A Qualitative Study of the Drivers of Brand Preferences in the Swedish Smartphone Market

Authors: Sara Djerv & Zeina Malla
Thesis Advisor: Jukka Hohenthal
**Title:**  
iPrefer  
* - A Qualitative Study of the Drivers of Brand Preferences in the Swedish Smartphone Market  

**Authors:**  
Sara Djerv & Zeina Malla  

**Thesis Advisor:**  
Jukka Hohenthal  

**Problem Discussion:**  
The rapid development of the smartphone market led to formerly well-established brands to subdue to new entrants. Understanding what drives brand preferences within the dynamic smartphone market is key to formulating marketing efforts that influence purchase intentions.  

**Research Objective:**  
To qualitatively explore how a brand’s equity drives Uppsala university students’ brand preferences within the Swedish smartphone market. Furthermore, to suggest how to increase the level of brand preference that may lead to increased purchase intentions for smartphones.  

**Research Question:**  
a) What are the drivers of brand preferences for Uppsala University students within the Swedish smartphone market?  
b) How do these brand preferences influence purchase intentions?  

**Method:**  
A qualitative approach is adopted through conducting semi-structured interviews with Uppsala University students. The empirical findings are set against a theoretical framework in order to identify drivers of brand preferences and how they influence purchase intentions.  

**Conclusion:**  
The findings indicate that the Swedish smartphone market appears to be functionally oriented. Perceived quality emerges as the main driver of brand preferences.  

**Keywords:**  
Brand equity, brand perception, brand preferences, purchase intentions, smartphones, perceived quality
Acknowledgements

Firstly, we would like to thank our thesis advisor Jukka Hohenthal at the Department of Business Studies for his continuous support and feedback throughout the thesis. We would also like to thank the respondents who participated in our study, sharing valuable insights that enabled us to produce these results. Moreover, a special thanks to the people who have proofread our thesis and contributed with enhancements to the final version. Last but not least, we are grateful for having been given the opportunity to complete our Master’s Degree at Uppsala University.
# Table of Content

1. The Role of Brands ................................................................. 1
   1.1 Problem Background ...................................................... 2
      1.1.1 Purpose .................................................................. 3

2. Case Background .................................................................. 4
   2.1 The Smartphone and the Swedish Smartphone Market ............... 4
      2.1.1 Operating Systems and Applications .......................... 4

3. Theory ................................................................................. 6
   3.1 Theoretical framework ..................................................... 6
   3.2 Brand Equity .................................................................. 8
   3.3 Brand Equity Factors ...................................................... 9
      3.3.1 Brand Awareness ................................................... 9
      3.3.2 Brand Association .................................................. 10
      3.3.3 Perceived Quality ................................................... 12
      3.3.4 Brand Loyalty ......................................................... 12
   3.4 Advertising and Other Information Sources ............................ 13
      3.4.1 Advertising ............................................................. 13
      3.4.2 Other Information Sources ....................................... 13
   3.5 Physical and Psychological Features ..................................... 13
   3.6 Perceptions ................................................................... 15
   3.7 Preference ..................................................................... 15
   3.8 Purchase Intentions ......................................................... 16

4. Research Method .................................................................. 17
   4.1 Target Group .................................................................. 17
      4.1.1 Screening and Group Formation .............................. 18
   4.2 The Interviews ................................................................ 19
   4.3 Operationalization .......................................................... 20

5. Results ................................................................................. 22
   5.1 Advertising and Other Information Sources ........................... 22
   5.2 Functional and Emotional Features ...................................... 24
      5.2.1 Social Demonstration ............................................. 25
      5.2.2 Emotional Attachment to the Smartphone .................. 26
   5.3. Brand Perceptions ......................................................... 27
   5.4 Brand Equity .................................................................. 28
      5.4.1 Brand Awareness ................................................... 28
      5.4.2 Brand Associations ................................................ 29
      5.4.3 Perceived Quality .................................................... 30
      5.4.4 Brand Loyalty ........................................................ 34
   5.5 Brand Preferences .......................................................... 35
   5.6 Purchase Intentions .......................................................... 35

6. Discussion ............................................................................ 37
   6.1 Critical Evaluation of the Findings and Future Research ............ 40

7. Summary and Conclusion ....................................................... 41
1. The Role of Brands

“... The world today is far different from what it was only a couple of decades ago, and structural changes have placed brands at the forefront of business success.”

- Simon, 2011, p. 189

A brand in its simplest form is a mark of differentiation. Yet, the evolution of brands shifted its focus from differentiation to representation and furthermore from embodiment to meaning (Berthon et al., 2011). As consumers in developed markets found numerous ways of satisfying their basic consumption needs, they focused on higher meaning in making brand choices – which is an important implication for brand management. (Simon, 2011)

Yet one still asks; what is a brand and what makes brands so powerful? Fournier (1998) once pointed out that a brand in fact is simply a collection of perceptions that are held in the minds of the consumers and have no objective existence at all other than through the activities of the managers that administer it. Presupposing that a brand can be defined as “collections of perceptions” in the consumers’ minds, in 1988 these perceptions were assumed to be worth an astonishing amount of USD 12.6 billion when Philip Morris at the time merged with Kraft Foods and paid six times the company’s value on paper. (Klein, 2000) The stronger the brand’s position is in the consumers’ minds, the more essential source of differentiation it becomes, and this is a fundamental competitive advantage (Simon, 2011).

It is said that strong brand equity results in customers showing a preference for one product over another, although the products could be basically identical. (Kotler, 2003) For many companies, their single biggest asset is their brand, (Simon, 2011) and it is therefore relevant to understand what influences consumer brand preferences and how preferences translate into to purchase intentions. Why is it that the marketplace embrace many brands that enjoy or has enjoyed high brand awareness, but do not benefit from this in time of consumers’ purchase decision?
1.1 Problem Background

"Brand name alone does not make a brand"
- Abimbola, 2010, p. 178

The Swedish smartphone market is of particular interest to study because of its explosive development in recent years and the dynamism that seems to characterize it (www.euromonitor.com, see appendix 3). What makes it so interesting from a brand research point of view is that formerly well-established actors, which enjoyed market-leading positions for many years, such as for example Nokia, suffered greatly when Apple introduced the iPhone in 2007 (www.macworld.com). The iPhone rapidly won market shares, although in terms of reliability and functional usage, some of the bypassed brands were and still are considered by many to be ahead of Apple. It is argued that the engineering orientation of some of these well-established and formerly competitive actors within the market of mobile technology has weakened the company brand's market leading capability. The implications of this are therefore what the researcher quotes as: "brand name alone does not make a brand" (Abimbola, 2010, p. 178). Some actors’ inability to acquire "perceptual sophisticated" brands as opposed to functional sophistication, might therefore have been a step in the wrong direction. (Abimbola, 2010) Another interesting aspect to consider emerges in a discussion brought forward by Tellis et al. (2009) in the research on network effects versus quality in high-tech markets¹. Many researchers suspect that these network effects lead to markets where the dominant brands do not necessarily have the best quality. However, the results show that market leadership changes frequently, and on average market leaders could hold their position for approximately 3.8 years. Although network effects and quality are both factors in determining market share, Tellis et al. (2009) concluded that ultimately quality is more important. The implications of the research is therefore that even though established market leaders might have a large network of users they will always be vulnerable to the entrance of new actors with superior alternatives. (Tellis et al. 2009) The question then remains; what drives brand preferences within the smartphone market and how are purchase intentions influenced by the preference showed towards the brand?

Previous research has through quantitative methods identified a relation between brand equity, brand preferences and purchase intentions for services and fast moving consumer

---

¹ "Network effects being an increase in consumer utility from a product as the number of other users of that product also increases". (Tellis et al., 2009)
goods. (Cobb-Walgren et al., 1995) Yet, an explorative and qualitative study on how these factors relate within the Swedish smartphone market remains unexplored. In this thesis, the authors’ intentions are therefore to conduct an exploratory research that enables gaining insights into the consumer’s underlying motives and drivers of brand preferences and how these relate to purchase intentions within the Swedish market for smartphones.

1.1.1 Purpose

The main purpose with this thesis is twofold:

1) To qualitatively explore how the equity of a brand influences Uppsala University students’ brand preferences within the Swedish market for smartphones. In order to answer this, the authors need to explore the following questions:

   a. What are the drivers of brand preferences for Uppsala University students within the Swedish market for smartphones?

   b. How do these brand preferences influence purchase intentions?

2) To illustrate how information on drivers of brand preferences can be implemented in managerial marketing plans so that this may increase purchase intentions for Uppsala students’.

The thesis is intended to appeal to marketing academics and practitioners interested in consumer brand preferences and how these preferences affect purchase intentions, both from a consumer perspective (i.e. how consumers experience and relate to brands) and from a managerial perspective (i.e. how to manage different aspects of brand equity, and the impact on brand preferences and purchase intentions). Theoretically, the authors wish to illuminate a springboard for further research within the field of consumer brand preferences and purchase intentions.
2. Case Background

2.1 The Smartphone and the Swedish Smartphone Market

In its simplest form, a smartphone is a mobile phone with built-in, add-on applications and Internet (3G network) access. However, because of its capability to handle a great amount of applications and functions at the same time - the concept of a smartphone slowly transitioned into definitions of a handheld computer. The great differences between the available brands and models on the market today are the operating systems platform. Because of the ability to download applications or ‘apps’, smartphone users are able to personalize the contents of a smartphone according to specific needs. (www.pcmag.com; www.vodafone.com.au). Hence, the smartphone becomes more than a device for sending and receiving text messages and calls as it consists of various ways to interact with other users in a more personalized manner, compared to the traditional mobile phones.

Globally, total smartphone sales in 2011 were 472 million units (www.pcworld.com). The current actors on the Swedish smartphone market are Apple, Samsung, HTC, Sony Ericsson2, LG, Nokia, Motorola and ZTE. (www.telia.se; www.tele2.se) Approximately 70% of the sold mobile phones were smartphones in 2011 (www.sr.se).

2.1.1 Operating Systems and Applications

Expressed in wider terms, the operating system (OS) is the brain of the phone. It is crucial for multimedia, Internet access and applications (apps). Today’s major OS brands are iOS, Android, and Windows Mobile OS. Nowadays, OS is believed to be a major factor in the appeal of a phone. (www.businesstoday.intoday.in) A differentiating factor between the OS’s are if they are open source versus closed and property based. The iOS is closed, implying that Apple control exactly how the OS looks. For instance, it controls the consistency of the interface in all of its devices, and what kinds of iPhone apps are released on the market. The Android has an open source code, which enables software developers to freely develop apps according to their wishes and for mobile phone manufacturers to develop its own interface. (www.networkworld.com). Currently, there are several mobile phone manufacturers that incorporates the Android OS in its devices, such as for example Samsung, HTC, Sony Ericsson, LG, ZTE and Motorola. Therefore, an “Android phone” could look very different

---

2 A majority of the respondents are not making difference between the nowadays separate companies Sony and Ericsson. Therefore, Sony Ericsson will be discussed on the basis of the respondents’ associations to it as one brand. (www.dn.se)
depending on which brand the consumer chooses. (www.android.com). The Windows OS platform is incorporated in various models in brands such as Samsung, HTC and Nokia. The iOS is incorporated in the iPhone. (www.microsoft.com)
3. Theory

The first section of this chapter introduces the theoretical framework and concepts used in the thesis. Further, the Cobb-Walgren (1995) figure is explained, starting with brand equity, which is supported by Aaker’s (1991) research on brand equity. The chapter then introduces advertising and other information sources, how these influence physical and psychological features, and finally the impact on perception, brand equity and brand preferences. Lastly, how all the aforementioned affect purchase intentions.

3.1 Theoretical framework

The authors have chosen to bring inspiration to the study from Cobb-Walgren et al. (1995) figure, “Antecedents and Consequences of Brand Equity” (see figure 1). It examines the effect of brand equity on consumers’ brand preferences and purchase intentions, adopting the hierarchy of effects model (HOE) as framework. The HOE gives an overview of the consumers’ way through different stages, while forming or changing brand attitudes and purchase intentions. (Smith et al., 2008) The authors’ choice of using the figure is based on the premises that it is perceived to offer a holistic perspective on what influences brand preferences. It seems especially appropriate for this kind of explorative study that seeks an in-depth understanding on consumers’ perceptions and brand preferences.

Although the figure starts with advertising and other information sources, the authors believe that it will not make sense to start the theory chapter by firstly presenting how these factors affect brand equity, if brand equity has not previously been explained. It is therefore deemed more logical to explain figure 1 by starting with brand equity. Brand equity will be presented on the foundation of Aaker’s (1991) research.
Figure 1. Antecedents and Consequences of Brand Equity

The “Choice” aspect of figure 1 is omitted due to the inapplicability for answering the purpose. The authors are not to investigate the actual in-store choice. The exclusion will not imply any limitations to adopting the Cobb-Walgren et al. (1995) figure since a) it is the last aspect in the effects model and b) the original study does not further examine the actual choice aspect. Further, as the figure is a pictorial of the research based on statistical methods with conjoint and regression analysis, these aspects will be excluded from this qualitative study.
3.2 Brand Equity

Measurements in the corporate world are often thought of as strictly financial. Brand building is an activity that takes some to build and often even longer time before yielding any results. With this background, researchers searched for a measure that could capture the long-term benefits of building a strong brand, and at the same time motivate and support further investments. The challenge was to develop a sensitive and credible measure of brand strength that could complement the financial ones. The result was brand equity. (Aaker, 1996)

Brand equity can be defined from various perspectives, yet for the purpose of this thesis, the most explanatory perspective is the consumer based brand equity i.e. how customers perceive a product or service (Hong-bumm et al., 2003; Capon, 2008). From a managerial perspective, brand equity provides a strong platform when introducing new products and could shield towards competing attacks. (Aaker, 1991) However, ultimately and most importantly, the brand has to carry meaning for the consumer. (Cobb-Walgren et al., 1995; Farquhar 1989; Crimmins 1992) Various researchers have chosen different strategies in the operationalization of consumer based brand equity and these can be divided into two groups (Aaker, 1996):

- **Consumer Perceptions**: covering brand awareness, brand association, and perceived quality

- **Consumer Behaviour**: including brand loyalty and willingness to pay a premium price.

Although brand equity has been measured and researched for decades (Aaker, 1991; Aaker, 1992, Biel, 1992; Shocker et al., 1994; Pappu et al., 2006), its usefulness id disputed (Ehrenberg, 1997). Numerous measures have been presented (e.g. Farquhar & Yuri, 1991; Kamakura, & Russell, 1993; Simon & Sullivan, 1993; Mahajan et al., 1991; Swait et al., 1993). However, the ability to use a premium price has often been the identifying factor for strong brand equity. Faircloth (2001) questions if the measurement really contributes to positive brand development and management and that perhaps the measurement has to be proven more relevant from a managerial perspective. If brand equity is a multidimensional construct; then any measurement attempt must recognize its different dimensions. Concluding, despite the large number of alternative measures suggested in the literature, no single measure is one hundred percent ideal. Many marketers argue that while brands do contribute with value to various constituencies, in the end it is the consumer who first determines brand equity. (Cobb-Walgren et al., 1995)
The consumer-oriented view is shared by Aaker (1991) who defines brand equity as:

“\textit{A set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or that firms customers}”

- Aaker, 1991, p. 15

The authors have further chosen to elaborate on Aaker’s (1991) definition and measurements on brand equity - as it incorporates both perceptual and behavioural dimensions.

3.3 Brand Equity Factors

Brand equity can be divided into five factors and these are: \textit{brand association, brand awareness, perceived quality, brand loyalty, and other proprietary brand assets}. Depending on the context, one or several factors will be more or less important to a company. (Aaker, 1991) In this study, \textit{other proprietary brand assets} are excluded, as the authors believe that it will not generate findings that are relevant and influential for the purpose.

3.3.1 Brand Awareness

Brand awareness is a brand's ability to be recognized or recalled as a member of a certain product category or service (Aaker, 1991). Rossiter & Percy (1987) relates it to the strength of the brand node or trance in memory, as reflected by consumers’ ability to identify the brand under different conditions. In Aaker’s (1991) figure (see figure 2) there are various levels of brand awareness. The lowest level is brand recognition and reflects familiarity, a manner of aided recall. The next level is brand recall, a manner of unaided recall and reflects awareness of a brand when its product class is mentioned. The first named brand that comes to mind in an unaided recall test is called “top-of-mind”. That is the brand that has the strongest position in the respondent's mind. (Aaker, 1991) A consumer’s so called “top-of-mind awareness” of a brand is influenced by the consumer’s past experience of the brand (Peter & Olsson, 2008). Past experiences might include previous purchase, but also brand presence in various contact points (advertising, media, press, social media, in-store experience, product placements etc.) and what friends’ and/or relatives’ perceptions of the brand are and their expressed opinions of it (Aaker, 2011). Arnold (1993) argued that spontaneous awareness is more desirable than prompted awareness, as it means the brand is “top-of-mind”. However Hong-bumm et al. (2003) argues that a wise manager will realise that often it is not about being “top-of-mind” that drives purchase intentions, as a brand can be “top-of-mind” because it is actively disliked.
Brand awareness plays an important role in consumer decision-making. Firstly, it increases the likelihood of a brand being a member of the consideration set. (Baker et al., 1986; Nedungadi 1990) Secondly, it has been shown that consumers adopt a decision rule to buy familiar brands. Brand awareness can therefore be seen to affect decisions about brands in the consideration set. (Jacoby et al., 1977; Roselius, 1971) Lastly, it influences the formation and strength of brand associations. Fundamentally, high levels of brand awareness should increase the probability of brand choice, produce greater consumer and retailer loyalty, and decrease vulnerability to competitive marketing actions (Keller, 1993).

3.3.2 Brand Association

Brand association is said to be anything linked in memory to the brand and represents a basis for purchase decisions and for brand loyalty. Strong associations are helpful in many ways. Aaker (1991) defines five areas in which associations create value:

- **Help process/retrieve information**: Brand associations are extremely important in time of purchase. Associations can help in the gathering of facts and specifications. Information that otherwise could be difficult or even impossible to access could be instantly gathered from memory, and this is crucial in times of decision-making. It can also affect the interpretation of facts and trigger thoughts about the experience.
- **Differentiate/position**: A well-positioned brand with strong attributes has a high competitive advantage. Competitors may find it hard to attack due to the high costs inferred to gaining those same associations.

- **Reason to buy**: Many brand associations are connected to product attributes and customer benefits that provide the customer with specific reasons to buy and use the brand. (Aaker, 1991) Furthermore, it is said that consumers’ product preferences could be explained by their need for uniqueness (Irmak et al., 2010)

- **Create positive attitudes/feelings**: By adding positive feelings to the associations, it will stimulate those feelings towards the brand. Research has suggested that this is carried out through a movement of meaning from the environment, which is referred to as a culturally constituted world, and into products, through the use of advertising (McCracken, 1986).

- **Basis for extensions**: a strong, positive association towards the brand makes brand extension easier. If a brand is well regarded in one context, the assumption is that it is well regarded in another. This also applies to perceived quality, brand awareness, brand loyalty, and other proprietary measurements. (Aaker, 1991)

Cognitive psychologists believe that memory is extremely durable, so when information is stored, it decays very slowly (Loftus & Loftus, 1980). Still being available in memory, it does not have to imply being accessible and retrieved, not without strong associations and retrieval cues (Tulving & Psotka, 1971; Aaker, 1991). So, the larger the number of cues linked to a piece of information, the greater the likelihood that the information can be recalled (Isen, 1992). Additionally, Stiegler (1961) found that brand associations could be influenced by information on objective attributes such as price and physical traits. Previous research has also shown that the differentiation, favourability and the strength of associations are important parts of brand knowledge, and this in turn is an essential source of customer-based brand equity (Keller, 1993; Fischer, et. al, 2010)
3.3.3 Perceived Quality

“Perceived Quality is the customer’s perception of the overall quality or superiority of a product or service with respect to intended purpose, relative to alternatives.”

- Aaker, 1991, p 85

As the name of the measurement reveals, quality cannot be objectively determined due to the subjective nature of perception. Customers differ in regard to needs and preferences. Perceived quality is important from a consumer perspective because a) when customers lack motivation to obtain information, then a quality brand provides a reason to buy b) “you get what you pay for” belief which is often labelled as price premium. Furthermore this is favourable from a managerial perspective because allocating a premium price generates greater margins for the company. (Aaker, 1991) Nelson (1974) demonstrated that advertising in fact could improve perceived quality for experienced goods. The added value of perceived quality is believed to result in higher brand loyalty, larger customer base and more efficient marketing programs. (Aaker, 1991; Tellis et.al., 2009)

3.3.4 Brand Loyalty

Customers’ brand loyalty is often said to be the core of a brand’s equity. If customers buy a product with little or no concern to the brand name but only look to the price, product feature and convenience, then there is little equity. But if the consumers instead continue to purchase the brand though competitors have superior prices, features, and convenience, then the brand has high equity. The loyalty measure differs from the other measures since prior purchase experience is a must. (Aaker, 1991) If a customer is not satisfied with a brand, they will most likely not be loyal towards it but instead search for another brand. (Hong-bumm et al., 2003) A satisfied customer base sends a message to others that the brand is accepted and successful (Aaker, 1991).
3.4 Advertising and Other Information Sources

3.4.1 Advertising

In creating brand equity, advertising is said to be the most common tool. It can create awareness of the brand, thereby increase the likelihood to be included in the consumer's evoked set, known as “top-of-mind”. It can also contribute to brand association, which is important since it can affect the perceived quality of a brand, thereby enhancing the user experience. (Aaker, 1991) McCracken (1986) demonstrates how advertising enables companies to transfer a particular, desirable meaning to the goods. While price cuts can be met by the competition, the meaning of brand created through advertising is less susceptible to encroachment by competitors. (Cobb-Walgren et al., 1995). Furthermore, Cobb-Walgren et al. (1995) state in their discussion that the brand with the greater advertising budget yielded substantially higher levels of brand equity, much in line with Kirmani & Wright (1989); and that this in turn generated significantly greater preference and purchase intentions.

3.4.2 Other Information Sources

Traditional WoM refers to informal communication between private parties concerning evaluations of goods and services. It is widely held that satisfied (very satisfied customers could also be referred to as brand advocates, Lowenstein, 2011) but also dissatisfied customers engage in WoM (Anderson, 1998) Today the concept is given new significance by the use of the Internet. Online feedback mechanisms are making large-scale word-of-mouth (large-scale WoM) possible. Networks where individuals share opinions and experiences are becoming more important, and evidence show that people increasingly rely on opinions posted on these systems. This trend has put pressure on managers to understand how the online feedback mechanisms affect their organization. (Resnick et al., 2000) Internet forums where consumers share information is shifting the power from the vendors to the consumers. In line with this, Chaffey et al., 2009; Belch & Belch, 2003; Hagel & Armstrong, 1997, discuss virtual communities as the future marketplaces. Although there is a risk with online identities providing unfair and dishonest feedback, which can easily tarnish the reputation of brands; the importance of the online forums as a source of information to the consumers is undeniable. (Dellarocas, 2003)

3.5 Physical and Psychological Features

Szmigin (2003) argues that consumer relationships with products and brands are much more complex than a simple one- or two-way supplier to buyer interaction. They are made up of a
myriad of responses to consuming, some functional, some symbolic, some to do with the utility of the goods and other to do with the sign value of the goods. The physical features of a brand are embodied in the physical experience of the products, and the physical product attributes. Fischer et. al (2010) discuss how important it is for marketing managers to understand the implications of brands in consumers decision making process. For example, the researchers argue how the level of brands importance differs depending on markets and industries. Provided that the brand is important, in their research they posit the question if this importance is mainly driven by uncertainty about the quality or by expected social benefits. It is concluded that when consumers believe that brands are in fact important in their decision, they also expect the brand to present them with various intangible benefits. Two major functions emerges as relevant at different stages in the purchase and consumption process; a risk reduction function, which is the brand’s ability to reduce the consumer’s perceived risk of making a purchase mistake, and a social demonstrance function. The social demonstrance function entails that consumers believe that brands can symbolize something and therefore allow the consumer to project their self-image. Depending on whether the person is communicating with him- or herself or with the social environment; a brand stands for intrinsic values (e.g. self-expression) or extrinsic values (e.g. prestige). In people’s attempt to preserve and strengthen their self-concept, they purchase products that can provide these benefits. (Fischer, et al., 2010) Brands can also be used to communicate membership in particular social or professional groups, through both the use of brands that signal membership in desirable groups, and the avoidance of brands that signal membership in undesirable groups. (Cherney et al., 2011) In fact, Fischer, et al. (2010) explains how the social demonstrance function incorporate two parts: the symbolic or self-identity function and a group identity function (i.e. what brands communicate about other consumers), but also conclude that these two parts are not discriminating. In Fournier’s (1998) research on consumer brand relationships, the author concludes that the consumers in the study did not just buy brands because they liked them or because they worked well. They were involved in relationships with a collective of brands so as to benefit from the meaning they added into their lives; and some of these meanings are functional and utilitarian, others are more psychosocial and emotional. However it is important to note that for a brand to serve as a social symbol, brands must allow for personalization of the product. (Fischer et al. 2010) Hence the researchers argue that mobile phones or shoes would be better suited for personalization than for example home service for food.
Psychological distinctions come primarily through advertising, and it is argued that these perceptions contribute to the meaning or value that the brand adds to the consumer based brand equity. (Cobb-Walgren et al., 1995) In line with this, McCracken (1986) states that consumer goods have a meaning that goes beyond their purely functional character and commercial value. A broad definition by Chernev et al. (2011) states that brands create value for customers on two dimensions: by signalling quality of the underlying offerings and secondly by creating meaningful associations that add value beyond the intrinsic product attributes.

From a manufacturer’s perspective, Abimbola’s (2010) discusses perceptual and functional sophistication. Functional sophistication is perceived limited in its ability to provide a bulletproof source of competitive advantage. Simply put, functional sophistication can be easily copied, borrowed, acquired or outsourced. Perceptual sophistication on the other hand is unique in its ability to enable a brand to be "cool", “trendy”, innovative and desirable, although it is important to note that the two types of sophistication are not in competition with each other. Functional sophistication focuses on the product, perceptual sophistication focuses on the value of co-creation between customer and producer and enables the manufacturer to co-create a meaningful brand. Based on the previously presented literature, psychological and physical features will from here on be referred to as emotional and functional features, as the authors deem these category names to be more explanatory in line with the previously mentioned literature.

3.6 Perceptions

Consumers form perceptions about the emotional and functional features of a brand from advertising and other information sources. Perceptions origin from objective sources such as consumer reports or more subjective sources as advertising or personal experiences. Overall, the perceptions contribute to the meaning of value that the brand adds to the consumer i.e., brand equity. (Cobb-Walgren et al., 1995)

3.7 Preference

Several brands may have the visibility and credibility to be considered, but to be selected the brand has to be preferred to others. It usually means beating the competition in at least one of the dimensions that define the product category and by being at least as good as the other compared brands in the rest of the dimensions (Aaker, 2011). For this reason, marketers develop strategies to increase the probability that a brand will be activated from consumers’
memories and also be included in the consumer’s consideration set. One mean to achieve this can be heavy expenditures on advertising campaigns in order to create “top-of-mind awareness” and thus, increase the probability of a purchase. (Peter & Olsson, 2008)

3.8 Purchase Intentions

Many researchers have written on purchase intentions (Axelrod, 1968; Smith, 1965; Silk & Urban, 1978; Sewall, 1978). Morrison (1979) provided for instance a framework for collecting, analyzing, and interpreting purchase intentions data. The framework highlighted differences between stated intention, and purchase probability in the automobile industry. One conjecture from this study was that purchase intentions for low cost, low involvement items are less stable than for high involvement products. Cobb-Walgren et al. (1995) conclude that high brand equity generates greater brand preference, and that it translates into higher purchase intentions. Moreover, Wells et al., (2011) state that there is both theoretical and empirical support that documents the influence of perceived product quality on purchase intentions.
4. Research Method

The most suitable methodology for the exploratory purpose of this study was to conduct an inductive study, with a qualitative nature, influenced by grounded theory- in terms of data saturation (Strauss & Corbin, 1990). It is important to stress the fact that inductive methodology also involves elements of deductive nature, which is surely the case with this thesis. The research framework of this thesis is supported by existing research conducted within the fields of marketing, management, consumer psychology and originates from relevant scientific papers and Internet sources. (Saunders, 2009) The primary data, consists of empirical findings generated through semi-structured in-depth interviews. The interview method was chosen due to its ability to provide a deeper understanding of the respondents’ own perceptions, thoughts and feelings about brands. It is also preferred because of its flexibility in gathering and simultaneously analyzing the data while interviewing. (Bryman, 2002) Semi-structured interviews are beneficial, as they do not force the respondents into a pre-set mind state. The authors are aware of the possible effects and drawbacks that a face-to-face interview situation might have, such as the interviewer’s body language, expressions, mood state and inexperience in interviewing. With this in mind, the authors were still of the opinion that the method chosen for this study is the most valuable approach to answering the purpose. (Saunders, 2009)

4.1 Target Group

The target group in this study are Swedish students from Uppsala University, hereafter referred to as Uppsala students. Students as a target group is interesting to research due to two factors: a) students are frequent users of smartphones (www.ungdomsbarometern.se) b) students are also the current and future consumers. It is also why, from a managerial perspective, it is important to understand students’ drivers of brand preferences, thus being able to influence purchase intentions.

Students as a general population is beyond the scope of this study and therefore limitations were necessary. The authors chose to extract a sample from a screening process with the following prerequisite: a Swedish student, currently studying at Uppsala University. Firstly, the choice of Swedish students from Uppsala University is from the authors’ point of view a convenience selection, as the authors of this study themselves are students at Uppsala university and the target group is the preferred population. The authors are aware of the risks
in adopting a convenience selection such as a questionable representativeness, hence questionable credibility of the findings, (Bryman, 2002) yet circumvent this by composing a diversified sample consisting of students from different faculties with different backgrounds in terms of study fields, age, gender and smartphone brand. The variety of students that Uppsala University embraces was also a motivator. It is known for its diversity and breadth, with students from various parts of Sweden, crossing nine different faculties and a broad range of educational offerings at undergraduate and master levels (www.uu.se). Secondly, the demand for Swedish origin stems from Hofstede's (1983) cross-cultural research. Brands might have various associations that differ from one country to another. (Hofstede, 1983) hence including students with different cultural backgrounds could generate a sampling error thus erroneous results. As the study is limited to only include Uppsala students, it may affect the validity of drawing any general conclusions on Swedish students as a group. However considering the measures taken to achieve representativeness within the target sample, some of the conclusions generated in this study can hopefully contribute to a general understanding of the drivers of brand preferences within this population.

4.1.1 Screening and Group Formation

The prerequisite for a respondent to participate in an interview was if the respondent owned a smartphone, or intended to buy one within the next six months, and was a Swedish citizen. Therefore a screening process was deemed necessary. The screening was initially based on a convenience selection, followed by a snowball approach (Bryman, 2002). A number of selected students from various faculties at Uppsala University were asked to be ambassadors of the hyperlink to the screening form. The ambassadors were to spread the hyperlink to their fellow classmates, either through mail or on common class related Internet forums. The ambition was to cover as many faculties as possible in order to get a representative picture of the Uppsala student. The link to the screening was available during three weeks, so that the students had sufficient time to fill in the form. A total of thirty-eight possible candidates were collected in the screening. The candidates were further selected to the extent possible on four criteria’s a) smartphone brand b) gender c) faculty d) age. By diversifying the interviewees, the authors aimed to obtain a representative sample of the Uppsala student.
The sample is illustrated in the diagrams below: n = 16

4.2 The Interviews

An interview guide was constructed and then tested through two pilot interviews, during which the questions’ clarity and relevance were discussed and the number of questions along with time frame was evaluated. After these tests were executed, some small adjustments were made in order to better frame the questions. The final interview guide can be retrieved in appendix 1.

The sample was interviewed during three weeks in March and April 2012, using the semi-structured questions from the interview guide. The authors were aware of the effect that the response to some questions may have on the following responses, if a specific question was posed prior to another. Therefore general rules formulated within qualitative research for the sequence of questions, were followed. (Bryman, 2002). The authors deemed that the first question had to be related to unaided brand awareness in order to avoid biased responses after the introduction of different brand names as well as to ascertain, to the extent possible, that
the respondents state what associations first come to mind when thinking of different smartphone brands. In order to get an overview of the Swedish smartphone market, the researchers made sure that all brands present on the market were discussed. The researchers first probed around the brands instantly recalled by the respondents, then probed on eventual brands not mentioned by the specific respondents. This in order to get as much data on the various smartphone brands as possible. It implies that the interviews covered the majority of the brands discussed in the thesis. The authors perceived saturation in the empirical findings after fourteen interviews, whereby a safety measurement was taken, conducting two additional interviews to confirm it. The additional data generated did not contribute to significant differences in the findings, however it strengthened the empirical foundation.

The interviews were audio recorded and later transcribed. The language used was in the majority of the cases English; in order prevent any misunderstandings or misinterpretations in a translation from Swedish to English. (Kvale, 2007) Yet as it was important for the respondent to feel comfortable with the language and able to express themselves clearly, some of the interviews were conducted in Swedish in order to capture the essence and authenticity of the respondent’s thoughts and feelings. The duration of the interviews was 60 minutes.

4.3 Operationalization

The questions in the interview guide was developed from the thesis purpose, grounded in the theoretical framework, covering measures of brand equity, advertising and other information sources, functional and emotional features, brand preference and purchase intentions. Every question targets a specific theoretical area, although conducting semi-structured interviews; it enables the respondents to cover several aspects in one question. Qualitative research also allows for a simultaneous analysis of the responses during the interview, and facilitates a following analysis when the interviews are completed. It enables the researchers to identify and generate category headings from the findings. In order to support the validity of the analysis, and also to demonstrate how the researchers structured the responses according to theoretical categories, four type respondents’ answers’ are highlighted in appendix 2. Significant quotations from the interviews were also used in order to strengthen reasoning’s and increase the understanding of the material.
The purpose with the interviews was to explore reasoning’s that may have managerial implications when forming strategies on how to increase the level of brand preference that may lead to increased purchase intentions, independently of brand. It is important to note that the study is not targeted at exploring a specific brand but instead aim at identifying Uppsala students’ drivers of brand preferences in the Swedish smartphone market. In chapter 6.0, a revised figure based on Cobb-Walgren (1995) is presented. Figure 3 serves as an illustration for managers, emphasize the flow of data that can be regenerated to the marketing department when seeking to understand and influence brand equity, brand preferences and purchase intentions.
5. Results

As noted in the theory chapter, brands differ in power and the value that they possess (Kotler, 2003). It is a reason to why some brands receive more attention whilst others like ZTE and HP\(^2\) receives less attention. It is a consequence of the respondent’s awareness and knowledge about the brands present in the Swedish smartphone market and not a consequence of the number of brands represented in the sample. The category headings generated in this thesis are:

5.1 Advertising and Other Information Sources

When probed about advertising, more than half of the respondents mention recalling some campaigns of the various brands mentioned in this study. It could be TV-commercials, billboards, magazine and/or paper-ads. When discussing Apple, the majority of the respondents associate it with everyday encounters and not mainly to the above-mentioned forms. Typical comments were “Look around you, it’s almost everywhere” or “I see people walking around with it [the brand] at least once a day, at cafes, at school, in train stations, on buses and trains.” The majority of the respondents seem to be highly aware of the brands present in their surroundings. The respondents know which smartphone brand friends have, what brands are most common at university, and which brands that are associated to various television shows through product placements. Hence, the initial influences on brand preferences start with awareness of the existing brands on the market. Although advertising is undeniably prevalent in more than a couple of stated cases and has been the contributing factor to brand awareness for half of the sample, it does not appear as impactful on perceptions as other contact points such as friends and family.

During the respondents’ decision process, the majority start by asking friends and family, searching for information on the web, either on the different smartphone brands homepages, on Youtube, or on various tech-blogs and forums; reading user reviews. Less than half of the respondents claimed no need to look up specific information before a purchase, since they had tried friend’s phones and formed an opinion from that experience. In addition, friends’ advocacy seems to have further strengthened the respondents’ opinions. It was also applicable for the avoidance of certain brands due to bad referrals.

\(^3\) HP stopped manufacturing webOS and its smartphones during the fourth quarter of 2011. (www.nordichardware.se)
It therefore appears as if WoM and brand advocacy (Anderson, 1998; Lowenstein, 2011) have greater influence on the respondents’ perceptions and on a brand’s equity, which in turn is argued to generate significantly greater preference and higher levels of purchase intentions. Hence it does not seem as if the brand with greater advertising budget (Cobb-Walgren et al., 1995) achieve these same effects.

“I like my iPhone, but my best friend keeps boasting about how happy she is with her Samsung Galaxy so I get really, really interested in getting one” - R14

Furthermore, as Anderson (1998) argues, both satisfied and unsatisfied customers engage in WoM. As the majority of the respondents do in fact search for information on the Internet, the importance of the online feedback mechanisms (Resnick et al, 2000) takes WoM to another level and has substantial impact on consumers’ decision making. From a managerial perspective it is therefore important to understand the implications of the referrals and satisfaction to the extent that it turns into advocacy.

“I went online and typed in ‘Best Smartphone’ and started looking through all the reviews. That’s how I ended up with mine. Internationally it had scored really, really good in all aspects.” - R13

Apple stands out as a brand, regardless of personally owning or knowing anyone owning an Apple product or not, the constant presence of the brand is mentioned to be very high. If the respondents do not distinctly state liking of the brand, it still comes across as a desirable brand. This may be attributed to the emergent findings on brand associations, chapter 5.4.2, regarding Apple’s ability to clearly position the brand and create a strong source of differentiation. It also implies that Apple has created coherent associations around the brand. From a managerial perspective this is important, as the level of brand awareness is believed to decrease vulnerability to competitive marketing actions (Keller 1993) and by creating meaningful associations that add value beyond the intrinsic product attributes (Chernev et al., 2011). Ultimately this also seems to be a contributing factor to enhancing the user experience (Aaker, 1991).
Moreover, it is argued that differentiation, favourability and the strength of associations are important parts of brand knowledge, which translates into an essential source of customer-based brand equity (Keller, 1993; Fischer, et. al, 2010)

“I really did not want to have an iPhone, but if I’d been gifted a smartphone, I would like for it to be an iPhone. I want to know what it is that makes it so special.” - R9

5.2 Functional and Emotional Features

The functional features, together with the physical features such as material, size, weight and design, connect to the respondents’ total perceived quality. The functional features merge with the emotional features as, feeling good about the smartphone appears to be one of the decisive factors in being satisfied or switching brands, much in line with Hong-bum et al’s (2003) argument. The level of perceived quality also seems connected to the level of satisfaction in all of the respondents’ motivations. If the respondents’ criteria for functional necessities are obtained, then the respondents state feeling comfortable and at ease with the smartphone, a factor that also seems to translate into the level of attachment. On discussing OS, the Android was one of the respondents’ explicit reasons-to-buy as it allows them to feel free and have the freedom to personalize the smartphone according to their needs. Although this study is not particularly about OS’s, the implications of the OS and particularly the respondents’ feelings towards the OS’s appears undeniable. It is especially important since OS is believed to be a major factor in the appeal of a phone (www.businesstoday.intoday.in). The OS and availability of apps may therefore be a way to influence the respondents’ perceptions and preferences on the smartphone and brand. Fischer et al. (2010) discuss that for a brand to serve as a social symbol, brands must allow for personalization of the product. The sense of uniqueness and freedom offered by an open OS, also through different brands’ adapted interfaces, has been important to all the respondents having an open OS. The group identity function mentioned by Fischer et al (2011) emerges in the findings, as having an “Android-phone” in many cases became an active choice, making a statement of whom you are and whom you are distancing yourself from.

“It’s like you belong to a certain group of people if you have an iPhone...

Like: ‘oh... you’re one of those’.” - R9

“I just didn’t want to be labelled as ‘one of them’. I like to be unique.” - R11
This is also in line with Chernev et al.’s (2011) argument on using brands to communicate membership in particular groups or the avoidance of undesirable groups, in this case OS. Furthermore, the consumers’ product preferences could be explained by their need for uniqueness (Irmak et al., 2010).

Secondly, design is an important criterion in regards to the functional features, as the smartphone has to *look good*. The majority of the respondents imply that an *ugly* smartphone is believed to symbolize a lack of style and taste more than a certain choice of brand would. In comparison to the other respondents, the iPhone users consistently highlight the iPhone’s design as an influential factor when purchasing the brand.

Thirdly, price connected to expensiveness was discussed. Expensiveness is also discussed in chapter 5.2.1. As mentioned under perceived quality, the respondents want to feel that what they pay for is in relation to what they actually get. This in turn affects the respondents’ attitude to the brand, such as demonstrated in the following respondents’ comments.

“I like my smartphone. Since I didn’t pay so much for it I don’t really complain. It’s worth the price. But if it costed more, I would have demanded more from it. Then I also would have been disappointed by the result and with the brand.” - R7

“I feel that that one is a low-cost brand. I wouldn’t expect much from it. It doesn’t excite me.” - R9

5.2.1 Social Demonstrance

The authors identified two categories serving as predictors of social demonstrance. These are the smartphone’s expensiveness and/or its rarity. The categories may symbolize exclusivity, thus be a way for the consumer to project a certain self-image (Fischer et al., 2010).

“What impresses me the most is probably if a person has gone that extra mile to get a particular brand or model. It makes you believe that there must be something really special about their choice and also about the person who has it.” - R10

Price premium, discussed by Aaker (1991), was in the empirical findings strongly connected to the iPhone. The iPhone provokes most divided opinions on whether it could be used to communicate status and therefore also the most mentioned brand when discussing influences on social demonstrance, and the extrinsic values such as prestige. Fischer et al. (2010) argued that
when people want to preserve or strengthen one’s self-concept, the purchase of products can provide these benefits. (Fischer et al., 2010)

“If a person with an iPhone would see me, they would think that I was an idiot because I don’t have the iPhone! Anyone who has an iPhone thinks that anyone else with a random smartphone is a person who just couldn’t afford an iPhone.” - R7

When asking the respondents which smartphone brand they believe could make an impression, the iPhone is mentioned to a greater extent than any other brand, generating comments like “because it is the most expensive one”, and “because it could say I am aware of the trends”. Or on the other extreme - “not an iPhone, because it’s mainstream. Everyone has one nowadays so it doesn’t say much.” The model therefore also becomes a category of social demonstrance. Although the respondents imply that a smartphone generally does not symbolize what it did when it was launched in 2007, an interesting finding is that the majority of the respondents say that the smartphone model says more about the person than the choice of brand. Hence the respondents’ choices of smartphone model are often the respondents’ demonstration of preferences, rather than the smartphone brand itself.

“Samsung manufactures a lot of different mobile phones, so Samsung as a brand doesn’t communicate anything about me in particular. The Galaxy SII might say more about what kind of a person I am and make people wonder why I chose this model.” - R10

5.2.2 Emotional Attachment to the Smartphone

The majority of the respondents are satisfied with the choices of smartphone as it has delivered according to their quality expectations and catered to their needs, either fairly or very well. However three differences emerged; firstly, the emotionally attached category in which the respondents state that they love their smartphone because of all that it enables them to do and the experiences it offers. The respondents expressed feelings such as “I love it”, “It’s like a best friend and a saviour in need”, “I’m addicted to it”. Secondly, the companion/consulting category consists of the respondents stating that “it is with me everywhere and it enables me to do what I want”, “it satisfies my needs in terms of usability”. These respondents appear being less emotionally attached than the first category. Lastly, the purely functional category consists of respondents expressing that the relation to the smartphone is on a functional basis and that it is used only for basic functions such as call, text, and browse the Internet. These respondents choice of smartphone was random and the knowledge about other brands and features has grown with time, thus do not oppose a change
of brand. A couple of these respondents also state having developed negative emotional associations to the smartphone and the brand. Less satisfaction seemingly equals less attachment. Even though the majority of the first and second category state, not having had any particular relation to the brand before the purchase, the choice of smartphone have now positively affected the relation to the brand. From a managerial perspective, understanding the causes of what makes a consumer bond with the smartphone is beneficial as it is argued that if a brand is well regarded in one context, the assumption will be that it is well regarded in another. It provides a solid basis for positioning and brand extensions. (Aaker, 1991)

“The only criterion was that it wasn’t an iPhone. Apple are so greedy, charging price premiums. It is supposed to be some kind of exclusive community, but I don’t want to belong to none of that. I want to be free.” - R13

The emotional attachment categories indicate that consumers use the smartphone to fulfil different need states, to a greater or lesser extent. This implicates that there is an opportunity to target marketing efforts according to the need states and preferences (Aaker, 1991) of the different categories. This may in turn influence brand perceptions and brand preferences.

5.3. Brand Perceptions

In this study, the respondents’ brand perceptions are formed based on advertising and other information sources, and the perceived emotional and functional features of a brand. When searching for a smartphone to buy, a majority of the respondents form perceptions through references, physical experiences, trying a friend’s smartphone, or testing in-store. In addition, the emotional factors stems from brand advocacy, large-scale WoM and the usefulness it is perceived to add to the respondents’ lives. In the majority of the cases, the respondents’ usage of the smartphone positively affected the respondents’ relation towards the brand itself. Yet in a couple of cases, a negative product experience influenced product portfolios perceptions, and in extension the brand.
5.4 Brand Equity

5.4.1 Brand Awareness

The respondents have a good recollection of the smartphone brands present on the Swedish smartphone market. More than half of the sample instantly mentions five or more brands in an unaided brand recall. The majority of the respondents are also highly aware of the brands present in their surroundings. According to Aaker (1991) it could imply that the general brand awareness in this specific product category is high.

In the majority of the cases, the top-of mind brand was the brand currently used by the respondent. Further, Apple excelled in the unaided brand recall with nine top-of-mind mentions. It implies that in four cases Apple was mentioned before the respondents’ own smartphone brand, which could imply strong positioning in the respondents’ mind (Aaker, 1991). When focusing on the top-three mentions in the unaided brand recall, Samsung and HTC also experienced high brand awareness. A complete list of awareness can be seen in appendix 2.

Besides the respondents’ own experiences, the level of brand awareness appears connected to the type and number of marketing contact points, such as friends or relatives expressed opinions, advertising, social media, in-store experience and product placement.

“I have a Samsung Galaxy Mini, and I chose it because it was the cheapest one. I had a Samsung phone before that I liked... Previously, I also had a Samsung TV, CD-player, DVD and we use Samsung computers at work” – R7

Apple, which experience high brand awareness is the only brand mentioned vividly being part of everyday life. Sony Ericsson on the other hand, which experience lower brand recall is connection to various commercials, sporadically noticed. Hence, WoM, recognized by Lowenstein (2011), seems to have greater effect on the respondent’s brand awareness than advertising.

“I have got an Iphone, and it is clearly because it is the most popular smartphone within my group of friends. I am blinded by the brand” - R3

Brand awareness, particularly “top-of-mind” awareness, does not automatically link to liking or preference. As our empirical data shows, in a couple of cases it could be an outcome of dislike. Examples of this were LG and Apple. LG is recognized six times in the unaided brand
recall but it appears far from preferred when it comes to the respondents’ associations. The majority of the respondents mentioned LG in connection to negative or at best, neutral associations.

“I had two LG phones before and I have had trouble with both, therefore I don’t like LG” - R1

“I have always seen LG as a low-price brand, connected to low quality. I don’t really trust them to do high-quality products. Besides, don’t they make kitchen appliances? How does that relate to smartphones?” R9

Although Apple in the majority of the cases was mentioned as a top-of-mind brand, it did not automatically imply being liked or preferred. Four of the respondent’s who had recalled Apple as a top-three brand in the unaided brand recall, disliked the brand.

“I think of Apple as being greedy, applying a high price and look-in its customers to only using their products. I think it feels outdated. Everything should be open source.” – R13

Accordingly, as Hong-bumm et al. (2003) argues, it is not always being top-of-mind that drives purchase intentions. High awareness can be a result of great dislike. Hence, it appears as if there is not always a positive correlation between high awareness, strong associations, brand preference and purchase intentions.

5.4.2 Brand Associations

Keller (1993) mentions that the level of brand awareness influences and strengthens brand associations; hence it implies that high awareness equals high brand associations. In this study, a clear connection between the two concepts could not be found. The brands having high awareness did not automatically evoke clear, or strong associations. This may imply a weak brand positioning (Aaker, 1991).

Mentioning the word smartphone, not referring to any specific brand, instantly evoked numerous associations in the minds of the respondents. The associations ranged from specific brands, applications and features, OS, perceived quality, logotypes, symbols, to more psychological aspects like the looks of the available smartphones to the typical user. When the respondents were probed on brand associations, Apple had not only most associations, but also the most coherent ones. Apple was strongly associated with price premium. The perception of price premium was polarized. It appeared negative in a way that one paid for the brand and not the functionality, thus implying overpriced products. The positive aspects
regarded status, affording a brand that is perceived as expensive. Moreover, less than half of the sample expressed not wanting to be a “stereotype Apple-user”, whilst two respondents, more or less stated that they pursued it - implying that there is a stereotype user. The formation of opinions implies that strong associations facilitate the process of retrieving information, as Aaker (1991) also discusses. Strong positive associations are important since they may create reasons-to-buy, thus increase purchase intentions (Aaker, 1991), as it has appeared that associations could be strong yet negative and hence contribute to reasons not-to-buy.

HTC and Samsung, though possessing high awareness, experienced weak associations. The majority of the respondents had trouble formulating associations, “I don’t really know what they’re really about”, “I don’t have a clear image of them”. The lack of strong associations linked to the brands, could according to Aaker (1991) lead to a) fierce competition, since the companies lack a well positioned brand b) not communicating product attributes strong enough, thus not giving the consumer strong and clear reasons to buy and c) lower sales due to consumers lack of information, thus choosing other brands that they know more about.

Nokia and Sony Ericsson’s associations can be divided into two categories: firstly; associations connected to distant memories, a time when the brands were perceived as desirable. “The Nokia phone in the 1990s was what the iPhone is today.” Secondly, to current associations, being dull and outdated. Both brands had a history of producing high quality products according to the respondents. Today though, the brands had failed to follow the development of the smartphone evolution and was mentioned in terms of boring and outdated by the majority of the respondents. Still, less than half of the respondents mentioned trusting in Nokia’s products’ quality and in fact being interested in the new smartphone. As discussed by cognitive psychologists, memory can be extremely durable (Loftus & Loftus, 1980). Thus, a history of quality seems to positively affect the ability to regain reasons-to-buy.

5.4.3 Perceived Quality

Quality is according to the great majority of the respondents, the most important aspect when purchasing a smartphone or evaluating one. The evaluation originates from a) currently or previously owning a product by the brand b) testing the smartphone, either a friend’s or in-store c) WoM d) large-scale WoM or e) advertising. When discussing perceived quality in relation to smartphone brands, which is a subjective aspect (Aaker, 1991), the authors
identified two main categories in which the responses could be gathered: durability and functionality. In turn, these two categories can be divided into hardware and software.

**5.4.3.1 Durability**

The majority of the respondents had a coherent image of durability when it came to hardware. It was said to be a feeling when holding the smartphone, connected to weight, size and choice of material. Plastic material was brought up as a negative quality aspect. The general reasoning was; a lightweight phone is made out of plastic and a plastic phone is of lower quality, thus the material is connected to associations of fragility and durability.

“It should feel good, holding it in your hand.” - *R6*

“The phone should feel solid and not lightweight and plastic.” - *R11*

Although, a great majority of the respondents stated being influenced by WoM (Andersson, 1998), or large scale WoM (Resnick et al., 2000) prior to a purchase, the factor which reassured the perceived quality of a certain brand was a feeling when holding the smartphone. Emphasis on holding and feeling the product increased the importance of the surroundings’ choice of smartphones, thus being able to test different brands, also facilitated by in-store-trials (Keller, 2001). Respondents mentioned that the ultimate test of the hardware’s quality was if it could survive a drop. If it did, the smartphone was seen as durable and of good quality.

A majority of the respondents mentioned iPhone’s hardware, and especially the screen’s fragility. Although being a negative aspect, it does not appear negative enough in order to prevent a purchase for the majority of the Apple-users. Instead, a couple of Apple-users mentioned working around the issue, taking precautions such as and being more careful and purchasing smartphone shells.

“The iPhone is so pretty... it makes the sensitivity worthwhile.” - *R5*

The precautions regarding the hardware was not mentioned for any other brand, hence the efforts of protecting the iPhone screen from breaking may implicate loyalty to the iPhone as such. What makes the loyalty aspect emerge in this case is that the respondents are aware of the hardware’s fragility, but are still willing to take on extra measures to protect the smartphone from breaking, while knowing that other brands hardware may not be fragile to the same extent. The respondents evidently bought the smartphone even though competitors’
hardware may be perceived to be of better quality, and this is what Aaker (1991) defines as one sign of brand loyalty. However, hardware quality was only one of several important evaluation factors.

Regarding the software, the respondents mentioned access to apps, personal notes, photographs, music, calendar and bookmarks as being of importance. A reliable OS is said to ensure that this type of data does not disappear. If it disappeared, it implicated a software failure, a product performance disappointment, and in extension, brand failure.

5.4.3.2 Functionality

The concept “you get what you pay for” (Aaker, 1991) was prominent in the empirical findings. A majority of the respondents mentioned a relation between quality and price. Depending on the smartphone’s price, the respondents demanded a certain number of functions as well as them living up to a certain level of quality. The demanded functions ranged from large and touch screen, battery life, camera and speakers. A large touch screen was said to enable faster text message and email typing. Still, the entire smartphone should not be perceived as being too big, thus compromising the perceived attractive design and the convenience of carrying it around. The respondents who believed having bought a cheap smartphone did not have the same quality demands as those who paid more.

“It has to fit in my jeans pocket” – R4
“You don’t want to have to charge your battery every night!” - R14

The majority of the respondents, stressing functional software as a contribution to perceived quality, stated that it should:

a. be fast, thus facilitate quick and easy access to the Internet and apps without risking slowing other functions down.

b. not be subject of bugs and software crashes. To prevent loosing data, the respondents highlighted the necessity to be able to synchronize the smartphone with other high-tech products, thus transferring calendars, contacts, bookmarks, music, photos and emails. “If the software is unstable, I will not trust that my data stays safe on the smartphone.”

Compatibility with other high-tech products was a factor that added to perceived quality.

c. be user friendly and have an intuitive interface. The majority of the respondents mentioned these factors as important, although a slightly higher number of iOS users brought this up in comparison the Android users.
“You should not have to use a manual in order to understand the smartphone. With the iPhone you don’t need one because the interface is so logical and easy to understand.” – R1

“I would not want to waste precious time learning a new interface. That is a week I could spend doing more important things.” - R4

Both the iOS and the Android respondents discussed how through downloading apps, being able to adapt and personalize the smartphone thus “making it your own”, although personalization was mentioned to a greater extent for the Android. The majority of the respondents mentioned how Android and the iOS are known to have an extensive range of apps whilst “other OS may not have the same range of apps”. Less than half of the respondents explicitly mentioned Windows Mobile OS perceived as having fewer. One respondent planned to purchase a Nokia smartphone, with Windows Mobile OS, but in the end chose an iPhone due to the availability of apps. This implies that apps enable customization, thus increasing functionality and perceived quality of the smartphone. From a managerial perspective, it is furthermore a possibility to create value through enhancing the user experience. (Aaker, 1991)

A company's product portfolio may affect the brands general perceived quality. If one product in the portfolio does not fulfil the consumer’s quality criteria, it might negatively affect the quality perception of the other products. A majority of the respondents actually mentioned having changed or avoided certain brands due to previous negative experiences. On the other hand, a prominent example of positive brand extension appeared to once again be Apple. A majority of the respondents’ mentioned previous positive quality experiences with the brand through the iPod and the Mac-laptops, thus it increased the willingness to purchase other products from Apple’s portfolio. Upon asking the respondents about the other brands, the positive attitude towards brand extensions was not as apparent as in the case of Apple.

“I had an Apple computer, which was good, so I bought an iPhone and expected it to be good as well.” - R8

“You start by buying an iPod, then you end up buying a Mac, an iPhone and the iPad” - R5

According to Aaker (1991), the basis for brand extensions is either a strong, positive association towards the brand, perceived high quality, high brand awareness or strong brand loyalty. If a brand is well regarded in one context, the assumption is that it is well regarded in
another. In the example above, Apple users experienced positive quality, thus facilitating a willingness to purchase other products from Apple’s portfolio.

5.4.4 Brand Loyalty

Brand loyalty in this study does not seem to be a significant driver of brand preferences for the majority of the brands. There have been no apparent expressions of sticking to one brand only for the sole purpose of the brand. Furthermore, by analyzing the respondents’ repurchase rates and evaluating the feelings of attachment towards the smartphone brands, focus seems to be on product functionality, durability and therefore perceived usefulness and not brand. It is further stressed by the willingness to discuss OS and smartphone models, yet not the smartphone brands per se. The authors are of the impression that, based on the empirical findings, even though the majority of the respondents state that they would repurchase the smartphone that they have today; this may be a consequence of the satisfaction with the smartphone performance from a quality perspective and not the brand in particular. A minority chose to purchase a different brand, stating that it was due to either being dissatisfied with the current smartphones’ quality, or due to a desire to try something new and different. When including a price increase in the respondents’ reasoning, a majority of the respondents adopt a functional orientation and refer to the smartphone per se, and not the brand (Hongbumm et al., 2003).

“If I was to buy a new smartphone today, my choice would depend on what I get for that same price from a different smartphone compared to the one I have.” - R6

It implies that OS, perceived quality in relation to price rather than specific brand are the determining factors when evaluating or discussing a purchase. These were the findings for the majority of the brands, excluding Apple. The empirical findings indicate that Apple is the only brand that appears to have a loyal customer base. This conclusion is based on the repurchase rate findings, where the majority of the iPhone users state that if purchasing a new smartphone today the choice would still be an iPhone. This is the case regardless of a price increase\(^4\) and knowledge on the hardware fragility. As previously discussed, having a loyal customer base may enable brands to charge price premium (Aaker, 1991).

The extensiveness of the information search for Apple is less and particularly the price search is non-existent before a purchase. The iPhone users state already knowing that it is among the

---

\(^4\) A price increase for this specific brand while other brands remained on the same price level. Price levels can be found in the interview guide, appendix 1.
most expensive smartphones but still choose to purchase it. However, it is still important to take into consideration that a loyal customer base does not compensate for quality defects. Tellis et al (2009) stress that market leaders, although enjoying network effects are always vulnerable to new entrants if they do not constantly provide quality enhancements that beat competition. It is an important implication in parallel to the discussion on iPhone’s stated hardware fragility, and whether this can be seen as a vulnerability to competing attacks.

5.5 Brand Preferences

The respondents’ preferences stem from the brand perceptions that are initially formed by firstly being aware of the brands available within the Swedish smartphone market, through advertising and other information sources. Other information sources appear to be the driving factors behind the emotional and functional perceptions created around the brand. Secondly, preferences seem -just like perceptions - influenced by the ability to be reassured of perceived quality through the possibility of physically experiencing the smartphone. From a managerial perspective, this may implicate the need to ensure the optimization of in-store experiences and clearly communicating and offering reasons-to-buy. In this study it has emerged that the preferred brands are those that the respondents believe will be most useful for themselves - which is mainly attributed to perceived quality. This in turn appears to be influenced by “getting what you pay for”, i.e. the price of the smartphone in the majority of cases. Another emergent finding was that half of the respondents did not want to be mainstream; therefore the respondents chose a different brand from what they perceived that everyone else had. These preferences appear to be explained more by the respondents’ need for uniqueness (Irman, et al. 2010) rather than only functionality.

“I really like the iPhone but I am so clumsy that I would probably break it straight away, so my friends advised me to buy an HTC because they’re durable, cheaper and easy to manage” - R16

“On one hand, I would like to be perceived as an early-adopter and tech-freak. So it doesn’t go well with having what everyone else has. It needs to be something different” - R12

5.6 Purchase Intentions

The respondents who are satisfied with the current choice of smartphone state that an intention to repurchase the same brand is likely. Although a repeat purchase may indicate loyalty, the empirical findings are not sufficient to draw such conclusions. However, the
repurchase rate in this case may in fact indicate a risk reduction function of the brand. (Fischer et al., 2010) The reason to changing brand is either due to the desire to try something new, implicating that preference may change during the consumption time, or by negative quality experiences - such as malfunctions or negative influences of brand extensions.

“I would buy it again because I know how well it works and I am used to it” - R7

Upon asking what other brand the respondents would purchase if the most preferred was excluded, all of the respondents then stated the brand that they had the strongest positive quality perceptions of. This was pronounced upon asking the respondents why, whereby the majority stated that it would be due to perceiving that the next-chosen brand offered most reasons-to-buy in comparison to the other brands discussed during the interview. Hence it appears as if perceived quality influences purchase intentions. (Wells et al., 2011).

“Even though I am really satisfied with my HTC and I’d tell you that I would probably go buy it again if I had to buy a new one; honestly I believe that if I’d be standing in the store choosing tomorrow, I would end up with an iPhone because of all the good things everyone keep saying about it...” - R16

Moreover, the authors assume that these findings indicate a positive relation between the level of brand preferences and purchase intentions (Cobb-Walgren et al., 1995).
6. Discussion

It is said that a brand in its simplest form is a mark of differentiation and is for many companies also their single biggest asset. The dynamic development of the smartphone market led to formerly well-established brands, which had enjoyed market-leading positions for many years, to suffer greatly when Apple introduced the iPhone in 2007 (www.macworld.com). From a brand research point of view, the exploration and qualitative understanding of what drives brand preferences within this market is key to formulating marketing efforts that increase brand preferences and also purchase intentions.

The findings in this study emerge as largely functionally oriented, and it could be derived from the fact that the majority of the smartphone brands appears as functionally sophisticated (Abimbola, 2010). The implications of these finding are therefore that as Abimbola (2010) argues, functional sophistication focuses on the product - it could be easily copied, borrowed, acquired or outsourced. The risk that this entails is that it facilitates competing attacks due to the lower costs inferred to gaining those same attributes and associations. While on the other hand, advocating for perceptual sophistication, our findings implicate that - although perceived quality emerges as a driver of brand preferences - the product preferences in this case could be explained by the respondents’ need for uniqueness (Irmak et al., 2010).

The main findings suggest that brand preferences within this target group are driven by a brand’s equity. However, not all the factors that constitute a brand’s equity appear to be equally influential on brand preference, as the most influential factor emerge as perceived quality. Perceived quality in these findings consists of durability and functionality. In order to form perceptions on quality, awareness of the brand is a prerequisite and thereafter, clear associations linked to the brand. Brand awareness, brand associations and perceived quality are the result of the prior formed brand perceptions. The findings implicate that the main building blocks of brand perceptions within this market are what others in the respondents’ surroundings think and discuss about the smartphone, and not the smartphone brand per se, and to a lesser extent the influence of advertising. Advocates and the physical experience of a smartphone are substantial providers of how the respondents form perceptions of emotional (customization and sense of uniqueness) and functional (usefulness and product attributes) features of the brand. These are in turn the major contributions to perceived product quality. What also emerges in the findings is that the relation and attachment to the smartphone affects the relation to the brand.
The findings lend support for implications that high brand awareness alone does not entail high preference or liking, neither do only clear associations. However, creating awareness of the brand increases the likelihood to be included in the consumer’s evoked set. By adding positive associations that allow the brand to adopt a perceptual sophistication, it increases the chance of positioning and differentiating the brand. Furthermore, adding clear brand associations may affect the perceived quality of a brand (Aaker, 1991). This also implies that a positive product experience in terms of perceived quality may improve a brand’s equity. Perceived quality emerges as the factor that creates reasons-to-buy, thus it influences and increases purchase intentions and ultimately may enhance the user experience.

Further, the objective is to illustrate how information on drivers of brand preferences can be implemented in managerial marketing plans so that this may increase purchase intentions for Uppsala students’. The findings have been obtained through qualitatively exploring brand equity and its antecedents, in order to identify drivers of brand preferences within the smartphone market. By identifying these drivers, the findings also implicate which factors that may influence purchase intentions. While not having explored the respondents’ actual choice, the authors conclude that the findings derived from the research still serve as relevant input for managerial actions, such as taking into consideration the finding generated in this study when formulating new or existing contact points for communication. These findings provide a solid foundation for marketing managers, designing marketing strategies that influences brand preferences and increase purchase intentions within the Swedish market for smartphones.
Figure 3 is a revised version of the original Cobb-Walgren (1995) figure, see figure 1, and also the authors’ empirical contribution. The figure illustrates an overview of the consumers’ way through different stages, while forming or changing brand attitudes and purchase intentions. It emphasize the flow of data that can be regenerated to the marketing department, thus increase managerial opportunities to form better positioned and differentiated brands. The authors assume that the model can be applied to other markets by marketing practitioners, when seeking to understand and influence brand perceptions, brand equity, brand preferences and purchase intentions.

Figure 3 “Antecedents and Consequences of Brand Equity”- the Revised Version

6.1 Critical Evaluation of the Findings and Future Research

The authors acknowledge that various mobile operators also characterize the Swedish smartphone market and that many of the brands included in the study are locked to some of these operators. This implies that there may be a discussion on the operators’ different offerings and deals as influential factors on brand preferences and that this ultimately may become a matter of price. However, as the authors’ aim with the study was founded on a theoretical framework that did not include price as an independent factor determining brand equity, brand preferences or purchase intentions, there may be an opportunity for further research to include the influence of mobile operators on brand preferences within this market.

Furthermore, the authors cannot conclude within the scope of this study whether the attachment to the smartphone is a direct consequence of functional and emotional perceptions or if it might be a consequence of a device that enables the respondents to be constantly connected. It opens up for the possibility to research a shift of locus from marketing efforts targeted with the physical individual at centre, to the virtually connected individual.
7. Summary and Conclusion

The results from this study implicate that the respondents’ perceptions of the Swedish smartphone market are functionally oriented. The focus appears being on the product and model rather than the brand. Hence, the main brand equity factor that has emerged as the main driver of brand preferences in the Swedish smartphone market, is perceived quality. The findings generated two categories that composed what the respondents’ discussed as perceived quality; durability and functionality.

These findings were derived from an explorative, qualitative study of Uppsala students’ brand preferences. Additionally, the results from this study have indicated that perceived quality creates reasons-to-buy, thus influences and increases purchase intentions.

Furthermore, emotional factors such as customization and uniqueness have appeared influential on the brand perceptions, which also contribute to perceived smartphone quality. The attachment to the smartphone affects the relation to the brand.

The empirical contribution of this study is a development of a revised version of figure 1 that helps illustrate an overview of the consumers’ way through different stages of forming or changing brand attitudes and purchase intentions. Figure 3 emphasize the flow of data that can be regenerated to the marketing department, thus increase managerial opportunities to form better positioned and differentiated brands.
References

Articles


**Books**


**Internet Sources**

www.android.com

www.businesstoday.intoday.in

www.dn.se

www.euromonitor.com
“Consumer Electronics in Sweden” 2012-01-18

www.forbes.com
Rogers, B. “Forbes CMO Salon” 2010-07-03,

www.idg.se
“Nokia tillbaka på topplistan” 2012-02-21
Retrieved at http://www.idg.se/2.1085/1.433683/nokia-tillbaka-pa-topplistan, Accessed 2012-03-02
www.macworld.com

www.microsoft.com

www.networkworld.com

www.nordichardware.se

www.pcmag.com
Retrieved at http://www.pcmag.com/encyclopedia_term/0,2542,t=Smartphone&i=51537,00.asp, Accessed 2012-04-10

www.pcworld.com

www.pricerunner.se
Accessed 2012-03-02
www.sr.se
Andrén Meiton, L. and Halling, B. “Marknaden för smartphones exploderar” 2011-02-08,
Accessed 2012-04-11

www.tele2.se

www.telia.se

www.ungdomsbarometern.se
“V.7 - Andel som har en smartphone...” 2012-02-11
Retrieved at http://www.ungdomsbarometern.se/uncategorized/v-7-%E2%80%93-andel-som-
har-en-smartphone%E2%80%A6/ Accessed 2012-02-23

www.uu.se:
2012-04-09

www.vodafone.com.au
“Attogether better” Retrieved at
smartphone/index.html Accessed 2012-04-10
## Appendix 1

### Interview Guide

<table>
<thead>
<tr>
<th>Preparations</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Thank you</td>
</tr>
<tr>
<td>- Purpose</td>
</tr>
<tr>
<td>- Confidentiality</td>
</tr>
<tr>
<td>- Duration</td>
</tr>
<tr>
<td>- Opportunity for questions</td>
</tr>
</tbody>
</table>

We would like to thank you for taking the time to meet us today. This interview is an important part of our master thesis. The result from the interviews will be used in order to form an understanding of the drivers of brand preferences in the smartphone industry among students.

No individual responses or personal information will be revealed. This means that your interview responses will only be shared with the research team members and we will ensure that any information included in our thesis does not identify you as a respondent.

The interview is calculated to take 60 minutes. We will be taping the session so that we do not miss any important information and so that we can go back to the interview for transcripts. If you do not want us to tape the session, please inform us now. In addition, notes will be taken. Are there any questions?

<table>
<thead>
<tr>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part One – Introduction of the Respondent</strong></td>
</tr>
<tr>
<td><strong>Part Two - Brand Equity and Preferences</strong></td>
</tr>
</tbody>
</table>

**Part One**
1. Please introduce yourself - age, field of study etc.

**Part Two**
2. If I say “smartphone”, which brands come to mind?
3. Which smartphone brand do you currently use/own; why?
4. How did you first become aware of the brand you currently own?
5. What expectations on the brand did you have, prior to your purchase?
6. Please describe the thoughts, characteristics, symbols or images that comes to mind when mentioning (smartphone brands present on the Swedish market).
7. What type of advertising or information have you encountered from (smartphone brand present on the Swedish market)?
8. What does quality mean to you in terms of smartphones?
9. If you were to buy the same smartphone as you currently have but the price has increased with 1000 SEK*, would you still buy it? Motivate.
10. If you were to buy a new smartphone today; which brand would you choose? Motivate.
11. Order the following brands (previous mentioned brands smartphone brands present on the Swedish market) in accordance to your preferences.
<table>
<thead>
<tr>
<th>Questions</th>
<th>Part Three</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part Three - Emotional &amp; Functional Features</strong></td>
<td>1. What was of importance prior to the purchase of your smartphone brand?</td>
</tr>
<tr>
<td></td>
<td>2. How has the usage of the smartphone affected your relation towards the brand?</td>
</tr>
<tr>
<td></td>
<td>3. How does your relation to your smartphone look like today?</td>
</tr>
<tr>
<td></td>
<td>4. If you are sitting with a person that you are trying to impress and you take a phone call, thereby exposing your phone, what would you say that the other person’s thought would be on your choice of brand? Motivate.</td>
</tr>
<tr>
<td></td>
<td>5. Is there any phone you would feel hesitant to pick up? Motivate.</td>
</tr>
<tr>
<td></td>
<td>6. If a person you are impressed by would take a phone call while you were there, which brand would they most likely have? Motivate.</td>
</tr>
<tr>
<td></td>
<td>7. If brand X was a person, please describe the person. (smartphone brands present on the Swedish market)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ending</th>
<th>If you have any further questions, feel free to ask.</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Opportunity for questions</td>
<td>Once again, thank you for participating in this study!</td>
</tr>
<tr>
<td>- Thank You</td>
<td></td>
</tr>
</tbody>
</table>
The questions are to measure:

2. Brand Awareness
3. Brand Recall
4. Advertising and Other Information Sources
5. Brand Associations
6. Brand Associations
7. Advertising and Other Information Sources
8. Perceived Quality
9. Brand Loyalty
10. Brand Loyalty and Purchase Intentions
11. Brand Preference
13. Emotional and functional features – Relation to brand/Attachment
14. Emotional and functional features – Relation to product/Attachment
15. Emotional and functional features – Social Demonstrance
16. Emotional and functional features – Social Demonstrance
17. Emotional and functional features – Social Demonstrance
18. Brand Image (Brand Association)

* Approximate smartphone prices in SEK (www.pricerunner.se):

- Apple 4S 5690
- Nokia Lumia 3660
- LG Optimus 2X 2600
- Sony Ericsson 2080
- HTC Wildfire 1490
- ZTE Blade 1000
- Samsung Mini 990

The price differences between the brands included in this study, based on January 2012 top-selling smartphones in Sweden (www.idg.se) range between an approximate 500 SEK - 1000 SEK (excluding Apple, that cost approximately 2000 SEK more than the most expensive smartphone in the list). Based on this, the authors chose to motivate the price increase of 1000 SEK with the most extreme difference. The great price difference was intended to push the respondents to a discussion around motives why they would/would not repurchase the same smartphone model/ smartphone brand. It also allowed the authors to analyze around whether price could be an aspect of brand loyalty in the Swedish smartphone market.
Appendix 2

A Sample of Interview Responses

A random sample of four respondents answers, correlated to the theory sections: brand associations, perceived quality, brand loyalty, advertising and other information sources, and physical and psychological features. The total number and order of brands mentioned in the unaided brand recall, measuring brand awareness, is summarized in the chart below.

Brand Awareness
1 = first brand mentioned, top-of-mind 2 = second brand mentioned 3 = third brand mentioned etc.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>R I</td>
<td>Apple</td>
<td>Samsung</td>
<td>Nokia</td>
<td>LG</td>
<td>HTC</td>
<td>Sony Ericsson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R II</td>
<td>HTC</td>
<td>Apple</td>
<td>Samsung</td>
<td>Sony Ericsson</td>
<td>Sony</td>
<td>LG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R III</td>
<td>Apple</td>
<td>HTC</td>
<td>Samsung</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R IV</td>
<td>HTC</td>
<td>Samsung</td>
<td>Apple</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R V</td>
<td>Apple</td>
<td>LG</td>
<td>Samsung</td>
<td>HTC</td>
<td>Nokia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R VI</td>
<td>Apple</td>
<td>HTC</td>
<td>ZE</td>
<td>Samsung</td>
<td>Sony</td>
<td>Sony Ericsson</td>
<td>Nokia</td>
<td>HP</td>
</tr>
<tr>
<td>R VII</td>
<td>Samsung</td>
<td>HTC</td>
<td>Sony Ericsson</td>
<td>Nokia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R VIII</td>
<td>Apple</td>
<td>Samsung</td>
<td>Nokia</td>
<td>Sony Ericsson</td>
<td>HTC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R IX</td>
<td>Apple</td>
<td>Samsung</td>
<td>Sony Ericsson</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R X</td>
<td>Apple</td>
<td>Samsung</td>
<td>LG</td>
<td>Nokia</td>
<td>Sony Ericsson</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R XI</td>
<td>Apple</td>
<td>HTC</td>
<td>Samsung</td>
<td>LG</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R XII</td>
<td>Nokia</td>
<td>Samsung</td>
<td>Apple</td>
<td>HTC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R XII</td>
<td>LG</td>
<td>Apple</td>
<td>Samsung</td>
<td>Nokia</td>
<td>HTC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R XIV</td>
<td>Apple</td>
<td>Nokia</td>
<td>Sony Ericsson</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R XV</td>
<td>HTC</td>
<td>Samsung</td>
<td>Sony Ericsson</td>
<td>Apple</td>
<td>Nokia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R XVI</td>
<td>HTC</td>
<td>Apple</td>
<td>Samsung</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Brand Associations

R 3
“I think about the Apple-logo and on their laptops, being thin and good looking.”

R 10
“I associate Samsung with descent technology, quality, design, simplicity. It is simpler and more straight forward than a HTC.”

R 11
“I have a positive picture of HTC. I know that it is of the same technical standard as the iPhone. I like the interface. I like Android.”

R 13
“I know no one who has an LG. I associate the brand with low-price products. Otherwise I think of vacuum cleaners and that kind of products”
Perceived Quality

R 3

“The products should be intuitive and user-friendly. No instruction book needed. Then of course the design, it should look nice. I would think that it is important with a qualitative shell, but then again Apple goes more for looks than durability. It’s fun that it is pretty but you have to be very careful. It is dangerous to drop it. If the screen breaks, then quite much is broken.”

“Generally, quality for me is user-friendliness, a good touch-screen/camera/sound, nice design and durability in case I would drop it”

R 10

“I expected good quality. I like the design of Samsung, the OS, and also the interface. It is a fast phone, good processor, easy to integrate with other high-tech products such as my Apple laptop. Still, quality has not been tested in terms of dropping it yet.“

“I chose it because of the OS and the bigger screen. I manage to text quicker and read more comfortably.”

“Generally, quality for me is durability. Lasting without breaking or stop working.”

R 11

The design is important. It has to look good. The size is also vital. It cannot be too big. The OS was important and a simple interface, making it easy to navigate the smartphone. The price is also a factor.

“The phone should feel solid and not lightweight and plastic.”

“Generally, quality is that it should live up to the promised standard, or even excel. It is also a feeling when holding it in your hand. It should work and the material should be good. It shall not be plastic.”
R 13

“Quality in general for me is carefree usage, everything from bugs to breakage. Then you want to have many functions. You want to make it your own, customize it. It should be flexible, quick and simple.”

“You don’t want to have to charge your battery every night!”
Brand Loyalty

R 3
“I would buy it even if the price increased.”

“If I received a smartphone as a gift I would like for it to be an iPhone. I am really happy with it.”

“I believe that my relation to Apple has grown stronger through the iPhone. Right now, I got three different Apple products.”

R 10
“I would not trade my Samsung Galaxy S2 for anything”

R 11
“I would like to buy the same smartphone again, or an iPhone”

“If it broke, I would look for a new phone, and then perhaps buy an Apple”

“I have a positive picture of HTC. I would consider the brand if they had other products or started producing other products.”

R 13
“I would not buy it again. Although I would like to stick to an Android. I don’t want Apple because they [the brand] are too big, Plus. I want to protest against all of those who are just followers.”

“If I would find a new Samsung model I might buy it, or the iPhone if there is no price difference.”
Advertising and Other Information Sources

R 3
“I don’t think I saw it on TV but I had friends who bought it. Suddenly everyone had an iPhone. You saw people in town, in the subway, in school, but mostly you noticed that all of your friends got one.”

R 10
“My first contact with Samsung was with their TV screens. When I was choosing smartphone, I did more research. I read online reviews and tech-blogs, talked to friends.”

R 11
“I first saw HTC in a TV- commercial.”

I went to Elgiganten where I held it in my hand, tried the smartphone’s interface and so on. I also talked to a sales clerk about HTC versus Apple.”

“I talked to friends and family and researched the Internet for recommendations.“

R 13
“I knew nothing about smartphones. I asked my father to buy me one. I only requested that it was not an iPhone, since you pay so much for the brand.”

“I know one person who has a LG smartphone.”
Physical and Psychological Features

R 3
“I have a very positive relation to my smartphone. It is with me all the time. I think it is a cool thing. I use it several times every hour. I am constantly connected.”

“It is pretty and highly functional.”

“It is the most fashionable smartphone.”

“You are kind of cool if you have an iPhone. When people see me with the phone they read in that I am a cool girl.”

“There is no phone that impresses more than an iPhone. Maybe if there were one with diamonds or gold but that does not exist.”

R 10
“The emotional attachment towards Samsung grew a bit after I bought the smartphone. Something drastic would have to happen for me to be less emotionally attached to the smartphone.”

“The smartphone is more a hub for organizing stuff in life. It helps me keep track and organize different parts in my life.”

“I think that the model of the phone says more about me than the brand”

R 11
“I did not want an iPhone because everyone else had one. I is more like, ‘I want to be unique’, that is why I chose the HTC.“

“I just didn’t want to be labelled as ‘one of them’.”

“OS was important for me. iOS is ok but Android is the best. Windows is to cluttered.”
“If I don’t have it with me I feel insecure. I feel safe when my smartphone is with me. I trust in it a lot. It is my contact-central. It is security.”

R 13

“It was important for me that it was not an iPhone. Apple charges a price premium and I find it greedy. It is some kind of exclusive community, and I feel that it is very outmoded with a closed OS. It should be open source. I mean who forces their users to something nowadays when you have so many options...?”

“It [the smartphone] has revolutionized my life. I have become freer. I can check Facebook and my e-mail everywhere. I use GPS a lot. I can find information all the time.”

“I wanted to get away from the status that smartphone brands project.”
## Appendix 3

### Table 1: Sales of Mobile Phones: % Volume Growth 2005-2010 in Sweden*

<table>
<thead>
<tr>
<th>'000 units</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feature Phones</td>
<td>2,799.9</td>
<td>2,912.0</td>
<td>2,871.0</td>
<td>2,720.0</td>
<td>2,769.0</td>
<td>2,150.0</td>
</tr>
<tr>
<td>Smartphones</td>
<td>-</td>
<td>288.0</td>
<td>429.0</td>
<td>480.0</td>
<td>781.0</td>
<td>1,750.0</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>2,799.9</td>
<td>3,200.0</td>
<td>3,300.0</td>
<td>3,200.0</td>
<td>3,550.0</td>
<td>3,900.0</td>
</tr>
</tbody>
</table>

### Table 2: Forecast Sales of Mobile Phones Volume 2010-2015 in Sweden*

<table>
<thead>
<tr>
<th>'000 units</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feature Phones</td>
<td>2,150.0</td>
<td>1,434.0</td>
<td>987.0</td>
<td>565.0</td>
<td>324.0</td>
<td>176.0</td>
</tr>
<tr>
<td>Smartphones</td>
<td>1,750.0</td>
<td>2,415.0</td>
<td>2,994.6</td>
<td>3,354.0</td>
<td>3,632.7</td>
<td>3,762.7</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>3,900.0</td>
<td>3,849.0</td>
<td>3,981.6</td>
<td>3,919.0</td>
<td>3,956.7</td>
<td>3,938.7</td>
</tr>
</tbody>
</table>

### Table 3: Mobile Phones Brand Shares 2007-2010 in Sweden*

<table>
<thead>
<tr>
<th>% retail volume</th>
<th>Company</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony Ericsson</td>
<td>Sony Ericsson Mobile Communications AB</td>
<td>30.7</td>
<td>29.3</td>
<td>24.5</td>
<td>28.0</td>
</tr>
<tr>
<td>Nokia</td>
<td>Nokia Svenska AB</td>
<td>30.6</td>
<td>24.9</td>
<td>22.2</td>
<td>25.6</td>
</tr>
<tr>
<td>Samsung</td>
<td>Samsung Electronics Nordic AB</td>
<td>17.9</td>
<td>21.9</td>
<td>24.5</td>
<td>14.9</td>
</tr>
<tr>
<td>iphone</td>
<td>Apple Computer AB</td>
<td>-</td>
<td>1.2</td>
<td>5.4</td>
<td>9.4</td>
</tr>
<tr>
<td>LG</td>
<td>LG Electronics Nordic AB</td>
<td>15.7</td>
<td>17.0</td>
<td>16.3</td>
<td>8.1</td>
</tr>
<tr>
<td>HTC</td>
<td>HTC Europe Co Ltd</td>
<td>1.5</td>
<td>1.7</td>
<td>2.6</td>
<td>7.4</td>
</tr>
<tr>
<td>Motorola</td>
<td>Motorola AB</td>
<td>2.5</td>
<td>1.1</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Others</td>
<td>Others</td>
<td>1.1</td>
<td>2.9</td>
<td>3.9</td>
<td>5.3</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

### Table 4: Sales of Smartphones by OS 2008-2010 in Sweden*

<table>
<thead>
<tr>
<th>% retail volume</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windows</td>
<td>13.7</td>
<td>14.7</td>
<td>21.0</td>
</tr>
<tr>
<td>iOS</td>
<td>8.3</td>
<td>24.3</td>
<td>21.0</td>
</tr>
<tr>
<td>Android</td>
<td>0.0</td>
<td>16.0</td>
<td>35.0</td>
</tr>
<tr>
<td>Symbian</td>
<td>78.0</td>
<td>45.0</td>
<td>23.0</td>
</tr>
<tr>
<td>BlackBerry OS</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

* Source: www.euromonitor.com, see list of references.