Going, Going...Gone Global

A study of two companies that want to take their brands abroad

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Abstract

This is a bachelor thesis within marketing that aims at finding how branding strategies is affected by the market it operates and how it influences the possibilities to create a global brand. This will be carried out by looking at branding strategies, global branding and branding on the emerging markets with comparison to mature markets. The authors will do this by conducting a case study where two companies will be studied, one from an emerging market and one from a mature market.

The development of a case study came from the explanatory nature of the purpose and the decision was made to look into the lingerie industry since this is a market that is easily segmented and that uses branding. The authors used one company on each market that were in the lingerie industry and the companies that came to be investigated were Beijing Aimer Co Ltd. and Miss Mary of Sweden AB. The authors used theories of branding, empirical material from interviews as well as secondary information about the markets in order to conduct the study.

The authors concluded that there are a number of different strategies a company has to consider for their brand: What market(s) to cover, pricing strategies, name strategies and extension strategies. All are combined and need to fit each other to have a good branding strategy. Then there are different conditions for companies on mature and emerging markets. In the emerging markets, branding is a relatively new concept and differentiation with the help of branding has been missing. A mature market, on the other hand, is often saturated of brands which make it hard for companies to stand out in the clutter. This can make it easier for a company to target a niche in the market.

When globalising the brand, the companies also need to take other things into consideration. It is important to know the market the company wishes to reach and there can be images that stick from the country of origin of the brand, which also influences the globalisation of the brand and is different for mature and emerging markets.

What the authors found from the empirical findings was that the companies are not as the theories would suggest and the Chinese company seems to be very aware of their brands. What the authors also found that both the companies were failing in their branding strategies, but in very different ways. Aimer, who desperately wants to create an international brand, is failing due to country of origin effects, while Miss Mary is failing in their segmentation strategy which makes them less resident to competitors in a mature and cluttered marketplace.
Sammanfattning

Detta är en C-uppsats inom marknadsföring som ska undersöka hur varumärkesstrategier för företag kan påverkas av mognaden på marknaden företaget ursprungligen kommer ifrån och hur det kan påverka möjligheterna till att skapa ett internationellt varumärke. Författarna kommer att göra detta genom att genomföra en fallstudie på två företag, en från en marknad under utveckling och en från en mogen marknad.

Utvecklingen av en fallstudie kommer från det förklarande syftet och författarna bestämde att kolla på underklädesmarknaden eftersom det är en marknad som är lätt att segmentera och där varumärken används. Författarna hittade då ett företag i denna bransch på varje marknad och företagen som kom att undersökas var Beijing Aimer Co Ltd. Och Miss Mary of Sweden AB. Författarna använde sedan teorier om varumärkesstrategier, empiriskt material från intervjuer av företagen och sekundär information om marknaderna för att kunna genomföra studien.


Vad författarna fann från det empiriska materialet var att företagen inte alltid är enligt vad teorierna föreslår och att det kinesiska företaget verkar vara väldigt medveten om sina varumärken. Vad författarna också fann var att båda företagen till viss grad misslyckas med sina varumärkesstrategier, men på väldigt olika sätt. Aimer, som desperat vill skapa ett internationellt varumärke, misslyckas på grund av effekter av ursprungslandet. Medan Miss Mary misslyckas i sin segmenteringsstrategi vilket gör dem mindre motståndskraftiga för konkurrenter på en mogen och mättad marknad.
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1 Introduction

In this chapter the reader will be introduced to the subject of this thesis, a background to the study will be presented and the purpose will be formulated. The chapter will end with a disposition that will serve as a help provided for the reader to get an overview of the report.

1.1 Background

Having a brand is very important on mature markets with a lot of competition, but it was not always so. In 1988 branding became headlines and it has stayed there ever since. The Economist named this year “The year of the Brand” because companies started to realise the value and capital worth of having a brand. McDonald’s opened the doors of their first restaurant in Moscow in 1990 which introduced branding as a strategic issue. It was even suggested that brands like McDonald’s and Coca-Cola was a tool to change the social attitudes that the people of former Soviet Union had towards the USA and Europe. That is how important brands really can be. (Arnold, 1992)

Branding is not a new concept, but in later years the focus on this concept has augmented. Why? Well, the increased interest in branding can be a consequence of the increased competition and globalization on the markets. In earlier days, when sales dropped the company blamed the product. Today, the company blames the brand (Haig, 2003). Ries & Ries (in Haig, 2003 p. 5) says that “Branding “pre-sells” the product or service to the user. Branding is simply a more efficient way to sell things”. In the fight for customers, the brand can be used as a means to get attention, to differentiate products, and to promise potential customers something beside and beyond product attributes, so called added value. As products are becoming more alike, companies tries to distinguish themselves by focusing on their uniqueness and by using a positioning for their products and brands aimed at their target market (Uggla, 2004). In the end, what all companies aim for is to communicate to customers why their products or services are better than others and thereby create brand loyalty. In Henrik Uggla's book it can be read that: “You build brand loyalty in a market the same way you build mate loyalty in a marriage. You get there first and are careful not to give them a reason to switch”. (Ries & Trout, 2001, in Uggla, 2004, p. 47)

In order to create a successful brand, branding strategies play a vital part. Uggla (2002) says that there are two basic attempts a company can use when they are working with their brand. The first attempt says that a business can use the company’s brand as the foundation; the company name is then the basic theme. The other attempt is that they name the products individually and then position the separate brands in the portfolio, to different consumers. (Uggla, 2002) Riezebos (2003) states that there are a couple of factors that a brand strategy is based upon; these aim to give added value, a created additional meaning to the consumer that the branded article receives by having a brand, and differentiation which means that the company or branded article has a competitive advantage (2003).

As the reader now knows, the effects of brands are many and having a branding strategy is important. But what about reaching new markets with the brand? Studies show that the brand can be used as a permit when entering new markets, both domestic and international. The globalisation of brands is growing continuously, but is it really just as easy as to take your brand abroad? This will be investigated in this report, but first the authors need to find one or more markets to look into...
The home market plays a vital role in branding. This study aims at looking into going global with the brand on two different types of markets; the mature market who has a lot of experience of brands and the emerging market where the concept of brands is quite new. The authors need something specific to study and need to have examples of branding in the two markets to be able to look at the effects of the markets. A case study needed to be done in order to find the differences on the market and have something to compare. One company on each market was chosen, Miss Mary of Sweden AB that operates on the western marketplace in a mature market and Beijing Aimer Co Ltd. that operates on the Chinese marketplace in an emerging market.

Then the challenge came to find companies in the same industry on these two markets and who want to go global to look at. The authors need something specific to study and need to have examples of branding in the two markets to be able to look at the effects of the markets. A case study needed to be done in order to find the differences on the market and have something to compare. One company on each market was chosen, Miss Mary of Sweden AB that operates on the western marketplace in a mature market and Beijing Aimer Co Ltd. that operates on the Chinese marketplace in an emerging market.

1.1.1 Research questions

What the authors want to do is to look at Miss Mary of Sweden’s and Aimer’s brands different prerequisites to enter new markets when looking at the market in which the brand originates from and how this effects the possibilities of making the brand internationally competitive.

? How does the maturity of the markets influence our research objects branding strategy?

? Do the theories used in the report conform to the findings at Aimer and Miss Mary? Why, or why not?

? In what way do the COO effects affect our research objects when going global with their brands?

These questions will be answered in this report.

1.2 Purpose

The purpose of this report is to look at how Miss Mary of Sweden AB’s and Beijing Aimer Co Ltd’s branding strategies and the markets that they originate from affect them in their attempt to reach the global marketplace with their brands.

1.3 Definitions

Here are some definitions that the authors feel needed some further explanation to not confuse the reader.

**Brand:** Branding is the core of this report and therefore the authors would like to start by defining this concept. A brand is something a company uses to define itself and its products. Like Koschnick says: “a brand is the means by which the firm identifies itself to customers” (1995, p. 40). Riezebos (2003, p. 32) developed the term by stating that “A brand is every sign that is capable of distinguishing the goods or services of a company”. He also
says that it is the certain associations that come to mind when hearing a brand name. To clarify, a brand separates one company from another by using signs such as a product name or a company name, a logo, colours or other unique attributes associated with it. Here included are also features such as the brands history, the values connected to the brand, and the added value that the brand communicates (Koschnick, 1995).

**Branding:** According to Sutherland (2004) branding is the adaptation of image, recognition, awareness, quality, features, name, values and benefits for a product. He further states that branding covers the intangible values that separate the product from the competition. Branding is most used first and foremost in the purpose of differentiating the product from the ones that are available on the market. Agreeing with this is Govoni (2004) who states that branding is the process where the brand and brand image are developed to distinguish the product from others. As Sutherland (2004) furthermore adds, it is also used to encourage customers to accept and recognise the product and guide them in their buying decisions.

**Tactic vs. Strategy:** Collin (2000) defines tactics as a move, step or part of a strategy that is carried out such as advertising or promotional campaigns. It is very specific actions that a marketer or advertiser uses in the short-term to reach goals (Govoni, 2004).

When looking at a larger perspective a company instead focuses on a strategy. A strategy is considered a plan for achieving more long-term objectives or goals (Imber, 2000). By having a strategic plan the company is able to efficiently organize its resources and place them in various areas of activities such as finance, production, personnel, research and development and marketing in order to reach its goals (Sutherland, 2004).

**Niche vs. Segmentation:** Govoni (2004) defines a niche market as a narrow market segment with a very distinct set of characteristics or needs. For consumers to have their specific needs met and to be completely satisfied this segment is often more willing to pay a higher price. A company that wants to niche itself searches for a market where profits and growth can be obtained and in which competitors have not yet become found interest in (Sutherland, 2004). If a company possesses specific skills and knowledge it makes it easier for companies to serve the market and build a strong relationship with its customers, which in turn leads to customer loyalty. Market nichers are usually small companies will limited resources. But in turn they differentiate the products and services through the rarity of offer, quality, price and service (Sutherland, 2004).

Market segmentation, to the contrary, is a process that divides the market based on similar characteristics, needs or desires that subgroups within the market have in common. It is a result of the fact that all potential users of products are individual and the same offer will not appeal to everyone. Therefore it is essential that a company, based on these differences, develop different market tactics in order to effectively reach the entire market for a certain product (Imber, 2000). After these subgroups are identified the company is able to adapt its brand image, name, look and feel to the different markets (Sutherland, 2004).

**Globalisation:** Govoni (2004) defines globalisation as when a single campaign is used for all countries where companies do business. Sutherland (2004) adds to this by saying that globalisation is the presentation of the products and services all over the world. It is an essential part of the world trade and brands are now able to reach equal success, no matter where in the world it is being offered. Moreover with globalisation, customers have become more open and willing to try products product internationally not only domestically.
This has in turn has decreased trade barriers which has made it easier for companies to adapt to new and different markets (Sutherland, 2004).

### 1.4 Disposition

The disposition, shown in figure 1 below, is a help provided for the reader to get an overview of the report and the logic behind it. With this the authors has tried to capture the sense of top-down reasoning and then made it visual by using symbols and colours.

[Diagram of disposition]

Figure 1 Disposition of the report

The authors have started to describe the background to the subject of interest that gives an idea of the subject and of the interest in it. This later led to a problem discussion where the issues of the subject are discussed which eventually lead to a problem to investigate. It is this problem that decides the purpose of the report.

The method is determined depending on how the purpose best will be fulfilled. It is also the method that describes how the information was gathered for the theoretical framework as well as for the empirical findings and also how the analysis will be done. Within the part of gathering data, it is the theoretical framework that decides what the authors will expect and bear in mind when conducting the field work, which is when doing the interviews to collect the empirical findings. The analysis will then be based on the comparison of the
cases, Miss Mary and Aimer, and the theoretical framework. This analysis is what will create the result of the entire study, the conclusion which is the contribution the report makes to society.

2 Method

This chapter will give a description of the method chosen to conduct this study. It describes the reasoning behind the purpose and explains why certain methods of gathering and analysing information have been used to be able to fulfil the purpose of the report. The aim of this chapter is to give the reader information of the work process.

2.1 Type of study

To be able to fulfil the purpose of the report it is important to decide what type of study that will be conducted. One can choose to use the strategy of experiment, survey, archival analysis, history or a case study, according to Yin (2003). The authors have as a result of the nature of the purpose, decided to conduct a case study. Since the purpose or research question is stated as “how” in this research, which is explanatory, Yin (2003) suggests that it is suitable with usage of case studies, histories, or experiments. However, since the authors do not have control over actual behavioural events and that it will be a study of contemporary events, a case study is most appropriate to conduct.

The case study is especially used in evaluations where complex objects are studied. This strategy also includes, as supposed to history, direct observation of the events being studied and interviews with the persons involved in the events. Since the authors want to compare the effects of the branding strategies and the market influences for mature and emerging markets when bringing the brand global the authors needed to have research objects that in the state of going global and that actually has brand strategies and are from two different markets. It is here evident that the authors have decided to conduct a case study. The authors have chosen to use two companies, one on each market, that are operating within the same industry, to be able to make this comparison.

A case study is a research strategy that looks at a problem in a ‘real-life’ context. Schramm (1971, in Yin 2003, p.12) expresses that the essence of a case study is that it tries to illuminate a decision or a set of decisions: why they were taken, how they were implemented and with what result. There is also a need for several sources (in this report - persons) used as support for the result the investigation aim at bringing (Yin, 2003). The issue here is then to decide where the boundaries should be draw when deciding what the actual case is.

What can be a drawback with the type of case study that is conducted here is that there are a limited number of cases that are being studied. The researchers are trying to draw conclusions from studying these two companies; one on a mature and one on an emerging market that are trying to reach new markets to see how the branding strategies and the market of origin affects this venture. However, is this a valid research and would the results be different if the authors were to investigate two other companies?

The authors claim that it is valid since what is to be investigated always is individual for every company and that one can see the effects only investigating these two companies. If one looks deeply into what is happening with companies attempting to go global, it is possible to see what might have caused this effect and draw the conclusion that this is some-
thing that has a logical pattern of cause and affect. If one can find the cause to this effect conclusions can be drawn that would be valid for an entire population.

2.2 Gathering data

There are different kinds of information and several ways to gather it; which information and how it is gathered is determined by the author's research method of choice. The first thing the authors decided was to gather either qualitative or quantitative data to the study and to determine which parts of these data that would be primary or secondary. These concepts will be carefully discussed below.

2.2.1 Qualitative data

Since the authors are conducting a case study on two companies, there is naturally a need to collect qualitative data. To gather qualitative data for this research will allow the authors to go more in dept into the problem, and this will present a possibility for the authors to get familiar with their branding methods. It will also allow the authors to understand why the companies has made the choices they have and what factors that have affected these choices. When it comes to cross-cultural research, qualitative methods can be helpful when trying to reveal the differences between the different cultures, according to Malhotra, Agrawel, & Peterson (1996). They also say that this can help reduce the psychological di s-tance between the researcher and the respondent.

To understand qualitative methods, one can compare it with the quantitative. According to Lekvall & Wahlbin (2001), the distinction between qualitative and quantitative methods depends on two things: how the gathered data is expressed for the analysis and how the analysis is carried out. With a qualitative study the data is expressed in letters and the analysis is done by verbal reasoning and thoughts, while the quantitative is expressed in numbers and analysed statistically. The two methods also use different perspectives, according to Bryman (1989), where he says that the qualitative method begins by using the perspective and actions of the subjects studied, while the quantitative method is preceded from the researcher's idea which determines the focus of the study. In this study, the researchers have a good idea of what to focus on and have taken care of the information relevant to the purpose. However, since there has been in dept information about the companies that has not been gathered in a totally structured way, this information has also steered the focus.

According to Lekvall & Wahlbin (2001), there is doubt of the reliability of the qualitative study which they think is justified since it is hard in this kind of study to expect the exact same result if one would do the study all over again. However, they emphasise that the validity probably is better in quantitative compared to trying to get the same type of information with more structured and quantitative questions. This study is best suited for a qualitative study to be able to get deeper knowledge about the subject’s procedures and motives. This is something that would have been hard to gather with a quantitative questions and standardised questionnaires.

Both primary and secondary data have been used in order to do this qualitative study. These have been used for different purposes and gathered in different ways, how will be described next.
2.2.1.1 Secondary data

To do the study, the authors need to gather both secondary information and primary information. The authors have gathered secondary information about branding strategies and the markets to gather a theoretical framework that will be guidance when collecting primary data from the companies. To do this they needed information both about mature and emerging markets.

Hardly any investigations are done using exclusively primary information, since there are almost always reasons to use some kind of secondary information, according to Lekvall and Wahlbin (2001). This is true, even though a case analysis also can be done by only looking at secondary sources. In this thesis both kinds of information is vital, and the authors needed secondary information both to find information about the companies, the markets, branding, and different theories to compare it with. Lekvall & Wahlbin (2001) describe secondary information as data that is already gathered and that have been put together by others in some other context and for some other purpose. To get the theories about branding, the authors have used several different sources to get the views and opinions from several researchers. There were certain authors the authors saw as great authorities in the field that has been used much in the theories (such as Jean Noel Kapferer and David A. Aaker), but also other sources have been used, that both agree and object to the theories.

The secondary data has been collected from (1) literature (2) articles (3) internet sources. Looking at other reports and dissertations has been a great help when searching for relevant literature. This literature was found at the university library in Jönköping, searching in JULIA, the university library in Lund, and the university library in Gothenburg, but the authors also used literature from previously studied courses. The articles have been found by references from other reports, search engines at the university in Jönköping library’s website, such as ABI/Inform Global, and Google scholar. The other internet sources are the websites of the companies, which the authors have looked at to get just the basic knowledge of the companies and a feeling of their image. This, however, provided us with a problem since Aimers website is only in Chinese and none of the authors have any knowledge in this written language (or in the spoken for that matter). The authors solved this problem with help from Alison Lee, an international student at JIBS in spring 2006 from Hong Kong, who translated some parts of the website. To minimize the risks of getting unreliable data, the authors have only, when it comes to the internet, used the companies’ websites and the libraries search engines to find articles from academic journals and have not used data from any unknown sources.

When collecting secondary information, there are always problems with accuracy and relevance and the authors have faced this problem. In order to minimise the problem with reliability of the sources, the authors tried to find more than one source of information in order to be able to compare the information. The sources have also been considered more or less reliable depending on where the information has been found and how updated it is. Books and articles from academic journals have been prioritized as more reliable than other internet sources and the year the information has been published has also been considered in order to find as up-to-date data as possible.

2.2.1.2 Primary data

The primary information is what makes the largest contribution to the thesis since this is entirely new information of the public and that is the most important part of the project. The authors have already described that they will do a case study on two companies, and
when conducting this study, primary data from the companies will be gathered. Lekvall & Wahlbin (2001) describe primary information as data you gather by yourself, from the original source and they also refer to it as field- or laboratory-investigations. This type of data is always preferred when conducting a case analysis.

In this report, the primary data consists of information from the Chinese company Beijing Aimer Lingerie Co Ltd -from now on referred to as Aimer - and the Swedish company Miss Mary of Sweden AB - from this point forward referred to as Miss Mary. When doing this sort of comparative investigation, it is a great advantage to have primary information from both companies investigated since the information has to be comparative and equivalent in order to be able to draw conclusions. Therefore, primary information is really important because the authors will then be able to get information gradually as the interviews develop and in accordance with the need that arises.

The companies investigated in this report were chosen due to several factors. The first and one of the most important ones is that they operate on the markets of interest. A fact that makes it even better is that they are also two companies operating in the same field or industry, namely women’s lingerie, a fact that makes them comparable. The branding is also affected by what type of products it is, if it is necessities or if it is luxury products. Even though almost all women use lingerie, the products of Miss Mary and Aimer are luxury products since they are high priced and high quality products. This is something that is beneficial for this study since branding is very important for these types of products. The final reason and what made this investigation possible to do was that the authors had contact with the two companies and that they were willing to be a part of this project. This factor made it possible for the authors to get access to a lot of necessary information.

A problem regarding the interpretation of the gathered information is the impossible task of being objective. There is always the concern of giving a personal interpretation and the information can be biased by the subjects’ experiences and perceptions. The respondents are in this case working at the respective companies and, since people tend to be partial of what are theirs and what they do, this can also lead to biased information. The authors consider this more of a problem with Aimer than Miss Mary since people tend to be more loyal to their companies in that culture. Cultural differences can also be a problem with Aimer since the authors are not very familiar with the work-ethics in China. There might be factors with giving information about their company that the authors are not aware of. However, the authors do believe that the personal experiences of the people interviewed are very important for the study since it will give an image about the companies’ markets. To be able to complete the study though, the authors have also found secondary information.

2.3 Field work

The empirical part of this thesis has been gathered through field work. This has been done through interviews with the companies investigated and it is these interviews procedures that the authors will go into more in dept.

2.3.1 Interviews

The primary data from the companies has been gathered by interviews, it is from here the authors will get the essence of the thesis. Yin (2003) also emphasises that one of the most important sources of a case study are the interviews. An interview has four main character-
istics, according to Oldfield (cited in Seymour, 1992). The first is that it is a meeting be-
tween individuals, face to face. It should also have a specific purpose, it should be a con-
versation of some sort and there is rarely any mutual relationship between the interviewer
and the interviewee. In order to fulfil the goal of the interview there has to be one person
in charge of leading the conversation asking suitable questions to obtain the information
needed, and another person who can answer these questions. Important to notice is that
the information from a person is unique, it does not represent a category of people or a
whole company's opinions. Every person have their own perception about certain things,
so in order to get exact information that can be generalised one would have to interview
every singe employee of a company in exactly the same way (Seymour, 1992). This is of
course impossible! For this thesis it was decided that more than one person on each com-
pany would be interviewed. All employees have certain areas of expertise and this was used
when trying to get a picture of how the companies work with branding.

When conducting the interviews, there are several types of interviewing techniques to
choose from. There can be conversation interviews, when the researchers want to go more in
depth into the subject, and question based interviews, where standardised questions are used.
The first type of interview technique can be called in-dept interviews which can be of two
sorts: non-directive (non-structured) or semi-structured (Aaker & Day, 1990). The diffe-
rence between these lies in the amount of guidance given to the respondent. Aaker & Day
(1990) describe the nondirective interviews as the type where the respondent is given
maximum freedom to respond and for this, it is best to have a relaxed relationship with the
respondent. The interviewers have to be able to keep focus and to ask relevant additional
questions. Semi structured interviews are described to be more focused interviews where
the interviewers have a specific list of topics. An open structure here ensures that unex-
pected facts or attitudes can be pursued easily. There is also the structured interview, which is
when the researcher uses standardised questions. In this case, the researchers have to have
great knowledge about the subject matter in order to ask the right questions.

Since this is a case study, the appropriate form for this type of study will be chosen. Case
study interviews are often of open-ended nature, which are a more guided conversation
than a structured enquire and there is room for asking of both facts and opinions, accord-
ing to Yin (2003). He also says that in this way the respondent can suggest other persons
the interviewers can talk to. This is something that the authors will use as they are conduc-
ting the interviews. The interviews will help to guide the results and therefore the respon-
dents have been given much freedom and open ended questions. For this reason the same
information has not been received from both companies and it has been different matters
of their strategies and markets that have been found.

In Appendix 1 all the respondents can be found in a list together with their position in the
company and the number of times they were interviewed. The interviews were on average
one hour long and all of the interviews were in the time interval between 45 minutes to 75
minutes.

2.3.1.1 Interviews at Miss Mary

The information from Miss Mary has primarily been received from interviews of the mar-
tkteting manager Patrik Johansson, but also from production manager Bengt Nilsson, co-
owner Peter af Burén, project manager Zora Eliasson, design manager Christina Svantes-
sson, designer Camilla Thulin, financial manager Kenneth Johansson, and co-owner Roger
Holmberg who is the CEO of Miss Mary. These interviews have been conducted on sev-
eral occasions during the winter, spring, summer and fall of 2006 at Miss Mary of Sweden.
AB main office in Borås, Sweden, at the production plant in Tallinn, Estonia and at the trade-fair in Lyon, France. A summarizing table can be seen in appendix 1. Here, there were only conversation interviews with open-ended nature where the interviews were guided by certain areas the authors were interested in: Branding, Background of the company, Markets, Strategies, Products, Design and Marketing. In this case the interviewers were continuously assigned to talk to other persons in the company. This resulted in a large amount and variety of information as well as information that would not have been possible to receive if structured interviews would have been used or if talking to a smaller number of persons. The large amount of interviewees and the spread of knowledge that they have made the information highly reliable. Almost all of the interviewees have worked for Miss Mary for fourteen years or more, the only exception is Patrik Johansson who has worked there for two years. The many years at the company have given our respondents experience and knowledge about the company and the market in which they operate. However, the fact that they are all closely linked to the company has given highly subjective answers and discussions. Concerning Miss Mary, the authors also got a chance to visit the production plant in Tallinn, Estonia and talk to people there as well as look into different procedures. This gave the authors a possibility to analyse and understand the company better, and it provided a solid foundation for making the analysis.

2.3.1.2 Interviews at Aimer

The information from Aimer came from interviewing Lydia Tan who at the time was the sales manager for foreign business at Aimer and who has great knowledge about the background and procedures of the company. These interviews were conducted through e-mail correspondence on several occasions between February and April 2006. A summarizing table of these interviews can be seen in appendix 2. The questions were goal-oriented, but they still had an open character so that the respondent had a possibility to reflect and discuss the answers. With Lydia Tan the conversation was fluent and her knowledge in the English language was excellent. This resulted in an open discussion and a very informative correspondence. There was however limitations of how much information Lydia had about the branding procedures of the company and there was need to interview more people.

The authors have also used another source in the company, Michelle Mi, who is more involved in their marketing procedures and who had information needed for this research. Michelle Mi is the Manager of the International Division at Aimer. These e-mail interviews had to be question-based and in this case, the authors tried to make semi-structured interviews by having a continuous e-mail conversation with the respondent, asking, even though they were specified questions, following-up questions. The authors put effort to give the respondent room for own interpretations and thoughts. With Michelle Mi the correspondence was restrictive; she answered the questions the authors posed but did not elaborate or discuss the questions or answers. Her skill in the English language was very limited which posed a lot of misunderstandings and uncertainties. But once the interviews got passed that stage and a communication arose, the authors found Michelle Mi to be a very reliable, experienced and well-informed respondent.

The interviews with Aimer have mainly not been conversational due to difficulties with meeting the contacts at the company (China is far away!). However, the authors met Michelle Mi at the big annual fashion trade fair for lingerie and swimwear in Lyon, France, on the third of September 2006. On that occasion a conversation interview took place that
gave this thesis crucial information. Besides from this one meeting, E-mails were considered to be the best alternative.

The authors also asked Lydia Tan and Micelle Mi questions concerning the Chinese consumer culture and their personal attitudes towards brands and branding. The information gotten from these two respondents have been used in this report. The authors found their viewpoints very interesting and reliable since the respondents are both raised, educated, and working in the Chinese society. The information received about Aimer is subjective in the same way as the information from Miss Mary. However, none of the authors have visited Aimers offices or production plants which give the authors less room for observation and critical thinking. Seeing the office or production plant would also have provided an opportunity to talk to a larger number of people and to get a “feel” for the company and the Chinese business culture.

2.3.1.3 Limitations of the interviews

The interviews with contacts at Miss Mary did not provide any major limitations since the authors were able to interview several people in different positions and were able to get a good inside view of the company and its procedures. This also results in less biased information due to the won interpretation of the respondents since there are so many and the researchers can get a fair view of the company. It is however different with the information from Aimer. It is always preferable to interview the respondents in person when conducting this type of interviews. This was not possible to do to the extent that would have been preferred, both due to financial, planning and time variables and the investigation had to be adapted to these limitations. The authors were also unable to talk to the people that were directly involved with the branding, since there is a totally different hierarchical structure in China and the authors were not assigned to talk to the people higher up in the hierarchy such as the marketing manager or the CEO.

The authors also noticed during the process how time-consuming it is with e-mail interviews and the limitations of this method. There was the time-difference, language barriers and the time consuming task for the respondents to respond to take into consideration. At times they had to ask around among their colleagues in order to receive answers to our questions and that takes time as well. The meeting with Micelle Mi at the big annual fashion trade fair in Lyon was therefore very valuable to this thesis since it was a very relaxed, informal and informative meeting where the authors were able to get much more reliable knowledge of the company’s procedures than they had before. It also made room for a more open discussion and clarification of earlier uncertainties that the authors had felt before this face-to-face meeting.

What can also be seen as a limitation is that the authors have not been able to gather the same information from both companies. Since the interviews have been highly unstructured and been conducted at many different occasions and with different people, the information have not turned out to be exactly equivalent. This is something that the authors are aware of, but do not see as a major limitation. Since the companies are very different and originate from different markets, they also face different issues when globalising their brands. It is not the companies that will be compared to each other, rather the empirical material will be compared and analysed to the theoretical information gathered.
2.4 Method of analysis

When preparing the data, it is important that the data is comparable (Malthora et al, 1996). In this case, the authors have interviewed both companies trying to find their branding strategies and result of international branding which have led to an extensive amount of information. Also relevant theories of branding have been found to be able to analyse this properly. The information concerning the markets the companies originate from will be included in order to find where the differences lie and also where the difficulties of branding abroad can be found.

Things to consider when making the analysis are the comparability. Not comparability of the companies, but of the information. Since it was much easier to get information from Miss Mary than Aimer, the problem with comparability and equality of information was an issue. However, the face-to-face interview with Michelle Mi and the help from Alison Lee with the translation of Aimers homepage provided enough information for the analysis. The fact that the information did not turn out to be exactly the same is explained under limitation of the interviews.

There are also different methods to choose from when conducting the analysis of this information, even though the information gathered also decides what type of analysis that will be made. In our research method qualitative data has been gathered and a qualitative method of analysis will be conducted so that conclusions can be drawn. The investigation is a case analysis and to make it qualitative is better since it allows the authors to look at the two cases more in dept.

What the authors have done is to compare theory and practice. To what the theories suggests about branding and international branding and what the companies actually do. By reading and evaluating different perspectives of branding strategies and comparing this information to what the companies has described about their branding, the authors has been able to analyse the different aspects of this branding. Information about the markets have been used to be able to analyse why some effects have taken place, but there is also some information that is considered to be general knowledge about the different types of markets that has been used to draw conclusions. The authors have used logical reasoning to be able to make a connection between effects and cause and have carefully discussed the different aspects of the investigation to draw conclusions.

What can lead to biased results are the personal interpretations of the authors about the market and about branding. Also information from the companies can be misinterpreted, especially since the sources from one company investigated needed communication in a foreign language and a language in which the authors and the respondents have limited knowledge. However, in any type of study there is always a matter of subjectivity and personal interpretations of the researchers that can influence the results and all one can do is to be as objective and logical as possible.
Theoretical framework

3.1 Branding Strategies

Brands are the result of branding. The management of the brand starts by having a strategy and a vision with the intention of obtaining a strong and positive brand identity (Kapferer, 1992). The author's view of brand is that it separates and identifies companies and products; brings associations to people and holds value to its owner. Branding also has much to do with emotions (Haig, 2003), and emotions are not to be messed with. Once a brand has created the necessary bond it need with its customers it has to be handled with care. Once the trust is broken, it is difficult to get back.

Branding is described as a strategic process, which revolves around marketing. Randall (2000) argues that it is not just a marketing tool, but a constant relationship between sellers and buyers in order to sustain the perception of the brand. Since the competition increases and changes over time, the brand should always be adapted to the changing environment to remain efficient (Randall, 2000).

First and foremost companies must think in long-term profits rather than short-term. They must also invest more in the assets of the firm, for example the brands and the strategies of branding. The management must be clear on what it is that needs to be done and how they should build their brand. It is essential that a vision, value, plan and positioning statement are defined by the management (Temporal, 2005).

In order to build a successful brand, there are three main criteria's to fulfil; (1) suitability, (2) acceptability and (3) feasibility. First, suitability is one criterion which deals with whether the strategy suits the environment in which the organization is active (Johnson, Scholes & Whittington, 2005). Acceptability is the second criteria. It concerns the organization’s performance and to what extent it meets the expectations of the stakeholders. The third and final criterion is feasibility, which concerns the strategy’s ability to function in reality. According to Johnson et al. (2005) these concepts can give a better understanding of why some strategies succeed better than others and help the company determine what strategy to use in different environments.

There are many different strategies and tactics to use when doing branding. In this report the authors will present some strategies that are important for a company to consider when building a successful brand.

3.1.1 Market-coverage strategies

When first creating a brand, the company needs to decide where it wants to position the brand with the consumers. This is done by segmentation. Kotler et al. (2002) talks about three different market-coverage strategies that can be used. There is the undifferentiated marketing strategy where a firm decides to ignore market segments and go after the whole market. This is a focus to what is common instead of what is different. This is a cost saving strategy when it comes to advertising and market research, according to Kotler et al. (2002),
but most marketers have strong doubts about this strategy since they think it is difficult to develop a brand that satisfies all consumers. The company can also choose to use a differentiated strategy, which is when a firm decides to meet the needs of several market segments and create separate offers for each. According to Kotler et al. (2002) this strategy usually creates more sales than the strategy of targeting everyone. Sometimes companies need a strategy that targets smaller segments. Here is where the company can consider using niche as a segmentation strategy a market. Dimmick (2003) explains that using niche as a segmentation strategy concerns the company’s relationship to its environment. As Iansiti & Levien (2004) furthermore add, when a company decides to niche a market, it means that the company goes deeper into a market segment when compared to other large and more powerful companies. What is typical for a company is that it focuses on specialisation where it can satisfy specific enquiries and provide customers with solutions to complex problems (Iansiti & Levien, 2004). Therefore, using a centralised marketing strategy, where the company targets smaller sub-markets instead of only getting a small piece of a large segment, can be very useful (Kotler et al., 2002). The niche strategy is additionally defined by Cassill, Perish & Oxenham (2006) as a bottom-up approach where the company finds a need in a smaller segment to then increase the customer base. This is something that, according to Kotler et al. (2002), is especially appealing for companies with limited resources. This way the firm niches the brand and can attain a strong market share of that segment since it has great knowledge of it and has a special reputation. The danger with this strategy, however, is the large risk of trends in the economy or society that can turn the segment sour, or the entrance of larger competitors.

3.1.2 Pricing

Developing the right price strategy is also an important piece in the process of branding. When setting a price on a product within the brand, it is important to consider what message the brand should convey. The pricing policy for the brand creates associations in the minds of the consumers, and can therefore dictate how consumers categorize the brand, according to Keller (1998), thus helps create the position. Riezebos (2003) confirms this by stating that there are several studies that have shown that the price of a branded article is an indicator of quality for many consumers. Keller (1998) says that consumers rank brands in categories according to prices and that they often do conjecture the quality on the basis of the price. Therefore it is of great importance to choose the right price strategy depending on how a company wishes its brand to be perceived.

At the same time the company has to be aware of the limitations when it comes to customer’s ability and willingness to pay a high price. Consumers who expect more can be willing to pay a higher price but not an extremely high price (Vishwanath & Mark, 1997). The company has to create value in the minds of the consumers and if they are able to do that, it is easier to justify a higher price (Wreden, 2005). According to Riezebos (2003, p. 49) consumers usually use a price range in which they see certain products as acceptable. If the price is lower than the so calls “floor price”, consumers attribute a low quality of the products and if the price is over the “ceiling price” they are of the opinion that the product is too high priced. Between these limits the perception of quality changes with the price. Riezebos also mentions that this perception of what is an acceptable price is influenced by past experiences and what other alternatives are present (2003).

Wreden (2005) further explains that different segments may require different pricing strategies; therefore the company must be aware of the price sensitivity and other characteristics of a segment. Factors such as location, volume, service and design can be supportive argu-
ments when setting a price. The bottom line is that it is important to chose the right pricing strategy and be aware of the fact that the price needs to be justified in the minds of the consumers and that the price helps create an image for the brand.

3.1.3 Brand name strategies

When a company does create more products there are also different name strategies to use and pros and cons with all of them, and they are meant for different purposes.

When positioning the brand, there are several factors to decide how to use the brand. Deciding on a brand name and how to use it is one of them. Riezebos (2003) mentions what he calls the three main brand-name strategies for a corporation.

?? Monolithic brand-name strategy, where the organization uses one brand name and one visual style in different product groups and classes. In this strategy the brand name is considered a “family brand”.

?? Dualithic brand-name strategy where the organization uses two brand names for the same article, here it is usually the name for the corporation and individual names for each article. There are two possibilities with this strategy: One is that the individual name is a product-line extension of the joint brand name and the other is that the individual name is supported by the joint brand name.

?? Multithic brand-name strategy is when the corporation has several brands where they each have their own names. In this strategy some organizations make similar names or totally different names, and sometimes the logos are similar.

These brand-name strategies can be somewhat equivalent to something called corporate brand and product brand strategies who also discusses how to use the brand name, if the company uses corporate brand or product brands. These two strategies are explaining more what effect it has for the company and the brands, and how the brands influence other brands.

3.1.4 Corporate brand versus product brand

When positioning the brand, there are different ways to use it on the products. One of these is to use a corporate brand. The corporate brand is a brand which is used for all the products and that uses the brand name as a brand identity for future products (Ellwood, 2002). This is something that Ugglia (2002) calls "the branded house" since the firm tends to brand the whole house with one name. This strategy can be used for both the monolithic and dualithic brand-name strategies and can therefore be beneficial for a firm when it wishes to keep the personality of the brand when launching a new product or when entering new markets. If the brand is already recognised it will reduce the risk of having to deal with consumer uncertainty (Ellwood, 2002). As Parker (1999) explains, the brand is a promise and consumers will expect that he promise is kept, even in the future.

As Ellwood (2002) further states, when a new product is launched it is important that it fulfils the consumers’ expectations the same way the corporate brand does. If qualities of the new product match those of the corporate brand it is very likely that it will be accepted. When the firms carry out branding activities, it will not only remind the consumers of the first product but also create awareness of the new one that has been launched.
Corporate branding enables firms to use the vision and culture of the whole organization as a part of its uniqueness (Balmer, 1995, in Boggs & Xie, 2006). Companies acting on markets that are alike and that share targeted segment the more there is to gain for the company, such as benefits of economies of scale and efficiency, according to Cheverton (2002). When there is no resemblance between the markets and brand value is different for every offer, the greater the need is for exclusive product brands.

Product brand, to the contrary of the corporate brand, is defined by each product having its own brand, trade mark, logo, brand name, packaging design or brand personality (Cheverton, 2002), which is comparable to the multithic brand-name strategy. The brand then becomes exclusive and distinct in the marketplace, where the brand reflects upon the product (Cheverton, 2002). This means that all the following products with in this product category will be recognizable for the consumer. All products that follow will also have an exact defined positioning and target a particular market segment, according to Kapferer (1997). This strategy is the same as Uggla (2002) refers to as "a house of brands" which means that a company builds their house with different brand for different segments on the market.

Each of the elements within the marketing mix can then be carefully adjusted to reach the best possible result when entering the market within the targeted audience (Ellwood, 2002). Since every brand targets a unique consumer group, each and every brand also has its own unique definition and match between ability and need of the consumer (Cheverton, 2002).

The difference between the product brand strategy and corporate brand strategy is that a corporate brand plays to a larger extent on the awareness and impact than the product brand. The corporate brand builds its values based on political, economical and social factors and requires a big picture approach. Product brand on the other hand, is more concerned with the small picture and identifying needs, attitudes and desires of the market segment which is being targeted (Cheverton, 2002). According to Balmer and Gray (2003) and Hatch and Schultz (2003) (in Boggs & Xie, 2006) it is also a shift in managerial responsibility where the product brand is more issued on a middle-management level and conducted within the marketing department while corporate brand is on a higher executive level and requires support across corporation and cross-functional coordination. They come to the conclusion that the corporate branding is more strategic than the product branding.

For companies that focus on one market, the product strategy is though an offensive approach to occupy a greater share of the market and a chance to become category leader. This is something the company can become when it occupies many segments with different needs and expectations and by having several branded articles on the same market (Kapferer, 1997). This strategy is favoured by the retailers. How a company manages to fill the store shelf space depends on how many strong brands the company has. If the brand covers many products, the retailers will display more of one company's products than of others (Kapferer, 1997).

There is also an advantage by having a product brand strategy for those companies that focus on the product only and when there is no need for the name of the company behind it to be known and consequently being different from the other brands. Since each brand is independent, the risk of one brand failing will have no effect on the other brands or the name of the company (Kapferer, 1997). However, this also prevents the brands from benefiting from each other. The benefit of lower costs when being associated with a popular
brand is lost. According to Boggs & Xie (2006), the downside with product branding is that it can result in both higher marketing costs and lower brand profitability.

The strategy of corporate and product brands can be something that is chosen due to a norm in the marketplace. According to Uggla (2002), the branded house, or corporate brand, has been a norm in emerging markets like the Asian market for many years but the focus has shifted towards having a house of brands, or product brands. This is the opposite for the western world where firms more and more use corporate brands.

3.1.5 Brand extension strategies

Most companies are producing more than one product. When a company has more than one product, there are strategic issues to consider. The decisions can both help and kill the existing brand. According to Kotler et al (2001) there are four brand strategies a company can use. These are: Line extensions, Multibrands, New brands and Brand extensions.

Line extension represents a new or a modified version of the existing product within the same products category (Uggla, 2002). The company also uses the same brand name (Kotler et al., 2001). Uggla (2002) emphasizes that is has to be a real difference in order to be meaningful and that it is not enough to write "new and improved" on the tube of toothpaste. Line extension is, according to Uggla (2002) the most common way to expand the brand but that statistics show that 28 percent of these fail totally. A successful line extension can give the brand new energy and create difficulties for competitors, according to Uggla (2002). A failed line extension can however work destructive to the brand and the other products in the portfolio. Kotler et al. (2001) emphasizes that the brand this way might lose its specific meaning that the brand does not stand for something particular anymore. The large variety of choices for the consumer can also cause frustration and there is also the risk with new products stealing the customers that usually buy the old products (Kotler et al, 2001).

Line extension as now explained can be called horizontal stretch. Uggla (2002) also discusses another stretch that is similar to line extension but stretches vertically. This strategy is an extension in the same product category but within different price ranges. The brand can take a step up or down in the existing product category. There is though problem with both stretches according to Uggla (2002). To move up can cause problems with credibility for the new product and, the solution to this could be to have own names for these products that can be released from the mother-brand. The problem with moving down is that the company can set the whole reputation of the exclusive brand at stake and it can either steal customers already dedicated to the old product that think it is unnecessary to pay the higher price, or it can damage the prestige and reputation of the already established brand.

A multibrand strategy is another strategy a company can take when producing more than one product. In this case the company produces many brands within the same product category (Kotler et al, 2001). This strategy allows the company to make finer segmentation of the market where the different brands have different benefits and appeal to different product segments. According to Kotler et al (2001), is this approach a contrast to the corporate branding strategy where the company name is the main identity.

There is also the strategy of new brands, where the company creates new brands to all products whether it is in the existing product category or not (Kotler et al., 2001). It can also be a strategy if the company is to enter an industry where none of its brand names seems appropriate. If the new products for example are more luxurious than the previous
and the company do not want the image of the old brand names to be the same as the new one. This strategy can however, create too many brands and retailers are sometimes concerned that there are too many brands with too little difference between them which makes it hard for consumers to choose (Kotler et al., 2001). Uggla (2002) suggests here that it is good to use for example ingredient branding or co-branding which is alliances between brands to make it easier to reach unexplored territory.

Brand extension is another strategy where the company stretches the brand to new product categories, but still uses the same brand name. According to Smith & Park (1992), this strategy can cover a greater market share and have greater efficiency than individual brands. There are though also negative effects that can occur with this strategy. If the new product is very different from the old and the new targeted market does not value the brand’s associations, the new product will get a hard time being accepted (Kotler et al, 2001). Brand dilution is also a risk when doing brand extension (Kotler et al, 2001). This indicates an over-use of the brand where the consumers do not longer associate the brand with a specific product or product category and the meaning of the brand can get lost. Uggla (2002) explains this with a lost image. The consumers do not longer know what the brand stands for and the consequences of this are that the brand gets watered down.

When targeting consumers is it essential that companies are aware of all the different aspects that are included in brand extension. As mentioned above, market-coverage strategy is one important aspect. The industry of fashion offers products for many segments so it is vital to analyse and segment the right customer target group. If the company already has established its name on the market, then the costs of launching a brand and creating a new market segment will be low. Costs such as promotion of the product and distribution costs are just a few expenditures that can be reduced. (Bhat & Reddy, 2001 in Brandon, Forney & Park, 2003)

Not only costs influence the evaluation of a product, the image that consumers gain by using the product is an important factor as well. As fashion reflects the self image and is of personal importance to consumers, the industry provides consumers with a type of lifestyle. When it comes to the price of products, it often represents the quality of the product in the eyes of the consumer. The higher the price the more luxurious the product is perceived and the other way around, the lower the price is the more it is perceived to be a product of lower quality (Brandon et al. 2003). When a company deals with brand extension it also has to be aware of, according to Park (1992) (in Brandon et al. 2003) what segment it is specifically targeting and the consumers’ willingness to pay since consumers may be more or less sensitive to prices. When offering a variety of products the company must be certain that the price reflects the values, attitudes, experience and knowledge of consumers (Blackwell et al, 2001) (in Brandon et al. 2003).

In addition to pricing, a brand name also affects the willingness to pay for products (Smith & Park, 1992) (in Brandon et al. 2003). When a company uses brand extension it is able to widen the brand name by launching new or customized products to the markets (Aaker & Keller, 1990) (in Brandon et al. 2003). Since branding builds the product image and influence the value of the products it leads to brand loyalty by increasing the brands value to the consumers (Rooney, 1995) (in Brandon et al. 2003). Additionally according to Smith & Park (1992) (in Brandon et al. 2003) the brand name strategy then enhances the effect of brand extension.

The brand name is something that is signifying the brand and here a fourth strategy that be beneficial for companies to use and that is corporate brand or product brand strategy. The benefit within the fashion industry here is that when the brand name is already well estab-
lished it needs no further presentation (Brandon et al. 2003). Using the corporate brand saves the company costs for instance in the form of advertising expenses that is most often required in order to get customer familiar with the brand (Kotler et al, 2001). On the other hand, if a company wants to use the product strategy, the brand can become more exclusive on the market since it has its own design, brand name, packaging and so forth and the product is reflected upon by the brand (Cheverton, 2002).

3.2 Branding on mature and emerging markets

This part of the chapter will explain to the reader what a mature and an emerging market are. It will also be discussed how the different markets use different strategies - although the strategies will become more in focus in the analysis when related to the companies. But let’s start with the definitions.

A mature market is a market that is characterised by increased competition and price reductions because of the overloading capacity of production. However, the fact that big companies buy smaller has decreased the number of market performers (Porter, 1998) (in Parrish, Cassill & Oxenham, 2006). These markets have reached stagnation and companies need to find strategies to stay competitive (Linneman & Stanton, 1991) (in Parrish et al., 2006). The consumers on mature markets are used to brands because the mature markets have such an extensive competition that it is impossible to survive without differentiation, having a well known brand and a good brand image is one way to achieve that, product differentiation or segmentation are other examples on how to “break through the clutter” on mature markets. An emerging market can be defined like Arnold and Quelch (1998) (in Boggs & Xin, 2006 p. 351) do; a market in a country that has experienced “a rapid pace of economic development”. Branding is a fairly new matter in the emerging markets and it is only in the last ten years that these markets have started to effectively open up to the concept of marketing. Branding has however, according to Temporal (2002), had a large impact and made marketing more strategic, and the marketing mix is now playing a much larger role. Sadly, the lack of commitment and awareness towards branding and the impact it has on corporate worth, problems arising by not pursuing it have increased (Temporal, 2005).

When comparing emerging markets with mature markets, there is a clear advantage for the mature market. Business week online (2006) presents the top 100 global brands of 2005. These brands all have a value greater than $1 billion, and are selected upon two criteria: they have to be global in nature, deriving 29% or more of sales from outside their home country and they have to have publicly available marketing and financial data to base the evaluation (Business week online, 2006). On this list, there is evidence that the US is without a doubt the land of brands which occupy 53 positions. On second place is Germany with 9 positions. To then mention the western countries of this thesis that are listed: France has 7, Switzerland 5, Britain 4 ½, who share one brand with the Netherlands which has 3 ½ and then there is Sweden and Finland which holds 1 position each. By these numbers, mature countries are in possession of 84% of the top 100 brands in the world. If you add the other countries on the list that are positioned in Europe that will be 89%. The rest of the top 100 brands are positioned in the emerging markets, with 7 of them in Japan and 3 in South Korea and China does not even make it to the list (Business week online, 2006).

However, now more than ever the emerging markets have to start developing a sense of marketing and realized that the most valuable asset of a company today is the brand (Batey, 2002). And with concern to the economic growth in these countries, now is a good oppor-
tunity for companies to develop their brand strategies if they want to be successful in the future (Temporal, 2002). Miller Russell (1998) is positive about the future and states that as competition have increased with time, markets have established and it has become more and more common to expand in foreign business, therefore it is believed that the activity in emerging markets will grow considerably. When countries such as China continue to shift towards free market economies, it provides other countries with great potential to expand. Miller Russell (1998) predicts that by year 2010 China will be among the top three countries with the world’s largest economy. He further predicts that China will grow almost twice as fast compared to most industrialised (mature) nations (Miller Russell, 1998).

In most emerging countries a collectivistic attitude is present, although they now have become market economies. The history tells us that settling for short-term gains and satisfaction has often been the case of the way business has been done in emerging countries. One thing that has always been missing is differentiating the company with the help of branding, something that is needed when aiming for long-term success and profitability. It is not until lately that these countries have started to think about branding and its effect on strategic focus and long-term profitability and survival (Temporal, 2005).

The individualism that is constantly growing on mature markets makes it harder for marketers and branding specialists when they are creating an image since it is not obvious how they should differentiate themselves. One issue that is important for companies on the mature markets is the aging consumers that were born during the “baby boom” years. They need to meet the needs of this growing and very powerful market. Since individualism is a characteristic that is very present in this segment it is very difficult to make generalisations about the needs of this market. But there is no doubt; this market is growing – both in numbers and influence on the mature markets. (Moschis, Lee & Mathur, 1997)

When trying to reach customers on these very different markets there are other aspects to consider as well. The authors earlier described brand name strategies and how significant these can be for companies. These strategies are different on the different markets though, like Pan Schmitt (1996) states that it is important to match sound and script aspects with brand associations to create positive attitudes (in Keller, 2002). Wang, Shen Zhang & Goodfellow (2003) confirm this by stating that people in mature markets value how a brand name sounds. In emerging markets such as China the meaning of a brand name is vital. A brand name should tell the customer what benefits the product holds and also indicate that the customer will receive happiness in the future, status or health benefits.

### 3.3 Going global!

Here the authors explain what effects the branding strategies and the maturity of the market can have when trying to go global, according to theories. The authors will start by defining global brand. This will be followed by describing the different markets and differences of them and end with describing something called COO-effects, which is how the country of origin affects the brand when taking it to other markets.

#### 3.3.1 Global brands and branding globally

Gillespie, Jeannet & Hennessy (2004) defines a global brand as one that has at least 20 percent sales on the international market. They also states that a brand is regarded as a global brand when the positioning, advertising strategy, look and so forth are more or less the same in all countries. According to Lasserre (2002) the brand is considered global when
a product or service is being marketed under one name all over the world. Mooij (2005) states that it is essential that the company decides on whether to market its brand in a global way. In that case a similar product is launched on the new market, whereas a local marketing requires that adjustment are done in order to adapt to the local differences. The company can either have a global brand as a mass brand where the goal is to reach as many consumers as possible or it can be a niche brand that targets the same segments in every country.

Lasserre (2002) further explains that the company must not necessarily use the corporate name for all the products or services. The corporate name may be used for the products or service that is being marketed on the global market and then use a local or regional name for the products that are being marketed locally (Lasserre, 2002).

Below Lasserre (2002) states common features of global brands:

- They are strong on the home market
- They are stable in the product positioning
- They are equally presented across all regions
- They face similar needs of customers all over the world
- The brands are easy to pronounce
- The global brand names are similar to the company name
- A product category and the global brand are often connected

By using a name or a symbol, the brand can help the customer to identify the product which will add credibility to the product. When a customer feels that they know the product and can trust it, their decision making will not only be faster but also made more easily. It is a great asset to a company when the brand name is globally known (Gillespie et al. 2004).

When the company is aware of these cultural aspects it can more easily choose an appropriate brand name. Adapting to the language can help avoid mistakes, for example making sure that the pronunciation does not sound completely wrong. The company may have to evaluate if it is preferable to use one brand name alone or use different names in different countries to better adapt to the local culture (Jeannet & Henneswsey 2004). Depending on where the brand name is established it can hold a whole other meaning in one country compared to another. It is therefore important to choose a brand name that can be universal.

However, the process of selecting an appropriate brand name that is universal is not always easy. Gillespie et al. (2004) presents six options to companies when choosing a global brand. The brand name can be a random or made-up word that one can not find in the English dictionary. Or it can be an English word that is identifiable but not with any relation to the actual product. Thirdly, it can be an English word that just about characterises the product. Or fourthly, an English word that clearly describes the product, however to people that does not speak English these brand names will make little sense. The name can also have some connection to a geographical location. Or the sixth and last option, have a certain design, device or number that does not include words or combinations of such.
When companies have developed a global brand it follows a global brand strategy. Gillespie et al. (2004) include four steps when developing and managing a global brand strategy.

?? The consumer needs must be identified and be similar worldwide. Thereafter the company must try to determine how to provide the customers with both the functional as well as emotional benefits.

?? The company must work out an efficient way and to communicate its image to the internal customers namely the employees, the external customers as well as to other channels.

?? Research must be carried out to analyse the results and success of the brands global identity.

?? The last thing for the company to determine is weather it should follow a top-down approach or a bottom-up approach to global branding. The top-down approach is when the global management teams first decides on a global brand strategy and then develop a country strategy from there. The bottom-up approach works the other way around. The country strategies are grouped by similar characteristics such as the country's competitive situation (its dominance on the market) and the economic development. When similar fundamentals are found and identified within these groups, global strategies are developed over time as groups share good experiences and practice (Gillespie et al. 2004).

Lasserre (2002) presents three main advantages of branding globally. Those are strategic, economic and organisational. Looking at it strategically it can be possible to gain more market power when using one single name. When launching a new product the company will also save time if the product is under the umbrella of a global name, which in turn increases the customer awareness. From the economic perspective the external communication channels such as direct selling, advertising and promotion will be less costly. The same applies for internal channels due to decreased inventories, internal communication, product administration, training and accounting costs. From the organisational point of view the company image is strengthened and it is easier to relocate the use of personnel and good practice within the organisation (Lasserre, 2002).

Lindström (2000) suggests that global branding is getting more and more difficult since it is no longer possible to isolate a brand or its reputation. If the firm has created an excellent branding strategy for its local market, but the problem is that the rest of the world has access to that same local communication. This is what makes it impossible to separate the local branding strategy from the global branding strategy. The internet has given every consumer the possibility to reach every piece of information in the world. The good old concept of running test markets has been altered by the increasing proximity of the markets (Lindström, 2000).

According to Lindström (2000), one possibility to avoid it is to have some point of differentiation in each market that does not appear in global accessible media, the global marketers becomes the strategic group while the local marketers becomes the tactical group.

3.3.2 The markets and export

According to Anholt (2005), emerging markets usually have much more limited range of exports than mature markets, almost exclusively unbranded and often a large dependence
on a product or a group of products. The risk is very large if the source of exports fail, the consequences can get catastrophic for that country. To only depend on one or a few commodities for export is very rare for the developed countries where the export is more evenly distributed over a wide range of products.

Arnholt (2005) further explains that most emerging countries remain firmly in the supply business and are not often venturing into branded exports. This is not the case for mature markets as the western countries where the creation of international brand has normally followed as a consequence of the first appearance of domestic brands.

Many middle-income markets here are present somewhere between the two stages of producing domestic brands and producing export brands. In several emerging Asian countries, domestic brands have been around for decades, but have seldom ventured out of the domestic marketplace. Arnholt (2005) argues here that this is something that is very harmful for the emerging market and that the development of international brands is as inevitable and essential for the growth of an individual brand as the development of domestic brands has been in the past.

### 3.3.3 COO-effects

One thing that very much affects the success of the brand on another market is the reputation of the country of origin or market of origin. Scott (1965) (in Hallberg, 2005) defines the concept COO as the totality of attributes that the consumer imagines when seeing the nations “made in” label placed on a good. Huang, Kwok and Uncles (2006) agrees with this and states that when consumers evaluate products they often use source of country of a product or brand as additional information. Different countries, as Scott (1965) (in Hallberg, 2005) explains, have a number of variables that builds up an image of the country in the minds of the consumer. According to Nagashima (1970) (in Hallberg, 2005) this image is the result of variables such as economic, tradition, political background, history and national characteristics. Iversen, Kleppen and Stensaker (2001) (in Huang et al. 2006) believes that the COO effect is created in the “image-creating-moment”, which is when the marketing mix, the characteristics of the target market and the product-country image are all in alliance.

Keller (1998) (in Lin & Kao, 2004) agrees with Stensaker (2001) (in Huang et al. 2006) and states that researchers have observed that in addition to the product that the company manufactures, the country where a product is made has an impact on the purchase decisions. The conclusion is made that a country may stick to an exclusive reputation or stereotype on specific products in consumer minds. Lindstrom (2005), emphasizes that the products “made in” plays a large role, and that the perceptions of what is a good “made in” also changes from country to country. He thinks that having the wrong “made in” will not destroy the brand, but that having the right one will save a substantial amount of marketing money.

Lin & Kao (2004) acknowledges that some brands shift the production to other countries or authorize foreign companies to produce the goods or part of it (the so called OEM), in these cases the country of production and the country to where the brand belongs is not identical, which can affect the brand equity. According to Jaffe and Nebenzahl (2001) companies might save costs by having its production in low wage countries. However, if the producing country has a negative image when it comes to for example quality, it can also result in a negative evaluation by the consumers.
Due to the continued globalization of markets and the fact that information nowadays is easy accessible, more businesses have started to search for low-cost but high-quality countries where they can produce. This global sourcing has also made it more difficult to separate the components of the product that may come from several countries not just one. Due to this it has become a major challenge for managers to place the desired country-of-origin label on the products. When it comes to determining the success, a right marking of country-of-origin can have a reflective impact on the product. Much of the research that has been done proves that the COO affects the consumers’ perception of the product quality, purchase decision, brand image and its tendency to use the “made in” labelled product. This determines consumers’ willingness to pay for a product depending on at what location it is produced (Rao, 2000). Moreover Helsop, Laroche, Mourali & Papadopoulos (2005) states that the consumers’ beliefs about the country’s advancement in technology combined with the industrial development also influence the product evaluation. Consumers respond differently to the people and culture of the COO. Evaluation of products is then based on the desired interaction the consumers’ wishes to have with the country of source.

However, as discussed by Etzel and Walker (1974) (in Hallberg, 2005) the consumer attitude towards products can also vary by product and not simply the nation alone. There may be a certain attitude towards the general products of a country but at the same time a total other attitude towards specific products. Therefore, basing advertising on the general nations attributes can be of less importance and instead focus should be on the attributes of the specific product. Another aspect that influences the country-of-origin effect, according to Bilkey and Nes (1982) (in Hallberg, 2005) is demographics. When evaluating product that comes from other countries the nationalities of the consumers’ play a vital role. Jaffe (1989) (in Hallberg, 2005) states that younger people tend to evaluate products less in comparison to the older. One reason to this Graby (1993) says is because older people do not change their behaviour that easily while younger are more easily influenced and are more open to new knowledge and information (in Hallberg, 2005).

Another aspect that can vary from country to country and its consumers is the price sensitivity, and when taking a brand global pricing can be a very delicate matter. According to Kotabe and Helsen (2001), there are two extreme ends to the price spectrum. At one end, the firm can set a low price to be able to attract the value-conscious customers who are less concerned with the COO. This can however only be done when the firm has a cost advantage. On the other side of the spectrum, the firms could also set a premium price to combat this issue. This strategy is especially effective for categories where price plays a large role as a signal for quality (as for example clothing). According to Martin & Roth (1992) (in Kotabe & Helsen, 2001) there need to be a favourable match between the country of origin and the product category for the consumers on the new market to accept it and to be willing to pay a high price. Hulland, Todiño & LeCraw (1996) (in Kotabe & Helsen, 2001) emphasizes that there are a COO bias against products that comes from developing countries where the products need to be prices far less than products offered by regional or global competitors.

In the mature markets the COO effect is discussed to a large extent, in the emerging however this is not the case. It is shown though that emerging market consumers are in strong favour of foreign brands and the importation of foreign products is increasing Bates (1998) (in Huang et al. 2006). Most of the imported goods are from mature markets and according to Cui (1999) (in Huang et al. 2006) these are consumed mostly in the larger cities of the emerging markets by wealthy, young people with a high education. The explanation to why foreign product is so popular is because of the symbolic benefits they bring (Zhou & Hui, 2003) (in Huang et al. 2006). To the people in emerging markets, foreign goods from the
mature markets stands for prestige, sophistication and modernity and are also perceived to be of high quality (Li et al, 1997) (in Huang et al. 2006). Yet, one must add that foreign brands from the mature markets are not necessarily preferred. Today’s growing competition on the markets have contributed to a more advanced marketing and improved product quality, which in turn has made the local brands of the emerging markets come forward (Cui and Liu, 2001) (in Huang et al. 2006).

When it comes the concept of “made in” the attitude towards products from emerging markets have changes throughout the years. Branded products where the COO has not been previously known by the consumers may be valued more highly today than what would be the case if the COO of the product would have been recognised from the start. (Gaedeke, 1973) (in Badri, Davis & Davis, 1995)

3.4 Wrapping up the theoretical framework

The authors have found that there are different strategies to use when having or creating a brand. Market coverage strategies are used to define the segment(s) the company wants to target, if the company would like to target all consumers without particular preferences or use differentiated strategy to reach different segment, or if the company prefers to have a niche strategy to go after a sub-segment with a particular sort of product. When the company has chosen this, pricing is something to consider. To use a high or a low price creates infer images of quality of the products that are branded and also has to be considered depending on what segment and type of consumers the company wants to reach.

Brand name strategies are another choice of strategies, how the company wants to use the name of the brand. It can either use the same name for all products or have different names for all with no relation in between to reach different customer with no danger in hurting the other brands. The company can also use the corporate name for all products and then an additional name to define the new product category. What the company decides to do is determined by what image the company wants to have and also who the company wants to reach; if it wants to reach many different kinds of customers or only one. This is also something that the company takes with it when it wants to do extensions and come into to different areas. In what way the company wants to extend, whether it is to new product categories or new price ranges, the company always has to be aware of who it wants to target and what names to use in order to create correct images with the customer whether it is a new or an old one. The reason can also be to gain shelf space which also needs to have the right name and price strategies.

These branding strategies are part of branding and are something that the authors have found different on mature and emerging markets. What seems to be a large difference between the markets are that the mature markets has much more experience with branding, both the companies and the consumers. What seem to be the result of this is that the companies in the mature markets has a more long-term perspective and also have a reputation of good brands, but which also makes the consumers more fed up with brands and has very specialised needs. This makes the companies need to be more niches oriented to be able to gain customers.

To reach new markets and to go global seems to be very important today if a company wants to create a large brand. But there is however much to think of and the company often needs to adapt its strategy to the market it wishes to enter. What is discussed, both the strategies and the maturity of the markets seem to play a role when going global. A strategy
that is already implemented in the local market might not be appropriate for a global market and the maturity of the can be a sign of both level of experience and quality.

Emerging markets are, in comparison to mature, not experienced with taking their brands global and is more often a producer to companies in the mature markets. This seems to be both because of lack of experience in branding and COO effects. The country of origin plays a very large part in the image of a brand and whatever market the brand originates from, the “made in” creates important associations with the consumers. Since the mature markets looks at emerging markets as less competent and prefer their own products, products from these countries need to be very cheap in order to gain acceptance, here the “made in” can be a liability. These COO effects can also be a help for the companies that creates products of the kind that possess a good reputation from that country. This is something that a company can use in order to export the brand and it also gives the possibility to charge a higher price. To conclude, the COO effects can create both positive and negative associations to the brand.

4 Empirical study

This chapter will provide information about the findings of our study concerning our two research objects, namely Miss Mary of Sweden and Aimer. The focus is on their branding and on how they perceive their brand’s value. For now, a small background of the companies is presented.

Miss Mary of Sweden AB is a mail-order company that was founded in 1965 by Ingemar and Marwel Rydström. The main office is situated in Borås, Sweden where 25 persons are employed. That is where product development, design, marketing department, catalogue layout and financial department are located. Miss Mary also employs around 400 persons in Tallinn, Estonia where they have their production and order receiving department for export customers. The factory in Estonia takes care of all the parts of the production and holds the storage space. (K. Johansson, personal communication, 2006-02-17)

Their business idea is, according to Zora Eliasson and Patrik Johansson, to design, develop, manufacture and market women’s intimates and swimwear that hold excellent form, comfort and top quality (personal communication, 2006-02-14). The target market is women of all sizes and shapes, and so far their biggest customers are women aged 60 and above. Patrik Johansson (personal communication, 2006-02-14) says that “we do not just sell products, we sell a concept. Included in this concept is a layout for the catalogue page(s) in question including pictures and copy texts, we take care of warehouse space and delivery to the retailer, and in-house designed top quality products”.

4.1.1 Branding strategy

When it comes to branding, Miss Mary is very thorough concerning what the brand should communicate to its customers. Patrik Johansson (personal communication, 2006-04-07) says that using their brand name is an important marketing tool. The goal of their branding strategy is to establish the brand as the market leading mail order brand in the world when it comes to producing women’s lingerie. They want their brand to communicate high quality and excellent form to women of all sizes and ages. The consumer should perceive Miss Mary of Sweden as the number one alternative when purchasing lingerie and/or swimwear through mail order.
Miss Mary has three lingerie collections and one for swimwear. They are Miss Mary Classic, Miss Mary Romantic, Miss Mary More and Miss Mary Swimwear. Christina Svantesson (personal communication, 2006-02-14) says that the first collection, Miss Mary Classic, is worn by their biggest customer group, namely older women who do not like under-wire in their bras. These customers also want broad shoulder straps, and firm shape wear products that hold high quality. This is the most loyal customer group and they are not interested in major changes. They like Miss Mary because in their catalogues they can buy their favourites year in and year out. Classic is by far the most successful collection Miss Mary produces.

The second collection by Miss Mary is called Romantic. This collection targets women 50 years old and above, and who likes their lingerie to be beautiful and sensual. This collection has reached good sales figures and is appreciated on the various markets (C. Svantesson, personal communication, 2006-02-14).

The third collection is for a younger woman. Exactly what age that will buy this product is not really clear yet, but the aim is for a woman 40 years and above. Here the design is detailed and much more focused on trends than the Classic and Romantic collections. Miss Mary named this last collection More, which has been designed by famous Swedish designer Camilla Thulin. This collection was first launched in testing catalogues during the spring of 2005 and will then later be offered to the export markets in the spring 2006 (Z. Eliasson, personal communication, 6-7 April 2006). Miss Mary can not evaluate the result of the new collection since it has only been available in the retailers catalogues one time. So far, the trend seems to be that it has not been the success Miss Mary had hoped for. The reason for the development of this collection is that Miss Mary wants to reach a broader segment and to develop a collection that might suit their markets. Camilla Thulin said that Miss Mary needs to do this because their main market is a dying market, literally. Women who today are in their forties or fifties will not buy the same products when they reach 60-70 and above, so a change is needed (C. Thulin, personal communication, 2006-09-02).

The fourth, and last, collection is Miss Mary Swimwear. This collection has not been very successful, but this year the company have designed a much broader collection and the aim is to reach a broader customer segment covering women of all sizes and aged 30-40 and all the way up to the mature lady 70 and above (C. Svantesson, personal communication, 2006-03-17).

There has been a discussion on whether to use the company brand or not, when introducing the new and younger collection. Christina Svantesson thinks that there are clear advantages with using a well known brand, but when launching a much younger collection it may scare the older customers (personal communication, 2006-04-06). She says that Miss Mary feared that the older customer would not recognise the brand and feel that Miss Mary has abandoned them. They decided that the advantages of using the existing brand held more advantages than disadvantages and so the new collection uses the same brand name.

In general, traits that are appreciated among the retailers are that Miss Mary tests their products, provide pictures and layouts and personalize the layouts, according to what products they want to place in their catalogues, for each customer. Miss Mary also keeps the products in store which relieves the retailers of the responsibility and storage space that otherwise would be necessary. (B. Nilsson, personal communication, 2006-02-14)

The company’s goal is to keep developing their brand and their products and to become the world leading supplier within this segment. They are also aiming at getting a new seg-
ment of the market and reach women from 40 and above with their collection More. Their purpose of this new collection is to reach new segments and to be able to provide all women with lingerie, no matter size or age (P. Johansson, personal communication, 2006-02-06).

Miss Mary tried to reach a new market by trying a different distribution channel. Peter af Burén explained that the idea was to reach a completely new segment of women. Miss Mary opened stores in Stockholm and Gothenburg and tried to sell these Camilla Thulin designed beautiful garments to the Swedish big-city girls who enjoy sticking out in the crowd. Thulins ambition was to make women of all sizes feel beautiful in these garments. The store in Gothenburg was really extraordinary! Blood red velvet drapes and live size mannequins made the atmosphere very special and boudoir like. Financial manager, Kenneth Johansson was not at all as excited about this new attempt to gain new markets. From day one the stores had a huge deficit that never recovered. The stores are now both closed and this was a very expensive lesson for Miss Mary (personal communication, 2006-06-14).

4.1.2 Exports

Miss Mary is an actor on the following markets: Sweden, Norway, Finland, Germany, France, Great Britain, Austria, Holland, Greece, Switzerland, and the USA (P. Johansson, personal communication, 2006-02-14). With this many markets to sell to, can Miss Mary expect that they are all demanding the same products?

Patrik Johansson and Christina Svantesson (personal communication, 2006-04-06) says that when exporting their products to mail order retailers in the West, Miss Mary uses a ‘testing tool’ in order to bring added value to their customers. This ‘testing tool’ tests a large number of products in their own catalogues which are distributed to customers in Sweden and Norway. The best selling products in these catalogues constitute the export collection. Miss Mary uses the slogan “once a winner, always a winner” when conducting these tests. In other words, the products that sell the best are the winners and these winning products should then be successful on the export markets. This is one way for the retailers abroad to get numbers on how well the products have sold and get an idea of how well they will sell on their markets. Throughout the history of Miss Mary this ‘testing tool’ has proven to be a good competitive advantage. As far as Miss Mary knows, none of their competitors conduct any tests before exporting. The problems with this tool will be discussed later in this chapter.

The German market stands for more than 50% of Miss Mary’s sales and is by far their biggest market. This market is also the fastest growing market today. That can be explained by the fact that the tests are conducted in Sweden and Norway and, that the women in Germany are very much alike those in Scandinavia. An other factor that contributes to Miss Mary’s success is that women in Germany know Miss Mary as a brand and also know what they can expect when buying these products in terms of quality, shape, size range and so on. The Austrian market is also very close to our Scandinavian values concerning these types of products. However, this market is not so big in number or on mail order and so this can not be one of the main markets for Miss Mary. (P. Johansson, personal communication, 2006-03-08)

The French market has been very big for Miss Mary, but in recent years sales have started to decline. Patrik Johansson (personal communication, 2006-04-06) believes that the reason for this is that women in France are more interested in the appearance of the product than the functionality. Miss Mary designs products for all sizes and focus is therefore on the
construction of the products, while the details, such as lace, colour and looks, come second hand. But he believes that this market does not really agree. Here, women in general are smaller and value sensuality before functionality. The brand Miss Mary represents functionality and quality of course, but they do not quite live up to the customers' expectations concerning the actual appearance of the product. Miss Mary believes that this is true for other markets as well. Switzerland, Greece and Holland are the markets where Miss Mary may have to find different ways to approach their customers.

Great Britain has also represented big sales historically, but they have also declined in sales. Reasons for this may be that mail order market increasingly aim at launching their own ‘private labels’ which are products designed for the catalogues. These products are cheaper than Miss Mary’s and offer a bigger profit for the retailer. This is a development that can be seen on all the markets Miss Mary is acting on. Another factor that plays a big part is that the biggest competitors are buying pages in the catalogues, something that Miss Mary has not done because they offer ‘tested products’. (P. Johansson, personal communication, 2006-08-07)

In recent years Miss Mary has been experiencing a lot of difficulties with delivering on time. Roger Holmberg (personal communication, 2006-06-15), the co-owner of Miss Mary explains that being a mail order company puts high demands on delivering on time! He says it is a necessity and the current delivery problems are definitely hurting the brand. Customers, who have to wait for their products longer than the promised delivery time, may be careful next time they make a purchase and rather choose products from another brand. A lot of mail ordering customers order several products, tries them on and returns the ones they liked the least. Therefore, when Miss Mary’s products arrive too late, the likelihood of a return is huge. By then, the customer has already made their decision and mail order customers are not used to waiting. Lucky for the company, they do have a very loyal customer segment that have been purchasing products from them for several years, but still this is the biggest problem Miss Mary faces today and it must be fixed as soon as possible (R. Holmberg & B. Nilsson, personal communication, 2006-03-17). Peter af Burén, co-owner, agrees fully and explain that the problem is due to communication problems between Miss Mary of Sweden and the production company Linette in Estonia, which is owned by Miss Mary of Sweden but operated by the local people (personal communication, 2006-03-17). There have been a lot of struggle with cultural and linguistic differences between Estonia and Sweden. Patrik Johansson adds that they also have had a lot of difficulties with the suppliers of material in Estonia, which also has contributed to the current situation. The sewing crew can not work when there is no material, so consequently nothing happens when there is a problem in the production chain (personal communication, 2006-03-17).

Patrik Johansson (personal communication, 2006-02-14) mentions another obstacle Miss Mary faces which is that high quality fabrics costs a lot of money which leads to higher prices. The products are at the highest price level in all catalogues worldwide and the high price factor is especially affecting sales in the USA. Their main competitors on the international market place are Glamorise, Playtex, and Triumph which also are big in the mail-order market. In recent years the number of competitors has increased and many companies now produce underwear in all sizes, something that previously has been the main competitive advantage for Miss Mary.
4.2 Aimer

Aimer is one of the leading lingerie producers in China and was founded in 1993. They employ more than two thousand people. Their business idea is to design, develop, manufacture, market and export high quality garments to both women and men. They make different kinds of intimate apparel such as bras and panties, shape wear, thermal wear, pyjamas, night gowns, robes and swimwear.

The annual turnover is around 500 million RMB per year (L. Tan, personal communication, 2006-03-22). Michelle Mi (personal communication, 2006-09-03) adds that the turnover is steadily increasing each year and that Aimer continuously is gaining more market shares. They distribute their products through a sales network throughout China that today includes close to one thousand retail counters and shops.

Aimer has two factories, one in Beijing and the other in Suzhou which is a city close to Shanghai, the headquarter and the design and development departments as well is in Aimer Plaza in Beijing (M. Mi, personal communication, 2006-09-03). In these two manufacturing facilities, Aimer has an annual production ability of 7.5 million pieces. For those who do not work in this industry the authors wish to underline that this is a lot! Aimer also works close with other manufacturing companies and they have during their thirteen years on the market established consistent long-term relationships with them. So, when needed, Aimer can through this cooperation produce even more. Michelle Mi (personal communication, 2006-09-03) tells the authors that Aimer have four main product categories (1) Foundations - bras and panties, (2) Shape wear - body wear, corselet's and girdles, (3) Fashion wear and sleepwear - robes, pyjamas, nightgowns and thermal wear, and (4) Accessories - moulded cups, cup stickers, straps etcetera.

According to Lydia Tan (personal communication 2006-04-?), the markets in the major cities in China are filled with brands such as Dolce&Gabanna or Calvin Klein. She says that westerners are more likely to buy items that do not scream out the brand, but they are still interested in duplicates. She thinks that this depends on the western idea that a well known brand communicates quality and gives a feeling of luxury. She also explains that the same goes for other products such as computers, MP3 player's etcetera. Since tourists often have a good living situation where money is more accessible than it is for the Chinese, the items bought by tourists are the same items that the Chinese youngsters want. So, in a way the westerners have brought branding to China.

As for the older public in China, Michelle Mi (personal communication 2006-06-?) says that for them wearing a brand is more than a means to show status - it also shows that they can choose what to wear. This is very important to the Chinese people who grew up during the revolution when they were told what to wear and how to look. Lydia Tan (personal communication 2006-?-?) also says that whether or not the brand is genuine has little or no meaning at all for the Chinese customer, as long as it demonstrates Western quality. They value the look of their merchandise and functionality above brand loyalty in the sense that as long as it works it does not matter if the brand is genuine or fake. In other words, branding or the consumer idea of buying things with Western brands is important but it does not have to show of the financial status of a consumer. Michelle Mi (personal communication 2006-06-?) says that to a Chinese, a brand is a brand - genuine or not.
4.2.1 Branding strategy

Branding seems to be something quite new on the Chinese market. When communicating with Lydia Tan, she expressed a concern that there might not be so much information about branding in China (personal communication, 2006-03-22). She believes that Chinese companies do not care about branding. Instead, the focus is to maximize profit in the short run. She further explains that usually Chinese companies only last one generation. Lydia also said that the reason companies have such a short life cycles might be the lack of branding. However, she believes that branding is a concept that is going to get more significance in China, even for private companies.

Aimer has created several brands and has one company name. The company name Aimer has, according to Michelle Mi (personal communication, 2006-06-10), been created through the following words.

Ahead
fashion
Maturity
culture
foRever

She says that the capital letters form the name Aimer and the words together make up for what the company represents.

According to Lydia Tan (personal communication), Aimer's goal is to deliver high quality underwear to women and men of all ages and sizes. The brands that are created and sold by Aimer are 'Aimer' for the woman and 'Aimer' for the man (Aimer Homme). The choice of names are Western inspired says Michelle Mi (personal communication, 2006-09-03). She also explains that there is also a brand called IMI'S which is segmented towards the younger woman and La Clover which is the top luxury brand in the Chinese lingerie market. Aimer Homme is directed to men and has a trendy and modern design. IMI’s is a brand that is segmented towards the younger woman.

Aimer Homme is the brand by Aimer that segments the men. Here Aimer sees a successful man who demands comfort, design and status. This brand combines maturity, personality and high quality to a classic but yet trendy style. The colours are often quite bright which also adds a sense of sportiness to the garment. (M. Mi, personal communication, 2006-09-03)

IMI is the brand that targets the young woman or maybe even the girl. This collection is colourful and playful, with a modern and trendy approach. Aimer wants this collection to work as a functional, edgy, fresh, sweet, young and sporty collection. Pink is the most used colour in this collection. IMI products are marked with two butterflies which symbolize dreams, freedom and endless possibilities. (M. Mi, personal communication, 2006-09-03)

La Clover is positioned as a high quality exclusive brand. The collections consist of products that aim at reaching the more mature woman, who can and will pay for beautiful lingerie M. Mi, personal communication, 2006-09-03). La Clover is currently the brand that Aimer provides the highest amount of resources. They are aiming at getting a position in China like the one Chantelle holds in Europe or La Perla in the USA (P. af Burén, personal communication, 2006-05-10). This is what Aimer says about La Clover: “Legend has it that
the four leaved clover brings a sense of freedom and luck, love, good health and wealth. It is a symbol of something that is special, mysterious and sensual - an embodiment of our ancestors’ desire for happiness in love and passion” (M. Mi, personal communication, 2006-09-03). The symbolic meaning of the clover comes from the Bible where Adam and Eve hid their nudity, after disobeying God, with the four leaved clover. When they were put on Earth they still carried the clover and that is how it is believed it was brought to Earth from the Garden of Eden (L. Tan, personal communication, 2006-04-08). With this brand Aimer wishes to target mature women who have a high status in society. La Clover stands for an exclusive and expensive brand and products. Retailers in the West cannot by La Clover for their stores because they find it too expensive. The brand identity of La Clover is luxury, sexuality, personality, top quality and the best design (M. Mi, personal communication, 2006-09-03). For La Clover, Aimer has chosen to use colours that are neutral such as light brown, taupe, dark green, black, grey etcetera. They use Western models in their advertising campaigns (Aimer, 2006).

Lydia Tan (personal communication, 2006-03-22), describes ‘Aimer for women’ as a mixture between the essence of traditional Chinese culture and the latest fashion trends from the Western world. In this blend of the two cultures, Lydia Tan believes that the end product will fit women on both markets. ‘Aimer for women’ focuses on the mature woman that needs some support in her lingerie - the shape wear for example falls under this category. Products in this line are supposed to be comfortable and demonstrate maturity.

The marketing at Aimer consists of advertisements, leaflets and catalogues as well as attending and participating in fashion shows. The CEO of Aimer, Zhang Rongming, has been lecturing and giving speeches on different occasions such as trade fairs and conventions. Naturally, since they have boutiques and shops this is an important marketing possibility as well. (Lydia Tan, personal communication, 2006-03-22)

One thing that the company is careful with is the quality of its products. Aimer does in-house quality controls according to international standards, also known as the ISO9001 which is a quality management system. At Aimer they value high quality which means that they do controls in every step of the production line, from design output, material sourcing to production monitoring and inspection. They also look at colour fastness, shrinking, colour matching and so on. They have their own laboratory set up for this purpose so that they can ensure quality and use it as a competitive advantage. Quality is a very big issue for Western companies when importing from China. Often, the quality is very varied which leads to problem for the Western markets when trying to sell the Chinese produced goods. Aimer uses these quality tests to get around this problem and to be a more reliable producer for international companies. (M. Mi, personal communication, 2006-09-03)

Aimer has also set up a research institute so that they can be as accurate as possible when it comes to body measurement. Of course, in the business they are in sizing is crucial and the fit must be perfect every time. The body measurement also helps the design and development team, both in their search for new materials and in their search to solve their customers’ issues and problems. This research institute is the first of its kind in China. (M. Mi, personal communication, 2006-09-03)

4.2.2 Exports

Michelle Mi (personal communication, 2006-09-03) explains that the first and most obvious goal for Aimer is to keep growing on the Chinese market. But they also want to sell Aimer products throughout the world one day and they are working really hard for that goal to become a reality. According to Michelle, Aimer’s dream is to have their own branded
products sold in every country. She also says that they want more Western companies to order production/manufacturing from them because this is also a way to expand and increase turnover and a way to stay on top of what is going on in the western world in terms of fashion, trends and technology.

Aimer profiles themselves as being professional and modern and they aim at, with their own brands, establish themselves outside of China (L. Tan, personal communication, 2006-03-22). Michelle Mi (personal communication, 2006-09-03) further explains that with the Chinese entrance to the WTO the world has changed for Aimer. She says that they are now aiming at reaching the international market and they have started doing so by manufacturing other companies’ products. This business has started due to the low wage level in China compared to the wage level in the Western world. The different parts of the world to which Aimer manufacture for are companies in Europe, Japan, the Middle East, South America and the USA. For these foreign countries Aimer wishes to represent high quality, reliability and low production costs. Everything is produced and quality ensured at the factories in China and then exported to the purchasing company. Aimer makes the garments according to the customers needs, and the Aimer brand is never put on any of these pieces. Instead, the customers use their own labels and brands. Aimer is also working at providing product design and development for their foreign partners.

5 Analysis

After describing the theories used in this thesis and writing about the two companies used for this study, the time has come for the authors to put it all together in this chapter and analyse the factors that lies behind their choice of strategies, their choice to go global and in what ways the level of maturity effects them both.

This chapter will compare the two companies and their behaviour when considering the theoretical framework and our empirical findings. The structure of the analysis will be to first look at what could be expected from the companies when using the results from the theoretical framework. The authors will then study the actual procedure of the companies and then analyse why they are differencing or acting in accordance to the theories.

But let’s start with a reminder of the purpose: The purpose of this report is to look at how Miss Mary of Sweden AB’s and Beijing Aimer Co Ltd’s branding strategies and the markets that originate from affect them in their attempt to reach the global marketplace with their brands.

5.1 Initial discussion

What can be discovered when looking at the theoretical framework and the actual findings are in this thesis very wide apart. The authors have therefore chosen to add this part of the analysis where the expected outcome for Miss Mary and Aimer will be demonstrated in consideration to what the theories suggest.

Miss Mary comes from a mature market where the habit of having brands all around in the daily lives of consumers and companies has been a fact for decades. In fact, on these markets the companies and consumers are so used to brands that it is hard to brand! The constant advertisements, commercials and the continuous increase of competitors’ makes sticking out much harder and companies therefore have a need to differentiate themselves by choosing a segment or niche. This is an issue that Miss Mary addressed already from the
founding of the company in 1965 – they wanted to reach the woman who shops through mail-order and who puts high demands on quality, fit and shape of her lingerie. Miss Mary also stated that the woman should be of a mature age and maybe have special needs such as carrying a very large dress size.

Aimer on the other hand comes from a market where branding is not so common. The expected lifetime of a company is around one generation and therefore the short time perspective and decisions are much more important than long term. The number of actors on this market is relatively small compared to the enormous population and segmenting a brand here would, according to theory, be quite unusual still. So, the possibility of reaching enough customers to make a profit without segmenting the brand would be likely.

When looking at the theories concerning pricing Miss Mary is also spot on to what the theories say. They have chosen to position themselves as a high-end brand with high prices that is in accordance to their high quality and the segment they wish to reach. Miss Mary operates on markets with high price ceilings with means that the customers are both willing and able to pay the prices Miss Mary has on their products.

Aimer has chosen a positioning with a high price and high quality products – just like Miss Mary. The emerging market they operate on is maybe not as willing and able to pay for their products – but since they target such an enormous market there are plenty of women and men who can afford their high priced lingerie. This is where the authors find that Aimer segments themselves the most. On Aimers home market China this strategy works out well.

Both companies have high end brands that are priced to reach a customer who can and will pay for additional quality and design.

Both companies also have several “collections” or product lines so that they can reach more customers. Miss Mary has chosen to use a corporate brand strategy where only one brand name really is present. They have their corporate name Miss Mary of Sweden and they then differentiate their different lines by adding sub-names such as Classic, Romantic or More. This was not expected because the theories state that this brand name strategy should be used when the same brand personality should be kept on all the brands. For Miss Mary this is definitely not the case – they want to reach different segments with their different product lines. Instead, the authors had expected Miss Mary to use a product brand strategy with a multithetic brand name strategy. This way, the different product lines would have different names and personalities in the mind of the consumers which would lead to less confusion and an easier launch of new brands that are aimed to meet the demands of new customer groups.

Aimer uses a product brand and a multithetic brand name strategy, which was equally surprising to the authors. Although this is the right way to go according to the theories used in this thesis, Aimer comes from a market where branding is not so important but still they are using the accurate branding strategies.

However, as Uggla (2002) states the trend on mature markets is to go from product brands towards corporate brands and on the emerging market place it is the opposite, they move from having corporate brands to using product brands. Are these two companies simply ahead of most theories? How are these strategies working for the companies?

Of course these questions will be discussed. But first, let us look at the brand extension strategies and the expectations concerning them. Line extension is what Miss Mary uses. This is a theory that has a high failing rate and that can cause great confusion for custom-
ers. Another risk with line extension is that customers who recognise the brand can simply buy from another product line and that way no new customers are gained and the profit is probably nothing. The brand also risks losing what it represents in the mind of consumers. An advantage with this strategy is that the cost of new brands will be lower since awareness already exists in the mind of the consumers. The authors had though expected Miss Mary to use either multibrand strategy or the strategy of new brands when introducing new product lines. This would allow them to make more careful segmentation.

Aimer uses a multibrand strategy, which was not expected either. In this case the authors would have expected a line extension strategy so that their brand name Aimer would be even more recognised to the consumers that lack extensive custom to brands in general.

As far as taking the brand onto the global market place the authors would assume, when considering the theories, that it would be fairly easy for Miss Mary and very difficult for Aimer. For Aimer this turned out to be true, but it was much harder for Miss Mary than anticipated.

Miss Mary has got a name that is suitable on most markets, especially considering that the name is in English. Mary is a very common name all over the world and miss is a word understood by many. Since they also add of Sweden it should be quite clear that this is a brand of high quality and trustworthiness. Looking at the empirical findings it is evident that it does work on some markets – like the German and also that it does not work on some markets – like the French. Having a brand name that is informative can be both good and bad since not all associations are positive on these individualistic markets.

Aimer has a name that works well on the global market. Aimer does not really mean anything to English natives, but for French potential customers aimer means “to love”. But one apparent barrier for them when reaching customers abroad is that their website is in Chinese.

The exports for Miss Mary are in accordance with the expectations held by the authors - or maybe even higher than expected. Same goes for Aimer, but here the export is nearly zero and the only thing that they do export is products produced under other companies brand names. So they can export just not their own products or brand.

The effects of country of origin are as can be expected. Chinese products have a bad reputation for their poor quality. However, they are well known for having low prices – something that Aimer does not have. Miss Mary owns their own production plant in Estonia, and every single step of the production line is taken within Europe and the European Union.

On Aimers emerging market the favourability toward western brands is very high. Wearing western brands represent luxury and status for the consumer. It is not at all the same if the authors looks at the opposite, having a Chinese brand is not high status in any way - if we even could find a Chinese brand to buy! The label with “made in China” is common though which again underlines the fact that china export pre ordered products under a different brand name.

To conclude - most of the theories were significantly different from how our companies actually do. That is what will be discussed next.

5.2 Actual outcome of the study

The findings analysed in consideration to the theories.
5.2.1 Branding strategies

Miss Mary has chosen to differentiate themselves and focusing on the same customers that originally purchased their products, which were the housewives in the 60s. Basically one can say that Miss Mary has been very loyal to this customer group since they through the years have developed products for them. The brand has now ended up in a niche of elderly women of almost all sizes who prefer their lingerie to be firm, wireless, with wide shoulder-straps and well covering, full cups. The company has a very loyal segment since this niche tends to be very loyal and Miss Mary also conduct regular test of the markets which makes them aware of their customers taste. The company, however, have to look out for the generation-shifts, since they are providing a dying segment with lingerie. As earlier discussed in the theories, it can be dangerous with being in a niche since changes in this segment can cause much damage. Unfortunately for Miss Mary, their initial market segment is now literally dying...

Aimer on the other hand has chosen to target basically all women of all ages. They use different products (although still lingerie of course) for different segments. La Clover for the elegant woman with high demands, Aimer for the woman who wishes some support, IMI for the young girl and Aimer Homme for men. This way Aimer is able to segment the market, and within the segments meet the needs of consumers. Their market coverage strategy can therefore be to target customers who need underwear. How they segment price wise will come later in this chapter.

For the new collections that Miss Mary launched a corporate name strategy was used. The company decided to use the company name for all the new products. To further explain, it was a dualithic brand name strategy where both the corporate name was used and a new name for each collection. The risks with this strategy is, according to theory, that the original customer feels betrayed if the new products does not fit in with their image of the brand. Also the new targeted customers will not even look at the products since their image of the brand is something they do not want. This is exactly what happened to Miss Mary. The company’s intention was, of course, to use the good reputation of good quality from the brand to attract customers to the new product. This strategy can turn out to be a very profitable and money saving one, which unfortunately backfired in this case. It is the same thing that has happened to KappAhl which are trying to reach the younger segment of the Swedish population, but still has the image of clothes for old ladies. This also backfired since the old customers now also are unable to find their long time favourite products.

Aimer owns four different brands; Aimer, Aimer Homme, la Clover and IMI’s. They have chosen to use a multibranding strategy and have created many brands within the same product category. All brands have different segments and the company is trying to cover a large part of the market and can this way get much shelf space. Aimer is the brand they have for the more traditional woman who only demands really basic lingerie. It is high quality and comfort, but nothing extraordinary about the design. Aimer Homme is a contrary that is aimed at men. Aimer profiles this to the man that likes quality and status combined with a sporty flair. La Clover is the most exclusive brand in Aimers portfolio. It aims as reaching the more mature woman (30-40 years) who loves lace, fine fabric and luxury. The last brand, IMI’s, is a brand that targets the young woman or girl. Aimer wants is to be colourful, young and sporty. What is different for Aimer and Miss Mary with their segments is that Aimers segment is much more unpredictable when it comes to taste since they are aiming to youths which are not as loyal as older customers. The Chinese consumer is also more unpredictable. However, since Aimer is a company that has western influences
and notices western trends after their western customers, the authors believe that they are one step ahead since the younger generations there is much influenced by the west.

The benefit with the multibranding strategy Aimer uses is said to be that the different brands does not affect each other and can thereby go safe from the confusion that Miss Mary experienced with their customer base and also from other negative association that can be associated with a brand. Since the target customers are so different, this is probably also a very good strategy. The thing that Aimer misses out on with this strategy is the possible good reputation that can come with using an already known brand and it could also save advertising spending.

The fact that Aimer have decided to use different names of the collections and not connect them to each other at all is a typical product branding strategy and the company have used a multithic brand name strategy. This is, as we have mentioned, a very good strategy if the company wants to keep the different brands separated and safe from the other brands.

5.2.1.1 Pricing strategy

Already from the beginning Miss Mary wanted its products to stand for high quality. The added value that the customers received when buying a branding item was constantly competitive quality and a very high level of fit and comfort. Their pricing strategy has also supported this image and Miss Mary is one of the most expensive brands in the mail order catalogues in the world today. This price strategy is obviously working and the consumers seem to find that it is within the acceptable price range for this kind of product and also that it symbolizes quality. Since their branding strategy has been consistent all thought the years it has built a loyal customer base and fits well in its home market. The customer knows what they get and trustworthiness is an important part of the brand.

Aimer has decided to use different pricing strategies for all the brands to even more differentiate them from each other and strengthen the image of the brands. Overall the prices of the different brands are very high compared to other lingerie brands in China (and Europe). This we think is partly justified with the quality management system that the company uses. This is very uncommon in China and a large security for the consumers of guarantied quality. La Clover is the by far most expensive brand of them all which probably also strengthens the image of the brand as a very luxurious one, which is also has to have the image of to be able to justify the high price.

5.2.1.2 Extension of the brands

Miss Mary has from the original products of lingerie, Miss Mary Classic, developed several new collections through line extension. The first one was Miss Mary Romantic which aimed at the mature woman (ages 40 and above) that want to feel sensual and still have all the comfort and fit that Miss Mary represents. Already at this stage, Miss Mary started to get a little bit of trouble with the old market segment who felt that they were no longer safe and comfortable with Miss Mary's brand. As discussed in the theories, this is something that can happen to a brand when there is a failed line extension; the brand looses its specific meaning and can work destructive for the other products in the portfolio. The next line (Miss Mary More) caused even more confusion as it even made an even longer stretch from the original meaning of the brand. This line was designed by a famous Swedish designer and was aimed as a much younger clientele that would want sexy and beautiful lingerie. Now the company had gone from the old customer who wanted a very full covering, preferable skin-toned bra to the younger woman who wanted see-through, lace and em-
broidery. These lines were also showed and sold in the same catalogue. Guess if the old ladies were confused!

The authors have discussed Miss Mary’s attempt to gain new segments. What can be concluded is that in spite of all the efforts, the main clientele group remains the same. The failure with trying to sell the garments in an own store is one example, where Miss Mary failed in reaching new customers and even to get their existing customers to shop there. Miss Mary got a short and expensive lesson when they opened and ran Miss Mary stores. One was located in Gothenburg and the other in Stockholm. The store in Gothenburg was spectacular; the decoration was brothel like with real size mannequins, heavy velvet curtains and alluring products. It was meant to become the talk of the city and a store that you would want to visit even if you were not looking to buy anything. But it was just too extreme. If that did not scare off the customers, the sales staff did. This was a factor that Miss Mary had disregarded which led to a bad circle that gave the customers uninterested and uneducated service. After only a few years the store closed, and how large the number of sales personnel that employed that store in that time is still a mystery. In Gothenburg the store was very exclusive and original - maybe to the extent that it scared customers off rather than attract them? Or maybe, the products are not competitively advantageous enough to make customers choose Miss Mary’s store over others? What can be established through is that the customers who choose to shop in stores rather than by mail-order was not attracted to their store.

5.2.2 Level of maturity

Miss Mary originates from Sweden which is a mature market. A mature market has a character of being competitive and price pressuring, which is something that Miss Mary really experience on all the markets they are active on (all the markets are mature). The price pressure is very noticeable since they produce their lingerie in Estonia, a relatively expensive country compared to where many of Miss Mary’s competitors have their products made (countries like Sri Lanka, Indonesia, and China). The advantage the competitors gain is a very low production price, but the quality can vary very much. For Miss Mary, quality is determined to keep a constant and high quality, which they do receive in Estonia, but the cost of production is higher here so the gained margin will be lower for Miss Mary. The authors believe that customers still are willing to pay a higher price for a garment they know is good and that in the long run it will be beneficial to Miss Mary’s reputation and brand.

Aimer comes from China which in an emerging market. This market has the characteristics of being less developed compared to the mature when it comes to branding, and also the consumers behave differently. The market is also something that affects Aimer in many ways. Aimer is, unlike Miss Mary, a very young company, but a successful one, and has managed to create a very successful brand in market that does normally has short-term objectives and does not use brands to the extent as the mature markets. Since China is a land of production, they instead have a tradition of producing and exporting rather than branding and promoting their own products. Aimer seems to have long-term goals since they are using a very clear and structured branding strategy despite of the competition and the market of origin.

That Aimer has succeeded very well on the Chinese market can have many explanations. One of them is probably the budget that Aimer possesses. Aimer uses PR, events and promotional campaigns to advertise their brands and products. The stronger the budget for this is, the stronger the brand can become. The authors believe that there are many other
factors that decide what makes a strong brand, and some more important than money, such as creating the right positioning and price, but it is an important part and this has probably been a large contribution to the success of Aimer.

The general familiarity of brands that consumers on mature markets have is far more extensive than on emerging markets. Here, the challenge is often to break through the clutter of advertisements, information and competition. In order to do so a company needs not only a good strategy but also a way of showing their competitive advantage. This can be done by using a brand, but also by targeting a niche segment so that the advantages of one brand will appear more clearly. Miss Mary has done so by targeting older women that have needs that are not met on the market. Unfortunately, as this thesis has discussed, the targeted market is dying and they need to find a new niche to focus in on. When discussing this the feeling is that Miss Mary has not found an other niche to really focus in on so now they are in a market with a lot more competition, where they have a much harder time showing their customers the added value of purchasing a Miss Mary garment over all other. In order to stay competitive a company needs a clear strategy – something that the authors believe that they now lack.

Miss Mary is a name that is very typical for the mature market. A name that is easily pronounceable and has a “well sounding” sound is popular in this kind of market. Also the decision to have a corporate brand is typical for this market. This is probably because of the clutter and that having a brand is the only way to get through. It is then important to have a famous name. Miss Mary has decided to use the country of origin in the brand name (their complete name is Miss Mary of Sweden). This is something that can give positive associations for consumers in other cultures since Sweden is considered a very high developed country and stands for high quality. Aimer has a name that is pretty typical for companies from this kind of market. It means something which is very important for the Asian consumers and makes them associate the brand positively.

The media culture of China does also, according to the authors, have the advantage of having a listening audience. The authors has earlier mentioned that advertising as a being able to sell is overplayed and that it now is brands they communicate. This is however something that has happened in the western society. Advertising is probably more powerful in China than in West. Even if it is difficult to reach all people, the ones that are possible to reach should be more reachable with messages since they are not fed up with advertising as many westerns are that do not respond so much to advertising anymore. This can also be compared with advertising expenditure.

Aimer has grown in a very rapid pace and has on only 13 years developed to a company with over 2000 employees! This is also typical for the Chinese market, to grow very fast.

Aimer has though large troubles getting out in the global market just as many other brands from these markets. One very large reason for this seems to be that Aimer has a far too high price strategy to be able to sell to the mature market. As said in the theories, products exported from this kind of market need to be priced much lower than the global and local competitors on the new market for it to be accepted. Instead, Aimer has the strategy of a price that even higher than some of the most luxurious brands from the mature market which can not be justified in the eyes of the consumers on this market.

Since Aimer is operating in China, the strategy with selling from stores would be a benefit. The authors have discussed the lack of communication network in China that makes distribution of information difficult. Even with the Internet it is difficult since there are many
people that do not have access to this distribution channel. Aimer however, does have a website to make people aware of the brand, or the different brands they have, which they are also not translating into English which can help the internationalisation process. The strategy may also suit the segment since the products are expensive compared to the cheap underwear that are offered in China and their segment therefore would be pretty well off and have access to internet.

5.2.3 Going global

Miss Mary has been in the exporting market for many, many years. The company is today exporting its products to Norway, Finland, Germany, France, Great Britain, Austria, Holland, Greece, Switzerland, and the USA. To export is a very important part of Miss Mary’s business since it represents close to 90% of sales outside of Sweden and Norway. Miss Mary can therefore be considered to have a global brand. When operating in a small country like Sweden it can almost be necessary to export due to the limited market in this country and the company is benefits a lot from going global.

Aimer, on the other hand, is not active on the global marketplace and has no global brand. The definition of having a global brand include that the company must market the brand in basically the same way on all markets on which it is present and sell at least 20% abroad. Since Aimer sells their branded product only in China, the criterions are not fulfilled. However, since Aimers goal is to sell to international markets the authors have chosen to analyze their situation as a potential global brand.

The features that are important for companies with global brands are many. Having a strong product positioning on the home market is one, and Aimer does have a very strong position in China – they are the second biggest house of brand on their home market. They are marketing themselves as representatives of high quality craftsmanship. Since they are from a country that is described as an emerging market and that China not exactly is known for its high quality it is quite a bold and futuristic move to try to profile themselves as high quality producers. But, in spite of this they are not having much success with their brand abroad.

This seems to have much to do with the COO effect that is very hard to get rid off. Aimer has large troubles getting out in the global market just as many other brands from these markets. The company can not get rid of its “made in” label and it is harder to sell products made in an emerging market to a mature market which Aimer is aiming at. One very large reason for this seems to be that Aimer has a far too high price strategy to be able to sell to the mature market. As said in the theories, products exported from this kind of market need to be priced much lower than the global and local competitors on the new market for it to be accepted. Instead, Aimer has the strategy of a price that even higher than some of the most luxurious brands from the mature market which can not be justified in the eyes of the consumers on this market.

Miss Mary however, does not phase this problem at all. The company even has decided to use the country of origin in the brand name (their complete name is Miss Mary of Sweden). This is something that can give positive associations for consumers in other cultures since Sweden is considered a very high developed country and stands for high quality. Here the country of origin effects is positive instead. Miss Mary is exporting too many counties and Miss Mary can be considered a global brand since so much of the companies sells are outside of Sweden. It is however not going as well as Miss Mary would like. What can be the reasons for this?
Something that the authors believe plays a very vital part of it is the fact that the company is today using the same strategies for all the markets they are exporting to (even the home market). The authors can see that it is very successful in Germany, but this seems to have very natural causes since this market consists of women that are quite similar to the Swedish, where both the testing is conducted and the design takes place. While German women, like Scandinavians, are focused on functionality, quality and fit and put sensuality, looks of the product and colour second. The Norwegian market also consists of pretty similar women and this market is even a part of the test basis that Miss Mary does for new and existing products. The French women however, value other traits for lingerie and Miss Mary’s strategy is not working very well at all. As just mentioned, Miss Mary is using the same branding strategy for all the markets but there are many theories that suggest that it is very useful to analyse the new markets and consider adapting the strategies to the new markets. This is something that many companies do not do. IKEA for example use the same strategy for all the markets it is operating in, even though it is so many different countries in different continents. This is a successful strategy for this IKEA, but for Miss Mary it seems like this strategy is not working very well at all. There can be many explanations for this. One very obvious one is the industry that Miss Mary is operating in. When we talk about the example of France the women there are much smaller and since Miss Mary is specialized in large sizes these are probably not popular at all. Another thing is also that the women in France prefer more sexy lingerie and this makes Miss Mary having totally wrong image as a provider of old ladies garments. Here the image is also wrong, Miss Mary More is not selling in this market at all even though this is the sexiest collection and it is only Miss Mary classic that sell since it is the customer that prefer these that buy from Miss Mary.

The point that Lindström (2000) makes about it being difficult to have different images on different markets due to the large extent of communication would probably not be an obstacle for Miss Mary since they are distributing their products by mail-ordering and these could easily be made differently on the different markets. Miss Mary makes all the layouts to the catalogue pages by itself and they look basically the same everywhere, this is something that the company is in control of. It is personalized to what the business customer in that country want to have in their catalogues in accordance to products, but Miss Mary is still not doing any other changes to fit that market. The goal for Miss Mary to use the same strategy is probably to gain customer awareness of the brand all over the world and be world leading in mail ordering. To reach this goal the company should, according to theory, use the same strategy and name for all markets. However, since the perception of the brand is fixed it is not so easy to reach new segments. This can be different for the different markets. In Germany the brand is very well known and changing the consumer’s perceptions would be almost impossible, while it would be easier in the USA where the brand is not so well known. It is there Miss Mary could have a chance to change image.

When comparing to Miss Mary, Aimer it is very different. They are not really active on any market besides for their own Chinese home market. However, they do produce for foreign manufacturers in their plants so they do have “one foot out the door”. Aimers dream is to make it into Europe and the USA and to become one of the big lingerie producing companies in the world. For being such a young company, they are only 13 years old, they have managed to make the brand Aimer quite a success story, but only when it comes to the home market.
5.3 Closing discussion

Aimer is very inspired by west and this is something that can be seen just by looking at the website. This is something that has the effect of the market the company they are in. The position that Aimer are in where they take influences from the western fashion world is also something that is appealing for the young audience in that market at the same time as it is a Chinese brand that is appealing to the audience that is proud of its heritage and want to support the Chinese companies. This is something Aimer has taken to heart and is using a very successful western way to do branding with western people and pictures on the website which helps create the western identity that Aimer strives for. However, even if the brand awareness is increasing in these markets, the export of brands is not very common, which is also the case for Aimer.

One reason for that the products or collections that Aimer makes are not being sold outside of China at all is that they are way too expensive to be competing with the other Chinese manufacturers. Another reason is that the products they sell do not offer the western consumers any particular added value. Aimers brand Aimer is far too basic to be of any interest since the price is not lower than it is. Also, since they do not have a size range that is any way near competitive for our western bodies or compared to our western brands, the Aimer collection is not interesting for countries to import. La Clover is the brand that Aimer themselves are pushing and advertising the most and they are hoping that this brand will take them out of China for good. Unfortunately again, the price is way too high and although the design is beautiful and the products hold high quality the product still does not add value for a customer who can compare their garments to Chantelle, La Perla, Prima Donna or brands like that.

After the theoretical framework the assumptions of what would be found when looking into our research objects was not at all what was actually discovered. Instead, Miss Mary uses a strategy for its brand that is not recommended by knowledgeled authors. Aimer on the other hand, that was expected to be far behind any western literature conclusions, turned out to be using a highly recommended strategy.

What we can conclude from the study of the two companies is that the both fail with their respectively strategies. Miss Mary uses the wrong branding strategy and has with its line extension and corporate brand created confusion in both the old customers and the new targeted market. This is much due to the fact that the company has ended up in a niche that is dying out and which is very hard to get out of. This has caused both a loss in profit and sales. This problem has even followed for the global branding and much of the same strategy are to blame there and the fact that the company does not adjust to the respective markets they are entering.

The market that Miss Mary originates from, which is the mature, can probably have something to do with the fact that Miss Mary ended up in this niche. This is due to the fact that this market is very hard to enter due to the fierce competition and the saturated market that a niche strategy is sometimes the only way to get recognition. However, this niche can become a trap.

Aimer seems to have a good branding strategy, on the other hand, but is from the totally wrong market to be able to exports the lingerie they are creating. To be able to export them the company would have to charge a much lower price for their products. This image of the country is very difficult to get off and will stop Aimer from reaching their dream of getting global brand.
6 Conclusion

The authors have now reached the very end of this report and here stated will be the conclusions drawn from this study.

The problem questions that were asked in the introduction chapter were:

? How does the maturity of the markets influence our research objects branding strategy?

? Do the theories used in the report conform to the findings at Aimer and Miss Mary? Why, or why not?

? In what way do the COO effects affect our research objects when going global with their brands?

The authors will answer these questions in the order they appear.

The attitudes among consumers toward brands and branding are different depending on the maturity of the market. This naturally led to differences in the branding strategies. The analysis showed that according to the theoretical framework the maturity of the markets should have given the two research objects different strategies than they actually use. So, what are the effects of this? The authors can conclude that for Miss Mary the niche strategy that they have used from that start of the company has been working very well and that segment is what Miss Mary still lives of. Trying to reach new segments with a corporate strategy have caused them a lot of problems and it is difficult to see a clear way out of this, other that to rename the new brands and use product brand strategy instead. This would help them make their segmentation more obvious which in turn would clarify the different product lines for potential consumers. The other way to go for Miss Mary, and the possibility they have to keep their current strategy, is to find totally new markets where their brand is unknown for their new product lines. This would give the customers a chance to associate other collections, and the qualities they represent, with the name Miss Mary. The part of the name “of Sweden” should according to theories is a very good Country of Origin because of the positive attitudes toward Sweden. The authors of this thesis have concluded that it is good but not enough when bringing a brand abroad. Instead Miss Mary needs to find other ways to show the public the added values that their brand represents. Since this brand is in the high price range in their targeted market – Miss Mary need to find strategies and tactics to build more value associated to the brand and make it shine through to the customers.

Aimer has a totally different starting point since their brands are not active on any other market than the Chinese home market. In this emerging market the attitudes towards branding are not so apparent and so the need for a brand strategy is not as strong as it is on the mature markets. So, then why does Aimer use such a well developed and “modern” brand strategy? The authors have been discussing this and reached the conclusion that the reason is that they want to enter a mature market place and having a well thought out strategy would of course be helpful. The pricing strategy though is something that Aimer has a serious problem with. Combining a very high price with the COO effect China carries is very unfortunate. Could Aimer have been able to globalise their brand if they would have originated from a mature market? The authors believe so. Having a Chinese company means facing some barriers, such as a reputation of poor quality and these are difficult to brake through. For Aimer it is important to get rid of the COO baggage that follows them.
and makes them unable to make it out in the big world. The authors feel that what this company needs is to either significantly lower their prices or produce their lingerie in another country in order to go global.

The findings suggest that the wrong branding strategy or country-of-origin can cause severe difficulties when taking a brand global. What market a company is in seems to matter a lot, but being on the “right” market is not insurance for success. It also suggests that the theories about the emerging markets may not be accurate. Was Aimer just an exception? Or are the companies on these markets better at branding than we think?

Although the theories presented did not apply to the research objects in the way expected they were still applicable. This raises another question – what would happen if both our research objects did exactly as the theories indicate – would they then have had greater success when globalising their brands?

6.1 Suggestions for further research

This is a huge research area and many things can be further investigated and tested. As the authors have investigated the companies and markets, the interest has only grown. Here are presented some questions that the authors have found further from this research.

- To what extent are emerging markets really in the wake of the use of brands and brand strategies? It would be very interesting to see if the finding of this report can be found in other companies.

- What will be the development on the emerging markets concerning brands? Will they eventually buy already global brands in order to stay competitive and to increase export?

- Do the emerging markets such as China deserve their bad COO reputation? Or are their products as good as those from mature markets. This could be interesting since so many companies from the mature market place produce their products in emerging markets.

- Another interesting thing to look at is how much impact individualism versus collectivism has on branding. For this study it would be good to compare, for example, China and USA since they are very extreme in their individualistic and collectivistic approach and also in their approach to brands and branding.
References


Appendix 1

Many people have been interviewed from Miss Mary for the research of this thesis. Here is a list of the interviews: who the authors talked to, what their position in the company is, and the number of times they were interviewed.

**Miss Mary of Sweden**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Position</th>
<th>Interviews - Type</th>
<th>- Place</th>
<th>-no. of occasions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patrick Johansson</td>
<td>Marketing Manager</td>
<td>Verbal</td>
<td>Borås, Tallinn Lyon</td>
<td>4, 1, 1</td>
</tr>
<tr>
<td>Zora Eliasson</td>
<td>Project Manager</td>
<td>Verbal</td>
<td>Borås Lyon</td>
<td>2, 1</td>
</tr>
<tr>
<td>Peter af Burén</td>
<td>Co-owner (former CEO)</td>
<td>Verbal</td>
<td>Tallinn Lyon</td>
<td>1, 2</td>
</tr>
<tr>
<td>Kenneth Johansson</td>
<td>Financial manager</td>
<td>Verbal</td>
<td>Borås Tallinn</td>
<td>2, 1</td>
</tr>
<tr>
<td>Bengt Nilsson</td>
<td>Production Manager</td>
<td>Verbal</td>
<td>Borås</td>
<td>2</td>
</tr>
<tr>
<td>Christina Svanessson</td>
<td>Design Manager</td>
<td>Verbal</td>
<td>Borås Lyon</td>
<td>1, 1</td>
</tr>
<tr>
<td>Camilla Thulin</td>
<td>Designer</td>
<td>Verbal</td>
<td>Lyon</td>
<td>1</td>
</tr>
<tr>
<td>Roger Holmberg</td>
<td>CEO (and co-owner)</td>
<td>Verbal</td>
<td>Tallinn</td>
<td>1</td>
</tr>
</tbody>
</table>
Appendix 2
Here presented is a table of the interviewees from Aimer.

**Aimer**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Position</th>
<th>Interviews -Type</th>
<th>-Place</th>
<th>-no. of occasions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lydia Tan</td>
<td>Sales Manager for foreign business</td>
<td>E-mail</td>
<td></td>
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</tr>
<tr>
<td>Michelle Mi</td>
<td>Manager of international division</td>
<td>E-mail Verbal</td>
<td>Lyon</td>
<td>6 1</td>
</tr>
</tbody>
</table>