Brand management as a means to add value for firms

The case of IKEA

Author
Huo Shengyu
010681 -T037

Supervisor
Gabriel Awuah

Abstract
Brand management will play a more significant role in future marketing competition, so research on the brand management is likely to become more meaningful and interesting.

This thesis focuses on **brand management**. The research question here is if brand management can add value to firms, as well as how to connect brand management with value. When researching this question, it is necessary to research further on the division of brand management which is internal and external brand management. Because a company’s add value is from cooperation - connection of internal and external brand management. Only when internal and external brand management work together, closely, may brand management add more value to a firm.

This study builds on the Aaker David (2000 p89)’s theory on brand management. In methodology, I use a qualitative research method, which is company interviews, in order to research IKEA’s internal/external brand management experience. This case study helps me to analyze how brand management is connected to a firm’s value.

Through IKEA’s case, it is illustrated that internal and external brand management must combine in order to add value to a firm. Brand management can really create value like increasing more adaptability, uniqueness, recognition etc... All in all, brand management is significant and can add value to firms.

**Keyword(s):** Brand management, value, external brand management, IKEA, case study

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Chapter 1 Introduction

This thesis’ focus is on brand management and it concentrates on the influence of brand management on a firms’ value. Brand management is likely to become more important in future. Successful brand management can deliver better service, satisfaction to your
customers etc... Birkin, Michael has written about the great usefulness of brand management (1994 p34): “Brand management is powerful ...can bring more advantage in front of your competitors, and indeed becomes one of most valuable assets...”. Many companies have realized its great significant for their relationship with consumers, like they can deliver more and better service and have a better reputation. Furthermore, brand management can also bring more profit to the brand owner. Brand management may play an important role in marketing competition and will surely become one of the decision factors in future competition. This dissertation will go through a case study to look at brand management and its ability add value to firms, and it will look at the relationship between brand management and value. When discussing adding value to firms, it will be necessary to concentrate on internal and external brand management, because these two, and the way they are managed, is a necessary condition when adding more value. We cannot neglect the human factor either; people are an important resource that can supply more power to brand management. People are operators - executors of brand management. On the other hand, external brand management may supply a platform for people to manage a company’s brand.

This study is based on the Aaker David’s theory (2000 p87) when doing analysis of brand management as a means to add value to firms. David (2000 p141) has the clear statement that “there are close collaborations between brand management and value.” Mc Cracken (1993, -121) states that: “Brands management has value; it turns out, because it adds value.” Brand management may add value to the firms in ways like increasing more adaptability, uniqueness, recognition and creating better segmentation.

The chosen firm here can supply a successful model of brand management. Especially when it comes to the combination of internal and external brand management, therefore, it can better support my viewpoint that brand management can be regarded as means to add value to firms

1,1Research Background:
Nowadays, global marketing is extremely challenging. The international market
The business environment is changing faster than ever before: “serious competition gives increasing challenges to traditional brands” (Financial Times, 1994 Jan 34 Section 2). Vossoughi, S. (1999 p 241) mentions that the “competition in the future will not only be through price, quality, position .. more important is the brand management.” Berry, L.L. (1993, P 34), states: “numerous competitive variables…. determine success… new factors are emerging and interacting all the time”. The business environment is changing faster than ever before, “such changes are occurring in two major dimensions, complexity and turbulence” (Robbin, 1990; Achrol, 1991 P57). The overall business environment is more and more complex and challenging.

Knox, S.D., Walker, D.R. (1995 p231) states: “Brand management is a process that takes control over everything the brand does and says..... The overall aim of this process is to increase the value of the brand over time......”

Future competition will focus more on brand management instead of the traditional focus on price, quality, position… so how significant will brand management become? And what is the focal point about brand management? Should it bring more satisfaction to the customers, or should it add more value to firms, so to speak?

1.2 Research problems
This paper will focus on brand management with relation to its processes, division and its collaboration with firm’s value.

In view of the above, the research questions can be defined as the following 2 points

1 Can brand management act as a means to add value for firms?

2 Can internal and external brand management work separately? What is the relationship between internal and external brand management when adding value to firms?

1.3 Research purpose
Many aspects of brand management have drawn attention to brand management these years. No company can neglect the great advantage of brand management anymore. The purpose of this study is on the basis of theoretical issues, through case study to discover the relationship between brand management and value - how they connect with each other. Motivations when firms use brand management also includes the process which combine internal and external brand management. In this research, I discuss how they react to each other. Aker’s theory on the division of brand management related to value has supplied a necessary theoretical support to me. The research is based on a conceptual framework for firm’s brand management and firm’s value; exploring brand management’s influence on firm’s value.

1.4 Delimitations
This study is limited to investigating a company with a great brand operating in the international market; this selection of companies delimits this study to only investigate companies that possess successful brand management history. The products process to the consumer is not investigated. The study is also limited to the present time and do not consider historical or future actions taken by the company. I chose IKEA which can supply a good model to some companies.

Chapter2 Theoretical issues
2.1 Previous Research:
According to Philip Kotler’s statement(1997 P62)“brand management’s function is planning a long-term brand strategy, it should watch over a brand's profits....working closely with advertising agencies to build market share and long term consumer brand loyalty.”. If this is the case then the efficacy of many brand managers must surely be to concern about these brand management questions. However, according to Coupland J (2005 p358), who writes that: “strong brand management is built up through a co-creation process involving a number of players, especially the brand managers and the firms core values.” In 1998 Sherry JM (1998 p. 138) pointed out that “the successful brand management derived from an act of co-creation transaction by the firm's stakeholders”
Coupland, J.C., Iacobucci, D., Arnould, E. (2005 p.307) demonstrate that: “the technologies-based brand management is a positive driver in the companies’ core values”. Thus, as Brown, S., Kozinets, R.V., Sherry, J.F. (2003 p321), note “the brand management is a milieu where firms core values co-exist”.

Philip Kortler (1997, P211) researches brand management which is based on “differentiation”, the distinctiveness of a product from that of your competitors. Another is “Added core value: “A branded article has more value for the customer than an un-branded one.”” Milton Kortler (1998 p237) also writes: “The yield from a long term brand strategy will be far greater to give the explanation about the impact on three areas; financial, strategic and managerial”. On the other hand, Foreman M (2003, P115) also confirms that “companies that offer strong brands enjoy significant advantages to those that do not.”. Professor Aaker David (1996, P311) states that there are four key brand assets from which brand management is derived... The four brand assets in brand management lists are: “the perceived quality of the brand, brand awareness, brand loyalty and brand associations. These assets are in close relationship with brand management”. Brand management actually has big influence from other issues like brand identity.

The brand management aims at creation of value. According to De Chernationy (1992 p157) the aim of brand movement is to facilitate the firms task of getting and maintaining a loyal customer base in a cost effective manner in order to achieve as high a return as possible on value. Comparing with Voreman, Philip Kortler states the 2 basic factors of brand management, they are “differentiation’ and “add values” respectively.

Referring to previous theories, this dissertation regard to the following 2 points:

Statement 1: Both Milton Kortler and Voreman have stated that brand management is related to push strategy in order to support brand awareness.. Much research has been done on either brand management or firms’ value. Even though, like Milton Kortler and Voreman are only focused on brand management as long term strategy in the market and firm’s management process, they are orientated on customer’s awareness as well as
customers loyalty and awareness of the product, but they neglect brand management’s relation to the firms value, value can be realized as brand asset. Some people also do research on firm’s value only, which neglects the connection with brand management. The research object here is concerned with the relationship between brand management and firms’ value. In that way, both brand management and value are important tools in marketing expansion and business operation. So, researches on combinations, find that the relationship of firm’s value and brand management is meaningful. Here, this study will focus on brand management’s collaboration and connections with value.

Statement 2: Company’s competition between different products in future will concentrate on competition between the different brands; brand management will become more significant, as that is what may bring more satisfaction, service etc to the customers, and may add more value to firms. Aaker David’s (2000 p87) theory has a clear statement on the collaborations between brand management and value, this view here can support my research question. Aaker’s view can supply a good framework and theoretical basement. Mc Cracken(1993 P121)also has similar ideas and states that: “Brands management has value, it turns out, because it adds value.”, So, I will choose Aaker David (2000 p47)’s and Mc Cracken(1993 P121)’s theory in this dissertation.

2.2 Concept of brand management and discussion
There are many definitions of brand management. Rodney D. Ryder (2000; P83) has the definition that “Brand management is the application of marketing techniques to a specific product, product line or brand. It seeks to increase the product's perceived value to the customer and thereby increase brand franchise and brand equity.”

Comparing with Rodney D. Ryder, Davis Sune (1995 P114) indicates that brand management should take a long-term perspective and suggests that: “… organizations wants to change the ways that they are managing their brands …much more like assets …increasing their value over time.” The restructuring of brand management to multi-discipline teams is also gaining momentum. De Chernatony (1997, P53) indicates that brand management is: “… becoming more than a team-based activity, managed at
more senior levels by people who adopt a more strategic perspective."

Clearly, it is important that brand management is working towards a common goal. ... a mechanism for achieving competitive advantage for firms, through differentiation, which creates the core value for the firms... It is relationships that would exist if brand equity were to be managed both strategically and operationally.

Here I would like to refer to Aaker David (2000 p247)’s viewpoint to describe brand management ‘‘....brand management’s great function positive influence on firm’s value’’. His concept on brand management is more close to the practical experience which can then better support my study. Aaker David (2000) illustrates the brand management in a way that you can conclude that brand management is a long term process, changing the ways of managing a brand which can relate to and increase value. Comparing with other theories, Aaker’s theory better supports my research question, because Aaker states brand management has a positively influence on a firms’ value.

2.3 Model of internal and external brand management with value
2.3.1 Discussion about the model:
The research model is focused on the relationships between brand management and value. Brand management includes the internal and external brand management. These frameworks address internal and external brand management should combine together, work closely to create value. The combination of the two factors can make them promote each other as well as increasing value to firms. “...External brand management can supply necessary platform for internal brand management, internal brand management as necessary executer can assist external brand management and positively influence firm’s value.... Though both internal and external brand management use different paths to manage a firm’s brand” (Aker, 2000, P184). But both internal and external brand management cannot work alone; they should connect closely, cooperatively. Keller M (2000, P115) He also describes firm’s value: “…firm’s value can be regarded as the differential response by consumers, customers, employees, other firms, or any relevant constituency to actions, communications, products or services…”. The framework builds on the idea that a brand management is developed as a continual and ongoing interaction between a firm and its customers. In this way, the organization’s values can therefore be seen as symbols of an organization’s efforts and ambitions on brand management.

2.3.2 Connection between Brand management and firms Value

The term brand management is used and expanded on by many authors. Kralingen van
(2002 P212) mentions brand management as part of identity, “The brand management can be viewed as the glue that holds the core identity elements together…” Upshaw (1999 P35) also sees that brand management can positively influence a firm’s value: “…the significant core of firms is the brand management.”. Keller L (1999 P64) states about brand management: “Brand management’s soul is its spiritual center…..” (Randazzo M, 1993 p83) also states that: “Brand management connects to value it turns out, …because it adds value…a discussion concerning brand management, provides a good overview that it can add value.” Mc Cracken (1993, -121)

Based on Knox, S.D., Walker, D.R. (1995 p98) states that: “Brand management is a process that takes control over everything the brand does and says, managing the way in which it is perceived by others….The overall aim of the process is to increase the value in brand management over time.” Actions have been influenced by the purpose - adding value to firms. Aker David (2000 P64) argues that added value includes “value proposition” and “functional” and “emotional discriminators”. “Firm’s value” is the term that Knox Maklan (1998 p135) mentions is to express what the customer is prepared to exchange for a brand.. Jones Morgan (1994 P231) speaks of “adding value”, and here they are talking about the process of developing brands. Keller Johanson (2000, P277) conceptualizes brand management using an associative memory model focused on brand knowledge and involving two components, brand awareness and brand image, described as a set of brand associations. Using this conceptualization of brand management, the leadership can create and enhance brand awareness, then build on this foundation and craft a salient image composed of a group of positive associations about the brand. Proper management of these elements helps to create a level of awareness in the target audience, and careful creative activities can form a brand’s identity in the consumer’s mind. Specifically, those assets representing the knowledge created in the minds of consumers as a result of all of the marketing programs executed for those brands. In one sense it can be viewed as the result of the total resource investment in marketing of the brand. Keller Johanson (2000, P277) Brand management should always relate to the value of the firm. Then brand management has really connected with the firm’s core value.
According to Aaker David (Aaker Brand Channel Dec. 2006), brand management may add value in the following ways:

1 Segmentation --------“Brand management can drive a company closer to their customers and pursue them with a fully heart... it can ensure a firm’s position, sufficiently differentiated from competitor.” (Aaker D Brand Channel Dec. 2006) To match values of the brand to lifestyle requires brand innovation and may supply greater credibility to a company’s consumers.

2 Recognition ------“Brand management enjoys strong awareness among consumers and opinion leaders.” (Aaker, D Brand Channel Dec. 2006). This type of recognition can help to rapidly establish credibility in new markets.

3 Uniqueness --------“Brand management represents great ideas”. Brands express the uniqueness of position to all internal and external audiences. (Aaker, D, Brand Channel Dec. 2006)

4 Adaptability -----“Brand management must respect local needs, wants, and tastes. Brand management can let brands adapt to the local marketplace while fulfilling a global mission.” (Aaker, D, Brand Channel Dec. 2006)

Aaker address the great influence of firm’s value which can add adaptability, uniqueness, recognition and segmentation, he also states: “the brand management is regarded as push strategy ...” Mc Cracken (1993 P121) also have the similar idea and states that: “Brand management connects to value, it turns out....because it adds value....” Brand management can create a firm’s value like supplying more adaptability, uniqueness, recognition and segmentation to a firm. Urde M mentions that “Brand management as a resource and a strategic instrument... engages and represents a value for both the organization and customers.” (Urde, M 1997 p243). Wood Peterson suggests that: “..the management of brands should be a higher function than the one that currently exists in many companies.. .” (Wood P 1995, P14) “Value can test brand’s asset” (Hall Gant, 1995,
P221) “The value-creating processes take place in parallel. These are internal within the organization and external... in the awareness of customers”

2.3.3 Internal brand management VS external brand management

As David Aaker(2000 P215) states “The value creating processes takes place in parallel, these are internal within the organization and external...” According to his viewpoint on value, it is necessary for me to discuss internal together with external brand management and their connection with value.

2.3.3.1 The internal brand management

Balmer Wilkinson (1991 p131) states: “Internal brand management consists of the organizational resources available to accomplish its goals. These include work ethics and personal values, general cultures and physical resources. ...one of the important tasks of brand management is to acquire these resources and make efficient and effective use of them within an organization.” Internal brand management is related to organization, human resource factors etc.. Internal brand management have many functions, Davis Aaker (2000 p134) has the statement that “...internal brand management is related to...identity, image and vision ...organizations own understanding of the brand and its commitment.” Wernick Andrew (1991,p231) An organization’s relationship with its brand will also affect the total internal relationship to firm’s value. In this study, internal brand management is relating to factors like human resources, identity, organization’s image....

2.3.3.2 The external brand management

The external brand building process is primarily concerned with relations and interactions between the brand and its customers. “The objective of this external process is ultimately to create relationships with the customer's identity ...to achieve a strong brand relationship with the customer, it is necessary for there to be an interest in the product and for the choice of brand to be regarded as important, there must be brand sensitivity.” (Kapferer Laurent 1992 P241) External brand management in this thesis is related to factors like product quality, package etc...
2.3.3.3 Relationships of internal and external brand management

Aaker David has mentioned that (Asker D 2000 P291): ”Brand management can be divided into internal and external brand management”. As earlier stated, the objective of this internal process is ultimately to create value and with the customer's identity as the basis. Aaker David (2000 p342)”…the employee in the internal brand management is executer and operator of brand management. “Also, external brand management supports the internal brand management to service a firm’s brand. Aaker David (2000 p342) also writes: “External brand management is able to supply a necessary platform for internal brand management” - “it is difficult for them to work separately…..”. Both external and internal brand management use different ways to increase the brand awareness and customer’s loyalty to the brand. So, both of the two factors should combine, closely, cooperatively and support each other to create value.” In general: “External brand management can supply necessary platform for internal brand management, internal brand management as executer and operator can support external brand management and thereby positively influence firm’s value.” Aaker David (2000 p342)

Chapter 3 Research Methodology

3.1 Quantitative research method

Denzin Norman K gives definition to quantitative method. “Quantitative research is a formal, objective, systematic process in which numerical data are utilized to obtain facts about the world. In quantitative research, the aim is to determine the relationship between one thing, an independent variable and another in a population”. 1Denzin Norman.K (1978 P54). “Quantitative research designs are either descriptive or experimental. A descriptive study establishes only associations between variables. An experimental establishes causality. A descriptive study usually needs a sample of hundreds or even thousands of subjects for an accurate estimate of the relationship between variables. An experiment, especially a crossover, may need only tens of subjects.” 2 (Rose G 1992 p65) This

1 Denzin Norman.k (1978 P54) The research act: A theoretical introduction to sociological methods New York)

2 Rose G 1992 Deciphering sociological research London Macmillan
research study is aimed at quantifying relationships, Orebsteub, A, Philips divide it to three types which is descriptive, quasi-experimental and experimental.3 (Orebsteub, A, Philips 1978 p 35)

3.2 Qualitative research

“Qualitative research is research generated outside the framework of a quantitative approach. Collected data is not subjected to formulaic analysis for the purpose of generating projections. Qualitative research involves the use of qualitative data, such as interviews, documents, and participant observation data, to understand and explain social phenomena” 4 (Bogdan 1975 p214). Miles, Matthew describes this research method as follows: “Using words rather than numbers, such research flows from concreteness to abstractness. Qualitative research is generally rather intended to determine whether things exist than to determine how many such things there are. In short, qualitative research is not concerned with measurement, this research tends to be less structured than a quantitative method ….can be made more responsive to the needs of respondents ”.5 (Miles, Matthew B 1994 P241) This method can be divided as follows, depth interviews, group interviews, participant observation, and projective techniques.6 (Patton, Michael 1990 p311) Qualitative and quantitative techniques may be employed during any phase of research their different characteristics make them uniquely appropriate in certain fields. 7(Robert Walker 1994 p 94)

3.2.1 The reasons to choose a qualitative method instead of a quantitative method

Qualitative analyze is more explicitly interpretive, creative and personal than in quantitative analysis. I will focus on the discovery of a truth as well as emphasis on exploration and description not to look for cause effect relationships. Quantitative research methods tend to produce results that can be generalized. Qualitative studies tend to produce results that are less easy to generalize. I do not want to quantify my research in

3 Orebsteub,A,Philips 1978 p35 Understanding social research, Boston
4 Bogdan 1975 p65 Introduction to qualitative research methods New York
5 Miles, Matthew B 1994 p241 Qualitative data analysis Thousand Oaks
6 Patton, Michael 1990 p331Qualitative evaluation and research Methods. London
7 Robert Walker 1994 p94applied qualitative research Gower publishing
this thesis. Interview is a quite suitable way to collect necessary information.

3.2.2 Case study
Case study refers to the: “collection and presentation of detailed information about a particular participant or small group, including the accounts of subjects themselves”. 8 (Yin Robert 1984 p 197) A form of qualitative descriptive research, the case study looks intensely at an individual or small participant pool, drawing conclusions only about that participant or group and only in that specific context. These types of case studies include the following: illustrative case studies, exploratory case studies, cumulative case studies, critical instance case studies”. 9 (Denzin, Gillham 2001 p311). There are many methods in case studies to collect data like documents, archival records, interviews, direct observation, participant observation….

Here I choose IKEA as case study, which means I can collect concrete information and data during an interview with the respondent.

Respondent’s name is Jerry Yu. He is in charge of brand management in Ikea Denmark’s Høje Tastrup department. Respondent’s position is brand manager in their brand management department. In our interviews, we have the chance to speak freely. The interviews took place at the respondent’s office two times; each interview lasted about 1 hour.

3.2.2.1 Reasons to choose IKEA
There are many reasons to choose IKEA as a case. For the first, IKEA is Swedish as well as world leading furniture brand, meanwhile this firm have successful brand management experience from the last 20 years. IKEA’s successful combination of internal and external brand management has created sustainable profit, splendid reputation to the brand. IKEA’s brand management really seems to bring satisfactions to the customers.

9 Denzin, Gillham 2001 p331 Case study research London New York
3.3 Research criteria
A criterion can be employed to test method choosing; here the following: validity and reliability can be used as follows.

3.3.1 Validation
“Verification is a checking process to test if research method meets specifications… Validation is a process to establish documented evidence that provides a high degree of assurance” Yin Robert (1984 p241). Validation can check if my research method meets academical criteria.

This research question is focused on the combination of internal and external brand management. The theoretical part is based on the two relationships, internal vs external brand management, brand management vs value. I adopt interview in qualitative method to go through IKEA’s case, I obtain the necessary information and collect necessary data from Jerry who is brand manager in IKEA’s brand management department. When gathering the primary data, the researcher (me) had the opportunity to communicate with the respondent several times in order to avoid uncertain data or information misunderstandings. This research method really helps me to illustrate and research the connections between internal and external brand management and between brand management and value. During this method employed in practically, the researcher had the possibility to increase the validity in the research.

3.3.2 Reliability
Reliability in connection with a research review is to see if the results are consistent over time and can be reproduced under a similar methodology.. In order to meet these requirements and improve the reliability, the respondent in this study was informed about the content and question construction of the analysis before the interviews. Furthermore, according to Yin Robert (1984), one of the biggest obstacles in gaining reliable findings, is that the interviewer perceives answers wrongly or put it down on paper wrongly. To avoid these problems, the respondent is offered the opportunity to read through the completed interview and see this research method to ensure the gathering of information was correct, and so the respondent can check and give feedback.
This method really adds more reliability to this research.

3.4 Summary of Chapter 3

Research methods can be divided into quantitative research and qualitative research. Here, I choose qualitative research as research method. In this method, I adopt interview in the case study with respondent Jerry Yu. Respondent Jerry Yu is from IKEA group and is in charge of their brand management department in Denmark.

![Figure 3,5 Basic structure of research method in my thesis](image)

Chapter 4 Empirical data

4.1 Profile of Ikea Group

“IKEA was founded in 1943 by Ingvar Kamprad in Sweden. IKEA group offered series of home furnishings and accessories of home design with good functionality. The name IKEA comes from the initials of Ingvar Kamprad, I and K, plus the first letters of Elmtaryd and Agunnaryd, which are the names of the farm and village where he grew up. Today, IKEA is one of the world's top furniture retailers. IKEA International sells Scandinavian-style home furnishings and other house wares in 265 stores in 36 countries with 110,000 co-workers. Fundamental activities such as eating, sleeping, storing items, socializing and so on create a demand for furniture and practical products that solve essential human needs.” (Jerry Yu and www.IKEA.com/history) IKEA incorporates environmentally friendly efforts into day-to-day business and continuously supports initiatives that benefit good causes in areas such as ‘children’ and ‘the environment’. The company designs its
own furniture, which is made by about 1,500 suppliers in more than 50 countries.

4.2 Empirical presentation

IKEA’s brand management

IKEA’s internal brand management

Effect & Result

IKEA’s extern brand management

1 simple life

2 pleasure life and shop experience

3 new designs with affordable price ...

Effect & Result

Connection of external and internal brand management
Figure 4, 3 this chart is the basic structure of IKEA’s brand management which is a close combination of internal and external brand management. (Source from respondent Jerry Yu)

4.2.1 IKEA’s external brand management

In IKEA’s case of brand management, innovative thinking is important as exemplified by its integration of form, functionality, and low price. IKEA represents a modern and casual style. Providing people with a new identity and changing their homes (source from respondent)

External Brand management 1 Manage a brand to “realize the simple life”.

“IKEA’s way of thinking makes productions simple and straightforward. IKEA products are hard-wearing and easy to live with. They reflect and facilitate an easy, natural and unconstrained way of life. They express form, and are colorful and cheerful. And they appeal to the young at heart of all ages. So IKEA designers are always seeking innovative ways to improve people's lives and products that are easy to transport’” (Data source from respondent)

External Brand management 2 Manage a brand with shop experience

“Every customer is actively encouraged and involved in the shopping experience. The IKEA Concept relies on customers to choose, collect, transport and assemble IKEA products themselves. This makes it easy for visitors to serve themselves. There are, of course, knowledgeable co-workers available to customers when needed.” (Data from source respondent) “The goal is that everyone will enjoy their visit in the IKEA store. If the kids don't want to shop, they can play in the supervised play area. No one has to shop on an empty stomach. IKEA stores have a restaurant that serves unique with local favorites. It is a comfortable place to relax, look through the IKEA catalogue and think about what to buy.’” (Source from respondent)

External Brand management 3 Manage a brand with new design, new inspiration at an
affordable price

There are hundreds of inspirational displays in the IKEA stores from realistic room settings to real-life homes, all with product combinations that provide fresh ideas and know-how on contemporary interior design. There are more than 1,000 new products offered in some IKEA stores every year. There are many new products introduced throughout the year in the IKEA stores. This gives visitors huge possibilities to find solutions that best suit their needs. Products in IKEA are offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. The IKEA range includes products for every part of the home. Low price is a prerequisite for the IKEA Concept to realize the IKEA vision - "to create a better everyday life. IKEA keeps products at extremely low price levels" (Data source respondent)

**Great success of Ikea’s external brand management in the last 10 years**
The external brand management has brought great success to this company. IKEA has kept a more than 10% growing speed from 1998 in the global market. "We have been experiencing hard competition during the 1990th. In the past 10 years, we have kept an increasing advantage with our competitor, we are now the absolute leader in furniture design and product quality." Jerry Yu (Resource from Respondent)

![Turnover of IKEA store million EURO (Sale tax not included)](image_url)

Picture 3, 2.2 Turnover of IKEA store million EURO (Sale tax not included)
4.2. 2 IKEA’s internal brand management

“It is important to train, empower, and reward employees so that they are able and willing to live with the brand when interacting with customers, suppliers, other partners, mass media etc.” The foundation of IKEA’s success has been to offer consumers good value for money. And Jerry Yu continues: “Personell must bring their hearts to work to fully appreciate the IKEA brand.” “There must be the shortest possible waiting time and a friendly, helpful, and knowledgeable meeting with people characterized by respect and responsibility. All the new staff should receive a systematic trainee program to obtain the IKEA’s brand management concept. (Source from respondent)

Great results of internal brand management

IKEA’s internal brand management have obtained great success. Internal brand management have increased staff’s enthusiasm. They are more active in contact and communication with customers, which is an important “energy factor” to sustain IKEA’s brand. Loyal customers, return despite offers by the competitors.” (Resource from respondent) The visiting customers’ number has kept a 15% increasing rate in the last 20 years.
Figure 4.3 Customers visiting numbers at IKEA group
Source from www.Ikea.com in 1984, there were around 60,000 visitors to the IKEA group, in 2007 there were approx 600,000,000 (see picture below) visits to IKEA stores, a 10 times increase.

4.3 Connection of internal and external brand management
There are many examples that the IKEA group ensure internal and external brand management work closely, like staff from customer’s service may find that customers are easily getting too tired in the huge shopping centers when they walk around, especially the children always get tired….. The front line employees feedback this information to design departments, and they cooperative with the design department to design more entertainment facilities and colorful display rooms as well as children’s play rooms, restaurants, etc..”(Source from respondent)

“Brands can’t be managed by a single department. Departments should always work together because they possess different knowledge, in other words there is different information in connection with different functions. These departments in IKEA always support, share information, knowledge, data experience etc. with each other… they know
brand is not belonging to a single person, but belonging to all of the staff, so they cooperate together in teams to create a better brand. Another example, in 2006, IKEA’s product department planned to design a plushy dog in both big and small series for the Asia Pacific market. Some staff in the customer service department disagreed regarding the size. They had hands on working experience in Asian markets, and they realized that normal Chinese and Japanese families have too limited room space to store very big plush dogs… and if it is too small, kids are likely to put a small plushy dog into theirs mouths…. finally, the different departments worked together to design a very successful product, which was then very well-received in the Asian Pacific market, …. every staff member has a when it comes to responsibility for answering his workmate’s questions, customers questions … we work in one team and our dialogue is in one sound, so to speak, because the brand belongs to every person in IKEA.” (Data source from respondent)

Splendid results
The combination of internal and external brand management gives IKEA splendid results. Brand management has delivered great service with satisfaction for customers and the firm as well. At the same time, IKEA also keeps a fast developing rate in furniture industry. The IKEA group brings more arability, uniqueness, recognition in this way. Brand management brings great value to this firm. According to magazine Business Week, IKEA ranks as No 41 regarding brand value. This means worth $8763 millions the in world top 50 brand list, which means IKEA is a leading brand in furniture industry. (Business Week, 2005 Jan Sec 2).

Chapter summary: Brand management really bring values for IKEA, by way of the combination of internal and external brand management, brand management can bring more adaptability, uniqueness, recognition as well as value to firms.

Chapter 5 Analysis
In this part, the empirical findings will be analyzed through the analytical model presented in the theoretical framework. I will focus on the IKEA Group to discover if the
brand management can act as a means to add value to firms. After this, a summary of the analysis will be made to create a clear picture and discover the connections between internal and external brand management with value.

5.1 Internal brand management VS external brand management

5.1.1 Can internal brand management exist without external brand management?
Internal brand management is concerned around organizations, HR’s visions, acknowledgements, etc.. Balmer Wilkinson (1991 p131) state “Internal brand management consists of the organizational resources available to accomplish its goals. These include work ethics and personal values, general cultures and physical resources. …one of the important tasks of brand management is to acquire these resources and make efficient and effective use of them within an organization”. These ethics, personal value culture and physical resources should be based on external brand management as a necessary condition. IKEA staffs manage brands, communicate with customers about brochures, design etc. If internal brand management do not cooperate with external brand management, it will be very hard to add adaptability, uniqueness, recognition etc. to the firm’s brand, which then cannot add value to the firm. So, it is difficult for internal brand management to work alone without external brand management. Internal brand management should work cooperatively and closely with external brand management,

5.1.2 Can external brand management exist without internal brand management?
A company’s brand can possess good design, fine quality, an affordable price etc., but it no matter how many good points there are to say about it, it is not advisable to neglect the human factor. Human resources is significant in brand management in order to add value to firms. Staff is an important factor that encourages customers to buy from you and not your competitors even when there is product parity and similar pricing. It is perhaps the most challenging part of brand management’s factor.

There is a profound affect on customer loyalty when it comes to employees whether being distributors, managers etc…and it has been proven that people are a powerful part of the
customer loyalty equation. Their knowledge about the brand or service, their friendliness and approachability, their motivation and dedication to serving the customers are all tied directly to a firm’s brand and its course in connecting adaptability, uniqueness, recognition to the firm’s brand. It is no surprise that some companies with highly qualified people have the best brands. If there was no internal brand management in the IKEA plushy dog case; maybe, this brand would have failed. External brand management factors need the support from internal brand management factors in order to realize its functions and purpose to increase the adaptability, uniqueness, recognition of the IKEA brand or whatever brand for any company. So, it is difficult for external brand management to exist without internal brand management.

5.1.3 Connections between internal and external brand management.

Brand management requires staff to operate, accomplish its aim. Internal factor can execute the external functions because staff works directly in the frontline. In the same way, external brand management supplies a platform for the internal brand management. Both external and internal brand management should work closely to increase customers’ awareness and loyalty. Both internal and external brand management use different path to manage a brand, but they should combine closely.” Aker (2001 p211) and he further says: “brand management can bring adaptability, uniqueness and recognition to firms ….requiring the two factors work closely together.”

As earlier illustrated, external brand management cannot work alone without internal brand management to bring more adaptability, uniqueness and recognition to a brand. Meanwhile, internal brand management cannot work alone with out external brand management to bring more adaptability, uniqueness, recognition as well. So, brand management requires that internal and external brand management work closely together to when adding value. One of these singled out is not enough to service brand management in order to add value for firms. In that way, successful brand management requires internal and external brand management to connect closely and cooperatively. Real value derives from the combination of external and internal brand management.
5, 2 Brand management vs value

5, 2, 1 Brand management can add value by way of increasing more adaptability, uniqueness, recognition.

Referring to the theoretical section, McCracken (1993 p34) states that: “Brand management has value, it turns out, because it adds value.” The discussion in De Chernatony (2000 p121) about “brand management can add value” provides a good overview. Upshaw (1995 p195) also sees that “brand management can positively influence value… the core of the core is – the brand management.” Regarding theoretical issues, David Aaker has mentioned that brand management can “increase adaptability, uniqueness and recognition”, which then connect to a firms value.

IKEA manage their brands to draw people’s attention through splendid design, colourful display rooms, and by bringing new inspiration and fashion ideas to their customers… People like to visit IKEA’s display rooms to experience the new ideas and thereby gaining “new energy”. The IKEA brand requires shops to innovate for people like including some kind of entertainment place or relaxing area. IKEA brand aims at supplying a happy shopping environment, happy taste with happy experience. Their brand management greatly increases brand awareness, and so, in this way, customers are more loyal to the IKEA brand. Customers feel great comfort and care when IKEA offer employees’ excellent service. People become more and more loyal to IKEA’s brand

Purchase in IKEA is not only a payment but also an enjoyment, a taste of the brand. People who are attracted by this well-managed brand, will more likely adapt IKEA’s new products, new designs. Brand management can improve adaptability to firms. Management of a brand is in order to keep competitive advantage to brand competitors, so firms try to manage their brand in a more unique way compared to others. Brand management includes improving a brand’s visual impression and to give it a personal image, in this way, people can easily remember your brand. At the same time, firms can obtain more uniqueness by running brands this way. Recognition comes through brand management which means brand management can spur your customers to be more loyal to your brand. Brand management has a really positive influence by increasing
adaptability, uniqueness, recognition to the firms. Also, adaptability, uniqueness and recognition directly lead to firm’s value. Brand management can add value by way of increasing more adaptability, uniqueness and recognition.

5.2.2 Brand management can add value through the combination of internal and external brand management

“In an increasingly competitive global marketplace, it is ever more important for companies to ensure brand management . . .” McCracken (1993 P121) further states that: “Brand management has value; it turns out, because it adds value.” Karl D. Speak (1999 P21) mentions “Brand management can enhance firm’s relationship-building skills” All these researchers have clearly statements that there are close collaborations between brand management and value. Brand management can add value to the firms by way of increasing more adaptability, uniqueness and recognition. Brand management increases employee’s engagement, offers a strong vision and attracts customers’ attention. IKEA’s brand management steps make this brand more distinctive and consistent. Brand management improves the capacity to build a relationship between the IKEA brand and customers. All these successful results are obtained through the combination of internal and external brand management. This illustrates that combination of internal and external brand management can increase more adaptability, uniqueness and recognition.

The connection of internal and external brand management ensures that people feel more confident to a firm’s brand. The connection of internal and external brand management keeps your brand more credible and attractive. Especially, internal brand management requires the platform from external brand management, and external brand management requires executers or operators from internal brand management. Success in IKEA’s case lies in the cooperation of internal and external brand management; these two factors cannot work separately. They should work closely. So, in general, brand management can add value to firms. Only the connection of internal and external brand management can add value to firms.

Chapter 6 Conclusion
This paper aims to research if brand management can be regarded as a means to add value for firms and the relationships between internal and external brand management when adding value for firms. The study discusses the closely connection between brand management and value, also cooperative connections between internal and external brand management. I find external brand management can supply the necessary platform and conditions for internal brand management. Internal brand management as executer and operator can assist external brand management in positively influence a firm’s value. Single internal and external brand management ways is not enough to add value for firms; they should combine cooperatively and closely. This is the way internal and external brand management connects to each other.

Through IKEA’s case, it is illustrated that the combination of internal brand and external brand management is a significant path to bring more adaptability, uniqueness and recognition to a firm. Brand management is really a means to add more value for firms.

Further research and research limitation
Successful brand management may provide a company with a differential advantage and values. It keeps the brand interesting and fresh by renewing old products, it creates desire in saturated markets and it is a source of competitive advantage. Internal and external brand management may become significant solutions to consolidate firm’s market position and be instructive for a firm’s potential reaction to different market conditions.

The discussion in this article shows how companies manage their brands and what factors are at play when managing a brand. The internal and external brand management tools are the significant tools when improving a firm’s value. The work here has not focused much on customers’ behavior and organizational performance, as well as the connection between the relationship with a firm’s human resource administration and PR-work. If I have the possibility to further research this point, I will discuss them connected with customers’ behavior and organizational performance as well as public relationships.
Chapter 7 References


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General questions in the first interview:

1. Do you know of any methods regarding brand management systems?

2. How do you go about the process of brand management which divides internal and external brand management in two ways?

3. How do you go about the process of brand management all in all?

4. What kind of method would you require for brand management?

5. Are branding and product innovation connected in your company? If so, how? Is brand an input to the process?

6. How do employees with a brand oriented task cooperate with employees with an brand management task?

7. How does brand management spur Ikea’s staff to increase firms value and image?

8. How is brand management organized within your company? Departments, responsibilities, reporting structure etc.?

9. Through brand management practice and investment in the brand management in the last 20 years in IKEA group, what do you see as the benefits your organization have obtained?

10. Can you give concrete examples of how brand management adds value to your firm?

General questions in the second interview:

1. How does IKEA define the word brand management?
2. What is IKEA’s brand management in your group?

3. What is the IKEA’s external brand management?

4. What is the IKEA’s internal brand management?

5. Can brand management really create value for your firm?

6. How do the two factors connect in your group?

7. How do the two factors connect in your group to add value to firms?