Internal Brand Equity

- A study on the relationship between
internal brand equity and external brand equity in
B2B firms

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Abstract

In the business-to-business sector, the brand owner’s employees are increasingly playing a key role in terms of representing the brand to existing and potential customer. The role of a well-established internal brand equity can give a business-to-Business Company the edge it needs in the market today. Internal branding has recently emerged as an important issue in industrial market. This study aims to find out how internal brand equity and its determinants affect the external brand equity of business-to-business companies. This study is based on previous research of internal brand equity in business-to-business setting. In this study four hypothesis were tested. Surveys were conducted among manufacturing and promotional companies in Sweden and Latvia, which resulted in 94 complete and useful response with a response-rate of 28.3%. The findings offer evidence, that internal brand equity with determinants have a great impact on the external brand equity of a firm.

Keywords

Branding, Business-to-Business Branding, Brand, Brand Equity, Internal Brand Equity, External Brand Equity, Internal Brand Knowledge, Internal Brand Involvement, Internal Brand Commitment
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1 Introduction

This research focuses on Internal Brand Equity and how it can influence External Brand Equity in B2B promotional and manufacturing firms located in Sweden and Latvia. The following chapter will provide the reader with prior knowledge within the topic of the study. It will also provide definitions and examples in order to simplify and make the study easier to understand.

In the first decade of the 21st century firms were faced with the challenge of surviving financially in a very unforgiving economic environment, and marketing played a key role in addressing this challenge (Kotler and Keller, 2012). Firms and companies will be used interchangeably in this paper. According to Kotler and Keller (2012, p.3) financial success of a firm depends on their marketing ability because “finance, operations, accounting, and other business functions won’t really matter without sufficient demand for products and services”. Marketing is a broad concept but can be shortly defined as “meeting needs profitably” (Kotler and Keller 2012, p.5). Although the formal definition is provided by The American Marketing Association (2007, p. 28-29): “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”. One of the tools within marketing that can be used is branding, which is defined as the process involved in creating a name and image that is unique in the mind of the consumers (Keller 2003). The aim of the branding is to create a significant and unique presence in the market that attracts the customer (Kotler and Keller 2012). The concept of branding will be the focus of this study.

According to Keller (2003) ever more companies have come to the realization that one of their most valuable assets they have is the brand name associated with their products or services. In our increasingly complex world, all of us, as individuals and as business managers, face more choices with less time to make them (Keller 2003). Thus a strong brand’s ability to simplify decision making, reduce risk, and set expectations is invaluable (Keller 2003). Although what exactly is a brand? Brakus, et al. (2009, p.53) defines a brand as: “A label, designing ownership by a firm, which we experience, evaluate, have feeling towards, and build associations with to perceive value”. To further simplify according to Keller (2003), to the customers, whether they are individuals or a company,
brands provide functions. Brands identify the source or maker of a product and allow consumers to assign responsibly to a particular manufacturer or distributor (Keller 2003). In this way brands can reduce risks for buyers by providing that additional information about the maker of the product (Van Riel et al. 2005). Also because of the past encounters the customer has with the product and it’s marketing, the customer can discover which brands fulfil their needs and which do not (Keller 2003).

To further specify this study will only focus on B2B branding, since research on branding in the industrial sector, otherwise known as B2B branding, is still at its starting point and there is a gap in the literature on this topic, since not much research has been conducted in this area (Herbst and Merz 2011).

Herbst and Merz (2011) argue that service, reliability, and quality are only minimum requirements for B2B firms rather than award winning criteria, especially because of the growing competition in industrial markets. This is one of the main reasons why B2B companies have started paying more attention to branding in the recent years (Herbst and Merz 2011).

An attempt to define the relationship between customers and brands produced the term “brand equity” in the marketing literature. The concept of brand equity has been debated both in the accounting and marketing literatures, and has highlighted the importance of having a long-term focus within brand management (Wood 2000). Aaker (1991, p.15) determines brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”.

This study will focus on the internal brand equity and its influence on the external brand equity. Where internal brand equity includes factors inside the company and external brand equity focuses on factors outside of the company. According to Ghose (2009) internal brand equity consists of a motivation level of the employees to serve the brand vision, along with resource support by the company to ensure that brand vision. This can also be referred to as employee-based brand equity. Moreover, external brand equity is based on the customer’s experience of the brand (Ghose 2009). While in the business-to-consumer market the interaction between customer and employees does not play as
important role most of the time, as in the industrial products and service market where characteristics such as for example high price and high complexity usually ask for further explanation and a face-to-face discussion (Baumgarth and Schmidt 2010).

Moreover, Baumgarth and Schmidt (2010) contend that three attributes of company and individual behaviour determine the level of internal brand equity in a company. These three are referred to as the determinants of the internal brand equity in this study.

In this study all these concepts are studied in the promotional and manufacturing industry located in Sweden and Latvia.

1.1 Background

So far the reader has been presented with the holistic view of this study. In this subsection the reader will be presented with more in-depth information to why this is an important topic to study.

Brand equity in B2B markets has shown to be of high importance for companies’ competitive positions and performance (Kim and Hyun 2011; Kotler and Pfoertsch 2007; Webster and Keller 2004). Despite this some researchers still argue that brand equity has a minor role in the B2B market for the reasons that the number of companies in each market is rather small, which makes it easier to gain knowledge about each other (Anderson et al. 2009). However previous research on B2B brand equity has in fact demonstrated that even in the B2B market, brands are important in the decision making process (Kotler and Pfoertsch 2007; Michell et al. 2001; Mudambi 2002; Webster and Keller 2004). Moreover previous studies show that higher brand equity leads to a similar positive outcome in the B2B setting as in the B2C setting since it motivates B2B customers to pay a price premium, to consider other products from this same brand also in other product categories, and even recommend the brand to others (Bendixen et al., 2004; Hutton, 1997; Michell et al., 2001).

Furthermore a strong brand in the B2B market adds intangible value to the firm and is not easy to recreate for others and therefore it shifts the competitive framework in the companies favour (Madden et al. 2006; Schultz and Schultz 2000). To specify an
intangible asset is an asset that is not physical in nature asset (Investopedia, 2015). A factory or equipment would be a tangible asset and the reputation of a firm’s brand is an intangible asset (Investopedia, 2015).

Also branding in B2B markets reduces the level of perceived risk and uncertainty (Bengtsson and Servais 2005; Mudambi 2002; Ohnemus 2009) as well as increases buyers’ confidence and satisfaction with their purchase decision (Hultman et al 2008; Low and Blois, 2002; Michell et al., 2001). Some researchers even argue that in the competitive industrial markets having a strong brand is one of the key success factors (Kotler and Pfoertsch, 2007; Rooney, 1995).

Even though branding in the business-to-business market seems to be less apparent than branding in the business-to-consumer market a strong brand image and identity are of clear importance in order to reach corporate success (Baumgarth and Schmidt, 2010). Furthermore, in order to have this strong brand image and identity the behaviours of the employees should be consistent with the identity of that brand and its values (Baumgarth and Schmidt, 2010). This is not only the matter of a of appropriate self-presentation and communication, but also of personal identification with the brand, emotional attachment to it, and motivation to become involved with the branding strategy in direct interaction with customers (Baumgarth and Schmidt, 2010).

In this study the influence of branding inside the company, in other words to the employees, which is also known as internal branding, will be the focus.

1.2 Problem discussion

The concept of branding and brand equity has been extensively applied to products and services in B2C contexts in the generic marketing field, but there is especially a lack in quantitative, empirical research in this area with regard to B2B markets. This is confirmed by Kuhn et al. (2008) which argue the lack of research to as the main reason of why branding is not being recognized as an important B2B matter as in B2C markets.

Earlier studies have been done on what determines B2B brand equity however those have mostly elaborated on the influences of marketing on brand equity (Kim and Hyun 2011). Nevertheless some researchers argue that the real influencer of brand equity in the B2B
setting is in fact the interaction between the employees and the customer which in other words is the meeting of the employee-based equity (internal brand equity) and external brand equity (Davies et al. 2010). In the business-to-business market specifically, Davies et al. (2010) found that the behaviour of salespeople is a more important driver of brand equity than the characteristics of the product or service itself, or the content of non-personal marketing communication. Therefore it is important for managers to turn their focus to internal brand equity instead of only focusing on the marketing and external brand equity in general (Baumgarth and Schmidt, 2010). The problem that managers have when trying to address internal brand equity is the lack of literature on that topic especially in the B2B sector (Baumgarth and Schmidt, 2010). Baumgarth and Schmidt (2010) argue that there are three aspects of company and individual behaviour of employees that determine the level of internal brand equity in a company. As previously mentioned these three are referred to as the determinants of the internal brand equity in this study.

In this paper all these concepts are studied in the promotional and manufacturing industry located in Sweden and Latvia.

1.3 Purpose

The purpose of this study is to assess the relationship between internal brand equity with its determinants and external brand equity in B2B promotional and manufacturing firms located in Sweden and Latvia.

1.4 Research Questions

- RQ1: What are the determinants of internal brand equity?
- RQ2: What is the relationship between the determinants of internal brand equity and internal brand equity itself?
- RQ3: What is the relationship between internal brand equity and external brand equity in B2B promotional and manufacturing firms located in Sweden and Latvia?
1.5 Delimitations

The authors of this thesis have chosen to limit the study in order to focus on the issue at hand.

Firstly the authors have chosen to only work with companies that are in the B2B sector. The focus of the studies of the authors is B2B marketing and therefore only B2B companies were suitable. Also the gap that the authors found was only in the B2B market and the authors in order to contribute with new aspects chose to work with only B2B companies.

Secondly, this thesis will be focused two industries: promotional and manufacturing. The reasons to why more than one industry was chosen is because this is a quantitative study, done with a convenient sample method, this procedures will be further discussed in the method chapter. The concepts and the relationship between internal and external equity can be applicable in many industries (Baumgarth and Schmidt, 2010), this is the reason why the authors of this paper have chosen to study these in more than one industry within the B2B sector.

Also the main region of the study is limited to Sweden and Latvia. However employees in Russia will also be questioned considering that the Latvian companies in this study’s sample have production units in Russia.
2 Theoretical Framework

This chapter will present the theories that are relevant for this paper. Branding, Brand Equity, Internal Brand Equity and External Brand Equity are the main factors concerning this topic and therefore these factors will be explained in depth in this chapter. The theories are chosen due to their importance in explaining the purpose and the gap that appears in the literature on this topic. Arguments that appear between the different writers and their view of successful branding in the B2B market are brought forth and discussed. Furthermore the employees and managers important contribution to the branding process will be explained in detail to identify the main points that contribute to a successfully brand in a B2B company.

2.1 Branding

The traditional definition of a brand is: “the name, associated with one or more items in the product line, that is used to identify the source of character of the item(s)” (Kotler 2000 p. 396). The American Marketing Association defines a brand as “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors”. Keller (2003) argues that if we follow these definitions then anyone that creates a name, logo or a symbol for a new product has created a brand. He argues that nowadays (21st century) a brand is much more than just that. The brand’s function is as before stated to identify the product as well as distinguish it from the competition. “The challenge today is to create a strong and distinctive image” (Kohli and Thakor 1997 p. 208). Kapferer (1997) mentions that before the 1980’s companies did not understand that a brand can be more than just an identifier. According to him brands serve eight main functions show in Table 1.
<table>
<thead>
<tr>
<th>Function</th>
<th>Consumer benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification</td>
<td>To be clearly seen, to make sense of the offer, to quickly identify the sought-after products.</td>
</tr>
<tr>
<td>Practically</td>
<td>To allow savings of time and energy through identical repurchasing and loyalty.</td>
</tr>
<tr>
<td>Guarantee</td>
<td>To be sure of finding the same quality no matter where or when you buy the product or service.</td>
</tr>
<tr>
<td>Optimization</td>
<td>To be sure of buying the best product in its category, the best performer for a particular purpose.</td>
</tr>
<tr>
<td>Characterization</td>
<td>To have confirmation of your self-image or the image that you present to others.</td>
</tr>
<tr>
<td>Continuity</td>
<td>Satisfaction brought about through familiarity and intimacy with the brand that you have been consuming for years.</td>
</tr>
<tr>
<td>Hedonistic</td>
<td>Satisfaction linked to the attractiveness of the brand, to its logo, to its communication.</td>
</tr>
<tr>
<td>Ethical</td>
<td>Satisfaction linked to the responsible behavior of the brand in its relationship towards society.</td>
</tr>
</tbody>
</table>

Table 1. The functions of the brand for the customer

(Adapted from Kapferer 1997, p 81)

The first two functions are that a brand should act as a recognized symbol in order to aid in the choice making process and gain time for the customer (Kapferer 1997). The next three are for reducing the risk, and the last three are showing the pleasure side of a brand (ibid).

Furthermore, brands are intangible assets, which are long-term resources of an entity, but have no physical existence (Kapferer 2012). Secondly, brands are also conditional assets (ibid). By this it means that they need to work in conjunction with other material assets such as production facilities in order to deliver their benefits, their financial value (ibid).

### 2.1.1 B2B versus B2C Branding

There has been plenty of research done in the area of B2C branding, yet not as many done on B2B, due to the belief that branding is mostly common in the B2C firms (Kapferer 2012). Managers that work in the B2B domain have complaints that there is a big lack of theorization on B2B brands (ibid).

However as Lerrantz et al. (2015) state four of the top ten global brands- GE, IBM, Intel and Microsoft - are primarily business-to-business brands. Nevertheless, Kuhn (2008) argues that many B2B researchers have claimed branding belongs in the consumer realm,
as an argument appears that industrial products do not require an act of branding and it is not necessarily in need of any further additions to its value. However most B2B purchases are risky because of the high costs and quantities of the transactions as well as the fact that most purchases concern ingredients of a product or service (Kapferer 2012). The cost of these ingredients will determine the end price of the product or service, and the reliability will affect the reputation of the brand and consumers come in contact with (ibid). This is why the B2B brand has a much greater role than in consumer goods according to Kapferer (2012). He also claims that in B2B one does not buy products, but trust, and the corporate brand is that source of trust.

There are a few more distinctions between B2B and B2C branding. The main distinction is the much more limited number of players involved in the B2B sector and the greater length and depth of the relationships with the customers and the sellers in the B2B markets (Beverland et al. 2007). Glynn (2012) and Kapferer (2012) also states that the key differences between B2B and B2C is the emphasis on longer-term corporate relationships and not one of transactions.

According to Hoeffler and Keller (2003) the key element of a brands investment can turn into much more than just a profit, i.e., it can enhance a company’s familiarity, knowledge and customers perceptions of its performance.

2.2 Brand Equity

Brand equity is a phrase used in marketing which describes the worth and value of a brand (Keller, 2003). A company with a well-known brand name can generate more revenue from its product, than that with a less known name, due to the belief the consumers has that a well-known company makes better products and is more reliable than a company which is less known (Aaker. 1991; Leuthesser et. al. 1995; Keller, 2003). Aaker (1991) defines brand equity as set of brand assets and liabilities linked to a brand. These are: its name and the symbol that can add to or subtract from the value provided by a product or service and/or to that firms customers. Keller (2003) adds that a consumer’s recognition for a brand also determines how the manufacturers and marketers market the brand, meaning the higher the brand equity the less investments in marketing is usually required because the brand markets itself.
Brand equity is established through strategic investments in channels of communication and educating the staff about the brand (Lassar et al. 1995; Keller 1993). Brand equity brings forth revenue, a larger share of market and establishes a reputation that over time delivers return on investment (Lassar et al. 1995; Keller 1993).

As earlier mentioned most brand equity research has been based on the consumers market (Baumgarth and Schmidt 2010). The concepts of the brand equity is also a key factor in understanding competitive dynamics and price structures of the business-to-business market (Baltas 2001). Marketing activities in the B2B setting have traditionally been focused on building a brand image through such attributes as delivery, price and technology (Biedenbach and Marell 2010). The increasing importance of intangible attributes forces marketing managers to search for new ways of differentiating offered goods and services, and consequently creating brand equity (Biedenbach and Marell 2010). Many marketers seem to underestimate the exact importance of a strong brand equity. As Herbst and Merz (2010) explain that a strong brand can shift the competitive framework in the firms favour giving it intangible value that is not easy to replicate. A strong brand can be used as an identification and a differentiator for the firm and therefore it creates an ongoing value even in the markets that are highly competitive (Hultman et al. 2008).

2.3 Internal Brand Equity

According to Boyd and Sutherland (2006) many researchers would agree that branding applies to the external image of the company, thus it is believed to affect more the consumers market rather than the internal B2B company. However the concept of a brand has gone through a swift evolution in last few years (Boyd and Sutherland, 2006). The brands are not anymore just visible or emotional symbols they also define the relationships with all of the company’s key stakeholders, including employees. It is therefore essential to consider internal branding management because the employee is considered to be the centre of the brand building process (Tsang et al. 2011). Brand management is not anymore only customer focused, but a more balanced perspective should be used which also focuses on employees (Chernatony 2006).
Customers are becoming much more interested in buying the holistic experience rather than simply buying products (Ghose, 2006). The focus of communicating the customer brand promise is a key factor for internal brand equity (Kotler, et al. 2005). Therefore the expectations are upon the employees to be in line with the brand attitude and to deliver the brand promise (Kotler, et al. 2005) and as mentioned in the B2B setting the customer interaction is an important factor however according to Ghose (2006) it is not only important but could also be a decisive factor in brand creation and customer experience. Therefore the contribution of the employees to the internal brand building has yet to receive the amount of importance it deserves (Ghose, 2006).

One of the biggest contributions to internal brand equity is believed to be done by the managers, and their role inside the company (Vallaster and Chernatony 2005). It has been found that the positive behaviour of the managers influences the employees to act in a way which aligns with brand values (Vallaster and Chernatony 2005).

In the article by Gelb and Rangarajan (2014) one of the main findings say, that it is important for managers to identify employees who make the brand what it is, because in fact those are the employees that matter in the brand building process. Those employees could be referred to as brand ambassadors (Gelb and Rangarajan 2014). However in order for employees to become brand ambassadors they must first know what the brand stands for (Gelb and Rangarajan 2014). They also need the motivation to deliver the contribution to that brand (Gelb and Rangarajan 2014). Managers job is to provide that knowledge and motivation to the employees (Gelb and Rangarajan 2014).

One way to motivate and educate the employees about the brand are company policies, and also treating the employees well so that they will treat the customers well when it comes to that interaction (Vallaster and Chernatony 2005). Moreover in order for the employees’ behaviour to be aligning with brand values, the employees need to have a shared understanding of the values of the brand (Vallaster and Chernatony 2005). To clarify the employees should know what the brand stands for, and the it is managers job ensure that all employees have the same understanding despite their cultural – diverse backgrounds (Vallaster and Chernatony 2005).
Furthermore Baumgarth and Schmidt (2010) in their article have introduced a model of the relationship between internal brand equity and external brand equity. In this model they have come to the conclusion that there are three main determinants of internal brand equity those are: internal brand knowledge, internal brand commitment and internal brand involvement. Those determinants were also adapted by the authors of this study and will be further discussed in the next three subsections.

2.3.1 Internal brand knowledge

Löhndorf et al. (2014, p. 5) define internal brand knowledge “as the degree to which the employee has a good understanding of the distinct brand identity and knows what the brand promises to its customer”. According to Baumgarth and Schmidt (2010) the learning processes which employee’s go through in order to learn about their firm’s brand are of clear importance. The reasons for this is because as the definition states in order for the employee to act according to the brand he/she must first know what the brand stands for (Löhndorf et al, 2014)

According to Baumgarth and Schmidt (2010) the most common model of brand equity is developed by Keller (1993). This model appoints brand knowledge in a key role in the generation of values for companies because the behaviours of the customers depend highly on the knowledge and experience they have from that brand (Keller, 1993). In this study of internal brand equity, the authors are concerned with the degree of employees’ brand-relevant knowledge because as stated above this provides them with the necessary means to act in the way that their company’s brand identity requires (Baumgarth and Schmidt 2010). This however depends highly on the internal communication, values and benefits of the brand (Baumgarth and Schmidt 2010).

Therefore it is important for managers to constantly spread brand values, brand knowledge, and brand benefits among the employees so that they are guided and encouraged to accurately represent the brand when interacting with customers (Chernatony et al. 2003)
2.3.2 Internal brand commitment

Burmann and Zeplin (2005) and Burmann et al. (2009), have defined internal brand commitment as an emotional attachment to the company’s brand of an employee, to the degree which affects the behaviour of that employee to be consistent with the company’s brand, and therefore that employee invests additional efforts into reaching the goals set by the branding strategy.

If employees are greatly committed to a set of values, they are more likely to deliver the brand’s promise (Chernatony 2006). Employee’s brand building behaviour has an essential role in a brand building process (Chernatony 2006). This term was introduced by Miles and Mangold (2004) to capture the ideas of how employees’ behaviours can engage in various ways to build and strengthen the brand image in of their company. A customer’s fundamental experience of a brand is continually determined by the behaviour and performance of the employees (Chernatony et al. 2003). It is therefore important for the employees to behave in line with brand when interacting with the customers to create and maintain a strong brand image, and in order to do that they need to be committed to that brand (Baumgarth and Schmidt 2010). Löhndorf and Diamantopoulos (2014) also agree that the role of communication between the employee and the customer is crucial and therefore needs to be in line with the brand’s identity.

2.3.3 Internal brand involvement

Baumgarth et al. (2010) defined internal brand involvement as an activating state resulting from the personal relevance of the brand. Activation theory posits that a possible effect of branding is that an individual will more likely absorb stimuli as well as information that the brand has to offer (Baumgarth and Schmidt 2010). Hence the employees will be more open to the information relevant to the brand (ibid).

Internally, this factor will be especially effective when the brand holds special relevance for the employees, and when they are convinced that it contributes to the company’s overall success (Hoeffler and Keller 2003). Furthermore, in order for an individual to be able to carry out psychological processes related to knowledge such as attention, memory, judgement and evaluation, when he or she receive information/knowledge related to the
brand, some kind or psychological/emotional motivation is required (Baumgarth and Schmidt 2010). Malmo (1959) has conceived the ‘Lambada hypothesis’ which states that the stronger the activation, the higher the cognitive performance. Cognitive performance is the level of processes related to knowledge which include attention, memory, judgement and evaluation (Malmo 1959). Attention can be foreseen to be high when the brand has a personal relevance to an employee, hence where there is a high level of involvement (Celsi and Olson 1988).

2.4 External Brand Equity

Internal brand equity is the primary focus of this paper, yet the role of external brand equity should not be taken for granted. For the reasons that to determine the value of a company, it is important to understand the value it gives to its customer base in terms of future revenue (Rust 2004). Baumgarth and Schmidt (2010) describes external brand equity simply as ‘brand equity’. It can be defined as the brands attitude and behaviour that is relevant to actual potential customers (Baumgarth and Schmidt 2010). Rust (2004) has concluded that the higher the external brand equity, the more revenue it can gain in a life time from its customer, and as a result the company with greater external brand equity is more valuable than that with lower external brand equity (Rust 2004).

When the internal brand is well established, employees are more satisfied, feel more as a part of the company, and as an outcome the employee contributes to the brands external image (Biedenbach and Marell 2010). Biedenbach and Marell’s (2010, p. 447) statement further supports this: “the interaction that takes place between employees and customers plays an important role in creating the experience, which consequently enhances brand equity”. Lennartz et al. (2015) additionally argues that key element of brand investments that translates into growth and higher profits is the perceived strength of a brand, i.e., its familiarity, knowledge, and customers’ perception of its performance.

According to Biedenbach and Marell (2010) customer-based brand equity or otherwise known as external brand equity has essential dimensions which are: brand awareness, brand associations, perceived quality and brand loyalty. Brand awareness demonstrates a customer’s capability to recollect or recognize a brand (Biedenbach and Marell, 2010). Brand associations depict an image that is positive, favourable and unique to a brand
Perceived quality refers to “the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives” (Biedenbach and Marell 2010, p.448). Brand loyalty indicates the customer’s attachment to a particular brand (Biedenbach and Marell, 2010). Furthermore, a higher level of employee brand loyalty is associated to higher levels of employee job satisfaction and can also translate into additional sales and increased profits (Boyd and Sutherland 2006).
3 Hypotheses and Research Model

As the previous chapter (2) has shown the determinants of internal brand equity are internal brand involvement, internal brand commitment and internal brand knowledge. These three for reasons that will later be explained have been chosen by the previous research as the key determinants of internal brand equity. Also external brand equity has been defined and explained. However there is a gap of literature and previous research when it comes to the relationship between internal brand equity and external brand equity in the B2B context. With this in mind, this chapter proposes hypotheses and a research model, which serve as the basis for the following empirical investigation.

3.1 Research Hypotheses

Using the theories in the previous chapter the authors have developed a number of hypotheses. These hypotheses will guide the reader by putting emphasis on certain variables that were brought up in the theory chapter.

3.1.1 Hypothesis 1

As stated in the earlier (2.3) internal brand equity is the building block of a strong brand. Also employees interact with customers and by doing so can reflect the internal brand equity on the external (Biedenbach et al 2011). If the employee represents a strong sense of the brand's value the customer is likely to embody those attitudes which will result in a better external brand equity (Baumgarth and Schmidt 2010). Also as previously mentioned (2.4) when the internal brand is well established, employees feel more as a part of the company, and as an outcome the employees contribute to the brands external image.

The first hypothesis is meant to identify the existence of a positive relationship of internal brand equity and the external brand equity.

**H1+:** There is a positive relationship between internal brand equity and external brand equity.
3.1.2 Hypothesis 2

In the previous chapter (2) the reader was also presented with three influencers of internal brand equity. These influencer were adapted from Baumgarth and Schmidt (2010). The first influencer of internal brand equity according to Baumgarth and Schmidt (2010) is internal brand knowledge, which is the degree to which the employee has a good understanding of the distinct brand and knows what the brand promises to its customer (Löhndorf et al. 2014, p.314). The degree of employees’ brand--relevant knowledge provides them with the necessary means to act in the way that their company’s brand identity requires, and therefore they contribute to the overall brand equity (Baumgarth and Schmidt 2010).

The following hypothesis is meant to identify the existence of a positive relationship between internal brand knowledge and internal brand equity.

**H2+:** There is a positive relationship between internal brand knowledge and internal brand equity.

3.1.3 Hypothesis 3

The second influencer introduced by the authors is internal brand commitment. Which is how committed the employees are to a set of values, in order to deliver the brand’s promise (Chernatony 2006). It is important for the employees to behave in line with the brand when interacting with the customers to create and maintain a strong brand image, and in order to do that they should be committed to that brand (Baumgarth and Schmidt 2010).

The following hypothesis is meant to identify the existence of a positive relationship between internal brand commitment and internal brand equity.

**H3+:** There is a positive relationship between internal brand commitment and internal brand equity.
3.1.4 Hypothesis 4

The third and last influencer used by the authors of this paper is internal brand involvement. Brand involvement is simply how involved the employees are with the brand (Baumgarth et al. 2010). As the activation theory mentioned in chapter 4 posits a possible effect of branding is that an individual will more likely absorb stimuli as well as information that the brand has to offer (Baumgarth and Schmidt, 2010). Therefore the employees will be more open to the information relevant to the brand (ibid).

The following hypothesis is meant to identify the existence of a positive relationship between internal brand involvement and internal brand equity.

**H4+:** There is a positive relationship between internal brand involvement and internal brand equity.

3.2 Research Model

Based on the theories presented in the previous chapter (2) it can be seen that there is a possibility of a relationship between internal and external brand equity. Based on that observation it is clear that the aim of this paper is to investigate the determinants of internal brand equity as well as the relationship between internal brand equity and external brand equity.

For the purpose of this research a proposed research model representing the factors and their relationships is developed and illustrated in Figure 1.
This research model is based on Baumgarth and Schmidt’s (2010) internal brand equity model. The authors of this paper have made a decision of limiting this thesis by taking out the concept Brand Orientation, as well as hypotheses 2, 3, 4, 1 and 8 from the original model proposed by Baumgarth and Schmidt (2010). This was done in order to limit the study and dive deeper into the main focus of the study which is the relationship between internal and external brand equity.

Furthermore the proposed research model will serve as a guide to the further chapters of this paper.
4 Methodology

In this chapter of the study the methods used to reach the purpose of the study will be presented. As well as a presentation of the available methodological approaches and the reasons till why the certain methods and approaches were chosen above others.

4.1 Research Approach

In this part of the paper various available methodological research approaches will be presented. This will include a comparison between the different available methods as well as a short description of the ones that were chosen to be used in this study as well as the reasons why.

4.1.1 Deductive versus Inductive

When conducting a study in the field of marketing two different research approaches can be used: deductive and inductive (Bryman and Bell 2011). The deductive approach is the most traditionally used method (Bryman and Bell, 2011). A deductive theory is "when the researcher on the basis of what is known about a particular domain, deduces a hypothesis (or hypotheses) that must then be subjected to empirical scrutiny" (Bryman and Bell 2011, pp. 11). According to Srivastava (1958) deduction is in form: many to one or population to sample. By this it is meant that when using the deductive approach one is given information about the population and should deduce information about just one unit (Srivastava 1958). The process of deducing information from many is also known as the top-down approach (Oghazi et al. 2012; Srivastava 1958). The process of deduction is shown in the Figure 2 below.
The inductive method is based on empirical data. (Oghazi 2013). In inductive research model theories are derived from specific observations (Srivastava 1958). When researchers use inductive theory they attempt to build their theory or conceptual framework from the data they collect (Hair et al 2015). So while deduction in the process starts with a theory then moves towards proving or disproving this theory using observations/findings, in the induction the connection is reversed (Bryman and Bell 2011).

The deductive approach is best suited for this study for the reasons that the empirical research conducted for this study is guided by quantitative models and hypotheses that have been derived from pre-existing theories and previous research in the area (Oghazi et al. 2009; Oghazi 2013).

4.1.2 Quantitative versus Quantitative

Business research is usually classified into two categories: Qualitative and Quantitative (Bryman and Bell 2011). The quantitative approach is used when one begins with a theory (or hypothesis) and tests for confirmation or disconfirmation of that hypothesis (Jha
2008). It also emphasizes on quantification in the collection and analysis of data (Bryman and Bell 2011).

By contrast qualitative research emphasizes words rather than quantifications in the collection and analysis of data (Bryman and Bell 2011). “The qualitative researcher strives to gain a deeper and more complete perspective on the collected data and the studied problem” (Oghazi 2009, p.71).

The fundamental differences and common contrast of qualitative and quantitative research strategies according to Bryman and Bell (2011) are described in the Tables 2 an 3 below.

<table>
<thead>
<tr>
<th>Principle orientation to the role of theory in relation to research</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductive, testing of theory</td>
<td>Inductive; Generation of theory</td>
<td></td>
</tr>
<tr>
<td>Epistemological orientation</td>
<td>Natural science model in particular positivism</td>
<td>Interpretivism</td>
</tr>
<tr>
<td>Ontological orientation</td>
<td>Objectivism</td>
<td>Constructionism</td>
</tr>
</tbody>
</table>

Table 2 Fundamental differences between quantitative and qualitative research strategies (Bryman and Bell 2011, pp. 27)

So as seen from Table 2, quantitative research involves the deductive approach to the relationship between theory and research which signifies testing the theories, while qualitative research emphasizes on the inductive approach in which the emphasis is on generating the theories (Oghazi 2013; Bryman and Bell 2011). Quantitative research incorporates the norms and practices of the natural scientific model, positivism in particular, in contrast qualitative research rejects those and instead preferences for an emphasis on the ways in which individuals interpret the social world (Oghazi 2014; Bryman and Bell 2011). Quantitative research also exhibits a view of social reality as an external, objective reality while qualitative research embodies a contrasting view that social reality is an emergent property of individuals’ creation (Bryman and Bell 2011).
<table>
<thead>
<tr>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numbers</td>
<td>Words</td>
</tr>
<tr>
<td>Point of view of researcher</td>
<td>Point of view of participant</td>
</tr>
<tr>
<td>Researcher distant</td>
<td>Researcher close</td>
</tr>
<tr>
<td>Theory testing</td>
<td>Theory emerging</td>
</tr>
<tr>
<td>Static</td>
<td>Process</td>
</tr>
<tr>
<td>Structured</td>
<td>Unstructured</td>
</tr>
<tr>
<td>Generalization</td>
<td>Contextual Understanding</td>
</tr>
<tr>
<td>Hard, reliable data</td>
<td>Rich, deep data</td>
</tr>
<tr>
<td>Macro</td>
<td>Micro</td>
</tr>
<tr>
<td>Behaviour</td>
<td>Meaning</td>
</tr>
<tr>
<td>Artificial Settings</td>
<td>Natural Settings</td>
</tr>
</tbody>
</table>

Table 3. Some common contrasts between qualitative and quantitative

(Bryman and Bell 2011, p. 410)

A quantitative research method was seen as most applicable in this study due to the fact that a relationship was studied between two factors; internal and external brand equity and therefore as the definition states a quantitative method is most suitable.

4.2 Research Design

“A research design is a comprehensive plan of the sequence of operations that a researcher intends to carry out to achieve the objectives of a research study” (Srivastava 1958, p. 4.1). In other words a research design provides a framework or a blueprint for the collection and analysis of data (Bryman and Bell 2011; Srivastava 1958). Choice of a research design is important for the reasons that it has an effect on a large number of other research activities (Churchill and Iacobucci 2006; Mostaghel et al., 2012). The elemental objective of research design is to achieve the maximum amount of information required for the decision making process in the research study, with the minimum amount of resources (Srivastava 1958). When selecting the approaches from the possible approaches
one should consider having a balance between objectives, resources and availability of data (Srivastava 1958).

There is a few ways to classify the different research designs (Miles and Huberman 1994; Yin 1994; Saunders et al. 2003; Oghazi 2009), however the accepted method by many researchers is to classify them accordingly to the primary objective of the study as being either exploratory, descriptive and/or causal (Churchill and Iacobucci 2006; Hair et al. 2003; Tull and Hawkins 1993; Oghazi 2009).

“Exploratory designs are intended to help gain basic knowledge within a problem area” (Oghazi 2009). Exploratory studies are usually carried out when not much is known about the situation and yet the researcher wants some assessment and wants to solve a problem, but there is not information available on how the same or similar problem has been solved in the past (Srivastava 1958). The main goal of exploratory research is to gather as much information as it is possible about a certain subject (Patel and Davidson 2003). It is also common to use several different sources in gathering that information (Patel and Davidson 2003; Oghazi 2009).

Secondly, descriptive research is most applicable when the research problem is clearly structured (Oghazi 2009). Descriptive research requires a large amount of knowledge about the topic which is under investigation on the part of the researcher (Hair et al. 2003; Oghazi 2009; Churchill and Iacobucci 2006). Descriptive research studies deal with estimation of the proportion of the population having a certain characteristic(s) such as favourite colour, expertise, experience (Oghazi et al. 2012; Srivastava 1958). As well as describing a variable like revenue, life of an item or return of investment, which represents a characteristic of a certain population under the study (Srivastava 1958; Churchill and Iacobucci 2006). It deals with statistical calculations, frequencies and averages (Srivastava 1958). Descriptive research that is well organized and structured facilitates hypothesis testing (Kinnear and Taylor 1995; Oghazi 2009).

Furthermore, there are two types of descriptive research design: longitudinal or cross-sectional (Oghazi 2009). Longitudinal research design measures a fixed sample that is unvarying and is measured over an extended period of time at various points (Churchill and Iacobucci, 2006; Oghazi et al. 2009; Shah et al. 2010). While cross-sectional
research design measures a particular sample’s characteristics at a single point in time (Churchill and Iacobucci 2006; Oghazi et al. 2009; Bryman and Bell 2011).

Lastly, causal research designs study relations between causes and symptoms (Cooper and Schindler 2003; Hair et al. 2003; Oghazi 2009). So in other words the main goal of causal research design is to identify the extent of a cause-and-effect relationship (Ghauri and Grönhaug 2005). An experiment is the most common collection method in studies within the causal research design (Ghauri and Grönhaug 2005).

When deciding which research design to adopt for this particular study many aspects such as the purpose and nature of the study and its hypothesis were taken into consideration. Causal research design was firstly eliminated as the research design for this study for the reasons that control required for manipulation of the independent variables was not possible. Exploratory research was not suitable for this study either for the reasons that to clarify a specific problem was not the aim of this study. So in conclusion a descriptive research design was chosen for the reasons that the aim of this study is to examine the degree to which internal brand equity affect external brand equity in B2B firms. Furthermore, a cross-sectional design has been chosen as most suitable for this study for the reasons that this study has been conducted in a limited time frame and it was clearly not possible to measure the outcome over an extended time and at various periods of time.

4.3 Data sources

There are two types of data sources available, one is primary and the other is secondary. Primary is defined as the first hand data a researcher collects, which means that the authors are the ones collecting the fresh data for the work (Beheshti et al. 2014; Tull and Hawkins 1993). Secondary data is data that is already collected hence it already exists (Beheshti et al. 2014; Tull and Hawkins 1993).

The authors chose to use both primary and secondary data in this study. The secondary data was collected from a study conducted by Baumgarth and Schmidt (2010). The primary data source used in this study was the questionnaire. It was used in order to gain answers regarding the hypotheses presented in chapter 3 and by doing so answer the purpose. Also the data collected is therefore up to date.
4.4 Research strategy

There are five different types of major strategies for research which are available, those are: experiment, survey, case study, and archival analysis and history (Oghazi 2009).

A survey captures the description of trends, attitudes or opinions of a certain type of audience by studying a sample of that audience (Creswell 2014; Mostaghel et al. 2015; Oghazi 2014). That way of collecting the data is mainly by making the survey with a self-completion questionnaire, and giving it to an audience to answer (Bryman and Bell 2011). This data is later collected and studied to identify a pattern of a relationship (Bryman and Bell 2011).

Historical research strategy is about collecting and analysing the historical documents, its main contribution is to deal with the past (Yin 2009). Historical research strategy is used when no relevant person is alive to receive the main report from, the researcher must then turn to the historical documentations or artefacts (ibid). The importance of primary or secondary is not of importance as long as the information is accurate, and documented by a main person of the case (ibid).

An experiment is a research strategy that seeks to determine if a particular treatment influences the results (Creswell 2014). In classic experimental design, in order to estimate whether the particular conduct influences the results or not, researchers have two different groups, one with the particular treatment and the other without it, the researchers then go on to see how both group score (Bryman and Bell 2011).

A case study is a qualitative research strategy which involves an exquisite and detailed analysis of a case (Bryman and Bell 2011; Creswell 2014). The cases can differ, it can be a program, an event, an activity or even a person (Creswell 2014). The cases can also be comparative and this means that there shall be more than one case available (Bryman and Bell 2011).

Archival analysis is a type of a observational method where the researchers goes through the documents and archives of the unit that is being analysed (Aronson et al. 2006) it also included “exploring associations between various predictor variables (usually estimator
variables) and line-up identification outcomes in real cases” (Horry et al. 2014, p.94).

As mentioned by Yin (2009) there are three conditions that authors need to take in consideration when making a decision on which strategy is most suitable for the purpose of the study: 1) the research question that need to be answered; 2) the amount of the control the researchers has over the behavioural events; 3) whether the focus is up-to-date or historical events.

The following Table 4 shows how each of these three conditions relate to the five major research strategies.

<table>
<thead>
<tr>
<th>Research strategy</th>
<th>Form of research question</th>
<th>Requires control over behavioural events</th>
<th>Focuses on contemporary events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>How, why</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who, what, where, how many, how much</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>Who, what, where, How many, how much</td>
<td>No</td>
<td>Yes/no</td>
</tr>
<tr>
<td>History</td>
<td>How, why</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>How, why</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Table 4. Research strategies
(Yin 2009, p.8)

Based on the Table 4 and, the purpose and objectives of this study, one can see that not all of the strategies are suitable for this study. Since there is not much research done on this topic the historical strategy was not suitable due to the lack of information and also due to the nature of study which requires primary data. The authors could not control the behavioural events, the experimental strategy was therefore excluded. The studies nature required a quantitative method and also the information needed to come from primary source the archival analysis and case study strategy could therefore not be applied as a strategy. The research strategy most suitable for this study is therefore the survey method.
4.5 Data Collection Method

The method of data collection depends on what kind of research strategy has been used for a study, an example is document research which is also known as ‘documentary analysis’ (Bryman and Bell 2011). It involves study of existing documents, this method is used in correlation with historical research method (Bryman and Bell 2011).

In this paper, the authors decide to use the survey method. The data collection was done through a self-completion questionnaire. A survey can be done in several ways, for example through phone, in person or via email (Bryman and Bell 2011; Parida et al. 2014). The data collection method of survey does not require a large amount of resources or time, which is an advantage compared to the other types of methods (ibid). This method also has some disadvantages. For instance the response rate can be low and the respondents may become biased, since they have access to all of the questions at the same time (Bryman and Bell 2011).

The chosen data collection method for this paper was an online self-completion questionnaire done using the Google survey forms. It was chosen due to the fact that this was the least time consuming method for the respondents, which is important to the companies. Also some of the companies and respondents were in different geographical locations which made it difficult to come in contact with them in any other way. Therefore it was the most efficient way to complete the data collection.

4.6 Data Collection Instrument

Since the decision was made to collect data via survey, the next stage was to design a questionnaire suitable for the purpose. The key is to have a high quality questionnaire since the questions asked will influence the quality of the data collected (Bryman and Bell 2011; Oghazi and Philipson 2013).
There is no standard procedure that can be employed in order to make an efficient survey however there are key steps that should be followed in order to accomplish a good questionnaire:

1. Operationalize and measure the variables that are used in the study
2. Have a decent survey, which is easy for the respondent to access and accomplish.
3. Test the survey whether it is experts of potential respondents, the key factor is that, the respondents should be in area of the subject.
   (Oghazi 2009, Churchill and Iacobucci 2006; Hair et al. 2006)

A brief explanation for these three steps are given in the following subsections.

**4.6.1 Operationalization and Measurement of Variable**

The questionnaire was made easy and understandable in order for the respondents to be able to easily answer the questions. In order to get the research question’s answer the questions in the questionnaire are in line with the purpose of the paper.

The study questions in the survey are adapted from Baumgarth and Schmidt (2010) for the reason that their research was also about the role of internal brand equity and external brand equity. In order to make the questions more reliable some of the questions in the questionnaire are the same, but are presented differently (Oghazi 2009).

The survey contains the Likert scale in which “respondents are typically asked their degree of agreement with a series of statements that together form a multiple-indicator or -item measure” (Bryman and Bell 2011, p.715). The range of the scale is 1 - 5, where one stands for Strongly Disagree and 5 stands for Strongly Agree. To full-fill the purpose of this paper, closed questions were applied in order to easily analyse it in SPSS 20 later.

The survey contains total of 39 questions which are divided into different sections and every section represents a concept used for the purpose of the paper, these are the following sections: internal brand equity, internal brand commitment, internal brand knowledge, internal brand involvement and external brand equity. The following table shows the different concepts, how they were measured and how many questions each concept contained.
<table>
<thead>
<tr>
<th>Concepts</th>
<th>Measure</th>
<th>Scale</th>
<th>Items</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal brand-equity</strong></td>
<td>Employee’s commitment to the brand, the internal brand knowledge, internal brand involvement.</td>
<td>1-5 Strongly disagree – completely agree</td>
<td>IBE 1-IBE 8</td>
<td>15</td>
</tr>
<tr>
<td><strong>Internal brand-knowledge</strong></td>
<td>Understanding about brand identity, brand promises to the customer.</td>
<td>1-5 Strongly disagree – completely agree</td>
<td>IBK 1-IBK 7</td>
<td>7</td>
</tr>
<tr>
<td><strong>Internal brand-commitment</strong></td>
<td>Employees behaviour, contribution to the strength and brand image</td>
<td>1-5 Strongly disagree – completely agree</td>
<td>IBC 1-IBC 8</td>
<td>8</td>
</tr>
<tr>
<td><strong>Internal brand-involvement</strong></td>
<td>Personal relevance of the brand to the employees</td>
<td>1-5 Strongly disagree – completely agree</td>
<td>IBI 1-IBI 5</td>
<td>5</td>
</tr>
<tr>
<td><strong>External Brand-equity</strong></td>
<td>Brand Awareness, service quality, experience of the customer, employee interaction, Customer satisfaction, Brand loyalty and perceived quality.</td>
<td>1-5 Strongly disagree – completely agree</td>
<td>EBI 1-EBI 4</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 5. Measurement of concepts
4.6.2 Questionnaire design

The design of a survey has a critical impact on the final outcome of the response, either the contribution is going to be negative or positive, all depending on the physical design of the survey (Frohlich 2002; Churchill and Iacobucci 2006). This contributes to clear communication between the respondent and the researcher (Hair et al. 2006). The authors constructed the survey based on Baumgarth and Schmidt’s (2010) survey in order to increase its quality.

The colours were picked to be as inviting as possible in order to encourage participants to take part of the survey. The questions constructed are meant to be as simple as possible for the respondent to understand therefore every question contained a short description of how to respond. The questions are divided in different sections with specific concepts, so they would not influence each-other.

The survey contains a short letter and description of the task, every company was contacted via phone before sending the email, to be assured of their co-operation for the task. Every email contained a short introduction of what kind of survey they were dealing with, and also a letter thanking for their participation beforehand. An English survey link was attached to each and every email sent, also a Russian link was available for the companies in Latvia which have some production sectors in Russia. This is for the reasons that the survey was sent to some employees with the native language Russian and did not possess the knowledge of the English language. The survey was translated from English to Russian by a native Russian speaking professor, with a PhD in economics and finance in order to increase the quality of the translation and therefore the quality of the paper. The surveys in English and in Russian can be seen in Appendix A and B.

4.6.3 Pretesting

In order for the survey to be as qualitative and correct as possible, it is important that the survey is reviewed and corrected and re-checked, to confirm that the scaling is suitable together with wording, formatting and most importantly that the questions are relevant and have a clear language and that they are explicit to the subject (Bagozzi and Yi 1988; Hair et al. 2006). By having this paper reviewed by an expert, it ensures that the validity
of the paper is checked so it can answer and measure the questions asked in the research and the quality of the main data collected (Dodds et al. 1991; Nunnally 1994; Zikmund, 1994; Saunders et al., 2003; Hair et al. 2006).

To get a better view on whether the questions asked in the questionnaire are suitable to the purpose, the questions could be tested in a small and similar population as the target group i.e. the test person needs to be in the similar area of subject as the target group, which in this case is branding (Kent 2007). Only then one can see if they perceive the questions on the survey as they were meant to be perceived (Kent 2007).

To make the survey the authors needed to consider first of all that all the questions are in line with the purpose to gain as much insight as possible about the subject. The questions were originally in English and were replicated from previous research of Baumgarth and Schmidt (2009). The questions were also translated from English to Russian and then back from Russian to English by a native Russian professor in the field of economics, in order for the authors to send it to the employees of Latvian companies who only spoke Russian and then also be able to understand the results. The translated questions were also checked by a native Russian in order to assure once again that they were correctly translated. The English survey was checked and commented by a PHD tutor, which is an expert in the matter of the survey and academic research. The survey was also sent to a test group, which consisted of people with expertise and experience in the field of marketing and branding.

After receiving the feedback from the experts of the area, following adjustments were made:

- Additional questions were added.
- Some questions were rephrased, making them easier to understand for the respondent and avoid bias.
- Options were added such as; choice of profession, salary level and age.
- Corrections of minor spelling and grammar mistakes were made.

After rechecking and correcting the survey, it was ready to be send to the target group. For the purpose of the paper the companies chosen were all B2B companies, the surveys
send to the companies were English surveys, apart from the ones to the Latvian companies which also received surveys in the Russian language.

4.7 Sampling

According to Oghazi (2009) it is ideal to collect data from every member of the population under study when investigating and collecting data from a population in research that is to conduct census. However for reasons such as time and cost involved, it is off the infeasible to gather and analyse data from every single member of the population (Oghazi 2009). Because of these reasons the authors chose the other sampling method which is called sample, this type of sampling studies only a representative portion of the population (Bryman and Bell 2011).

An argument raised by Saunders et al. (2003) state that a well-planned sample survey can be as practical and useful as a census study. According to Statistisk centralbyrå (Statistics Central Biro) there are more than 3500 manufacturing companies in Sweden, making it hard to survey all of them due to the time and resource limitations. Therefor the authors have made the decision of choosing a sample study.

4.7.1 Sampling Technique

According to Bryman and Bell (2011) there are two types of sampling, one is probability sampling; in which every unit in the population has a chance of being selected in the sample, and this probability can be accurately determined (ibid). It is a sampling technique in which a random selection process has been employed (ibid). The second sampling method is the non-probability sampling where the term is to capture all forms of sampling that are not conducted according to the canons of probability sampling.

The authors chose to pick the non-probability sampling since the nature of the study is deductive. Within the non-probability there are different types of the sampling techniques: snowball sampling, quota sampling and convenience sampling.

Snowball sampling according to Bryman and Bell (2011) is when the researchers makes contact with a small group of people who are relevant to the research topic and then though those people finds more people to take part in the research.
Quota is used in market research, the aim of this type of sampling is to produce a sample that reflects people of different gender group, ethnicity, and socio-economic group (Bryman and Bell, 2011). However, the sampling of individuals is not random, since the final selection of individuals is left up to the researcher (ibid).

A convenience sample is the one that is simply available for the researchers by virtue of its accessibility (Bryman and Bell 2011). This sampling technique is also useful in proving that a certain quality of phenomenon occurs within a given sample, such studies are also very useful for detecting relationships between different phenomena (ibid). Convenience sampling is also very inexpensive and the subjects are readily available (ibid).

Due to these advantages of this sampling technique and also because of the nature of the study the authors chose a convenience sampling technique.

### 4.7.2 Sampling Frame

To have an accurate sample for a study it is important to define the population from which the sample will be drawn (Churchill and Iacobucci 2006). For the reasons stated in section 4.7 the authors of this paper have chosen the population to consisting of Swedish B2B manufacturing companies and Latvian B2B promotional companies. More than one industry and country was chosen in order to broaden the range of the results and the amount of generalization. As according to Bryman and Bell (2011) any findings can be generalized only to the population from which that sample was taken.

The next step after the population has been defined is to identify a sampling frame which is a list of elements based on which sample is drawn (Churchill and Iacobucci 2006).

In this study there is also no restrictions to size of the company nor the turnover however the companies should not be completely new on the market for the reasons that it would be difficult to have accurate answers about external brand equity and internal brand equity from those companies. The companies from Sweden were found using a provider called Foretagsupplysningen (www.foretagsupplysningen.se). All the companies were from the
city of Ljungby because it was the closest area to the authors’ location. Other companies from the countries mentioned in section 4.7.2 were companies that the authors were simply familiar with and therefore conveniently chosen for the population.

4.7.3 Sample Selection

Once the sample frame was chosen, the authors went through the list available at website: www.Foretagsupplysning.se. From that list, the authors separated the B2C from the B2B list. There are total of 1059 companies in Ljungby, and out of them there are 135 companies that are B2B. Apart from the companies around Ljungby the author chose to contact the B2B companies which were familiar to the authors, the companies were located in England, U.S.A, Norway and Latvia, only companies located in Latvia responded from the region outside Sweden. The companies were first contacted through phone calls, in which the authors explained what the purpose and goal of the research was.

4.7.4 Response Rate

Out of 334 employees that the survey was sent to, 94 have answered the survey. Furthermore no employees were excluded because all who answered met the criteria of the study. Due to this, 94 questionnaires were used for analytical purposes of this study, making the response rate 28.3% this can be seen in the Table below.

<table>
<thead>
<tr>
<th>Total sent</th>
<th>Returned</th>
<th>Excluded</th>
<th>Used Questionnaires</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>334</td>
<td>94</td>
<td>0</td>
<td>94</td>
<td>28.3%</td>
</tr>
</tbody>
</table>

Table 6. Response Rate

4.8 Data Analysis method

Once the data was collected, edited and coded by the authors, next step was the statistical analysis. The choice of statistical analysis techniques that should be used is dependent on what type of measurement scales are used in the research instrument and the nature of the hypothesis (Hair et al. 1998) the statistical tool used in this study was SPSS 20.
4.8.1 Data Coding

In order to make it possible to measure and compare the different variables statistically, the answers to the survey should be coded into numbers (Christiensen et al. 2001).

After collecting the surveys the next step was to code the data, in this case it was a simple task since most of the survey questions were already coded with numbers, and thus the calculation was possible. The survey contained a Likert scale for each question referring to the concepts mentioned in the theory chapter (2). These were coded as: 1 for Strongly Disagree, 2 Disagree, 3 Neutral 4 Agree 5 Strongly Agree. The other questions which did not use a Likert scale are the questions regarding the gender of the participant, date of birth (age), number of years working for the company and the profession. The gender of participants was coded 1 for Male and 2 for Female. Date of birth was coded by dividing the participants into age groups accordingly: 20-30, 31-40, 41-50, and 51-60. Experience was not considered apart from the fact that the authors checked whether all employees have been working for the company one year of above which all participants did. This was simply done to improve the quality of the study and remove participants that would not have enough experience to answer these questions reliably. Profession was coded accordingly: 1 for Branding, 2 for Sales, 3 for Purchasing, 4 for Management, 5 for Logistics and 6 for other. In the subheading “other” there was also a field in which the participants was able to write what is the “other”.

4.8.2 Data Entry

Once the data was coded it was time to enter the data. All the data collected from survey was entered into a program called SPSS 20.

4.8.3 Data Examination and Descriptive Statistics

This step is for making the data easier to understand and analyse, calculation of the mean and standard deviation were done.

Mean is the average and the mean is calculated by adding up the figures to find the total and then dividing by the number of figures in the set (Bryman and Bell 2011). The standard deviation is explained by Oghazi (2009) as how far the values are spread from the mean.
Mean can be shown in charts and graphs, the most appropriate and common use is the pie- and bar charts (Bryman and Bell 2011) therefore in order for the readers to understand the data collected from the survey, different types of charts were used to present the results, such as results of age (Figure 3), gender (Figure 4), country (Figure 5) and also profession (Figure 6).

It’s important to also proceed the missing data and outliers which are the answers that differ from remaining answers (Oghazi, 2009). Therefore the authors went through the results in order to find the outliers with extreme values.

4.8.4 Hypothesis testing

Nolan and Heinz (2012, p.7) defines hypothesis with following statement “conclusions about whether a particular relation between variable is supported by the evidence” In this step the hypothesis stated (chapter 3) were tested in SPSS20, through a linear regression model.

A linear regression tests how independent variable affects dependent variable (Christensen et al. 2001). In this case the authors chose to use a linear regression model to test how the determinants of internal brand equity affects the internal brand equity itself. Thereafter the authors used the same method to test how internal brand-equity affects external brand-equity.

This study used a one-tailed hypothesis which indicates that it only presents an increase or decrease of a dependent variable cause by an independent variable; it does not show both (Nolan and Heinzen 2012)

The beta (B) value was though out in the procedure of the hypothesis testing. Beta shows how much the dependent variable changes by an independent variable(Nolan and Heinzen, 2012) one can calculate this impact by using a linear regression model (Christensen et al. 2001) The model is Y=Beta(X) (Ibid).

4.9 Quality Criteria

The quality and validity of the findings in academic research is vital and due to this it is essential to use measures which are relevant and good when establishing quality standards (Oghazi 2009; De Vaus 2002; Yin 1994). The quality of research can be assessed in terms
of various measures of validity and reliability. In this section of the method chapter reliability and validity issues and the efforts to assure the research quality are discussed.

4.9.1 Validity

Many researchers often speculate regarding the issue if they measure what they intend to measure, this is called validity (Sachdeva 2010). Therefore validity is and essential measure for the credibility of the research’s results (Cooper and Schindler 2003; Blumberg et al. 2005; Oghazi 2009). Even though there are some tests of validity there is no undisputable proof of validity (Oghazi 2009). Furthermore validation of a study is based on judgment due to reasons that validity is arguable but not provable (De Vaus 2002; Cooper and Schindler 2003; Hair et al. 2006).

There are three common types of validity: content validity (also known as face validity), construct validity, and criterion validity (Hair et al. 2007; Oghazi 2009). These three types have been used in this study and will be explained in the following subsections.

4.9.1.1 Content Validity

Content validity (or face) validity is the very minimum measure a researcher who develops a new measure should have, according to Bryman and Bell (2011). Content validity refers to the extent to which the measure apparently reflects the content of the concept in question (Bryman and Bell, 2011). In other words “it indicates the extent to which it provides adequate coverage of the issues under study” (Srivastava 1958 p. 5.9).

Content validity can be established by asking people, possibly those with expertise or experience in the field to act as judges to determine whether or not on the face of it the measure seems to reflect the concept concerned (Bryman and Bell 2011). This means that the determination of a study’s validity is based mainly on judgment (Cooper and Schindler 2003; Hair et al. 2006).

In this study the issue of content validity was taken care of during the phase of questionnaire pretesting. This is when a draft vision of the questionnaire was assessed by a professor specializing with branding and it was then pretested by people with experience and degrees in marketing and branding.
4.9.1.2 Construct Validity

Construct validity can be referred to as “if you implemented the program that you were supposed to implement and if you measured the outcome that you wanted to measure” (Sachdeva, 2009 p. 63). Begozzi et al. (1991 p.421) has defined construct validity as “the extent to which an operationalization measures the concept it is supposed to measure”. There are two aspects of construct validity which are relevant for this study: convergent validity and discriminant validity. When the items of a measure are highly correlated it is convergent validity (Oghazi, 2009). The question of whether two various constructs in the model are really distinct from one another is addressed by discriminant validity (De Vaus, 2002).

In this study, construct validity was determined with a model method for examining relationships between interval/ratio variables called Person’s r (Bryman and Bell 2011). In Person’s r the coefficient most often lies between zero and one, zero meaning there is no relationship between the variables and one meaning there is a strong relationship, this indicates the strength of the relationship (Bryman and Bell, 2011). The coefficient can also be negative or positive which means that the relationship between the variables is respectively ether negative or positive (Bryman and Bell, 2011).

Nolan and Heinzen (2012) explain that the scale of correlation coefficient goes from -1 to 1 and the relations are as follow: from -1 to -0.5, there is a strong negative correlation between the variables, as the A variable increases the B decreases considerably. From 0 – 0.5, there is a feeble positive correlation between the variable, in this case if A is increasing then there is a slight increase in variable B. Further from 0.5- 1 the correlation between the variables are strong, meaning that as variable A increases, the variable B also increases both in great amount. These correlation between the variable is used to heck the p-value. P-Value is a demonstration of critical value where the results are supported (Christensen et al. 2001) The P-value should be beneath 0.05, but can also be beneath 0.01. The level of significance needed to believe that the findings are valid is up to researcher, in social science the most common is 0.05, making the significant level of 95% (Ibid).
4.9.1.3 Criterion Validity

The last of the tests used to assure the quality of this study is criterion validity. Criterion validity is established when “the scores obtained on one measure are similar to the scores obtained with a more direct or already validated measure of the same phenomenon (the criterion)” (Engel and Schutt 2010, p.70). So in other words in order to assess the criterion validity the researcher should compare the outcome of a measure with the outcome of a adequately established measure of that construct and determine whether they are correlated (Vaus 2002).

In this study, hypothesis testing was used in order to assess the criterion validity of the constructs. This is done in the following chapter. The constructs with better prognostic abilities are considered as having higher criterion validity.

4.9.1.4 External validity

Oghazi (2009) explains that it also important that the number of the respondents are large in order to attain external validity and generalizable results. Bryman and Bell (2011) ads that external validity is concerned with the question whether the study results are generalizable to individuals other than those in the survey sample. The accuracy of the results are of importance, the more accurate results, the more one can come to accurate conclusion regarding a larger and different population (ibid).

Another way to assure a high external validity is to replicate a study done before (Bryman and Bell, 2011) a replication is when a study can be done over and over again with same result each time. Replication is important for the external validity of a research, if a study can’t be replicated how can the results be reliable (ibid)?

Due to the time limit the authors were not able to collect data from desired amount of population. This research is based on the work of Baumgarth and Schmidt (2010) therefor the external validity is assured since this is a replication of a previous research.

4.9.2 Reliability

Reliability is concerned with the question whether the results of a study are replicable (Bryman and Bell, 2011). In research it refers to the consistency of a concept (Bryman
and Bell, 2011). According to Engel and Schutt (2019, p. 67) reliability means “that a measurement procedure yields consistent or equivalent scores when the phenomenon being measured is not changing”. There are two aspects when it comes to the reliability of a measure, those are: repeatability and internal consistency (Oghazi, 2009). Repeatability is the consistency of the results when data is collected in the same way at another point in time and internal consistency is how stable the measurement is across its items (Oghazi, 2009).

In this study it was not possible to test the repeatability of a measure due to the fact that additional data would be required which was not possible to obtain due to the constraints in time and resources.

Internal consistency by the authors of this study has been calculated by calculating the average of the possible reliability coefficients. This calculation is called Cronbach’s Alpha and is carried out using the split-half technique, to further explain the questions of the survey get unsystematically divided and compared (Bryman and Bell 2005; Cohen 2007; Oghazi 2009). A summery measure of the relations that exits between items is given by the alpha coefficient on a range between 0 and 1 (Hair et al. 1998; Churchill and Iacobucci, 2009). To have internal consistency a study should have alpha above 0.6 (Hair et al. 1998). The results of the Cronbach’s Alpha calculation will be presented in the following chapter.
5 Analysis and Results

In this chapter the authors of this study have presented the results gathered from the survey described in chapter 4. These findings will also be analysed and the validity and reliability of the study will be tested. Finally the hypothesis will be tested in this way the results of the study will be presented.

5.1 Descriptive Findings and Data Examination

In this section descriptive findings have been gathered using the empirical investigation. Descriptive analysis is most commonly the first step in empirical research this has been done in order to understand the data at hand (Oghazi 2009). Descriptive analysis will make the results more clear and as well as show the characteristics of the data reported (Oghazi 2009). The statistics are shown accordingly to the research model presented and described in chapter 3 (Figure 1).

5.1.1Respondents

The authors of this thesis have asked the respondents 4 questions regarding who they are. Those questions were about their age, profession, country, gender. This was done in order to see the demographics of the respondents. One additional question was asked regarding the number of years the participant has worked in his or her company. This was done in order to be able to eliminate those who have been working in the company for to short period of time (below one year) to know anything about its branding.

The first measure was age which was done why asking the respondent to state his or her date of birth and then those were separated in to four different age groups show in the figure below. The results have shown that most of the respondents were younger employees, between the age of 20-30 and the least amount of respondents were older people between the age of 51- 60. The results can be seen in Figure 3 below.
Regarding gender the results show that 54% of respondents were female and 46% male. The results can be seen in Figure 4 below.

Thirdly the number of responses coming from the two different countries was measured. This was done by having 3 different forms to which the respondent’s answers were sent.
to. One was the English language Google form questionnaire where only Swedish companies sent their answers to. Second was the English language Google questionnaire where only Latvian companies sent their answers to and third was the Russian language questionnaire where only Latvian companies sent their answers. Form 2 and 3 were then grouped together as they represent the same country.

So as seen from Figure 5 there was a higher number of respondents from the Swedish companies.

**Figure 5. Country of respondents**

![Country of respondents](image)

Lastly the number of respondents within various professions was measured. This was done by having a multiple choice question asking whether they work in Branding, Sales, Purchasing, Management, Logistics or Other. If the respondent chose “Other” then he or she was asked to state what the “Other” is. The “Other” professions that were stated by the respondents are: Production, Design, and Finance.

As seen from the Figure 6 below the highest amount of respondents work with “Other” and the least amount of employees work with Logistics.
5.1.2 Internal Brand Equity

As stated in chapter two the focus of communicating the customer brand promise is a key factor for internal brand equity (Kotler et al. 2005). Therefore the employees are expected to be in line with the brand attitude and to deliver the brand promise (Kotler et al. 200).

In order for the authors of this study to be able to see the efforts B2B companies put into building their internal brand equity, employees from the previously described industries and countries were asked 15 questions out of which 13 remained for further analysis after the reliability testing process. These questions, as mentioned previously (4.6), had a scale ranging from 1 – 5. Where 1 stands for Strongly Disagree and 5 for Strongly Agree. The answers are described in the Table 7 below. Each item’s minimum and maximum is described in this table as well as the Standard Deviation, which for this construct is low. This means that the results did not differ much from the mean. This means that the respondents had a similar view on the matter.
Table 7. Internal Brand Equity descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
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<td>IBE1</td>
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<td>3.00</td>
<td>5.00</td>
<td>4.4149</td>
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<td>5.00</td>
<td>3.6915</td>
<td>1.04754</td>
</tr>
</tbody>
</table>

5.1.3 Internal Brand Knowledge

Internal brand knowledge is defined as “the degree to which the employee has a good understanding of the distinct brand identity and knows what the brand promises to its customer” Löhndorf et al. (2014, p. 5). Moreover, in order for the employee to act according to the brand he/she must first know what the brand stands for (Löhndorf et al. 2014).

The descriptive statistics show that the mean for internal brand knowledge (IBK) responses was very similar for each question which also indicates that the Standard Deviation is low meaning that the responses did not highly vary and that they had a similar view of this matter. This can be seen in more detail in Table 8.

Table 8. Internal Brand Knowledge descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
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<tr>
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</tr>
<tr>
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<td>2.00</td>
<td>5.00</td>
<td>4.3404</td>
<td>.94531</td>
</tr>
</tbody>
</table>
5.1.4 Internal Brand Commitment

Internal brand commitment is the employees emotional attachment to the company’s brand to the degree which affects the behaviour of that employee to be consistent with the company’s brand, and therefore invest additional efforts into reaching the goal set by the branding strategy (Burmann and Zeplin 2005; Burmann et al. 2009). Same as all the other questions that have to do with the five constructs this construct had questions in which respondents answered using a scale from 1-5. There was a total of 8 questions to do with the constructs of Internal Brand Commitment. The descriptive statistics show that the Standard Deviation is low meaning most answers are close to the mean. This is shown in Table 9.

Table 9. Internal Brand Commitment

<table>
<thead>
<tr>
<th></th>
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<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
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</tr>
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</tr>
</tbody>
</table>

5.1.5 Internal Brand Involvement

Baumgarth et al. (2010) defined internal brand involvement as an activating state resulting from the personal relevance of the brand. From the beginning the previously described population of participants were asked 5 questions on the topic of Internal Brand Involvement however after the reliability testing the following 3 were left for further analysis: IBI3, IBI4, and IBI5. The Standard Deviation of those answers was low indicating that the answers of the respondents were approximately similar minded on this matter. This is shown in Table 10.

Table 10. Internal Brand Involvement descriptive statistics

<table>
<thead>
<tr>
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<th>Maximum</th>
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</tr>
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<td>4.0319</td>
<td>1.15890</td>
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</table>
5.1.6 External Brand Equity

External brand equity has been defined as the brands attitude and behaviour that is relevant to actual potential customers (Baumgarth and Schmidt 2010). External Brand Equity is the final construct that is presented in the proposed research model in chapter 3. This construct in the questionnaire contained 4 questions which contained a scale from 1-5. The respondents have answered very similarly because the Standard Deviation is low which means that the respondents did not answer far from the mean. This is shown in Table 11.

Table 11. External Brand Equity descriptive statistics

<table>
<thead>
<tr>
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<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBE1</td>
<td>94</td>
<td>2.00</td>
<td>5.00</td>
<td>3.6277</td>
<td>1.01583</td>
</tr>
<tr>
<td>EBE2</td>
<td>94</td>
<td>2.00</td>
<td>5.00</td>
<td>3.7128</td>
<td>.97960</td>
</tr>
<tr>
<td>EBE3</td>
<td>94</td>
<td>1.00</td>
<td>5.00</td>
<td>3.8085</td>
<td>1.07039</td>
</tr>
<tr>
<td>EBE4</td>
<td>94</td>
<td>1.00</td>
<td>5.00</td>
<td>3.4043</td>
<td>1.04026</td>
</tr>
</tbody>
</table>

5.2 Quality Criteria

5.2.1 Reliability

A test of internal reliability of each variable in this study is Cronbach’s alpha as stated in the method chapter 4.

After checking the alphas the author’s cut-off all questions that brought the reliability below the recommended 0.6 of Hair et al. (2010) and Malhotra et al. (2012). These questions were IBE4, IBE5, IBI1 and IBI2. After the subtractions the authors have arrived at a Cronbach’s alpha of 0.7 for the variable “Internal Brand Equity”, “Internal Brand Knowledge” and “Internal Brand Commitment”. When it comes to the other two variables the authors arrived at a Cronbach’s alpha of 0.6. for the variable “Internal Brand Involvement” and 0.8 for the variable “External Brand Equity”.

To conclude, all variables had a Cronbach’s alpha above 0.6 and therefore all were considered reliable. Table 12 shows the Cronbach’s alpha for the 5 different variables.
Table 12. Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Internal Brand Equity</th>
<th>Internal Brand Knowledge</th>
<th>Internal Brand Commitment</th>
<th>Internal Brand Involvement</th>
<th>External Brand Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
<td>0.6</td>
<td>0.8</td>
</tr>
</tbody>
</table>

5.3 Validity

Pearson’s correlation was used in this study to measure construct validity as mentioned in chapter 4. This is shown in the table below.

Table 13. Pearson's Correlation

<table>
<thead>
<tr>
<th></th>
<th>Internal Brand Commitment</th>
<th>External Brand Equity</th>
<th>Internal Brand Knowledge</th>
<th>Internal Brand Commitment</th>
<th>Internal Brand Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Brand Commitment</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.457</td>
<td>.379</td>
<td>.552</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>94</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>External Brand Equity</td>
<td>Pearson Correlation</td>
<td>.457</td>
<td>1</td>
<td>.091</td>
<td>.286</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.382</td>
<td>0.005</td>
<td>0.059</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>94</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Internal Brand Knowledge</td>
<td>Pearson Correlation</td>
<td>.379</td>
<td>.091</td>
<td>1</td>
<td>.195</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.382</td>
<td>0.059</td>
<td>0.384</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>94</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Internal Brand Equity</td>
<td>Pearson Correlation</td>
<td>.552</td>
<td>.286</td>
<td>.195</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.005</td>
<td>0.059</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>94</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Internal Brand Involvement</td>
<td>Pearson Correlation</td>
<td>.361</td>
<td>.196</td>
<td>.089</td>
<td>.522</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.059</td>
<td>0.384</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>94</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
</tbody>
</table>

The correlation between items in this study was measured by taking the total average of all questions for each construct and measuring their correlation as show in Table 13. All the values of Pearson Correlation presented are overall below 0.9 showing construct validity of the variables (Bryman and Bell 2011).
5.4 Hypothesis Testing

In order to evaluate whether the hypothesis presented in chapter 3 were supported or not, the authors conducted a linear regression analysis. The P-value should be lesser than 0.05 (p <0.05) for the hypothesis to be supported as mentioned in chapter 4.

5.4.1 Hypothesis 1

As mentioned in chapter 3, hypothesis 1 states: “There is a positive relationship between internal brand equity and external brand equity”. According to the results of the linear regression analysis the hypothesis was supported. Table 14 shows this.

Table 14. Hypothesis 1

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Beta</th>
<th>P- Value</th>
<th>Hypothesis test</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBE → EBE</td>
<td>0.251</td>
<td>0.015</td>
<td>Supported</td>
</tr>
</tbody>
</table>

5.4.2 Hypothesis 2

As mentioned in chapter 3, hypothesis 2 states: “There is a positive relationship between internal brand knowledge and internal brand equity”. According to the results of the linear regression analysis the hypothesis was supported. Table 15 shows this.

Table 15. Hypothesis 2

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Beta</th>
<th>P- Value</th>
<th>Hypothesis test</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBK → IBE</td>
<td>0.253</td>
<td>0.014</td>
<td>Supported</td>
</tr>
</tbody>
</table>
5.4.3 Hypothesis 3

As mentioned in chapter 3, hypothesis 2 states: “There is a positive relationship between internal brand commitment and internal brand equity”. According to the results of the linear regression analysis the hypothesis was supported. Table 16 shows this.

Table 16. Hypothesis 3

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Beta</th>
<th>P- Value</th>
<th>Hypothesis test</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBC → IBE</td>
<td>0.540</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

5.4.4 Hypothesis 4

As mentioned in chapter 3, hypothesis 2 states: “There is a positive relationship between internal brand involvement and internal brand equity”. According to the results of the linear regression analysis the hypothesis was supported. Table 17 shows this.

Table 17. Hypothesis 4

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Beta</th>
<th>P- Value</th>
<th>Hypothesis test</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBI → IBE</td>
<td>0.522</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>
6 Conclusion and Implications

In this chapter all the conclusions of the study will be presented including a discussion on the possible reasons for these results. Furthermore implications both theoretical and managerial will be presented and discussed. Lastly prepositions of the authors to the future researchers will be presented.

As established internal brand equity is an important part of a company to consider because employees are in fact the face of the company, especially in the B2B market where the meeting between the customer and the employee is usually direct (Davies et al. 2010). It is also important to know how the internal brand knowledge, involvement and commitment influences internal brand equity in order for the company to be able to build internal brand equity. Hence managers must first make sure that the all employees of the company have knowledge of what the brand stands for (Löhndorf et al. 2014), managers should also make sure that the employees are committed psychologically to that brand (Chernatony 2006), and that the brand has personal relevance to the employees, so in other words that they are involved to the brand (Baumgarth et al. 2010). Furthermore this study’s main purpose was to assess the relationship between the internal brand equity with its determinants and external brand equity in B2B promotional and manufacturing firms located in Sweden and Latvia and this purpose has been achieved.

6.1 Discussion

As it can be seen in chapter 5 all hypothesis were supported. This means that the proposed relationships exists between all the variables: Internal Brand Equity with its determinates, and External Brand Equity. Apart from answering the main purpose and research questions of this study, the authors have decided to present the demographical and geographical data of all the participants on this study. As seen in the tables and figures presented in chapter 5 the data presented is the gender, age, profession and country of the respondents. The data has shown that more females have participated in the questionnaire than males (54% female and 46% male). The authors did not find any particular reasons for why more females have chosen to participate in the questionnaire the males.
Moreover more participants from Sweden have participated in the questionnaire those from Latvia. There was a total of 56 participants from Sweden and 38 participants from Latvia. The reason for this is because the authors of this study have contacted more Swedish companies than Latvia companies.

Furthermore, more young participants between the ages of 20-30 have answered the survey than any other age as shown in Figure 3. The authors did not find any particular reason for why this is the case.

Lastly the results show that most participants work within the other sectors of the company than Branding, Sales, Purchasing, Management, and Logistics. From the other professions the authors theorize that the reason for why it is this way is because the companies who participated in the survey have more employees in the production units, as in most companies, than in the options presented by authors.

6.2 Hypothesis Testing Discussion

In this subsection, the authors discuss possible reasons for why all hypothesis were supported.

6.2.1 Internal Brand Equity and External Brand Equity

Even though many would agree that branding applies mostly to the external image of the company and thus to affect more the consumer market rather than the internal B2B company (Boyd and Sutherland 2006) this study has proved that branding has an effect on the external image of the company in B2B markets as well. This is shown by hypothesis 1 stating that there is a relationship between Internal Brand Equity and External Brand Equity which has been supported.

Moreover by this the study supports the claim that an employee should be considered the centre of the internal brand building process (Tsang et al. 2011) and brand management should not be only customer focused, but a more balanced perspective should be used which also focuses on employees (Chernatony 2006).
The authors backed by the results of this study agree with Biedenbach and Marell (2010) that stated that the interaction that takes place between employees and customers plays an important role in enhancing brand equity.

To conclude the results of the study make sense together with the previous research and theories proposed by the authors mentioned in this thesis.

### 6.2.2 Internal Brand Knowledge and Internal Brand Equity

In this study of internal brand equity, the authors are concerned with the degree of employees’ brand-relevant knowledge because as stated before this provides them with the necessary means to act in the way that their company’s brand identity requires (Baumgarth and Schmidt 2010). Hypothesis 2 stating that there is a positive relationship between internal brand knowledge and internal brand equity has been supported by the results of the questionnaire.

Since it has been established that internal brand equity influences the external brand equity, and internal brand knowledge influences internal brand equity it is important for managers to constantly spread knowledge about the brand among the employees so that they are guided and encouraged to accurately represent the brand when interacting with customers (Chernatony et al. 2003)

### 6.2.3 Internal Brand Commitment and Internal Brand Equity

If employees are greatly committed to a set of values, they are more likely to deliver the brand’s promise (Chernatony 2006). This statement is backed by the hypothesis 3 which states that there is a positive relationship between internal brand commitment and internal brand equity and which has been supported by the results of this study. This study has shown that internal brand commitment is a determinant of internal brand equity as Baumgarth and Schmidt (2010) has proposed. It makes sense because a customer’s fundamental experience of a brand is continually determined by the behaviour and performance of the staff which should be committed to the brand in order to behave and perform according to the brand which also usually are provides the customer with expectations (Chernatony et al. 2003).
6.2.4 Internal Brand Involvement and Internal Brand Equity

Baumgarth et al (2010) defined internal brand involvement as an activating state resulting from the personal relevance of the brand. Hence the employees will be more open to the information relevant to the brand (Baumgarth and Schmidt 2010). The hypothesis stating that there is a positive relationship between internal brand involvement and internal brand equity has been supported in this study. This means that when employees are involved with their brand they are much more likely to increase the internal brand equity thus increasing the external brand equity.

6.3 Implications

In this chapter the authors discuss both the theoretical and managerial implications that were identified in this study.

6.3.1 Theoretical Implications

It is important even for a Bachelor thesis to make a valuable contribution to the theory (Oghazi 2009). This section will discuss the possible theoretical implication that the study shows. Remenyi (1998, p.20-21) proposed that “a contribution to the body of knowledge should include one or more of the following: extending our ability to understand phenomena, new ways of applying existing science or theories, rejecting invalid theories, and providing unifying explanations for events and circumstances”.

To begin, as previously mentioned most research on the topic of internal brand equity, its determinants and external brand equity is focused on the B2C market however this study has chosen to focus on internal brand equity, its determinants and external brand equity in the B2B market. This is interesting from the theoretical point of view especially that now a more in depth comparison can be done between those concepts in the B2B and B2C markets.

Furthermore, internal brand equity is also an topic that is not highly discovered and talked about in the currently available literature and research therefore it is interesting from the theoretical point of view to be provided with information about this concept and its determinants as well as the relationships between them. The relationships found between
internal brand equity with its determinants and external brand equity are also a part of the findings that are interesting from the theoretical point of view.

The collection of data from this study could also be interesting from a theoretical point of view especially for further research. The findings gathered could be used for future studies as secondary data.

6.3.2 Managerial Implications

Apart from the theoretical implications the findings from this study are beneficial to practitioners, managers or policy makers because these suggestions may bring forth considerable benefit to either of these groups (Oghazi 2009; Armstrong 2003).

One of the findings of this study was that there is a relationship between internal brand equity and external brand equity. This shows that managers can benefit from turning their focus to employees and the internal company if they want to improve the external brand of their company.

One of the ways of improving the internal brand equity is to improve internal brand knowledge as the second hypothesis of this study has proven. This means that the managers should spread knowledge relevant to and about the brand to the employees of the company.

Another way managers can improve the internal brand equity and thus improve the external is to improve internal brand commitment as the third hypothesis proves. This means that the managers need to get the employees committed to the brand of the company, in order for the to act in line with its values, and thus improve the internal brand equity.

The last way to improve internal brand equity mentioned in this study is by improving the internal brand involvement as the fourth hypothesis proves. By this it is meant that the managers should work towards getting the employees involved in the brand to an extent that they will act on their own initiative to improve the brand by for example telling people around them about the benefits of that brand.
Lastly the authors would like to inform the managers the importance of branding in the inside of the company also in B2B brands and not only B2C brands. Which is a message clearly seen throughout this thesis.

6.4 Limitations

The authors of the study have been taking all the measures possible in order to make this study as flawless as possible. Nevertheless there are no studies that are flawless, and in this chapter the author will present the main limitations with this study.

Firstly, one of the main limitations of this study was to do with the time restrictions. The study was done in limited frame of time and therefore the respondents were given only two weeks to reply. Therefore the authors were not able to collect data from a desired amount of participants. For future researchers it is recommended to choose a bigger sample than the one used in this study.

The lack of previously conducted literature on the topic of internal brand equity in relation to external brand equity was also a limitation, especially literature on internal brand equity in the B2B market. This limits the amount of previous research the authors were able to compare the results of the study to.

Furthermore, the authors had to remove certain questions mentioned in chapter 5 in because they brought down the reliability below the recommended 0.6. If the authors were not limited by the time frame the questions could have a bigger pre-testing population in order to do the reliability testing before sending it to the final participants and assure more reliable findings.

6.5 Future Research

In this chapter the authors make suggestions for further research on this topic. The authors will also discuss with a general observation, the significance and increasing importance of internal brand equity as a determinant of external brand equity and the importance of internal brand knowledge, involvement and commitment as a determinant of internal brand equity.
The findings of this study suggest that the following topics may prove to be important for investigation in further studies:

Firstly, this study collects data from a range of companies from the promotional and manufacturing industry without regard to any other industry. It could be interesting to see how these concepts and relationships between them are in other industries.

Secondly, this study only collects data from companies in the B2B sector. An insightful studies could also be done in the B2C sector regarding these concepts and the relationships between them. Also a comparison between the B2B and B2C could be an interesting area that could be an interesting study for future research.

Another suggestion is that this study could be repeated using a larger amount of countries or simply repeated in other countries than Sweden and Latvia in order to see the comparison between the results from regional perspective other than the ones done in this study.

Moreover, this study could also be done using the qualitative method or with an addition of qualitative method. Then the results would contain more in-depth information and possibly reasons for why the sample population answered the questions in the survey the way they did. In that way the researchers could learn how to improve the way they are communicating with employees and show a counter-action to the things that the employees answered negatively towards.

Lastly, it is possible that there are other variables affecting internal brand equity. This topic could be further investigated and other or new determinates could be a topic of another study. Also there are other factors affecting external brand equity these could also be investigated and compared to the ones presented in this study.

6.6 Concluding Remarks

Internal Brand Equity has a clear impact on the external outlook of the company both in B2B and B2C markets. However it is a subject that is far understudied especially in the B2B sector. Even though to many it is a clear that employees have an effect on the external
brand of the company some still question it and therefore more research is necessary in this topic in order to further study and prove the importance Internal Brand Equity has in the business world not only in the B2C but also in the B2B market.
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Appendices

Appendix A Self completing questionnaire & Cover Letter, English

We are two Marketing students from Linnaeus university of Sweden. We are currently working with our bachelor thesis and by doing this survey you will contribute to our work.

The survey is basically about the brand of the company and the different factors that applies to a successful brand. The survey is done anonymously and no names of individuals will be brought up in our work.

Instructions:
Put a circle around the desired answer;
Strongly disagree (1) Disagree (2) Neutral (3) Agree (4) Strongly Agree (5)

Internal brand equity
IBE1: "My colleagues would like to continue working for our brand respectively our company in future."

1 2 3 4 5

Intra-role behaviour
The following statement applies from IBE2 –IBE6
"In personal conversation with potential customers, my co-workers are willing to..."

IBE2: "Communicate the same brand value in the long term"

1 2 3 4 5

IBE3: "To appear personally consistent with other manifestations of our branding (e.g. Advertising, exhibitions or the website)"

1 2 3 4 5
IBE4: “to make no statement that inconsistent with our brand communication in the media (e.g. Magazine, internet, etc.)

1 2 3 4 5

IBE5: “to emphasize the objective- technical (e.g. Quality, reliability, etc.) as well as emotional symbolic (trust, friendliness, etc.) aspect of the Brand

1 2 3 4 5

IBE6: “to underline the advantages of our brand in comparison to our competitors brand”

1 2 3 4 5

Extra-role Behaviour (Scale adapted from Zeplin, 2006)

IBE7: ”My colleagues are aware of the fact that everything they say or do can affect the brand image”

1 2 3 4 5

”My colleagues behave in line with the brand values, even when they are not controlled, nor rewarded for doing so”

1 2 3 4 5

”My colleagues would voluntarily work longer hours if that were to positively affect our brand image (e.g to complete a customer’s order)

1 2 3 4 5

”My colleagues would recommend our brand to their friends and family”

1 2 3 4 5
"My colleagues would communicate and teach our brand values to new employees (e.g. with informal chat or being voluntarily, mentoring them)

IBE8: following statement applies to the rest of the questions

“To better meet the customers’ expectations of our brand…”

"My colleagues actively ask for customer feedback”

"My colleagues practice self-education by reading manuals, guidebooks or professional journals”

"My colleagues forwards customer feedback to people in charge”

"My colleagues are a part of developing new ideas for products and services, in order to improve the brand, without being asked”.

Internal brand commitment

IBC1: "In our company I feel like being a part of a family”

IBC2: "I am proud of our brand, and take bad news as a personal set-back”

IBC3: "I am proud to tell others that I work for the company that owns this brand”

IBC4: "I feel personally obligated to my superior to work even harder for our brand"

1 2 3 4 5

IBC5: "Our top management’s commitment leads me to make an extra effort for the brand"

1 2 3 4 5

IBC6: "I would enjoy working for another brand as much as I do for ours"

1 2 3 4 5

IBC7: "My commitment to this brand is foremost because of similarity of my values to those represented by the brand"

1 2 3 4 5

IBC8: "The words and values of our brand influences my day to day behaviour"

1 2 3 4 5

Internal brand knowledge

IBK1: "I am familiar with our brand communication (e.g. Magazines, internet, exhibitions, etc.).”

1 2 3 4 5

IBK2: "I am aware of the goals we try to achieve through the brand.”

1 2 3 4 5

IBK3: "I am well informed about the values represented by the brand”

1 2 3 4 5

IBK4: "I understand how our customers can benefit from our brand"

1 2 3 4 5

IBK5: "I am familiar with our brand style guide”

1 2 3 4 5
IBK6:  "I know which attributes of our brand differentiate us from our competitors"
       1  2  3  4  5

IBK7:  "I know how to behave myself so as to present our brand to customers positively"
       1  2  3  4  5

*Internal brand Involvement*

IBI1:  "I am aware that our brand significantly contributes to the overall success of our company"
       1  2  3  4  5

IBI2:  "I am convinced that our brand allows us to achieve a higher price for our products"
       1  2  3  4  5

IBI3:  "I believe that our customers buy higher quantities because of our brand"
       1  2  3  4  5

IBI4:  "I believe that our brand accounts considerably for the loyalty of our customers"
       1  2  3  4  5

IBI5:  "I am convinced that our customers recommend our brand to others"
       1  2  3  4  5
External brand equity

EBE1: “Our brand is better known than our competitors”
1 2 3 4 5

EBE2: “The quality of our brand as perceived by our customers is higher than our competitor’s”
1 2 3 4 5

EBE3: “Our brand has better service and communication with customers than our competitors”
1 2 3 4 5

EBE4: “A high proportion of the products under our brand umbrella are leaders in their market”
1 2 3 4 5

Gender : Male ( )
Female ( )

Date of birth

____________________

Number of years working for the company

____________________

Profession

Branding ( ) Sales ( ) Buyer ( ) Management ( ) Logistics ( ) Other ( )
Appendix B Self completing questionnaire & Cover letter, Russian

Мы - два студента, изучающих маркетинг в университете Linnaeus, Швеция. В настоящее время мы работаем над дипломным проектом и Вы внесете свой вклад в нашу работу, если поучаствуете в этом анкетировании. Данное анкетирование в основном касается бренда компании и различных факторов, которые способствуют успешному бренду. Анкетирование проводится анонимно, имена участников не будут упоминаться в нашей работе.

Инструкции:
Обрисуйте кружком выбранный ответ;
Категорически не согласен (1) Не согласен (2) Нейтрально (3) Согласен (4) Полностью согласен (5)

Внутренняя ценность бренда
IBE1: "Мои коллеги хотели бы продолжать работать для нашего бренда, соответственно для нашей компании в будущем."

1 2 3 4 5

Внутреннее ролевое поведение
Следующая фраза относится к вопросам IBE2 - IBE7
"В личной беседе с потенциальными клиентами, мои коллеги желают...

IBE2: "освещать ту же самую ценность бренда в долгосрочной перспективе"
1 2 3 4 5

IBE3: "быть взаимосвязанным с другими проявлениями нашего брендинга (например, рекламой, выставками или интернет-сайтом)"
1 2 3 4 5

IBE4: "не делать заявлений, которые не совместимы с нашим освещением бренда в средствах массовой информации (например, журнале, интернете и т.д.)
1 2 3 4 5

IBE5: "подчеркивать объективно-технические аспекты бренда (например, качество, надежность и т.д.), а также эмоциональные и символические аспекты (доверие, дружелюбие, и т.д.)
1 2 3 4 5

IBE6: "подчеркнуть преимущества нашего бренда по сравнению с брендами наших конкурентов"
1 2 3 4 5

Экстра-ролевое поведение (адаптированная шкала из Zeplin, 2006)
IBE7: "Мои коллеги знают о том, что все, что они говорят или делают может повлиять на имидж бренда"
"Мои коллеги ведут себя в соответствии с ценностями бренда, даже когда они не контролируются и не вознаграждаются за это"

"Мои коллеги добровольно будут работать дольше, если это положительно повлияет на имидж бренда (например, для завершения заказа клиента)"

"Мои коллеги рекомендовали бы наш бренд друзьям и своей семье"

"Мои коллеги передадут и научат ценностям нашего бренда новых сотрудников (например, в неформальной беседе или будучи их добровольным наставником)"

"Чтобы лучше соответствовать ожиданиям клиентов о нашем бренде ..."

"Мои коллеги активно спрашивают отзывы клиентов"

"Мои коллеги практикуют самообразование, читая руководства пользователя, справочники или профессиональные журналы"

"Мои коллеги передают руководителям отзывы клиентов"

"Мои коллеги участвуют в разработке новых идей для продуктов и услуг в целях улучшения бренда, даже если их об этом не просят".

"В нашей компании я чувствую что являюсь членом семьи"

"Я горжусь нашим брендом, и воспринимаю плохие новости как личную проблему"

"Рассказывая другим, я горжусь что работаю в компании, которая владеет этим брендом"

"Я чувствую себя лично обязанным моему начальнику, чтобы работать больше для нашего бренда"
Приверженность нашего высшего руководства побуждает меня делать дополнительные усилия для бренда.  

Я бы с удовольствием работал на другой бренд, также много, как я работаю для нашего.  

Моя приверженность этому бренду оттого, что мои ценности близки ценностям, представленным нашим брендом.  

Идеи и ценности нашего бренда влияют на мое ежедневное поведение.  

Внутренние знания о бренде  

Я знаком с нашим освещением бренда (например, журналы, интернет, выставки и т.д.).  

Я осведомлен о целях, которые мы пытаемся достичь посредством бренда.  

Я хорошо информирован о ценностях, представленных под брендом.  

Я понимаю, как наши клиенты могут извлечь выгоду из нашего бренда.  

Я знаком со стилем нашего бренда.  

Я знаю, какие атрибуты нашего бренда отличают нас от наших конкурентов.  

Я знаю как вести себя, чтобы позитивно представить наш бренд клиентам.  

Внутреннее вовлечение во бренд  

Я знаю, что наш бренд вносит существенный вклад в общий успех нашей компании.
IBI2: "Я убежден, что наш бренд позволяет нам устанавливать более высокие цены для наших продуктов"

IBI3: "Я верю, что наши клиенты покупают нечто большее из-за нашего бренда"

IBI4: "Я верю, что наш бренд значительно влияет на лояльность наших клиентов"

IBI5: "Я убежден, что наши клиенты рекомендуют наш бренд другим"

Внешняя ценность бренда

EBE1: "Наш бренд более известен, чем наши конкуренты"

EBE2: "Качество нашего бренда, воспринимаемое нашими клиентами, оно выше, чем у наших конкурентов"

EBE3: "Наш бренд имеет лучшее освещение и сопровождение для клиентов, чем у наших конкурентов"

EBE4: "Высокая доля продукции под нашим брендом является лидером на своих рынках"

Пол: Мужской ( )
Женский ( )

Дата рождения

Количество лет работы в компании

Профессия