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The Service Branding Model

Small Service Firms' Approach to Building Brand Equity

Master's thesis within Marketing

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Abstract

Problem:	The growth of the service industry has led to increased competition, and branding has become a tool for gaining competitive advantages. Because services are essentially intangible, the branding of services is important and different from the branding of products. A strong brand offers many advantages in the service industry and when evaluating the strength of the brand, the concept of brand equity is used. As no in-depth research has been conducted to explore how small service firms operate to create brand equity, we have set out to investigate how this is done in the everyday work. Previous research also falls short of relating the area of service branding to small service firms.
Purpose:	The purpose of this thesis is to examine how small service firms operate to build brand equity in relation to the service branding model.
Method:	We have chosen to use a qualitative approach and conduct a collective, instrumental case study consisting of four companies. The data have been collected through interviews.
Conclusion:	The influences of external brand communications are greater in small service firms than in large ones while the impact of the presented brand is less significant. We have therefore adjusted the service branding model in accordance to these differences.

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1 Introduction

The opening chapter presents the topic of the thesis and starts off by giving a short background to the area of branding. After this, a more specific problem discussion follows which leads up to the purpose of the thesis. The chapter also includes research questions, delimitations and clarifications, as well as the disposition of the thesis.

1.1 Background

Branding is important to all companies in order to distinguish their products from those of their competitors. The use of brands has changed over the years and has developed from only representing the product's name to now giving the product a deeper meaning (Murphy, 1992). It is no longer enough to brand a product just using its name, it is important that all the elements of the marketing mix are used in a consistent way in the marketing of the product. When customers purchase a product, they usually pay for a solution to a specific problem. The advantage of a branded product is that the customer is willing to pay a premium price for the added values that the brand embodies. The branded product does not only satisfy the customer's rational need, but also provides certain benefits that will satisfy emotional needs (de Chernatony & McDonald, 1998).

Traditionally, branding has been focused on tangible products, but in recent years the focus has expanded to also include branding of services (cf. de Chernatony & Segal-Horn, 2003; Krishnan & Hartline, 2001). Although branding of services has started to develop, this has not kept pace with the growth of the service sector overall. The growth of the service sector has led to increased competition where branding has become an important tool for gaining competitive advantages. It could be argued that branding of services is even more important than branding of products since the customer has no tangible attributes when assessing the brand (de Chernatony & McDonald, 1998). When branding a product, it is the relationship between the customer and the actual product itself that is in focus. When discussing services it is the company that is the primary brand (Berry, 2000; de Chernatony & McDonald, 1998).

Previously, it was thought that concepts of branding a product can be applied also when branding a service. Now, however, marketers have realised that those principles cannot be used as services require more adaptation to suit different customers (cf. de Chernatony & McDonald, 1998; de Chernatony, Harris & McDonald, 2001). The reason why the same principles cannot be used is because products and services have different characteristics. The most important distinguisher of a service is that it is essentially intangible (cf. de Chernatony & McDonald, 1998; Mackay, 2001).

For a brand to be strong, the set of perceptions which serve to differentiate the product from competition has to be created in a way so that the customers think of the brand in positive terms. This creation can be more complex and challenging in the service industry as the perception of the brand greatly depends on the customer's individual encounter with the staff (de Chernatony, Harris & McDonald, 2001).

1.2 Problem Discussion

A strong brand offers many advantages in the service industry as the risk associated with buying an intangible product is reduced. The strong brand also helps to create greater trust for the company and the particular service it provides. By branding a service the customer can better understand the invisible product and what he or she is actually buying (Berry, 2000; de Chernatony & McDonald, 1998). Other advantages of a strong brand are for example that it creates better margins by adding value to the service, builds stable long term demand and increases market share. All these advantages add up to increased profitability of the company which can be seen as the main purpose of branding (de Chernatony & McDonald, 1998).

So, how is it possible to say if a brand is strong or not? When evaluating the strength of a brand it is common to talk about brand equity (cf. de Chernatony & McDonald, 1998; Berry, 2000). According to Berry (2000) a brand can have either positive or negative brand equity. A general definition of brand equity is the “*added value endowed by the brand to the product*” (Farquahar, 1990, p. 1). Keller (1993) argues that there are two motivations behind studying brand equity, financial and strategy-based. Reasons for studying the financial value of the brand can be for accounting purposes (Keller, 1993), how cash-flows are affected (Simon & Sullivan, 1990) or the effect on the company’s balance sheet (de Chernatony & McDonald, 1998; Aaker, 1996). When the motivation is strategy-based, it has more to do with the marketing aspects of brand equity and how the managers can exploit the brand’s value. It is important to the company that the managers understand how the brand is perceived by its customers in order to develop effective marketing strategies (Keller, 1993).

In order to take advantage of a strong brand the company needs to create positive brand equity. A great amount of research has been conducted regarding how to create brand equity for products, but the service sector is less researched and there is a need for a better understanding of brand equity in this area (cf. Krishnan & Hartline, 2001; Mackay, 2001; Sharp, 1995). To our knowledge, no in-depth research has been conducted on service companies to explore how they actually operate to create brand equity. The research that has been done is focused on the measurement of brand equity (cf. Keller, 1993; Cobb-Walgren, Ruble & Donthu, 1995; Krishnan & Hartline, 2001; Mackay, 2001) or based on interviews with experts within the field of branding (cf. de Chernatony & Segal-Horn, 2003; Lory & McCalman, 2002). We have not found any research where the researchers approach service companies to deeper investigate how the everyday work is performed to build brand equity. There is also a shortfall of research within the area of service branding in relation to small companies. The only exclusive model of how to build brand equity in service firms we have found is Berry’s (2000) service branding model, which is based on examples from large and well-known service firms. The service branding model illustrates how its different components affect brand equity.

According to Bjerke and Hultman (2002) the new economic era is moving in the direction of favouring small firms. They claim that small firms are important and contribute to an increasing number of employments in the economy. The smaller firms are also often performing better than the large ones. In many nations the majority of

businesses are small and greatly contribute to the country's economy in terms of gross domestic product, employment and exports.

Because of the important role of small firms and lack of research within the area of brand equity in service firms, we believe it is interesting to apply and test the service branding model on small firms. Do small firms operate according to the service branding model? Are there any differences? If there are differences, which ones?

1.3 Purpose

The purpose of this thesis is to examine how small service firms operate to build brand equity in relation to the service branding model.

1.4 Research Questions

In the service branding model, brand equity is built up by brand awareness and brand meaning. These in turn are built up by the companies' presented brand, external brand communication and customer experience with company (Berry, 2000). In order to see how small service companies operate to build brand equity the following three questions will be used as a guide.

- How do small service firms present their brand in order to enhance brand awareness and brand meaning?
- How do small service firms manage external brand communications in order to enhance brand awareness and brand meaning?
- How do small service firms manage the customer experience with the company in order to enhance brand meaning?

1.5 Definitions and Clarifications

There are several definitions regarding company size. The European definition of small and medium sized companies (SMEs) can be used on companies that have up to 250 employees. This can be divided into small companies, referring to those companies that employ 0-99 persons, and medium sized companies with 100-250 employees. The general definition of SMEs in Sweden is companies that employ up to 200 persons. This can be divided into micro companies having between 0 and 9 employees, small companies employing between 10 and 49 persons and medium sized companies that have between 50 and 200 employees (SOU 1998:77).

This study is based on Swedish companies and therefore we consider it more appropriate to use the definition of small firms being those employing 10-49 persons.

Normally the word product refers to both goods and services. In this thesis, however, the term product will be used in reference to goods only.

1.6 Disposition

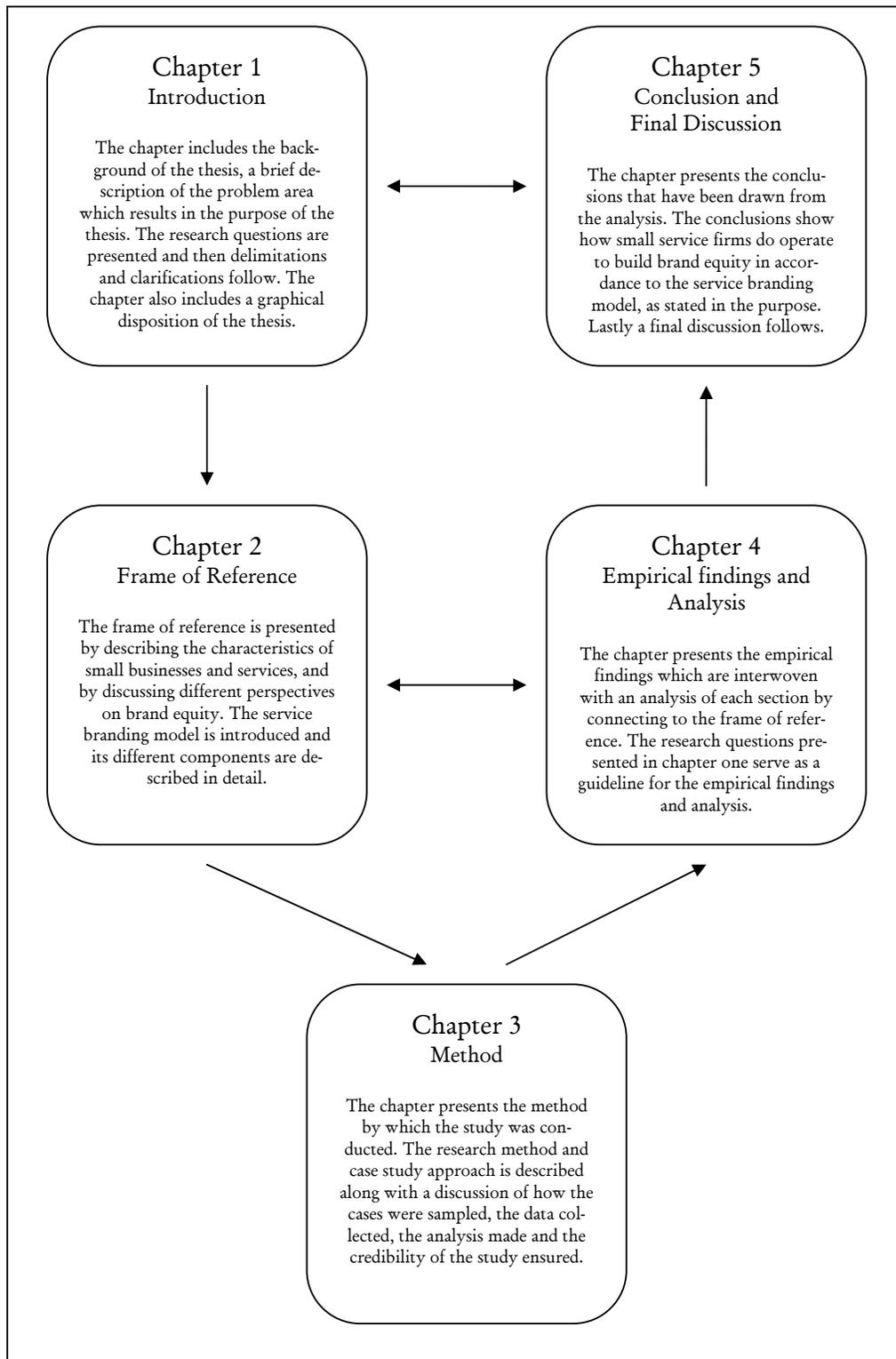


Figure 1-1 Disposition of the thesis.

2 Frame of Reference

This chapter presents the frame of reference from which the thesis departs. The chapter starts off by describing the characteristics of small businesses and services. Different perspectives on brand equity are discussed, and then the service branding model is introduced and its different components described in detail.

2.1 Small Businesses

According to Burns (2001), small firms are not just miniature versions of large ones. There are several fundamental differences between large and small firms as to how they carry out their business. Small businesses are more like social entities than large firms, and are mainly organized around personal relationships. Burns (2001) claims that there are a number of characteristics typical for small firms, where one element is that they are normally short of cash. Small companies cannot raise capital in the same way large firms can, and one implication of this is that it acts as a constraint on the strategies of the firm. Burns (2001) exemplifies this by saying that small firms often develop close relationships with customers and prospective customers, by investing time instead of money, since they cannot afford to spend money on expensive advertising and promotion campaigns. He also argues that being short of cash results in short-term decision making since the firm needs quick pay-off.

Another characteristic of small firms is that they generally operate in a single market or a limited range of markets, and are most likely offering a limited variety of products or services (Burns, 2001). Bjerke and Hultman (2002) argue that the small size of a company makes it profitable to exploit smaller market niches and target a market that is too small for a large company. Burns (2001) mentions that this makes the strategic issues fewer in a small firm compared to a large one. Since the scope of a small firm is limited, the firm tends to be over-reliant on a smaller number of customers. The small number of customers is another characteristic and makes the firm more vulnerable to losing a customer, and the effect of such a loss is therefore disproportionately large.

The last characteristic Burns (2001) discusses has to do with the effects of economies of scale on small businesses. According to Burns (2001) most business finance textbooks are written to suit large companies, and as a result cannot be applied in the same way on small firms even though the principles are valid. Burns (2001) uses an example of employing an extra staff member. In large companies the wages are considered as variable costs. In small firms on the other hand, employing an extra person is a big strategic decision resulting in an increase in the fixed costs. The implication of this is that small firms will be unwilling to employ unless they absolutely have to. Burns (2001) argues that in this case the view that wages are variable costs can only be valid when there are a large number of employees.

Bjerke and Hultman (2002) claim that small firms are often based on intangible assets and can through networks of small firms challenge the old business logic of economies of scale. These intangible assets include skills of constructing and using informa-

tion, knowledge and relations to other businesses and customers. The authors state that these capabilities do not improve with size, on the contrary, they seem to be best used in small business units with loose organizational structure and high flexibility where the managers are close to the customers.

Apart from Burns' (2001) characteristics, the flexibility of small firms and their closeness to their customers are often brought up as important features (cf. Bjerke & Hultman, 2002; Kenny & Dyson, 1989). Small firms generally have fewer organizational layers which makes the information flow and decision making faster. This opens up to a more flexible way of working and it increases the company's ability to deliver value to each customer. It also affects the speed of reaction to changes in customer preferences, and small firms tend to react faster than their larger competitors (Bjerke & Hultman, 2002).

2.1.1 Small Business Marketing

There is a general consensus that marketing theory cannot be applied in the same way in small firms as in large firms, hence, marketing in small firms is not a mini-version of marketing in large firms (cf. Bjerke & Hultman, 2002; Burns, 2001; Kenny & Dyson, 1989). In small firms there is no strict separation between marketing and other business functions, often due to the small number of individuals. Instead it is common that all individuals need to know a little bit about everything (Bjerke & Hultman, 2002). The authors also state that there are fewer persons involved in marketing decisions in small firms compared to in large ones. One single person may be making all important marketing decisions, him- or herself, in small organizations. Many times goals are not based on opportunities, rather actions are decided on according to how they appeal to the owner or manager.

According to Kenny and Dyson (1989) marketing in small firms can be seen as a somewhat unnecessary luxury due to the lack of resources, time and the need for short term decisions. The authors argue that a more systematic approach to marketing becomes relevant the larger the company gets and the larger the need of adapting a more externally oriented view becomes. Bjerke and Hultman (2002) also discuss the effect of the firm's resources and capabilities on the marketing strategy. They claim that in small firms there is often a lack of management expertise and well known tools like the SWOT-analysis are rarely used. Instead the marketing process is often without structure and clear purpose and most likely subconscious. Bjerke and Hultman (2002) argue that intuition and the need of finding solutions are more evident in small firms than scientific marketing models. The marketing process may appear simple in comparison to formal approaches, and is characterized by constant change and flexibility.

Burns (2001) states that small businesses rely a great deal on relationship marketing. This approach to marketing is aimed at delivering sustainable customer loyalty. The relationship marketing approach is characterized by close and frequent customer contact, has a focus on quality and value to the customer, has a long term scope, and encourages repeat sales.

2.1.2 Key Characteristics of Small Businesses and Small Business Marketing

- Small businesses often have limited resources and a lack of time.
- Small businesses are often characterized by close relationships with their customers and are in most cases operating in single markets or a limited range of markets.
- Small firms tend to be over-reliant on a small number of customers and therefore they are more vulnerable to lose a customer.
- Small firms are most often based on intangible assets.
- Important features of small firms are flexibility and closeness to their customers, which makes it easier for the companies to deliver value and they can react faster to the customer's preferences.
- A more systematic approach to marketing becomes more relevant the larger the company gets.
- Small businesses usually do not have a separate marketing department, and the marketing of small businesses involves fewer people.
- The marketing process in small firms is regularly without structure and clear purpose.

2.2 Characteristics of Services

There is no difference in the motivation behind branding products and services, but the way branding is applied and measured differs because of the different characteristics of services (Mackay, 2001; McDonald et al., 2001). There are four main characteristics of services that are widely accepted and discussed. These characteristics are intangibility, inseparability of production and consumption, heterogeneity and perishability (Zeithaml et al., 1985). Zeithaml et al. (1985) argue that each of the characteristics of services leads to specific problems in the marketing. These problems need to be addressed by service marketers who must develop strategies for dealing with them.

The characteristic identified as the most essential one is the *intangibility* of services. Services differ from products in the way that they cannot be touched, felt, seen or tasted in the same way products can. Unlike products, services are performed experiences and not objects. The lack of tangible attributes causes the services to be harder to evaluate than products. (cf. de Chernatony & McDonald, 1998; Wolak & Harris, 1998; Zeithaml et al., 1985). Both de Chernatony and McDonald (1998) and Wolak and Harris (1998) discuss the problem of defining intangibility. Many services have some tangible attributes, and it is the degree of intangibility that affects the evaluation of the service or product. De Chernatony and McDonald (1998) illustrate this by a classification scheme where products and services are grouped in accordance to if they are high in search, experience or credence qualities. In figure 2-1 it can be seen that services are more difficult for the customers to evaluate the more intangible they are. When search qualities are high the consumers can identify and assess attributes of the offering before making a buying decision. Experience qualities are high when attributes of an offer can only be evaluated after use. The most difficult offerings to evaluate are those high in credence qualities. Credence qualities are common in numerous

Frame of Reference

services where consumers do not have sufficient knowledge to assess services, even after they have been consumed.

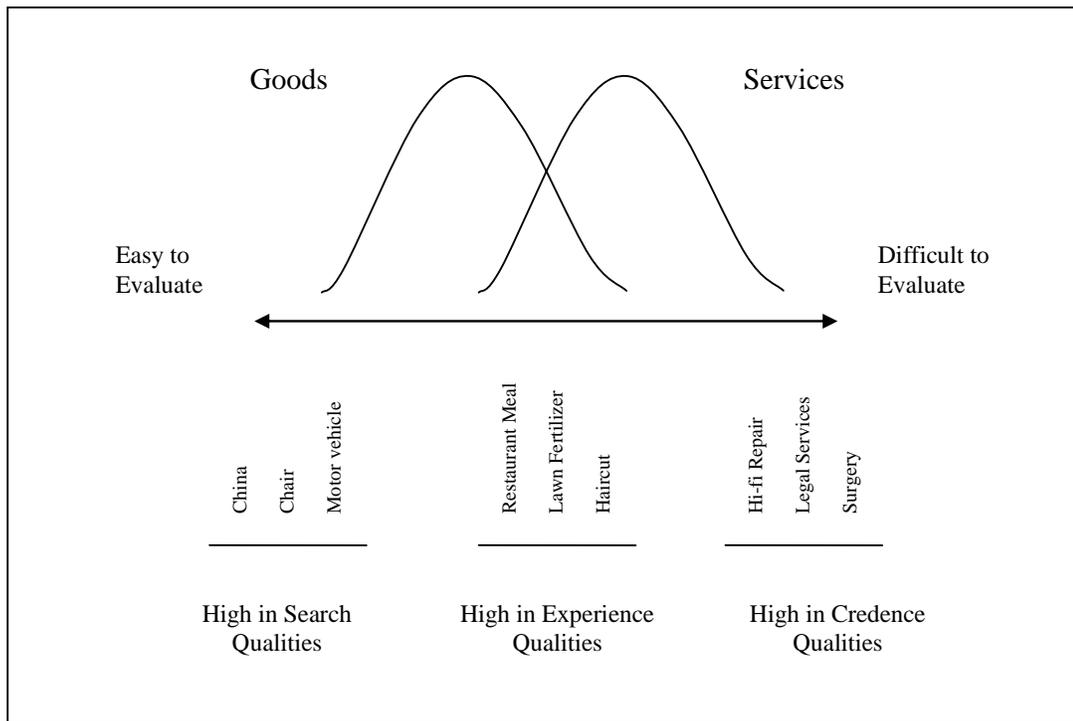


Figure 2-1 The evaluation spectrum of products and services (after Zeithamel & Bitner, 1996 in de Chernatony & McDonald, 1998, p. 216).

The *inseparability of production and consumption* indicates that production and consumption are performed at the same time. When dealing with products these are normally produced, sold and then consumed. As far as services are concerned, these are usually first sold and then produced and consumed at the same time. Since the customer in most cases needs to be present, the inseparability forces him or her to take an active part in the production process and can therefore affect the service quality (cf. de Chernatony & McDonald, 1998; Zeithaml et al., 1985).

The *heterogeneity* of services deals with the prospective of inconsistency in service quality. The performed service can vary greatly from producer to producer, from day to day and from customer to customer. Services being delivered from the same individual can also vary due to the fact that people have good and bad days, and hence perform in an inconsistent way. The problem of heterogeneity is of greater relevance in labour intensive services (cf. de Chernatony & McDonald, 1998; Zeithaml et al., 1985).

Perishability suggests that services, unlike products, cannot be stored and saved for a later occasion. A common problem for service firms is the synchronization of supply and demand which can be very difficult. Service firms often find themselves facing either an excess of demand, or a shortfall of demand. One hour with a consultant can not be stored and used at a later occasion and neither can a night in a hotel room. (cf. de Chernatony & McDonald, 1998; Zeithaml et al., 1985).

2.3 Brand Equity

There are many definitions of brand equity, but the role of brand equity in service firms has not yet been fully explored (Krishnan & Hartline, 2001). Two often cited authors within the field of branding and brand equity are David Aaker and Kevin Keller.

According to Aaker (1991) brand equity is “...a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtracts from the value provided by a product or service to a firm and/or to that firm’s customers” (p. 15). Aaker (1991) says that brand equity is based on brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets. As the definition indicates, all of these assets are intended to create value to both the customer and the firm. The customer can be helped by the different assets in the way that they can make him or her feel more confident in the purchase decision. The interpretation and storage of information about the brand can be facilitated, and the customer’s experience with the product can be improved. The firm’s added value is provided primarily by generating extra cash flows. Brand equity demands a lot of attention and needs to be maintained over time in order to not disperse. To do so the firm needs to invest in each of the underlying assets of brand equity (Aaker, 1991).

Keller (1993) defines brand equity as “the differential effect brand knowledge has on response to a marketing program” (p. 2). According to this perspective, a brand is considered to have positive brand equity to the extent that customer’s respond more favourably to marketing activities when the brand is identified, compared to when it is not (Hoeffler & Keller, 2003). Brand knowledge consists of brand awareness and brand image. This definition of brand equity is from the customer’s perspective, and is also referred to as customer-based brand equity (Keller, 1993). Keller (1993) implies that by studying brand equity from this perspective, an understanding of the customer’s response to certain marketing activities can improve the marketing actions of a firm. This strategy-based perspective provides the managers with guidelines for strategies and a better basis for making decisions (Keller, 1993).

Understanding brand knowledge is important to be able to affect both the customer’s perception of a brand and the response to a certain marketing activity. The first component of brand knowledge, brand awareness, is linked to the customer’s ability to identify the brand under different circumstances (Keller, 1993). The second component of brand knowledge is brand image, which is defined by Keller (1993) as “...perceptions about a brand as reflected by the brand associations held in consumer memory” (p. 3). These associations contain brand meaning to the customers, and it is the strength, uniqueness and favourability of these that play an important role in the customer’s response to different marketing activities. The brand image consists of three categories of associations: attributes, benefits and attitudes. To create a strong brand it is important to create a familiar brand with associations that are strong, favourable and unique (Keller, 1993).

From now on when referring to brand equity the definition of Keller (1993) will be used. The definition is strategy based, as it concerns the marketing aspect of brand

equity and how managers can exploit the brand's value. The service branding model is based on this definition and therefore it is more suitable for the purpose of this thesis.

2.4 The Service Branding Model

Berry (2000) has developed a model for creating brand equity for services. He identifies brand equity as “*the differential effect of brand awareness and brand meaning combined on customer response to the marketing of the brand*” (p. 130), which is his interpretation of Keller's (1993) definition of brand equity. According to Berry (2000) the service branding model does not differ in kind from that of products, only in degree. He argues that the main difference in building brand equity for products compared to services is the great importance of service performance, meaning human performance for services rather than machine performance for products. In Berry's (2000) model, brand equity is based on brand awareness and brand meaning, where brand meaning has a greater influence on brand equity than brand awareness. Brand awareness is primarily composed of the presented brand, but is also affected by external brand communication. Brand meaning is foremost affected by the customer's experience with the company, but also indirectly affected by external brand communication and the presented brand.

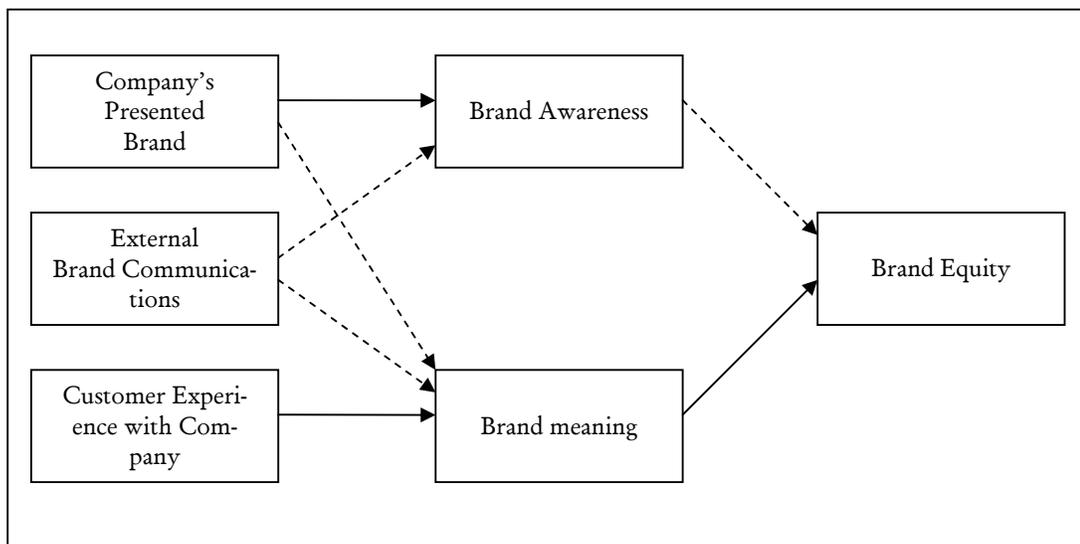


Figure 2-2 The Service-Branding Model (Berry, 2000, p. 130)

Similarities can be seen between Keller's (1993) work and Berry's (2000) service branding model. For example they both use brand awareness as a base of brand equity. Keller (1993) uses the term brand image as the other basis for brand equity, while Berry (2000) uses the term brand meaning. Although the authors use different wordings, they are both referring to the same phenomenon, which is the customer's perception of the brand. The different components of the service branding model will now be explained further.

2.4.1 Brand Awareness

Brand awareness has to do with the levels of knowledge customers have about a brand. According to Berry (2000), brand awareness can be said to be built up by two elements: company's presented brand and external brand communications. Keller (1993), on the other hand, divides brand awareness into brand recall and brand recognition. The two authors divisions are similar as brand recognition and brand recall are both built up through how the company presents its brand.

Brand awareness is a component of the brand that can add to its value. The value is based on how easy the brand comes to a customer's mind (Riezebos, 2003). There are four different levels that show how aware a customer is of a certain brand: unawareness, passive awareness, active awareness and top-of-the-mind awareness (Riezebos, 2003). The higher the level of brand awareness, the higher the likelihood to make a purchase decision in favour of that particular brand (Keller, 1993). Passive awareness is similar to Keller's (1993) brand recognition meaning that the brand name is recognised by customers, but the brand name does not spontaneously come to mind (Riezebos, 2003). When the level of brand name awareness has reached active awareness (Riezebos, 2003), or brand recall (Keller, 1993), the customer can retrieve the brand name when a cue such as the product group is given (Riezebos, 2003). Top-of-the-mind awareness is the level that is the most desirable and is attributable to the brand that first comes to mind when a customer is presented with a certain product group (Riezebos, 2003). In this thesis we will not measure the different levels of brand awareness. It is, however, important to mention the levels as the differences and implications are imperative in order to successfully implement and understand strategies for increasing brand equity.

2.4.2 Brand Meaning

Brand meaning is what immediately comes into the customer's mind when exposed to a brand (Berry, 2000). It is the customer's perception, the impressions and associations of the brand which gives that brand a special meaning to the customer. As mentioned above, brand meaning is created primarily based on the customer's experience with the brand, but also the presented brand and external brand communication contribute to the brand meaning. Berry (2000) claims that the presented brand and the external brand communication have greater impact on new customers, since these are the only signs to the customer of what the brand represents. He continues to say that when the customer has actually experienced the service; this experience becomes disproportionately influential and hence has a greater impact on the brand meaning. Berry (2000) explains that if for example the advertising differs from the experience, the customer will believe the experience over the advertising.

2.4.3 Presented Brand

The company's presented brand can be said to be the communication that the company controls and that is intended for the customers to see (Berry, 2000). This communication is how the company wants to portray its image through its advertising, the service facilities and appearance of service providers. The first thing that custom-

ers come into contact with is the company's name. Other core elements of the presented brand are advertising and symbolic associations (Berry, 2000). These three elements will now be presented.

Name

The brand name can help reduce the customers' experienced risk of buying a service since external cues are the only thing they can rely on when the offering is intangible (Krishnan & Hartline, 2001; Dall'Olmo Riley & de Chernatony, 2000). When selecting a brand name for a service there are many things to take into consideration. Keller (1993) lists criteria such as simplicity, familiarity and distinctiveness as prominent to create a successful brand name. Through the brand name, enhancements of brand image, loyalty and perceived quality should also be made (Yoo, Donthly & Lee, 2000). When choosing a name the question arises whether the name should be derived directly from the company name, linked to the company name, or completely individual (McDonald, de Chernatony & Harris, 2001). A brand name can create associations in customers' minds and these associations are either from the name itself or from associations that have been learned from the company's communication (Riezebos, 2003).

For service firms it is quite common that the customers judge the quality based on the corporate brand and the size of the firm. Rather than branding the individual service, the corporate brand is considered to be the brand in service firms (Dall'Olmo Riley & de Chernatony, 2000). The company, however, must not forget to market the individual benefits of each individual service brand so to distinguish them for the customer. When the brand name is tied to the corporate brand the company can gain from economies of scale but it can also hinder expansions into new segments. This is not a problem when branding the service with an individual brand name. Individual brand names are also good should the service fail, because then no damage from the failure will be connected to the company name (McDonald et al., 2001).

Advertising

Because customers change in line with what is socially acceptable and evolve with their surroundings it is important that the presented brand is also continuously changed to fit the position the company wants to hold (Keller, 1993; Lory & McCalman, 2002). The perceptions customers have about the brand should be shared, positive and consistent (McDonald et al., 2001). Therefore it is important that the same message is given through all communication channels. Through a thematic line in the advertising the managers can shape the perceptions the customers have and decide how they will think about the brand (McDonald et al., 2001; Padgett & Allen, 1997). Through advertising, a certain image of the brand is created and customers choose the brand with the image that best fit themselves (Dall'Olmo Riley & de Chernatony, 2000). Cobb-Walgren et al. (1995) mention several advantages with building brand awareness and brand equity through advertising. The authors say that through advertising, the perceived quality of the brand can be affected together with user experience. Advertising can also be used to improve brand recall as the brand is paired with

the service category (Keller, 1998) and the more money that is spent on advertising the more overall brand awareness will increase (Yoo et al., 2000).

When advertising a consultancy agency there is a choice of what to base the advertisement on (Lory & McCalman, 2002). Either the advertisement is related to the practise, the service or the individual consultants. The choice of how to advertise has to do with the size of the company, where large organisations with a wide range of services benefit from advertising the practise. Small consultancy organisations on the other hand, often have constrained resources and therefore might not be able to advertise.

Symbolic associations

According to de Chernatony and Segal Horn (2003) the most important communication channel is the staff facing the customers. When the staff is consistent in the way they are presented, with for example staff uniforms, they have the greatest impact on the brand perceptions (de Chernatony & Segal Horn, 2003; McDonald et al., 2001). Since there are so many points of contact with customers in the delivery of services it is important to uphold good communications also within the company so that all employees present the same image of the brand (de Chernatony & Segal Horn, 2003). Also mentioned as important influencers of brand associations are office décor, car parking, the building's design, appearance of the reception area etc., as those factors often are the customer's first interaction with the service firm (McDonald et al., 2001; Yoo et al., 2000).

2.4.4 External Brand Communications

When Berry (2000) discusses external brand communications, he is referring to the information about the service company that is uncontrolled by the company itself. The external brand communications can influence both the awareness and the meaning of the brand. The awareness of the brand may not only be derived from the presented brand, but also from communications about the company obtainable by independent sources. Since these communications are not intended by the company as a mean of strengthening the brand, they do not have the same effect on brand awareness and brand meaning, thereof the dotted lines. Berry (2000) indicates that in extreme cases, when word-of-mouth (WOM) becomes extensive and publicity widespread and receives a lot of attention; the dotted lines can turn into bold. The two most common forms of external brand communication that Berry (2000) points out are word-of-mouth and publicity.

Word-of-Mouth

According to Berry (2000) WOM is common in services due to the service characteristic of intangibility. Wirtz and Chew (2002) support this by claiming that WOM is even more important in a service context. Both Berry (2000) and Wirtz and Chew (2002) argue that since services are harder than products to evaluate before the actual purchase, the customer is more likely to rely on experience based information from other customers. Grönroos (2004) continues by saying that to a potential customer, a

person who has experienced the service is regarded as a more objective source of information. As a result, if there is a conflict between an advertising message and WOM, the advertising will lose. This demonstrates that the marketing impact of WOM is greater than the planned communication.

The idea that satisfied customers generate WOM is generally accepted (cf. Grönroos, 2004; Gremler, Gwinner & Brown, 2001). According to Wirtz and Chew (2002) many studies have shown a positive relationship between satisfied customers and WOM, while some have shown a negative relationship. They indicate that this can be explained by an asymmetric U-shape relationship between customer satisfaction and WOM. This tells us that WOM is more frequent when the customer is either very satisfied or very dissatisfied. Grönroos (2004) explains that WOM can be either positive or negative. Negative WOM is generated when the customer has had too many negative experiences. This results in less effective advertising campaigns and the company needs to invest more in creating positive communications. Grönroos (2004) however accentuate that if the WOM is too negative, no increase in marketing communications will be enough to save the situation. Positive WOM will have the opposite effect; hence decrease the need of spending a lot on marketing communications. The customer takes on the role as a marketer without any additional cost for the firm.

There are different ways of influencing and encouraging positive WOM (Gremler et al., 2001). Grönroos (2004) recommends references and testimonials as one way of actively use WOM in the company's advertising. Gremler et al. (2001) argues that positive WOM can be encouraged through the development of interpersonal bonds between employees and customers. The positive WOM is enhanced through creating a greater trust in the relationship between the employee and the customer. The degree of trust is influenced by familiarity, care and personal connections. Gremler et al. (2001) define familiarity as *"...the customer's perception that the employee has personal recognition of the customer and knows specific details about his/her service needs"* (p. 48). The familiarity is assumed to increase with the frequency of interactions. Care is defined as *"...the customer's perception of the employee having genuine concern for the customer's well being"* (Gremler et al., p. 49), and personal connection is defined as *"...a strong sense of affiliation or bond based on some tie"* (Gremler et al., p. 50). The personal connection is related to personal chemistry. Some people just connect based on same personalities, interests, attitudes or other common attributes. By fostering the relationship between employees and customers and creating greater trust using familiarity, care and personal connection, Gremler et al. (2001) illustrate that positive WOM will be encouraged.

Wirtz and Chew (2002) alternatively suggest incentives for generating positive WOM. Through their study it is shown that incentives were found to be an effective way of creating WOM. The likelihood of the customer to make a recommendation increased along with increased incentives. The authors specify that for the WOM to be positive, it is not enough with only incentives, the customers must also be satisfied. Wirtz and Chew (2002) therefore imply that the manager's first goal should be to keep the customers satisfied so that incentives can be used in a next step to increase the spread of positive WOM.

Publicity

Publicity is very important as: “*A better-known company is perceived to be a better company, and publicity is about becoming better known*” (Marconi, 2004, p. 141).

A common misunderstanding is that publicity is the same as public relations (PR). Instead publicity is a part of PR along with for example promotions, community relations, media relations etcetera. (Marconi, 2004). Publicity is about managing information intended for one or more audiences with the purpose of influencing their opinions or decisions (Marconi, 1999). The word publicity is often associated with positive attention. However, Marconi (1999) stresses that it is important to realize that there is also such a thing as bad publicity. Even though Berry (2000) states that publicity is essentially uncontrolled, there are ways of influencing it and trying to manage it (Marconi, 1999; 2004). In comparison to advertising, publicity is relatively cheap (Marconi, 1999).

Publicity is often a part of a larger marketing effort, and under those circumstances it is important to integrate publicity as a part. Marconi (1999) argues that the publicity is often handled under a separate department from marketing, and therefore often results in inconsistent messages to the customer. To avoid this it is important that the marketing and publicity departments are working closely together and share information. If a publicist for example is publishing a subject, he or she should be aware of what other related activities are undertaken at the same time in order to best publish the subject.

As mentioned earlier, publicity is relatively cheap in comparison to advertising. However, it is important to be aware that publicity is not free, which is a common misconception. The focal difference between advertisement and publicity is that in advertising the message is fully controlled by the company, whereas in publicity it is most often not. Marconi (1999) emphasizes that since publicity is not as controlled as advertising, it has a higher credibility.

Marconi (1999) advocates that the most essential in publicity is to have a plan. This plan will facilitate the internal communication and make sure that all parts of the company communicate the right messages at the right time. The publicist can try to create publicity by approaching the media, but media is not interested in publishing a press release just to help the company spread a message. Therefore it is important that the story the publicist tries to sell is newsworthy.

2.4.5 Customer Experience with Company

The customer experience with the company has the most influential impact on brand meaning and can be affected by several factors. The components most often brought up as influencing the experience are the employees and the customers, and the relationship between the two (cf. de Chernatony & McDonald, 1998; Ind, 2001; McDonald et al., 2001). Bateson and Hui (1990) say that it is the service encounter that makes up the service experience in which customer's needs and wants are satisfied. By service encounter the authors refer to interactions between employees and customers, customer-to-customer interactions and the service environment. It is the customer's

psychological reactions to the service encounter that is the service experience. Further, Riley and de Chernatony (2000) suggest that the service brand is a holistic process that starts with the relationship between the firm and the employees, to later become realized in the interaction between the customer and the service provider. Since the brand delivery through staff and customer participation are important parts of the customer experience, they will be discussed below.

Brand delivery through staff

The employees are often pointed out as being a great determinant of the customer's experience in services, and are often associated with the consistency of the service quality delivered (cf. de Chernatony & McDonald, 1998; Grönroos, 2000). The consistency of quality is directly related to the heterogeneity of services, which was previously discussed as one of the service characteristics. De Chernatony and McDonald (1998) argue that even if a company has developed a service image of the brand, this can easily be destroyed if no attention is being given to the role of the staff. Service marketing therefore needs to focus more on the internal marketing of the brand than in the case of product marketing. Riley and de Chernatony (2000) support this due to the important role of the employees. Internal marketing is used to get the employees to share the firm's values, in order to communicate these to the customers. For this reason the authors claim that the communication with the employees may be even more important than the one with the customers.

Studies have shown that the customer satisfaction is dependent on staff satisfaction. Therefore firms should motivate their employees and encourage them to be customer-oriented (de Chernatony & McDonald, 1998). Important factors in the motivation and management of the employees are recruitment, training and appraisal (de Chernatony & McDonald, 1998; Ind, 2001). Ind (2001) argues that each of these factors are important individually, but it is even more important that they are linked together and are based on the same values and share the same philosophy. De Chernatony and McDonald (1998) assert that by addressing these issues, a customer-focused culture can be established, which in turn is a condition for delivering consistent service quality and building a strong service brand.

The branding process starts with *recruitment* of the right people (Ind, 2001). The aim is to employ people that share the same values as the firm, that is to say with the brand. In order to do so the values of the brand need to be correctly communicated in all recruitment messages. Ind (2001) states that this is often not the case as many firms have a tendency to portray themselves as having values they actually do not, but maybe wish to have.

The next step is *training* of the people employed (Ind, 2001). This training should be carried out in a way that the values of the firm are embedded in the employees. It is an opportunity to create an understanding of the brand and bring the employees into line with its principles (Ind, 2001). Grönroos (2004) believes that the most important part of the training is to provide the employees with a holistic view of the marketing process. They need to be able to see the whole process and their individual role, as

well as the role of each individual in relation to other individuals, both within the firm and with its customers.

When it comes to *appraisals* and rewards, these should be defined based on the firm's values. If the values of the firm for example are to be collaborative and cooperative, then the reward system should not be based on individual performance, but on the performance of the group (Ind, 2001).

Customer participation

When branding a product, the value delivery system is assumed to be internal and unseen by the customers. The value delivery system for services on the other hand is fully visible and involve the customer as an active participant (de Chernatony & Segal-Horn, 2003; Grönroos, 2004). The role of the customer in the service delivery process has an important impact on the development of a service brand. The way customers evaluate a service greatly depends on the extent to which the customer participates in the delivery of the service (de Chernatony & McDonald, 1998; Bitner, Faranda, Hubbert & Zeithaml, 1997).

The customers can be involved in the delivery of the service to different degrees. Sometimes the customer's level of participation is low, as in the fast-food sector. Within for example the banking and insurance sector the role of the customer is becoming more active, and when participating in services like the Weight Watchers the customer needs to play a very active role (de Chernatony & McDonald, 1998). Bitner et al. (1997) state that in business-to-business services the customer often has a higher degree of involvement than in business-to-consumer markets.

There are different strategies that can be implemented when the customers are involved in the service delivery process. These are according to de Chernatony and McDonald (1998) based on three factors: defining the customers' role; recruiting, educating and rewarding customers; and managing the customer mix.

Bitner et al. (1997) claim that the *customers' role* can be divided into three categories: the customer as a productive resource; the customer as a contributor to quality, satisfaction and values; and the customer as a competitor. The authors accentuate that the roles overlap each other, meaning that the customer can play more than one role at a specific situation.

When the customer plays the role as a productive resource, it is seen as a partial employee that performs the same kind of tasks and contributes with the same kind of information to the firm (Bitner et al., 1997; de Chernatony & McDonald, 1998). Bitner et al. (1997) present different views on how to deal with the customer as a productive resource. They claim that some experts want to isolate the service delivery system as much as possible to reduce the uncertainty that comes from the customer's input, while others believe that the most efficient strategy is to regard the customer as an integrated part of the value delivery system and therefore the company should design the customer's role in the most effective way.

When the customers are involved in the production of the service, they are also affecting the quality and hence their evaluation of the service brand (Bitner et al., 1997; de Chernatony and McDonald, 1998). The customer's role as a contributor to quality, satisfaction and values is all about the customer itself influencing how its own needs are fulfilled. This is especially apparent in services where the outcome is highly dependent on customer participation (Bitner et al., 1997). The authors also claim that in addition to contributing to their own satisfaction, some customers enjoy participating in the service delivery for several reasons.

The notion of the customer as a competitor is linked to the fact that the customer often has the choice of performing the service itself or have someone else perform it. This implies that the company competes against the customer for the distribution of the service (Bitner et al., 1997). Some examples where the customer clearly can be seen as a competitor can for organizations be payroll, research or accounting.

Effective customer participation may call for *recruiting, educating and rewarding customers* through a similar process that employees undergo (de Chernatony & McDonald, 1998; Grönroos, 2004). According to Blattberg, Getz and Thomas (2001) few companies have a selective approach to recruiting new customers, meaning that they deliberately deselect certain customers. The authors claim that targeting is the most important feature in the recruitment process. A firm should target those customers who has a need that the firm's offerings can satisfy, whether this need is yet recognized or not by the customer. After being recruited, the customer often needs to be educated and trained (de Chernatony & McDonald, 1998). This can for example represent providing the customers with more information so that they know exactly what their roles are (Grönroos, 2004). The customer can be rewarded for playing its role correctly by for example getting access to faster service (de Chernatony & McDonald, 1998).

De Chernatony and McDonald (1998) claim that the service brand can be strengthened by *managing the customer mix* effectively since customers often simultaneously experience the service. There can be different degrees to which customers come in contact with other customers. For example in restaurants or on airplanes there is a high customer-to-customer contact, while in legal or consultancy services the degree of contact is low.

2.5 Summary of Characteristics of Services and the Service Branding Model

Services differ from products in many ways. The characteristics of services that are most evident are intangibility, inseparability of production and consumption, heterogeneity and perishability. All of these characteristics of services influence the marketing of services, and hence the building of brand equity (Zeithaml et al., 1985).

Although brand equity has many definitions, the definition by Keller (1993, p. 2) that brand equity is "*the differential effect that brand knowledge has on response to a marketing program*", will be used in this thesis. Berry (2000) bases his service branding model on this definition and explains how service firms build brand equity. The model

shows that brand equity is built up by brand awareness and brand meaning, which in turn is built up by presented brand, external brand communications and customer experience with company.

The presented brand has the greatest impact on brand awareness and has to do with how the company intentionally present its brand through for example name, advertising and different symbolic associations (Berry, 2000). These need to be consistent and present the same image of the brand through all channels (de Chernatony & Segal Horn, 2003; McDonald et. al., 2001). Brand awareness is also influenced by external brand communications which are messages about the company that are not fully controlled by the company itself. The external brand communications consist of word-of-mouth and publicity (Berry, 2001). Even though these are seen as uncontrolled by the company in the end, there are ways for the company to influence these. Word-of-mouth can be encouraged by for example satisfied customers (Gremler et al., 2001), the use of references (Grönroos, 2004) or incentives (Wirtz & Chew, 2002). Publicity on the other hand can be influenced by approaching the press and using press releases (Marconi, 1999).

External brand communication does not only influence brand awareness, but also brand meaning. Even the presented brand has some influence on brand meaning to the customers. Despite these two influencing the brand meaning, it is the customer experience with the company that finally has the greatest impact (Berry, 2001). This experience with the company is namely dependent on the role of both the staff and the customer itself (cf. de Chernatony & McDonald, 1998; Ind, 2001; McDonald et al., 2001). For the experience to be good, the company can first make sure that the staff is delivering the right image of the brand, by recruiting the right people, train and educate them and appraise them in the right way (de Chernatony & McDonald, 1998). This needs to be done in order to have motivated employees that can deliver a consistent quality and act in the right way towards the customers (de Chernatony & McDonald, 1998; Ind, 2001). The customer also has a part in his or her experience with the company. Since the customer is a part of the service delivery system it is important that the customer knows his or her role. The customer can play different roles which can be overlapping or differ from time to time (de Chernatony & McDonald, 1998; Bitner et. al., 1997). It is also important to manage recruitment, training and appraisal of the customers, just as for the employees (de Chernatony & McDonald, 1998; Grönroos, 2004). Sometimes it can also be a matter of managing the customer mix, when customers have to interact with each other in the delivery of the service (de Chernatony & McDonald, 1998).

3 Method

This chapter presents the method chosen to fulfil the purpose of the thesis. Case studies are introduced and a detailed description of sampling and data collection is presented. A discussion of analysis and research quality follows.

3.1 Research Method

Scientific studies can be conducted as either quantitative or qualitative studies (cf. Carson et al., 2001; Berg, 2001; Widerberg, 2002). The research methods have different features, but are not contrary to each other (Johannessen & Tufte, 2002/2003). Quantitative studies deal with amounts of something, the occurrence or frequency (Berg, 2001; Widerberg, 2002) and answer *what* questions (Carson et al., 2001). The studies deal with a few variables which are measured by figures or translated into figures and analysed statistically after the data collection has been made (Hollensen, 1992/1995). The results are then used to make generalizations over a large, representative population (Hollensen, 1992/1995) even though the complete population has not been studied (Johannessen & Tufte, 2002/2003).

Qualitative studies, on the other hand, are seeking descriptive data (Taylor & Bogdan, 1984) through a holistic viewpoint and examine several variables, but only in a small population (Hollensen, 1992/1995). The studies are about the character of something and seek to find the content or meaning (Carson et al., 2001; Widerberg 2002) through answering questions of *how* and *why* (Carson et al., 2001). Berg (2001) adds that qualitative research refers to concepts, definitions, metaphors, symbols, and descriptions. The data in a qualitative study is continuously analyzed and interpreted by the researcher and the outcome is normally a deeper understanding of the subject (Johannessen & Tufte, 2002/2003).

Although both a quantitative and a qualitative study could be supported to find out how service firms build brand equity, a qualitative research method has been chosen. This choice was based on the fact that we want to go deeper into the subject and examine how small service firms work with the different components of the service branding model. With a quantitative study we would only be able to measure the extent of differences and similarities without finding out the deeper meanings of them. By doing a qualitative study we will be able to understand why certain actions are taken and how the small service companies actually think about and work with building their brand equity.

3.2 Case Studies

Our qualitative study is performed through a case study. Case studies are suitable when the time scale is limited (Bell, 1999) and give us the opportunity to answer questions such as *why* and *how* (Carson et al., 2001; Berg, 2001). Case studies can be focused on individuals, groups or an entire community, and through systematically gathering information an understanding of operations or functions can be achieved (Berg, 2001; Patton, 2002). In a multiple case study several cases are studied and can

then be compared to each other. Through a comparison of multiple cases differences as well as similarities can be found and uniquenesses in each case can be identified (Johannessen & Tufte, 2002/2003; Carson et al. 2001; Daymon & Holloway, 2002).

This case study will be a collective, instrumental case study. In an instrumental case study the chosen cases are of secondary importance and only serve the role of giving an understanding of theoretical questions. When several instrumental cases are investigated to gain a deeper understanding, a collective case study is being made (Berg, 2001).

In a case study, theory can be generated and tested, findings from other research can be confirmed and insights may also be given into a field that has not been thoroughly studied before (Daymon & Holloway, 2002). We find a case study appropriate as we want to test the service branding model on small service companies, and the used cases are thus of secondary importance. The use of a case study is also supported since we are studying a field that has not been studied in detail before.

A case study can be designed as an exploratory, explanatory or descriptive case study (Berg, 2001). *Exploratory* case studies are often used as preludes to large social science studies and must have some type of organizational framework designed before the research starts. For conducting causal studies, *explanatory* case studies are suitable, especially when complex studies of organizations are made. The *descriptive* case studies are used when “how” and “why” questions are being asked and when the research is based on a descriptive theory (Berg, 2001). In this thesis, we have provided a frame of reference including several different theories in the studied field and a graphic presentation of the model that the research is based upon and hence a foundation for a descriptive case study has been formed.

Since it is important to set a distinctive time frame in which the case study is taking place (Daymon & Holloway, 2002), we have decided to study how the different companies are working with their brand equity mainly today, but also in the recent past and near future, if relevant. The reason for this focus is that we want to avoid information being skewed due to the respondent not remembering completely what has happened in the past and not being able to know what is going to happen in the future.

3.2.1 Case Sampling

A case study starts by selecting appropriate cases to be researched. This selection is purposeful and seeks cases that are unique, typical, representative or never previously encountered (Merriam, 2002a; Carson et al., 2001). Daymon and Holloway (2002) add that a case can be selected out of convenience as long as the researcher is confident about what is to be studied. No specific guidelines can be given as to how many cases that should be included in a case study; this will be guided by the time and resource constraints in the specific study (Carson et al., 2001; Smith & Osborn, 2003). However, should a suggestion be made, a minimum of two to four cases is given along with a maximum of ten to fifteen cases (Carson et al., 2001). Daymon and Holloway (2002) are of the opinion that no more than four cases should be used. The

more cases used, the more the benefits of a case study will decrease as the depth of each case will be affected negatively.

Since Carson et al. (2001) suggested a minimum of two to four cases, and Daymon and Holloway (2002) suggested four cases as a maximum, we decided to study four cases. The cases were selected on the basis of their size as we decided to focus on small service companies. In order to minimize the possibility of differences among industries, only one industry was chosen and the choice fell on IT-consultancy firms.

3.2.2 Data Collection

In qualitative research data can be collected through interviews, observations and secondary information (Merriam, 2002b; Berg, 2001). The way of collecting data is determined by which source will yield the best information (Merriam, 2002b). In this thesis interviews were conducted as we felt that is the best way of really getting a deep understanding of how the selected companies build their brand equity.

There are different kinds of interviews including highly structured, semi-structured and unstructured (cf. Merriam, 2002b; Johannessen & Tufte, 2002/2003; Daymon & Holloway, 2002). The interviews we conducted were semi-structured meaning that an interview guide was prepared before the interview (Johannessen & Tufte, 2001). The interview guide contained themes to be covered in the interview and also some specific questions. There is no strict order to follow in a semi-structured interview, and not all interviews will be sequenced in the same way (Daymon & Holloway, 2002). A lot of room will be left for improvisation and adaptation to given answers (Merriam, 2002; Carson et al., 2001). Although the same interview guide was used for all interviews, the order of the themes and questions was not the same. It was the flow of the conversations that determined the sequence and also inspired new questions.

The length of the interviews is also discussed in the method literature (cf. Berg, 2001; Daymon & Holloway, 2002). Berg (2001) is of the opinion that no correct answer can be given to which is the most appropriate length of an interview. It has simply to do with the research questions and what the subject of the study is. The length of the interview is said to not give any evidence to the quality of the information given or the interview itself, it all depends on the specific case. Although Berg (2001) does not believe that respondents necessarily back out of an interview engagement because it is time consuming, our experience was that informants were not willing to spare more than an hour. Daymon and Holloway (2002) determine that in cases like that, it is important to go with the informants' wishes. Therefore, when calling to book the interviews we have accepted the time allowance given to us but still made room in our own schedule for an extended interview should the respondent be willing. To keep the respondent stimulated and interested in the interview it is important to prepare simple and short questions and make sure that only one question is asked at a time (Patton, 2002). It is also important to be encouraging during the conversation so that the respondent feels that what he or she says matters and thus stays motivated to give extensive answers. Despite the length of the different interviews differed, we were always the ones concluding the interviews and hence the time we were given was enough.

Tape-recorder

In order to take the best care of the material collected during the interviews a tape-recorder was used. The positive and negatives sides of using such a device is being debated in method research (cf. Carson et al. 2001, Easterby-Smith et al., 2002; Ejvegård, 2003) but a conclusion from the debate can be drawn that it is a matter of preference. By using a tape-recorder it will be easier for the interviewer to concentrate on what the respondent says and by that come up with more questions related to his or her answers (Patton, 2002; Daymon & Holloway, 2002). However, since the respondent knows about the tape recorder, he or she might become distracted and the answers may not be as comprehensive as they would without recording (Easterby-Smith et al., 2002; Ejvegård, 2003). After the interview has been conducted and recorded the tapes should be transcribed (Carson et al., 2001; Daymon & Holloway, 2002). By doing this as soon as possible the information is fresh in mind and the researcher will not have forgotten what the person had to say (Murray, 2003). The transcription will help the authors to look back at the notes and double-check answers and both data processing and comprehensiveness is improved (Carson et al., 2001; Daymon & Holloway, 2002; Widerberg, 2002). In our study the transcription started as soon as possible after each interview.

To minimize the problem of the respondent feeling cautious because of the tape recorder we explained that it was used for administrative purposes only, as a way to fully grasp everything that was being said and that the tapes would be destroyed after the study was completed. None of the respondents had any objections to be recorded and we felt that they were not restrained by its presence.

Confidentiality and Anonymity

According to Berg (2001) it is important to consider issues of consent which is related to the topics confidentiality and anonymity. Confidentiality is obtained when all elements that might reveal the identity of the subject is removed from the research. Anonymity on the other hand simply involves the removal of the subject's name.

To address the issue of confidentiality and anonymity we let the involved companies read our empirical findings before having to decide if they wanted to be anonymous or not. This way they could object to material that they perceived as misinterpreted or take away information that they wanted to be kept confident. None of the companies insisted on being anonymous after reading the empirical findings, hence the full name of the companies and the respondents will be displayed in the thesis. The companies only wanted to change small mistakes in the text and nothing of importance needed to be taken away.

3.3 Data Analysis

In a qualitative study the data collected from each interview is broken down and arranged into different themes (Holloway, 1997; Denscombe, 1998). This process is ongoing continuously throughout the data collecting process (cf. Merriam, 2002b; Hollensen, 1992/1995; Taylor & Bogdan, 1984). Hence, the boundary between collection and analysis of the data is somewhat blurred (Hollensen, 1992/1995). The ongoing

analysis is done by the researcher by noticing and keeping track of emerging themes in the different interviews and then evolving the interview guide to suit these new themes (Taylor & Bogdan, 1984; Merriam, 2002b; Johannessen & Tufte, 2002/2003). When themes are found they should be interlinked with one another in order to easier facilitate their explanation (Daymon & Holloway, 2002). New questions should be formulated if the collected data challenge or modify previous findings (Holloway, 1997). If the analysis is delayed until after all the data is collected, one might also miss out on gaining more reliable and valid data (Merriam, 2002b; Daymon & Holloway, 2002). When analysing it is important that the researcher is attentive to the potential danger of interpreting the data in the desirable way. By doing so, the results will be biased and not as convincing as they could have been, had the information been interpreted as it should (Darmer, 1992/1995).

As Holloway (1997) and Denscombe (1998) suggest, we have throughout the data collection process continuously analysed the gathered data and adjusted the questions to emerging themes. All the collected data was also organised into the different themes, and we tried to be aware of our preconceived ideas, and not let them affect the analysis. We did this by constantly checking our transcripts and by having an ongoing discussion amongst ourselves to ensure that we interpreted the data in the same way.

3.4 Research Quality

In a study it is important to show that the quality of the study is good. A study can be highly reliable and at the same time lack validity, if so, a reasonable level of quality has not been achieved (Ejvegård, 2003). The terms reliability and validity stem from quantitative research and not all researchers believe that the two concepts can be used for qualitative research (Daymon & Holloway, 2002). In this thesis, however, the two terms will be used along with an explanation on how to understand them in the setting of a qualitative study.

3.4.1 Reliability

The reliability of a study is determined by the ability to, through the use of the same method, reproduce the same results as have been previously achieved (Widerberg, 2002). Ejvegård (2003) expresses reliability to be the degree to which the measuring instrument can be trusted. If a result is not reproduced with, for example the same questionnaire, reliability of the study has not been achieved. The problem with reliability in qualitative studies is that the main tool in the research is the researcher him- or herself, and he or she is influencing and interpreting the data based on personal background. Hence it might be very hard to reproduce the same results. To be able to overcome this problem as much as possible, the researcher can record data, methods and decisions taken throughout the study (Daymon & Holloway, 2002).

The notion of thick description was first used by Ryle (1968) who coined the expression to signify the difference in meaning of two seemingly alike acts. He explains thick description to be when not only the mere act, but the underlying meaning of an act is brought forward and given attention. Even though two people (or two com-

panies) are engaging in the same activity, their reasons for doing so might differ greatly. If only a thin description is given, the act is just reported and then found to be the same, whereas the thick description will explain the differences behind the acts and how they differ.

To attain reliability an interview guide with easily comprehensible questions was used (see Appendix 1). As a problem with qualitative studies is that the researchers are influencing and interpreting the data, we have recorded and transcribed each interview and tried to be as objective as possible when analysing the collected data. We have also tried to bring forward the underlying intentions of the acts we were told of during the interviews. Through these actions we have tried to achieve reliability.

3.4.2 Validity

Validity refers to the notion that what is meant to be studied is actually studied (Widerberg, 2002; Merriam, 2002b; Ejvegård, 2003) and many researchers claim that validity is what is most important in qualitative studies (Daymon & Holloway, 2002). Three different aspects of validity can be noticed; internal validity, generalisability and relevance (Daymon & Holloway, 2002). *Internal validity* is achieved when the study correctly reflects the aim of the study and when the findings are accurate. To assure internal validity in our thesis, we have let the respondents in each studied case reflect upon the results of each made interview as recommended by Carson et al. (2001) and Merriam (2002b). Through this act the occasions where any misunderstandings may have occurred have been corrected.

Since the aim of the thesis is to study small service firms, a weakness could be that one of the companies exceeds the size definition. However, the fact that the limit is exceeded with one employee will probably not make a great difference for the results. Since the recruitment took place after the study was commenced, the way the company operates to build its brand has most likely not yet changed. In our thesis, the age of the companies has not been taken into consideration. Still, we do not believe that the results have been affected negatively, even though one of the companies is much older than the other ones.

Generalisability is sometimes called external validity and indicates whether the results can be applied to fit other populations that are similar but have not been studied. Generalisations cannot be made in the same way in qualitative studies as in quantitative because the studied population has rarely been randomly selected (Carson et al., 2001). Not all researchers (Carson et al., 2001; Johannesson & Tufte, 2002/2003) agree that generalisability is something to strive for in a qualitative study as the research is deep rather than wide and the data will therefore be specific for each studied case. For qualitative research Johannesson & Tufte (2002/2003) prefers to use the notion transferability which is achieved when the results of a study also can be used outside the study and be applicable in other settings. To achieve generalisability (or transferability), features that are specific to the case can be related and compared to typical cases (Carson et al., 2001). By comparing findings from selected cases to previous theory, patterns and concepts can be tested (Daymon & Holloway, 2002; Car-

son et al., 2001). The result may be that the theory can not be generalized to the specific setting.

For this thesis, the intention is to study if Berry's (2002) service branding model is applicable to the way small service firms operate and will together with the rest of the presented frame of reference serve as a typical case. The findings of the thesis may not be generalisable to all service firms, but are more likely to be generalisable to services similar to those offered by IT-consultancies. An example of similar services could be those offered by management consultancies while services such as hair cuts might be too different.

According to Glaser and Strauss (1967, in Denscombe, 1998) and Lincoln and Guba (1985, in Denscombe, 1998) a study achieves relevance by being theoretically relevant. Relevance of the research can be achieved either by contributing to existing knowledge, by addressing practical problems, by being relevant in the current time, or by having benefits for the researcher. Daymon & Holloway (2002) argues that a study can achieve relevance by finding out how something works.

In previous literature we have found a gap in the field of brand equity, in relation to small service firms, and by addressing this lack of previous research we will contribute to existing knowledge. The knowledge we have achieved is related to how something works, and these findings are of immediate interest as the service sector is continuously growing. By these three measures we have tried to achieve relevance.

4 Empirical Findings and Analysis

This chapter starts off by presenting the four sampled companies. The empirical findings are then presented together with an analysis where they are related to the frame of reference. The empirical findings and analysis are structured according to the research questions presented in the introductory chapter. A summary of how each section affects the answer of the research questions is also given.

4.1 The Four Cases

All information is based on the four interviews with the representatives of the companies presented below. In this section we state the names and positions of each respondent together with the date of the interview. Hence, the term personal communication and the current date will not be used further on when presenting the retrieved information.

4.1.1 Pdb

Pdb was founded in 1983 and is situated in Jönköping. The company offers IT-solutions within the area of system development. Due to recent recruitment Pdb now has 50 employees.

The person we interviewed at Pdb was Allan Hagborg who is the marketing manager of the company and has been with Pdb since 1996. The interview took place on the 12th of April, 2005 at Pdb's head office in Jönköping.

4.1.2 Proserva

Proserva was founded in August 2002 and can be said to be based on three previous companies, IQ InformationsQvalitet, Iterium and S-data. These three companies were all acquired by the Norwegian group Intellinet and grouped into Intellinet Sweden in 2000. Although not having any problems and being successful, Intellinet Sweden was brought down with the rest of the company when the Norwegian part of the group went bankrupt in 2002. The CEO of Intellinet Sweden then decided to start up a new company - Proserva. Today Proserva has 35 employees whereof 15 work in Jönköping.

The person we interviewed at Proserva was Thomas Bethmarker who works with marketing at the company and has been with the organization from the start. The interview took place on the 29th of March, 2005 at Proserva's sales office in Jönköping.

4.1.3 Imano

Imano was founded in 2002 and has branches in Gothenburg, Jönköping and Växjö. With a strong industry focus on the forest- and agricultural sector, a differentiation from other IT-consultancy firms has been made. Imano has grown successfully during its first years and has now come to a stage where a more strategic way of expanding might be necessary. The focus has simply been on consulting and so far no ex-

PLICIT thought has been given to build the brand. Imano has thirteen employees, all working as consultants.

The person we interviewed at Imano was Niklas Johansson who is one of the founders of the company and he is also a member of the managerial group. The interview took place on the 8th of April, 2005 at Imano's head office in Gothenburg.

4.1.4 Persistent Solutions

Persistent Solutions was founded in 2000 and is situated in Jönköping. The customers are mainly in the telecom industry and are offering service solutions including a combination of software and professional services. So far the company has made a profit every year since it was started. Also at Persistent solutions the focus has been on consulting and hence no explicit thought has been given to build the brand. Today the company has grown to employ 17 people.

The person we interviewed at Persistent Solutions was Mats Berggren who is one of the founders of the company. The interview took place on the 13th of April, 2005 at Persistent Solution's head office in Jönköping.

4.2 How do small service companies present their brand in order to enhance brand awareness and brand meaning?

According to Berry (2000), service companies use their name, advertising, and symbolic associations to present their brand. The specific ways each company works to present its brand is described and analysed below.

4.2.1 Name

According to Berry (2000) the customer first comes into contact with the company name and hence a name that portrays the right image and purpose should be chosen. This has been considered primarily in Imano, Persistent Solutions, and Proserva but also at Pdb.

The name Imano is influenced by the fact that one of the founders is Italian. Mano means hand in Italian and the thought is to interpret Imano as "in hand". The reason for this name is that the company's philosophy is to support their customers and symbolically "*hold their hands*" during a project. Imano does not want to take over when hired by a customer, instead they want to be supportive and help them in every way they can. Persistent Solutions is also meant to be an indicator of how the company works, that the solutions offered are persistent. The systems offered by the company are large and are often running for ten years. This means that it takes quite a while to develop them, and also a long time to change them. The persistency of the systems and the customer relations it entails is why the name was chosen. For Proserva, the name was chosen in order to make associations in the customers mind to create the right picture, where the will is to be thought of as professional and to asso-

ciate to computer servers. There is a play on words and this can also be seen in the catchphrase “The power is served”¹.

The full name of Pdb is Pdb Datasystem AB although Pdb is the name always used. Pdb is short for “Program och Datortekniska Byrån” which is a technical term as IT was very technically oriented when the company was founded. It can hence not be said that the company is trying to create an image through the company name. However, there is a process going on at the moment where the thought is to start using the company name more like a quality sign and instead focus attention on the trade marked slogan “IT in Småländska”². The reason behind the choice of the slogan is that the associations with Småland are considered to be positive and interpreted as standing for being hardworking, thrift and entrepreneurial, an image that would also be desirable for Pdb to have.

For service companies the authors Dall’Olmo Riley & de Chernatony (2000) has identified that it is quite common to use the company name instead of branding the individual services. The companies might therefore have their quality evaluated based on their corporate brand and the size of the company. Using the company name as a brand can be seen in all of the participating companies. Having the quality of the brand based on the size of the company can be seen as accurate since the biggest company, Pdb, is also the one that most frequently attracts customers from outside its network. Only Proserva and Pdb explicitly separate between the different services in their marketing. The services, however, do not have their own brand names, the names used for separating the services are the generic names. Using the company names as the brand name is in line with Keller (1993) who says that one possible criterion when choosing brand name for a service can be simplicity. Because all the companies work within IT, the services provided are pretty complicated and the solutions offered are customized for each specific case. The different services might be designed differently for different customers, and hence the generic names sometimes have different meanings.

All the companies are using the company name as its brand rather than individual brand names for the separate services. As the company name is then portrayed in all situations it is more often exposed to customers. The customers will then probably become more aware of the company name than they would have if each individual service had its own name, and brand awareness will most likely increase. For the three companies Proserva, Persistent Solutions, and Imano, that have an underlying meaning of their company names, the name can be seen as having influence on the meaning of the brand. Pdb on the other hand does not have an underlying meaning for their name, the brand meaning has thus been influenced by other factors than the name.

¹ In Swedish: ”Kraften är serverad”.

² In Swedish: “IT på Småländska”. Småländska is the dialect spoken in Småland, which is a county in Sweden.

4.2.2 Advertising

All four companies have a webpage, though the attitude towards it differs greatly. For Imano it is the only advertising tool, but still it is “...a constant bad conscience” as it is not worked on actively enough. Although recently changed and improved, a need and will to work with it more actively in the future has come to the surface. Proserva on the other hand uses its webpage very extensively, “*The webpage is our absolute core and I update the page several times a week*”. The webpage is constantly referred to in contact with customers and therefore it is important that the information available is not out of date. The webpage is not really seen as a marketing tool for Persistent Solutions, “*It’s not important in itself. It’s more something that’s expected...*”. It is recognised however that the webpage is a useful tool when meeting someone who has never heard of the company and it can be used as a complement in the search for information but “*...nothing is sold from the webpage*”.

At Pdb as opposed to the other three companies, advertising in the form of signs and posters is the main tool. When trying to find the right spots for posting signs there is a will to be creative. An example of a spot is by the check-in area and baggage claim at Axamo airport in Jönköping where a lot of decision-makers’ attention can be caught whilst on business trips. The signs consist both of the slogan and pictures of the consultants in the customers’ business environment. The company name and slogan is also displayed at different places at Kinnarps Arena where the local ice-hockey team HV71 play their home-games. During all power plays and box plays the slogan appears on the screen, “*everyone who has been to an ice-hockey game knows about this*”. By displaying the name and the slogan in many different locations where prospective and current customers are assumed to be, a higher level of awareness is most likely created. It is not just a way of creating more awareness among prospective customers; we believe that it is a good way of keeping existing customers aware of the brand.

None of the other companies use this kind of marketing effort and advertising in papers and magazines is not common either. Imano does not spend any money at all on advertising at the moment, but in the future ads might be placed in industry magazines focused on the forest- and agricultural sector. Once or twice a year there is image advertising for Proserva in computer-focused magazines, preferably if there is an appendix about outsourcing in order to attract the right target audience. The reason why not more advertising is made is that the activities of the firm are very niched, and it is believed that advertising would be a waste of money. This can be related to the fact that small companies often can exploit and target smaller market niches that is too small for large companies (Bjerke & Hultman, 2002). Advertising in the form of ads in papers or magazines is not done at Persistent Solutions either as “*I don’t believe it’s very rewarding, it’s pretty hard as the solutions are so big and are to be used by hundreds of people...*”. In the future ads might be considered in industry magazines, but the timing must be right, either when a new version or a new release is being made. Pdb stands out again by placing an ad in every issue of IBM’s monthly membership magazine. Several articles have also been contributed and published in that magazine and these articles can be said to be veiled marketing as they are put together by an advertising agency. These articles are more specific compared to the traditional ads: “*...we explain what we’re good at... it’s a little more technical*”. The articles have

been very successful, “*they have given us an enormous response and it’s actually the first time prospective customers have started to call us*”, and therefore new articles will continuously be produced although not all are expected to be published. Using ads in papers and magazines is an expensive advertising method, and therefore not expected to be used to a large extent, due to the lack of resources in small businesses (Burns, 2001). Writing articles, as in the case of Pdb, seems like a good idea since the company gets a chance to explain in more detail what it is offering. Articles are longer and more informative than ads, and by reading it, more awareness will be created. The main difference between Pdb and the other three companies however is that Pdb are using an advertising agency to produce all ads and printed materials. Everything that is presented to external partners goes through them first.

As Lory and McCalman (2002) has pointed out, it is quite obvious that the size of the company influences how much money that is spent on advertising and how the advertisement is directed. As specified above, Pdb is the company engaging the most in advertising and the difference to the other companies is significant. The advertisement is directed by purposefully being placed where important decision-makers are passing through and quite a lot of money is spent on really making all materials look professional. According to Lory and McCalman (2002) larger companies have a greater ability to market themselves due to more resources. Therefore it is not surprising that Pdb which is the largest of the companies is the one to advertise the most. This is also supported by Kenny and Dyson (1989) who believe that marketing in small firms can be seen as an unnecessary luxury. Their argument that companies get more systematic in the marketing approach as they grow larger is really relevant if the four case companies are compared. Pdb is the largest company and has the most well thought through marketing and are also spending the most money. Proserva is the second largest company and their approach is also structured although not as thorough and money consuming. Imano and Persistent Solutions are similar in size and neither of these companies spends any money at all on advertising. Neither of them see a need to do so yet either.

Pdb has continuously changed its advertising to fit the company’s wanted position, which is pointed out by both Keller (1993) and Lory and McCalman (2002) as being important. The company wants to be associated with Småland and the values it represents. As mentioned in section 4.2.1, Pdb has developed a slogan, and has therefore changed its advertising messages to focus more on the slogan rather than the company name. The slogan also works like the thematic line, which McDonald et al. (2001) argue helps to shape the customers’ perceptions of a company. The same authors also state how important it is to have the same message through all of the communication channels that are used. Pdb does follow this by having the slogan visible on for example all printed materials, on signs and on the webpage. A thematic line is also noticeable at Proserva where the company’s five customer benefits are constantly being communicated in the same way through all channels. Neither Imano nor Persistent Solutions work with advertising, and therefore a thematic line does not really exist. Imano do however strengthen their will of being seen as a helping hand by picturing it on their webpage. Persistent Solutions on the other hand has

chosen the colour orange as a theme in its advertising, but the colour was not chosen with any underlying causes.

Also noticeable is how Pdb uses its advertising to increase brand recall, discussed by Keller (1998), as it has been noticed that a sales call is much easier to follow through when the prospective customer recognises the company name and slogan. The more money that is spent on advertising, the higher the level of brand awareness (Yoo et al., 2000), and a difference in awareness due to advertising for the four studied case companies is therefore obvious since Pdb is the only company with a significant marketing budget.

As mentioned by Lory and McCalman (2002) consultancy companies have a choice of what they are advertising. Although all companies mainly advertise the company, a difference can again be seen between Pdb and the other companies as the different services are becoming more and more separately advertised. The reason for this is that it might be easier to attract a specific customer if an interesting service is provided rather than first getting to know Pdb and then find out if the company offers anything suitable for your organization. The way of advertising a specific service rather than the company is something that is typical for large organizations with a wide range of services (Lory & McCalman, 2002). Although Pdb is still a small company by definition, it is larger than the other studied companies and also provides a larger variety of services.

There are characteristics of services that may cause problems in the marketing and according to Zeithamel et al. (1985) intangibility is the most important one. As can be seen in figure 2-1 the services offered by the companies are high in credence qualities. Because the services lack tangible attributes the services are hard to evaluate (c.f. de Chernatony & McDonald, 1998; Wolak & Harris, 1998; Zeithaml et al., 1985). In order to reduce the problem of intangibility, Pdb are using pictures of its employees on signs and on the webpage. To make the advertising even more tangible, one employee from each team in the organization will be highlighted on the web site with a motto. The motto, although said by the individual, will be formed and streamlined to fit Pdb and the image the company wants to uphold. By presenting the employees in this way, the services might become a little more tangible to uncertain customers as they will at least have the ability to learn more about the different employees. However, this should not be seen as a way of advertising the individuals separately as Lory and McCalman (2002) mention, but just a way of advertising the company and what it has to offer, *“... it’s more a way of giving the company a face. We don’t promote an individual, I don’t believe in that.”*

All of the companies except for Imano are attending trade fairs. Although trade fairs are not the first thing people normally associate with traditional advertising channels, it is a way of trying to influence customers’ perception of the brand by displaying a message about the services. Pdb attends one trade fair a year, but is hesitant if the company will continue. It feels it disappears in the large number of companies and its main target group is not attending this trade fair. Proserva attends trade fairs once or twice a year and then market itself as an all-solutions company that can help out with two different areas. In the future the plan is to attend a trade fair that is not specifi-

cally for IT-companies, and then become a side-track for the attendants as most companies need IT solutions. Persistent Solutions attends two trade fairs each year, one in Stockholm and one in Nice. At the trade fairs it is not really common to recruit any new customers, it is more a way to try to get to know the market, try to place the company on the map, and spread the word about the company's existence. "*Finding customers at a trade fair is like searching for a needle in a haystack*". By attending trade fairs an enormous response has, however, been received and a lot of people are starting to recognize the name of the company.

Attending trade fairs appears to be a good way of creating awareness for Persistent Solutions. Pdb and Proserva on the other hand give the impression of not yet have found the right trade fairs to attend. The feeling of disappearing among the large number of participants and not being among the right customers might be due to the fact that it is hard to recruit new customers at the trade fair directly. Maybe the companies have the wrong purpose and attitudes towards trade fairs. Instead of viewing trade fairs as a tool for recruiting customers, the main purpose could be to create awareness for the companies, just like Persistent Solutions have comprehended. Through a higher level of awareness, created at the trade fairs, it will probably be easier to recruit customers in the future.

The advertising tool common to all companies is a webpage. Pdb is using advertising the most by displaying messages on signs, putting ads in papers, publishing articles, and attending trade fairs. Proserva is sometimes using image advertising in magazines and trade fairs are also attended. Imano and Persistent Solutions do not really have any additional advertising even though Persistent Solutions attends two trade fairs. Overall the companies cannot be considered to use advertising to a large extent in order to create brand awareness. The brand meaning is influenced by the messages given by each company through all the used advertising channels. A picture of the company is given that will influence what comes into the customer's mind when exposed to the brand.

4.2.3 Symbolic Associations

Although de Chernatony and Segal Horn (2003) state that the most important communication channel is how the employees who meet the customers are presented, none of the companies have an explicit dress code. The dress code is regulated the most at Pdb where the issue has been brought up during meetings. What is to be worn has not been specified however, it is only a question of the employees to look neat and tidy. Jeans are allowed, "*...but jeans can look very different*". When the consultants are going to meetings or other events together, they discuss what to wear so as to give a harmonizing impression. To look neat is also mentioned at Proserva, "*The first impression is always important so we always have to look fresh and clean and neat, although without seeming pompous*". So far a dress code has not been implemented but it is under process. The new dress code will be based on a logotype shirt. All staff meeting customers, including technicians will be provided with a Proserva shirt so that they are easily identified. Both Imano and Persistent Solutions have noticed how the way the consultants dress is adapted to the situation and the way others dress in order to be appropriate for the situation and the customer. Neither Imano nor Persis-

tent Solutions have explicitly stated guidelines in terms of clothes. At Persistent Solutions the way people dress has become pretty uniform automatically and a lot of the employees dress in jeans and a t-shirt. Even though the dress code is not regulated in any of the companies, the way people dress will still influence symbolic associations. Because the consultants in all companies adapt to each individual customer, they can not be said to be consistent in the way they are presented as recommended by de Chernatony and Segal Horn (2003) and McDonald et al. (2001). They are however consistent at each visit to the individual customer. By being consistent, each individual customer will have a consistent view of the company and thus there will be a great influence on brand perceptions, which is pointed out by de Chernatony and Segal Horn (2003) and McDonald et al. (2001). However, as no dress code exists, the different customers will not get the same perceptions about the company.

Also noticed as being important in terms of symbolic associations is the office décor (McDonald, de Chernatony & Harris, 2001; Yoo et al., 2000). None of the companies have to any great extent thought through the impressions their offices give. Imano's head office is located in a quiet area of Gothenburg in a shared house that looks like a castle. After being permitted entry to the building we are met by a joint reception area that can be described to be rather luxurious. The actual office is located in the basement of the building and so far there has not been an explicit thought behind the design of the office. The reflection given is no more than it should be inviting, representative and comfortable. Although not yet carried out, there have been thoughts on decorating all three offices in a similar fashion and by that have a common profile in all the locations. Therefore when the Växjö office is soon moving to a new location they will use alike curtains to the ones hung in Gothenburg. We believe that when the customer first gets to the office, high expectations can be created by the fact that it is located within a castle. The actual office, however, is not exceptional and the first impression might therefore be deceptive.

Pdb's office is located in the centre of Jönköping and once you have been allowed entry you step into a reception area staffed with two receptionists. The seats you are offered while waiting have an old feeling in line with the memorabilia that is placed around the area. Beneath a staircase a little jungle has been created with fish in a pond and warning signs of crocodiles. The reception area thus gives the visitor an exciting first impression. Once upstairs though, you are in a more traditional office area which does not have any explicit thought behind the design of the interior. It is important that it looks neat and tidy and is as consistent as possible with the same style. There are similar curtains in all rooms and the colours reflected in them are the three colours that the company uses in its logotype. We got the impression that the reception area was decorated in a more informal and relaxing way, while the actual office felt more formal and down to business.

Proserva's sales office is located in the outskirts of Jönköping in a shopping mall that is more of an office building block. Once ringing the doorbell and being allowed inside, the visitor is welcomed straight into the staffs' common room furnished with tables and chairs. Along a wall, many diplomas from the staff's numerous courses are presented in frames. Customers seldom visit Proserva's office and when they do, they usually go to the head office in Stockholm and not the local branch in Jönköping.

Neither of the offices have a thorough thought behind the decorating as both of them are previous Intellinet offices. *“There has not been enough means to create a Proservian feel and organization of the offices”*. Furniture is similar in the two offices with the same supplier so the style is to some extent the same although for example curtains are different. How the offices are decorated are considered important and will be increasingly important if more branches are opened, to keep the whole company together. *“Right now we seldom have any customers who visit both branches so we both become very familiar with what’s ours, each has its own special Proserva”*. The first impression we got from the office was that it was very cosy but still it felt as though the company wanted to give a professional image by posting the diplomas.

Persistent Solution’s office is located in the central part of Jönköping since 2003, and when moving into this office it was completely refurbished, meaning that the managers could decide pretty much how they wanted it to be decorated. When stepping into the office we were met by an entrance area decorated with a couch and armchairs. There is hat-stand for coats and one of the walls is painted orange and provided with a large Persistent Solutions sign. The thought behind the design of the office has first of all been to make the area as effective as possible to work in and the above-mentioned entrance area is the only space that has had a real thought behind its design. It was designed in order to make it look inviting and *“...if you visit a company for the first time I think you should be met by the logo, and you should leave seeing it too, so to speak. That feels right, then you know where you’ve been”*. The first impression we got when entering the office, was professional, unadorned but yet friendly.

All companies notice that the most important aspect of the office décor is functionality. To keep the style coherent and nice looking is also a common factor among the companies. A difference that can be noticed, however, is how long the individual companies have come in terms of what is actually done regarding decorating. At Pdb we immediately felt that we were in an office in which the company was rooted. The same feeling could be experienced at Proserva, although not to the same extent. If comparing Pdb and Proserva to Imano and Persistent Solutions, they are not as rooted in their offices. Imano has recently changed offices within the office hotel in which it is located and Persistent Solutions has only been located in their office for two years. Although the feeling after visiting the different companies was that the two older companies have come further in the way they think about their offices, Imano will now with the relocation of its Växjö office start working with these issues.

The displayed symbolic associations are not explicitly considered by any of the companies. There is no real thought behind neither the dress code or office décor and the effect these have on the awareness and meaning of the brand. The brand meaning is however affected by the choice of not having a uniform way of dressing as it gives perceptions of the company which the consultant represents. Therefore, the brand meaning will not be the same for all customers as the consultants adapt the way they dress to suit each customer.

4.3 How do small service companies manage external brand communications in order to enhance brand awareness and brand meaning?

According to Berry (2000), service companies use WOM and publicity to manage external brand communications. The specific ways each company works to manage its external brand communications is described and analysed below.

4.3.1 Word-of-Mouth

Wirtz and Chew (2002) and Berry (2000) argue that WOM is common and very important in the service industry, and this was indeed noticeable as all the studied companies considered it important. The importance of WOM can be related to the intangibility of services. The lack of tangible attributes makes the service harder to evaluate before the purchase (cf. De Chernatony & McDonald, 1998; Wolak & Harris, 1998; Zeithaml et al., 1985), and this will make the WOM important since it helps to assess what kind of service is being offered. Many of the companies' customers have been recommended to the company by a third party. Persistent Solutions claims that *"...that's the whole thing about this industry, everything is based upon recommendations, there is a lot of talking going on...and if you have a lot of connections they get in touch and check up on things and so on..."*. Both Persistent Solutions and Imano state that most of their customers have been acquired through recommendations. Also Proserva believe that a lot of its customers have been recommended the company, but says that it is hard to tell exactly how many. Pdb on the other hand believe that it is not common to attract customers based solely on positive WOM. *"It is rare that someone just says, ...they are doing a good job, you should go over to them"*.

The fact that so many customers have been recommended these companies, most likely has to do with current customers being satisfied, which has resulted in positive WOM. It is generally accepted that satisfied customers create positive WOM (cf. Grönroos, 2004; Gremler, Gwinner & Brown, 2001). The companies perceived it as being hard to know what is said about them, but they all had the perception of it being positive. In the cases when the WOM has reached Pdb, what has been said has been in accordance with the truth, or what the company considers itself to represent. Imano states that although it can seldom be known what is being said *"...we know that we are continuously expanding, and we constantly get new inquiries so we assume that relatively positive things are being said about us"*. Persistent Solutions are also under the impression that the WOM is positive since customers are often recommended the company. Proserva has once heard from a third party what was being said about the company and that was when an IT-manager was cited in the monthly IT-magazine CIO. He made a statement about Proserva on what his company regarded as important when choosing an ASP supplier. The criteria and opinions given very well matched what Proserva actually wants people to say about them, so the statement was very fortunate and is now posted on the company webpage. Since the studied companies are all small and have a limited amount of recourses available for marketing (Burns, 2001), keeping their customers satisfied is probably even more important than for large companies in order to create awareness through WOM. Grönroos

(2004) claim that positive WOM will decrease the need of spending a lot on marketing communications, which is important for these small companies.

Gremler et. al. (2001) argue that positive WOM can be encouraged by creating trust in the relationship between the customer and the employees which is influenced by familiarity, care and personal connections. Familiarity can be seen as created through the long term relationships that all the companies have with their customers. The long term relationships in combination with the closeness to the customers lead to a great recognition and knowledge about the customers' specific needs. It also contributes to higher frequency of interactions, which Grönroos (2004) argues leads to increased familiarity. Proserva says that *"since the customer's IT department is not located at the customers themselves, but at our location, it leads to daily contacts"*. Also Imano and Proserva have daily contact with their customers since they work at the customer's location. The fact that all the companies have close relationships with their customers is something that is common for small firms (Burns, 2001). The close relationships can be associated with the inseparability of services. Since the customer in most cases needs to be present in the service delivery, the inseparability forces him or her to take an active part in the production process and can therefore affect the service quality (cf. De Chernatony & McDonald, 1998; Zeithaml et al., 1985). This results in the customers and the employees having to work closely together and hence be involved in a close relationship.

The establishment of care can also be related to the long term relationships. We believe that if the relationship is going to work out, the company has to care about the well being of the customer. At Pdb it is important that the customers feel that they always can get hold of someone from the company when problems arise. *"Our availability is important, a customer must always be able to reach us"*. Proserva has a similar support department *"where the customer can always call us if there is a problem of any kind...then we have some technicians that can turn out and help the individual customer"*. At Persistent Solutions care for the customer is shown by advising them not to do something even if it would be more profitable to Persistent Solutions. *"Sometimes the wishes come from several different directions and if this is put together you can see that it conflicts, and then you both have to be positive and find new solutions, but at the same time you have to be able to say that what the customer wishes for can be a problem...That's something that you gain from in the long run, but in the short run you would profit from doing what the customer wants"*. The consultants at Imano have known their customers for a long time and have often brought them to the company when being recruited. The close connection between the consultants at Imano and the customers, and the fact that employees at Imano sometimes, when necessary, work a short period as a manager at the customers' companies are signs of care for the customers. *"These types of missions are based on trust"*.

Also when it comes to personal connections, the long term relationships are of great importance. Since the companies and the customers are working closely for a long time it is natural that personal connections emerge. It is not common that problems arise due to personal chemistry in any of the companies. Pdb has experienced some cases, however, where the personal chemistry has not been perfect which has led to some difficulties. *"Well, it's not just a matter of changing consultant. You have to be able*

to get hold of someone who can take over. That is why it's important that our project leader, who's in charge concerning the particular customer, is working...if he doesn't, the chances are that we lose the customer. But that's how it is, some people just can't work together. Often the customers are very understanding concerning relationship issues". The fact that there are few problems due to personal chemistry and since both Imano and Proserva have previous relationships with most of their customers, the personal connections can be considered to be good.

Grönroos (2004) recommends that references and testimonials are actively used in the company's advertising in order to create WOM, which can be seen as all of the four companies use references as a way to influence customers. At Imano references are often required since the company has a lot of customers within the public sector where general agreements need to be signed. References are thus not only an important part of the process of getting these contracts but a necessity. Customers can also receive verification at Persistent Solutions and Pdb by contacting existing customers who act as references. In these cases Imano and Persistent Solutions point out that they first contact the reference person in order to make sure that they give their consent to be used as a reference, and they are also prepared for what kind of questions they might be asked. Pdb argues that it is easy to get existing customers to participate as a reference. When the reference and the prospective customer meet they can exchange ideas and that way there is something to gain for the reference as well. *"...all people are willing to tell if they succeeded to do something, they gladly tell about everything that works well. So it's not hard..."*. All of the companies have references and existing customers posted at their webpage. Proserva currently has a selection of ten cases from different industries available on their webpage where prospective customers can read up on different projects. They can also contact a reference person at each organization should they feel the need. Persistent Solutions have some large, well-known, companies presented on the webpage as references and this is considered to be an advantage. *"...when you're small and have a relationship with a big company...you're appreciated and still in the relationship, then that's a feather in one's hat, for sure. So it's important to build and maintain those relationships"*. As Persistent Solutions states above, small companies can gain a lot from having larger customers as a quality sign.

Incentives are suggested by Wirtz and Chew (2002) to generate positive WOM, but none of the companies are using or even considering using it. Incentives are probably more useful in services characterized by less personal relationships. Since the companies involved in this study are generating a lot of WOM by engaging in long term close relationship we believe they do not need the incentives.

Pdb has another approach toward influencing and creating WOM by trying to influence business consultants and other representatives who meet a lot of people in order to affect what is being said. These people are approached as they are believed to have a lot of influence on others. They are informed of what Pdb does and information letters are also sent out to keep them reminded of Pdb. The reason for doing so is that it is known that these people convey the messages about Pdb to others, *"that's nothing you have to hope for, because they do"*. The difficulty is to get these people to run across the right people with the information. The above way of trying to create WOM can be considered good since it is a cheap way of creating awareness about the company.

Small firms generally have fewer people involved in the marketing of the company (Bjerke & Hultman, 2002), and by influencing consultants and other representatives some of the marketing effort will be taken on by them.

All companies use long term relationships and references to influence WOM. By doing so the brand meaning can be affected as prospective customers can get a picture of the company based on its previous customers. Current customers' brand meaning will not be as affected by WOM since they have their own experience with the brand which has a greater influence on brand meaning. Pdb is the company which works most actively to enhance WOM. Through the work Pdb puts in, the brand awareness is enhanced as the information about the company is passed on. Even though neither of the other companies works actively with WOM, it is still created to a large extent and will thus affect brand awareness as the information is spread.

4.3.2 Publicity

As Marconi (1999) states, publicity is often associated with positive attention. Most of the companies have not experienced any negative publicity at all. Proserva is the only company that could recollect that any negative publicity had occurred, this happened after a press release informing about cut backs was sent out. *“You can call it a negative article even if we launched a press release and wanted them to cover it, but after all it is a negative thing when you have to give notice”*.

Marconi (1999) also states that publicity is most often a part of a larger marketing effort. This is most often not the case for the four studied companies. Press releases are a tool that can be found in all the companies, but are not used to the same extent. For Pdb the press releases are mostly concerning the growth of the company and they have been published a few times, but only in the Jönköping region. Both Pdb and Imano have in addition to press releases, also appeared in some more theoretical articles. In the case of Imano it has not been the company itself that has been in focus, but rather a theoretical discussion. Persistent Solutions have not yet worked a lot with publicity. Nevertheless at one occasion when the company sent out a press release before a trade fair, it was mentioned in a short paragraph in the trade fair appendix to the paper Computer Sweden. This can be seen as using publicity as a complementary part of a larger marketing effort, in this case the trade fair. Attention has also been called for by a press release to Jönköpings-Posten, but no interest was shown. In the future the intentions are to work more intensively with publicity.

The company working most actively with publicity is Proserva. *“We work a lot towards the press by sending out press releases as soon as we have made new business and we also try to influence media when we are offering new services”*. In Jönköpings-Posten, Proserva gets noticed about seven or eight times a year and it usually regards small events. No big stories have been run about the company so far, and a hunch why, is that the head office is located in Stockholm and it is therefore not as interesting to write a bigger piece on Proserva. A few times, attention has also been given in the paper Computer Sweden because a good contract has been signed. Generally it is quite hard to get noticed in big newspapers, a few years back a PR-firm was hired but they were forced to see themselves defeated in the work of getting Proserva news

published nationally. One reason for the attention in Jönköping may be: “*As I have a background in the newspaper world I have some channels in and feel that I know what’s interesting for the local market to know*”.

Marconi (1999) argues that publicity is often handled under a different department from marketing. This is not the case in the companies included in this thesis. The person in charge of the marketing has also been in charge of publicity. This has probably to do with the fact that small companies most often do not have a separate marketing department at all, and that there are only few people involved in the marketing of these companies (Bjerke & Hultman, 2002).

All companies have worked with publicity by sending out press releases. By sending out press releases the companies can influence both brand awareness and brand meaning. The brand awareness is enhanced when the press releases sent out are actually published, which not all companies have succeeded with. The message given in each of the published press releases will influence the brand meaning by giving the reader a notion of what the company stands for.

4.4 How do small service companies manage the customer experience with the company in order to enhance brand meaning?

The two most important factors influencing the customer experience with the company are the staff and the customers (cf. de Chernatony & McDonald, 1998; Ind, 2001; McDonald et al., 2001). The specific ways each company operates to manage the customer experience, through staff and customer participation, are described and analysed below.

4.4.1 Brand Delivery through Staff

Employees are pointed out as very important in customer’s experience with the brand, and as being related to the consistency of the service quality delivered (cf. de Chernatony & McDonald, 1998; Grönroos, 2000). The consistency of quality is directly linked to the heterogeneity of services (cf. de Chernatony & McDonald; Zeithaml et al., 1985). The companies are using different strategies to ensure a consistent level of service quality being delivered by the staff. Imano is using seniority as a tool for securing the quality. All of the employees have long experience, and thus great knowledge and skills, before being employed by Imano. As Bjerke and Hultman (2002) indicate, most small companies are based on intangible assets like these, and are working in a flexible way. By being flexible the level of quality will be more consistent. At Imano this can be seen in the way they work close to their customers and can therefore adapt continuously to satisfy the needs of the customers. Teamwork is another way to ensure a consistent level of quality. Imano strives to avoid that a single person work with a project on his or her own. That way the employees can keep track of each other, and if someone gets sick the other one can take over and a quality protection among each other can be established. By teaming up with the customer quality protection can also be received through the transfer of

competence between the company and the customer. In the team work the consultants can take on different roles. “*Generally when a consultant arrives at a customer and starts working there, ...you get a mark on your forehead: dadunk! Project leader it says. Don't try to do something else later. It is impossible. In the eyes of the customer you are a project leader*”. When dealing with another customer however, the consultant can take on a different role as for example an architect or an investigator. “*We are a bit like chameleons and we change colour along with what we are doing*”. Again this is a sign of the flexibility in small firms.

Pdb is using a method based on checklists to ensure a consistent level of quality. The lists are of particular importance to the new employees who can use them as a part of the introductory training. The lists consist of questions and standardized documents and the content is presented to the customers. Proserva on the other hand claims that courses are attended to ensure a consistent level of quality. Each consultant attends approximately three educations each year, but not all of them attend the same ones. As they all hold different knowledge and have different core competences, a knowledge transfer from one consultant to another may be made. There are fewer courses for the sales department as they are not as giving; they are usually more inspirational because “*if you can sell one thing you can sell almost everything really*”. At Persistent Solutions the focus is simply on the creation of a good relationship with the customer and trying to perform as good as possible at all times. There is a focus on always having a dialogue with the customer and be very keen so that the customer feels that its voice is being heard at all times. Agreements are written very specifically in order to keep all terms and conditions very straight-forward to avoid any misunderstandings. As in the case for Imano, all companies are ensuring a consistent level of quality by working close to their customers and always be flexible and knowledgeable in what they are doing. Pdb is the only company that has a standardized method for ensuring a consistent quality and is the company out of the four that is the largest and oldest. Therefore it is not surprising that they have gotten the furthest in the standardization process. As Kenny and Dyson (1989) state, a more systematic approach to marketing becomes relevant the larger the company gets.

Since employees are considered as being important in services, Riley and de Chernatony (2000) argue that internal marketing is more important for services than for products. When it comes to internal marketing at the selected companies, they have different strategies for getting the employees to share the companies values. Meetings are a popular method where Persistent Solutions is the most active with a meeting each Monday where all employees participate. At Pdb, Proserva and Imano there are also regular meetings. Pdb's employees meet up each month and on top of that there are occasional lunch seminars where employees have the chance to present, to their colleagues, research they have done or a particularly interesting project they are working in. Mainly the information is passed on by emails though. The regular meetings held at Proserva do not involve all departments, but rather the individual departments separately. The whole company meets up a couple of times each year, but those meetings are on a more strategic level to discuss current issues. The main way of communicating within the organization however is by emails, “*...as we are no more than 35 people it can easily be kept together. The fancy intranet we used to have has step-*

wise been reduced as the amount of employees decreased with the closing down of two offices". At Imano the only regular meetings are held for the management team, who has meetings every second week where operative issues are discussed. The rest of the employees receive a monthly letter written by the CEO concerning for example the firm's finance, what will happen during the month and how many projects that are running. Three or four events are arranged every year, where all the employees, from all branches, can get together. During these occasions there is often a mixture of business and pleasure with for example a nice dinner after a seminar. Apart from these more recreational meetings, a stronger sense of unity is created by organising people from different branches together in the projects at the customers' location.

More practical information can be compiled in an electronic employee handbook. Such a handbook is available at both Persistent Solutions and at Imano and clarifies everything from sick leave and holidays to mileage allowance. In the version provided by Imano there is also a section where the company's core values are described. The values are not listed; rather there is a discussion around them. "*The most important thing for us is not to be the best...meaning the most technical skilled in all situations. We look at it more like we shall have the ambition and passion for the customer's problem and make sure to solve it. It is not always we can solve it ourselves, but then...we can take help to solve it*". At Proserva the message about values is constantly communicated through the intranet and the webpage in order to keep the employees values in line with the ones of the company. Any communication to spread the values is not undertaken at Persistent Solutions actively, as it is perceived to be too difficult. As most employees at Persistent Solutions are working at the customers' location full time the possibility of a future problem has been recognized. By being in the customers' location at all times the employees might start to identify more with the customers' company than with Persistent Solutions. In the future it might thus become necessary to start rotating the employees every six months in order to maintain their consultant identity. This will also keep them fresh and as an outsider they will probably also easier identify areas that might need adjustment. It is important that the values are being communicated in order to avoid that the employees start to identify more with the customer. The employees have to feel that it is Persistent Solutions they are working for and not the customer, hence we believe that the company needs to start working more actively with their internal marketing in order to tie the employees more closely to the company.

At Pdb the difficulty of ensuring the employees to communicate the company's value has also been identified. In order to find out how to deal with it, the top management has decided to get involved in a project with Jönköping International Business School. The values are considered to be quite well spread through word-of-mouth within the company, but "*there are a couple of people that know how it's supposed to work around here*", and they will make sure that everyone knows this by putting it all on paper. To keep a good atmosphere within the company, a fair amount of activities are arranged for the employees, they try to get together outside work about once a month. The activities have a large span and could be everything from "*playing dart to visit a museum*".

Although the meetings are important at the companies, they are mostly concerning operational issues and Persistent Solutions and Pdb are the only companies that have regular meetings for all of the employees. According to Bjerke & Hultman (2002) the aim of the internal marketing is to get the employees to share the firm's values, in order to communicate these to the customers. There seems to be a lack of a strategic way to ensure that the employees share the companies' values. This probably has to do with the fact that the marketing process in small firms often has a lack of structure and clear purpose and is often subconscious (Bjerke & Hultman, 2002). Pdb, the largest company, has engaged in a project where issues of values are brought up. This is again a sign of a more systematic approach to marketing in this company. We believe that the events that most of the companies have for their employees are a good way of creating a spirit of community. Since the companies are service companies that most often work in groups, either within the company or with the customers, events like these are a good way of fostering the capability to work in teams. It seems like the companies are in the beginning of finding ways of dealing with the issue of how to communicate the companies' values to the employees. Apart from Pdb's attempt, both Imano and Proserva show signs of working with this issue, although it is without clear structure.

For the employees to be able to positively influence the customer experience with the brand, it is important that they are satisfied and motivated (de Chernatony & McDonald, 1998). Important factors in the motivation and management of the employees are recruitment, training and appraisal (de Chernatony & McDonald, 1998; Ind, 2001). Recruiting is all about finding people who share the company's values (Ind, 2001). Imano ensures that their employees share the company's values by recruiting people that are previously known; only one employee has been recruited from outside the company's network. Recently, new employees have been advertised for in the traditional way and a few interviews have been held. This way is considered very difficult as it is so hard to get a picture of a person during only a couple of meetings. Because of this, future recruitment will once again be made through their networks. Since Imano is a company that is relying on their seniority and long experience within the industry, recruiting within the network seems like a good method. This way the company knows that the people will fit into the organization and can deliver according to the company's high level of quality.

When recruiting at Pdb, the company is looking for fifty percent formal competence and fifty percent social competence. The ads are concerned with describing the organization and what it is all about. They are trying to get the message out that it is all about partnership and long relationships with the customers. Ind (2001) argues that it is important to correctly communicate the values of the firm in the recruitment messages, so the fact that some of the values of Pdb are included in the recruitment messages is in line with theory. In the past the list of required qualities has been quite long, "*it is inevitable that it becomes a wish list*". Nowadays it is more important that the person has the right attitude than the formal competences, hence the list has been reduced. At Proserva the most important thing is that the potential employee has a well developed social competence, "*... it might be a very hackneyed subject. But it is also necessary today... to be able to easily explain...*". Formal knowledge and the ability of

working in teams are also important, “...it is very important as everything is about teamwork, there are several consultants working with each customer”. Since traits such as social competence and ability to work in teams are hard to evaluate only through interviews, all reference persons are called for evaluation of the prospective employee. Since it is very important for Proserva that the employees share these values, we believe a careful check of references is a good way of controlling that the values are shared. Persistent Solutions advertise for new employees both through ads in the paper and at the job centre. The network of people around the company is also scanned in the search for suitable candidates. Demands put on an employee include formal education such as a university education within, for example, computer science. Personality is also taken into account but it does not weigh as heavily as formal knowledge as it is hard to evaluate. The typical employee, however, is a stable person who seems to fit well into the organization. A great difference can hence be seen between Persistent Solutions, who are looking for formal knowledge, and Pdb and Proserva who find social competence more important. Pdb point out that formal competences can always be learned later if so should be necessary. Pdb and Proserva have more resources and therefore an ability to let new employees go through formal training whereas Persistent Solutions must immediately send out their employees to the customers. A common phenomenon in the service industry is the synchronization of supply and demand due to the perishability of services (cf. De Chernatony & McDonald, 1998; Zeithaml et al., 1985). This problem was identified at Persistent Solutions where new employees have to be taken on from time to time to be able to “keep up with increasing demand”.

As services are characterized by intangibility (cf. De Chernatony & McDonald, 1998; Wolak & Harris, 1998; Zeithaml et al., 1985) and most small firms are based on intangible assets (Bjerke & Hultman, 2002) it is not surprising that it is hard to communicate the companies’ values in the recruitment messages. Using networks in search for suitable candidates seems like an appropriate approach since the companies easier can get a sense of the intangible assets the person possesses. Burns (2001) argues that employing an extra person is a big strategic decision in small firms and can result in increased fixed costs, and that this will result in an unwillingness to employ if it is not absolutely necessary. The impression we got when interviewing the four companies was not that this was an issue. Instead the difficulty sometimes seemed to be finding suitable persons to employ. For example Imano was looking for someone to employ, but had declined applicants because they were not sure that they would fit into the organization.

Training is seen as an important part of getting the employees to understand the brand. Ind (2001) states that the training should be carried out in such a way that the values are embedded in the employees. Once hired, new employees are not going through any formal training neither at Imano or Persistent Solutions. At Imano the reason for this has been time constraints and the employees’ very high level of knowledge. The lack of time is also the reason at Persistent Solutions. The lack of time is often experience as a restraint in small companies (Burns, 2001). Since Imano and Persistent Solutions are the smallest of the four companies we have studied it is likely that they do not have a need for introduction training. The employees are

probably introduced to the company and its values in a subconscious way while working. The small number of employees makes it easier to get a picture of the whole company. Pdb however, claim that they have one of the best introduction programs for new members of the organization. The company has a list of items that the new employee needs to go through. Practical things such as lockers, phone and e-mail are included, but also meetings with people from all the teams, the marketing department and the chief executive. Every person also gets an individual introduction program based on his or her knowledge level. This program can take everything from two weeks up to two years when it is a trainee. Grönroos (2004) believe that the most important part of the training is to provide the employees with a holistic view of the marketing process. They need to be able to see the whole process and their individual role, as well as the role of each individual in relation to other individuals, both within the firm and with its customers. The way Pdb has an introductory program makes it easier for the new employee to get this holistic view, and as he or she gets to meet people from all parts of the organizations, a clearer picture of the different roles can be achieved. At Proserva, an informal way of introducing new employees to the organization is being used. After being hired the new employee will be introduced to the company and the most important part is to tell him or her how the company wants to portray itself, the group manager will also talk about the company and make sure that all functions within the organization are covered. Although not as standardized as in the case for Pdb, this is also a way of introducing a holistic view of the company and the different roles that people are playing.

The companies have different systems for appraising and rewarding their employees. All the companies have a fixed salary, Proserva also has a variable part and the other three companies have a bonus. At Imano a variable part is not considered as it is believed to be a restraint that would create internal competition, and the Imano value of sharing customers with others rather than putting him or herself first would most likely be lost. This is in line with Ind (2001) who says that reward systems should be based on the values of the firm. Although no promises are made, the employees might get a bonus if a year is considered to be very profitable. A profit sharing bonus is also given at Persistent Solutions where some different models have been tested, but so far no definite model has been decided upon. Pdb also has a similar system where the employees are given a bonus, based on the profitability of the company. Pdb does not, just as Imano, want individual bonus systems or salaries with a variable part. *“Our strength so far has been the different competences that work parallel at the customers. Despite working in different teams, we often work on the same project which has been a strength so far. Therefore we can’t start giving bonuses to the individual or separate teams...”*. At Proserva the consultants and the operating staff are paid a fixed monthly salary whereas the sales personnel have both a fixed and a variable part. The balance between the fixed part and the commission varies with each employee as the individual, in consultation with his or her manager, gets to choose depending on what kind of customers he or she is working with. *“...on the consultations solutions side the money is faster, a lot faster. An operations solution on the other hand might take up to a year to sell in. Therefore sellers of operations solutions have a higher fixed wage”*. For the employees with fixed salaries the wages mostly depend on formal knowledge but adjustments may also be made if there is a great positive response from customers,

“...then we may add additional money”. A fixed salary is the most common way of rewarding the employees and since the companies are working a lot in teams, this is in line with the values of the companies. The bonuses are based on the performance of the whole company and not an individual; this is another sign of having the reward systems based on the right values. Proserva is the only company where an employee can receive a variable part of its salary. The variable part only concerns the sales personnel, and can be considered good since their work tasks are not based on teamwork. Another thing that is positive concerning the variable part of the salary is that the employees can chose the balance between that and the fixed part. As Proserva indicated, the speed of reaching a business agreement varies greatly depending on the kind of service, and it would be unfair to have the same amount of variable and fixed part of the salary.

All of the companies do try to use their employees in order to enhance the customers' experience and thus influence brand meaning. The ways in which the customer experience of the brand are enhanced, are very individual to all of the four companies. The main actions however are to work very close to their customers and ensure that employees are comfortable with working in teams. The companies' core values are also communicated, to some extent, to the employees in Pdb, Proserva and Imano. Persistent Solutions realize it is important, but find it too difficult to work with and influence. The customer experience with the brand can also be influenced by which employees that are hired. All participating companies recognize prospective employees as an important part of enhancing brand meaning as they will be the ones communicating the companies' values. The way in which they ensure this however differs where some companies stress formal knowledge and others emphasize social skills more.

4.4.2 Customer Participation

All the companies are involved in long term relationships with their customers which means that the customers have to be involved in the delivery of the service. In business-to-business services it is common with this kind of high degree of involvement (Bitner et al., 1997). The customer's role is important in the development of the service brand and the customer can have different kinds of roles in the service delivery (de Chernatony & McDonald, 1998; Bitner et al., 1997). Imano prides themselves on working close to their customers and the customer relations are very valued within the organization; “*We are nothing without the customer*”. The consultants do not go into the company, find the problem and then go home to solve it. “*We work at the customer, with the customer*”. The consultants at Imano are often operative within the customer's business and work very closely to members of the customer's organization. Sometimes they are even hired as an IT-manager or as a Chief Information Officer (CIO). When this happens it is based on a lot of trust and the customer has worked with the consultant before and knows that he or she is familiar with the organization. At Pdb it is important to let the customer know that it is long term relationship that is of interest. “*We say that already from the beginning, when we meet a customer for the first time. We want a long term relationship with you!*”. The customers are also expected to be interested in long term relationships, “*and there is no doubt that it is such relationships that work*”. Thomas Bethmarker at Proserva states that the

relationships with the customers “...are very tight as their IT-department is not located at their place but with us. There are every day contacts, it's almost personal...”. Persistent Solutions are working in a similar way, but in this case the consultants are located at the customer.

All the above companies are working very close to their customers and need to be integrated into the customer's company. This can be linked to the inseparability of production and consumption of services that forces the customer to take an active part in the production process (cf. de Chernatony & McDonald, 1998; Zeithaml et al., 1985). The role of the customers can be seen as both the customer as a productive resource and the customer as a contributor to quality, satisfaction and value. Bitner et al. (1997) and de Chernatony and McDonald (1998) claim that when the customer plays the role as a productive resource, it is seen as a partial employee that performs the same kind of tasks and contributes with the same kind of information to the firm. Since the relationship between the companies and the employees are very close and they both are dependent on each other to perform certain roles, this can be seen as the case. The customer as a productive resource can be dealt with in different ways, either by isolating the service delivery system as much as possible from the customer in order to avoid the uncertainty it contributes with, or by regarding the customer as an integrated part of the system (Bitner et al., 1997). Since all the companies are working as an integrated part of the customers' organization, they can be seen as dealing with the customer as a productive resource by integrating him or her in the service delivery process. As mentioned above, the companies' customers can also be seen as having a role as contributor to quality, satisfaction and values. Bitner et al. (1997) states that this role is about the customer itself influencing how its own needs are fulfilled and is especially apparent in services where the outcome is highly dependent on customer participation. In all of the four companies it is required that the relationship between the company and the customer is working smoothly for the customers' needs to be fulfilled. The customers especially need to provide the companies with the right information and be specific in what they actually want. Therefore we believe that the customers can have an effect on the quality of the services. The customer can also be seen as a competitor according to Bitner et al. (1997). In those cases the customers have the choice of performing the services themselves, but since the services offered by the four companies included in this thesis are quite complicated and involves a whole system being integrated into the customer's organization, we do not believe this is the case.

According to de Chernatony and McDonald (1998) and Grönroos (2004), effective customer participation calls for recruiting, educating and rewarding customers in a similar process that employees undergo. When it comes to recruiting customers to the company, Imano and Pdb are relying on the consultants' networks while Proserva and Persistent Solutions are working actively with telemarketing. Pdb states that “*Up until two, three years ago, all customers we had, someone here had a relationship to. Somehow*”. In the last couple of years however, the company has started to turn to customers which they have not had any previous relation to. At Imano many of the consultants have brought customers with them to the company and they have large networks since they have been in the industry for a long time. Recruiting through

the companies' networks can be seen as a good way of attracting new customers. According to Blattberg et al. (2001) not many companies have a selective approach to recruiting new customers, meaning that they deliberately deselect certain customers. We don't believe that any of the companies would deliberately deselect a customer. For example Persistent Solutions are looking for long term relationships with their customers, *"but it is nothing that prevents us from taking on short missions as well...it is more dependent on the time available"*. The same situation existed at Pdb, if someone wants a short relationship, *"we don't say no, but it's not what we're promoting"*. Blattberg et al. (2001) argues that it is more important to target those customers who have a need that the firm's offerings can satisfy. By using their network both Imano and Pdb are looking out for individuals or companies that might be appropriate for a business relation. Pdb is also targeting new customers by inviting them to seminars, and Imano have introduced CIO meetings where different CIO's and IT-managers are gathered to discuss interesting topics and exchange ideas. The meetings have been appreciated, *"and of course we're standing on the side with our order book, capturing everything of interest"*.

Both Proserva and Persistent Solutions have recently used the telemarketing approach for the first time which can be seen as a way of targeting new customers. At Proserva telemarketing has not been used for a long enough time to give a reliable estimation of how much business the method has rendered. Normally, it will take up to a year before a sales call turns into actual business because the service provided is so revolutionary for the single company. However, with sales contacts introduced so far, Proserva believes it still has a relationship in one form or another with 30 % of the contacted companies. The telemarketing approach at Persistent Solutions is considered to suit the company quite well and a second round is now being planned since the bookings for meetings during the first round now have been contacted. Proserva is using a company that is specialized in offering IT-sales service. The telemarketing company is given a goal of a certain amount of visits to book for Proserva's sales personnel. The telemarketing company then contacts companies that agree with stated specifications such as line of business, amount of users within the company, profitability and location of head office. Last year the sales-drive went on for six months, and this is also where Proserva put most of their marketing budget. At Persistent Solutions, criteria of which companies to approach were already stated as the telemarketing company was provided with a long list of companies that might be interested, *"... we pointed out types of decision makers really, which level they should be on... We are not really going for the CEO of the big company but rather the operational managers..."*. In some cases not only the names of the company was provided, but even the name of a contact person.

After being recruited, the customer often needs to be educated and trained (de Chernatony & McDonald, 1998). This can for example represent providing the customers with more information so that they know exactly what their roles are (Grönroos, 2004). Since the companies are involved in long term relationships it can be assumed that the customers are constantly being trained and updated concerning information and news. In most cases it takes a long time for all of the companies from approach-

ing a customer until the deal is done. This calls for a lot of information to be provided to the customers, and hence a kind of educating.

Rewards for the customers, which de Chernatony and McDonald (1998) claim could be given to the customers for playing their roles correctly, are not very evident in the four companies. Although, no specific rewards can be identified, the companies have some strategies in the form of events for showing their appreciation of the customer and to foster the relationship. Persistent Solutions is the company that has been too busy to have events or happenings for their customers. However, a small event was held at the relocation and opening of the office. Imano sometimes invites their customers to ice-hockey games, restaurants or concerts. Pdb also offers its customers ice-hockey events as it has four seats at every game in Jönköping. Once a year Pdb also has a conference box to itself and can then invite different customers to a bigger gathering. At Proserva events like trips, attending shows and have dinners are arranged for a single customer at a time whereas several customers might get invited to ice-hockey games, “... a customer might be taken out to Stockholm’s archipelago for a few days where we can do things together, to create togetherness, some teambuilding between the companies”. All these events can be seen as a kind of reward for engaging in a business relationship. At the same time the events are not only a way of showing appreciation, it creates a closer and more personal relationship. The fact that Pdb and Proserva are the companies that has the most events probably has to do with more resources. Persistent Solutions and Imano that are the smallest of the four companies will most likely be more involved in events like these in the future.

The customers’ experience with the brand is managed by involving the customers in long term relationships. The customers are involved in the delivery of the service, both as productive resources and as contributors to quality, satisfaction and values. To target the right customers, the companies’ networks are scanned and telemarketing is used. The relationship between the companies and the customers are nurtured and shown appreciation, by throwing different kinds of events. Since the customers are greatly involved in the service delivery and since they are working in close relationships with the companies, the customer participation is likely to have a large impact on the brand meaning. The customers will through the close relationship get an insight into the companies’ organisations, and therefore immediately have a clear picture of what the brand stands for when being exposed to it.

5 Conclusion and Final Discussion

This chapter presents the conclusions drawn from the analysis. The conclusions are graphically presented in a revised version of the service branding model. After this, a final discussion of the thesis is presented.

5.1 Conclusion

In the problem discussion we asked ourselves if small service firms operate to build brand equity in the same way as large service firms do, and what the differences are, if any. Based on our analysis of the four cases, we believe that we have found differences between small and large service firms. According to Berry's (2000) service branding model, the presented brand have the greatest impact on brand awareness, while the external brand communications only have an indirect impact. We believe the opposite can be true for small service firms since the studied companies do not work very actively with advertising and have no real thought behind their symbolic associations, but have a great focus on WOM. The external brand communications hence have a direct impact on brand awareness while the presented brand only has an indirect impact. The notion of the dotted lines turning into bold is something that Berry (2000) indicates can be the case when WOM is very extensive, hence our conclusions are supported. This is shown graphically in figure 5-1 below. WOM was brought up by all the studied companies as being very important, and they focus more on using WOM than the presented brand to build brand awareness. In three of the four studied companies, publicity has not yet been used to a large extent to create awareness. Still, all of them have started to approach the method by sending out press releases.

The external brand communications does not only impact brand awareness but also brand meaning in the service branding model. The influence on brand meaning is indirect while customer experience with brand has a direct impact. We agree with Berry (2000) that the customer experience with the brand has the greatest impact on brand meaning, but we also believe that external brand communications, in the form of WOM, have a direct effect on brand meaning. The reason we find WOM to have a direct effect is because it is relied on to such a large extent and used by the companies in order to affect brand meaning in the mind of the customers. Since WOM is created by customers who have experienced the brand, we believe that the brand meaning created for them can be transferred to prospective customers who are exposed to the WOM.

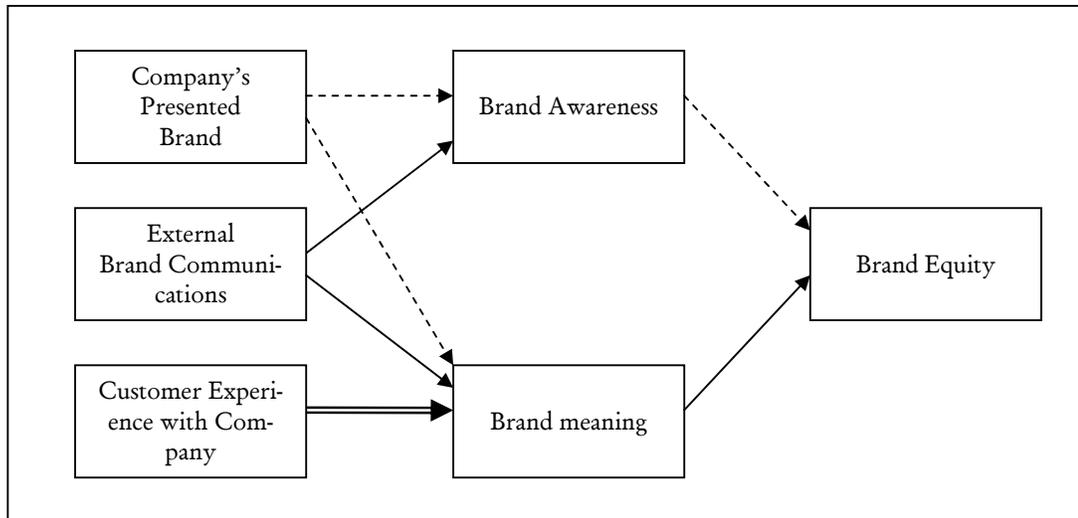


Figure 5-1 The service branding model adapted from Berry (2000, p. 130) to fit small service firms.

5.2 Final Discussion

The purpose of this thesis was to examine how small service firms operate to build brand equity in relation to the service branding model. Through analysing the situation in the four selected cases we have been able to draw conclusions of how small firms operate in relation to the mentioned model, and hence the purpose has been fulfilled.

The fact that one of the companies we investigated was larger than the other companies actually made it even more evident that there are differences due to size. We could see that this particular company sometimes showed signs of operating to build its brand according to the original service branding model, but still the main way of operating was more similar to the other small companies. This company was also much older than the other companies, and it would therefore be interesting to investigate how much of the differences that depend on the size of the companies compared to the age.

A different approach to fulfil the purpose could have been to conduct a quantitative study and let more companies be involved. If such a study would be conducted, we believe that our thesis can serve as a useful starting point. Such a study can also confirm or reject our conclusions. As the purpose of this thesis was to examine small service firms, it might be interesting to include service firms offering different kinds of services outside the consultancy industry. It would also have been very interesting to extend the study to include the four companies' customers. This way it would be possible to see what the customers' perceptions about the companies are, and compare these perceptions with those the companies' want to give.

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Appendix 1 - Interview guide

Presented Brand

Name

- Why have you chosen your name?
- Any specific thoughts behind the choice? (simplicity, familiarity, distinctiveness)
- Do you have different brands for different services?
 - Is it the company that is the brand or is it separate services?
- What do you consider your brand to represent?
- What values does your company/brand have? (team-work, ethics, morale, customer service)

Symbolic Associations

- Dress code?
- Where do you meet your customers? At your office?
- Do you have any explicit thought behind the design of the office?

Advertising

- How much do you use advertising? How much money do you spend on advertising?
- What kind of advertising do you use?
- Do you have any theme for the advertising?
- What message do you have in the advertising? Are you advertising the company, the service or individuals?

External Brand Communications

Word of Mouth

- How do you work to create a good relationship with the customer?
- Does the customer always meet the same person?
- Do you have any perception of how many of your customers that have been recommended your company?
- Do you encourage customers to recruit other customers somehow? How?
- Do you have loyal customers?
- Are you doing anything actively to create WOM?
- Do you know what is said about your company? Is it in line with your advertising?
- Are you using references?

Publicity

- Have you ever been noticed in the media? How often? How? Why?
- Has it ever been something negative/positive written about you?
- Do you have anyone that is responsible for the publicity? Who? Does this person work with marketing?
- Are you sending out press releases?
- Are you using sponsoring?
- Do you have any plan for the publicity?

Customer Experience with Company

Employees

- Do you have any internal marketing? (meetings, news letters, intranet)
- What message are you delivering to the employees?
- How do you make sure that you deliver a consistent level of quality?
- How are you recruiting? What are the most important demands that you have on future employees? What does your recruitment message look like?
- How do you make sure that the employees share your values and communicate these?
- Do the employees get any training or education?
- What kind of appraisal system do you have? Salary? Fixed or variable?
- Do you have any bonus system? What is it based on?