



Brand Evaluation: AVK Finland Oy

Tuomas Vuorio

MASTER`S THESIS
May 2019

Master´s Degree in Business Administration
International Business Management

ABSTRACT

Tampereen ammattikorkeakoulu
Tampere University of Applied Sciences
Master's Degree in Business Administration
International Business Management

TUOMAS VUORIO:
Brand Evaluation: AVK Finland Oy

Master's thesis 58 pages, appendices 11 pages
May 2019

Strategic brand management may increase company's success. Strategic brand management's influence in company success cannot be emphasized enough and it should be integrated as part of the company strategy. This research concentrates on the importance of company's brand strategy management.

Especially large companies, that operate in an international market compete against even greater selection of offering. Circumstances for globally spread companies are variable in each market, therefore multinational companies have to recognize what are the characteristics for each their markets individually.

The idea for the thesis is to study a concept of brand management from a brand development perspective. Emphasis is on business-to-business viewpoint. A brand evaluation survey is launched from the request of a commissioner company – AVK Finland Oy. The assignment culminates to the initial research question, "How do customers evaluate AVK's performance in Finland today?"

At the end of the thesis a conclusion was made. It summarizes the outcome of a customer survey which is launched to help the commissioner to form their brand strategy plans for future.

Keywords: branding, brand strategy, customer

CONTENTS

1.1	Background of the study.....	5
1.2	Objectives and purpose.....	6
1.3	Case company and its success.....	7
1.4	Research questions	9
1.5	Structure and methods	10
2	BRANDING AND BRAND MANAGEMENT	11
2.1	What is brand	11
2.2	Brand image.....	12
2.3	Brand equity	13
2.3.1	Significance of brands	15
2.4	Brand identity	17
3	BRAND STRATEGY	20
3.1	Definition and importance.....	20
3.2	Brand strategy and business strategy	21
3.2.1	Elements of brand strategy.....	22
3.2.2	Strategic brand thinking.....	22
3.2.3	Brand promise	23
3.3	Differentiation	25
3.4	B2B branding	26
3.5	Connecting the brand concepts.....	26
4	CASE COMPANY	28
4.1	Company background AVK Finland	28
4.2	Branch of industry	29
4.3	Competition.....	30
4.4	Branding at AVK.....	30
4.5	The eight customer promises	33
5	RESEARCH.....	35
5.1	Research strategy	35
5.2	Research methodology	36
5.3	Research process and design.....	37
5.4	Reliability and validity.....	38
6	SURVEY RESULTS.....	40
6.1	Survey structure	40
6.2	Expect solutions, not just products.....	40
6.3	Expect global leadership and local commitment	41
6.4	Expect quality in every step.....	43

6.5 Expect prompt response	44
6.6 Expect lasting innovations.....	46
6.7 Expect total savings	48
6.8 Expect long-term partnership	49
6.9 Expect it to be effective and easy.....	50
7 ANALYSIS	53
8 CONCLUSION	55
REFERENCES	57
APPENDICES.....	59
Appendix 1. AVK brand survey	59
Appendix 2. AVK brand survey – free text comments.....	69

INTRODUCTION

1.1 Background of the study

In today's world all kinds of purchase decisions are difficult to make. A great variety of choice is available for almost everything one can buy and comparing different options is time consuming. Most commonly customers search for what is best value to the money spent. In B2B (business-to-business) sales buying motives are usually more rational than emotional and the purchase selection criteria vary from price level to quality issues. Especially in B2B, people's roles are emphasized because transactions between supplier and purchaser require deeper knowledge and professionalism.

Currently it is very difficult to do business successfully in tight competition without a proper brand strategy. A carefully planned comprehensive brand strategy gives ground to the companies in their pursuit to operate successfully in their markets. A thorough brand strategy with all its contents aims to a greater brand recognition, and from customer's perspective creates assets that in a positive sense differentiate the brand from other companies and their brands.

This research bases on the assignment from a commissioner, AVK Finland Oy. The assignment is to examine AVK Finland Oy's current brand status in its market. This research is a brand evaluation of AVK Finland Oy. The objective is to develop its business with the support of this research. Therefore it focuses to a careful analysis of its current brand status and finding main focus areas for improvement. The ultimate goal is to support AVK Finland Oy to increase its customer loyalty which should lead to greater net sales.

AVK Finland Oy is part of AVK Group which is a Denmark-based industrial manufacturer that consists of over 100 companies worldwide. AVK's core business is production of gate valves, hydrants and accessories to municipal infrastructure and various industrial businesses. Their offering is divided into water, wastewater, gas and fire protection segments. A major part of AVK Finland Oy's net sales in the Finnish market comes from the water segment.

AVK operates in over 85 countries worldwide. That means when they do business they face numerous different cultures, regulations, specifications and ways to operate in different markets. Although AVK's geographical presence is global company urges to keep their focus local. That is why gathering information, analyzing it and doing strategic decisions locally is vital because all markets cannot just be run with a one and only strategy.

1.2 Objectives and purpose

As briefly discussed above the objective of this research is to study the current situation of AVK Finland Oy's brand in the local market based on customer experiences. Continuous development and increase of the brand are main focus areas at all the markets that AVK operates internationally. Object is not only to identify current status and provide information and answers from the past. The research analyze focuses on trying to find the touchpoints to help AVK Finland Oy improve their customer experience. As mentioned this research is a ground for further company development.

The purpose is to implement a beneficial research which could be utilized as an introduction to the subject for anyone who is dealing with the brand strategy management. Especially this could be helpful for the companies who operate with a similar strategy as AVK Finland Oy does in its market. That means operating as a local sales company for a large multinational industrial manufacturer. With this research intention is to come across with a result that provides beneficial impulses to help commissioner company to improve in emerging topics. As a researcher my goal is to assist finding both, the improvement areas and as well bring out the success areas for AVK Finland Oy to help them set targets and create action plans.

The theoretical part of the research observes the theme with a wider perspective because understanding the totality of the subject requires discussion from many different branding related areas. The scope is of course to explain the most fundamental and necessary concepts of brand management and their correlation

with each other. The first step in this research is to find literature and more importantly, define which of the studied parts are relevant to use in this context. The studied material are principally books and articles. All of them together form the ground of this study.

In addition to the theoretical part, an empirical part is added to the research to complete it. Empirical research serves as a way to practically apply the knowledge. The empirical part of the study contains a branding survey, mandated by the commissioner company, AVK Finland Oy. The scope of the research is limited to certain focus areas that are predestinated by AVK Finland Oy.

1.3 Case company and its success

As mentioned this research for its part aims to help AVK Finland Oy develop its business. AVK Finland Oy's net sales has been significantly decreasing in the past four years. The following graph shows that how from the record level of 4.065 million Euros in 2013 company's net sales have dropped to total of 1.974 million Euros in 2017 (Figure 1). Decrease in total in a four year span is over -51,3 %. (Asiakastieto 2018).

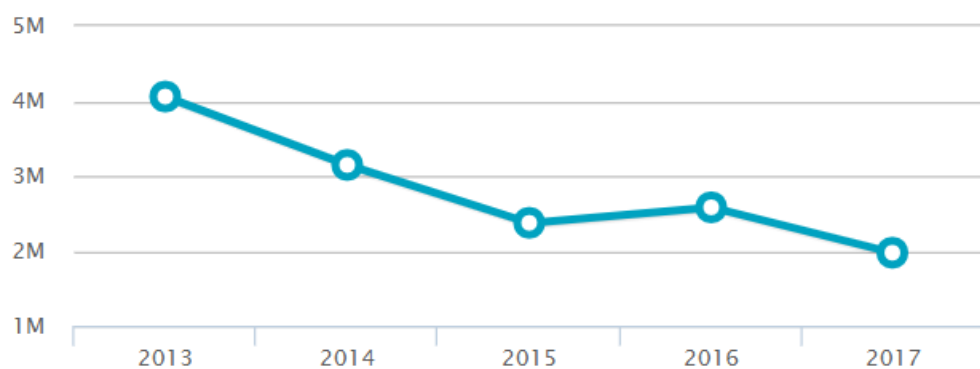


FIGURE 1. AVK Finland Oy net sales development from 2013 to 2017

Reasons for the severe decrease in AVK Finland Oy's outcome can be explained with certain economic factors and changes in competition. New competitors with competitive product lines, Ulefos and CTV, entered the market. The economic trend in construction industry was erratic in 2013 and 2014 when the downturn

began. The following graph shows the development for the net investments in the infrastructure construction in the Finnish market (Figure 2. Rakennusteollisuus). Due to the recession AVK Finland Oy's customers were forced to reduce their purchase budgets. Although the drop was not severe or long lasting it had an effect to AVK Finland Oy's main target group's customer behavior. Instead of investing into the new pipelines, the municipal waterworks started to change their focus more on renovating the existing water supply network. Renovating means diminished need for purchasing new valves, which is a category where AVK's excellence is emphasized. Renovating also means use of other construction engineering techniques, such as slip lining, which means diminished need for purchasing new valves and other products from AVK's product portfolio.

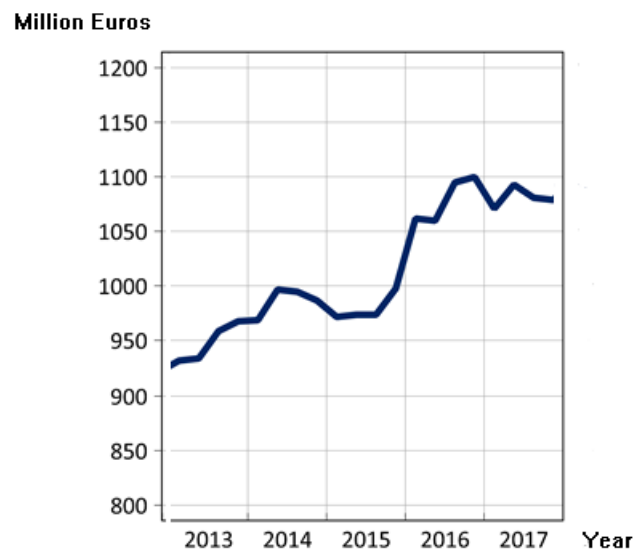


FIGURE 2. Net investment in infrastructure construction from 2013 to 2017

A decrease this significant may not be explained with the general economic and competitive issues only. AVK Finland Oy takes all aspects that may affect to its yearly outcome into consideration. That is why AVK Finland Oy must pay close attention to their daily performance. The CRM (Customer Relationship Management), ERP (Enterprise Resource Planning) and other internal information systems operate as internal channels to provide information of the set key performance indicators. But it is in AVK Group's global strategy that they want to interact locally in a close relationship with their customers. It is why local sales companies like AVK Finland Oy are established. AVK Finland Oy has become aware that its reputation in the Finnish market is not at the desired level. They have

received feedback from stakeholders of poorly handled claims and dissatisfaction for their products. AVK Finland Oy wanted to launch a customer survey for many reasons and indicating the reason(s) for poor reputation is the most important. Therefore the hypothesis of the thesis is to find out if the mentioned assumptions are true and the reason for the poor reputation. Goal is also to identify what are the areas where the customer expectations and AVK Finland Oy's performance differ the most.

This research tries to explain and give answers to:

- Significance of brands and brand management
- Strategic brand thinking
- The multiple elements that brand strategy management consist of
- Identification of a current brand status of an commissioner company
- Indicating commissioner company's performance reflected to their promises

1.4 Research questions

This research approaches the topic from B2B point of view but the subject is so wide that these theories hold true as well from the B2C (business-to-consumer) point of view. The initial research problem is to clarify how well AVK's brand promises are delivered in their market at the moment.

There is one main research question.

- How do customers evaluate AVK's performance in Finland today?

The aim is to find answers to the main research question with the help of a customer survey. At the end of this research is a conclusion where the results of the survey is discussed. Approach for the conclusion is to answer to the two sub questions:

- What is there for AVK Finland Oy to learn from the survey?
- What are the focus areas for AVK Finland Oy that will help to strengthen its brand in the future?

1.5 Structure and methods

The research structure basically comprises of theoretic discussion explaining the brand concepts that constitute the fundamentals of brand management. As a researcher it is my responsibility to make the delimitation of the study. Therefore after a thorough examination of brand management I have selected core perspectives of it into the chapters 2 and 3. These chapters consider the theoretical concepts of brands, brand equity, brand image, brand strategy and business strategy, brand promise, differentiation and B2B branding. I believe that understating these concepts are the best induction to the subject and brings out the importance of brand management. These concepts form the theoretical framework for this study. The approach of this research is business to business.

The empirical part concentrates to identify AVK's current position in the Finnish market. A survey was launched to identify the strengths and weaknesses from their customer point-of-view. As mentioned in 1.2 this research is made to help AVK Finland Oy to create their future action plans. This is why this survey serves as a benchmark for the upcoming surveys that AVK Finland Oy will launch. In order to gather information from wider range of customers the form of the survey is quantitative. A standardized quantitative survey model is selected also because it enables a better comparability to the future researches.

2 BRANDING AND BRAND MANAGEMENT

2.1 What is brand

The brand is increasingly becoming the key source of differentiation that guides customer purchase choice. It is the focal point around which an organization defines how it will uniquely deliver value to the customer for profit – effectively embodying the ‘heart and soul’ of that organization. The brand’s promise is delivered through its products, services and customer communication – the total customer relationship and experience. If the brand is well conceived and consistently delivered through all business processes and customer contacts, the organization will grow and prosper. Thus, a brand identifies the seller or a manufacturer. (VanAuken 2002, 1-14.)

AVK’s brand promises are introduced in chapter 4.5. The brand promises are the guidelines for operations and a common nominator for all AVK companies around the globe. They are also the essence of the entire study because contents of the survey are based on the selected brand promises.

According to the American Marketing Association’s dictionary the brand is defined as a “name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers”. Thus, a brand identifies the seller or a manufacturer. (American Marketing Association 2018).

To obtain an accurate picture of what a brand is, most people will need to stop seeing the brand as a single asset and start seeing it as a resource system. This calls for a complete change in mindset. The key characteristics of a brand can be summarized as follows.

- It is a resource system: the totality of tangible and intangible components that are both internal and external to the company.
- It is a focal point for all stakeholders: the embodiment of the company, its image, and its values or the “face” it presents to the world.

- It is the basis for competing for the choice of current and potential stakeholders: the manifest representation of the business and its total value proposition.
- It is a promise to these stakeholders and also a responsibility to keep that promise, making the brand owner an accountable entity in the wider society. (Finskud 2009, 57.)

Brands are intangible assets, assets that produce added benefits for the business. This is the domain of strategic brand management: how to create value with proper brand management. (Kapferer 2012, 7). It is important to understand the difference between brand and branding. Kapferer above wrote about intangible assets meaning brand is the mental associations how people in their heads observe companies and differentiate it from others. Branding is all the strategic work companies do in order to create differentiated positive mental associations. All these processes are called branding. Simplified, a brand is a result of branding.

2.2 Brand image

Image is the first thing that crosses customers minds when thinking, seeing or hearing about a company or product. These associations and assumptions play big role in a competition where there are lot of variety and choices to make. "This is the totality of perceptions resulting from all experience with and knowledge of the brand. Brand image is how customers perceive the brand". (VanAuken 2002, 18).

The pieces of communication that help a customer to distinguish an offer can be said to represent an element of the brand. Each time a customer in some way has contact with a brand element, a brand contact has occurred. Based on the sum of brand contacts, a customer will form a brand image of the entity which the communication represents. This entity can be, for example, a company, a product or a person. The customer will at some point choose some kind of behavior relative to the branded entity. (Blombäck 2005, 95-96.)

Assuming we can create a positive brand image with marketing programs that register the brand in memory and link it to strong, favorable, and unique associations, we can realize a number of benefits for the brand. Keller (2003, 637) lists the most remarkable as follows:

- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to marketing crises
- Larger margins

These listed benefits are very similar to what will be introduced when brand equity and brand value are explained. Thus it is obvious that in branding, all concepts are linked and support one another. In chapter 3.5, it will be visualized how the different brand managing concepts that are already explained or will be explained later in this thesis connect with each other.

2.3 Brand equity

The keyword in the concept of brand equity is value. And moreover, with what strategic decisions and actions it may be increased. The strategic decisions and actions determine its overall influence. The measurement of a brand's strength has become known as brand equity. David Aaker who was among the first ones to study the concept of brand equity, and who has written several books about brand management, describes brand equity in following terms: "Brand equity is a set of assets and liabilities linked to a brand's name and symbol that add to or subtract from the value provided by a product or service to a firm and/or that firm's customers". (Aaker 1991, 15).

This is the commercial value of all associations and expectations (positive and negative) that people have of an organization and its products and services due to all experiences of, communications with, and perceptions of the brand over time. This value can be measured in several ways: as the economic value of the brand asset itself, the price premium that the brand commands, the long-term consumer (customer) loyalty the brand evokes, or the market share gains its results in. (VanAuken 2002, 17.)

Aaker and Joachimstaler (2000, 17) introduce a concept for measuring brand value. In their book *Brand Leadership* it is explained as follows: Brand assets can be grouped into four dimensions: brand awareness, perceived quality, brand associations and brand loyalty. These four dimensions guide brand development, management and measurement.

- *Brand awareness* has been shown to affect perceptions and even taste. People like the familiar and are prepared to ascribe all sorts of good attitudes to items that are familiar to them.
- *Perceived quality* is a special type of association, partly because it influences brand associations in many contexts and partly because it has been empirically shown to affect profitability
- *Brand associations* can be anything that connects the customer to the brand. It can include user imaginary, product attributes, use situations, organizational associations, brand personality and symbols.
- *Brand loyalty* is at the heart of any brand's value. The concept is to strengthen the size and intensity of each loyalty segment. A brand with a small but intensely loyal customer base can have significant equity.

For AVK Finland Oy their customer loyalty is vital. Part of the reason for decreased sales in recent years is caused by customer decay which likely is the result of reasons that were already mentioned in 1.2: Customer dissatisfaction to how claims are handled and the AVK products themselves. Customer decay is caused by dissatisfaction and its causes can be traced to a gap between customers' expectations and their experience. A high rate of customer decay will become extremely costly. But when in turn, if a company manages to improve the rate of customer retention it will generate profitable over a period of time.

Brand equity defines the value of a brand and can refer to two understandings of brand value, namely a strategic, subjective understanding or brand equity as financial, objective expression of the value of the brand. In the financial understanding of brand equity, the concept is a way to account for how much value a brand holds. Being able to account for how much the brand holds is extremely important, both in relation to financial statements, mergers, acquisitions, and as

a tool for brand managers to argue their case. Brand equity is one of the intangible entries on the balance sheet like goodwill or know-how. The subjective understanding of brand equity refers to the consumers' (customers') perception of the brand and is strategically valuable for brand management. (Heding, Knudtzen & Bjerre 2009, 11.)

If the customer feels that an extra value is being delivered to him/her due to the fact that the offer is of a certain brand, we can say that the customer experiences brand added value. If the customer takes action based on the brand image and if there is brand added value for the customer, there is also value for the supplier (e.g. due to repurchase). This value is called brand equity. This connection brings out the importance of understanding a customer's buying behavior. If brand added value is acknowledged, it is worthwhile effort for suppliers to attempt to manage brand image. (Blombäck 2005, 95-96.)

Brand equity is very closely connected concept with brand loyalty which was already shortly addressed earlier in this chapter. Brand loyalty actually is both a consequence of brand equity but on the other hand it is a contribution to brand equity. Strong positive brand equity leads to brand loyalty which results several competitive advantages.

2.3.1 Significance of brands

For financial analysts, a key consideration when looking at a companies with strong brands is that they present less risk. Strong brands generally remain strong, and this assumes likelihood of a sold income stream. This strong income stream reflects the interaction of several factors. With strong market share usually comes relatively higher price points, coupled with lower price elasticity relative to competitors. This leads to better margins and better investment. (Elliott, Percy 2007, 83.)

At this point we are definitely in the core of what brand, branding and a vision of a functional brand is all about and why all companies should remember that every interaction with people have an impact on the brand. The effect of the brand

power must not be underrated. A strong brand is a prerequisite to the company development and success.

Elliot and Percy (2007, 83-84) continue with some key perspectives: Well-known brands are much more likely to enjoy good distribution, which helps to maintain high market share. For less frequently purchased products, especially industrial products, wholesalers and distributors will again be keen to associate with a strong brand because they know it will sell. Strong brands, brands with a strong positive brand equity, are generally brands with high loyal core of consumers (customers); and high market share as a result. With a high degree of brand loyalty, a company can expect sales to remain stable and strong over time. Having high brand loyalty means a company can charge a relatively higher price for its product and maintain higher margins than its competitors on the category.

In addition, there are many other areas where having a strong brand name will help contribute to building and maintaining higher profits. For example, a strong brand discourages new competitors from entering the market. It also means less risk when introducing line extensions, or extending the brand name into new product categories.

From Elliot and Percy one more issue regarding brand loyalty must be notified. They point out (2007, 94) that strong brand loyalty leads to a better leverage with the trade. When distributors know that a brand enjoys strong customer loyalty, they know that product will move off their warehouses and off their shelves. They will also understand that there is a strong consumer (customer) demand for the brand, and if they do not handle it, they will lose customers.

That is key point in AVK Finland Oy's business where wholesalers operate as their sales channel and stock. Wholesalers pay close attention to the rotation in their stock and easily dismiss such products from their offering which prove not to rotate as quickly as desired.

2.4 Brand identity

The truly central concept in brand building is brand identity, and it must be identified and managed by the brand owner. In order to fully understand brand identity, one must also understand and consider its current image. In other words, both brand image and brand identity are important when the brand building process starts. (Aperia & Back 2004, 63.)

As Kapferer writes (2012, 149), a brand is not the name of a product. It is the vision that drives the creation of products and services under that name. That vision, the key belief of the brands is called identity. It drives vibrant brands able to create advocates, a real cult and loyalty.

Aaker (1991, 43) defines brand identity as: A unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to the customers from the organizations members. Brand identity should help establish a relationship between the brand and the customer by generating a value proposition involving functional, emotional, or self-expressive benefits.

To be effective a brand identity needs to resonate with customers, differentiate the brand from competitors and represent what the organization can and will do over time. In contrast to brand image, a brand identity is aspirational and may imply that the image needs to be changed or augmented. In a fundamental sense, the brand identity represents what the organization wants the brand to stand for. (Aaker 1991, 40.)

Kapferer has created a tool to illustrate brand identity. The brand identity prism, which is illustrated in a picture later in this chapter (figure 3), gives the full picture of how the brand owner wants the target group to perceive the brand's identity. The six facets are interpreted by Kapferer (2012, 158-164) as follows:

- **Physique.** The sum of a brand's basic characteristics constitutes its physique. First step in developing a brand is to define its physical aspect: What it is concretely? What does it do? What does it look like? Physique is both the brand's backbone and its tangible added value.

- Personality. The brand has personality and can with time develop character. Brand personality allows customers/consumers either to identify with it or to protect themselves into it. Brand personality is also the main source of tone and style of advertising.
- Culture. Each brand has a culture from which all products within the brand frame originate. The product is an embodiment of that culture. The cultural facet is the most important facet of brand identity.
- Relationship. A brand has relationships to its consumers/customers and frequently offers possibilities for interpersonal exchanges. This facet defines the mode of conduct that most identifies the brand. This has a number of implications for the way the brand acts, delivers services and relates to its customers.
- Reflection. A brand reflects its customers' image and becomes an identification. Because its communication and its communication and its most striking products build up over time, a brand will always tend to build a reflection or an image of the buyer or user which it seems to be addressing.
- Self-image. If reflection is considered to be the target group's external reflection, the self-image is the customers/consumer's internal mirror. Customers create a picture of themselves through their attitudes to the brands they use.

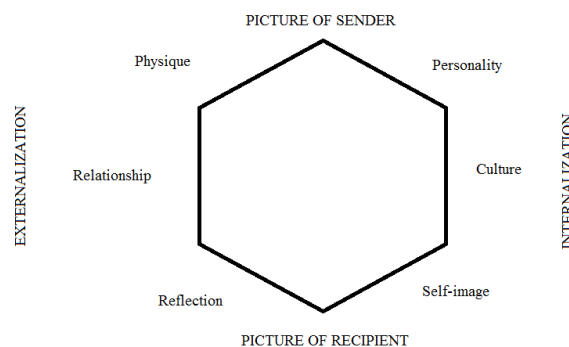


FIGURE 3. Brand identity prism

Aperia & Back analyze (2004, 63-65) the Kapferer's brand identity prism: The concepts of physique, relations and reflection make up the visible facets as well

as social facets that give the brand its outward expression. Brand personality, culture and the consumer's (customer's) self-image are the invisible and implicit facets. They are incorporated within the brand itself, within its spirit. These cannot be gotten at unless analysis methods focused on penetrating the consumer's (customer's) subconscious mind are used. If the goal is to get a complete analysis of a brand, it is not sufficient to investigate the explicit and visible facets of the brand. It is also necessary to examine the implicit and the invisible.

3 BRAND STRATEGY

3.1 Definition and importance

The aim of a brand strategy is to enhance the internal and external opportunities of the brand. The brand strategy must be strategic, visionary and proactive rather than tactical and reactive. Each brand must find its own holy grail to success – in the shape of unique and relevant brand identity and brand vision, which are the first elements that must be in place when developing a brand strategy. (Heding, Knudtzen & Bjerre 2009, 15.)

Brand identity represents an organization's ideas about what a brand should be standing for. It also denotes what the organization wants audiences to recognize the brand as being. In attempts to manage brand identity, plans that can be called brand strategies can be created. It is important to understand that the brand strategy represents an attempt to lead the image in a certain direction. (Blombäck 2005, 93-94.)

Benefits of a well-developed brand strategy are measured economically. There is a clear link between brands and shareholder value. The most important driver of shareholder value is cash flow. Miller and Muir (2004, 15-20, 29, 39) explain many impacts that brands have on the increase of the cash flow as well as risk management and shareholder returns.

Brands can build shareholder value by growing and protecting a company's cash flows. Strong brands are able to command greater market share and customer loyalty, in some cases it may also command premium pricing. Strong brands may find it easier to access new markets and business areas. Strong brands are able to launch new products and services faster than weaker brands – existing levels of awareness and trust accelerate customers' acceptance. Strong brands may even help to stimulate innovation – which will speed up the return of investment in product development. Strong brands are also more likely to enjoy enduring levels of customer loyalty. They may also create barriers to entry for competitors, thus reducing competitive threat to cash flows.

3.2 Brand strategy and business strategy

Strategy is about competing successfully. More specifically, it is about finding a way to defeat present and potential competitors through superior execution while making a profit at the same time. The branding strategy for a firm reflects the number and nature of common and distinctive brand elements up like two different products sold by the firm. In another words branding strategy involves deciding which brand names, logos, symbols, and so forth should be applied to which products. A branding strategy for a firm can be characterized according to its breadth and its depth. For example a branding strategy can be seen as both deep and broad if the firm has a large number of brands, many of which have been extended into various product categories. (Keller 2003, 522.)

A prerequisite for making the brand strategy work is that it is closely linked to the business strategy. This means that the brand and the brand strategy should not be perceived as something other than or as an addition to business strategy developed at late stages in a product launch for example. In an ideal world, business and brand strategy should be developed simultaneously and support each other. (Heding, Knudtzen & Bjerre 2009, 15.)

Because these subjects are so closely connected it can be said that brand strategy is business strategy. According to Miller and Muir (2004, 14) any brand strategy should answer to the following four questions:

- 1) Who are our customers?
- 2) What products or services will we offer?
- 3) How will we compete with products or services from competitors?
- 4) What resources and capabilities do we need to deliver these products (or services)?

Answers these questions should be aligned very closely to any company's business strategy. As Miller and Muir (2004, 15) sum it up: The role of brand strategy is to create value for a business strategy by aligning its activities with its offering to customers.

The essence of a strategy is choice, so choice must be at the core of strategy development. Business strategy is about making the right choices on how and where to compete for which choice with the aim of achieving profitability and long-term value creation. (Finskud 2009, 3.)

3.2.1 Elements of brand strategy

Once the brand vision, which aims to resonate with customers and differentiate the brand from competitors is established, a customized range of elements that comprise the brand strategy should be prioritized and developed. The brand strategy will typically consist of customized range of elements from the seven brand approaches. Those elements are: community approach, customer-based approach, cultural approach, economic approach, identity approach, personality approach and relational approach. (Heding, Knudtzen & Bjerre 2009, 15.)

Each of the seven brand approaches has certain strengths and weaknesses, which is why a customized combination of elements from the relevant approaches that matches the specific challenges and opportunities the brand faces will provide a foundation for the right brand strategy. (Heding, Knudtzen & Bjerre 2009, 15.)

3.2.2 Strategic brand thinking

In the ever tightening competition an effective brand strategy management has become more essential. To maximize the value of company's brand and products a proper brand strategy must be created. The role of strategic brand management is to make decisions of actions are going to have an impact on company's brand equity.

Strategic brand management is the long-term effort to consciously providing an offering with an identity that is understood on all levels. It is the sustained effort by the company to encourage people to see its brand in the light on which it portrays. This is a focus on people both internally and externally and includes

customers, employees, suppliers and resellers. An important issue is to have a brand vision that offers a clear and consistent message about a value of the brand. A brand vision involves recognizing the inherent potential of a brand, which is based in part on its brand equity. (Kotler, Keller, Brady, Goodman & Hansen 2016, 428-429.)

The long-term brand vision is operationalized through both long- and short-term marketing endeavors. Marketers must provide a clear sense of direction for each employee within the company to appreciate how their role affects brand values.

The four core activities are:

1. Ensure identification of the brand with customer and an association with the brand in customers' minds with a specific product or service class or customer need.
2. Firmly establish the brand meaning in the minds of customers (by strategically linking a host of tangible and intangible brand associations).
3. Elicit the proper customer responses to this brand identity and brand meaning.
4. Convert brand response to create an intense, active loyalty relationship between the customer and the brand.

(Kotler, Keller, Brady, Goodman & Hansen 2016, 428-429.)

3.2.3 Brand promise

Brands have an effect to customers on an emotional level. The customers have expectations against the company's brand promises. The brand promises embody value. It is the customer experience that measures if the value was delivered as intended or did the company fail to deliver it. VanAuken (2002, 14) agrees, that a brand is the source of a promise to the customer. It promises relevant differentiated benefits. Everything an organization does should be focused on enhancing delivery against its brand's promise.

VanAuken continues (2002, 44-45): The brand promise is the most important part of a brand's design. A brand must promise a relevant, compelling and differenti-

ated benefit to the target customer. The brand must promise a benefit, not a feature. The benefit may be functional, emotional, experimental, or self-expressive. The benefit must focus on points of difference. The ideal benefit to claim has the following three qualities: 1) it is extremely important to the target consumer; 2) your organization is uniquely suited to delivering it; 3) competitors are not currently addressing it, nor it is easy for them to address it in the future.

As with all kinds of promises, risks exist because living up to the promise is not always certain and they may fail. Keller (2008, 643) writes: A brand should be a promise and a commitment to consumers (customers) but too often that promise is broken. A common mistake is to set brand expectations too high and then fail to live up to them in the marketing program. By overpromising and not delivering, a firm is worse off in many ways than if it had not set expectations at all.

Brand Management is an organization-wide process, especially if the brand is a corporate brand. The brand promise must be delivered at each point of contact with the consumer (customer). For the brand promise to be clear to your customers, it must be well understood by everyone in your organization from the CEO to the receptionist. (VanAuken 2002, 265.)

Living up to the kept promises or exceeding them creates loyalty. VanAuken (2002, 39) explains: When a company positions its brand in a customer's mind, it is positioning that brand against other brands. It is critical to understand the strengths, weaknesses, opportunities and threats of each of those competitors along with the industry structure itself. This knowledge about your competition is necessary because you want to uniquely own an important benefit in your customer's mind. The benefit you own should be one that takes advantage of your competitors.

For AVK Finland Oy their general branding guidelines are formed by their parent company. The AVK branding will be explained in the chapters 4.4 and 4.5.

3.3 Differentiation

Branding is about creating differences, therefore differentiation is the essence of brand strategy. Strategic brand related decisions focus on what a company can offer to their customers in terms of differentiating themselves from others in competition. Of course to make branding meaningful and for a brand to be successful, the difference must be relevant to its users.

Adamson (2006, 4) writes: To make brand worth “saving as”, you have to come up with a different meaning for your brand relative other brands in your category. This difference in meaning has to be simple to understand. The idea on which you establish your brand’s meaning in people’s minds has got to be both unique and simple to grasp. You must identify something to convey about the brand that is authentically different. That doesn’t mean a different feature or benefit, but how your promise to the customer is completely different from what other brands promise.

The sharper your differentiation, the greater your advantage. A systematic approach to understanding your sources of differentiation enables to have a discussion that distinguishes your company from competitors and what you can build on. Discussions what really differentiates a business from its competitors are often based on past beliefs more than on current data. Deliberating own key differentiators companies should consult these criteria: Are they truly distinctive? (Harvard Business Review 2011)

The competitor analysis examines current and potential competitors to make sure that the strategy will differentiate the brand. Studying competitor strengths and strategies as well as positions can also provide insight to the brand-building task. However, in this research there are no direct questions regarding commissioner company AVK Finland Oy’s competitors. That is because nature of the research is to evaluate AVK Finland Oy’s own performance against their brand promises. But naturally, when respondents answer to the questions, they at a certain level make comparisons to the other companies in the market: how they would perform and what their product quality is.

3.4 B2B branding

For B2B organizations, understanding the purchase decision making process is usually complicated. Decisions are often made by teams or committees comprised of people from different functions. Some people initiate the purchase order, other people are gatekeepers, influencers, decision makers, purchasers and users. Each has a different role in the process at a different point in the process. They often focus on different product, service and brand attributes and respond to different types of appeals. (VanAuken 2002, 32.)

In AVK Finland Oy's case, these influences may be CEO's, technical directors, contractors, engineers or installers. Who the key influencers are depend generally on the size of a company and its organizational structure. VanAuken (2002, 33) has listed B2B purchaser motivations that are usually present in B2B buying situations:

- price;
- perceived quality;
- technical specifications;
- warranties;
- other service or post-sale support;
- financial stability of the seller;
- buyer's past experience;
- organizational policies;
- fear of making a mistake;
- friendship;
- seller's interest in buyer's business;
- persuasiveness of seller.

3.5 Connecting the brand concepts

A number of brand management and branding related concepts have been introduced in the previous chapters, 2 and 3. It is important to clarify and visually demonstrate how these elements relate to each other. The following picture expresses how the previously discussed brand concepts are connected (figure 4).

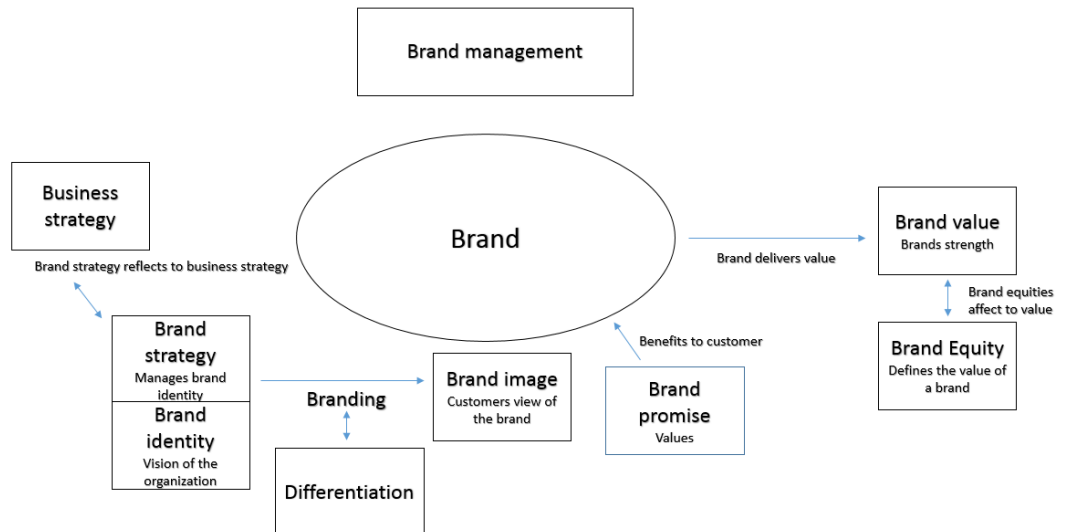


FIGURE 4. Mapping out the concepts

4 CASE COMPANY

4.1 Company background AVK Finland

AVK Finland Oy is a subsidiary of AVK Holding A/S that is a parent company for Denmark-based industrial manufacturer AVK. The entire AVK Group is built upon more than 100 companies worldwide. The organizational structure of the entire AVK Group is presented in a picture in the end of this chapter (figure 5).

The main activities of the AVK Group are development, production and marketing of valves, hydrants and accessories for the supply of water and gas, wastewater treatment and fire protection. Furthermore, AVK produces and sells products for production and process systems worldwide. The AVK Group is supplying customers worldwide with products and services via own sales companies, agents, distributors and license holders. This global network permits close cooperation with customers and end users, ensuring a high level of service and customer satisfaction. The AVK Group is a privately owned company, its headquarters are located in Galten, Denmark. AVK was established in 1941, employs today approximately 3,800 people and the net sales in 2016/17 was 630 Million euros (The AVK Group 2018).

AVK Finland Oy was established in 2012 to serve as a local sales company in the Finnish market for the AVK products. To date AVK Finland Oy has grown into a company of 8 employees, its net sales in 2017/18 was 3,1 Million euros. AVK Finland Oy does not have own production which means all sold items are manufactured in AVK production facilities in Denmark and other European countries and imported to Finland.

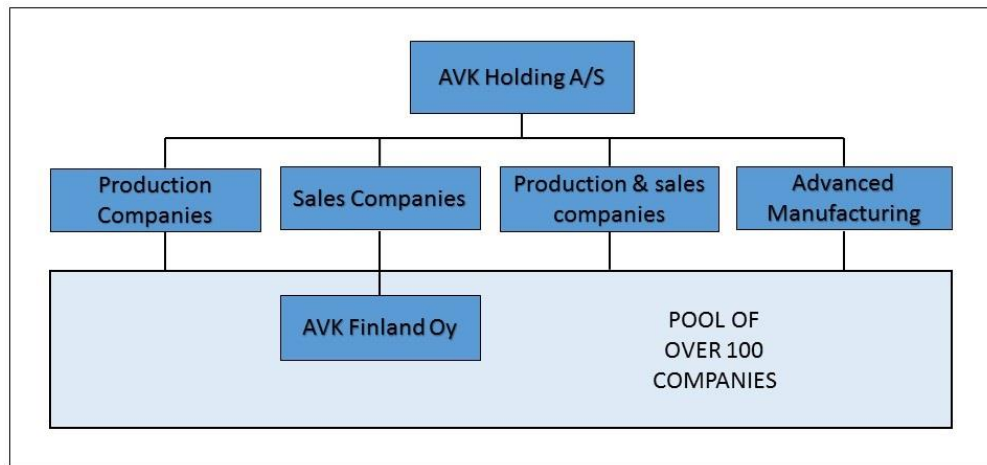


FIGURE 5. AVK Group organizational structure

4.2 Branch of industry

The AVK Group's core business is in the water, gas, wastewater and fire protection segments, but the group also designs and manufactures industrial valves for power generation, shipbuilding, pulp and paper and oil industries.

In the Finnish market, AVK Finland Oy's main business area is the water segment. Main sold products are gate valves and accessories for clean water piping systems. As already mentioned in chapter 4.1, AVK operates in Finland with a relatively small company that currently consists of 8 employees. That is because AVK's market strategy in Finland is based on outsourcing the end-customer sales and warehouse. That means AVK operates in Finland in a close collaboration with three leading wholesalers in the heating, ventilation and air conditioning (HVAC) industry. The three selected wholesalers are Ahlsell Oy, Dahl Suomi Oy and Onninen Oy. These wholesalers are the main sales and distribution channel for AVK Finland Oy and all of the wholesalers operate as a stock for AVK Finland Oy. The end customers in the Finnish market are waterwork companies in both, water distribution and waste water categories. Clientele are also independent contractors and industrial companies.

4.3 Competition

AVK Finland Oy has three main competitors in the Finnish market. Lining Oy, Ulefos Niemisen Valimo Oy and Saint-Gobain Finland Oy. Every company has an alternating product portfolio compared to each other and that is why there is certainly complexity, rather impossibility, in comparison of these different companies in the market when it is based only on the net sales. Measured by net sales all of the mentioned competitors are larger than AVK Finland Oy. Lining Oy's net sales in 2017 was 25,0 million euros, Ulefos Niemisen Valimo Oy's 13,2 million euros and Saint-Gobain Finland Oy's 214,4 million euros in 2018 (Asiakastieto 2018). Ulefos was already mentioned in chapter 1.2 as a competitor who entered the market in 2013. Ulefos merged with Niemisen Valimo Oy in 2017 and that partly explains their gain in their net sales.

A common denominator for these companies is competition in the same particular product categories led by a top product, gate valve. Different models of gate valves are also AVK Finland Oy's top products in sales. On the other hand, AVK Finland Oy competes with other companies as Jalpa Oy and Heikki Laiho Oy in other categories where for example Ulefos Niemisen Valimo Oy and Saint-Gobain Finland do not have their own product in their offering.

As mentioned, comparison between different manufacturers is very difficult in this market. As explained earlier in this study, product offering of course plays role in strategic brand management. It is something that AVK Finland Oy must take in consideration in its business with much wider perspective than many other competitors who may only concentrate to much more narrow selection of products.

4.4 Branding at AVK

AVK's mission is to become the customers' most preferred valves and fittings provider. Quality, continuity and close customer relations are, and have always been the guiding principles of AVK's business. Attempting to build even stronger brand AVK launched a new group level branding concept in 2014. All subsidiaries

around the globe must operate within the guidelines that the branding concept determines.

As in all elaborated brand development strategies, differentiation is the basic idea to aim at. It holds true in AVK's global brand development strategy as well. However AVK understands that they do not want to differ only for the sake of being different. They want to differ by both, their products and their service excellence. AVK bases its business into five cornerstones that should be in place in order to meet or even exceed customers' needs and expectations. They are company's values that are presented in the picture below (figure 6). The five disciplines are quality, innovation, reliability, sustainability and customer service.



FIGURE 6. AVK business cornerstones

1. Quality- guarantees customers that the solution works, lasts and lives up to or exceeds standards and requirements in the global market. That is very important to avoid additional costs, such as claims.
2. Innovation- as in any business it is important that customers have an opportunity to choose an innovative supplier to fulfill future demands. AVK wants to fill those needs and adapt to change.
3. Reliability- with one reliable supplier the customers can measure performance and make needed changes to constantly improve their business.
4. Sustainability- Sustainable development is essential for society and business to thrive and grow. Pursuing a sustainability strategy can lead to sustainable business, new business opportunities and from a customer point-of view - significant cost savings.

5. Customer service- customer satisfaction does not only derive from products, but from the service a company offers to their customers as well. Customer service reflects the professional way a company handles the needs, queries and requests of its customers.

The basis for the AVK brand are unique selling propositions which all reflect the added value to customers and constitute basic elements that differentiates AVK from the competition. The propositions are stated at the AVK global website.

1. Global and local. AVK designs, manufactures, markets and services its customers globally and locally. AVK wants to differentiate from other suppliers by maintaining a broader relationship with customers. AVK does not just sell products but also manufactures them at own plants with their own research, development, rubber factory, production and coating facilities. Being a *global* leader within valves, hydrants and fittings enables AVK to offer partnerships with high quality products and solutions. Serving customers *locally* enables to stay closer throughout the customers' selection and implementation of products.
2. Being a full-line partner gives company's customers a single entry point into entire product variety. AVK wants to differentiate themselves from the competition by offering a much broader portfolio of products and solutions to their customers. That leads to customers not just buying products but the expertise and the competitive solution that best suits their unique needs (Expect AVK 2018).

These selling propositions are important to understand as they resemble as a ground to the eight customer promises that AVK has introduced. These eight customer promises are all expectations that internally drives the company operations forward and externally presents its willingness in living up to the mentioned propositions.

4.5 The eight customer promises

AVK's presents their approach to market with the customer promises that are meant to be fulfilled in their daily operations. "As a global leader, it is our obligation to keep pushing the boundaries of what the market can expect. Our customers should rightfully expect us to exceed market standards. To ensure that we keep pushing the boundaries of what the market can expect, AVK has formulated eight promises that we will strive to deliver on all our markets" (About AVK 2018).

The eight customer promises get close attention in this research from this stage, because the entire survey is based on these customer promises. Every question in the survey is reflecting to a certain promise. The eight customer promises are:

Expect solutions, not just products

This customer promise is important because of the uniqueness each customer case. Some of them are covered by standard products, while others are more complex and require a customized solution. It is important that AVK provides the expertise, which in many case customers don't have.

Expect global leadership and local commitment

This refers to combination of being a large company that operates in every continent and the willingness with a strong local presence to serve customers and match their specifications.

Expect quality in every step

Customers want durable products and long-lasting solutions. Quality however is not limited only to the product. It concerns the entire process, from the early specification to the implementation and after-sales.

Expect a prompt response

AVK wants customer service be timely in all sectors. That means punctual deliveries, tight deadlines, accurate responses and active responsiveness.

Expect long lasting innovations

In this industry of AVK's there are many competitors who can offer similar products. As a production company it is important for AVK to apply pioneering technologies to stand out from the competition. These technologies make products more durable which generates both safety and cost-efficiency.

Expect total savings

Being a global company, AVK can offer customers competitive price but that is just one part of the cost perspective. When it comes to assessing overall cost, AVK wants customers to assess the cost from a holistic lifetime perspective, where it is not just the purchase price of a product that is taken into consideration but all concurrent savings such as energy efficiency save more on operational costs.

Expect a long-term partnership

AVK wants to consider themselves as a long time business partner because customers' needs are continuous and stretch beyond a single one-time delivery. Single products might solve what is needed momentarily, but down the road, customers will most likely have additional needs that need to be taken care of.

Expect it to be effective and easy

AVK wants to see themselves as a business partner who is easy to find, easy to contact and easy to consult with. They also want to offer products that are easy to install as well as reliable solutions that are easy to understand and control. Object is that it is easy to do business with AVK.

5 RESEARCH

5.1 Research strategy

Generally ground reason for any research is acquire more knowledge and understanding of the subject. Form of the AVK Finland brand research is a survey. Reason for launching a survey is to gain periodically measureable information from customers and stakeholders. In order to maintain comparability between surveys that are launched at different points of time, a standard structure and form of contents must formulate the frame.

Malhotra and Birks (2005, 7-8) write that there are two key reasons for undertaking marketing research: First is to identify opportunities and problems and second is to generate and refine marketing actions. Both of these reasons are behind AVK Finland Oy's research as well. Malhotra and Birks argue that the problem identifying research is undertaken to help identify problems that are not even necessarily apparent yet, for example regarding brand image. Once the problem has been identified, a problem solving research may be undertaken to help develop a solutions. The findings of research are used to support decisions.

AVK wants systematically reflect their performance and therefore launches this survey repeatedly once in every two years. Survey results help AVK to position themselves in the market and adequately point out areas of development. Survey results also help AVK Group to better observe their company's brand valuation in the local markets.

Evaluative researches are launched to help companies understand their situations reflected to gathered data. According to Aaker, Kumar & Day (2003, 27): Evaluative research is carried out to evaluate performance of programs, corporate and brand image studies, and measuring customer satisfaction with the quality of the product and service. Management is looking for support for its strategic decisions; therefore, researchers are doing more acquisition and competitor studies, segmentation and market structure analyses, and strategic position assessments.

On a strategic level, this survey is limited to measure AVK Finland Oy's own performance from their stakeholder's point of view. This research does not include directly comparative questions between AVK Finland Oy and its competitors. This research bases on the eight customer promises that AVK's customer approach consists of. Research measures AVK's selected 8 promises with an approach of pointing current status and providing more information of development and improvement areas.

Research analyze demonstrates the current situation in the Finnish market against the AVK's brand promise. The standpoint is finding the development areas and explaining them to mandatory for their use to help make strategic decisions to close the gaps in their operations that research provides. On the other hand aim is to find areas where AVK is considered strong in their performance. Understanding their situation with provided information in a form of recent data and it analyze helps AVK Finland Oy to understand its market status and make appropriate strategic business and brand decisions to help them in differentiate from others in their market.

5.2 Research methodology

A research design, either descriptive or casual, is chosen according to a project's objectives. The next step is to select a means of gathering data. There are three basic research methods: (1) survey, (2) observation, and (3) experiment. Survey research involves an interviewer interacting with respondents to obtain facts, opinions and attitudes. Observation research is a research that monitors respondents' actions without direct interaction. An experiment is distinguished by the researcher's changing one or more variables while observing the effects of those changes on another variable. (McDaniel & Gates 2000, 30.)

Keller (2008, 130) explains the nature of a quantitative brand survey with its difference to the qualitative survey. He writes: Qualitative research is suggestive, but a more definite assessment of the depth and breadth of brand awareness and

the strength, favorability, and uniqueness of brand associations often requires a quantitative phase of research.

Bryman & Bell (2015, 160) define quantitative research as a method for collecting numerical data and as exhibiting a view of the relationship between theory and research as deductive. Since AVK Finland Oy as mandator for this research wants to make their stakeholders voices heard in all their local markets, a quantitative research in form of a customer survey is selected as the methodology for this research. Quantitative data gives a better overall view of the selected topics because qualitative research would only give an answer from a limited group of respondents. This survey however has room for qualitative answering because it includes a separate field for informal text answers.

Every question is followed by another question that measures how respondents emphasize the importance of given question. This research method is called gap analysis, a technique which is used to determine improvement areas to move from current state to desired state.

Regarding the following survey notable is its characteristics. The entire survey with its contents and questions is designed by AVK Group (appendix 1). Although I am a researcher in this study and have been responsible of the entire survey process for AVK Finland Oy in 2018, I must emphasize that I will use the questionnaire that is brought to me from behalf of the commissioner.

This survey contains only the company brand - AVK. The certain branded products that AVK have, such as SupaMaxi for couplings or Pentomech for house connections are not considered individually.

5.3 Research process and design

Survey was launched in May 2018. The target group was selected to be contact persons from AVK Finland Oy's buying customer companies. The time course for the survey:

May 14: Inviting all respondents to participate in the survey by email.

May 22: Distributing reminder email to all respondents

June 1 to 15: Handling collected data

June-July: Analyzing results.

After the analyze the next steps are reporting results and conclusion in a form of this thesis.

As shown in the following picture, the survey was delivered to 109 recipients (figure 7). With a number of 19% of completed surveys the response rate was relatively low but the quantity of answers in total is sufficient for an analyze.

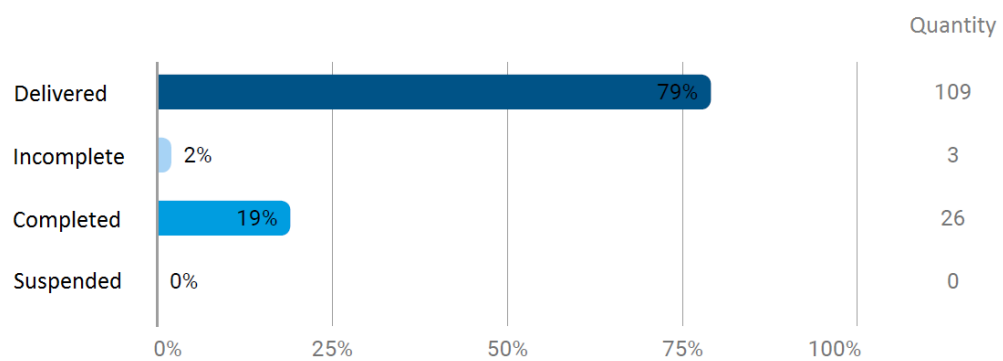


FIGURE 7. Overall status of all respondents

5.4 Reliability and validity

According to Bryman & Bell (168-169), three of the most prominent criteria for evaluation of business and management research are reliability, replication and validity. Reliability is concerned with the questioned whether the results of the study are repeatable. The term is commonly used in relation to the question of whether or not the measures that are devised for concepts in business and management are consistent.

Customer surveys are carried out to better understand customer based on their experiences and insights. As discussed previously, form of the AVK Finland Oy's brand survey is a quantitative research. Quantitative research studies the performance and characteristics of samples of selected topics. Because understanding

customer is a never-ending process surveys must be launched regularly. Recurrent surveys ensure a proper way to make data-based comparisons and observations to the brand development process.

Some concerns arise when evaluating the reliability of the AVK Finland Oy's brand survey. First concern is if the respondents have understood the method of the survey correctly, meaning that they will face each question twice. First the respondents evaluate AVK Finland Oy's performance, in the following question they evaluate the importance of the same subject. That concern was arisen because in the first customer promise, regarding products and solutions, importance was evaluated lower than AVK Finland Oy's performance. As of second customer promise, importance is evaluated higher than AVK Finland Oy's performance.

Another concern is the relatively small amount of respondents. Total of nineteen responses is not very strong database to make strategic brand management decisions. Also because of the small amount of respondents the comparability to both, previous surveys and the upcoming surveys becomes less significant.

Validity is another issue which must be evaluated regarding the AVK Finland Oy brand survey. As it was mentioned in 5.2, the survey is provided in a predetermined form from the AVK Group. It must not be modified to local needs in any way. As a researcher I am concerned if there were areas that should have been paid more attention into, that local sales companies would want to know with the more detailed information. So the question is what the validity is all about - does the survey measure exactly those issues that is desired to measure?

6 SURVEY RESULTS

6.1 Survey structure

Thereinafter in this chapter the results are broken down and analyzed by one customer promise at a time. Every question is in a form of proposition. The propositions and their responses are shown separately with horizontal images. To find out gaps each proposition is put on a bar chart model. Bar chat model includes all presented propositions per category and an additional bar that shows calculated average in each promise. The survey answers are valued with a scale of 1-5. When performance is measured 5 means “strongly agree” and 1 means “strongly disagree”. When importance is measured 5 means “very important” and 1 means “not important”.

6.2 Expect solutions, not just products

These customer promise propositions measure both AVK’s product range and their personnel’s expertise. From a customer point-of-view it saves their effort in a purchase process when they know they can rely on suppliers wide product range and know-how regarding it. For a supplier it is important that customers recognize their offering.

Responds (figure 8) show that AVK’s product package fulfills the need very well. None of the respondents answered other than either agreeing or strongly agreeing to the proposition.

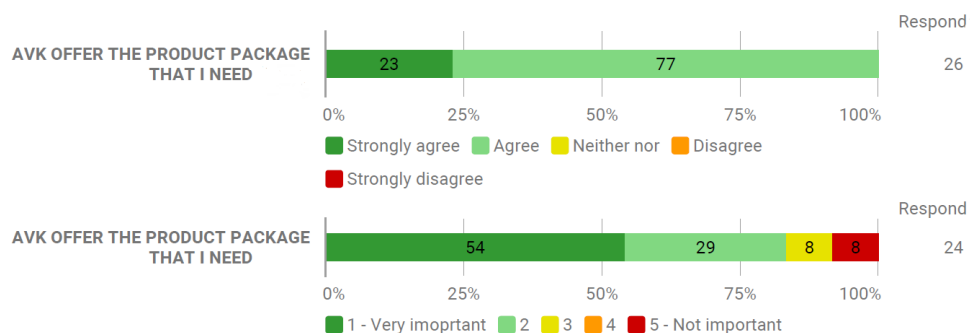


FIGURE 8. AVK Offers the product package that I need

AVK is also strongly considered as a partner for discussions when it comes to solutions (figure 9).

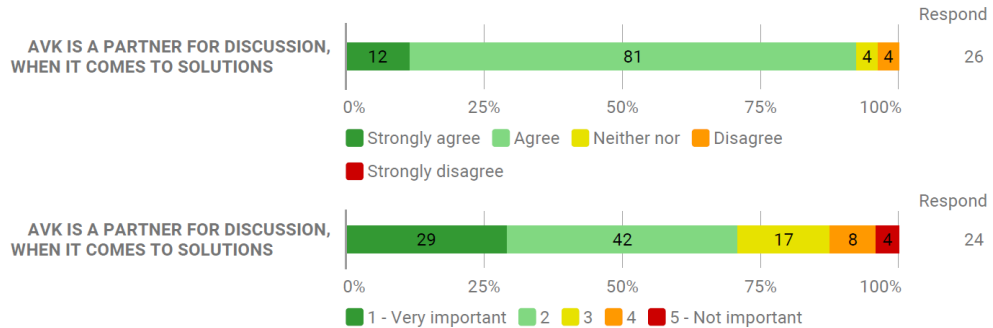


FIGURE 9. AVK is partner for discussion when it comes to solutions

AVK receives higher grades in this customer promise on their performance than how the respondents evaluate the importance of each proposition (figure 10).

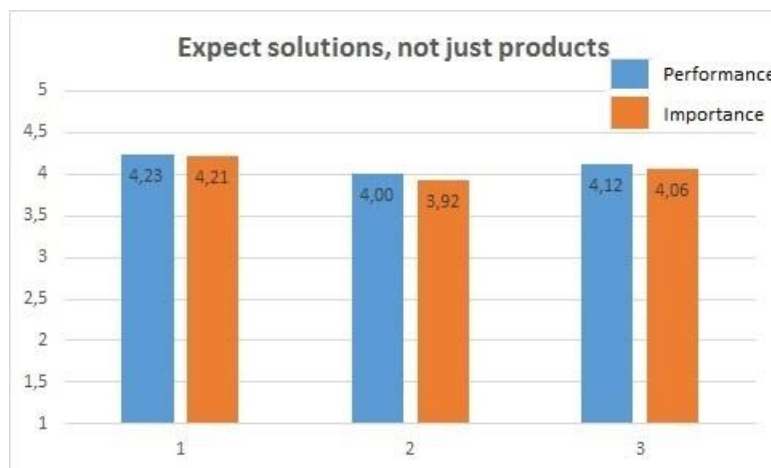


FIGURE 10. Gaps. 1) AVK offers product package that I need. 2) AVK is a partner for discussion when it comes to solutions. 3) Category average

6.3 Expect global leadership and local commitment

This promise includes two propositions. First proposition measures how strongly customers see AVK’s presence in local market (figure 11). In this sector AVK’s performance is not matching to the importance.

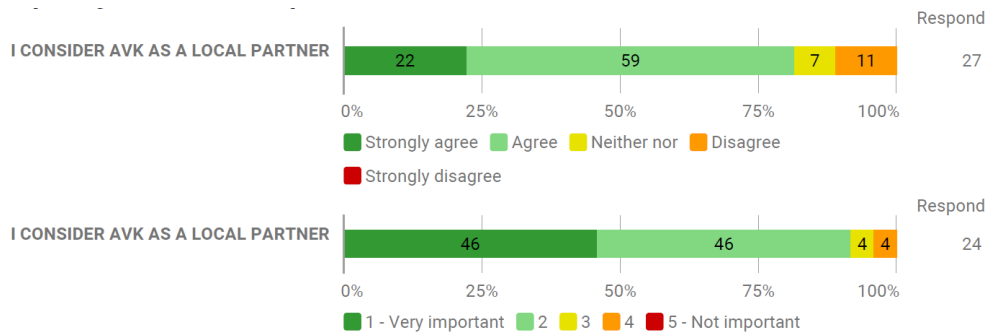


FIGURE 11. I consider AVK as a local partner

The second proposition reflects to the customers right to expect AVK to apply their global know-how in order offer tailor-made solutions that match specifications of the local markets (figure 12). Despite of 85% respondents either agreeing or strongly agreeing to the proposition, performance rate falls behind the importance rate.

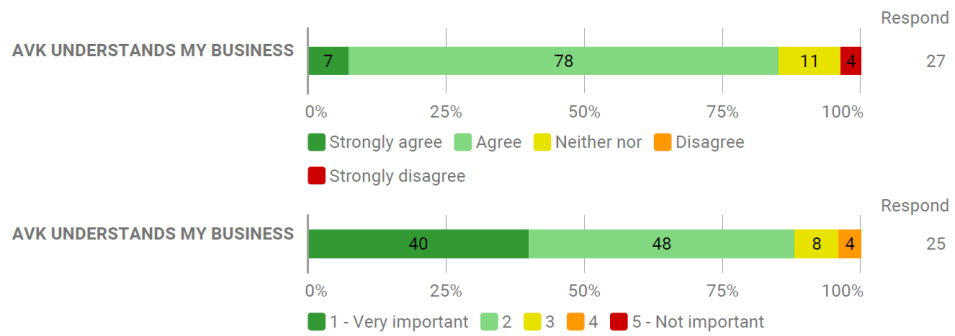


FIGURE 12. AVK understands my business

This promise category expresses a considerable gap between the performance and importance (figure 13).

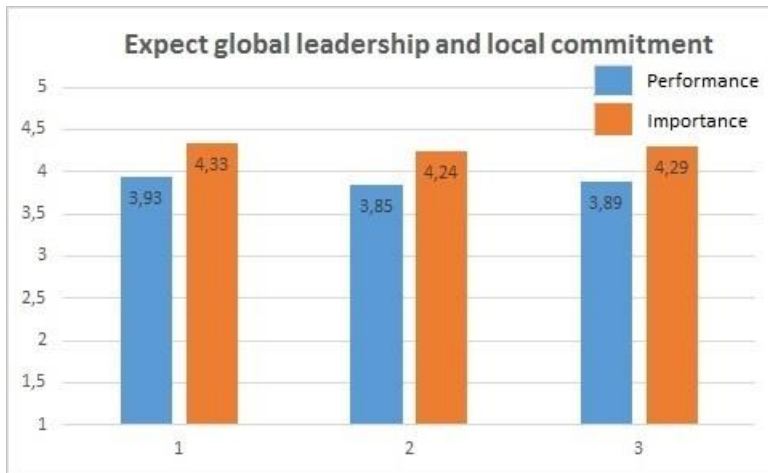


FIGURE 13. Gaps. 1) I consider AVK as a local partner. 2) AVK understands my business. 3) Category average

6.4 Expect quality in every step

This promise concentrates on the quality factors. From AVK point-of-view quality issues come as number one focus at every level of their operations. Responds to the first proposition prove that AVK products are considered as high quality because none of the respondents answers other than strongly agreeing or agreeing to the proposition. Despite respondents strongly agreeing to the quality proposition AVK’s performance rate is lower than the importance rate. This proposition gets the highest rating in the entire survey for importance valuation (figure 14).

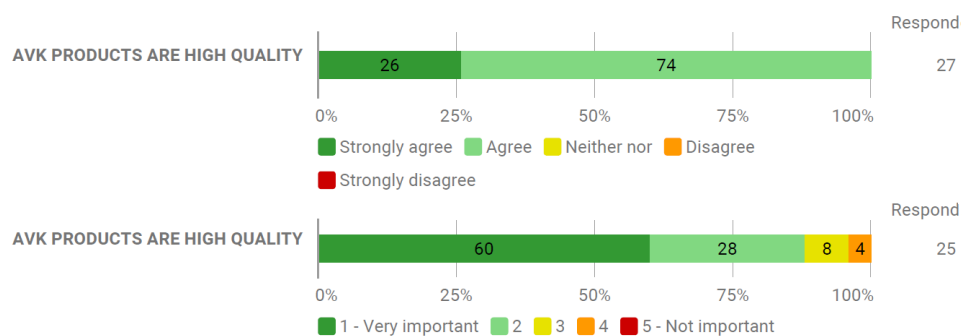


FIGURE 14. AVK products are high quality

Technical information that AVK provides is considered as high quality. However because of the amount of respondents who answered to this proposition as “very important” AVK’s performance rate is lower than the importance (figure 15).

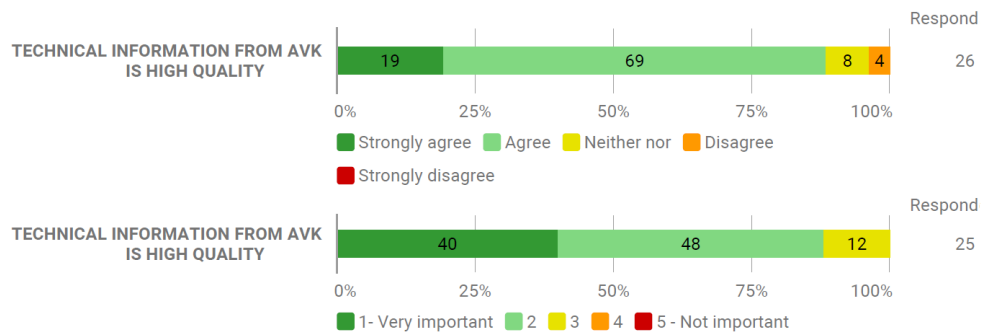


FIGURE 15. Technical information from AVK is high quality

This promise category shows that customers appreciate high quality in both, performance and the technical issues. AVK Finland’s performance level is not up to the expectations (figure 16).

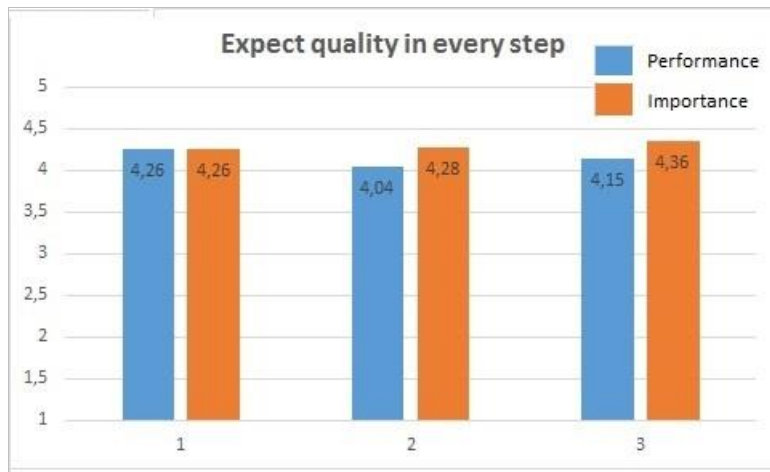


FIGURE 16. Gaps. 1) AVK products are high quality. 2) Technical information from AVK is high quality. 3) Category average

6.5 Expect prompt response

This promise is evaluated with three propositions. First proposition, which concerns inquiries indicate that AVK’s responses to inquiries are on a good level. Although it must be taken into account that 4% of the answerers strongly disagree with the proposition (figure 17).

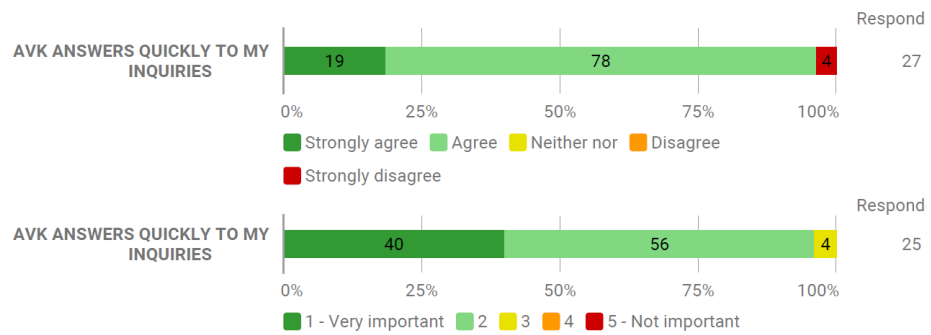


FIGURE 17. AVK answers quickly to my inquiries

It is agreed that AVK answers mostly quickly with order confirmation and the gap compared to its importance is moderate (figure 18).

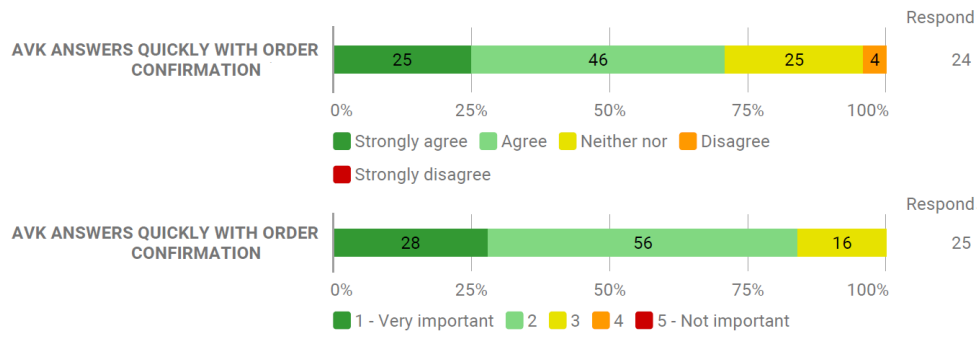


FIGURE 18. AVK answers quickly with order confirmation

The proposition that concerns technical claims shows a large gap (-0,48) between performance and its importance (figure 19).

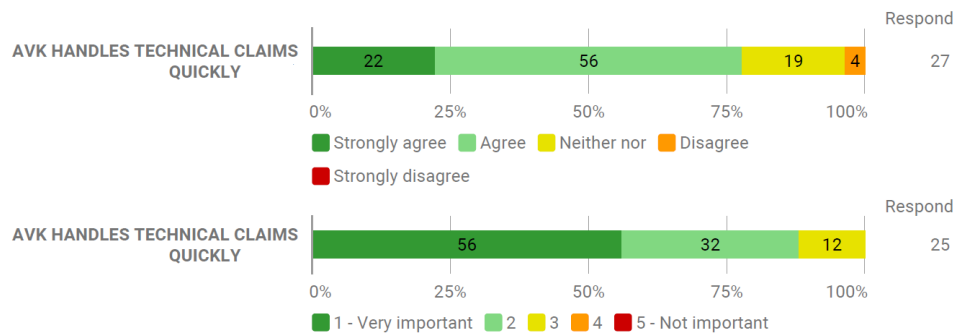


FIGURE 19. AVK handles technical claims quickly

All three propositions in this category are evaluated with high rating in their importance. All of them are rated to minimum of 4,31. The importance of promptness in handling technical claims gets the highest rating in the entire survey with 4,44 (figure 20).

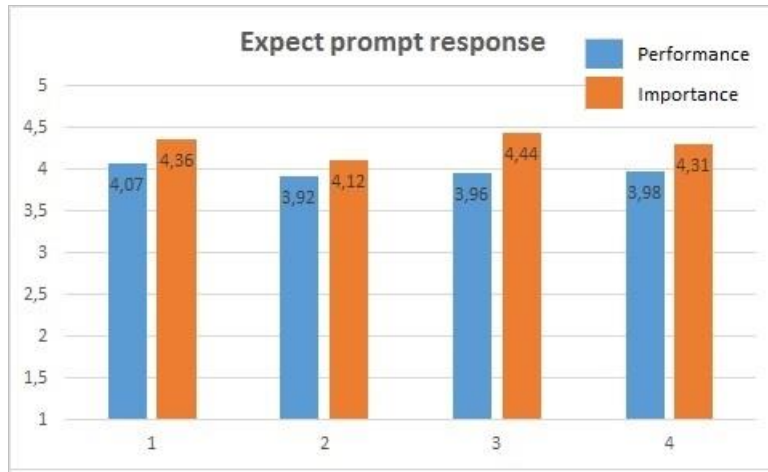


FIGURE 20. Gaps. 1) AVK answers quickly to my inquiries. 2) AVK answers quickly with order confirmation. 3) AVK handles technical claims quickly. 4) Category average

6.6 Expect lasting innovations

For AVK it is important to stand out from competition. One of the key issues is to continuously innovate new solutions. The answers indicate that majority of respondents consider AVK as an innovative partner, but a disagreement from 15% of respondents decrease the performance rate to 3,73 (figure 21).

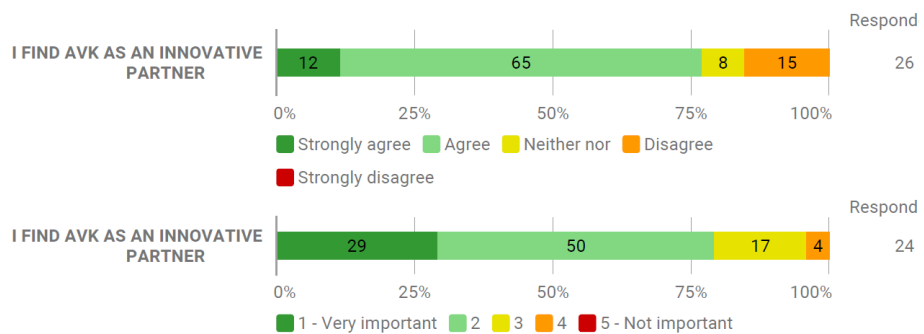


FIGURE 21. I find AVK as an innovative partner

Respondents confirm that they know AVK offers not only products but solutions. For AVK it is important because in their industry there are many competitors who can offer individual products but not solutions. Also respondents find it important with the rating of 4,13 which exceeds AVK’s current performance level (figure 22).

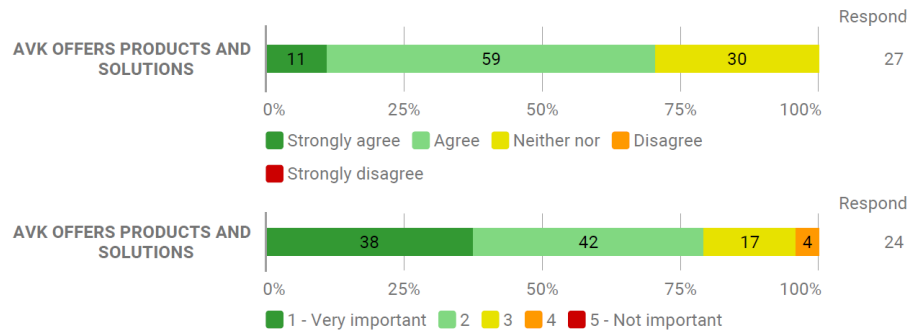


FIGURE 22. AVK offers products and solutions

Innovativeness and a wide product range that enables offering of complete solutions is not recognized by customers as much as they value its importance but the differences between performance and importance are not significant (figure 23).

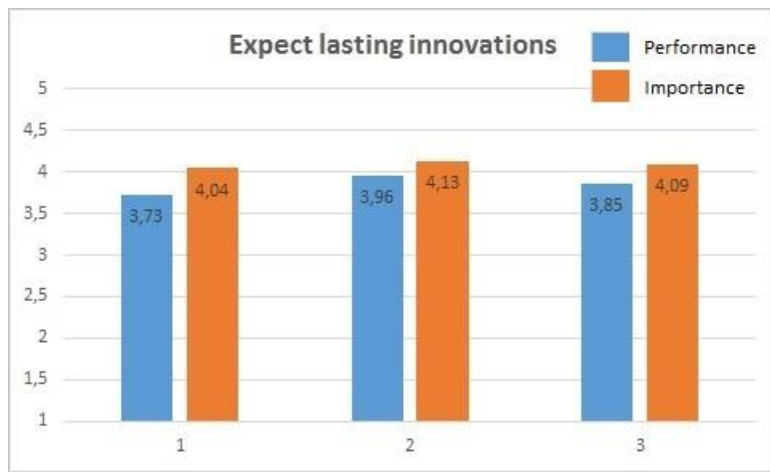


FIGURE 23. Gaps. 1) I find AVK as an innovative partner. 2) AVK offers products and solutions. 3) Category average

6.7 Expect total savings

This promise is evaluated with one proposition. From AVK’s point-of-view it is important that their customers feel that AVK offers them optimized solutions to help them achieve total savings. Price usually is an important decision factor and therefore quite surprisingly importance is rated with a rate of 3,95 which is second to lowest importance rate in the entire survey (figure 24). However AVK’s performance is slightly lower than importance in this category.

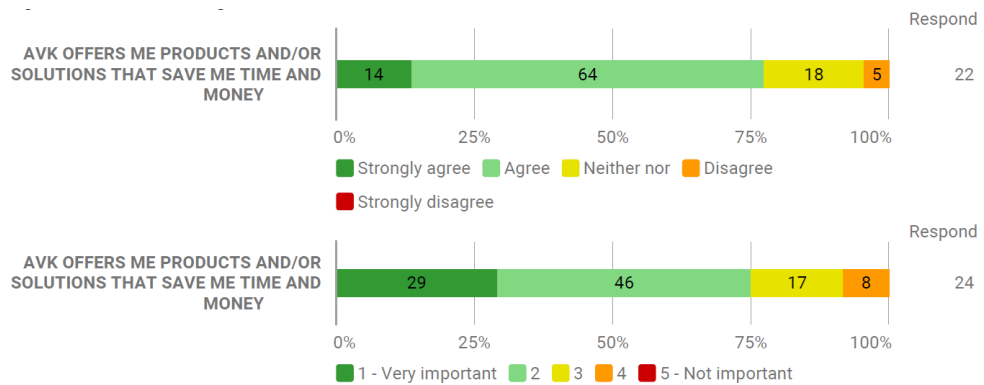


FIGURE 24. AVK offers me products and/or solutions that save me time and money

The gap in this promise is only 0,09 which is the smallest gap to close when all categories are compared (figure 25).



FIGURE 25. Gaps. AVK offers me products and/or solutions that save me time and money

6.8 Expect long-term partnership

This promise refers to AVK’s global strategy where they invest in local presence in every market they operate. Responds clearly refer to a potential because with a rate of 4,6 AVK is seen as a true partner for businesses (figure 26).

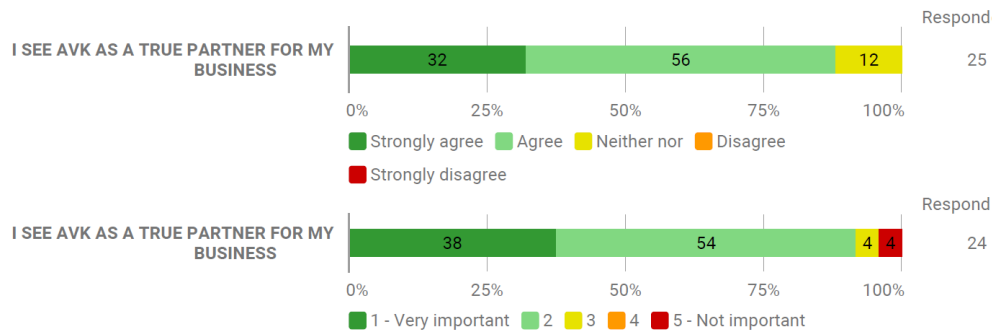


FIGURE 26. I see AVK as a true partner for my business

With the rate of 4.6 this category has the highest ratings of all 8 expectations in terms of performance valuation. Also in this category, the performance rate exceeds the importance rate (figure 27).



FIGURE 27. Gaps. I see AVK as a true partner for my business

6.9 Expect it to be effective and easy

The eight category consists of five propositions that are questioning if AVK is a partner who is easy to do business with. First proposition handles AVK's products asking how easy they are to install. That is not necessarily something that AVK Finland Oy as a sales company can affect to directly but it is important to give customers a word about it. AVK is given a lower rate in performance than how respondents see its importance. None of the respondents however disagrees that AVK products would not be easy to install (figure 28).

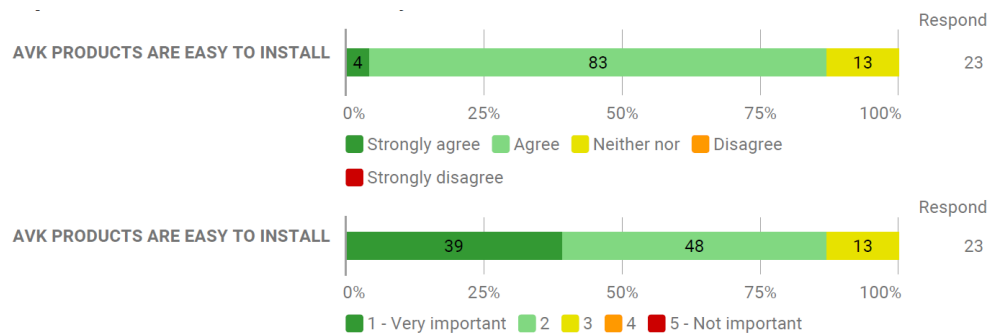


FIGURE 28. AVK products are easy to install

Second proposition (Figure 29) shows how important (rating 4,4) respondents value the easiness to get in contact with AVK employee. AVK has gap to close because performance rating falls 0,52 lower than importance. Although it must be mentioned that none of the respondents disagrees with the proposition.

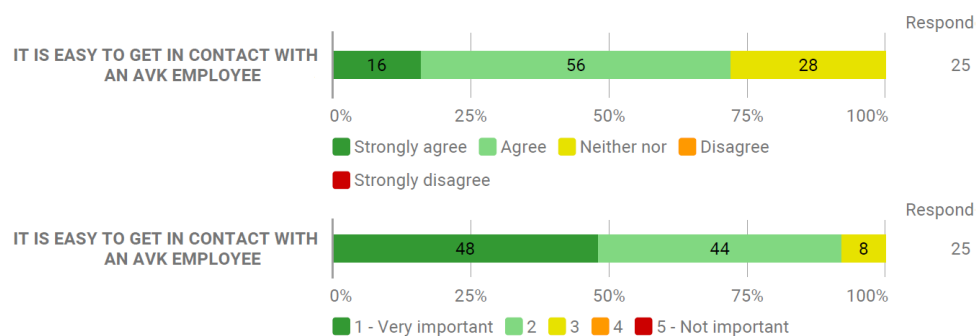


FIGURE 29. It is easy to get in contact with an AVK employee

Third proposition expresses that customers do not find information on AVK products as easily as they desired to. 48% of the respondents consider it very important to find information easily. AVK does not currently match the expectations

as the performance rating 3,76 is 0,60 lower than the importance rating (figure 30).

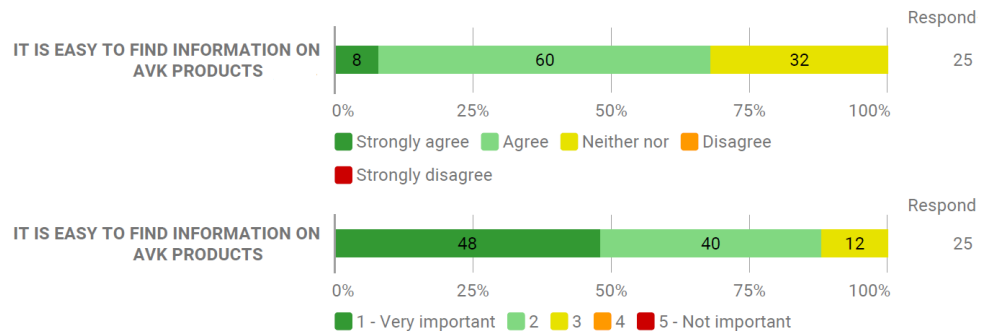


FIGURE 30. It is easy to find information on AVK products

Proposition four in this category discloses the most severe gap in the entire survey. The lowest performance rate, 3,26 is given by customers in this proposition regarding how quickly claims are handled. It is noteworthy that for the only time in this survey none of the respondents strongly agree with the proposition. Customers evaluate importance of handling claims quickly to 4,35. This means the gap to close is 1,09. (figure 31)

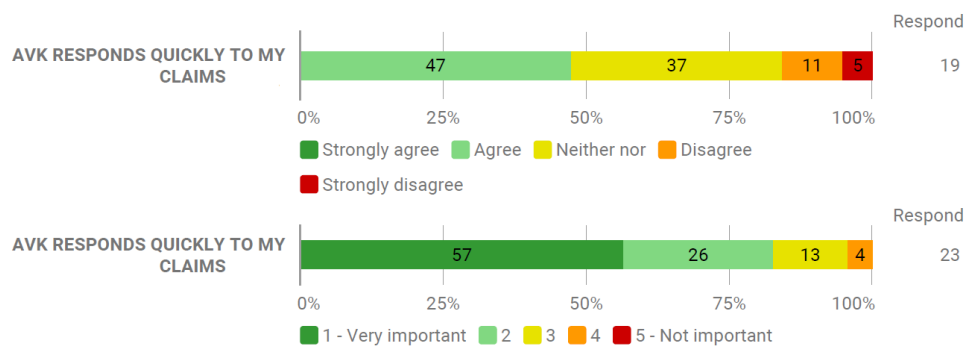


FIGURE 31. AVK responds quickly to my claims

The fifth proposition in this category (figure 32) follows all the previous propositions. Respondents see importance of keeping promises much more important than what AVK's performance currently is. The difference is 0,48 in favor to importance.

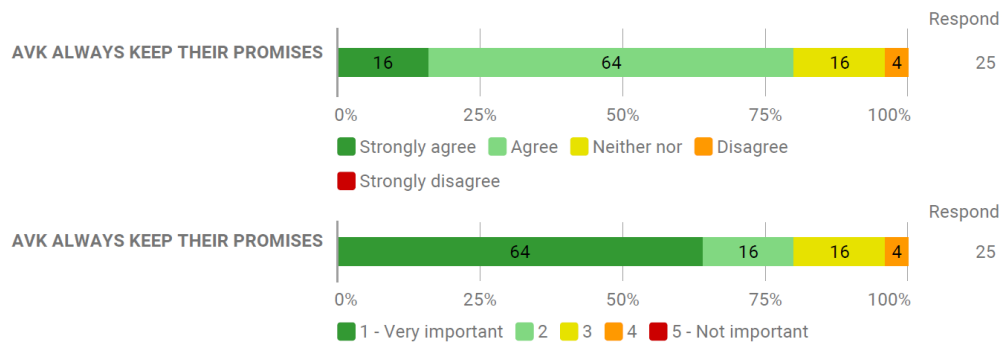


FIGURE 32. AVK always keeps their promises

This entire category of effectiveness and easiness needs most severely to be paid attention to. All propositions calculated together the gap to close for matching the importance is 0,60 (figure 33).

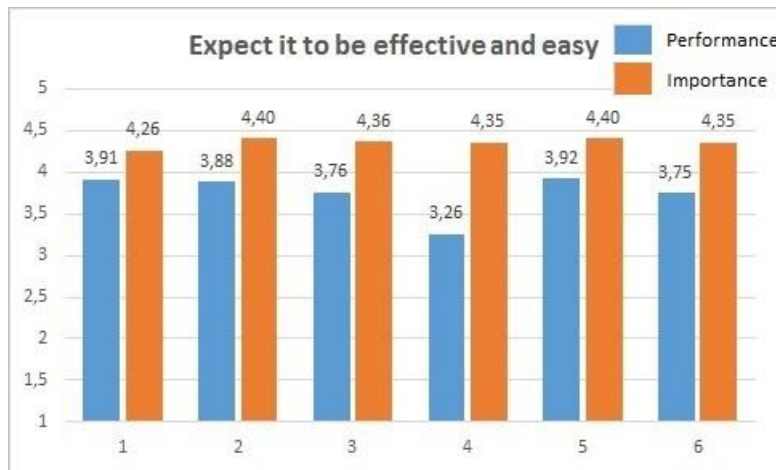


FIGURE 33. Gaps. 1) AVK products are easy to install. 2) It is easy to get in contact with an AVK employee. 3) It is easy to find information on AVK products. 4) AVK responds quickly to my claims. 5) AVK always keeps their promises. 6) Category average

7 ANALYSIS

This chapter details and discusses the action points that were revealed in the previous chapter. The SWOT-analysis model, which is a common strategic planning technique, is applied to explain the success areas and to suggest the improvement areas.

Blythe (2008, 23) refers the essentials of the framework: Managers can use SWOT-analysis to take stock of the firm's internal position: SWOT stands for Strengths, Weaknesses, Opportunities and Threats. Strengths and weaknesses are factors which are specific to the firm; opportunities and threats arise from external environment. SWOT analyses are simply different ways of looking at the environment and the firm's place in it.

Since this survey did not include questions from AVK Finland Oy's competitors, and covered only internal factors that AVK Finland Oy may have a direct affect into, this survey analysis brings out primarily the strengths and weaknesses.

Strengths

The quality of AVK Finland Oy's products received a rather satisfactory rating in the survey. That was a more positive outcome than expected because part of the hypothesis was that the low customer satisfactory level for AVK Finland Oy's products has contributed the recent decrease in net sales. A high product quality level especially with the large range of product offering is recognized and is the success area of AVK Finland Oy. It is very important to know that these issues are well appreciated and area cornerstones for future strategic brand building actions.

Weaknesses

The biggest development areas were proven to appear more in the services and customer communication sector than in the products. It is surprising and against to what was anticipated. That also gives an answer to the hypothesis: AVK Finland Oy's disrepute is not a cause led directly from their products. The problems point more into the after sales issues. Responding to the technical claims and

handling them quickly and responding to the orders with a confirmation were the areas that caused the most dissatisfaction. Importance of handling technical claims in a proper time must be acknowledged. It is one of the best ways to do marketing. Since the biggest improvement areas are human-oriented it is a virtue: It is easier and faster to develop human's activities than it is to develop better products.

Opportunities

A positive sign was a high ratings to the question if customers see AVK Finland Oy as a real partner in future. A positive thing was also the fact, that the product offering received good rates. It would be very time consuming to start changing individual products or even the entire product range of an industrial manufacturer who has to apply for certifications and pass various tests for all their new products.

Threats

As it was shown in this research the value of peoples role in B2B trading is crucial. Daily activities must match both customer expectations and the set brand promises. Especially claims - which always cause unexpected additional harm to customer - must be handled properly. Poorly handled claims are a big disappointment factor and a threat for a possible customer decay.

The free text option at the end of the survey gave 7 responses (appendix 2). By nature they were both, negative and positive. One comment was about the poor reputation but its origin was not specified. In turn, two respondents wrote that cooperation with AVK Finland Oy is going well, or at least there has been improvement in it.

The survey generated mainly positive feedback. Performance rates in all categories were above average. Out of all responses, there was only three answers that strongly disagreed to the propositions. Based on the survey results, AVK Finland Oy has a good ground to further brand development.

8 CONCLUSION

This study was carried out to help AVK Finland Oy build its brand in the Finnish HVAC- market. The strategic brand management and the brand development should lean into both, theoretical and empirical information that are provided in this study.

As an answer to the research question the outcome of the survey is that customers see AVK Finland Oy as their real partner. AVK Finland Oy's performance received generally satisfactory grades in all eight performance categories.

Overall results of the survey were encouraging. According to the survey results, the tedious assumptions of AVK Finland Oy's poor reputation in the market appeared to be exaggerated. Reflecting overall results to the prejudice brought new information. Although it must be taken into account that the sample size was rather small with 19 respondents only.

The survey is launched to test the hypothesis. As already mentioned in the survey analysis (chapter 7), the survey results were partly against the hypothesis. The issues regarding handling the claims received the lowest rates and that was in compliance with the hypothesis. But all the propositions related to the products, their quality or the offering received higher ratings than what was based on the hypothesis.

The claim issue is one of the focus areas that AVK Finland Oy must pay close attention into in their operation. Every industrial manufacturer receives claims. The question is how they are handled from the customer's point of view. All the replies towards the customer must be prompt. The outcome of a claim is not always in favor of the customer but the reasons for rejected claims must be clarified. A proper introduction to the products and user training may prevent recurrent claims.

In addition to how to handle claims, AVK Finland Oy must pay closer attention into all kinds of interaction with the customers. For example answering quickly to

the order confirmations received one of the weakest ratings. It must be realized that all kinds of uncertainty creates dissatisfaction amongst customers.

The issues in the free text answers varied a lot. There was no common nominator to what the respondents revealed of. One important issue that was brought up was the importance of the designers. AVK Finland Oy should make themselves and their product offering more known to the designers because they may have an influence into the customer's purchase behavior.

This research did not reflect the outcome of the survey to the previous customer surveys that have been launched by AVK Finland Oy. The data from the previous surveys was not available for the researcher. My suggestion to the commissioner is to begin the strategic brand building project from the outcome of this survey and have this research as a benchmark for future surveys.

The research method is also an issue that should be considered in the future. Does the research method, a quantitative survey, produce enough in-depth information? Would the validity be more significant if the research method was qualitative? I assume so because the small amount of free text answers at the end of the survey (appendix 2) did provide very various opinions.

As discussed in the theoretical part of the thesis, differentiation is one of the elements in strategic brand management. Because of its nature, this survey did not present any information of competitors. Therefore this study does not provide data which would help to compare AVK Finland Oy to their competitors. In that sense a different kind of survey method, such as qualitative survey, would be more beneficial source of information.

At least this survey did not activate recipients to answer on a large scale. The survey was launched in May which is among the busiest months of the calendar year in the HVAC- business. My suggestion is to launch it next time at a different time of the year, for instance in winter. The recipients would presumably have more time for the survey in the low season. The recipients should be encouraged to participate to the survey with incentives because the reliability would become more significant if there were more responses.

REFERENCES

- Aaker, D. 1991. *Managing Brand Equity*. New York: Free Press.
- Aaker, D. & Joachimsthaler, E. 2000. *Brand Leadership*. New York: The Free Press.
- Aaker, D, Kumar, V & Day G S. 2003. *Marketing Research*. Hoboken: John Wiley & Sons, Inc.
- About AVK. Read 26.10.2018. <http://www.avkvalves.eu/en/about-avk/expect>
- Adamson, A P. 2006. *Brand Simple*. New York: Palgrave Macmillan.
- American Marketing Association. Dictionary. Read 5.12.2018. <https://www.ama.org/Pages/default.aspx>
- Aperia, T & Back, R. 2004. *Brand Relations Management*. Malmö: Liber.
- Asiakastieto. Read 23.3.2018. <https://www.asiakastieto.fi/yritykset/fi/avk-finland-oy/24745197/taloustiedot>
- Asiakastieto. Read 25.11.2018. <https://www.asiakastieto.fi/yritykset/fi/oy-lining-ab/04014100/taloustiedot>
- Asiakastieto. Read 25.11.2018. <https://www.asiakastieto.fi/yritykset/fi/saint-gobain-finland-oy/09515553/taloustiedot>
- Asiakastieto. Read 25.11.2018. <https://www.asiakastieto.fi/yritykset/fi/ulefos-oy/15511348/taloustiedot>
- Blombäck, A. 2005. *Supplier Brand Image – a catalyst for choice*. Jönköping: Jönköping International Business School.
- Blythe, J. 2008. *Essentials of marketing*. Essex: Prentice Hall.
- Bryman, A & Bell, E. 2015. *Business Research Methods*. Oxford: Oxford.
- Elliot, R & Percy, R. 2007. *Strategic Brand Management*. Oxford: Oxford.
- Expect AVK. 2018. Read 11.3.2018 <http://www.avkvalves.com/en/expect-avk/wearedifferent>
- Finskud, L. 2009. *Developing Winning Brand Strategies*. New York: Business Expert Press.
- Harvard Business Review. Read 30.10.2018 <https://hbr.org/2011/11/the-great-repeatable-business-model>
- Heding, T., Knudtzen, C. F. & Bjerre, M. 2009. *Brand Management. Research, theory and practice*. Milton Park: Routledge.

Kapferer, J N. 2012. The New Strategic Brand Management. Advanced Insights & Strategic Thinking. London: Kogan Page.

Keller K L. 2003. Strategic Brand Management. Building, measuring, and managing brand equity. Upper Saddle River: Prentice Hall.

Keller K. L. 2008. Strategic Brand Management. Building, measuring, and managing brand equity. Upper Saddle River: Prentice Hall.

Kotler, P. 1994. Marketing Management. Analysis, Planning, Implementation and Control. Englewood Cliffs: Prentice Hall.

Kotler, P, Keller, K L, Brady, M, Goodman, M & Hansen, T. 2016. Marketing management. Harlow: Pearson.

Malhotra, N K & Birks D F. 2005. Marketing Research – An Applied Approach. Harlow: Prentice Hall.

McDaniel, C & Gates, R. 2001. Marketing Research Essentials. Cincinnati: South-Western Thomson Learning.

Miller, J & Muir D. 2004. The Business of Brands. Chichester: John Wiley & Sons, Ltd.

Rakennusteollisuus. Read 5.12.2018 <https://www.rakennusteollisuus.fi/Tietoa-alasta/Talous-tilastot-ja-suhdanteet/Kuviopankki/Infrarakentaminen>

The AVK Group. Read 22.10.2018. <http://www.avkvalves.eu/en/about-avk/the-avk-group>

The Great Repeatable Business Model. Read 30.10.2018. <https://hbr.org/2011/11/the-great-repeatable-business-model>.

VanAuken, B. 2002. The Brand Management Checklist. London: Kogan Page.

APPENDICES

Appendix 1. AVK brand survey

AVK Finland Oy brand survey 2018 1 (10)

This questionnaire is divided into two separate surveys. In the first we would appreciate your sincere response to how well we meet your expectations as a customer with AVK Finland Oy. In the second we wish to define the importance of the same parameters in relation to trading with AVK Finland Oy. We thank you very much in advance for your time and your response. Evaluate the following in relation to your cooperation with AVK Finland Oy in 2017-2018.

AVK Finland Oy brand survey 2018

AVK offers the product package that I need - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK offers the product package that I need - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect solutions, not just products

AVK Finland Oy brand survey 2018**2 (10)**

AVK is a partner for discussion when it comes to solutions -
Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK is a partner for discussion when it comes to solutions -
Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect solutions, not just products

I consider AVK as a local partner - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

I consider AVK as a local partner - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect global leadership and local commitment

AVK Finland Oy brand survey 2018**3 (10)**

AVK understands my business - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK understands my business - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect global leadership and local commitment

AVK products are high quality - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK products are high quality - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect quality in every step

AVK Finland Oy brand survey 2018

4 (10)

Technical information from AVK is high quality - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

Technical information from AVK is high quality - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect quality in every step

AVK answers quickly to my inquiries - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK answers quickly to my inquiries - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect prompt response

AVK Finland Oy brand survey 2018**5 (10)**

AVK answers quickly with order confirmation - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK answers quickly with order confirmation - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect prompt response

AVK handles technical claims quickly - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK handles technical claims quickly - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect prompt response

AVK Finland Oy brand survey 2018

6 (10)

I find AVK as an innovative partner - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

I find AVK as an innovative partner - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect lasting innovations

AVK offers products and solutions - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK offers products and solutions - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect lasting innovations

AVK Finland Oy brand survey 2018

7 (10)

AVK offers me products and/or solutions that save me time and money - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK offers me products and/or solutions that save me time and money - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect total savings

I see AVK as a true partner for my business - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

I see AVK as a true partner for my business - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect long term partnership

AVK Finland Oy brand survey 2018

8 (10)

AVK products are easy to install - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK products are easy to install - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect it to be effective and easy

It is easy to get in contact with an AVK employee - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

It is easy to get in contact with an AVK employee - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect it to be effective and easy

AVK Finland Oy brand survey 2018**9 (10)**

AVK responds quickly to my claims - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK responds quickly to my claims - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect it to be effective and easy

It is easy to find information on AVK products - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

It is easy to find information on AVK products - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect it to be effective and easy

AVK Finland Oy brand survey 2018**10 (10)**

AVK always keeps their promises - Performance *

- Strongly agree
- Agree
- Neither nor
- Disagree
- Strongly disagree

AVK always keeps their promises - Importance

- 5 - Very important
- 4
- 3
- 2
- 1 - Not important

Expect it to be effective and easy Comments:

Thank you very much for your help in completing the AVK Finland Oy customer survey 2018

Appendix 2. AVK brand survey – free text comments

- Designers should be more aware of the AVK products... (often the specs say: Hawle or Ulefos)
- Strong co-operation and partnership pays off at a certain time-span in my point-of-view. And the faith in cooperation has improved.
- More investing in the marketing activities!
- Producer representatives must be able to close deals at the customers and route the invoicing to the wholesaler
- A wider assortment of variety for sale
- AVK's reputation on the field is unfortunately poor because of many issues. There is much to improve.
- Co-operation has went well