about the subcontractors makes their estimated prices the only thing to choose when selecting among suppliers available in Tuvok’s register. On how a supplier comes to be part of this register, the PM2 maintains that a prerequisite is that the supplier has either ISO or a QS system for quality. He also explains that the final decision of who can be a supplier is always taken by the purchasing department (e.g. the P). Elaborating further on the factors of selection, he says:

PM2: …if you go back 10 or 15 years ago, then you only purchased where it was cheapest, you know. You didn’t think about having a limited supplier register but, if you could buy it cheaper somewhere else you did. You did no investigations and such, but then it’s been refined. ISO previously and now QS have ruled pretty hard… We must have suppliers that can fulfil all the requirements which are placed in the business.

So again, even in Tuvok it seems that when it comes to selecting which companies are interesting, price alone is not the ruling parameter. The reduced focus on price over time might be connected with the idea of total value
highlighted by Janeway’s CEO. It suggests that customers take a more long-term perspective concerning value and costs which means price on one occasion is not what signifies a supplier’s attractiveness. Still, in the case of choosing among known suppliers who have been asked to leave estimates, price can still be the primary basis for choice.

8.4.2 Personal relations as a competitive edge

Janeway strives to create long-term relationships with its customers. The reason, according to the CEO, is that you do not have to spend so much effort on searching for new customers if you have content customers who are comfortable with your work. The CEO further believes that personal relationships can have a fundamental impact if customers choose between similar actors or equal prices:

CEO: The chemistry must be right. That’s incredibly important. So you cannot remove this feeling of meeting each other, you know, try each other out¹¹. I believe that is incredibly important.

Both the MM and the PM agree that personal relationships are important for making customers feel secure in the buying process. They argue that one of Janeway’s benefits is the fact that it is so small and thus has little rotation of personnel. Thanks to this, customers know who they are talking to and get hold of the same persons every time:

MM: Yes, I think it feels pretty safe actually. They know that it is the same persons and that it has always worked, you know. And then it will work this time as well. You know that from looking at yourself, that it feels safer if you can contact the same person every time.

PM: Yes, you don’t want a bank where you can never talk to the same person. Then you will switch banks.

The respondents in Neelix partly seem to have the same attitude towards relationships as those in Janeway. When asked who is important to meet with in a subcontracting company, the responses suggest that also this can differ depending on what is being purchased.

P1: …and it’s important to get it right at once and have the right contact person that you can call if there is a problem. And he knows who he should call if he runs into something, so it’s a mutual contact both ways.

¹¹ In Swedish: "…känna på varandra…"
The P2 also points out that the contacts can differ greatly depending on the size of the supplier. If the supplier is small, he says, you might manage all contacts with the same person. He also points out that the need for contacts can depend on what type of product the supplier is connected with:

P2: For larger things, then you look at such things also, what technical competence is there? For small things you really just need a sales channel…

Initially the respondents are certain that relationships do not matter in this kind of situation and the P1 says that price and delivery times are the main factors for choice. Still, some contradicting remarks are also made:

P1: But then it makes it easier if the one you talk to at this firm, he’s like we said, nice and stands by us and helps a lot and, then it might be that you buy from them another time when you’re in a bit of trouble, even if it costs a bit more.

PD: If you already have a co-operation with that company on another component, then it might have some impact. But there can’t be too much difference [in price]. Because if there is some difference we’re probably able to negotiate that away because we have large volumes on some other component…

Having a relationship and through it being able to trust the competence of a supplier can affect the decision process in at least two situations. First, when a buyer is in some kind of trouble or has limited time. Secondly, when price differences are not that great between two alternatives.

In Tuvok the PM1 says that while personal relationships can be important, they are not a critical factor:

PM1: Yes, that’s important… but I return to the fact that it is really, they have to show price and secure deliveries. These are really the important factors. Because if deliveries don’t work we have no, then we have no confidence in them you know. Price is one thing, but primarily deliveries, that is works. And that you are also flexible considering these things.

This points at how the relationships in this context are not necessarily between persons but instead between companies. Although the companies are still represented by people, the outcome of the relationship is interpreted as the trustworthiness of the company to fulfil an order, i.e. the social relationship might not be in focus. The P in Tuvok supports this idea by claiming that, although relationships were perhaps important before, they are not any longer.

P: ...since we almost solely deliver to the automotive industry we have learnt a bit about how our customers work. And we have adopted some of their
methods of working. So, sure, personal relationships are important, but for us, who work in an industry that is pressured, both when it comes to quality, delivery precision and money, then I’m afraid personal relationships don’t mean so much.

In line with the focus on secure deliveries Tuvok’s PM1 was asked whether the company might pay more to gain this feeling of security. His answer resembles those in Neelix indicating that, while price can get somewhat less important if there are relationships to lean on, it is by no means disregarded.

PM1: Yes, a bit more you might, but not much. But primarily you are safer [as a supplier] if you live up to this, because most often it’s a requirement for the deal, and primarily for you to return to them.

This indicates that the first deal a supplier gets from Tuvok is quite important. It also suggests that to even be considered as a supplier, a company needs to offer a certain delivery service. Asked then what it is that separates the suppliers he says:

PM1: Well, it’s partly the geographical location, and then it might be that you have, what kind of equipment they have. And it might be that they are good at manufacturing aluminium, but can’t make the pieces I want. Because that can vary from company to company, the process equipment they have.

The PM1 has confidence in his statements and stresses that Tuvok is completely product-focused when choosing a supplier. Then again, further evidence that trust in a company is built over time and that it matters is made clear in the following statement. Neelix’ P1 explains that the graveness of an error is related to who makes them:

P1: Yes, when you purchase regularly and large amounts, they might be sloppy once and that is sort of no big deal. But the first time and the second time you cannot be sloppy…

However, the loyalty towards suppliers can also be simply explained by the characteristics of the sales processes these buyers have. Neelix, for example, does not order very large series of products and when a supplier has been chosen for a certain detail it is not likely to loose that order:

P1: No. Once we have found a supplier, when we develop a machine, that supplier pretty much delivers as long as that machine is manufactured.

Apparently, in correspondence to Janeway’s strategy, both Neelix and Tuvok desire to employ suppliers for a longer period of time. In Tuvok’s case preferably during the five to ten years in which the products usually survive.
This, however, does not indicate that there is no continuous evaluation of suppliers. On the contrary, both in Tuvok and Neelix suppliers are evaluated at intervals indicating that a supplier is not “home free” simply because it has been chosen once.

Tuvok’s quality system requires that critical suppliers are validated every six months and other suppliers once a year. When talking about these, the PM1 emphasises delivery as an important part:

PM1: …primarily delivery precision and reliability you know, that you can trust the supplier.

The P provides further details:

P: Well, partly we bring out statistics on delivery precision. And then you measure both the delivered amount against ordered amount, you measure delivery date against ordered date. You measure the number of complaints if there has been any, so you weigh these things against each other. You look at, regardless of it being the supplier or us paying, what we call extra deliveries…

Interesting to note here is that while things like orderliness and first impressions can admittedly play a role in the evaluation of a new supplier, in the continuous valuation of suppliers it appears that this has no great impact:

P: No, not, no. We don’t put any weight on that. We don’t include that.

This could be a sign of how the basis for what forms a supplier’s image switches over time. From indicators (e.g. orderliness or previous customers) the shift is towards actual performance that has been experienced. Thus, while impressions on sight can influence the being or not being a supplier in the first part of an evaluation process, these subjective/emotional measures appear to have less impact on a supplier’s ability to remain as subcontractor.

8.5 Findings on corporate brand image in the Janeway study

One of the things revealed in this study is Tuvok’s aim to limit the number of employed suppliers. This is a result of mergers and acquisitions and a subsequent pressure to manage supplies efficiently throughout the corporation. For a subcontractor like Janeway, mergers and acquisitions among large customers in addition to a restriction of suppliers mean that the number of available customers is decreasing. The Janeway study also shows that the buyers normally use current subcontractors prior to new ones and further, that once
chosen for a job a supplier is often used for a long period of time. That is, available openings are not always easy to come by since existing bonds are hard to break. This supports the earlier assumption that the climate for subcontractors is getting harder. While the limitation of suppliers and the longevity of exchange relationships indicate main benefits for those included, it also signifies a barrier for suppliers who want to gain access to the arena. In this environment, understanding the behaviour and processes at work among customers during choice, evaluation and selection has its obvious place. Understanding the role corporate brand image plays during these processes gives one indication of a subcontractor’s chances to handle the situation.

Janeway, Tuvok and Neelix do not reveal many surprises but seem to align much with what has been discussed in the two previous studies. The respondents in Janeway suggest that delivery assurance is the most valuable factor for a customer and the CEO’s suggestion that customers focus more on safety than on price further indicates that having a good reputation can be valuable. Janeway’s PM agrees that precision of delivery and quality are important but also claims that nice behaviour and customer treatment is part of the customer’s choice. Similarly, the CEO’s comment about the chocolate-bar wrapper points at the potential width of a customer’s concern. If these assumptions are correct it should be safe to say that the subcontractors’ sales are reliant on more aspects than those connected with finances. Then again, the companies obviously are by no means insensitive to price since it continuously appears in the discussions as one factor of evaluation and selection. However, the study also clarifies how customers go through different choice processes, focusing on different aspects depending on what they are considering to buy and if they are evaluating an unknown or a known subcontractor. Price then is not necessarily used in the evaluation and selection of a new supplier although it can still be an important issue when several comparable actors leave estimates on a contract.

It seems the following statement made by the PD in Neelix sums up a great deal by showing how the basis for choice can vary during the process:

PD: When I search it’s how they present themselves, what they present, partly in papers and on the Internet. And then when you choose it’s their time for response, how easy are they to talk to? How well the person you get hold of knows the company’s components? Or if they have to write things down and ask to come back later because they have to talk to some other specialist. Then you start getting a bit annoyed if it’s like that all the time.

While this quote indicates that the primary part of search includes making sure a supplier is of the right kind in terms of what it manufactures/can manufacture, it also suggests that the assessment later touches upon some emotional aspects. Janeway’s respondents descriptions of how customers get in contact with the company imply that word of mouth and Janeway’s reputation
have great impact on potential customers’ likelihood to initiate contact or not.
The P in Tuvok explains that the very first selection processes where suppliers are either considered interesting or uninteresting is often subjective and hard to explain. Word of mouth and awareness of the corporate brand name are also mentioned as examples of what can be decisive for which suppliers should be further evaluated. All these examples illustrate how the process of acknowledging and evaluating a new supplier can be influenced by the customer’s personal impressions as well as third parties’ ideas about the supplier.

As noted previously both Tuvok and Neelix use the Internet when searching for new subcontractors. Although the PD in Neelix and P in Tuvok claim that focus lies on what products a supplier displays and what machines it has, the information available is used to form an opinion of the subcontractor. The customers’ stories imply that a direct contact is only made if the impression from the homepage is positive, which means that a homepage is considered as representing the whole company. This means that even though the search is very much product-related, with focus on the supplier’s production capacity, the customer simultaneously forms a corporate image that helps decide whether the supplier is of interest or not. An example that homepages can communicate in several ways is the Tuvok P’s suggestion that a seldom updated homepage can make a buyer question what kind of company the supplier is. Hence, a homepage is not only a poster for equipment and products. It is also a source for the buyer’s image of the supplier.

Once a subcontractor has been noticed and is considered interesting, all respondents indicate that evaluation continues. The P in Tuvok appears focused on products and historical performance measures when he talks about evaluation. His story suggests a certain type of pigeonholing for assessing the quality of a potential supplier in terms of what work has been done previously. That is, suppliers are placed in “boxes” based on their history and the buyer structures the available market accordingly. This implies that a subcontractor who does not communicate its spectrum of abilities runs the risk of being perceived as a too limited company.

Quite similarly, one type of evaluation that appears in this study is the use of large customers as references to the subcontractor. Based on what references and previous customers a subcontractor can present, certain associations are created. The logic behind this is that a special type of reference clients can generate a feeling of safety to the customer since they indicate that Janeway is a reliable source with a stable history.
Figure 8-2: How third party, Z, gains an image of Janeway via reference customer XY

In reality one might say that Janeway uses the lucid brand image of its customers in order to shed some light on their own efforts. The subcontractor relies on the large actors’ reputation of being particular about their suppliers’ quality and precision. Hence, Janeway makes sure the references say something about them as well. The figure illustrates a situation where a potential buyer, Z, has neither experience from dealing with Janeway nor had direct contact with the company. Still, Z has an image of Janeway that can influence Janeway’s chances of being among the subcontractors Z consider. The continuous return to issues of safety and trust as important factors for the buyer indicates that emotions do play an important role in the purchasing process. Thus, a supplier who succeeds in creating these associations to its corporate name should have greater chances of being chosen.

The available information is not the same in the evaluation and selection of a new, untried supplier and of a subcontractor among those in the firms’ register. As a result a supplier’s corporate brand image in these two situations is based on a different range of impressions. Particularly in Tuvok, where the register of subcontractors is extensive (due to the many subsidiaries/divisions), the PM2 speaks about creating awareness as an indication that customers must know which suppliers are suitable for what contracts. This suggests that a subcontractor must not only be clear about its abilities in the beginning of a business relationship. It can also be important to actively communicate machine and production changes in order not to get stuck in a pigeon hole which is not up to date. This is also about corporate brand image.

Remembering the use of the brand concept in this thesis’, this study clearly confirms the assumption that branding is possible in every market. The buyer’s purchase behaviour appears to correspond well to that which is described in theory related to customised or important components. The respondents recognise that the importance and width of evaluation differ depending on what is being purchased. They also confirm that customers will take a broad spectrum of impression into account during the evaluation of a new subcontractor. In total, the above supports the idea that a corporate brand
image plays a role for the subcontractor’s chances to be considered both by potential and current customers. In the first situation it concerns being recognised and approved as a good enough, trustworthy supplier, and in the second situation, being recognised as a supplier of a certain type of products.

Importantly though, just like in the previous studies, the current focus on corporate brand image should not be interpreted as if nothing but the impressions of a subcontractor matters. The study also shows that a subcontractor must be able to show the right size, machines, and management practices necessary to handle the customer’s contracts. Likewise, when the P in Tuvok explains how they have made a selection among 35 plastic suppliers to narrow down the list, he shows the great focus on quantitative records outlining previous results.

P: Well it is size, quality work, environmental work, price and delivery precision that we base the choice on.

Not surprisingly, price is also emphasised when a choice has to be made among suppliers that otherwise are equal. Nevertheless, at the early stages of scanning the market for new subcontractors, impressions appear sometimes to be the one and only factor used for selection (or de-selection). An example is the case of neglecting to contact someone on the basis of bad reputation even though they could manufacture the product, or dismissing a company based on the impressions gained from an Internet homepage. Likewise, corporate brand image apparently can play a supportive role in later stages of evaluation. A case in point is when the buyers rely on previous customers to gain trust in the subcontractor’s quality, or dismiss a potential supplier because the feeling about its competencies is not right.

That is to say, the Janeway study serves well to point out how corporate brand image can in fact play an essential role for a subcontractor simply because its importance to the customer varies during evaluation and selection. Hence, it should not be overlooked even though other factors are also important and even though it sometimes only plays a minor role. In other phases it might well play the lead.
Chapter 9
Analysis

Although the studies in the previous three chapters show distinctive characteristics the similarities between them are too many to disregard. This chapter therefore presents a cross-study analysis. In an attempt to enrich theory it seeks to accentuate the studies’ visible patterns and make connections to previous assumptions and theory. This should not be regarded as a comparative analysis in which the studies are weighed against each other. It is rather an attempt to understand the role subcontractors’ corporate brands play during the exchange process between them and their customers.

9.1 A complex process

The logic of argument in this thesis is that a seller’s marketing strategy should be guided by what is important to the buyers. This idea was presented in chapter 3 and visualised by the following figure.

![figure 9-1: Simple exchange structure in competitive market, based on Baily (1998, fig. 1.3, p. 8)](image)

In the three studies price is mentioned by respondents as being the main reason for why a certain subcontractor is chosen. Under that circumstance all you need to do to gain a contract is to offer a lower price than the competitors, which indeed seems quite logic. However, the studies also reveal the complexity of supplier selection suggesting that other factors accompany price depending on the situation. Among the subcontractors this twofold situation is quite clearly
Analysis

brought to the surface in the case of Trinity. While one respondent mentions price as the ultimate factor for competitive power, the discussions about the company implies that Trinity in fact cannot be low-priced due to its investments to make the company attractive to larger customers. More than once during the studies respondents discuss product related issues when elaborating on why one supplier is chosen instead of another even though these factors do not always provide a satisfactory logic for the stories they tell. Furthermore, several respondents among the subcontractors suggest that most subcontractors pay attention to the same product-related factors (price, quality & delivery) indicating that they are not very useful for distinguishing one offer from another.

Bearing this in mind, focusing strictly on these factors for evaluation is less logical. Some help in understanding this contrast is obtained when questions about the sales process in general are asked. These questions are less directly focused on parameters for choice and clarify that the selection of subcontractors is actually made in several stages. Accounts explaining how customers can be interested in looking at manufacturing plants, meeting with staff in manufacturing and learning about the subcontractor's history, introduce another perspective on the strictly product related factors.

A similar incongruence is noted among the buyers. Lack of logic refers to how price and product-related aspects are focused upon as the respondents initially attempt to give brief and clear answers on how the choice of a supplier is made. As in the subcontractors’ case, richer descriptions of evaluation and selection surface only when questions concerning the process of purchasing in general are raised. Among the buyer’s it is then possible to note that some respondents believe personal relationships were more important 10 or 15 years ago and likewise, that price previously could be the only selection factor. Now, however, they argue that demands on sophistication are so great that suppliers must to be able to display competence and reliability and not simply a low price and a nice guy. Whether this is really a sign of the times or based on the respondents’ perception of the past is not possible to say. What can be said though is that the studies corroborate the notion of an increasingly competitive and globalising environment where demands on the customers as well as subcontractors have changed, thereby changing their competitive situation.

The respondents’ answers to what the choice of subcontractor mainly depends on are much in line with the usual assumptions about industrial marketing and purchasing, i.e., that the product-related aspects - price, quality and availability - are the basis for choice. The studies indicate that the clear-cut responses are probably the result of simplification where only the final selection is considered. The fact that selections are also made on the way to that ultimate choice is then overlooked. The fact that respondents among both the subcontractors and customers give these seemingly simplified answers can be seen as an indication of the complexity of the situation, also implying that it is
an interesting area to look further into. Another interpretation of the tendency to give rationalized answers could be that the respondents, in order to make sense of their situation, want to (or do) perceive it as guided by “professional objectivity”, products and structure. If this should be the case yet other reasons to investigate these purchasing processes appear. It is not only the subcontractor who can benefit from understanding buyer behaviour. Also customers can improve, for example, in terms of purchasing efficiency, if they understand how they buy and what factors affect their buying.

9.2 Clarifying the steps of selection

The idea of stepwise purchasing obviously is not new (as discussed in chapter 3). What is more interesting from this thesis’ point of view, due to the incongruence mentioned above, is that buyers might focus on varying criteria depending on these steps. Understanding what factors affect a customer’s progress at what point can shed additional light on the buyer’s behaviour and hence the role corporate brand image plays. Once a factor that the customer uses in some way is identified, it is possible to translate it into an effort that the supplier makes. Thus, according to the above figure’s logic, the analysis of factors affecting the customer also points out what can be appropriate to consider for a subcontractor that aims to improve its chances of success.

In the following discussion the three phases of purchase employed in the studies are continuously used (search, qualification & evaluation, and selection). As explained, these phases are based on previous models (e.g. Robinson et al.’s, 1967) where several phases of buying are described. Although the studies clearly show that these phases are far from unconditional, they still offer a means for structuring these discussions while providing a chance to compare this analysis with the individual studies.

The studies clearly demonstrate two types of search, qualification & evaluation, and selection situations; first, one with focus on choosing a supplier from the customer’s available portfolio(s), and second, one with focus on finding and assessing new subcontractors. Because of the differences in these situations, the content of the three phases also implies different things. In the first situation, search means: looking at which of the accepted suppliers can make the required product, qualification & evaluation means: deciding which available suppliers can leave estimates, and selection means: deciding which subcontractor of the ones who has left an estimate can make the product. In the second situation, search means: scanning the market for available options, qualification & evaluation means: assessing the discovered supplier’s quality and

1 A third interpretation is that the respondents attempt to display a clear-cut picture of the process to a researcher. However, this explanation seems less probable since the respondents also explain the less structured choice mechanisms when describing the selection process in general.
suitability, and selection means: deciding if a subcontractor can be accepted in the company’s supplier portfolio. Since this second situation does not always result in a contract, one might question whether it should be treated as a version of the business buying process. However, if purchasing is interpreted as a continuous stream of decisions which aim to choose a seller, this is not a problem. In that case the above application of phases simply explains how this decision is made in a different dimension of purchasing. That is, the customers do go through phases of search, evaluation and selection of suppliers in this situation, although not always necessarily for a current contract but to create opportunities for good purchasing at a later stage.

The studies also clarify that the base for customers’ decisions is not always easy to identify. They suggest that different factors are important at different stages of purchasing. The use of these factors indicates that the customers need and use different pieces of information to structure situations and support decision-making.

When discussing information we might separate between the content of the information (i.e. what information does the customer want) and the source of the information (i.e. how or where can this information be obtained). Through these perspectives, it is possible to see both what customers want to know and where they look for indications leading to it. By understanding and considering these contents and sources, suppliers should be able to better manage their communications and improve their chances of being selected. That is, the content and source of information offer the seller indications as to what should be communicated and which channels might be considered important.

With respect to the phases of purchasing and types of information identified, a summary of the three studies is presented below in two tables. The information is here divided in accordance to the idea of content and source previously presented (middle column of the tables). An interpretation of what the buyers’ use of information indicates for the subcontractors is also included. This points at the suppliers’ marketing opportunities and is referred to as the subcontractor translation (right column of the tables). This translation points out what, in relation to the buyers’ information use, the subcontractors can do in order to meet with the buyers’ behaviour appropriately.

One table is presented for each of the two main situations earlier identified. As always these types of models, while being good for pointing at a general picture and summarising a phenomenon, are less useful for explaining nuances. Still, as is the case in most theories, to make useful and possible to visualise, the model needs to partly rationalise the complexity of the observed phenomenon.

From the buyer’s perspective it should be noted that it is sometimes difficult to separate between the three phases, search, qualification & evaluation and selection, as they are oftentimes integrated and dependent on the same information. The parts are not clearly separated in time and parts of the qualification of a supplier will almost certainly take place simultaneously as the search is conducted. For example, when searching for a supplier the buyer...
might use the Internet. At the same time, this search also provides an impression that affects the suitability or trust the customer has, which are important parts of qualification/evaluation and selection.

Moreover, although one part of the buyer’s process is here denoted ‘selection’, it is possible to argue that all three phases in the process actually represent a type of selection or de-selection. The very first selection can be argued to take place during search when the buyer forms a shortlist of a number of suppliers that are for some reason considered interesting. The next selection can be identified as the buyer conducts qualification and evaluation, thereby narrowing this list down to a couple of suppliers who are both able to deliver what is requested and who have, through different means, been able to increase interest. Then, obviously, there is also the ultimate selection of what subcontractor will get a contract or will be allowed into the buyers’ supplier portfolio.

Table 9-1: Phases of purchase and types of information. Situation 1: available subcontractors.

<table>
<thead>
<tr>
<th>PHASE</th>
<th>INFORMATION</th>
<th>SUBCONTRACTOR TRANSLATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Content</td>
<td>Source</td>
</tr>
<tr>
<td>Search</td>
<td>Which subcontractors are we currently using, or have previously been approved in the area of interest?</td>
<td>The company’s subcontractor register</td>
</tr>
<tr>
<td>Qualification &amp; Evaluation</td>
<td>Which of the available suppliers should be allowed to leave estimates?</td>
<td>Previous manufacturing in terms of product features and results, feelings, relationships, chance</td>
</tr>
<tr>
<td>Selection</td>
<td>Which estimate offers the best deal?</td>
<td>Estimated price, terms of delivery and payment, location, the supplier’s initiative</td>
</tr>
</tbody>
</table>
Table 9-2: Phases of purchase and types of information. Situation 2: new subcontractors.

<table>
<thead>
<tr>
<th>PHASE</th>
<th>INFORMATION</th>
<th>SUBCONTRACTOR TRANSLATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Search</strong></td>
<td>Which subcontractors can make what we want?</td>
<td>Be visible and communicate what the company can do, make sure third party actors have the right image of the company’s capabilities. Be lucky.</td>
</tr>
<tr>
<td><strong>Qualification &amp; Evaluation</strong></td>
<td>Size, location, financial stability, quantitative records of previous manufacturing and deliveries, available machines, general reputation, certificates, management procedures, word of mouth from other customers, employees, sales people, learning about previous clients, visits to factory, individual feelings</td>
<td>Communicate reference cases, financial records, records of delivery and production. Monitor appearance of factory and behaviour of employees. Communicate competence, display certificates, and maintain a good image among all customers</td>
</tr>
<tr>
<td><strong>Selection</strong></td>
<td>Should the subcontractor be used for contracts in our company?</td>
<td>Summary of the above</td>
</tr>
</tbody>
</table>

In part, the studies support Wind and Thomas’ (1980) suggestion that different types of communication are important during different phases of the buyer’s process. For example, a subcontractor can be acknowledged, thanks to an advertisement, an Internet homepage, or a trade fair participation, however, as Wind and Thomas (1980) propose, other types of communication including personal contacts are necessary for a final decision. Consequently, Fill (2002) and Morris et al.’s (2001) idea that advertising and publicity play supporting roles, rather than being main drivers of sales, can also be applied. However, the study summary also shows that above the line marketing communications should not be thought of as insignificant since they can clearly aid a supplier’s being recognised and remembered, even though, related to the subcontractors investigated in this thesis, it is probably not enough for a buyer to make a final selection. Sherlock’s (1991) thoughts about the formation and impact of a
valu ing image also apply to the above findings, further indicating the potential risk of regarding this communication as less relevant. The main point of his reasoning is that the initial and basic feelings buyers have of a company can make them disregard a supplier even if the technical information and the company’s material abilities are satisfactory. The fact that the customers in the studies appear to go through a range of phases of selections this is an important finding, primarily for the second type of situation! If subcontractors are not able to communicate the right things through above-the-line channels, the studies indicate that they can actually lose their chances of being considered any further. Then again, this depends on which sources the buyers use during the search phase.

It is possible to note that subjective factors and intangibles (e.g. appearance, reputation and perceived competence) take part in the supplier selection process even though technical factors like price and precision of delivery are also important. In many respects it seems that Malaval’s (2001) suggestion is highly applicable. He claims that the latter factors (technical) become more dominating and acknowledged in a buyer’s evaluation the further along in the process a purchase has come, while the intangibles and less rational factors, in terms of function and finance, are more important during the early stages. Important to note, though, is that these technical factors are not completely missing in the primary stages of selection as the buyers also use factors like available machine equipment and previously manufactured products to structure the initial evaluation. The explanation for why seemingly product peripheral factors are considered seems to be that buyers’ need to rationalise a selection process and not that the product and production related issues are in any way secondary. Hence this discussion suggests it is not a question of dismissing the importance of technical and performance-based factors but rather a question of adding others.

In total this summary adds support to contradict the idea of industrial buyers as “economic men”. It exemplifies how customers create and use corporate brand images of subcontractors through many sources of information, further emphasising Olins’ (1989) ideas that everything a company does can communicate to its audiences. In doing this the studies corroborate that the source (i.e. the company) is as likely to be evaluated as the purchased product (McDowell-Mudambi et al., 1997). However, while McDowell-Mudambi et al. (1997) find that product and supplier evaluation are carried out simultaneously, the current studies suggest that for this type of purchasing the source is of prime importance, indicating that the corporate brand image can play a more salient role than the product. Thus the studies can also be seen as supporting examples for the notion of integrated corporate communications (Kitchen & Schultz, 2001, Van Riel, 1995) and total communications (Åberg, 1990) as important issues to consider.

When looking at the tables from a subcontractor perspective, a thing worth mentioning is that although it is possible to identify what information content
and source the customer favours, this is also a question about the subcontractor’s control over information. Although most factors the buyers focus on can, at least partly, be planned and managed if the supplier wishes, there are exceptions. For example, buyers seem at times to rely on word of mouth or reputation to gain awareness or a general idea of a supplier. However, while a subcontractor can mainly control what is communicated through its homepage, advertisements and factory appearances, it cannot directly manage which information is transmitted about them through word of mouth. Further, the translation of trust can be difficult to make, indicating that it is hard to know exactly what the subcontractor should focus on.

Even more interesting in the summarising tables is that the customers accounted for some fuzzy explanations. For instance, when describing the basis for a choice several customer respondents mention a feeling, without being able to give further specification. The translation of such a factor to something that a supplier can monitor is harder than the translation of previous manufacturing results. This ‘feeling’ can be seen as representing an unidentified-selection-factor which takes part in the process. This unidentified factor points out that there are elements in the buying behaviour of these customers that is not possible to structure and which they do not completely understand themselves. Due to this unidentified factor there is actually a gap in the translation in the above tables. Since it has not been clarified what the ‘feeling’ is about, it is not possible to point out what subcontractor features or actions correspond to that part of the customer’s decision. However, one interpretation of this unexplained factor is that it even further indicates how corporate brand images play a role, a role that is not necessarily a tiny one in the introductory stages.

Based on these summarising tables, the following sections analyse and clarify the role of corporate brand image during the selection phases of both situations.

9.3 Cross-study conclusions on corporate brand image

Mudambi (2002) identifies three clusters of buyers based on their perception of the importance of brands. The one she calls branding sensitive includes purchasing where risk is significant, the product important and quantities are big. The current thesis seems to describe this type of buyers at great length. Even though they do not directly say so themselves, the customers can be seen as brand sensitive considering that choices do not only depend on physical product features. In line with Jacobsen’s (1999) suggestion that B2B marketing is about selling a company, the importance of brands in the above studies reflects a focus on corporate image that centres on the entity’s trustworthiness. Examples of this are noted in the buyers’ interest in the subcontractors’ quality systems, manufacturing processes and financial stability, which further supports
McQuiston’s (2004) point that B2B branding must include functions like logistics, customer support, corporate image and policies as they are part of what follows with the physical product purchased.

Another indication that points out the role brands play in the context explored in this thesis is found when comparing the results with Hutton’s (1997) discussion on brand equity in the B2B market. According to his reasoning brand equity clearly exists in the subcontractors’ market since the customers in the studies carried out in this thesis:

1) Will pay a premium price for goods coming from a certain subcontractor if other aspects like security are perceived as more important. Hutton’s (1997) suggestion, that brand familiarity matters in situations where buyers experience both large personal and organisation risks, is also partly corroborated here as some customers claim that it feels safer to choose the most familiar supplier among several fairly unknown ones. This is similar to Malaval’s (2001) suggestion that a supplier with a strong brand has better chances to be on shortlists, regardless of the situation.

2) Will recommend the subcontractor to other parties. The studies of Trinity, Skywalker and Janeway confirm that customers discuss suppliers between each other and sometimes recommend a particular company if being asked. Corporate image and reputation among actors in the market can thus be important for a subcontractor’s ability to gain new customers. Primarily this applies to the beginning of customer relationships or even before it has been started. This corresponds well to suggestions by various authors who indicate that reputation or familiarity is crucial particularly during the primary selection phases of a purchase (e.g. Baily, 1998, Levitt, 1965, Moller & Laaksonen, 1986, in Hutton, 1997). However, compared to Mudambi’s (2002) study, the buyers included here appear somewhat less dependent on general positive reputation and instead react more when the reputation is negative.

3) Will be more inclined to accept other products from the same subcontractor. The studies illustrate how customers often return to a subcontractor with similar product requests. By acting in a favoured way, the subcontractor’s corporate brand image is be strengthened and its chances of remaining as supplier increase. The outcome of corporate image is then that it helps to gain further income and to fight off competitors even though they offer a lower price.

9.3.1 Clarifying the role of corporate brand image

Based on the three studies and the summarising tables above, conclusions can also be drawn which are more specifically related to aspects that previous theory has emphasised as important for B2B buying.
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- Corporate brand image can play a role regardless of where a buyer is in the purchasing process.

Whether it is search, qualification & evaluation, or selection, the impact of corporate image depends on what type of information guides the buyer’s behaviour. In searching for a customer, the corporate image can be considered important if the identification of alternatives is based on word of mouth or impressions. Unless the search process includes a selection of all available alternatives based on practical criteria (e.g. those who have a particular set of machines and more than 50 employees, or those presented by a third party “supplier agency”) where contact is taken to assure that the right information is obtained, one might conclude that the image a customer has gained of a supplier through one or several sources decides the outcome of search. Word of mouth or reputation suggests that a subcontractor’s corporate image is spread from one actor in the market to another. That is, not only does the actor who reports a rumour or reputation have an image of the subcontractor, but the actor receiving it gains a corporate image of the subcontractor in question. If the outcome of a search is affected by this exchange of reputation or word of mouth, corporate brand image plays a role, however insignificant it may seem.

During the customer’s qualification and evaluation of a subcontractor the relation to corporate brand image can be considered from two perspectives. Primarily, depending on how a customer continues the selection process, corporate brand image can be used by the customer to decide whether a supplier is good or suitable. The impact of corporate image perhaps is most evident here when the customer’s search has rendered (too) many potential sources and when there is not enough time to contact or investigate every subcontractor. Evaluation then has to be made based on what information is available and, in reality, a translation of that information into an estimate of the supplier’s nature. However, the studies show how corporate brand image can also impact the outcome of a more thorough evaluation. Due to their need of reliability, these customers mind the behaviour of the supplier. However, since someone’s future behaviour cannot be evaluated, the customers are forced to use indicators and impressions simply because there is no other way of doing it. Secondly, corporate brand image is actually the outcome of a continuous evaluation process! That is, the corporate image a customer has of a subcontractor can be expressed as the result of the assessment of different pieces of information about that supplier.

A brand’s value to a customer, i.e. the brand added value (Riezebos, 2003) can be divided into two main categories. Connotations to a product’s quality based on its source can be referred to as the brand’s performance value, whereas the emotional associations or values can be referred to as the brand’s affinity.
These values can be seen as parallel to the main characteristics of a brand, described as its functional capabilities and symbolic features (de Chernatony & Dall’Olmo Riley, 1998) or its product and non-product related attributes (Keller, 1998). Based on this unravelling, brand logic does not necessarily concern emotional attributes but instead simply refers to the use of associations. Thus, regardless of what factors are used to make a decision or selection, as long as it is based on ideas or associations that a buyer has about a supplier, we might talk about the corporate brand and the roles it plays.

- The role corporate brand image plays differs depending on what is being purchased and the type of supply situation.

In line with the idea that buying behaviour in B2B markets depends on a purchased item or service’s complexity, its function and importance for the customer (e.g. Axelsson, 1996, Gross et al., 1993, Xides & Moschuris, 1998), the three studies confirm that customers are more thorough in their evaluation of a source depending on what they purchase.

When the parts or components are of a kind that demands some particular competencies, the buyers indicate that the evaluation pays much attention to the subcontractor’s competencies. This means that the evaluation of competence is made, for example, through the face-to-face meetings with personnel and during the audits. The subcontractor’s trustworthiness hence is verified partly by the individuals indicating that corporate image is created somewhat through the employees. The knowledge intensity of a product also implies that switching from one supplier to another is difficult and the buyers therefore take more care to investigate the subcontracting company as a whole. They are then more attentive to reputation and the general corporate image. Similarly the costs tied to a particular supplier and the manufacturing of a new component are interesting to consider here. For example, when purchasing a new product, it is necessary to develop a new tool which is quite costly. Examples of this are noted in Neelix, where the PD explains that major assessments of suppliers are only needed if the cost of what they supply reaches a sufficient total. Similarly, the quality system in Tuvok demands that strategically important suppliers be evaluated more continuously and in a more thorough fashion than suppliers of less important items.

Contrary to this the search for general reliability and need for trust, the customers describe another behaviour referring to maintenance goods and services, or parts where switching costs are low. For these products evaluation of the supplier is not as common and a direct contact is not necessary between the customer and the supplier. This indicates that the available corporate brand image is much less comprehensive and perhaps not even considered. For example, Yoda’s PM explains how his choice of packing tape can be guided by

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2 The performance and affinity value concepts were suggested by Alvaro Vilaseca, PhD, at the University of Montevideo, Uruguay, in a conference research proposal.
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the discovery and recall of a supplier or retailer’s name in the Yellow pages. This example points out that the studies also concur with De Chernatony and McDonald’s (1998) suggestion that the significance of different brand elements varies depending on what is purchased. While a multitude of elements are considered in the former situations, awareness and visual identity could be the significant elements in the case concerning maintenance goods.

- The role corporate brand image plays differs depending on the subcontractor situation.

Contrary to the alignment with previous theory concerning product class, the studies do not clearly confirm that the type of purchase or buy class, referred to as straight re-buy, modified re-buy, new task (e.g. Brand, 1972, Clow & Baack, 2002, Robinson, et al., 1967, Solomon, 2002) drives the customers’ behaviour and affects the role corporate brand image plays. The buy classes are outlined with great focus on the product and the reasoning largely suggests that the familiarity with a requested product is what generates differences in a customer’s buying behaviour and thoroughness. However, the three studies indicate that the comprehensiveness of evaluation primarily lies with the familiarity of the source rather than the newness of the product.

The studies appear to concur with the literature (e.g. Robinson et al. 1967), that new task and modified re-buy situations might include all phases of the buying process, which makes it quite different from the straight re-buy. Then again, the buyer’s thoroughness during the phases depends on whether the buyer finds potential suppliers among the current ones. In the case there are available suppliers; requests are sent to a selection of these without delay. That is, even if a requested product is new and there is per definition a new task situation, the process of selection need not be very complex if there are known subcontractors available. However, if the new task or modified re-buy includes using an untested supplier, the outlined differences in behaviour do appear. In such situations the differences between types of purchase are clearer and the customers seem to follow the description of new task purchase as given by Gross et al (1993, p. 87): “In this buy class the company will have to evaluate a wide range of possible problem solutions or suppliers. The process tends to be time consuming and involves a number of people”.

In any case, the new task and modified re-buy obviously take more time since selection must start at a ‘lower’ level than in the straight re-buy. Still, it appears from the three studies that, when discussing the role of corporate brand image in this context, we should concentrate on the customer’s subcontractor situation as well as the type of purchase.

When a customer looks for an untested subcontractor the role of corporate brand image mainly is to serve as a vehicle of a general sense of ability and trustworthiness. Once a customer has included a subcontractor in its register, we might assume that it has a satisfactory corporate image of that supplier. Hence, when a customer looks to choose one of these suppliers, the selection begins on what
could be referred to as a higher level where a specific contract gets immediate focus. As a consequence, when a customer knows the subcontractors, the role of corporate brand image mainly is to position and differentiate one supplier among comparable actors. As pointed out though, this does not mean that the corporate brand is of no importance. Rather, it seems the buyers have quite established images of their suppliers which aid them in picking out the shortlist for who can bid on a contract. Additionally, corporate brand image can have an impact when a customer experiences lack of time due to some type of problem. In such situations the buyer needs to make a rapid decision and hence does not have time to go through the usual selection process. If the product in this case is new or cannot be obtained from the usual source, the task is most likely given to a supplier with an image of being flexible and reliable.

- Depending on the subcontractor situation different pieces of corporate brand image have significant impact.

Authors in the B2B communications field argue that customers use different information (e.g. Ford et al. 2002) and information sources (e.g. Patti et al., 1991, Wind & Thomas, 1980) for making decisions depending on the phase of purchase. As pointed out in the two summarising tables, this is largely corroborated in the three studies and due to these differences corporate brand image can play different roles. In short, what they indicate is that when corporate brand image plays a role, different aspects of the image can matter depending on which purchasing phase is considered. A case in point is, what people say about a supplier during search as opposed to the impressions gained by meeting with the CEO during evaluation. Corporate brand image thus is not constant and neither is its impact. However, similar to the buy class discussion above, it seems that the impact of different pieces of corporate brand image (different types of information) should also be related to the customer’s familiarity with the source.

When a customer looks at a new subcontractor, the pieces of information most important to corporate brand image are in line with the purpose of that search, which is gaining a general feeling of suitability and reliability. Examples of sources for this type of information in the current studies are previously manufactured parts, available machines, size of the company, other customers, sales people and employee behaviour, manufacturing plant order, response time and precision. When a customer already has established a certain level of confidence in the subcontractor, it seems the important aspects of corporate brand image are more related to things like direct experience with the supplier’s abilities, previously delivered products and the interest of managers in the supplying organisation.

This suggests that although a corporate brand image evolves during the exchange, thanks to an increasing number of available interaction points and communicated messages, all pieces might not be considered equally important as time passes and a relationship is created. Those are the pieces that in the
beginning are used as estimates for something else. For example, orderliness and factory environment can be crucial elements of corporate brand image when they are used as a proxy for trustworthiness in the selection of a new supplier. On the other hand, once a customer knows the subcontractor and is satisfied with the way deliveries are going, these elements might have no impact. Trustworthiness can then be based on actual experiences. Then again, as pointed out earlier, the fact that the pieces of interest in the corporate image change does not mean that the impact of corporate brand image ceases.

9.4 The rationalities of choice

The above sections concentrate on concluding what role corporate brand image plays for a subcontractor. They emphasise the diversity of types and sources of information used by customers, emphasising that a discussion about subcontractors’ corporate brands should include a broad approach to corporate communications. However, there has so far been limited discussion about why customers use different information and information sources depending on the situation. To comprehend the subcontractors’ possibilities and communication through the customers’ behaviour, a basic premise of this thesis, the studies will be further examined with a focus on understanding the customer’s selection behaviour. The following discussion also attempts to answer the question marks left by the previously detected unidentified-selection-factor (see chapter 9.2).

So far the discussion has revealed that it is hard to find a common behaviour among the buyers related to a typical buying phase due to the many sources of information in use and because the behaviour partly relates to subcontractor situation. The results presented so far appeared when concentrating the analysis on the three buying phases search, qualification & evaluation and selection, which was a natural step since these form the basis for the three empirical chapters. However, since this analysis leaves question-marks another approach to the buying behaviour is necessary. An effort is therefore made to look into the buyers’ selection behaviour per se. Since the selection in each of the three phases drives the buying process forward, understanding more about what affects the buyers’ selection behaviour should improve our understanding of their buying behaviour in general and what role corporate brand image plays.

When doing this it is possible to note some patterns in how the buyers appear to arrive at a decision. This analysis ultimately gives rise to five types of rationality. These are the concreteness of firm features, the reassurance of experiences, the ease of current contacts, the security of recognition and the indications of underlying associations. The reason for calling them ‘rationalities’ is that buyers, due to the number of possibilities and limitations in time and resources, have to rationalise their decision-making in order to make choices. The following presents a description of each of the identified types of rationality.
9.4.1 The concreteness of firm features

The concreteness of firm features represents a practical basis for a buyer’s rationalisation of choices. It reflects how a customer takes a company’s size, machinery and equipment, offered products and geographical location into account. The obvious reason for using these practical aspects as a base for selection is that the buyer has a certain need and has no wish to waste time on the suppliers with no apparent potential to fulfil these wishes. The studies primarily show how this rationale is used during the very first attention a supplier gets, for example, during a trade fair or a search on the Internet. These practical factors can also play a role when a new subcontractor’s offer is being evaluated against existing suppliers. For example, Neelix’s PM explains how a small actor can sometimes offer a lower price, but then the risks inherent in the small size are more important. Under this heading it is also suitable to discuss what can be referred to as performance-based measures, exemplified by statistics on quality of manufactured goods, faults in production (ppm), delivery precision as well as the supplier’s financial track record. These are well connected with the firm and primarily what it has previously accomplished in terms of measurable results. The studies show how these appear to play an important part in the qualification & evaluation and selection phases. In total, the rationale behind these examples is that a customer can decide how to behave relying on a calculated figure or a concrete fact related to a particular firm.

9.4.2 The reassurance of experiences

The performance-based measures described above refer to statistics on a supplier’s previous actions. However, it is also possible to talk about performance-based measures that are related to a buyer’s documented experiences with a supplier. These cover the ease of process, flexibility, delivery capacity and quality of products. For an inexperienced buyer these features are in reality unknown and can only be derived from the above mentioned statistics. The logic of letting previous experience guide behaviour is simply that a buyer is reassured by the behaviour a subcontractor has previously exposed. The customer relies on primary data concerning the supplier’s ability to deliver according to requests and thus can perceive a decreased risk. In the current thesis this type of rationality can be detected when buyers turn to suppliers available in their register even though the concerned purchase is within the new task or modified rebuy class.

9.4.3 The ease of current contacts

The ease of current contacts refers to the rationale of turning to actors you already know for information and help because it requires less efforts than reaching out to unknown ones. The logic behind this is rather easy to grasp
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since approaching currently known actors is more comfortable and also limits the buyer’s search costs. This can, for example, be connected to Håkanson and Snehota’s (1995) discussion on institutionalisation of relationships which indicates that certain ties are valuable thanks to the stability they offer and the accepted and functioning routines in the exchange between two parties. Janeway’s CEO explains:

     We are all a bit lazy and it is easy to ask someone if you know they can manage and that you get your things on time. Then you overlook that you know, because you know it works and then you buy from them.

Then again, what can be more rational than taking the easiest way out when looking to employ a supplier? This rationale is obvious when recalling that buyers often go through in-depth audits of the supplier before they are employed, indicating that a known supplier should already have proven its capacities. Thus, turning directly to these subcontractors is not only effortless but also can save time and money on evaluation. In this thesis’ studies it is apparent that suppliers who somehow are already related to a customer’s operations have a head start in any type of purchase situation.

Related to this, are also the connections between divisions in large corporations, in this thesis exemplified in Neo and Neelix. If the whole corporation uses the same system for evaluation, a buyer knows what evaluation the subcontractor has gone through which makes it easier to pick one of the internally recommended suppliers than to search the complete market for someone who has not been evaluated at all. Similarly, the current contacts between customers appear to sometimes provide this relief. As the studies indicate, buyers sometimes meet with each other and also ask for opinions on (potential) subcontractors, indicating yet another use of the ease of current contacts. By obtaining information from sources deemed trustworthy, buyers can find a shortcut to suitable subcontractors as well as be helped in evaluating a particular one.

The ease of current contacts can also be recognised when customers turn to various actors in their surroundings even though these cannot supply what is requested. In this way other parties’ networks and knowledge are used to find suitable and potential subcontractors. The logic behind this is that actors in a certain industry or market have additional knowledge about other actors who are active in that particular market. Thus, it can be easier for buyers to ask their familiar contacts, who might be related to the area of interest, than to scan the market themselves. Again, the rationale is that by doing so customers can save both effort and time.
9.4.4 The security of recognition

Some buyers report that in the selection among several similar and untested subcontractors they prefer to go for the one which seems more familiar. It seems the fact that a supplier is somehow renowned gives it legitimacy. What then is the logic behind this behaviour? A parallel might be drawn from a tendency spotted on consumer markets where customers perceive heavily exposed products or brands as having a higher quality. Economics suggests this is related to the perception that companies which can afford heavy exposure must be of high-quality since they have actually managed to earn such an amount of money. This implies that recognising a subcontractor, from advertisements, trade fairs or conversations, could verify to buyers that it is an established actor in the market, thus making the preference of this supplier logical ahead of someone that is completely unrecognised.

Then again, the reason customers recognise a subcontractor is sometimes a result of their exposure with its reputation. The subcontractors in the studies agree that although buyers might overlook some deficiencies once both actors are entwined in an exchange relationship, they are not likely to do so when evaluating a supplier for the first time. They further argue that if this evaluation is influenced by a reputation carrying bad undertones, the leeway for insufficiencies is even lesser. This supports the suggested importance of reputation by various authors (e.g. Fombrun, 1996, Greyser, 1999, Hall 1992) even though this thesis does not indicate any significant use of it.

Several buyers are reluctant to admit that they listen to what other people say and indicate it is not very often they hear something at all. Still, if reputation is less flattering the buyers’ images apparently can be tainted, thereby negatively affecting the supplier’s potential to be a company considered for a shortlist. In that case security of recognition might not apply. This rationality therefore should better be considered mainly in case of the very brief recognition a customer has, for example when recognising the name or a logotype of a supplier.

9.4.5 The indications of underlying associations

The discussions in the three studies indicate that although some respondents consider price as the primary evaluation factor, it takes more than a low price to attract customers in the subcontractor market. This gives support to the suggestion that price alone cannot be considered the ultimate aspect of evaluation (e.g. Malaval, 2001, McDowell-Mudambi et al., 1997), indicating that it should neither be considered as a company’s only competitive factor. Contrary to the earlier mentioned performance-based measures, this heading reflects what can be called association-based measures. The logic behind this connects well to a previous discussion on the need for buyers to decrease the uncertainty they experience when approaching a new supplier. If very little is
known about its actual performance, collecting other pieces of information to create an image that seems trustworthy and stable enough is needed. Making associations between certain indicators and the preferred information then become the model. Some examples of underlying association that surface during the studies are when buyers:

- Associate orderliness on premises and in factories with quality of products and deliveries.
- Associate employee behaviour with quality of products and company potential.
- Associate certificates, e.g. ISO 9000 & 14000, with a certain company attitude, potential and product quality.
- Associate the supplier’s previous and/or current customers with what it can accomplish, what products it can deliver and primarily what attitudes and skills there are about certain delivery demands.
- Associate previous financial performance with a supplier’s future stability and survival.

In summary, this rationality supports the suggestion that industrial buyers are human, affected by both social and personal factors when making decision (e.g. Anderson & Narus, 1999, Clow & Baack, 2002, Solomon, 2002). It also visualises well the discussion on a diversified approach to value (e.g. Anderson & Narus, 1998, 1999, McDowell-Mudambi et al., 1997, Morris et al., 2001, Walter & Ritter, 2003). By including e.g. the potential technical developments or time savings a company can infer, the view of what makes a customer choose a supplier takes a different turn, which also points at Axelsson and Wynstra’s (2002) description of underlying capabilities. The way the studied subcontractors depict a need to show off factory hygiene (Skywalker & Janeway) and orderliness (Trinity, Janeway), clothes (Trinity, Skywalker), internal processes (Trinity, Skywalker & Janeway), manners of sales contacts (Trinity, Skywalker & Janeway), and references to previous customers (Trinity, Janeway), indicates that these aspects are significant in gaining or maintaining a contract.

9.5 Enriching available theory with rationalities

These five types of rationality propose a fine-tuning of the theory that buyer behaviour is determined by type of product and buy class. They allow further understanding of why buyers display a certain behaviour related to their selection of subcontractors. The following figure illustrates the ideas and connections included in the adding of five rationalities to previous theory.
Figure 9-2: The why and what behind buyer behaviour related to selection of subcontractors

Based on available theory and the empirical studies of this thesis it is possible to identify four salient characteristics that every purchase situation has. These are the type of product considered, the type of buy class, the subcontractor situation and the time available for a decision. Based on these basic situation characteristics the buyers can identify what information is needed in order for them to proceed in their selection process. Furthermore, the type of information as well as the sources available for obtaining it will differ depending on these characteristics, indicating that the customers must identify how to continue in each particular situation. These decisions are influenced by the basic situation characteristics in addition to the status of information. This is where the rationalities appear.
As noted, based on the type of product, subcontractor situation, buy class and time available, the buyer has an idea about what information is required in order to make a decision. Since time is always limited in some way, as is the information possible to obtain, the buyers must rationalise their decisions. In other words, they need to find an acceptable foundation for the decisions they make. Depending on the complexity of and available sources for the requested information and the time available, the rationalities in use will differ. Finally, as a result of what types of rationality are used, the significance of corporate brand image and any other factor will also vary.

The logic behind this is that depending on which rationality buyers use in making a decision, the potential impact of subjective evaluations and feelings will vary. Consequently, even though the basic situation characteristics (subcontractor situation, type of product, buy class, time) are the same, due to differences in information sources and the impact of time, the logic behind customers’ selections can differ. For example, if one buyer has current contacts to supply information, its selection will be guided by different aspects than the one with no such contacts. The latter will have to turn to another source for the information and rely on a different type of rationality, for example, the concreteness of firm features or the security of recognition. Both buyers then can be seen as behaving rationally under the circumstances apparent in their individual situation.

Another interesting point here is that the buyers appear to use several kinds of rationality simultaneously. For example, in making a selection a buyer can make the choice to obtain information based on the ease of current contacts. However, the customer’s choice process concurrently can be guided by the concreteness of firm features in deciding what actions to take related to a particular subcontractor. Similarly, the thesis shows that the concreteness of firm features or reassurance of experiences can guide the selection behaviour in the beginning of search although, due to the complexity of the requested information, the suitable rationality can switch towards indications of underlying associations in a latter stage of selection.

One conclusion is that the illustration above should be seen as a circular occurrence which repeats at every point of selection where the buyer requires information:
In sum this points directly at the difficulty of generalising the impact corporate brand image has for a particular purchase phase or subcontractor and brings back the discussion about the unidentified-selection-factor presented in section 9.2. What was earlier recognised as something customers could not put their fingers on can be explained by considering their use of rationalities. Whereas firm features and current contacts can be concrete and allow the customer to clearly point at the grounds for a decision, the indications of underlying associations, reassurance of experiences and security of recognition all refer to more cognitive processes indicating that they might not be completely lucid to the customer. That is, customers might rely on these without being completely aware of them (c.f. Lazo, 1960). An example of how this could be the case concerning underlying associations is even suggested by Tuvok’s P when he answers a question about whether the looks of a factory matter when conducting an audit (emphasis added by the author):

P: Yes it does of course. In that case, even if we say that we don’t make that judgement we probably do. This, about orderliness in the factory, for example, it’s probably included as a subjective evaluation, the first time.

In the end one might say that the type of product and buy class still are the drivers of behaviour, however, this thesis serves to point out that there is more to the reasons behind a customer’s decision and behaviour. Primarily, the subcontractor situation surfaces as an important factor in the behaviour displayed related to subcontractor selection as it has great impact on the buyers’ perceived need of information. Secondly, while the situation characteristics serve to classify the purchase and, partly, what information is of interest, they do not indicate what type of information can be obtained or whether there are time constraints. When these dimensions are added to the discussion about buyer behaviour, it is clearer that there are restraints to the customer’s selection processes.
9.6 The relationship perspective

In proximity to the outlined types of rationality *reassurance of experiences* and *ease of current contacts*, lies the marketing discussion related to relationships. Grönroos (2004) summarises the idea of relationship marketing by explaining how relationships between parties bring additional value to that which is delivered through the exchanged goods or services. Example of what values relationships can bring are security, trust and a sense of control. The current studies indicate that the customers in general look for long-term relationships with their subcontractors, indicating the relationships are for some reason perceived as valuable. With this in mind one plausible question is whether established relationships impact the process of selecting subcontractors and, if they do, are they to be seen as substitutes for the above discussion on corporate brand image?

Gadde and Snehota (2000) hold that the strategic importance of a purchased product decides whether it is beneficial to maintain relationships. Considering the investments an exchange can infer on the buyers in the studied context and the difficulties of switching suppliers on short notice, there are potentially both supply and financial risks (VanWeele, 2002). In summary this indicates that it is strategically feasible for the buyers to maintain good relationships with the type of subcontractors considered here. During discussions, the respondents in this thesis also imply that these relationships indeed can affect the way business is done with subcontractors.

The respondents’ stories point at how relationships between subcontractors and buyers can yield values in terms of trust, flexibility, and ease of the exchange. For example, the respondents indicate that a low price does not necessarily indicate what supplier will get a contract. The customers explain how they sometimes buy at a higher price due to the perceived values inherent in the perceived security of and the convenience of dealing with, known subcontractors. On the other hand, the Trinity study suggests that the price level can also be reduced after a number of years of exchange, indicating a concrete financial value in the relationship. The fact that one respondent in Trinity suggests that a value of business relationships can be an understanding of *being nice to each other*, further points at the breadth of values that can be considered when discussing this issue. More specifically related to personal relationships, the studies also indicate how these can be quite valuable in terms of the co-operation’s efficiency and positive outcome. For example, the respondents in Neo suggest that good personal relationships between key persons are so important that the company sometimes consider, or even enforce, a switch of the individuals in charge of certain tasks in the supplying firm.

In total, these examples suggest that the relationship marketing ideas are valid in the exchange between the examined subcontractors and buyers. That is, the relationships seem to bring additional value to that coming from the
exchanged goods or services, hence causing them to sometimes include the effects of established relationships in decision-making. Again, we need to consider if this contradicts the previous focus on corporate brand image?

9.6.1 Relating relationships to corporate brand image

The relationship marketing paradigm represents an approach to marketing where the relationship is in focus as a value bearer. This clearly applies in the above studies since both subcontractors and buyers report a desire to establish long-term exchange ties due to the value they can bring. Consequently, as the relationships seemingly bring values to the buyers, they also impact the buyers' behaviour. However, while a focus on relationships, rather than transactions, is described as an inclusive approach to marketing, there is still room for other marketing strategies. In fact, several areas need to be considered in order to implement relationship marketing (Grönroos, 2004, Lindberg-Repo & Grönroos, 2004). This perspective touches on that of Duncan and Moriarty (1998) and points out the importance of various communication effects, outcomes of interactions as well as planned marketing communications, in supporting the development of relationships. In the end Grönroos (2004) concludes that although the management of marketing communications from many sources does not create lasting relationships it is required in relationship marketing (Grönroos, 2004, p. 102). Unless the total communications from a subcontractor support the value a buyer can perceive in a (potential) relationship, the relationship in reality might not be perceived as very valuable.

In this thesis this is exemplified by the customers' task of locating unknown parties and evaluating these to find out whether they are good suppliers, possible to trust. In these situations there are no established relationships between the buyer and the potential subcontractor and the above analysis indicates that corporate brand images, based on different types of information and communication sources, aid the buyer's choice process in different ways.

Relating back to the types of rationality, ease of current contacts and reassurance of experience, the role of corporate brand image can be further defined and to some extent also limited. It seems relationships and the rationale of actual experiences to some extent take the upper hand once a customer has become accustomed and has tied into the subcontractor's processes, signifying that focus, to a wide extent, is placed on the actual results rather than the perception of the subcontractor. This means that the relationship marketing and networks theories are not in any way contradicted by the current study but rather it shows the impact of both corporate brands and relationships although in part during different steps of the exchange processes.

Then again, one might question whether branding becomes unimportant once there is an established relationship between a supplier and a customer? The image of an actor, however, is not static and the studies illustrate that subcontractors need to re-establish the idea of being reliable and communicate
their competencies. Hence, even towards customers who have an established relationship with the subcontractor branding should not be considered an issue of past relevance.

This thesis comes to the conclusion that a communications focus on corporate brand image can be seen as one way of aiding the relationship-driven exchange, indicating that relationship marketing and branding, rather than contestants, should be regarded as different dimensions of a seller’s marketing strategy. Similarly, relationships and corporate brand image have different types of value to the buyer. The former bringing long-term values related to stability and security and the latter values connected more directly to the processes of selection and the buyer’s ability to perceive the values in a relationship. In other words, a buyer is not likely to choose either the relationship or the corporate image during the selection of subcontractors. Likewise, the discussion on subcontractor marketing should not reflect the choice of either relationship marketing or corporate branding.

9.7 Conclusion

Based on previous research and theory a basic assumption in the thesis has been that branding can be suitable for industrial markets (e.g. De Chernatony & McDonald, 1998, Egan et al., 1992, McDowell-Mudambi et al., 1997, Nilson, 1998). This idea is based on previously noted indications that industrial buying behaviour can include impact of psychological, emotional and associative factors, emphasising the width of communications that can affect a purchase in the B2B market (e.g. Anderson & Narus, 1999, Axelsson & Wynstra, 2002, Clow & Baack, 2002, Malaval, 2001, Solomon, 2002). Taken as a whole the three empirical studies (see chapter 6,7 and 8) support research and theory related to industrial buying behaviour and conclude that corporate brand image can play different roles in the selection of subcontractors.

Although price and measures on manufacturing and quality are considered, the accounts presented in the studies indicate that buyers are also affected by product-peripherals and impressions during search, evaluation and selection. One issue heavily emphasised is the importance of trust between the subcontractor and the buyer. The reason for this is that the customers are dependent on the subcontractors’ products in order to manufacture their own products. It is therefore crucial that deliveries are on time and that quality is sufficient. Being at hand when needed and being willing to make an extra effort in case it should be needed also seems important. These demands align with the buying factors described in Egan et al.’s (1992) model on industrial branding as reliability and willingness to customise. According to their model this, in turn, suggests that factors like supplier credibility should be considered during selection and thus that image building represents a potential competitive effort for the subcontractors.
This concurs with the findings in this thesis. As a consequence and of importance to this discussion, the customers’ focus relate to the supplier rather than the delivered piece of metal or plastic in a one-time delivery. The evaluation and selection therefore relate much to the subcontractors’ abilities to manufacture and deliver according to requests throughout an extended period of time. Accordingly, the image considered is the corporate image with focus on ability and reliability. A conclusion drawn from this discussion is that subcontractor branding, by and large, logically should centre on the creation of an overall corporate image that includes trustworthiness and stability as regards delivery according to requests.

Then again, another conclusion drawn from the studies is that corporate brand image can play a role during different phases of the customer’s buying process. Depending on what information the customer is looking for, different features of the corporate brand can affect the buyer’s behaviour. For example, during primary searches, and qualification, the indicators affecting a buyer’s behaviour can be less related to reliability and more geared towards the subcontractors’ position as regards product category and their general manufacturing abilities. Consequently, communication related to these features can be equally important to look after.

An important conclusion is that the impact of corporate brand image on the buyers’ choices and behaviour should not be taken as an indication of them being irrational. The above analyses rather conclude that the use of corporate brand images is actually an outcome of rational behaviour considering the customers’ time, information and subcontractor situation. Additionally, although customers might acknowledge a subcontractor thanks to its reputation or a very limited corporate image, the analyses concludes that these initial impressions are not alone likely to lure a customer into a purchase. Due to the type of products as well as the financial and supply risks inherent in the subcontractor exchange, the customers are likely to conduct a more thorough evaluation, indicating that a subcontractor’s corporate brand image needs to reach a certain level if it should be ultimately considered.

Contrary to the ingredient brand strategy, where brand image is interesting thanks to what it can provide the buyers’ own products, it seems these subcontractors’ corporate brand images relate to positioning a firm in terms of capacity and creating a sense of security and risk reduction.

Another assumption that should not be made based on the above is that subcontractors who consider their corporate identity and image automatically get more customers. While the three studies explore and conclude what roles corporate brand image plays during subcontractor selection they must not be interpreted as suggesting that corporate brand image always is a key factor. The accounts given show that the buyers’ choices at times can both be quite arbitrary as well as guided by basic statistics (e.g. relating to price, size, auditing protocols), indicating that impressions neither impact every buyer, nor every selection situation. The outcome is that corporate brand image potentially
Analysis

affects the buyer at several points during purchasing and, additionally, that it is hard to generalise when this will happen as it appears the buyer’s specific situation determines what type of information and sources are considered.

In conclusion, if subcontractors do not have a favourable corporate brand image, their chances of maintaining competitive positions and obtaining contracts can be lost before a potential customer gets close enough to form a thorough impression. Once the buyer looks to gain a more thorough image of the subcontractor, the essential aspects appear to be ability and reliability which are based on information gained through different channels like word of mouth, direct contacts, planned marketing communications, trade fair participation, personnel and facilities. Thus, the appreciated corporate brand image as well as the direct brand experience through interaction should be of interest to mind for the subcontractors. Referring back to the discussion on corporate and total communications (e.g. Olins, 1989, Van Riel, 1995, Åberg, 1990), the importance of a comprehensive approach to communication as well as integration of messages from different sources can be emphasised further. In short, everything a subcontractor does can affect the corporate image and hence be of importance in its ability to succeed in being chosen. However, the current thesis indicates that the formation of corporate image used by buyers’ mainly concerns communication related to the subcontractors’ long-term stability, abilities and will to manufacture and deliver a specific type of product according to certain standards and requests.

The analyses conclude that relationships stand unchallenged as an important ingredient in making business exchanges function smoothly. The potential values of relationships to both subcontractors and buyers make them a common aim and hence they can affect the buyers’ behaviour. The importance of subcontractor corporate brand image can be highly important for a subcontractor to be selected in the first place and to provide information that aids the development and management of these relationships. Consequently, the analyses, while supporting relationship marketing as a general approach, also conclude that branding should not be considered its opposite.

9.7.1 Closeness to other areas in management

The concept of servicescape has been coined in the service management and marketing literature as the influence of physical surroundings on customers and employees during service delivery (Bitner, 1992). As the three studies focus quite a bit on the actual premises and how it appears to be rather important for shaping the corporate brand image, it is legitimate to ask whether this is not about servicescapes. Similarly, the quality management approach includes discussions about holistic perspectives on the qualities delivered by a firm (e.g. Bergman & Klefsjö, 2003), which might be recognised in the above analyses. Design is yet another concept that lately has developed and now encompasses a range of attributes which could be connected to this thesis. It is no longer only
a matter for discussions connected with the design of tangible products but also, for example, store environments (e.g. Kent, 2003), internet pages (e.g. Geissler, 2001) and organisations as such (e.g. Persson, 1997), with the idea of generating or improving certain images or values.

These examples are doubtless just a few of the concepts in contemporary management and marketing literature which in some way are similar to the comprehensive brand discussion held in the above sections. However, in this thesis these concepts and others might be describe as parts of corporate branding while not completely replacing it. They can be seen as management tools for structuring the idea of the corporate brand into pieces which can be more easily handled in a firm. Thus, while this thesis recognises their closeness to the discussion, they are not included in favour of a more stringent thesis.

9.7.2 Coming up…

Through the respondents’ accounts on what customers consider during the selection of subcontractors, the three studies indicate that the total impression of a supplier can be of importance. In short, corporate brand image has proven to play a role during the selection of subcontractors, indicating it is possible to discuss corporate branding as a competitive advantage among these firms.

However, the studies have so far not examined whether the subcontractors consider this potential impact of corporate brand image and whether they, in concurrence, pursue branding. The remainder of this thesis will continue the discussion by exploring just that.
Chapter 10
Corporate branding

This chapter marks the beginning of the third section of the thesis. So far the thesis has concluded that corporate branding can be a useful effort for subcontractors since their corporate image can be valuable to customers in that it is used during the processes of finding, evaluating and choosing subcontractors. What has not been considered, however, is whether the subcontractors acknowledge a connection with branding, if they attempt to take advantage of it, and how this might be done. This chapter presents the theory of corporate branding in practice. The next chapter studies corporate branding among the subcontractors and the third analyses the findings and concludes this section of the thesis.

While chapter two presented a general definition of branding, it dealt less with the practical consequences of adopting branding in general or corporate branding. In order to understand what efforts the subcontractors could, in theory, make to take advantage of the corporate branding opportunity, this chapter presents available ideas on corporate branding characteristics. The discussion sets the stage for the empirical parts in chapter 11, which aim to explore the subcontractors’ ideas about brands and the corporate branding in their companies.

10.1 Branding as an all-inclusive strategy

Pickton and Broderick (2001) suggest that branding concerns the total effects of marketing communications and therefore cannot be described as a static box within the marketing communications field:

Branding is about the values generated in the minds of people as a consequence of the sum total of marketing communications effort.

(Pickton & Broderick, 2001, p 23)

Graham (2001) extends this definition of what branding is by adopting the total communications perspective, writing that branding comprises everything a company does. This perspective is further clarified by Kitchen & Schultz (2001, p 378) who discuss the importance of different types of brand contact an organisation maintains towards different audiences and stakeholders, e.g. the quality, design and delivery of products, customer services, brand name, price
and location. They suggest that every separate brand contact should be seen as communication.

The words coherence and continuity are frequently connected to successful branding. The logic behind this is that customers more easily will recognise themselves and establish trust in a brand that communicates the same values continuously and through all channels of communication (Melin, 1999, Uggla, 2001a). Moon and Millison (2000) explain, for example, how every interaction with a customer’s experience via any media channel must "sing from the same songbook". They continue by emphasising a continuous use of brand elements like keywords, slogans and associated visuals in branding to increase what they refer to as the brand story. Duncan and Moriarty (1998) refer to this as a strategic consistency, and argue it is an important part of all organisations’ communication. They stress, however, that this does not mean that every message should say the exact same thing but rather that every message should be appropriate for the audience it is meant for. On the other hand, some consistency should logically be needed considering the focus on a brand’s identity and the core features it represents.

Blythe (2000) takes the description of branding to an increasingly comprehensive level as he argues that all marketing efforts should be planned in consideration to branding. Ries and Ries (1998) echo more or less similar ideas:

> Marketing is branding. The two concepts are so inextricably linked that it is impossible to separate them. Furthermore, since everything a company does can contribute to the brand-building process, marketing is not a function that can be considered in isolation.

(Ries & Ries, 1998, p 2)

These ideas about branding suggest that a comprehensive approach to communication and an integrated approach to marketing are crucial instruments for managing it. While these discussions seem logical they should probably be approached with some caution, bearing in mind that they mainly are theoretically inferred. Two questions of interest are how much a company in practice can concur with the ideas about coherence and consistency and to what extent such efforts are worth while?

### 10.1.1 Strategy and marketing entwined

Duncan and Moriarty (1998) discuss something called cross-functional management stressing the imperative role of corporate level and top management understanding and interaction for successful communications. The basis for cross-functional management is a need to break up traditional departmental structures, promoting a more cross functional thinking where the brand message should be managed in terms of strategic consistency through all levels of the firm. For example, the decision to drop all products below a certain
price range is a corporate level decision that strongly influences the brand message. In line with the integration perspective Duncan and Moriarty (1998) here write about a total brand message from corporate marketing as well as marketing communications. Their discussion clarifies the closeness and integration of corporate branding and strategic management; an inevitable result of the developments in the brand area (Kapferer, 2002).

As long as the identity concept related to marketing mainly concerned logotypes and symbols, branding was fairly uncomplicated and could be considered a separate function. However, as noted repeatedly in this thesis, several important changes related both to the conceptual framework and to the characteristics of different markets have made branding a comprehensive task that, as argued, needs top management guidance and support. In line with this, the strategic relevance of branding is primarily evident when considering the corporate brand since this is inevitably related to the firm’s every action and the corporate identity.

Urde (1994) relates branding to strategic importance by outlining a model called brand orientation. It describes a need for companies to turn from a product focused to a brand-oriented strategy due to decreasing product differentiation, integrated markets and increasing media costs. One of the proposed necessities for this model is that branding must be considered a strategic issue handled by management in order not to be considered a tactical tool for sales, which Urde (1994) believes has often been the case among product managers. This suggests branding should be discussed and decided upon by top management and board of directors. Questions that might be considered on this level are decisions on brand architecture or granting resources to branding efforts.

Related to the connection of branding, strategy and management, Aaker and Joachimsthaler (2000) present what can be seen as a summary of the movement in brand and branding literature from a product and transaction focus to a corporate and long-term one. Part of their discussion focuses on the brand managers, maintaining that they must both be the ones who decide business strategies and carry them out. They argue that this is necessary to maintain the corporate visions and culture in the branding activities. Thus, Aaker and Joachimsthaler’s (2000) summary illustrates that the strategic importance of brands does not simply mean that branding is guided from ‘a distant top’. Rather, it signals that brand decisions are in line with the firms’ overall strategy and that operative levels are included in the decision process, understand and support the logic of a certain branding.

In a table they present the main differences between what they call the classic and evolving approaches to the brand:

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1 Although presented in a journal with focus on consumer marketing, this article considers both Tetra Pak and Pharmacia, which are active also in the industrial markets. This is also noted by the author.
In this description notable changes are the role of the brand manager, the shift in focus from image to brand equity and identity and the perspective held on available brand communications. The brand manager’s role, they argue, has changed from not being very central to the organisation’s decision structure, to being a strategically important actor in the top levels of the organisation. Emphasising brand equity and identity indicates both a prolonged and broader focus. Branding is not about gaining one-time sales but rather creating value in terms of loyalty and solid associations. Finally, Aaker and Joachimsthaler (2000) maintain that the brand manager in the new era does not consider a limited variety of communication tools. Referring to the developed ideas on marketing communication, one might even say that these multiple options are not exactly options, but rather communication channels that need to be managed in order to reach the best result possible.

Figure 10-1: Brand Leadership - The evolving Paradigm. (Aaker & Joachimsthaler, 2000, p 8)
Gummeson’s (1991) perspective on strategic management emphasises the importance of interactions between buyers and sellers, suggesting that customers should be viewed as relationship partners. The industrial market is further identified as one where relationships are likely to bring benefits to both parties. The strategic aspects of these relationships come down to three requirements (Grönroos, 2000). First of all the business should be redefined as a service business, which means that focus should be not only on the products sold but on the whole process and every interaction. The second requirement describes a process management perspective that focuses on the total value delivered and not simply the goods or services that customers pay for. Finally, the third point being made is that the company should form partnerships and networks in order to gain stronger future potential.

These strategically important issues point at a wider view of what brings value to the customer. As the whole chain of events during a sales process includes many interactions and thus opportunities to improve services and relationships, more people become important to the outcome of the process. If the employees are not motivated and committed to the relationships and service vision, Grönroos (2000) implies the strategy will fail. Since all interactions communicate they can be considered part of the above mentioned total brand message. In fact, the image any actor has of a brand is probably often reliant on these interactions and thus the management of relationships should be considered a very important input for branding on a strategic level.

The broader approach to brands and increased comprehension of their strengths has expanded the potential target group for a firm’s communication. While customers are obviously important, also, for example, decision makers, product users, the general community, the company’s neighbours, employees, potential employees and policy-makers are potential target groups of branding. The focus of communication efforts in branding thus has changed remarkably. Aaker and Joachimsthaler’s (2000) way of looking at this is to define the different contacts as brand partners asserting that it is crucial for all of them to receive and understand the communication.

Returning to the relationship and network perspective of industrial markets one might define all the actors in a firm’s network as such brand partners. In parallel to this Axelsson (1996) argues that it is important to have the right positions in relation to the right actors to succeed in a competitive market. Not only the positions held with current customers are then of importance but also those relative potential customers, actors interesting to potential customers, and other important parties. In essence, these ideas bring us back to the potential significance of interaction between actors in a firm’s surroundings (c.f. the discussion on reputation), at the same time emphasising the strategic links between general communications and maintaining a beneficial brand image, and the creation of market positions and success.
10.2 The internal execution of corporate branding

The above descriptions about branding as a comprehensive communication effort with strategic importance apply to branding in general. However, with respect to this thesis’ corporate brand focus it seems appropriate to consider some of the practical characteristics suggested for corporate branding. The following quotation from Balmer (2001b) presents a good basis for this discussion:

“A corporate brand involves, in most instances, the conscious decision by senior management to distil, and make known, the attributes of the organization’s identity in the form of a clearly defined branding proposition. This proposition underpins organizational efforts to communicate, differentiate and enhance the brand vis-à-vis stakeholder groups and networks. The proposition may be viewed as the organization’s covenant with its customers, stakeholder groups and networks. As such, a corporate brand proposition requires total corporate commitments from all levels of personnel. It particularly requires CEO and senior management fealty as well as financial support.”

(Balmer, 2001b, p. 312-313. Emphasis added by the author)

This definition brings out at least two issues of importance for this thesis. Primarily, it emphasises that corporate branding is not something that just happens, but stresses the conscious and active management behind the formation of a strategy and efforts carried out. Secondly, it places great focus on the need to include the whole firm when discussing communication related to corporate branding. These two aspects can be recognised in the general branding discussion. However, the second one should logically be of particular importance when discussing corporate branding since this per definition centres on impressions gained of the whole firm. In the case of subcontractors this is even more apparent since, in their situation, there are no intermediaries in the form of product or subdivision brands. The subcontractors’ corporate brands are always on the line.

To comply with the ideas of integrated communications, an organisation should deliver a consequent brand message irrespective of what person or planned communication represents it. However, due to their all-inclusive nature, corporate brands entail a higher degree of intangibility and complexity than product brands, making it harder to establish uniformity in the brand messages (Simões & Dibb, 2001). Additionally, King (1991) stresses that the corporate brands’ wide range of contact points towards different stakeholders increase the number of communication channels necessary to consider. As a consequence, Garrity (2001), echoing Balmer’s (2001b) quote above, suggests
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that the key to corporate branding is more than well designed advertising campaigns and slogans, adding, that it is necessary to understand the need for internal support in the organisation.

Particular emphasis has been placed on the important role that employees play in corporate branding (Balmer, 1995, Balmer & Gray, 2003, de Chernatony, 1999). Thanks to the high levels of customer-company interaction in service delivery, many similarities can also be found to service marketing literature, which also focus on internalisation of branding activities (e.g. De Chernatony & Dall’Olmo Riley, 1999, Simões & Dibb, 2001). Bernstein (1984) proclaims that companies excelling in internal communications also are successful in external communications, thereby providing one explanation for why this focus is brought forward. His proposition is that all members of the organisation are spokespersons for the company and that the experience they have of the company will spread via their contacts, both formal and informal. His study shows that people are more inclined to have positive attitudes towards companies where they know an employee, supporting the idea that each employee indeed functions as a communicator, a finding very similar to Gummesson’s (1991) discussion about the employee as a part time marketer in connection to relationship marketing.

Nilson (1999) argues for several positive effects in making the employees of a company feel attached to and proud of a corporate brand. Examples are given of how this seems foremost true among organisations driven by strong entrepreneurs like Virgin and Microsoft. The founders of these companies often display strong individual motivation and clear objectives for the firm’s operations, thereby clarifying the basics of the brand and affecting the whole organisation. In line with this, Nilson (1999) argues that only one person in an organisation can be appointed the title of brand manager, namely the chief executive officer since he or she ultimately is responsible for all operations in a company. Moon and Millison’s (2000) proposition of four essential dimensions for the brand, i.e. satisfaction, collaboration, story and relationship, can further support this idea. They stress that relationships between buyers and sellers should reveal the brand essence. However, the inherent values of relationships, implied by the loyalty they can provide, are less likely to appear if top management does not support the creation and monitoring of relationships.

According to Hague and Jackson (1994), branding should not be a trade secret belonging exclusively to the corporate level managers but something that everyone is aware of and understands. They refer to this as internal branding and connect again to the integration of messages as they warn about “lack of uniformity and control in how brands are presented” (Hague & Jackson, 1994, p. 151). A flag of warning is also waved when stopping short of tackling the problem simply by making employees learn a number of key concepts which supposedly represent the organisation. Hague and Jackson (1994) argue instead that the understanding of connections between everyone’s tasks and the brand values is essential. Urde (2003) also promotes the importance of core values in
corporate branding but argues that the groundwork too often is not thorough enough which leads to bad understanding of the connections mentioned by Hague and Jackson. To remedy this, Urde (2003) offers a distinction between three types of value facilitating the comprehension of corporate brand identity, i.e. organisational values, the core values and the added values.

This concentration on internal issues in corporate branding can be explained by the idea that the chance to achieve consequent communication is better if there is solid support within the firm and a common understanding about what the brand represents (Hague & Jackson, 1994, Lagergren, 1998, Nilson, 1998). However, in resemblance to critique against integrated marketing communications, Garrity (2001) stresses that the process of displaying a coherent corporate brand should not be considered a simple task. The size of a company is one potential obstacle in that it can complicate the process of reaching all employees, convincing them that the message is important and making them enthusiastic about their significance for the issue.

In general, researchers seem to be in agreement concerning the fact that corporate branding should be considered as different from the branding of products (e.g. Balmer & Gray, 2003, Harris & de Chernatony, 2001). With this in mind an important point to make is that management of corporations as brands cannot be conducted by simply translating the previously dominant product brand strategies. Consequently, the companies that have been successful in that area do not necessarily function as good examples. Rather, as King (1991) argues, the company as a brand approach (corporate branding) demands new internal structures and a perspective on branding that is somewhat different from the hierarchical characteristics observable in companies focusing on product branding. Balmer (2001b) summarises the differences between characteristics of product and corporate brands by outlining the following table:
In accordance to the strategic importance of branding, this table points out that it should not be restricted to the marketing function. The chart brings out two interesting issues that have not so far been considered in this chapter (although they were touched upon in Chapter 4 related to discussions on integrated communications and corporate identity).

First, the **basis for a brand’s identity**, which can be perceived as more complex related to a corporate brand. As communication of a corporate brand is much affected by how individuals and parts of the firm behave, the corporate brand identity, which serves as the basis for branding, cannot be defined without considering the firm per se, the people and cultures central to it.

Secondly, the **multiple stakeholder perspective**, which reflects that corporate brands always have multiple stakeholder groups and hence the need to mind these in what and where to communicate. This brings out the dilemma of employees in the theory on corporate branding. They are both an audience to and part of the corporate brand.

Accordingly, Donath (2001) and Backhaus and Tikoo (2004) recognise a newly developed concept that separates the internal branding efforts towards employees and those aimed at external audiences. The main distinction between corporate branding and what they refer to as employer branding is the focus by the latter on luring and retaining good employees by establishing a clear image of the company as an employer. The logic of employer branding being that employer brand associations provokes an employer image within the potential or current employees, which ultimately translates into employer attraction and employer brand loyalty, which gives the company a competitive edge in the job
market and productivity in its operations (Backhaus & Tikoo, 2004, p. 505). Donath (2001) points out that there are great similarities between the processes inherent in the two concepts and, while the awareness and use of employer branding seems to increase (Backhaus & Tikoo, 2004), the importance of internal branding for the external corporate branding should not be neglected. Thus, while corporate and employer branding appear presented as two separate concepts important for the company’s success, they should be quite intertwined since an employee hardly will be a good ambassador and communicator of the brand externally if he or she is not content and aware of the positive factors within the company.

10.3 Guiding questions

Although price, quality and delivery precision are emphasised in the first empirical part of this thesis (chapters 6 through 9), the accounts given suggest that the respondents are aware that product peripheral aspects can also have an impact on subcontractor selection. In addition, the first part of the thesis indicates that the buyers and subcontractors have similar views on the buyers’ process. It would then seem logical that the subcontractors should attempt to manage these peripheral issues and thus are positive towards the idea of corporate branding.

Previous research related to B2B branding indicates that respondents are positive towards the benefits brands can reap and believe that branding is a good thing. For example, Shipley and Howard (1993) find that industrial actors experience benefits from the use of brand names, although more apparent among larger firms. Nilson (1999) argues that although B2B brands traditionally were managed mostly by intuition and ad-hoc decisions, firms have begun to systematically adopt branding due to the changes in brand focus over the years. Egan et al. (1992), although with a focus on product brand names, support the idea that B2B companies are positive towards branding and actively use it. In sum, there are several indications that actors in the B2B markets think about branding and also adopt it.

However, little has so far been done to understand what the companies refer to when talking about brands and how they in practice pursue branding. Keeping in mind that both the brand and branding concept have gone through extensive development in theory, interpreting the above-mentioned results can be somewhat complicated. Depending on what meanings the respondents give the brand and branding concepts, the conclusions drawn from research asking directly about ‘brands’ and ‘branding’ might not comply with what the respondents think.

In addition, the development of corporate branding suggests it should be considered a strategically important issue that requires integrated communications management with focus on both internal and external
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audiences. To manage something like that it would seem logical that you need to understand what it is you are supposed to manage. That is, in order for a company to take full advantage of the potential corporate brand values, it should need an understanding of the brand concept as well as a strategy for how to handle it.

Generally speaking, the focus on branding should be strongly related to the perceived importance of brands in the market where the company resides. If there is no brand sensitivity, there should be little need to place resources on branding. The previous section of this thesis (chapters 6 through 9) indicates that it can be beneficial for subcontractors to consider corporate branding. This conclusion and the previous research on positive attitudes to branding in the B2B market, make it interesting to explore whether the subcontractors participating in this thesis do use branding. The next chapter investigates this issue. Of further interest is whether their attitudes towards branding are as positive as earlier studies suggest and if their branding resembles the theory on corporate branding.

However, in order to understand if and how suppliers pay attention to their corporate brands, it is here suggested that research must take into account an expanded discussion on the meanings of the brand concepts. Consequently, the upcoming study takes into consideration both how the subcontractors perceive of the brand concept as well as what actions they conduct that can be interpreted as branding in reference to how this concept is defined in the current thesis.

In order to apply these aims, the following questions can serve as guidelines:

1. What meaning do the respondents ascribe to the brand concept?

As indicated above this question is quite crucial to recognise what the respondents talk about when referring to brands and their significance. This question is of additional interest considering the assumption that the efforts related to corporate branding (or indeed any type of branding) in the end comes out of the existing ideas about what the brand is.

2. What are the feelings towards subcontractor branding among the respondents?

This question is mainly related to exploring the concurrence between this study and previous suggestions about B2B actors’ attitude towards branding. However, it also serves to examine if the studied subcontractors connect their

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2 For further description of the method used in this study, see the chapter on method, i.e. Chapter 5.

3 These questions are guiding and will therefore not be used explicitly in the next two chapters. However, their content can be recognised repeatedly in terms of what topics are in focus during the empirical parts and analyses.
accounts on what matters to sales with a potential to use branding as a means for competition.

- What actions are taken by the subcontractors that can be interpreted as branding?
- Is branding managed like a strategic issue with focus on internal communication by the subcontractors?

Both these questions concern what the subcontractors actually do in terms of corporate branding. The first one means to answer if and how the subcontractors take advantage of the corporate branding potentials suggested by the first part of the thesis. The second question more directly aims to understand if these subcontractors' work complies with the comprehensiveness and logic of this type of branding outlined in theory.
Chapter 11
Branding among the subcontractors

This chapter studies the subcontractors’ thoughts about the brand concept and branding. One could say that it deals with another dimension of the role of corporate brand image, i.e. the attention it is given as the subcontractors consider their marketing efforts. The buyers are excluded since this part of the thesis mainly focuses on the subcontractors. The three subcontractors are presented individually. According to the logic that the idea one has of what a brand is will guide what branding is conducted, each subcontractor study initially looks at the respondents’ perceptions of the brand concept.

11.1 Trinity

The respondents in Trinity are the Chief Executive Officer (CEO), the Sales manager (SM), the Production Manager (PM), a Group Leader in production (GLP) and an Employee in production (P). Everyone but the person from production is also part of the thesis’ first part and presentations of them are available in chapter six. The following table describes the person from production.

Table 11-1: Information about respondent P in Trinity.

| Employee in production (P) | Has been in the company for 6 years. His daily work is in the bending department were he manages two automatic machines through computerised system. Has no daily contact with customers. | Personal communication, interview 45 min. 19, February, 2002. |

11.1.1 Perceptions of the brand concept

When the brand concept is brought up among the respondents in Trinity it is evident that the issue is not actively discussed in the company. When every respondent is asked to define the brand concept, the CEO’s answer is the one matching this thesis’ idea about the concept:
CEO: Well, to us it must be how the customer experiences us in total. It can’t be, simply, it can’t be the product that is our brand. It is our acting towards our customers, that which characterises, that which our customers think is good about Trinity.

His statement implies a rather wide perspective of the brand concept where focus is on the corporate brand and the company’s actions. The other respondents present definitions of the brand concept that are more product related:

PM: Well, it is something that, well, what is it to me? Brand, it is what a company is famous for. For example SKF, that is gear-wheel, or ball bearings and the like you know. ASEA, then you think, well, they build power plants and such. Of course, like SKF, ball bearings, good quality, and they are big, and that is, that to me is a brand.

GLP: Well a brand, you should have some, well, identify with what the company is doing somehow.

Although the PM and GLP do not display the same comprehensive view as the CEO, they both implicitly relate the brand concept to a corporate level and, primarily, to some sort of association. The remaining two respondents’ immediate reflections on the brand concept are more limited:

P: Well, a company name or a name on a product.

SM: It is the mark on a product. But, what you think about is like McDonalds and such, strong brands.

Asked further how a strong brand can be defined, the SM responded in a way emphasising the closeness of his brand interpretation to consumer markets and the brand as a mass market instrument:

SM: It is everywhere in the world and, lots of advertising, visible everywhere. Then if we would have had our brand in the same places and tried to sell pipes, then I don’t think it would have given so much.

Questions on the connection between the brand concept and Trinity were also discussed:

R: Do you think that the brand is important for Trinity? Or is it more important to Coca-Cola for example?

P: Yes I think so [it is more important to Coca-Cola]. It is seen in more places. And we work mostly towards Volvo, and Volvo knows who we are, so I don’t think it is that important.
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His reasoning is similar to the SM’s in that it focuses on visibility to many people, suggesting that brands are an eye catcher or a means to get noticed. This view of the brand implies that it is not considered a means to communicate strengths and positive features.

At first glance the respondents’ definitions of a brand indicate it is not in line with the development which has taken place in the area. In general the respondents seem quite unfamiliar with the idea that brands are part of their business and do not automatically consider that companies can be brands. The CEO, however, describes a brand as being the totality of the company and not simply a logotype. He seems to develop a sense for the corporate brand as the interview develops and is able to elaborate on the questions. He reflects on the idea of a brand in his company and connects it to a wider sense of brand communication, indicating that it goes beyond the company’s name, logotype and delivered products.

11.1.2 Ideas on Trinity’s corporate brand and branding

When asked to describe Trinity’s brand, the GLP maintains a focus that mainly reflects the company’s delivered products. He suggests that the company is thought of as pipe and tube benders since this is what they mainly do in production. He continues with a focus on Trinity’s logotype, saying that it is not sufficient to be a brand. In his opinion the firms’ logotype could function as a brand for Trinity only if the picture or name would mirror what Trinity is actually doing:

GLP: ...Here we could’ve had, well I can imagine….a man with some pipes over his shoulders or something.

R: Then it would have been able to function as a brand?

GLP: Yes, if they had done this. This [the current logotype] you can relate to, well it is almost like an insurance company…

Although the GLP in some ways talks about the brand in connection to the company’s operations his idea of the brand per se is mainly focused on the logotype and due to this he mainly considers brand communication through the logotype. Additionally, this is also what he thinks about when elaborating on whether Trinity has a brand and if it is a good brand. He focuses on what is visible and the logotype is used as a synonym to the brand.

On the same questions, the SM responds that brands are not important on Trinity’s market whatsoever. Furthermore, he is not sure that Trinity has a brand at all:

SM: Yes, that’s our logotype then. Then if that is a brand, but it isn’t, or, is it?
R: Don’t ask me...

SM: But it is, to some parts it really is. Yes.

Apparently the sales manager is not certain about what a brand is, which makes it hard for him to respond to whether Trinity has one. What appears to strike him at first is that a brand is a logotype which goes along with his definition of a brand above, i.e. that a brand is a mark on a product.

The production manager is more determined as he claims:

PM: Well, I think we have a very weak brand, if it is at all possible to talk about it. But if it’s there it is certainly tied to price and quality.

The citation is taken from a remark he made when asked if a brand’s image is built from price and quality. His answer once more points at a product focus instead of regarding the company as a basis for the brand. The CEO, on the other hand, as noted already, has no problems with seeing a connection between the brand concept and Trinity as a company:

CEO: To us, it is probably more values actually, and not the product itself that is the brand.

The following citation further verifies the fact that the CEO includes a wider spectrum of matters in the brand concept:

CEO: … ‘You have to consider your brand when choosing co-operation partner?’ Yes, you probably should do that. If our brand is service and quality and responsiveness of course if we choose a partner he has to have the same opinion about how to manage a customer, otherwise we will get negative advertising ourselves.

In general it seems that the respondents think that the brand question would be different and somewhat easier if Trinity had its own products. With regards to the focus on logotype and product in relation to the brand concept it is not surprising that own products are regarded as an essential part for having a brand. Again, it seems the reason for this is that the respondents look at the brand as a means of being recognised by a larger audience. If there are pieces of goods which can bear Trinity’s name, the respondents argue that it would be easier to gain awareness and identified. The GLP mentions, for example, that when he sees something he has manufactured, no one else knows because there is no mark to identify Trinity as the source of the product. His statement raises the question of how one can have a strong brand if no one sees what one is doing?

On the limited brand discussion in Trinity, the GLP states:
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GLP: ...the biggest problem is that we don’t have any products of our own at all. Since I’ve been here we haven’t had any own products that we have come up with. We’ve been subcontractors the whole damn time.

The strength of a brand is denoted to the amount of visibility and awareness among large publics and not in its having a clear message, good associations, reputation or loyal customers. Since Trinity’s market is quite small compared to a consumer market and thus few people are aware of Trinity’s existence, the respondents reason that the brand must be very weak. The PM claims that brands are of no use in Trinity’s market. He explains that a brand is defined by the things a company is known for and exemplifies this by pointing at companies which manufacture their own products thereby indicating that Trinity has no brand due to their lack of product:

PM: Yes well, our brand is weak since we don’t have any products of our own. If you don’t manufacture your own product you don’t have anything to try to force on people all the time, make commercials for and be seen with in every possible context. But we, we just produce things for others.

The PM further suggests that the importance of brands in Trinity is low due to the small number of people interested in what the company does. These remarks underline what has already been suggested through these respondents’ brand definitions. That is, except for the CEO, the perception of the brand concept in Trinity mainly relates to specific products and being visible and recognised among a large public.

However, it is possible to find some inconsistency in the respondents’ elaborations. While several respondents mainly use the brand as a synonym to logotypes, the discussions on the subject also connect this logotype or company name with a feeling of what a company is doing. This means that even though the logotype or company name is used to identify the brand, these respondents do not consider it as a means to an end but recognise that the logotype functions as a symbol or vehicle for an image. It appears that these respondents are somehow stuck in the idea of what means there are to communicate a brand and as they articulate their thoughts, a company’s logotype and products are the most obvious means of communication and consequently what constitutes the brand.

For example, the PM suggests that Trinity’s brand must be weak since the firm has no products of its own. Like the CEO, he mentions that if Trinity should have a brand everyone would be important to it. Somewhat contradictory, it seems that the PM has a very product-oriented view of the brand concept, implying that he does not connect it with Trinity. Then again, his ideas on branding relate to the theory on corporate branding where the firm rather than a product is in focus, implying that Trinity should be in question. Although he connects the brand with a perception (i.e. image), he is not
completely familiar or comfortable with the level of abstraction that indicates the company and its actions represent a brand.

That is, although the respondents at large recognise what a brand is, they do not relate this to Trinity’s context, situation and means of communication. This half-way-there-perspective makes the discussion seem inconsistent at times.

When the CEO makes a comparison to Coca-Cola, he does not automatically make the connection between having your own products and having brands. Quite contrary, he more or less uses this discussion to point out that Trinity, in being a subcontractor, needs to consider the brand differently, considering that the product and the logotype alone are not the brand. He focuses on the impressions given by direct interactions between Trinity and the customers:

CEO: …if you take Coca-Cola for example. Then it is more about the product you know. It gets more importance sort of. But we don’t have any such product. We manufacture pipes and there are endless variants. None is more particular than the other…

R: One might say then, that it is the service...

CEO: It is the service that is the brand.

R: …then the brand is important on your market?

CEO: …it is. And take the current situation, with large customers who amongst all are after reducing the number of suppliers, then it is not only about price. It’s on the whole how we can serve them. It is, it’s our acting and also price, which is… A bit fuzzy, I think, what a brand is and so on. But I think it might be like that.

The CEO obviously has a somewhat divergent view. The fact that he does not as directly connect brands with tangible products and visible marks means that he also has the ability to appreciate that Trinity’s brand lies within the company’s overall communications and not simply in what it delivers. When he identifies the brand as something that includes more than a name on a tangible product and can influence the buyer’s choice of supplier, he touches upon something crucial; he actually identifies the potential value of branding.

According to the CEO, Trinity’s brand is much in line with the policy that the company has. He believes that most employees are aware of the policy statement and its parts. The policy was decided upon by the managerial body representing managers from all parts of the company, i.e. Marketing and Sales, Production, Purchasing and Economy, Quality and Environment. The CEO recognises that there has to be some consensus on these issues if he is not going
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to run the company on his own. According to the CEO, there were long
discussions and elaboration before the policy was set:

CEO: ... it has been thrashed over and then we have taken a decision in our
managerial body that this is how we should be.

CEO: And if I am to get help from a management team that goes in the
same direction, I can't decide on my own but we have to decide together.

The policy consists of a number of key aspects that are symbolised by the letters
in the company name. It is presented to all employees via an information leaflet
produced by the CEO a few times a year. In this presentation the content and
logic of each part of the policy is described. Even though the CEO believes that
the policy is well known since it has been communicated on several occasions, it
seems not everyone is as sure:

P: There is this policy where there is one meaning for [the first letter in the
company name] and one meaning for [the second letter in the company
name]... you might have seen it? So that's something.

R: Do you think it helps to say those things? I mean are people working
according to it in production?

P: I don't believe that there are many who think about it.

Although it is the CEO's perception that this policy is Trinity's identity and
hence embodies what Trinity should communicate, other respondents seem
somewhat at a loss when being asked what Trinity should represent to external
actors.

On the direct question as to what Trinity should represent to the
surrounding community and to its customers, there is no answer from the GLP.
The PM on the other hand says that the people in the surrounding should
think of Trinity as a distinguished supplier and a secure, local employer. These
aspects could enhance the willingness of potential employees to work in the
company. The SM is uncertain as to how he should answer this question. In the
end he hesitantly mentions that Trinity should represent something positive
and also be a company that moves forward.

In line with his reasoning on what the brand represents, the CEO broadly
identifies which persons in the company are important for building a brand:

CEO: I would say that it's everyone. Everyone who has customer contacts in
their work is important. It is not just me...

The CEO illustrates this by drawing a schematic picture of Trinity and a buyer
explaining the different layers of contacts there are during a marketing and sales
process. He emphasises the importance of each relationship at the different
levels and claims that a customer will be increasingly tied to Trinity the stronger these relationships are. Part of this logic is also that Trinity will achieve a good reputation inside the buying company amongst the different functions in that organisation:

CEO: If you can have good relations everywhere then this person is our ambassador when he talks to purchase since he thinks we deliver good stuff, you know.

Upon the question whether every employee thinks in line with this picture, the CEO responds that he is not sure they all think in the exact same terms. Nevertheless, he expresses a conviction that all employees are well aware that Trinity’s main focus is on its customers and that they must be well served.

11.1.3 Corporate branding efforts and perspectives on communication

Corporate branding theory emphasises the importance of an internal focus and a wide understanding among employees to succeed. Bearing in mind that the corporate brand is not really considered by the respondents, it would seem that there is not a favourable climate for corporate branding in Trinity. The perspective on the brand concept that several respondents display suggests that branding equals the management of logotypes, visibility and awareness among audiences concerning the products a company manufactures. This type of branding implies a focus on planned marketing communications conducted in principle by the marketing function of an organisation. Since this does not completely apply to Trinity’s operations, these respondents do not even consider it an issue of great importance. However, thanks to the CEO’s more comprehensive and corporate view of the brand concept, there should be an opening for another type of branding. This seems especially true with regards to the theory on corporate branding that suggests top management involvement is essential for and a driver of corporate branding.

A subsequent question is whether there is and can be corporate branding in Trinity? According to the logic of consciousness, the fact that the respondents do not consider the corporate brand, Trinity, implies that they would not connect their own actions with branding. Thus, even though the CEO thinks a bit differently about the brand concept, they should run the risk to communicate contradictory messages and disregard each person’s impact on the corporate brand’s image and reputation. Looking further at Trinity, however, this logic is not crystal clear.

As noted, there are no actions taken in Trinity that are referred to as branding by the respondents. On the other hand, based on how this thesis defines the branding concept, it is still possible to analyse what appears to be conscious
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actions to manage the many different parts of corporate communications. As described previously, the practice of corporate branding is related to a comprehensive view on what and who communicates in a company as well as the integration of messages that are being communicated. As a result, in order to analyse corporate branding in a company, it should be of interest to look at what types of communication are considered and also what is being done to integrate the messages sent through these.

Sponsoring is one type of planned communication that Trinity takes towards external publics. When talking about sponsoring in relation to Trinity's communication efforts, all respondents recognise that Trinity is active as a sponsor in the nearby community. On this matter the CEO is quite harsh on what should be sponsored and why. Everything that gets sponsor money from Trinity should have connections to one or several employees and as a result only a few sports associations get some money from Trinity. The CEO explains that the reason for being strict in this question is that rules will decreases the risk of giving away money on subjective criteria. Today there is a clear line as to who should receive money and who should not. Still, Trinity is one of the sponsors of an organisation inspiring and helping new ventures and entrepreneurs in the community. Other requests for financing, for example, schools and organisations with a focus on information to children and teenagers, are consistently turned down. It seems the CEO does not see any possible gain for the company in supporting such activities.

The reason for focusing on employees’ interests in sponsoring could be interpreted as a way to get away from the obstacle of having to say no to every request without grounds. On the other hand, since the CEO is reluctant to sponsor something that has no connections within the company, it could also be seen as part of employer branding or internal marketing strategies. His sponsoring decisions actually make sure that Trinity can always reap improved images and reputation, internally and externally.

When asked whether sponsoring is mostly about giving away money or if there is any gain from it, the CEO said:

CEO: "Yes, it's mostly to be nice. I don't believe we sell one extra item because we have a Trinity sign up by the race tracks."

On second thought, however, the CEO recognises that it might provide Trinity some benefits in the nearby community:

CEO: "...it might have an impact on our reputation here in town though. And I think that is not the least important. We have said that if possible we shall have a good reputation in town. It's important when we are looking for people [employees]...

He continues by exemplifying how this reputation is also considered by the aspiration to offer salaries that are not lower than the community average.
When it comes to what customers and the surroundings should think about Trinity, the CEO says:

CEO: Well, I want, as I said I want us to have a good reputation. It can consist in that people think it is a very good place to work, that people are treaded fairly. It can be that we develop and that the company is growing, we have good business and that we are profitable. All this is of importance to our reputation.

In sum his elaborations take a corporate brand perspective on reputation with focus on the necessity for Trinity to be connected with positive things in order to maintain competitive powers as an employer.

Both the SM and the P are quite uncertain about the point of giving away money to sponsoring. The latter considers the idea of having a sign posted at the riding facilities and determines that it will probably not generate any benefits unless someone goes there sometime who needs to have some pipes delivered. In a similar way the SM apparently thinks about the benefits only in sales as he elaborates on the potential business gain from sponsoring:

SM: If you are not seen, nobody knows what Trinity is…… But no one buys a pipe simply because you advertise or because you have a sign posted at the golf course. I don’t think so. You really shouldn’t have that type of advertising I guess.

R: …like at golf courses?

SM: No, I don’t know. The kind that doesn’t give anything in return to the business.

This statement and others indicate that the respondents basically consider sponsoring and advertising to be sales promotion alternatives. In order for them to agree that an effort is a rational marketing tool and a good investment, they want to see results. And these results are measured in contracts. The main attitude towards sponsoring seems to be that it is mainly about giving away money to be nice although there might be some benefits included as will be further noted below. The visibility of the company is emphasised by several respondents, which it also is in relation to elaborations on trade fairs, even though there is no clear understanding of why this is valuable.

The employees which, contrary to the CEO, are residents in the community where Trinity is situated also take another angle to this discussion. From their perspective the company's marketing is not of primary concern in some of the activities here referred to as sponsoring. They appear to approach the issue from a corporate social responsibility perspective which includes the company’s history and responsibility for the local society. The CEO and the employees can be seen to support the same activities although their ideas about the objectives
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differ. While the CEO considers them as part of branding the employees rather refer to them as actions Trinity takes to be nice or follow the policies of the society.

Still, the respondents recognise that supporting the community is good and that the sponsoring of sports organisations might increase the awareness of Trinity’s existence. The GLP argues that Trinity can show its interest in the community by supporting the employee’s interests and local organisations whereas sponsoring teams at an elite level relates more to being seen on a national market. In a similar way the PM argues that he does not see any real gain for the company in sponsoring sports. Instead he believes it is sort of the company’s responsibility to support the community. As a complement he thinks that Trinity should use local craftsmen if the costs are not too great and it turns out employment of local people during the vacation season is currently one way that Trinity does engage in this local sponsoring. The following statement further shows his concern for the community:

PM: Yes why? Well partly it is…well I don’t know, but I mean, we live here. There must be something more than woods around.

Some respondents make a point out of the fact that Trinity is not a family-run company like it was at the beginning and that the connections to the community is not as strong as in other companies in the area. Part of the explanation given to this is that neither the current CEO nor the previous owners live in the community. The underlying point made is that Trinity by sponsoring local organisations can help employees feel more as part of the community even though the company is described as a less classic example of a company in the area.

The CEO admits the company does some things as a nice gesture related to the traditions of the nearby community. One example is that Trinity generally does not turn requests down even if they come from small customers that are neither profitable nor the starting point of larger commitments. This points out that the CEO is aware and also takes action to manage the corporate brand image in the nearby community although the SM confirms that small customers are still sometimes turned down due to their one-time contracts.

Trade fairs are another potential communication channel used by Trinity, and some respondents mention the fact that being part of a trade fair might communicate something to current customers in terms of Trinity not being passive. In general though, as regarding sponsoring, there appears to be no definite explanation for why Trinity should join trade fairs at all or why they choose the ones they do.

Regarding the respondents answers to questions on the more product-peripheral factors, for example, the general rules in the company, it appears there are few policies for how to dress, answer the telephone and similar issues. Still, everyone in the production area is now offered the same kind of working-clothes (same colour and with a logotype). In general it seems clothes are
considered of potential but minor importance only when visitors enter production. If a customer or potential customer is expected to visit the manufacturing area, a message is sent out about cleaning up a bit extra and sometimes to dress in white t-shirts. According to the GLP they do tidy up, but everyone does not bring a white t-shirt. He appears not to fully appreciate the point in wearing factory uniform.

GLP: ...Before everyone had different [clothes], they said anything from [different firm’s names] and it was all mixed up. It’s more order now. But on the other hand it looks like a prison camp, everyone dressed in the same way.

Continuing the discussion on clothes as a communicator, the sales manager’s opinion is that the uniform has no apparent effect on results. Still he says:

R: Why do you dress differently when you have customer visits?

SM: I don’t know

R: But you do?

SM: Yes, you do that [dress differently], you know.

Thus the sales manager argues that clothing does not have great impact on the result even though he dresses differently when visitors come indicating his awareness of their potential influence on the outcome. This is quite interesting since the SM believes that telephone services and people’s behaviour should be of importance.

From the above it seems the understanding of and adaptation to a total communications approach are not completely visible in Trinity. Thus, regardless of the respondents’ definition of the brand concept, there is a limited concern for how and what different corporate sources communicate and how the messages transmitted might affect the company’s corporate image. However, from a comprehensive communications perspective, the company still communicates. At this stage the question comes down to whether the channels Trinity’s respondents do consider important are consciously managed so as to reveal consistency in the communicated messages.

Quality shows up as a factor that respondents perceive as important for brand image as well as for gaining customers. Correspondingly, it appears that the communication via written statements is managed to create this association. The following slogans or explanations are all used as headings by Trinity, either in brochures, information leaflets or on the company’s homepage:

“Flexible subcontractor in world class”

“Specialist supplier or production partner”

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"Supplier with precision"

"Trinity – supplier to the automotive industry"

Although there are some differences in these statements, none of them directly refer to what products Trinity can manage or what prices they have. Instead they point at a conscious attempt to attach a certain aura to Trinity. Using the automotive clients’ reputation or key words, i.e. flexibility, world class, precision and specialist, the slogans can be interpreted as tools for motivating a certain image. Another sign of trying to reach associations of quality is to prove aspiration and indications by proclaiming what certificates have been gained in the company. Trinity’s brochures and leaflets, as well as the homepage all highlight these facts. Except from these aspects, however, the focus in these sources of information is on what things Trinity can manufacture and what machines are available.

Also the graphical parts of Trinity’s identity seem to be consistent in how the company uses company name and logotype in brochures and on the homepage. Apart from one reviewed example the planned marketing communications use the same logotype and the same font for typing.

It is interesting to note that even though the CEO describes the brand as including everything the company does, he still elaborates on marketing communications in a somewhat limited way. The planned communication efforts seem to focus on traditional marketing communications (e.g. advertising and leaflets) and connect to gaining awareness of the company’s existence and what it can manufacture. However, the CEO’s focus also on internal efforts should not be disregarded. His attempt to spread the corporate brand identity through an internal magazine is one of the communications efforts that diverts from the planned external communications.

The actions taken by the CEO and the management team in terms of policy thinking can be considered branding when considering the CEO’s view of the brand concept. His perception is that the brand is important and that it represents more than a company’s product or logotype. Hence, his efforts to manage the surrounding aspects like responsiveness to customers, constant development attitudes, recycling policies and extra services should be described as branding. The objective of the described policies is to make sure all employees consider these types of aspects as important for Trinity’s competitiveness. However, as have been noted, the awareness and importance of this is not altogether spread which indicates that even though measures have been taken that can be seen as branding in light of the wider brand perspective, the other respondents have not completely adapted to this. Internal marketing hence proves to be an obstacle for taking corporate branding to a ‘higher level’.

Thus, it is possible to analyse Trinity’s corporate branding from different angles. The graphic identity and visibility issues can be noted in the attempts to display the company name and making sure people are aware of the manufacturing skills Trinity has. This part of branding, however, is considered
something that only concerns marketing managers and revolves around exposing the company in advertising, brochures and trade fairs. The efforts included in this part of corporate branding are interesting in Trinity’s case since they are to some extent carried out without an altogether clarified strategy and obvious objectives for the actions. Furthermore, connections are not made between Trinity’s brand and the actions although several respondents mention that the vast amount of advertising and visibility is what makes consumer goods brands great.

It is therefore possible to claim that Trinity from this angle conducts branding to some extent although the respondents do not completely relate the actions to the values of corporate brand image. However, considering this thesis’ focus on consciousness it is then obviously possible to discuss whether it should be considered branding! In Trinity, they make efforts to planned communications but do not call it branding. However, the CEO connects sponsoring to the corporate image and reputation among employees and in the nearby society and it is noted that part of the reason for participating in trade fairs can be to send a signal to other actors in the market. Using Trinity’s connection to the automotive industry is another example of how a communication effort is taken to affect the corporate image.

Another angle of corporate branding is the internal focus and support. The business policy that the CEO is trying to make known and effective throughout the organisation is one sign of how the company’s management is striving to reach a certain image.

11.1.4 Concluding remarks

The view of the brand concept in Trinity is not quite equal to the one used in this thesis. While the CEO can elaborate on Trinity as a corporate brand, the other respondents do not clearly see the connection of the brand discussion to Trinity’s market and situation. In sum it appears that the respondents in Trinity can still develop in their approach to what a brand is, how it can be managed, what communicates and what communication can be managed. Similarly, branding is not very broadly established in the company. It appears that although the respondents in Trinity display an understanding of the brand being connected to associations and images, this understanding has not translated completely into the intentional management of aspects in Trinity that reflect this.

Basically it would be possible to claim that Trinity is not conducting branding at all in the sense that the respondents discuss the brand or how to affect corporate brand image. However, in this thesis, corporate branding represents actions taken with an aim to affect company associations and ideas. Considering then what the respondents in Trinity do to gain and maintain customers the picture is somewhat different.
It appears that the traditional means of planned communications (e.g. advertising, trade fair participation, sponsoring) in Trinity are made without much guidelines and knowledge as to what a particular action will do to the corporate brand image. Still, print communications focus on quality which is concurrent with the respondents’ ideas about what Trinity should represent. There are also signs in Trinity pointing at consciously considered actions which can be interpreted as branding. One such sign of a planned effort related to Trinity’s corporate brand is the internal marketing expressed through the policy statement. This is a determined action with the aim to create a certain atmosphere and identity including improvement and excellence on factors that might be crucial for Trinity’s competitiveness in the market.

Here one needs to wonder why branding is not so developed in Trinity? The fact that the respondents do not primarily consider brands as something which belongs to industrial markets and foremost to companies that do not have their own products is of course an obstacle to discussing the brand in relation to Trinity. All respondents, but the CEO, mainly relate the brand concept to product brands and not to corporate brands, i.e. the image of companies, which makes branding a utopia as Trinity does not have its own products. Naturally you would not speak about the brand and branding in a company where you do not perceive of it as being an alternative.

Then again, this does not necessarily translate into having a narrow approach to communications and to what affects the company’s success. Rather, the problem resides in the neglect to consider at length the peripheral factors which the respondents, in the first part of the thesis, admit have an impact on sales. Relationships, clothing, behaviour and similar aspects are implicitly or explicitly seen as important on a daily basis in Trinity. However, these issues are not connected to the company’s success in sales or regarded as something that could be managed to gain a different image or better competitiveness, i.e. branding. Common sense appears to play an important role in Trinity’s sales and marketing processes and this common sense implies that industrial buyers make purchases based on obvious production-related factors like price, quality and delivery times.

The CEO alone perceives of Trinity as a brand that consists of more than product-related factors. One would assume that since it is the CEO who has this more comprehensive view of the concept, there is a greater potential for progress in the company’s branding than should this brand perception have been with someone on the production floor. Since strategic and resource decisions are taken at the CEO level, the power to encourage and manage branding is available. However, as noted in theory, for a company adopting corporate branding, one person is not enough to maintain awareness. While Trinity appears to have dedicated staff, it seems to lack a developed view of what a corporate brand is, thorough understanding of its effects on the company’s success, and how it can be managed.
One conclusion that might be drawn from Trinity is, that the reason for why certain communication sources are not considered has to do with the respondents’ perception of what matters to their success. At large Trinity seems to disregard how customers are gained in practice and rather places much more focus on delivering according to standards. As a consequence, there are clearly gaps in Trinity’s branding. The branding efforts identified mainly concern the current customers and have little to do with gaining new ones. This might change if another perspective on the brand concept is adopted as this can draw attention to different parts of the company’s communication, how they can be managed and affect different audiences.

11.2 Skywalker

The respondents in Skywalker are the same as in the first part of the thesis, i.e. the Chief Executive Officer (CEO) and the Area Sales Manager (ASM). For descriptions of these respondents see chapter seven.

11.2.1 Perceptions of the brand concept

The CEO’s view of the brand first appears as he is asked to reflect on whether brands and products are the same:

CEO: …Not really, I don’t agree with that. The brand to me is something bigger, broader.

To further explain what the brand concept means he says:

CEO: Well, the brand to me is really Coca-Cola and those. That’s a brand to me. It is, when you almost consider one product a natural choice in that category. Then you have created a strong brand. It is an emotional impression about what to choose.

Asked whether brands are important to Skywalker, the CEO said that they are and that building a brand has been one of the company’s strategies for some time.

CEO: We really got the idea from Tupper Ware. …plastic products before were something loosely connected that was supposed to transport a product. But our idea was to introduce a product that feels like quality and radiates quality. We are not cheaper but on the other hand it should be high quality. It should feel safe and secure.
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The CEO evidently connects the brand concept to feelings and impressions although it is a bit hard to understand if he is talking about Skywalker’s corporate brand or the product line brands the company was about to offer. Either way he maintains great focus on the products in relation to the brand concept but still has no problems in discussing the brand in relation to Skywalker’s operations and offer.

The ASM, on the other hand, does not connect brands and Skywalker’s business. He appears to think about the brand concept more in terms of being a name on a product, claiming that Skywalker’s customers pay more attention to whether the company is well functioning rather than product features:

ASM: Not really in our business. I believe they look more at the company and individuals than the brand. Really I do.

ASM: …they are interested in their container. Then if it is called this or that, it should meet with their requirements and functions. That is most important. And if it does, it does not really matter what it is called you know. Not in our business, I don’t think it matters much.

From these quotes it is clear that the ASM thinks about the brand concept as a name on a product and not in relation to corporate brands. The first statement also indicates that he believes the buyer takes a corporate perspective in evaluating the subcontractor. That is, he suggests that the requested product is not the only important thing for the buyer.

When discussing whether there is a similarity to the consumer market where people sometimes purchase things at a higher price, thanks to the feelings it connotes, the CEO claims that this can probably be done to a certain degree also in Skywalker’s market. As long as competitors do not have an identical offer at a significantly lower price, he feels that the business customer will buy with some emotional impact as well since these softer parameters function as risk reducers. He concludes, however, that this margin can disappear if another offer has a much lower price. As an approximation of how valuable the emotional impressions are to a customer, he mentions a ten percent price difference but does not believe the product peripheral attributes make up for more than that.

The ASM does not concur:

ASM: Not like you do in consumer business. If you look at clothes for example. No.

R: Where you pay more for…

ASM: For a certain brand. No, I don’t think you do that here actually.

Prior to this statement he explains his belief regarding the strength of brands. The way to tell if a brand is strong, according to the ASM is to look at whether
you can get more money for one of two similar products based on their different brand connections. He remains very product-focused:

ASM: *I can’t say that we have those parts, we try to create them now. I spoke about these [two product line brands that Trinity was introducing in connection with the study] and that is about differentiating somewhat at price level. This will cost a bit more because it is better built than this one and that one. But I mean if a customer only needs a Volkswagen, why should he buy a Rolls Royce?*

Here the ASM once again proves that the brand concept in his mind only relates to individual products. However, at the same time he displays an understanding about the brand concept in that it can be used to communicate and attach meanings to different but still similar offers.

It seems quite clear that the respondents do not share the exact same ideas about what a brand is. Probably as an outcome of these different perceptions of the brand concept the two respondents also think differently about the importance of brands compared with relationships that Skywalker have. The CEO thinks the relationships might be less important:

CEO: *I have changed opinion over the years and think that relations have really, to have professional products… the brand is more important in the long run.*

When considering the management of a brand, i.e. branding, differences between the CEO and the ASM appear again. Since the CEO considers the brand from a perspective where more or less everything is included, his opinion is that building and caring for brands is everyone’s responsibility. The ASM seems less prone to look at the brand as something that is related to the totality of a company. On whether building and monitoring a brand is the management’s responsibility, he says:

ASM: *Well, they are ultimately responsible for everything, but it is not them who make sure that, well perhaps it is. They are the ones deciding whether we should have one, if we should invest in that brand.*

R: *Who did you have in mind otherwise?*

ASM: *Well I thought more about the products being noticed, or to have an active brand. That is part of sales, perhaps also through advertising and such things.*

This reasoning declares that top management decides if a company should have a brand while marketing departments make sure brands are displayed thereby clarifying the ASM’s focus on product brands rather than corporate ones (from
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this thesis’ perspective a company cannot really choose to have a corporate brand as long as it has a name and an audience).

Talking about brands’ importance in the market through time the CEO suggests they have become increasingly important and presents a holistic view of branding today:

CEO: Yes, in the end everything is about building a brand, an image… Then the trick is not to screw up on the way with bad quality and bad deliveries. That is what you get the customer to pay for. You need to have a product that deviates in some way. That is a bit better. Then you can charge, I almost said 50%, more. Create that impression.

Although the CEO displays a quite comprehensive brand perspective by literally saying that everything is about building brands and image, he constantly returns to the product when talking about the brand. This suggests that he still foremost connects the brand concept with a product and does not completely discuss the company as a brand. Then again, the CEO also immediately takes into account product peripheral aspects when talking about the brand. He believes that an image can make a customer pay more in order to get products from a certain company as long as the price difference is not overwhelming. Hence, although the product as opposed to the company is at the centre of his brand concept elaborations, he acknowledges that it cannot be regarded as an isolated issue since a brand is not only about product features, price and quality.

Contrary to this the ASM does not recognise the connection between the brand concept and the actions of a company and is quite determined as he explains that sales people are much more important than the brand. He continues to relate the brand concept to product brands, names and logotypes even though he at some occasion also reflects that the brand is about perceptions related to these. Consequently his attitude is that brands are not of importance or feasible in Skywalker’s markets since he also believes that customers think about the company rather than just the plastic jar when choosing a supplier. He suggests that a customer would not buy someone’s product only based on a good brand:

ASM: …The company as a whole is more important than just having the brand.

This quote is another indication of the ASM’s immediate thoughts regarding what a brand is. He refers to product brands and exemplifies with the brand names Skywalker uses on its lines of readymade products. It was not till he was presented to the idea that Skywalker in itself could be a brand that this thought was considered:

R: Have you ever considered that Skywalker in itself could be…?
ASM: That it might be a brand? Yes then you might see it as such, more than these small individual brands. ...[the original Skywalker] was one single factory, [the first company group] was four factories, now we are all of a sudden twenty factories in total, you know. And then the brand can get a somewhat different significance so to speak.

The outcome of this elaboration is that the ASM in fact considers a corporate perspective when thinking about what matters to the buyer. However, he does not automatically connect this perspective to the brand concept.

In total this means that the respondents use the word *brand* differently but this does not necessarily mean that they consider different types of communication important for Skywalker’s success in the market. Examining their answers, it appears that the CEO and the ASM have comparable opinions on what needs to be considered and managed towards customers except for the fact that the CEO partly connects these necessary measures to the brand concept and the ASM does not. They both maintain great focus on the product and its characteristics but on several accounts elaborate on different types of communications in a way that is in line with a corporate level perspective on branding.

### 11.2.2 Ideas on Skywalker’s corporate brand and branding

In a webpage presenting Skywalker to a local community the following description is given:

> In close co-operation with our customers we have developed great flexibility and successful packaging. Our strategy builds on total quality with focus on satisfied customers, employees and suppliers.

On the same page the catchphrases “Great flexibility – high level of service” are also visible, indicating what promises the company offers. Both the CEO and the ASM confirm that these are features important to Skywalker as they focus much on the reliability of delivery services as an important part of the company’s success.

As the CEO recognises what perceptions he wants the public to have of Skywalker, he relates to potential employees. It is his belief that Skywalker actually has this image outside the company:

CEO: ...it should stand for an organisation that moves forward. A living venture creates interest: ‘It would probably be nice to work there because things happen there’. It is not something that stands still in a corner but something that is moving forward.
In terms of a Skywalker-culture or a particular atmosphere among employees in the company, the CEO believes there is such a thing although he can see some differences since the company has become part of a larger business enterprise. As long as Skywalker was a single company, he claims, there were less routines to be followed and creativity was more in focus as well as flexibility. It appears he connects this kind of operations to the small number of people in the company at that time. Once Skywalker was acquired and became part of the first business group, some changes were apparent. The CEO explains how this is part of making a group of companies more integrated:

CEO: *It means that everything should run according to the same principles, the same financial system, the same reports, everything should be completely streamlined. You become like 'McDonalds factories'.*

Related to the group of companies, a discussion about consistency in communicated messages comes up. The CEO agrees that similarity in identity is important but believes that it will take up to five years before customers perceive of all manufacturing plants as one company. He further states that new brochures will be produced for the complete company group when the acquisition is concluded. The question about message and what should be emphasised when producing that kind of communications surfaces:

CEO: *That is interesting because I think it almost appears as if the bigger you get, the more you focus on products. We will have a line of products that is called [the line brand name] and then, I don’t know if it becomes more soulless somehow? You get more product focused.*

As a result of the changes in ownership, organisation structure and strategies, Skywalker meets with some potential problems related to its corporate brand. Until the acquisition Skywalker was known as quite a small company that attracted a certain type of customers. In statements regarding this acquisition and Skywalker’s identity in contrast to the large acquiring company, the CEO indicates how different corporate identities can affect business. He argues that some customers have probably chosen Skywalker, thanks to the atmosphere, size and personal contact it offers and not primarily thanks to product-specific aspects. The CEO suggests that being larger implies a less personal touch and an increased product focus and that one consequence of this is that small companies can feel that their power diminishes with regard to the large supplier. Whereas Skywalker’s image is partly built on the personal touch and close relationships, the increasing size of the company indicates, according to the CEO, that operations get more product-oriented. Consequently, the factors that for some have been the foundation of Skywalker’s image get less emphasis. Customers who chose to do business with Skywalker, in part thanks to that identity, can therefore be lost:
CEO: Yes, that is the way customers want it. So that we are getting bigger means that we lose some customers. Small customers.

These ideas show that the CEO is quite aware of the impact size can have on the company’s image. Being recognized as a large company will send certain signals to potential customers and also limit the number of clients that are interested.

Another potential problem is that the large group acquiring Skywalker in recent years has had some problems with its reputation. The ASM mentions that customers are not always delighted when being informed that Skywalker now is part of this large business group. It seems, even through the customers have had relationships with Skywalker for some time, their images of the acquiring company have immediately transferred to Skywalker:

ASM: …we might also receive 'badwill'. Our name, Skywalker, that we had before was pretty renowned. Now, as I mentioned, [the Large Acquiring Company] has had some capacity problems. It is not always that nice to [have to say], ‘Well, we have changed to [Large Acquiring Company]’, ‘Okay, are you going to be as bad as they are?’ No but, you know, there can be such negative effects too…

Even though these problems are recognised, the ASM does not perceive of them as major and he thinks they will disappear if only the customers are informed that things will remain almost the same in practice. On whether Skywalker could have kept the old name, he refers to the large company’s fame achieved during its long existence on the market

ASM: …[the Large Acquiring Company] was much more known. It has been around for extremely many years long before Skywalker was founded.

11.2.3 Corporate branding efforts and perspectives on communication

Looking further at some different types of planned marketing communications, it is possible to find indications about Skywalker’s work with integrated and coherent communications.

As regards advertising it appears that creating awareness about the company or a novelty is perceived as the only feasible or possible objectives. Since Skywalker is already a known name in large parts of the market, respondents do not perceive of a reason to spend resources on advertising. As a consequence no apparent concern is taken to what context the ads are seen in or by whom. This

1 In Swedish: “…våldsamt…”
attitude indicates that Skywalker disregards that advertising can communicate different things; not only the existence of a company.

Sponsoring is another action undertaken by Skywalker which has somewhat unclear objectives. Skywalker sponsors the local football club and also some other sports organisations in the community that several employees are part of. At first the CEO elaborates on sponsoring as primarily being straight costs:

R: *Why do you do it?*

CEO: *It’s to be nice.*

On second thought, however, the CEO points out that it might make a good impression that the name of the company is seen in that kind of situation. He believes it must make some impression that flags with Skywalker’s name are placed around the football field.

R: *...that you are seen as a nice company?*

CEO: *Yes, as a company that is friendly and nice and forward looking. I believe it is some kind of human touch. You are not some cold company… It is not just cost cutting but you also give once in a while. I think that is important.*

On the contrary, the ASM does not see any direct profits from sponsoring local organisation and considers it pure cost. He suggests that a possible connection between the company and its sponsoring is that some employees have been active and that is the reason why Skywalker became involved:

ASM: *It’s on a local level because, well, we sort of don’t gain added value from it... It is not a consumer product we are selling, we sell to the industry. It does not give any added value that our name is seen that way...*

Although the ASM is quite determined that it is only cost that has nothing to do with company operations, the CEO’s comment gives a different perspective. He seems to value the image the general public has of Skywalker and although there is no great explanation for why this is important or how communication should be carried out with that target group, he believes it has a clear and positive image of Skywalker. The ASM instead maintains a strict sales focus and does not see the benefits of communicating with those who are not primary targets of the company’s business. He does not primarily recognise that the company’s image might affect employees or other constituent parties in their choice between Skywalker and others.

Connecting sponsorship and company image suggests that the CEO comprehends how different pieces of communication can affect the totality of a corporate brand. Still, the main reason for sponsoring does not seem connected to this insight and it appears Skywalker’s sponsoring efforts are made without
particular thought to the impact on Skywalker’s corporate brand. The sponsoring activities hence are probably not undertaken as investments in corporate branding even though the CEO does identify such possible outcomes.

Somewhat surprising in relation to the thought on what communicates a corporate brand is that the CEO, although suggesting that the complete company is important for the brand, does not think that company cars can affect brand image. One explanation for this could be that even though the CEO recognises that every source of communication is part of branding, his focus is still very much on the product brands. His emphasis lies on the interiors, people in manufacturing, the consequences of delivery and quality, and anything else that is connected to Skywalker’s delivery of what they manufacture. Since the cars are not directly a part of the plant and are not included in manufacturing or sales, they might be perceived as too far from the essential issues to be of interest.

Skywalker’s trade fair participation can serve as an example of how planned communications are used for corporate branding. The CEO maintains that trade fairs in part can monitor Skywalker’s image since participation can both indicate that the company is of a certain size and that it operates as usual. The ASM has similar thoughts although he emphasises the social interaction as the most important aspect of attending trade fairs. The respondents show that Skywalker’s trade fair participation can partly be seen as identity management with the objective of assuring external actors that the company is still going strong.

Considering how trade fairs might communicate an identity, one would assume that the choice of trade fair could be one way of trying to affect the corporate image while design of the actual stand could be another. In Skywalker’s case, however, there seems to be little focus on these aspects. Rather, the participation is the communication. Skywalker chooses trade fairs mainly depending on who will visit them and how well known Skywalker is on a particular market. In a market where the company needs to get closer to customers or establish a name Skywalker sometimes participates in small local trade fairs. Although this does not show that Skywalker includes identity aspects in the trade fair participation, it emphasises that trade fairs are considered a communication channel; in some ways similar to advertising.

While the first acquisition meant no changes for Skywalker in terms of marketing communications, it appears the large acquiring company focuses more on such issues and the consistency of corporate communications. Activities like meetings and discussions on similarity in customer relations are part of the work and point at conscious actions. According to the ASM, it appears as if that the larger company has not had a very thorough set of guidelines when it comes to what message should be communicated towards the audience. Still, it seems this is getting more attention as the latest acquisition is managed. The ASM describes part of the work that is being done in order to entwine the cultures of the former business with the new one:
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ASM: ...there is some kind of marketing co-ordinator, you know, who makes sure that we sort of, that we externally are perceived in the same way.

ASM: We will have quite regular meetings now, to meet everybody and get to know each other, but also to get guidelines in order for everyone to speak the same language².

On what these meetings deal with and what guidelines are of interest, the ASM gives some examples comprising concrete rules, for example, what can be promised in terms of delivery times, and what attitudes should be held, for example, regarding honesty and small contracts. As an example of attention paid to different sources of communications, the ASM reports that it only took a few weeks before he had received his new business cards with the new corporate name and logotype. Then again, Skywalker’s original name remained on the walls of the plant and the company’s homepage was available for more than six months after the acquisition. Apparently different parts of the company’s communication received different priority.

According to the CEO, the brand concept is not used within the company even though he recognises that it might be a good idea. He points at the great production focus in Skywalker and elaborates that the shared marketing function in the large acquiring company probably talks more about these concepts.

Asked whether brand issues have to stand back in the light of the production focus or the financial situation, the CEO pointed out that Skywalker continuously works with brand issues on a long-term basis. As an example he mentions the interiors of the manufacturing area which have been greatly focused. He also reports on examples of trying to make all employees understand the importance of hygiene and why it can be valuable to expose a nice environment to customers:

CEO: …this has been advertised among the employees, continuously. That hygiene is extremely important, you know, and why. Well it’s because our customers believe in that. Well, so we took everyone and visited the customers. We went to [Solo] and showed their factory, and we showed [Yoda’s] factory. With all employees. So they have seen, at Unilever, how does it look there? So everyone sort of has gotten it drummed into them. ‘How should it look? Well, it should look like at our customers’, so when the customers come here they are dead secure’ you know.

His answer also shows that some matters are more important to Skywalker than others, indicating that there is indeed some kind of priority.

² In Swedish: “…tala samma språk…”
³ In Swedish: “…Så, för när kunden kommer hit är de ju dödstrygga.”
CEO: …if we have promised the customer delivery on Wednesday, of course we might take shortcuts sometimes in order to get the goods there because that is like the highest priority. That the product gets to the customer because precision of delivery is such an important concept for us. We know that it is a success factor. So then we might have to disregard a rule in the factory at some point. But that is not much either. You know they don’t through away the protective clothing to work faster and such.

Another part of Skywalker’s work to keep reliable deliveries is that the company works with stock for some products. The ASM describes how Skywalker discusses certain products with the customers in order to make sure which ones they need to have piled up in case of emergencies. Similarly, customers will also tell Skywalker if a product is not so sensitive to delivery fluctuations. The CEO mentions that these questions in part are driven from a higher level, i.e. the CEO’s boss and the marketing function.

CEO: …we cannot lose that because that is our long-term survival…We, sort of, cannot ‘just produce goods’…

### 11.2.4 Concluding remarks

The CEO thinks that brands are increasingly important for Skywalker’s market. The ASM, however, has little understanding for the connection of brands to the company’s industry. The analysis suggests that this difference is mainly due to the respondent’s different perceptions of the brand concept.

Since Skywalker offers ready products under separate product and product line brands as well as customised products in line with this thesis’ definition of subcontracting, the discussion points at some sort of double branding. Particularly in the CEO’s statements, it is possible to note that Skywalker works to maintain a corporate brand identity and product brand identities. To succeed as subcontractor, regardless of what type of products the company offers, Skywalker needs to maintain an image of reliability, cleanliness and great delivery services. Several continuous and deliberate actions are meant to facilitate and uphold this image. The concentration on the plant’s interior design and also cleanliness of both machines and personnel clearly indicate conscious actions that are aimed at affecting the corporate image. The CEO even describes this as being part of a brand strategy and hence there should be no discussion that these efforts can be seen as corporate branding in Skywalker.

The product brand, on the other hand, is dependent on the particular solutions which are included in the plastic containers and what position on the market Skywalker attempts to cover. Signs of how this is actively taken into consideration can be noted as the respondents refer to Tupperware and how Skywalker has attempted to create certain quality standards among their different lines of products. For example, one of the new product lines is priced
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above the others and includes a new type of seal meant to further improve the container’s quality. In direct relation to the products, the CEO also mentions how Skywalker has been looking to create plastic containers that communicate a sense of superiority through the type of plastic used and the stability of the actual container.

It could be that this twofold branding makes it more difficult to discuss branding in Skywalker. The CEO partly appears to connect the two types of branding and does not necessarily divide between what is made to brand Skywalker rather than a particular product. Even the ASM who seems quite determined about what a brand is at times has trouble separating the company from the product further pointing at the entwined existence of Skywalker’s corporate and product brands.

Still, there are actions in Skywalker that could be seen as parts of corporate branding from the perspective held in this thesis. Skywalker strives to keep some corporate features constant, for example that the company has great delivery reliability, an outstanding environment in the production area that impresses visitors and that it is a company under constant development. These characteristics are emphasised by the ASM and the CEO and managed through different types of corporate communication and corporate behaviour.

Internal work is noted by the explaining to employees about the necessity of keeping a clean and good-looking environment in factories. This is described as important not only to keep high standards in the products but also to impress customers and maintain an image. Whether the employees relate this to the corporate brand image or simply to the quality of production is not revealed in this study. Active work in line with this can be found in visits to customer’s plants with all employees. Furthermore in line with the aspiration that Skywalker should be innovative and forward looking, the firm continuously tries to present news and ideas to its customers.

It seems important to be conscious of rumours in Skywalker’s market. One might say that keeping a stable business becomes part of corporate branding since rumours are apparently spread about missed deliveries, failure to meet with production capacity, or similar issues related to the basic reliability of a subcontractor. The CEO’s argument that these factors are basically prerequisites to stay alive in the market implies that reputation regarding such parameters can affect a subcontractor’s corporate brand image on a very elementary level; thus indicating its importance.

Consequently, keeping delivery times is described as an essential matter to Skywalker since its success and image depend on it. Even though this is considered an essential feature for all subcontractors, the emphasis placed on it in Skywalker indicates that it is a main aspect of Skywalker’s brand. The respondents’ accounts of the matter also highlight that it is consciously and actively managed in order to protect a valuable part of Skywalker’s image and reputation.
It should be noted, however, that these factors are different from those considered as adding the extra values that can make a customer choose Skywalker instead of a similar competitor. The CEO’s claim that Skywalker cannot only care about manufacturing goods is coherent with this assumption. It indicates that surrounding factors and complementary services are also at the centre of Skywalker’s survival.

In terms of planned communications the corporate branding is less evident. Traditional communication channels like advertising, brochures, trade fairs, public relations and sponsoring are not primarily discussed or disregarded on a corporate communications basis. In all, although the CEO brings forward ideas that suggests he realises that a broad spectrum of communication channels are potentially important for Skywalker’s brand, the corporate branding in terms of active management of different types of corporate communications is still limited. One might conclude then that it obviously is much easier to discuss and understand the logic of integrated marketing and corporate communications than to, in reality, find resources, time and competencies to carry out such strategies.

11.3 Janeway

The respondents in Janeway are the same as in the first part of the thesis, i.e. the respondents are the Chief Executive Officer (CEO), the Marketing Manager (MM) and the Project Manager and Maintenance (PM). For descriptions of these persons see further chapter eight.

11.3.1 Perceptions of the brand concept

At first all respondents in Janeway agreed to the statement that a brand is much the same as the visible evidence of a company, i.e. a logotype, indicating that their view of the brand concept is rather narrow. However, when elaborating further, it appears they have more developed views. The CEO describes the brand as the perception of the company and the project manager ends up in the conclusion that a brand is about representing something to a beholder. The respondents hence appear to have a view of the brand concept that corresponds well to the definition used in this thesis.

CEO: Yes, the brand is our image towards the market. I think that is the shortest way I can define it. And that must be connected to those ingredients we talked about, that we are good, make good stuff, deliver correctly and are not too expensive. That we have the right price for the product we deliver.
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PM: Well, it’s a concept you buy. It depends, if it is a product or a service. It’s so different, you know. If it’s a product you buy it might be much about, it can be anything from image to quality and so on. And... if you are going for a brand, or a company, that’s in case you’ve had contact with them before and you know what they are good for. ...you can build an image in a company. A reputation that gives you a good.., then it becomes a good brand that way. If you represent quality, precision of delivery and such things.

Both these quotations indicate that the respondents connect the brand concept to associations and the knowledge about something. On whether the logotypes are equal to brands the PM says:

PM: Well, it is.. But there is so much more behind it. But of course it is one, how shall I put it, of course it is important what it looks like as well, the logotype.

He apparently regards the logotype as being part of the brand although not necessarily as being the brand. The brand concept is rather explained as some kind of accumulated feeling or perception. The marketing manager has a similar approach although she focuses much on the people in a company as she refers to brands. Asked to comment on the idea that a brand is the same as a product she said:

MM: Well, it depends on what you are looking at. Not for us it isn’t, but if you consider Coca-Cola for example, then it is. I don’t really know what to answer there.

R: What is the difference to you?

MM: We don’t have any products of our own, we don’t. So the brand is really us, that we sell.

On whether it is hard to have a brand if you do not produce own products, she says:

MM: ...but the brand does not have the same meaning to us as if you have your own products. But it is still important you know, to profile us.

R: What is the difference? Is it coca-Cola you are thinking of?

MM: Yes, for example, or a brand for clothes. Then you don’t’ think about the people in the company, you only think about the goods. Here you might, if you see Janeway [the name/logotype] you get an image of the persons working in the company instead. You don’t connect it to a particular product. But it isn’t hard, although you define it differently.
The CEO thinks that the brand is important on Janeway’s market. However, he admits that brands are not part of the daily discussion in the company. On the other hand he says that if an advertisement is produced, they have discussions about the layout and similar issues since they do not want to disturb the picture that has been created of the company:

CEO: Well it’s colours, logotypes and, well, it’s minor issues really, but I believe they are quite important.

The PM also considers whether having a brand is important to Janeway and emphasises the continuous message:

PM: It is important to be well-known. And it is not positive perhaps, to change, but if you create a reputation it is important to try to stick to that.

The CEO agrees that you need to communicate the brand ideas to everyone in the company. The project manager shows a similar attitude as he explains who is important for the brand in Janeway:

PM: ...it is production, everything from the guy who plans the production to working with quality, myself who has customer contacts, the CEO, also the marketing manager, all the way. It is everything, from the person answering the phone down to anyone who has customer contacts, are important.

R: But do you think this has any importance for Janeway’s sales?

PM: I do. Because it is a totality you know. .... you don’t buy from someone who is not nice. Then you will go to the next one.

He also describes how this can vary depending on what is purchased. At the same time he points out the subcontractors’ particular situation:

PM: If you are buying a screw that there are twenty suppliers of, perhaps it doesn’t matter if he is a bit sulky, the person you are buying from. But if, on the other hand, you are going to have a co-operation and develop a product together and you are going to have customer contacts, you are going out together, travelling around and so on, then you are not doing it with someone who is stupid or disagreeable.

The CEO believes that everyone in Janeway has the same brand awareness as he has. Asked whether brand importance has increased, he pointed at the harsher climate that the subcontractors experience:

CEO: Yes, I believe so. The fiercer the competition, the more important are these things… I think perhaps it was more about price before… or it was different anyhow. Now, you [as subcontractor] narrow it down, you look at
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a narrower customer range. You become primary or secondary supplier or family supplier or whatever it is called. And that you trust each other. And that promises hold all the way.

11.3.2 Ideas on Janeway’s corporate brand and branding

The CEO and the project manager’s attitudes towards the importance of brands on the subcontractor market are quite consistent with the view they present on them. Since the concept is mainly connected with impressions and associations, which can exist regardless of context, there are in theory no barriers to the possibilities of branding for Janeway. When the CEO talks about a harder climate in Janeway’s market and connects it to the customers’ choice process, he further emphasises that issues surrounding the core product offer are becoming increasingly important. His elaboration suggests that subcontractors need to consider a totality of communications and have a generally trustworthy operation in order to stay competitive.

One way of adapting to the new demands in the market is Janeway’s specialisation in certain materials. By narrowing down the range of materials used, Janeway can position themselves more clearly as a niched subcontractor that has something particular to offer.

The marketing manager reflects on what characterises the buyers’ associations to suppliers. She suggests that for companies with their own products this is probably more about the tangible product while for Janeway it must be about the people in the company. Even though the MM suggests that the brand meaning is different to a company that does not have its own product, she still sees that subcontractors have brands but with a different content. She seems to look at brand image as either related to products or people. If there is a product the brand is about the product while if there is no product the brand is about the people within the company.

In sum the respondents present a view of the brand in Janeway’s market as being about creating an image of what/who you are rather than an image of what you produce.

The CEO’s ideas about what Janeway should represent are summarised in the following three features: quality, accurate delivery and appropriate price. The company’s homepage states:

*Our sign on the market shall be quality and good delivery assurance.*

Although the CEO appears quite determined as to what Janeway’s brand should represent, the PM claims that the company does not work enough with the question:

PM: *No, we work far too little with it. But it’s increasing more and more. We have, we aren’t very big and that is the hard part. But it is more*
marketing that must be done. More trade fairs and such things you know, that you get it out more, what Janeway is and that people know about, know that we exist.

Tough referring to Janeway’s size, he clarifies that it is probably not size per se that constitutes a barrier to corporate branding in the market. Instead, the implications of limited resources and knowledge as it relates to reaching the right customers are given as explanation.

When talking about the strength of a brand, the MM implies that it depends on the number of people who are aware of the company and recognise the name. On Janeway’s brand, she says that it probably is not very strong in general although it is probably familiar to all actors in Janeway’s market. Her discussion indicates that she notes that a corporate brand like Janeway has different audiences and, as a result, can be discussed from different perspectives:

MM: But I mean, if we place a sign outside the company, or in a town where they do not know about us, then it is very weak. So it can be both strong and weak.

Considering what persons are important for Janeway’s brand, the CEO responds that it is everyone who has contacts with external audiences. He concludes that anyone who is part of the company’s façade, e.g. the receptionist and sales people are all part of the first impression and hence are important. This first impression is perceived as crucial and for that reason it is discussed in Janeway from time to time. When faced with the idea that only the contacts with customers are important, the CEO says:

CEO: No, [Janeway] should also be attractive to a truck driver, to come here and feel, ‘Damn it’s a bit more enjoyable to load here than at the neighbouring company.’ No, but you know, something like that, since then you will be prioritized.

Also the MM looks upon the brand as something that involves everyone in the company. However, she emphasises that it is a management responsibility to make sure the ideas are known throughout the organisation. Somewhat contrary to the CEO, she does not believe the people working in production are so conscious about these ideas although she says that most people have a positive attitude towards doing the best they can for the company.

For the MM, customers are the target of Janeway’s brand. She says that private persons are not interesting to Janeway. However, the PM thinks it is important to attain a good reputation in the society at large. Explaining why, he says:
Branding among the subcontractors

PM: It is because you want competent personnel. That is really the most important. I mean otherwise you can’t manufacture these things, deliver and, if you don’t have a machine that is running.

The CEO’s description of how truck drivers should have a positive image of Janeway is another indication of the respondents’ extensive view on what audiences a corporate brand has. Still, on the direct question he relates the concept to customers and business:

CEO: …we’re not interested in any Tom, Dick and Harry knowing what Janeway is. The most important for us is that those who buy plastics know what Janeway is. …so we are not served by having our name in the phone book, for example, but we want to reach purchasers, constructors, preferably constructors so that you together can discuss solutions. And that’s what we are looking for when we are looking for new products, they often… They don’t exist when we look for them.

R: …you say customers, ‘we don’t want the average person to know’, then it’s really just customers you focus on? The brand goes towards them. What if you consider the surroundings in general, for example, neighbours…?

CEO: Of course it is important to live up to what we represent but we don’t need to, since our neighbours do not buy our products. So, but it’s important that we have a good relationship to each other. We [the company] can’t mess around with fans, smell bad or let out [toxic] gas. …It’s important for us to maintain a good relationship, if we want to ask for building permissions…

Correspondingly, Janeway does not take any direct actions that focus on branding Janeway in the nearby community. The CEO emphasises that the relation to these groups is rather about long-term work where it is important not to have employees that talk bad about the company in stores and to their neighbours. One part of this work is to always question why employees, when it happens, leave their position at Janeway. This includes an investigation, to maintain a good atmosphere in the company and limit the potential damages unsatisfied employees might do in the surrounding society.

Even though the respondents note the importance of maintaining a good reputation and good relationships with groups like neighbours, the local community and potential employees, it seems corporate branding in Janeway mainly is geared towards customers and groups related to the company’s current operations. That is, the respondents do not discuss activities related to groups like neighbours as being about affecting Janeway’s corporate image.

Similarly, the MM makes a comment indicating that there is a limit to what groups she regards as important to communicate with. She suggests that marketing efforts should be directed towards the customers and not the general public since Janeway is about industrial subcontracting:
MM: We wouldn’t place an ad in [local consumer newspaper], no one knows who we are there.

While she does recognise that there are at least two parts of the market where Janeway’s brand could exist, she indicates that only one (with industrial customers) is significant to the company. She explains that such efforts are not worthwhile since no sales are coming out of them. Like the CEO, she then separates between Janeway’s brand images related to business actors and other actors. Consequently, the CEO and the MM actually discuss Janeway’s brand as a competitive instrument. They recognise that it can be valuable if used towards certain segments of the public although it is not necessary to consider it related to all groups who possibly have a corporate image of the company.

There is a slight difference between the CEO and MM’s discussion concerning this issue and that of the PM. Instead of regarding it as a secondary issue the PM emphasizes that Janeway needs to work on its image among people in the community since it will affect Janeway’s ability to gain new employees. This means that he points out an even wider range of who should be the target of Janeway’s planned communications. Correspondingly, he can be seen as introducing a broader view of the competitive arena where Janeway needs to mind its corporate brand.

11.3.3 Corporate branding efforts and perspectives on communication

The respondents’ elaborations on what Janeway’s brand constitutes very much come down to what is valuable to customers. They suggest that associations to products are not of primary interest but rather the general images of the company and what values the buyer can render from them. Consequently, the parts of Janeway’s corporate brand image emphasised as important among customers are related to safe deliveries and the ability to deliver high quality goods. The desired corporate brand image among current and potential employees appears to be a company with a friendly, family like atmosphere and agreeable premises. In contrast, Janeway does not seem to have a particularly specified identity towards the general public since the respondents do not emphasise the communication towards this group. However, with regards to what the respondents describe related to the local community, it seems Janeway acts in order to, at least, avoid the risk of being considered a company that does not act as a good neighbour or care for the society. In line with the thesis’ definition of branding, Janeway’s branding should be about attempts to create these images among the different audiences and although the respondents argue that marketing has received limited attention, it is possible to identify such efforts.
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One example of efforts that could be interpreted as branding is Janeway’s focus on precision of delivery. This is emphasised repeatedly and seems highly prioritised. The fact that the respondents mention this as one factor that Janeway is associated with and one of the reasons why their suppliers recommend the company to potential customers indicates that it is an important part of Janeway’s brand. All respondents seem well aware of the importance of delivery and hence the work towards maintaining an extraordinary performance in this aspect can be seen as an example of how the company works with branding. Another part in pursuing the quality party of Janeway’s identity is that the introduction of a quality system according to SS-ISO 9002 has been introduced. Keeping machines clean and upgraded is also a way of assuring that this objective is maintained.

Additionally, Janeway takes action to make sure the company is perceived in a certain way when considering which customers to work with. Janeway, for example, reviews potential customers and their requests. The CEO emphasises the customer’s financial situation when choosing to accept or decline it, however, it appears other factors are also considered which relate more directly to Janeway’s wish to fit an aspired identity:

CEO: …and we don’t accept all products I suppose, because it should fit into our niche. We want to keep pretty specialized and then we rather decline one job, if it is not right for us.

R: Is that because you do not want to be known for making these small things or..?

CEO: Yes, or making crap!

This emphasis on staying within the chosen niche and being associated with high quality production accounts for the maintenance of a certain profile which can be seen as another direct way of managing the corporate brand image.

Actions related to Janeway are the sponsoring of, e.g. local football and tennis organisations. The CEO’s first reaction is that sponsoring is mainly a cost that has little impact on the company’s operations:

CEO: ...it is nothing we do out of a marketing value really. Rather it’s in order to keep the society alive, to get it somewhat attractive for youngsters to live here….

Further on he concludes though, that sponsoring youth activities can be important to make sure young inhabitants are aware of Janeway as they represent potential future employees. The PM considers the main effect of sponsorship to be that the organisations can be maintained and make sure there is a functioning society around the company. He reasons that people will not move or stay there unless there is
something to do. Sponsoring hence is described as being part of ensuring that there are people to employ rather than being corporate branding of Janeway. This is also the reason why Janeway does not sponsor anything outside the community:

R: So it has not so much to do with marketing then?

PM: No, it is like the complete total. That you want a functioning society.

One wonders whether these efforts are actually branding since they are not primarily undertaken with the aim to affect Janeway’s brand.

In regards to corporate branding in Janeway it should be noted that all three respondents represent management positions and it is not possible from this study to know whether the understanding is as far reaching at all levels in the company. However, a comprehensive view of the brand concept, its value to different audiences, and branding, at a management level should provide a favourable climate for corporate branding in the company and there are several examples of Janeway’s attempts to manage the issue internally.

Even though the CEO seems certain that everyone is aware of the brand’s meaning and importance, the fact that brands are not very openly or directly discussed in the company makes the MM’s beliefs credible. Her point of view is that everyone in the company is not aware of its importance or being. That is, the fact that the respondents included in the study seem well aware of the potentials in branding and agree that all employees are important for the success of Janeways’ corporate brand does not necessarily mean that the other employees have the same perceptions. Still, efforts are taken within the company.

Since everyone in the company is considered important for building and maintaining the brand, actions are taken to create and instigate certain attitudes and work patterns. Examples of Janeway’s way to do this are discussions on specific topics, e.g. how to answer the telephone and striving to create and maintain a certain atmosphere within the company. Activities include a discussion about making sure it is safe to bring people into the manufacturing and any other area of the company at all times. The reason for this is that visitors should get a nice impression of Janeway. Active work with appearance can then represent a basis for a buyer’s confidence related to Janeway’s manufacturing. However, the respondents accounts suggest that the internal communication regarding these issues does not clarify the connection between the objectives (i.e. corporate brand image) and the actions that employees are requested to perform (e.g. maintain certain appearances). It seems that employees are supposed to grasp the connections themselves implying that the internal efforts possibly could be improved.

By aspiring good relations between the company and its employees and investigating the reasons why people leave their jobs, Janeway can be seen as
conducting employer branding. In essence it both relates to making people work in the same direction and limiting bad reputation that could affect Janeway's chances to have an attractive employment in the future. The MM describes the spirit among employees in Janeway as very positive. One might assume that it is quite important to hire the right people if such an attitude should be possible to maintain in a company. Both the CEO and the MM clearly state that when hiring people it is more important that they suit the company's atmosphere and jargon than what grades they had in school. In order to strengthen the company culture and the social bonds between company and employees as well as among employees, the company often arranges internal events.

Looking at the comprehensiveness of communication, the respondents display a unified view. All note that many pieces of communication affect Janeway's corporate brand image. The MM confirms this as she explains the importance of taking care of the manufacturing area and factors like cars and logotypes. Although these might not be of crucial importance for the image of Janeway, the argument is that they still should be considered when thinking about communication since in the end the totality counts. Another indication of the MM's concern for consistent communications is her reasoning in relation to the Internet. She recognises that the messages on the company's homepage should communicate in line with the company although she also explains the difficulties in practically managing this.

Peripherals like cars and clothes are not considered primary to the customer's choice although the CEO and MM recognise that they can be of some importance and should not be considered insignificant. At first the CEO claims that the impact of company cars on brand image is not of importance, however, he then says, it is all about the total impression:

CEO: ...you can't come to a customer in a car that is rusted away and hasn't been washed since you bought it. It also has an impact although it is not of vital importance.

One could assume that cars and other similar aspects affecting the total image of a company are the kind of factors the CEO refers to when discussing a customer's choice between two very similar offers. As he also recognises that competition increases the importance of other factors than the product related ones, these extras might be increasingly central.

The CEO's statement on people's appearance implies that a certain profile should be maintained regarding clothing in order to suit the business Janeway is in. He indicates that suits and ties could send the wrong message in Janeway's market. This could be interpreted as if Janeway does not want to display an identity that is not concurrent with what the company is really about or which is not concurrent with its image. As noted before, the PM believes it is important to create an impression among the public as well as the customers, arguing that appearance might be crucial to Janeway's ability to get the employees they need.
Regarding the consistency of communications over time, it seems the respondents in Janeway have an idea about its importance and an ambition to work towards it. Both the CEO and the PM agree that a company should stick to one message in order not to confuse the market. Nevertheless, while this thesis takes the position that success is more likely if actions are taken intentionally, understanding and intending do not always equal doing. Looking for example at Janeway’s homepage during the beginning of the study and the available leaflets, some similarity between what is focused is evident but there are also differences:

Homepage (2002): *We don’t see any limitations in choosing materials and manufacturing techniques but only new and exciting possibilities to more efficient and safer customised solutions.*

Leaflet: *Our customers are primarily in electronics and by requests we have turned into somewhat a specialist on technical plastics. Foremost we control moulding of high temperature materials like…*

While the homepage takes a wide perspective where all customers are invited regardless of what material or manufacturing process they request, the leaflet is more in line with what the respondents argue during interviews. The niche Janeway has tried to enter and stay within implies that any material is not of interest, which makes the homepage message seem a bit out of line. However, probably as a result of the increased focus on marketing activities, Janeway’s homepage has changed during the writing of this thesis and currently is close to the leaflet’s description:

Homepage (2004): *…Our customers are mainly dealing in electronics indicating that we work according to high requirements on delivery precision and quality… Our speciality is injection moulded fluorine plastics like... We also make plastic inserts.*

It seems the messages have been further integrated and focused on the particular identity Janeway aspires to have. Furthermore, both the homepage and the leaflets emphasise Janeway’s focus on delivery assurance and quality:

Homepage (2002): *Our sign on the market should be quality and good delivery assurance.*

Homepage (2004): *…manufacturing is conducted according to the zero-faults principle… Just-in-time delivery is a prerequisite in our business.*

Leaflet: *A fast decision making process with tough requirements on precision and quality is essential to our business and hence our manufacturing is managed according to the zero-faults standard.*
In this matter the company is quite focused and these messages are in line with each other and emphasise that quality is something Janeway has to be good at.

Although the respondents display a rather comprehensive view of what communicates and who to communicate with, discussions concerning planned marketing communications reveal that Janeway does not plan every effort with respect to every communication opportunity that might exist. For example, the MM explains that the main objective of advertising is to gain sales and due to this she is not overly positive towards Janeway’s advertising in different magazines or phone books. That is, she does not think about the impact such activities can have on another audience’s corporate image of Janeway.

Similarly, although Janeway uses both trade fairs and sponsoring, these efforts are not primarily seen as instruments for communicating a certain identity and affecting an audience’s image of Janeway. The main idea behind trade fairs, according to the respondents, is to manage personal relationships with current customers and thus it is not used actively as a communication’s platform. However, one suggestion in relation to trade fair participation is that it may reflect negatively on your company if you are not there. This would imply that the opposite, being at the trade fair, also communicates. In conclusion, although the respondents do not directly suggest it, it seems there is more communication in a trade fair than merely what is being communicated during the personal meetings. Still, the decisions to participate in trade fairs do not appear to be based on the inherent opportunities to affect Janeway’s corporate brand image. Thus, even though the trade fair participation probably does affect Janeway’s corporate image among some audiences, it is not considered as branding here.

Another interesting example of efforts that could be seen as branding, but are not primarily explained through references to the company’s corporate image, is Janeway’s involvement in a local project managed by the Swedish Industrial Development Centre (IUC). Its aim is to change the attitude among youngster towards industrial occupation. The PM explains that most workers at Janeway would not dirty their clothes even if attired in a suit and tie, although most people do not know that:

**PM:** Before, it was like, you worked. Almost everyone worked evenings or something somewhere and got to see what it was like in the companies. Today they don’t do that.

It seems the PM spots a trend in the community, indicating that the image of the most common occupation in the area is at risk due to decreased knowledge. With this in mind, the mentioned project could well be seen as an effort to communicate, not only on behalf of Janeway, but also for the entire community of subcontractors, i.e. branding a certain type of business.

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1 In Swedish: Industriellt Utvecklingscenter
11.3.4 Concluding remarks

It seems the Janeway respondents have a comprehensive view of the brand concept and reflect on corporate brands. This shows in how they think of brands as something important in Janeway’s market. Since the respondents think of the brand as being equal to associations, they have no problem in seeing its usefulness and potential for a subcontractor, even if it has no own products. Another outcome of this perspective is that the respondents recognise different groups that can have an image of the corporate brand Janeway even though there is no consensus about which groups are important to focus on when it comes to brand communications.

Branding is also quite well organised and emphasised. The respondents emphasise consistency, recognise the corporate brand, and suggest that all employees are important in corporate branding. Their accounts point out that they recognise the necessity of active management for branding and that the company must decide to which audiences branding can be worthwhile. It is hard to say whether this is an indication that corporate brand image is particularly crucial in Janeway’s market or just a result of perceptive management. In either case, the CEO’s belief that peripheral factors are becoming more crucial as the competitive climate changes could imply that Janeway has increased the focus on corporate brand issues over time.

Every person in the company is held as important to the brand suggesting that the respondents keep a perspective on branding which resembles the ideas about corporate branding in theory. That is, internal communications are tied to branding the company. As a result, the study constitutes an example of how employees might take part in branding even if their perspective of the brand does not relate to the company employing them. In this situation, it can be questioned whether it is necessary for each employee to grasp the idea of corporate brands as long as he/she behaves in a manner that is consistent with the corporate brand strategy.

Janeway also illustrates how a firm can be part of branding that does not only relate directly to its own business operations. Janeway’s efforts linked to the community and the IUC project are not primarily explained by the company’s wish to gain a certain corporate image to attract customers and employees. Instead, these activities can be seen as ways to maintain a functioning society, by branding the region and a particular type of work.
Chapter 12
Analysis

This chapter analyses the empirical study presented in the previous chapter. It includes a comparison of the findings with previous descriptions of corporate branding and assumptions about B2B companies’ attitudes towards branding. As this is a relatively unexplored area related to subcontractors (as defined in this thesis), the discussion serves to explore rather than necessarily support or contradict the current set of theories.

12.1 Branding without reference to the brand concept

Taking into account the B2B focus of the empirical study in chapter eleven it contradicts the findings of Shipley and Howard (1993) and Michell et al. (2001). Their research suggests that industrial companies look very positively upon brand names and branding as part of their marketing success. In Trinity, Skywalker and Janeway the brand is not discussed and the attitude towards brand names is that, regardless of what brand meaning is referred to, it is not an important factor to the company’s success among customers.

Part of the explanation for this discrepancy can be that the earlier studies were conducted on companies manufacturing products that are visible both to consumers and business buyers. In fact, the buyers in this thesis confirm this (see chapters 6 through 9) as they acknowledge the possible impact supplier brand names can have if it concerns the delivery of such a component, e.g. a motor or a branded ingredient.

Still, one elementary question that lingers is why the B2B markets, and subcontractors in particular, have not previously advanced in branding and why, still, it is so limited. One explanation (see section 2.4, Nilson, 1998) refers to the intrinsic ties brands and branding have to consumer markets due to the fact that they were primarily developed in connection to consumer products. It seems likely that this indeed is a major reason for the B2B markets’ refrain from a focus on brands. As long as the brand was strictly tied to consumer products, the number of examples related to B2B branding was limited. Consequently, there is a lack of natural connections between the brand concept and industrial markets; the type of products and interactive environment appearing there.
Some of the most obvious resemblances between B2B and consumer markets are the use of logotypes and advertising, and the exchange of tangible products. A person who thinks about the brand as exemplified by consumer products, for example, Coca-Cola, Smarties or Kleenex, will think about branding in terms of how that type of products are communicated, i.e. mainly through traditional, planned marketing communication and the actual pieces of goods. Correspondingly, it is not strange that many respondents in this thesis place the product in focus when considering the brand question and talk about the strength of brands as though it is mainly about being seen through advertising and having awareness among a large part of the general public.

In light of the remaining bias for a brand perspective gearing toward consumer goods, in addition to the fact that the studied subcontractors are not manufacturing their own products (except for parts of Skywalker), the idea of brands as something important does not quite add up. For this thesis, branding has been defined as follows:

*To consciously work to affect brand value, by developing strategies and managing them in order to generate, alter, improve, maintain or emphasise the image, i.e. ideas, audiences have of a brand.*

The first seven words of this definition can be discussed in relation to the presented subcontractors. The respondents who do not talk about brands as corporate brands do not perceive that their company has one and hence cannot be assumed to talk about *branding* or to feel as if they are conducting it. However, since the general idea of many activities in the subcontracting companies is to *generate, alter, improve or emphasise the perceptions*, i.e. image, different audiences have of the firm, through this thesis’ perspective they still do branding. It seems then, that the respondents neglect to recognise branding in their companies, can partly be explained by a mistreatment of words, rather than a lack of understanding or consciousness about the values tied to brand management.

In parallel to this argument the ideas of sense-making can be reviewed. These imply that a concept per se is not valuable to look at unless the perceived content of it among the researched individuals is simultaneously considered.

*In order to make sense, or create understanding, humans bring prior knowledge and context to the information. Without the human context the information itself will have no meaning. The context may vary from one individual to another and may lead to the creation of alternate interpretations, or understandings, when several individuals are presented with the same information.*

(Shariq, 1998, p. 12)

This can be interpreted as if, although the concept of brand has one meaning to the researcher, it might have another meaning to the respondents. The prior
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knowledge and the contexts considered for the concept are different. For most respondents in Trinity and Skywalker making sense of brands and branding means considering those concepts as part of the consumer market where goods can be marked with a logotype. Shariq’s (1998) statement can help in understanding that the respondents, although they do not all talk about brands as corporate brands or about branding, can think of them as important when looking through the researcher’s perspective on the concepts.

One outcome of the limited or lacking use of the brand concept in the companies could be that it never appears to the subcontractors that help could be gained from brand consultants or by engaging advertising agencies in branding. Instead it seems these companies use advertising agencies to limited extent and mainly for things like brochures and the occasional small advertisement. Another outcome of the limited brand comprehension is that several respondents do not consider that branding can reflect an organisation. In reality, except for the persons in Janeway, the respondents many times do not consider corporate brands instinctively but appear somewhat restrained by their thinking about product brands. If the brand concept was more commonly used it might lead to enhanced insight into what it can comprehend, how it affects the company’s success, and what might be managed to improve this impact.

An assumption brought forward earlier in the thesis (section 2.3, 4.6 and 10.3) states that a person’s understanding of the brand concept will affect how branding is considered and pursued. In the illustration of this assumption (section 4.6), brand identity and strategy are identified as drivers of branding, and the perception of the brand concept seen as important since it determines which communication and brand elements are considered during the branding process. In the light of the empirical studies’ findings that respondents are part of corporate branding even though they do not have a particularly comprehensive view of the brand concept, this assumption might be challenged.

12.1.1 Thoughts on the necessity of consciousness

One question that can be posed at this stage is whether it is necessary for a company to be aware of the benefits of integrated communication and if there is a need for conscious strategy implementation to gain the benefits of a strong brand. Previously it has been suggested that internal marketing is important to stay competitive and maintain a strong brand. Since this thesis looks upon branding as something that is consciously carried out with a strategic focus, the position is also taken that with awareness the potentials of gaining brand benefits are greater. From this point of view it is necessary that a company’s representatives plan their actions and also know why they do things in relation to the corporate brand image. Again, however, this conviction does not claim that companies which do not pursue branding actively always have weaker brands but rather that they might have a stronger one if efforts were managed.
according to a consistent overall strategy. That is, the potential of gaining and maintaining brand values should be better if actions are planned and handled intentionally.

Although branding in terms of reputation management and corporate branding seems important for being recognised as a potential subcontractor and also in the end being chosen, this does not automatically mean that such efforts are natural parts of the marketing among suppliers. Still, for example, companies’ eagerness and efforts not to miss a delivery and maintain an orderly factory are activities relating to Balmer’s (2001b) definition of corporate branding. However, as the respondents in this thesis do not clearly make this connection themselves, the attempts to understand what effects these issues have and change them accordingly, are limited. This implies that increased awareness about what branding can mean for a subcontractor might be beneficial. That is, although the recognised branding among the subcontractors is conscious, it is not necessarily managed according to the principles of planning, execution and evaluation. Rather, it seems the subcontractors in this study are at a level of branding where common sense guides the efforts taken. Still, the level of planning among them apparently differs.

Further indication that consciousness in branding can play a role and, furthermore, that it relates to the perception of concepts, is noticeable when considering the differences in understanding of the brand among the respondents related to the companies’ branding efforts. While the respondents of Trinity and Skywalker have quite diverse ideas about brand meaning, Janeway’s respondents all suggest a broad version of what a brand is. Looking further at the branding analysis one might reflect that while the first companies do not fully exploit branding as it is described in this thesis, it seems Janeway in several regards does. This indicates that the empirical studies support De Chernatony and O’Riley’s (1997) suggestion that conscious actions to improve the brand image and values, depends on the understanding of what a brand is, what its main effects are and what can affect that value. However, since the findings also point at branding that is not tied to a broad understanding of the brand concept the studies simultaneously contradict these assumptions.

In sum though, the limitation for corporate branding in these companies does not relate to the respondents who think about the brand as something comprehensive, recognise corporate brands and connect the company’s actions to its corporate brand image. Neither is the problem mainly related to the respondents who, although they do not have a comprehensive view of the brand concept, consider the actions defined here as corporate branding as important due to their impact on the company’s image and success. These persons might be referred to as having an unconscious consciousness to branding. That is, they are unconscious in that they do not connect their actions to the brand concept, but conscious in that they act purposefully to affect the corporate image, i.e. pursue branding. Following the arguments of De Chernatony and O’Riley (1997) one might argue that the chances for great corporate branding would
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increase if these persons were to develop their understanding about the brand concepts. However, it seems the real difficulties of corporate branding among the subcontractors primarily relates to respondents who have a limited view of what a brand represents and, in addition, do not believe that corporate brand image has an impact on the company’s success. That is, if you neither think about the company as a brand, nor believe that product peripheral aspects matter, you are not likely to understand the reasons behind managing such issues or referring to them as branding.

With regards to these findings the assumption about branding should be slightly altered. In order to include the unconscious consciousness respondents, who are positive towards branding and take part in it without directly relating their behaviour to a corporate brand, the idea of customer value might be added.

![Diagram of Brand concept perception, Customer value perception, Attitude towards and efforts of branding]

**Figure 12-1: Determinants of respondent’s attitude to and efforts of branding.**

Customer value here reflects the ideas respondents have about what customers think of as important and what is significant to them. The figure should be interpreted as if the perceptions of the brand concept and customer value both determine a person’s attitude towards branding and the efforts carried out that resemble it. That is, a person’s understanding of the brand concept is not the sole determinant for how he/she relates to branding. Still, in all three companies, the respondents with a brand perspective close to that which dominates this thesis, are the ones most willing to describe product peripheral factors as important for the customers’ perceived value and, hence, for corporate communication and image.

One important indication of these conclusions is that they accentuate the previous criticism brought forward towards some earlier research on attitudes towards brands and branding in the B2B market. Clearly, the way questions are asked and depending on what approach is taken to the concepts brand and branding, different conclusions could be drawn from the same respondents. If, in this case, the respondents had simply been asked to explain their ideas about the roles brands play, the respondents in reality would have answered different questions depending on how they look upon the brand concept. Primarily, many of them would have answered: No. In this thesis an attempt has instead
been made to filter the respondents’ ideas about the brand concept and their descriptions about sales and purchasing through a predetermined perspective on the brand and branding. By doing this another set of answers could be obtained related to these issues.

12.2 Branding and limitations of branding

As concluded above, all subcontractors to some extent can be seen as conducting branding. The extent of this branding can be further discussed and compared to the theory on corporate branding. Three areas that appear central in this theory (Chapter 10) are the strategic importance of branding, the significance of an internal focus and the perspective of integrated corporate communications.

12.2.1 Strategic importance

The integration of strategic management and corporate branding, referred to as brand orientation by Urde (1994) and brand leadership by Aaker and Joachimsthaler (2000), is mostly visible in Janeway. The decisions to limit production to certain materials and products are partly related to the image audiences can get or have of the subcontractor. Still, all three companies appear to currently steer corporate branding much towards existing customers in that the main focus related to customer values lies in prompt deliveries.

In de Chernatony and Dall’Olmo Riley’s (1997) study, brand consultants report that brand managers are not able to discuss what unique values their brands represent. Instead, they suggest that easily replicable values like quality, excellence and value for money are focused on. For example, one consultant says that even though firms can have great innovative skills or other features, when considering branding, they might still think of it as a labelling process. In many ways it seems the perceptions of the consultants in their study concurs with this thesis’ findings. The reasons presented by the subcontractor respondents for why customers choose them mainly relate to price, quality and delivery, indicating that these are the values they think are important and connect to their corporate identity. Based on the studies presented in chapter six through nine, it appears the subcontractors’ customers, in addition to their interest in certainty and flexibility, do select subcontractors, thanks to an impression that they offer a particular competence or value. Logically, the subcontractors’ corporate identity should take these issues into account and not suffice with having a general focus on the common features they now refer to. This discussion can be related to lifting the corporate brand to a more strategic level where the key features of corporate identity relate to what characterises the firm, its development and creates long-term value for both the subcontractors
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and the customers. This suggests a contrast to the transactional values which delivery assurance and quality of single transactions represent.

In short, the studied subcontractors use corporate branding but it is less apparent that they manage and discuss it as a strategically important issue. As a consequence, the focus of their branding is not primarily on a strategic level. However, there are indications that the CEO’s think about these issues as they all have an idea about what the company should represent which goes further than the transaction-related characteristics, e.g. a company that is ultimately service minded (Trinity), progressive and active in product development (Skywalker) and specialised (Janeway). Again, this could indicate the difficulties of carrying out a corporate brand identity in practice even if management in a company has an idea about what represents the strategically important characteristics of the company. This accentuates the thought that, while theory presents the connections between corporate branding and strategic planning as a relatively straightforward issue, we should probably not only consider its importance but also the wide-ranging management it implies, the time required and the potential obstacles related to internal changes.

12.2.2 Internal focus

The CEOs in the studied subcontractors support the idea that corporate branding must be internally supported (Garrity, 2001) and have total corporate commitment (Balmer, 2001b). In accordance, even though the exact words are not used, it is at least to some extent possible to identify efforts aimed at including everyone in the thoughts about corporate branding. In Trinity the use of key concepts and attempts to introduce factory uniform are made. In Skywalker the cleanliness of manufacturing facilities is emphasised and employees were taken on a trip to visit with another factory to enable them to grasp how significant the look of a plant is. In Janeway discussions are held with the employees about certain issues that are perceived as important to care for, e.g. tidiness of the factory, answering the telephone.

These efforts reflect the importance of management support for corporate branding that, for example, Moon and Millison (2000) and Nilson (1999) emphasise. However, the interviews in this thesis also illustrate that this does not guarantee a company wide commitment. In Trinity, the introduction of key concepts for the company is indeed a sign of management support and efforts to affect the view on corporate identity and work towards maintaining a certain corporate image. However, the other respondents are not as eager to describe these as Trinity’s core features. In the light of Hague and Jackson’s warning (1994) about using key concepts as a way to tackle identity communications internally, perhaps they are not the kind of support needed in Trinity to lead employees in the right direction. Even though all CEOs notice that everyone in the company is important for branding, the interviews also imply that another approach, perhaps more continuous, is needed to create an
understanding for how employees’ actions connect to the firm’s brand value, the thing emphasised by Hague and Jackson (1994).

Gummesson’s (1991) view of the employee as part time marketers, however, only clearly appears in Janeway where the CEO mentions the need to monitor the potential existence of disgruntled employees who spread bad rumours in the community. This indicates an understanding of employees can affect the subcontractors’ success and corporate image which is not as evident in Trinity and Skywalker. In the area of employer branding, on the other hand, it seems all three companies at least are aware that their corporate image and image as an employer might affect the company’s chances of attracting employees. Trinity attempts to make sure its salary levels correspond to the other companies which compete for the local workforce. Skywalker’s CEO maintains that the image of the subcontractor as a good company in the community might help in gaining employees’ interest. Janeway reports on the importance of being seen as a good employer since there is great competition for the local workforce. However, In Trinity and Skywalker there seems to be some gaps between the employer branding, focusing on being an attractive employer, and the attention paid to internal branding as a way to support the corporate branding towards external audiences. In Skywalker the CEO even admits that the firm could probably do more in the area of employee management. In Janeway’s case the two appear more clearly managed as having separate functions. The firm’s communication towards potential employees is noticed while, simultaneously, the respondents also account for work with current employees in terms of supporting their part of corporate communication and establishing a “Janeway culture”.

Nevertheless, reflecting in general upon the respondents’ answers concerning what their company should represent and what makes it special, it seems the extent and intensity of internalising corporate branding is yet quite limited, even among managers. Even though it has been argued above that the use of concepts like brand and branding are not necessary for a company to pursue such strategies, one thought in this discussion still relates to the subcontractors’ tendency not to use these words. Could it be so, that the limited focus on corporate branding partly is a consequence of the respondents’ lacking a shared vocabulary? In that case the use of certain concepts could signal particular types of commitment and by that, providing a basis for elaborations on and management of all related issues, e.g. the internalisation of corporate branding.

Another thing that might affect the corporate branding in Trinity, Skywalker and Janeway is the limited success of, and attention paid to, cross functional management that Duncan and Moriarty (1998) describe. While this approach underlines an integrated view of the firm since all firm levels and actions are believed to affect the total brand message, the subcontractors do not always reflect it. In the light of Duncan and Moriarty’s arguments this could be the result of distinctions made between different functions and levels in the subcontractors’ organisations. These ideas are supported in Skywalker when the respondents talk about marketing and branding as something that the central
organisation controls rather than as something which concerns the individual subsidiary or factory. Similarly, in Trinity it appears that there is a gap between the CEO’s discussion and the other managers’ ideas, which could indicate that the cross-functional management has not come completely into play. Then again, it appears the central organisation in Skywalker, as well as the CEO in Trinity, have made apparent attempts to carry the ideas of corporate identity and communication forward in the organisations. Hence, it might not be the will or attempts to follow the cross-functional management approach that is missing in these companies, but rather, the forms for carrying it out, i.e. ways of internal communication, have not yet included the right channels or methods.

12.2.3 Integrated corporate communications

Contrary to many consumer brands that are often communicated and supported through massive advertising campaigns, associations to reference groups and celebrity endorsement, the studies show how subcontractors can use other sources and accentuate different parameters to create a favourable image and brand values to the customer. As it appears, the studied subcontractors are all, more or less, concerned with the total value of customers (Grönroos, 2000), which means that they are not solely focused on the pieces of goods they deliver but also the status of delivery assurance, feelings of security and ease of contacts. Consequently they are also to some extent concerned with corporate communications that stretch beyond advertising or trade fairs. As regards this there are both similarities and differences among the studied subcontractors as they end up displaying varying understanding of the brand concept and comprehensiveness of branding efforts.

Looking at what is emphasised in Trinity, Skywalker and Janeway, several respondents do not limit communication to advertising and personal sales but consider the impressions given by facilities, cars, clothes, telephone answers and employees in general. Nevertheless, in Trinity and Skywalker the management of such communication sources are limited. The perceived customer values are mainly connected to the tangible products’ quality, delivery and price and, consequently, the respondents consider less the type of corporate communications which can be connected to a customer’s general corporate brand image. This means that although the previous chapter could identify quite a number of efforts that can be defined as branding, they primarily relate to the product; the considered vehicles for communication mainly being product quality and delivery assurance.

In light of the variety of brand contacts that Kitchen and Shultz (2001) take into account, the branding as identified among these subcontractors appears to be limited. Similarly, the branding they display clearly is not in line with Blythe’s (2000) suggestion that all marketing activities must be connected to branding. However, in light of the approach to branding as an all-inclusive
strategy, a critical perspective should be maintained as to how much a company can in fact manage.

In contrast, Janeway appears to take a somewhat different approach to these aspects, actively attempting to manage some of the sources and also connecting them with the potential values related to the corporate brand. Therefore, branding in Janeway can be seen as taking a more comprehensive approach to corporate communications. The respondents report on considerations not only for the tangible products they deliver but also other tangibles, the people within the organisation, the messages on the homepage and so forth. To some extent this is also done in Skywalker but there it still seems very much connected with the demands on the particular products the company offers, e.g. the focus on hygiene standards, the efforts related to them and the manufacturing plant.

In sum it appears that even though these subcontractors employ different planned communication media (trade fairs, advertising, the Internet) and have ideas (not necessarily similar) about what core values should be perceived by the audiences, the range of sources used and managed is limited in reference to theory. Focus on identifying and utilising different communication channels and managing the coherence of messages through these, have not so far been issues of main significance in these companies, which means that they do not comply with the wide-ranging and integrated communications approach that, as it seems, is taken for granted in corporate branding theory.

One might claim that the subcontractors simply follow the notion that communication channels should not be neglected due to who is the customer, but rather should be considered and applied in relation to the buyers’ behaviour and what is being sold (cf. Fill, 2002, Michel et al. 2003). For example, they do not believe that advertising is rewarding for their products and hence do not pay much attention to it or use it to wide extents. Then again, it is possible to discuss on what basis these subcontractors decide which channels communicate and are important.

Duncan and Moriarty’s (1998) suggestions that corporate messages must be adapted to the audience can partly be identified among the subcontractors. The previously mentioned indications of employer branding (salary levels, events to support a good culture among employees) can be indicators of how the companies aspire to gain different images, or at least focus on different parts of the company’s identity depending on what audience is considered. Still, in terms of the many brand partners defined in theory (Aaker & Joachimsthaler, 2000), the subcontractors seem focused on a limited number of brand audiences, i.e. existing customers (focus on delivery and quality and smooth running contacts) and potential customers (reference cases, factory design).
12.3 Conclusion

The result of this part of the thesis is multifaceted. Firstly, it shows that the level of understanding for the brand concept is quite diverse and varies between respondents within companies. In general the word brand is neither used in daily operations nor, by most respondents, described in accordance to contemporary brand theory. Several respondents do not relate the brand concept to corporate brands and have a hard time connecting brands to the subcontractor situation. In these respondents’ answers it is sometimes possible to note a glitch. Due to their perception of the brand concept they maintain that the brand is not important, but that the offered product quality and price are what matter to the customer. Still, in terms of making sure that current and potential customers are satisfied the same respondents mention the tidiness of facilities and behaviour of people as things important to deal with. This means that, looking at the studied companies, branding indeed is pursued by the subcontractors since they, to some extent, manage things, thanks to their perceived importance for an audiences’ image of the firm. Conclusively, the perception of the brand concept does not individually determine if there is branding.

However, by not using the brand concept which carries particular signals of commerce and a focus on competitive edge, the subcontractors risk falling into the trap of disregarding that corporate brand image can be of strategic importance for their business. As a result of the respondents’ reluctance to think about the company as a brand, or their limitations of this view, the connection between planned communications, the company’s image and the success of their business is not as evident.

Secondly, during discussions, most respondents recognise that many different factors and a span of communication channels can impact the subcontractors’ sales process. Then again, in regards to actively managing these factors and channels to communicate in an integrated manner to gain or maintain a certain corporate image and brand value, there is less confirmation. This indicates that integrated corporate communication is not a highly prioritised question which has impact on the firms’ corporate branding. However, there were differences between the subcontractors regarding this issue.

In sum, the results indicate that despite the growing focus on industrial branding and the available theory on the subject, the perception of the brand concept and the width of branding are not particularly developed among the subcontractors. Nevertheless, the branding recognised in the three studied subcontractors differs from traditional ideas about a particular communications mix for B2B companies. Rather than focusing on personal sales, trade fairs, advertising and visual identity, these subcontractors currently appear to relate their corporate image to communication through reference customers and products, direct interaction with the company, responsiveness and experiences from delivery. Even though there are limits to the extents to which the
subcontractors actively pursue branding through these channels, there are obvious attempts to do so.

Sponsoring and trade fair participation are examples of efforts that a few respondents connect to their corporate brand when allowed to elaborate on what such efforts can communicate, however, the consciousness and direction of these are not completely in line with branding in this thesis.

This indicates the boundaries of the branding currently pursued in these companies. Although they do take into account some factors and also attempt to manage the communication related to these, there are many angles of the subcontractor’s communication that apparently are not considered. The reason for the limitations of this management in the three companies seem to be a combination of two things. First, the lacks in admitting and recognising which factors affect the exchange process throughout different stages and, secondly, the difficulty of managing a corporate-wide process that is so dependent on individual actions and conceptions. However, the limited attention the subcontractors give to advertising, sponsoring, the Internet, trade fairs and company features that current and potential customers meet with, does not prove that these are not prospective sources of important brand communication for an audience. Neither does it necessarily indicate that their corporate brands are weak. Quite contrary, the only thing it shows is that there are further possible benefits to reap from integrated corporate communications that the subcontractors are not yet recognising or managing!

The analyses also show inconsistency between the reality of subcontractor branding and the literature on corporate communications and branding. While the ideas presented in theory are logical and the proposed outcomes appealing, it seems the straightforward ways to introduce the management of these approaches must be further considered.

Previously, criticism has been brought forward concerning the likelihood of managing and obtaining integrated marketing communications in reality and Garrity (2001) suggests caution related to how coherent brand communications can be obtained in practice. What the empirical parts of this thesis suggest, however, is not that the strategies are inappropriate or completely impossible to carry out. Rather, it seems there is a need for improved and additional discussions on the practical management of integration, corporate branding and communications. Such discussions might include the possible, or even likely, barriers that can appear internally when attempting to handle certain aspects of integrated and coherent corporate communication and corporate branding.

12.4 Further Discussion

The analyses conclude that that the subcontractors conduct branding, although, it is so far limited for different reasons. With reference to the findings in chapter six through nine, which points at the roles corporate brands can play
and possible impact of subcontractor branding, it is, however, possible to elaborate further on how branding in Trinity, Skywalker and Janeway could be intensified. The following section takes a normative approach to the corporate branding discussion. By introducing a live case, it exemplifies what can in practice be done in terms of corporate branding in a B2B and subcontractor context and further discusses how Trinity, Skywalker and Janeway might pursue such strategies.

### 12.4.1 Setting an example

Currently, examples surface among B2B companies that have pursued conscious attempts to affect brand values and point at how this has been rewarding. One such example is Sandvik Coromant. The company’s homepage offers the following description:

*Sandvik Coromant is the world’s leading manufacturer of cutting tools for the metalworking industry, with more than 25,000 products. But that’s only one side of the coin! In 60 countries around the world, around the clock, thousands of specialists deliver solutions to our customers.*

(Sandvik Coromant – homepage (a))

Apparently this is a firm that does not offer private consumers its products but operates with a clear focus on the industrial markets worldwide. During recent years this firm has very actively worked with its corporate brand and the efforts of branding are shortly described by Axelsson and Agndal (2005). A summary of their illustration is presented in the following three paragraphs:

Although Sandvik Coromant is the world leader in its business, the company experiences a need to adapt to the customers’ way of doing business. As a result of the customers’ changing purchasing behaviour, the number of interaction points between buyers and sellers is increasing. If a supplier can then manage to provide a unison corporate brand image through clear communications among all audiences, the idea is that these contacts can more easily be managed.

Sandvik Coromant’s work was primarily focused on clarifying what core values the firm should represent. An investigation showed that the reasons for Sandvik Coromant’s success include its high quality in services and products, improvements of the customers’ productivity, a focus on partnering and the ability to “speak with one voice”. Based on these results three core values were outlined for the company’s communication strategy, namely personal, active and leading. In correspondence, Sandvik Coromant also clarified its profile for different types of media.
The results are that the company now more closely monitors the harmony of visuals and messages and can be recognised easily through brochures, the Internet, trade fair participation and employee clothing. In forming the communication strategies the company also pays attention to the fact that it is the world leader and, consequently, the communication profile is adapted so as to convey confidence. For example, Axelsson and Agndal (2005) suggest that Sandvik Coromant now, deliberately, uses advertising that is not customary for its particular market, e.g. in unusual contexts. The company has measured the impact of these branding efforts and maintains that the customers’ image of the company has changed and that Sandvik Coromant has managed to transmit the aspired core values.

Apart from these efforts, documented in Axelsson and Agndal (2005), it is also interesting to note how the company communicates on its homepage. Some messages emphasise that Sandvik Coromant offers more than the mere tools it manufactures, indicating that the buyers should reconsider what they are actually looking for and what they evaluate.

Your productivity partner!
(Sandvik Coromant – homepage (a))

Buy expertise - not just a cutting tool.
(Sandvik Coromant - homepage (b))

A supplier that succeeds in making customers think like this can establish more openings for branding since the buyer increasingly will search for a different set of impression and not focus solely on the product per se. In addition to this, the homepage gives examples of the company’s relative position compared to competitors and reference clients. This can be seen as attempts to clarify the company’s position and image as a strong actor, with tangents to the core values leading and active:

Sandvik Coromant is the world’s leading producer of tools for turning, milling and drilling.

We have customers throughout the metalworking field including the world’s major automotive and aerospace industries, the die and mould industry and general engineering industries.

We invest at least twice as much in Research and Development every year than the average company in our business.
(Sandvik Coromant - homepage (c), emphasis added by the author)
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With basis in this example, we might elaborate further on the possibilities for Trinity, Skywalker and Janeway. How might they intensify, develop and keep closer tracks of their corporate branding, thereby hopefully arriving at more coherent communications and clearer corporate images?

12.4.2 Possible branding for Trinity, Skywalker & Janeway

In the beginning of this thesis it is suggested that subcontractors can be seen as service providers even though they deliver tangible pieces of goods. In the light of this we might include the ideas on service branding when discussing what Trinity, Skywalker and Janeway could or should do in terms of managing their corporate identities and images.

McDonald et al. (2001) suggest that service companies often focus on corporate marketing strategies since customers tend to rely on the company’s reputation and corporate image when they cannot directly evaluate the offering. In order to aid the customers’ evaluation of a service offering the authors suggest a need to make tangible the intangible (McDonald et al., 2001, p. 345). They propose that the service provider must use and manage different physical elements and contact points, including staff, in correspondence with the desired image. McDonald et al. (2001, p. 347) emphasise the role of staff by suggesting that customers’ perceptions of quality related to services are partly based on the employees ability to show reliability, responsiveness, assurance, empathy and appearance. The results presented previously in this thesis (chapters 6-9) corroborate these ideas and suggest that the subcontractors do have something to gain from focusing on these as key issues in attempts to achieve and maintain a certain image.

In terms of making the intangible tangible, this can mean at least two things for the subcontractors. First, it indicates that the companies need simply to be visible, i.e. making the firm something that an audience can actually relate to. Secondly, it suggests that the values they wish to transmit should be translated into certain behaviour and various signs that can be perceived in practice. The following presents a few examples of how Trinity, Skywalker and Janeway in practice could adjust even more to these ideas and align with the branding pursued in the above-mentioned Sandvik Coromant.

Corporate identity. Corporate identity is at the core of corporate branding and thus represents an important instrument for the practical efforts related to it. In order to have the thorough corporate support which is described as a prerequisite, there needs to be focus on the internal understanding about and belief in what the company represents. For subcontractors like Trinity, Skywalker and Janeway this could affect the employees’ projection of the company both towards private contacts, e.g. friends and relatives (possibly representing decision makers, future employees or customers) as well as persons currently related to the company’s operations, e.g. customers, truck drivers,
suppliers. It seems in the above analyses that this is not a widely discussed area and there might be room for improvements.

A primary concern for this discussion obviously would be to decide which key features represent the corporate identity the firm. In order for these to be valuable, however, they cannot be put away in the CEO’s private archives or occasionally be fed to the employees through key concepts but they need to be translated into practical actions and continuously made a natural part of the firm’s activities. Support for this can be reoccurring workshops and discussions where the corporate identity and the aspired values of having a harmonised corporate identity are actually brought up. This should also include the attempt to gain the employees’ support by acknowledging their importance for the corporate identity. In sum, the focus of such actions can be to make the corporate identity a more “living” and natural part of the company’s operations. This also points at why the initial distinction of the corporate identity cannot be made without careful concern for what the company actually represents in terms of products, plans, cultures, values, employees and customers. A set of completely fabricated core values can never be integrated and supported naturally by a whole corporation.

Trade fairs. While the subcontractors appear to look at trade fair participation primarily as a social function, the customers use trade fairs as a possible way to locate new interesting subcontractors. It seems then that more can be done in this section. From a corporate brand perspective the trade fair includes more brand partners than existing and possible customers. Sales people in other exhibiting companies and buyer representatives in reality are potential employees who can be targeted or affected by the way a subcontractor presents itself at the trade fair.

In terms of what actually communicates during the trade fair an active brand management can include a number of brand contacts. Focusing on what main message should be transmitted, the subcontractors might plan and consider, for example, which trade fairs to participate in, the actual display, colours used, events, what products (if any) are chosen for display, the location of the booth, the company presentation in the trade fair brochure, which customers are invited, what employees are in the booth, what clothes staff wear, what food (if any) is served.

In total this suggests that a broader perspective can be taken as to which target groups the corporate communication at trade fairs have as well as what communicates during the fair.

Local events. The studied subcontractors participate in some sponsoring activities although the intentions behind these are not always so clearly related to the corporate brand. Similarly, Trinity and Janeway both participate in local projects that aim to support youth. However, with regards to the inevitable closeness of a firm to the society where it exists, there are untapped possibilities in this context concerning the subcontractors’ corporate image among different interest groups, decision makers and possible employees in the community.
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Primarily, the active choice of what audiences are important to maintain a corporate image and communicate with can be improved, along with the corresponding concern for which happenings to support or participate in.

People. The impact of personal contacts should not be underestimated. Things related to people that can be managed and serve to support the perceived corporate image, by making tangible the intangible, are staff clothing (what to wear, by whom and at what time), policies for the behaviour of sales people and other employees (e.g. when travelling in business, participating at trade fairs, driving a car that is marked with the company’s name, etc.), vocabulary used when referring to the company’s offering and areas of competence and the ability of employees to answer questions related to the company’s offering or what it can manage to deliver.

Factory. As with the personal contacts, the direct contact with different environments should not be underestimated. There have been, although at varying lengths, apparent attempts in all three companies to adjust the factory environment. However, considering that it appears common practice to visit with subcontractors before approving them as suppliers, this is an area that can be further dealt with.

Advertising. None of Trinity, Skywalker and Janeway thought very highly of advertising and appeared not to use it as an important communication channel related to their corporate brand. Still, advertising could serve many aims for these subcontractors.

Primarily it can serve a customer’s noticing a firm, but also aid in remembering and familiarising with it. In order to make continuous recognition possible the advertising needs to be stringent. In practice this relates primarily to graphic consistency in the use of key words, style, colours, fonts, logotypes and other symbols. However, advertising can also communicate through the context it exists in, for example, a full page advert in a glossy magazine can be seen to communicate something different than a small one in the yellow pages. Similarly, the type of message brought forward can also transmit an impression about the company behind it, for example, focusing on value in terms of low price communicates something different than a focus on long-term partnerships.

Some of the arguments against using advertising among the subcontractors relate to the fact that their customers already know about them and that probably would not gain sales via adverts anyhow. These arguments both revolve around the idea that corporate communication is about gaining more sales from existing customers, however, as previously noted, there are many brand audiences for the corporate brand and these can all be targeted via advertising depending on the company’s resources and objectives. Employer branding should not be forgotten in this discussion since ads can send out a variety of signals, not only those related to what a firm can manufacture.

Homepages. The Internet is an easy way of reviewing an unknown company and therefore can often be the first moment of truth and direct
contact an existing or potential stakeholder (e.g., customer, employee, supplier or investor) has with a subcontractor’s corporate brand. Consequently, the homepage can play an important part in a supplier’s potential to be perceived as an interesting or suitable partner. In the cases where customers are recommended to look into a subcontractor and their first contact is made through the Internet, this can even be the one chance for the subcontractor to leave a good impression.

In designing the subcontractors’ homepages things to consider and weigh against each other are therefore who the target group or groups are and whether the message to these should have different focus? A subcontractor that wishes to communicate to, e.g., employees, investors and customers through the same homepage needs to mind what the introduction reveals. One solution is to direct the audiences to different parts of the homepage but still bearing in mind that there is stringency in the established core values of the corporate identity. In reality, this would mean that all parts of the homepage stick to the tangible instruments that the corporate identity has been translated into, e.g., certain key words and expressions (and such to avoid), colours, pictures, formats, and descriptions of how to contact the firm.

Other tangibles. Under this heading one might consider just about anything in a firm that can be adjusted in some way to align with how the firm perceives of its corporate identity and how it is translated. However, examples of attainable features that can, quite easily, be cared for and should appear in all subcontractors are: the cars linked with the company, signs of competence in the form of certificates or awards, stringency in the use of colours and visual symbols in general (e.g., on clothes, factories, cars, brochures, homepages, stationery and invoices).

12.4.3 Branding might be both valuable and risky

A continuously recurring question related to branding is how you calculate the gains of it and this obviously should also be an issue of interest for companies like the subcontractors in this study. The above suggestions represent elaborations that cannot be fully validated in terms of what improvements they could render the subcontractors. In discussing the calculations of value, however, what needs to be remembered is the comprehensive view of both communication channels (brand contacts) and audiences (brand partners). In considering the value of a corporate brand or the efforts placed on corporate branding, the turnover in sales cannot be the single measurement. In correspondence with the progressive approaches to marketing and ideas on what constitutes value, a firm should also think about how the corporate image affects, for example, employee attractiveness, employee morale and productivity, community support, supplier interest and enthusiasm, and any other outcome of having a coherently communicated identity in the
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marketplace, like clarity of positions in the contact with customers which could ease negotiations.

Still, it seems it is quite easy to focus on the benefits of an increasing branding effort but we need also to consider if there are any risks tied to pursuing it. One thought that springs to mind is whether a subcontractor, that places great focus on branding efforts, in some way risks stepping out of established norms in the particular business market? As this thesis shows, contacts between different actors in the subcontractors’ different markets are not unusual and there are opportunities for rumours to spread. Hence, maintaining a behaviour that is in line with what is expected could be important and a firm might be better of if keeping the current context in mind when forming communication strategies towards different audiences.

Another question relates to the effectiveness of meticulously managed branding efforts. Like the danger of having global reach on the Internet without having capacity to make deliveries worldwide, a subcontractor that establishes itself well could end up in having a customer demand that is greater than its abilities to deliver. One might argue, then, that corporate branding has not properly taken into account the corporate identity, including the size of the company. Still, in a worst case scenario the outcome could either be that the company has to turn a lot of requests down, with the risk of gaining a reputation of not accepting orders, or that the company accepts all orders but is unable to manage, with the risk of gaining a reputation of not being able to deliver according to orders.

Although it has been argued that a reason for limited branding in B2B markets is the word’s strong connection to consumer markets, we might examine more critically why branding in B2B markets have been “delayed” and is still limited. Could another explanation be that branding is not as suitable for certain types of markets? While the aims of corporate branding without a doubt are admirable and valuable, the road to excellent corporate branding is bound to run into obstacles and infer costs. The comprehensive nature of corporate brands suggests that their branding is not confined to planned marketing communications like advertising but comprises the inclusion of all employees and sources of corporate communication. Consequently, corporate brand management most likely has to deal with barriers like internal debates and differences in corporate commitment, issues of communication integration and coherence, and corporate bureaucracy and politics. As this thesis shows, simply having the understanding about brands and branding on CEO level is not enough to drive a firms’ corporate brand in the desired direction. Resources, in terms of time, money and energy are needed to keep up with the spotless corporate branding illustrated in theory.

In the light of this, it does not seem completely strange to consider the possibility that these, inherent obstacles of corporate branding, have had an impact on the spreading of brand management in B2B companies. That is, even through a firm recognises the potential value of a strong corporate brand and
understands the management of it, the relative costs of handling these issues
could result in a decision not to go ahead with such a strategy.

In the end, these discussions result in the question of how to determine when
the active pursuit of corporate branding is valuable. The answer to this question
can depend on several things. For example, companies can probably experience
different levels of "brand maturity" depending on the employees' attitudes, the
history of the company and previous efforts to manage internal marketing.
Based on this, the same corporate branding could, in theory, demand different
amounts of resources in different companies. As noted before, also the size of
companies most likely represents an important factor in this discussion.
Depending on how many persons are employed, the type of corporate
communications possible to monitor within reasonable financial limits will vary
and, hence, the types of corporate branding considered should logically be
affected.

In total, though, this thesis maintains that corporate branding generally has
too many potential benefits to let the odd risk make it a completely neglected
area in a firm’s corporate strategy. However, it does not dispute the necessity to
weigh the aims and likely outcomes and, further, relate these to what resources
are available or reserved in the company!
Chapter 13
Summary and conclusion

The aim of this thesis is to describe and analyse the role corporate brand image can play for subcontractors during the selection of a subcontractor and to investigate whether the studied subcontractors pursue branding as a conscious strategy. This chapter presents a summary of the empirical studies’ results and comments on possible implications for subcontractors and buyers involved in this context. The chapter also provides suggestions for future research.

13.1 Summary results

In theory, regardless of which context is considered, the basic definition of the brand concept survives intact and so does the idea that images are created through various communication channels. Still, in the beginning of the thesis, the subcontractors’ situation is described as a worst case scenario when it comes to branding and, consequently, an indicator of the significance of brands in the B2B market. The empirical studies conclude that the subcontractors’ corporate brand images do play a role, although varying, in the customers’ selection processes. This indicates that branding can be valuable for these companies and therefore should not be thought of as limited to certain types of products or suppliers within the B2B market.

The results indicate that the buyers’ behaviour, and hence also the role of subcontractor corporate brand image, is affected by what product and purchase situations are considered, and what time, suppliers and information sources are available. Due to the heterogeneous behaviour this implies, it is not possible to conclude a general pattern for which sources of information are most important during particular phases of purchasing. However, the elaborations indicate that, as long as the customers have to choose among several subcontractors, corporate branding can be a viable option.

Brands in the consumer market often draw on the personality of the buyer and aim to generate value through the image or self-esteem a user can obtain by using a particular good or service. In contrast, the values of subcontractor brands appear to lie closer to operational matters. When recollecting a subcontractor, the buyers review its corporate image to perceive key values, much focused on trust. Creating and maintaining a good reputation on aspects considered crucial to the buyer, thereby sustaining a trustworthy image, seems
imperative. The dimension of brand value primarily identified in this thesis hence relates to the value customers attach to a seller’s brand during the exchange. This means that the brand is not primarily valuable because it can say something about the buyer at a later stage. Instead, the value of the brand is connected to what a corporate image says about the seller and how this might assist the buyers in their selection. That is, by offering the customer a way to rationalise among the multitude of offers, corporate brand image serves as a catalyst to the subcontractor selection process.

At this stage it is important to stress that this thesis does not suggest that brands are everything. The main point is that choices are continuously made by buyers who, in order to make them, use different criteria and rationalities depending on the situation. The choice process for a certain transaction does not end until one subcontractor has finally been chosen and the contracts signed. Up till this moment, buyers need to select and deselect a number of times, despite the lack of time and information. They have to scan the market and choose between similar offers and actors. If the brand has no impact on the very last choice, it might make a difference during the preceding ones. In sum, it is the inevitable sequence of choices that allow for brands to play a role and not the type of product, buy class or market per se even though the significance of brands can vary depending on these situation characteristics.

Thus, the thesis shows that branding can be an issue regardless of which type of customer or product is considered as long as customers have to go through a selection process to decide where to purchase the required goods or services from. Brands and branding therefore might be seen as general marketing issues rather than something that belongs to a particular marketing field or type of products. However, the brand can play different roles depending on the characteristics of a market or situation. In the subcontractor context it seems the role of brands mainly relates to assisting the buyers’ purchasing process, rather than its being significant for the buyers’ use of the purchased product or their identity.

This thesis should not be interpreted as arguing against the significance of price, quality and delivery assurance when buyers choose subcontractors. On the contrary, these issues are pointed out as important. What the results suggest is that the complexity of selection implies a need to take additional factors into account. Likewise, the thesis does not oppose the importance of relationships and networks in the B2B market. Quite the opposite, it supports the idea of inherent values in sustainable contacts. However, the positions and contents of relationships can be altered and, furthermore, as they do not always exist, buyers cannot rely on them for all types of selection.

In terms of branding, the thesis shows that an increased amount of B2B brand literature and research is not the ultimate solution to or an indication of increased comprehension and use of branding in B2B companies. Although the three studied subcontractors in some ways pursue branding, the analyses indicate that they still do not tackle it as a strategically important issue that receives natural and undivided attention.
Summary & conclusion

13.2 Implications of the results

The implications of this thesis are here divided into three sections. Those related to the subcontractors, the buyers and finally, future research in the area.

13.2.1 Implications for subcontractors

All companies are selected by some customers, otherwise they seize to exist. This thesis investigates how subcontractors, through a focus on corporate brands, can increase their chances of being chosen. At large, the implications for subcontractors are that they might benefit from pursuing corporate branding.

In practice it is possible to separate between two types of key factors related to the buyers’ selection of subcontractors, and branding. First, one set of factors which are essential for being considered in the first place, for example, size, machines, production focus, materials in use and geographical location. Secondly, factors which can provide the subcontractor a competitive edge among rival firms, for example, production records, reference customers, visual impressions and behaviour. The connection to branding lies in the findings that these features per se are not the important thing. Rather, since the buyers often face an abundance of alternatives and cannot actively pursue and assess all possible alternatives, what is important is that they perceive a firm’s features through different types of communication. This implies that subcontractors cannot be content in simply having a characteristic or a capability but, in practice, need to visualise or otherwise make it apparent.

The differences among the subcontractor respondents, in comprehending the brand concepts and thoughts related to branding efforts, imply that corporate branding in subcontracting firms is not something we yet take for granted. This can be interpreted as if there are still opportunities for subcontractors to pursue such strategies, thereby gaining a head start. Subcontractors who do undertake corporate branding, however, should keep in mind the possible problems of communicating these ideas in the organisation and transmitting coherent corporate communications, and make assessments of the trade off between this investment and its payback.

13.2.2 Implications for buyers

The buyers seem to think about their choice process as primarily driven by objective and financially rational factors. A closer look, though, suggests that there are gaps in this description. For example, while a common argument is that the choice for a (new) supplier is based on the price it can offer in relation to rival suppliers, this thesis shows that in order to reach that situation other aspects are also considered. While the buyers go through phases of finding,
possibly contacting, remembering and selecting a short list, additional factors appear.

For the buyers, these results imply that parts of the buying process can be monitored more thoroughly or in a different way. In contrast, the results can also be interpreted as if some parts in reality cannot be completely managed. Either way, an increased understanding of how decisions are taken could possibly improve the process of selection and give ideas about how potential problems can best be avoided. Of interest here is whether the customers, who per definition are suppliers in another context, think differently when acting as buyers than when acting as sellers. That is, do they see themselves as they consider their own clients or do they view their own buying behaviour as more professional and easily comprehended?

13.2.3 Implications for future research

Brands and branding have always been around in all markets. Now, though, thanks to increasing competition and increased understanding of buying behaviour, the concepts increasingly attract our attention. Thus, we should not fool ourselves in thinking we are creating something new or that the idea of the brand is a novelty that will soon deteriorate. Brand research is simply adapting to the times and this thesis is one sign of the growing interest to understand brand issues in an industrial context. Since this angle of branding is still quite young there are obviously endless opportunities to continued research. However, based on this thesis’ results some examples can be identified:

Taking into consideration the youth of this area, purely descriptive research should be of interest. By exemplifying how companies in the B2B market, including subcontractors, have managed branding, it can serve both to identify more research perspectives and to demystify the branding approach in the B2B market for different types of firms.

Furthermore, enticing companies in the B2B market to invest in branding could be difficult if there are no examples of what returns the efforts bring. This is not a bad thing since, of course, branding should not be adopted without concern for what benefits they bring. It is therefore of interest to understand more about the type of returns branding can bring. Longitudinal studies of ties between suppliers and buyers should here be feasible, the aim being to reflect what effects different branding efforts can have on the customers’ perceived values, in both short and long-term perspectives.

The empirical parts in this thesis draw attention to the connection between brand comprehension and branding. Further analyses as to whether this connection is accurate, are needed. Related to this is also the significance of awareness and support among employees for successful corporate branding. While this connection is emphasised in literature, the current results indicate that corporate branding also can be approached without a focus on the brand per se. Consequently, research in this area might investigate how internal
comprehension and support for branding impact the brand image and perceived brand values among different audiences.

It appears there exists a gap between the literature on brands in that it does not reflect each company as a buyer and a seller. The brand is referred to when talking about marketing and sales, but not so much when referring to purchasing. However, the brand must logically be part of both sides. Since the brand can be seen as a way to persuade different stakeholders on the basis of feelings rather than product features, there is an obvious risk that the discussions included in this thesis form tension between the supplier and buyer side. Quite in line with this general structure, the last part of the thesis focuses on the subcontractors and not the buyers. However, corresponding discussions, about brand comprehension and behaviour, should be interesting from the customers’ perspective. That is, research might explore if and how buyers think about subcontractor brands and the impact these might have on their behaviour. Discussions of interest here relate to the existence of brand value for buyers, which is a continuous argument in basic brand thinking, and whether buyers need to pay close attention to brands’ impact or if they can take advantage of them.

13.3 Final note

One day, while working on the thesis and reading a book, I stumbled upon something interesting. Ridderstråle (2002), inspired by what he had read about brain research, stated:

...The rules of traffic, that God or evolution provided our minds with, are very simple. Feelings drive first. Sense has to give way. It is rational to be emotional.

(Ridderstråle, 2002, p. 26, author’s translation)

This quote summarises a large portion of what this thesis brings forward. Although purchasing in many ways is guided by the product essence, identified as price, quality and availability, the power of impressions, emotions and gut feelings should not be underestimated. In the end these are the only available means to rationalise a situation where the situation-specific information is limited. Naturally, in such situations we go for the gut feeling which is positive and, then, a corporate image with positive nuances will be a potential benefit for any organisation. Conclusively, it seems appropriate to remind ourselves that we must never, ever, forget that every day is an audition!
References


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Appendix 1

Interview guide for subcontracting companies

About the person:
Position.
Responsibilities in the company
Number of years in the company.

About sales:
How does your company go about selling?
What do you perceive as important for your customers?
Why do your customers pick you among competitors?
Do you meet with the customers?
Are you important for the sales process?
What makes buyers loyal in your business?
Do you believe relationships important in your market?

About communication:
How does your company expose itself to the market?
Are you active as sponsors?
Can rumours have an impact on your business?
Is it possible to recognise your company though certain characteristics? Do you, for example perceive of a “company X way of being”?
Do you ever turn customers down?
Do you have rules, for example, of conduct and clothing in your company?
Is there internal information in your company?

About brands:
What does “a brand” mean to you?
Do you talk about brands in your company?
Does your company actively work with brands?
What is a strong brand?
Does your company have a strong brand?
What is the reason for having a brand?
What persons do you perceive as important for a brand?
Appendix 2

Interview guide for customer companies

About the person:
Position
Responsibilities in the company.
Number of years in the company?

About purchasing:
How does your company buy?
What happens when you realise you need to buy a new product?
Is it different to buy a new product or one you have bought before?
How does the selection of a subcontractor begin?
Which persons in your company are involved during the selection of subcontractors?
Do you continuously search for new subcontractors?

About information and evaluation:
What is important when buying from a subcontractor?
How do you get information about what subcontractors are available?
How do you decide which are potential suppliers for you?
What information is important when you evaluate a potential supplier?
What persons in the supplier company is it important for you to meet with?
Is it important for you to visit a supplier’s factory?
What determines if a supplier makes it to a "list of potential suppliers"?
Is it important that the supplier you buy from is a familiar supplier?
Is price important when selecting a subcontractor?
Are relationships important?
Is advertising important for a subcontractor?
Are trade fairs important?
Are first impressions important?
Is your buying affected by rumours?
Do you evaluate the product or the subcontractor?
Do personal feelings matter in the choice of subcontractors?
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