Branding of knowledge-intensive business services

- A master’s thesis on to what extent existing branding theories can be successfully applied to the branding of knowledge-intensive business services

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Summary

This master’s thesis examines to what extent existing branding theories which are developed with regard to service and B2B product and service branding can be successfully applied to the branding of knowledge-intensive business services (KIBS).

Based on an examination of the characteristics of KIBS, preliminary assumptions made about the branding of KIBS, and an examination of the unique characteristics of the existing branding theories, interviews with people responsible for branding KIBS are conducted. The interviews are based on an assessment of the strengths and weaknesses of the existing branding theories’ application in a KIBS context. This assessment finds that none of the theories examined can be fully applied to a KIBS context. However, some elements of the theories is found to be possible applicable in a KIBS context. The master’s thesis reveal that theories on corporate branding and an employee based brand equity theory can possibly be applied to a KIBS context. However, further research is needed in order to prove this.

The master’s thesis furthermore reveal that to ensure that the employees behave in agreement with the company’s values, KIBS companies should make sure that its employees back the company’s strategic vision and permit the employees to interpret the brand individually but within a certain scope.

The complexity and customisation of KIBS makes it pivotal that the company brand its whole identity as opposed to the individual services. The complexity and customisation of KIBS is found to make it hard for the company to make the customers understand the value of its services. This can be solved by standardising the processes of the production of KIBS but still keep the services customised. Furthermore, it is important that the KIBS company know the customers and their field of business.

Personal trust is found to be pivotal in a KIBS context and the company should therefore create associations about trust in the minds of the customers. There is a need for further research on how to build these associations.
The master’s thesis also revealed that KIBS companies should make their customers associate the company with being experienced, having expert knowledge, being able to make itself acquainted with the customers’ needs, and being customer-focused in order to build a strong brand.

The direct relation between the customers and the company is found to be the most important factor in building brand awareness. The company must therefore be present at the customers’ touchpoints and attend external events with professional relevance or use direct marketing campaigns.

It is found that KIBS companies’ customers base their perceived quality on the company’s corporate image and that KIBS companies must therefore attend professional associations and other relevant professional contexts. Being ahead of the customer by being future-oriented and providing the customer with information about future challenges relevant for the customer is one way to creating positive perceived quality.

The master’s thesis reveals that it is pivotal that KIBS companies nurture the relationships between the customer’s and its employees to make the customers stay brand loyal. Thus, the company should stay close to the customers by being present at the customers’ touchpoints, writing scientific articles in correlation with the customers, creating experiences with the customers, and keeping the customers up-to-date with what happens in their market or field.

Finally, the master’s thesis finds that KIBS companies compete with other KIBS companies and its customers’ own employees. It also finds that principles of compulsory competitive tendering in the public sector and policies about how big a percentage of tasks each KIBS company must solve in the private sector influence the creation of brand equity in a KIBS context.

In the conclusion, the master’s thesis suggests further research in the field of branding KIBS.

Number of characters with no spaces in the master’s thesis: 115,869
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1. Introduction

Previously, the majority of companies in the world were manufacturing and service companies. But in the last few decades, the knowledge-intensive business services (KIBS) industry has increased. According to a study requested by the European Parliament, this industry employed about 15 million people or about 7% of all people employed in the EU in 2008.\(^1\) Moreover, the study expects the KIBS industry to "contribute to improving the European competitiveness and fostering economic growth in Europe".\(^2\) In countries outside the EU, such as China and the US, the KIBS industry is also growing.\(^3\) Thus, the KIBS industry has become more and more important to economies throughout the world.\(^4\)

Branding scholars, such as David A. Aaker\(^5\), Philip Kotler\(^6\), Karri-Ann L. Kuhn\(^7\), and Geoffrey L. Gordon\(^8\), agree that strong brands can enhance the financial value of companies.\(^9\) In order to optimise the financial potential of KIBS companies, it is therefore pivotal that these companies create strong brands and thus know how to do this efficiently.\(^10\)

Despite the growing importance of the KIBS industry, it seems little has been written about branding in this field, and the branding literature seems to be based solely upon knowledge from manufacturing and service companies. Additionally, although important differences between branding of products and branding of services have been given much attention by scholars such as Adrian Palmer\(^11\), Manfred Bruhn\(^12\) and Dominik Georgi\(^13\) as well as Leslie de Chernatony\(^14\) and

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1. Own calculation based on figures from www.uni-mannheim.de, p. 6; and European Techno-Economic Policy Support Network (2008), p. 9 (15 million people/214.2 million people x 100 = 7%)
5. Consultant and Author on the field of marketing
6. Professor of International Marketing at the Kellogg School of Management, Northwestern University
7. Post-Doctoral Research Fellow and Lecturer in e-Marketing Strategies at the Queensland University of Technology
8. Chair and Professor of Marketing at the Northern Illinois University
11. Associate Professor of Linguistics at the University of Utah
12. Professor in Marketing and Business Management at the University of Basel
13. Professor and Researcher in areas of Retail Banking, Service Marketing and Management, Relationship Marketing, and Service Quality Management at the Frankfurt School of Finance and Management
14. Professor of Brand Marketing at Universita della Svizzera italiana
Francesca Dall’Olmo Riley\textsuperscript{15}, there seems to be a dearth of studies about possible differences between branding of services and B2B products and services and branding of KIBS.\textsuperscript{16} A review of the literature on KIBS reveals that Mats Alvesson\textsuperscript{17} as well as Jari Kuusisto\textsuperscript{18} and Anmari Viljamaa\textsuperscript{19} seem to be the only scholars examining KIBS branding.\textsuperscript{20} Kuusisto and Viljamaa state that KIBS customers are very brand loyal and that relationships between KIBS companies and their customers are long lasting.\textsuperscript{21} Alvesson, however, argues that brand loyalty in a KIBS context depends on the customer’s perception of past experiences with the company and the customer’s overall perception of the company.\textsuperscript{22} He furthermore claims that KIBS customers base their perception of the quality of the brand on the company’s corporate image and its services. Kuusisto and Viljamaa add to this that since determination of KIBS and their values is difficult, personal trust is pivotal in the purchase decision.\textsuperscript{23} The Danish Ministry of Business Affairs examined the KIBS industry and agrees that trust is pivotal to the customers in their purchase decision.\textsuperscript{24} The Ministry furthermore claims that the KIBS industry compete with other KIBS companies as well as the with the customer’s own employees since the customers consider whether its task should be solved by its own employees or by external KIBS companies.\textsuperscript{25}

According to a study conducted by the European Federation of Management Consultancies Association, KIBS customers find it difficult to understand the KIBS industry, to find the proper KIBS company, and to assess the value of KIBS.\textsuperscript{26} This might indicate that KIBS companies do not brand their services efficiently which might be a result of a need for a branding tool in the industry.

\begin{flushleft}
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\textsuperscript{18} Director of Technology at SC-Research, Lappeenranta University of Technology  
\textsuperscript{19} Researcher at SC-Research, Lappeenranta University of Technology  
\textsuperscript{21} Kuusisto, J. and Viljamaa, A. (2004), p. 287  
\textsuperscript{22} Alvesson, M. (1995), pp. 266 - 267  
\textsuperscript{23} Kuusisto, J. and Viljamaa, A. (2004), p. 287  
\textsuperscript{24} Erhvervsministeriet (2000), p. 33  
\textsuperscript{25} Erhvervsministeriet (2000), p. 30  
\textsuperscript{26} Erhvervsministeriet (2000), p. 98
\end{flushleft}
1.1. Aim and problem statement

The overall aim of this master’s thesis is to infer possible needs for a branding tool that suits the KIBS industry. Thus, this master’s thesis addresses the following problem statement:

*To what extent can existing branding theories which are developed with regard to service and B2B product and service branding be successfully applied to the branding of knowledge-intensive business services (KIBS)?*

In order to address this problem statement, the master’s thesis examines the unique characteristics of KIBS and provides preliminary assumptions of these characteristics’ affect on the branding of KIBS. Moreover, the master’s thesis examines existing branding theories which are developed with regard to service and B2B product and service branding in order to determine their unique characteristics. Based on the characteristics of KIBS, the preliminary assumptions, and the characteristics of the existing branding theories examined, the master’s thesis assesses the possible strengths and weaknesses of the branding theories in a KIBS context. The aims are to assess the theories’ strengths and weaknesses in a KIBS context and to infer possible needs for a new branding tool for KIBS. The possible needs for a new branding tool for KIBS are subsequently divided into themes which are used as a basis for interviews with people responsible for the branding of KIBS. The interviews are analysed in order to confirm or disconfirm the possible needs for a new branding tool for KIBS. The master’s thesis ends up with a conclusion on to what extent existing branding theories which are developed with regard to service and B2B product and service branding can be applied successfully to the branding of KIBS and infers possible needs for a branding tool that suits the KIBS industry. The conclusion of the master’s thesis furthermore infers recommendations for further research and discusses the limitations of the thesis.
1.2. Definition of knowledge-intensive business services (KIBS)

In order to address the problem statement, this master’s thesis needs a definition of KIBS that clarifies the unique characteristics of KIBS. This section therefore examines the different definitions of KIBS found in the literature.

A review of the literature about KIBS and KIBS companies reveals many definitions of KIBS.\textsuperscript{27} However, it seems that scholars agree on the unique characteristics of KIBS. Marja Toivonen\textsuperscript{28} defines KIBS companies as “expert companies that provide services to other companies and organizations”.\textsuperscript{29} Lance A. Bettencourt\textsuperscript{30}, Amy L. Ostrom\textsuperscript{31}, Robert I. Roundtree\textsuperscript{32}, and Stephen W. Brown\textsuperscript{33} further clarify the activities of KIBS companies and state that KIBS companies are “enterprises whose primary value-added activities consist of the accumulation, creation, or dissemination of knowledge for the purpose of developing a customised service or product solution to satisfy client’s needs”.\textsuperscript{34} Finally, Pim den Hertog\textsuperscript{35} emphasises the importance of professional knowledge in KIBS companies and thus defines them as private companies or organisations that rely heavily on professional knowledge to supply intermediate knowledge-based products and services.\textsuperscript{36} Based on these three definitions, it can be inferred that KIBS companies are private companies or organisations that provide customised B2B services in terms of professional expert knowledge.

\begin{footnotesize}
\begin{enumerate}[\textsuperscript{27}]
\item E.g. Toivonen, M. (2006); Bettencourt, L. A. et. al. (2002); and den Hertog, P. (2000)
\item Adjunct Professor at the Business, Innovation, Technology Research Centre at the Aalto University School of Science
\item Toivonen, M. (2006), p. 2
\item Senior Consultant with Strategyn and former member of the Marketing Faculty at Indiana University
\item Assistant Professor of Marketing at the Arizona State University
\item Assistant Professor of Marketing at the Arizona State University
\item Professor and Executive Director at the Center for Services Leadership, W. P. Carey School of Business
\item Bettencourt, L. A. et. al. (2002), pp. 100 - 101
\item Research Coordinator of Amsterdam Centre for Service Innovation at the Amsterdam Business School
\item den Hertog, P. (2000), p. 505
\end{enumerate}
\end{footnotesize}
The European Techno-Economic Policy Support (ETEPS) Network expands on the definitions above and states that KIBS are a subcategory of services. Figure 1 below is a summation of the differences between KIBS and other services stated by the ETEPS Network.

Figure 1: The difference between KIBS and other services according to the ETEPS Network

One of the main differences between KIBS and other services that the ETEPS Network emphasises is the fact that KIBS are ‘producer services’ aimed at private B2B companies, non-profit organisations, and the public sector as opposed to ‘customer services’ which are aimed at B2C customers. The ETEPS Network divides B2B services into three subcategories:

* Business services
* Other business-related services
* Consumer services partly used by companies

‘B2B services’ are defined as “intermediate (...) inputs in the manufacturing processes or in the production of other services (...) often co-produced interactively with the client”. ‘Other business-related services’ are services such as transport and logistics and distribution and trade services.

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37 European Techno-Economic Policy Support Network (2008), p. 4
38 Based on the figure in European Techno-Economic Policy Support Network (2008), p. 4
Examples of ‘consumer services partly used by companies’ are business travel, company health services, and social insurance services. As illustrated in the figure above, KIBS and ‘operational business services’ are subcategories of ‘business services’. Examples of ‘operational business services’ are cleaning and security services, secretarial services, and software development. Since KIBS are a subcategory of ‘business services’, it can be inferred that collaboration between the KIBS company and the customer is generally necessary for the production of KIBS.\footnote{European Techno-Economic Policy Support Network (2008), p. 7} According to Bettencourt et. al., the customers’ contribution to the production of the KIBS affects “both the quality of the service outcome and (...) [the customer’s] satisfaction with the service solution provided”.\footnote{Bettencourt et. al. (2002), p. 100}

According to the ETEPS Network, the main differences between KIBS and ‘operational business services’ are that the production of KIBS requires high professional skills and that KIBS are more knowledge-intensive than ‘operational business services’.\footnote{European Techno-Economic Policy Support Network (2008), pp. 5 - 6} Thus, KIBS companies employ a higher proportion of highly educated people than other ‘business services’ companies.\footnote{Erhvervsministeriet (2000), p. 69; and European Techno-Economic Policy Support Network (2008), p. 7} In addition, the Danish Ministry of Business Affairs states that KIBS companies are bridge builders of the knowledge produced outside the customer’s company and the knowledge produced inside the customer’s company.\footnote{Erhvervsministeriet (2000), pp. 29 - 30} The Danish Ministry of Business Affairs argues that KIBS companies are experts of searching for, finding, selecting, and adapt the knowledge relevant to the customers. The service thus consists of transforming this knowledge, which is often abstruse, to tangible competences and knowledge for the customer.\footnote{Erhvervsministeriet (2000), p. 29} Examples of KIBS are highly advanced consulting services, engineering and legal services, and marketing services.\footnote{European Techno-Economic Policy Support Network (2008), p. 6}

1.3. Preliminary assumption

The fact that KIBS are often co-produced with the customer suggests that the importance of a strong relationship between the customer and the KIBS company is higher in the KIBS industry.
than in other service and B2B product and service industries. This master’s thesis thus argues that KIBS companies must make the customer associate the company with being customer-focused and able to co-operate with the customer. Moreover, the thesis argues that it is pivotal that KIBS companies nurture the relationship between the customers and its employees.

The fact that KIBS are more knowledge-intensive and KIBS companies’ have a higher proportion of highly educated people than do other service and B2B companies suggests that KIBS cannot be produced without the individual employees. Thus, this master’s thesis argues that the individual employee is more important in the production of KIBS than in the production of other services and B2B products and services and therefore more important in the branding. As a result, KIBS companies must convince the customer of its employees’ expert knowledge and make sure that its employees act like brand ambassadors in order to create a strong brand.

1.4. Theories and method

This master’s thesis views branding as a communicative tool to differentiating companies from competitors and thus enhancing the financial value of the company. The brand construct is perceived as more than just a company’s logo and name. A brand is perceived as the visual and verbal communication from a company as well as its employees’ behaviour.

The master’s thesis examines existing branding theories which are developed with regard to service and B2B product and service branding in order to clarify the important characteristics of them in relation with the problem statement. The branding theories employed in this master’s thesis are chosen due to their acknowledgement in the field and their application in addressing the problem statement.

In order to examine how the branding theories examined approach the creation of a strong brand, the creation of brand equity in the different theories is examined. The sources as well as the creation of brand equity are approached from a communicative perspective and the master’s thesis thus examines how to communicate in order to build a strong brand.
Since KIBS are services, it can be assumed that existing branding theories which are developed with regard to service branding might be successfully applied to the branding of KIBS to a certain extent. Thus, this master’s thesis examines service branding theories such as the theories of Kotler et. al. and Palmer in order to clarify the important characteristics of them and address the problem statement.\(^{48}\)

Since KIBS are B2B services, it can be assumed that existing branding theories which are developed with regard to B2B branding might be successfully applied to the branding of KIBS to a certain extent. Thus, this master’s thesis examines B2B branding theories such as the theories of Kotler and Waldemar Pfoertsch\(^ {49}\), Kim et. al. as well as Kuhn, Frank Alpert\(^ {50}\) and Pope Nigel K. Ll.\(^ {51}\) in order to clarify the important characteristics of them and address the problem statement.\(^ {52}\)

The master’s thesis also examines theories on corporate branding such as the theories of Keller\(^ {53}\), Hatch and Schultz\(^ {54}\) as well as Juntunen et. al.\(^ {55}\) since scholars argue that corporate branding is important in a B2B context.\(^ {56}\)

The aims of identifying the characteristics of the branding theories examined are to identify the theories’ strengths and weaknesses in a KIBS context and to infer possible needs for a new branding tool for KIBS.

The results are then used as a basis for four semi-structured interviews with people responsible for the branding of global KIBS companies. The aim of the interviews is to confirm or disconfirm the possible needs for a new branding tool for KIBS. The findings of the interviews are then used as the basis for a conclusion on to what extent the existing branding theories can be successfully applied to the branding of KIBS. Finally, the master’s thesis infers possible needs for a branding tool that suits the KIBS industry.

\(^{48}\) Kotler, P. et. al. (2009); and de Chernatony, L. and Segal-Horn, S. (2001)
\(^{49}\) Associate Professor of Marketing at China Europe International Business School
\(^{50}\) Member of Brands and Sponsorship research group and Marketing teaching group at the University of Queensland
\(^{51}\) Associate Professor of Marketing at the Griffith University
\(^{52}\) Kotler, P. and Pfoertsch, W. (2007); Kim, J. et. al. (1998); and Kuhn, K. L. et. al. (2008)
\(^{53}\) Keller in Schultz, M. et. al. (2000)
\(^{54}\) Hatch, M. J. and Schultz, M. (2008)
\(^{55}\) Juntunen, M. et. al. (2011)
2. Theories

As mentioned in the introduction, this chapter examines the characteristics of service branding, B2B branding, and corporate branding.

According to Kotler and Pfoertsch, the overall aim of branding is to ensure the future success of the company. In order to do this, the company must build a strong brand which creates competitive advantages and provides predictability and security of demand for the company.

According to Aaker, a successful creation of a strong brand provides the company with assets and liabilities linked to its brand or with brand equity.

The chapter thus takes its starting point in a definition of brand equity in order to examine how companies can create strong brands. The different theories’ approaches to creating brand equity are further examined in the different sections about the theories.

2.1. Brand equity

The concept of brand equity has its roots in the product branding literature, as the first author to define this concept was Aaker who based his studies on product branding. According to Narumon Kimpakorn and Gerard Tocquer, there are two aspects of brand equity: a financial and a marketing aspect. The financial approach views brand equity as “a monetary value to the brand that can be useful for managers in case mergers, acquisitions or divestiture purpose”. The marketing approach views brand equity from a customer perspective. According to Kimpakorn and Tocquer, the financial approach “does not help marketers to understand the process of building

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58 Kotler, P. et. al. (2009), p. 275
61 PhD at the Faculty of Business Administration, Chiang Mai University
62 Associate Professor in the College of Management, Mahidol University
64 Kimpakorn, N. and Tocquer, G. (2010), p. 379
brand equity” which does the marketing approach. Accordingly, this master’s thesis views brand equity from a marketing perspective and solely employs branding theories that have a marketing perspective on brand equity.

According to Gordon, Roger J. Calantone, and C. Anthony di Benedetto, brand equity is defined by the customer and is “the culmination of a customer’s assessment of the product, the company which manufactures and markets the product and all other variables which have an impact on the product between manufacturer and customer consumption”. Aaker states that brand equity generates value to both the company and the customer by enhancing the company’s competitive advantages and the customer’s confidence in the purchase decision. Galina Biedenbach and Agneta Marell claim that “high levels of positive brand equity (...) result in customers’ willingness to pay a price premium [and] recommend the brand (...) which in turn creates opportunities [for the company] for generating higher revenues”. Aaker agrees and argues that investing in building brand equity “will enhance the value of the brand”.

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66 Professor of Marketing and Decision Sciences at the Michigan State University
67 Professor of Marketing and Senior Washburn Research Fellow at Temple University
68 Gordon, G. L. et. al. (1993), p. 5
70 PhD Candidate and Lecturer at Umeå School of Business, Umeå University
71 Professor of Marketing at Umeå School of Business, Umeå University
Aaker and Erich Joachimsthaler\textsuperscript{74} argue that there are four major sources of brand equity: brand awareness, perceived quality, and brand associations, brand loyalty.\textsuperscript{75} Aaker furthermore states that a fifth asset creating brand equity is ‘other proprietary assets’ which are e.g. patents and trademarks.\textsuperscript{76} However, this asset is not further examined in this master’s thesis since it has no relevance to the field of branding. According to Aaker, the four major sources of brand equity have causal interrelationships and are as such dependent on each other.\textsuperscript{77} Aaker and Joachimsthaler’s brand equity model is depicted below:

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{model.png}
\caption{Aaker and Joachimsthaler’s brand equity model\textsuperscript{78}}
\end{figure}

According to Aaker and Joachimsthaler, brand awareness is “the strength of a brand’s presence in the consumer’s mind”.\textsuperscript{79} Aaker argues that brand awareness is a continuum ranging from unawareness of the brand to brand recognition, brand recall, and top of mind.\textsuperscript{80} Top of mind is the optimum level of brand awareness. Aaker claims that brand awareness tends to bring along positive feelings about a brand for the customer regardless of the level of awareness and regardless of whether the context is positive or negative.\textsuperscript{81} Gordon et. al. agree on this and argue

\textsuperscript{74} PhD and Author of articles on Strategy, Branding, and Marketing in academic and business journals
\textsuperscript{75} Aaker, D. A. and Joachimsthaler, E. (2002), p. 17
\textsuperscript{76} Aaker, D. A. (1991), p. 21
\textsuperscript{77} Aaker, D. A. (1991), p. 43
\textsuperscript{78} Aaker, D. A. and Joachimsthaler, E. (2002), p. 17
\textsuperscript{80} Aaker, D. A. (1991), pp. 61-62
\textsuperscript{81} Aaker, D. A. (2002), p. 10
that customers tend to prefer recognised brands over unknown brands. According to Aaker, brand awareness creates value to the brand owner by tying the brand name to brand associations, creating a sense of familiarity to the brand, creating substance to the brand, and making the brand a brand that the customer will consider to buy. These things can make it more possible that the customer will choose the brand over competing brands. According to Aaker, brand awareness is created by exposing the brand to the customer as often as possible since every time the customer sees the brand, brand awareness increases. Brand awareness can for example be built if a company is different, involves a slogan or a jingle, employs a symbol, or sponsors events as part of it communicative strategy.

According to Aaker, perceived quality is not identical with the real quality of the product or service but is defined as the individual customer’s perception of “the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives”. According to Gordon et al., perceived quality can justify a higher price than the competitors’ to the customer. Additionally, Aaker argues that perceived quality creates value to the brand owner by e.g. giving the customers a reason to buy and differentiating the brand from competing brands. In order to improve the perceived quality, the company’s quality claims must be true to the real quality of the product or service and the company must deliver high-quality products or services.

Aaker claims that brand associations are the associations that the customers make with the brand, i.e. the brand’s meaning to the customers. These associations can be both positive and negative and is the basis for the customers’ purchase decision and brand loyalty. Brand associations can influence the way the customers interpret facts about the product or service communicated by the brand owner. If the associations are positive, they can be a barrier to competitors and help differentiating the brand from competitors. According to Aaker, brand associations furthermore create value to the brand owner by e.g. differentiating the brand, generating a reason for the

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85 Aaker, D. A. (1991), pp. 72-76
customers to buy the brand, and creating positive attitudes towards the brand. To build positive brand associations, the brand owner must choose a positioning strategy and link the brand to associations relevant to the brand. Examples of associations chosen by a brand owner are product characteristics, intangibles, customer benefits, celebrities, product class, and competitors.

According to Aaker and Joachimsthaler, brand loyalty is the loyalty that the customer has to the brand and is often the core of a brand’s equity. Brand loyalty only exists with prior purchase and use experience. Gordon et. al. state that brand loyalty helps creating and enhancing brand equity since it reduces marketing costs and thus generates value to the brand owner. This is due to the fact that loyal customers can create competitive advantages and help attract new customers, which spares the company from spending money on attracting new customers. According to Aaker, brand awareness, perceived quality, and an effective and clear brand identity can contribute to developing or strengthening the customers’ brand loyalty. Aaker claims that the stronger and the more positive a relationship the customers have with the brand, the higher loyalty they will have to the brand. This indicates that creating a strong and positive relationship between the customer and the brand will enhance brand loyalty. Aaker argues that brand loyalty can be enhanced by e.g. treating the customers well, staying close to the customer, managing customer satisfaction, and providing the customers with extra unexpected services.

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98 Gordon, G. L. et. al. (1993), p. 5
Kevin Lane Keller\textsuperscript{102} claims that Aaker’s brand equity model examined above is insufficient due to its brand owner approach.\textsuperscript{103} According to Keller, the customer is essential in the creation of brand equity and he therefore created a new model of brand equity: the customer-based brand equity pyramid (the CBBE model), depicted below.\textsuperscript{104}

The CBBE model illustrates brand building as a sequence of six steps or ‘brand building blocks’.\textsuperscript{106} Each brand building block is dependent on a successful achievement of the objective of the previous block. If the brand reaches the top of the pyramid, it has achieved significant brand equity. This perception of the relationship between the different sources of brand equity is almost consistent with Aaker’s perception since Aaker claims that the sources of brand equity have a causal interrelationship.\textsuperscript{107} However, Aaker does not state any fixed order of the sources.

\textsuperscript{102} Professor of Marketing at the Tuck School of Business, Dartmouth College
\textsuperscript{103} Keller, K. L. (2008), p. 60
\textsuperscript{104} Keller, K. L. (2008), p. 60
\textsuperscript{105} Keller, K. L. (2008), p. 60
\textsuperscript{106} Keller, K. L. (2008), pp. 60 - 74
\textsuperscript{107} Aaker, D. A. (1991), p. 43
‘Salience’, at the bottom of the pyramid, measures the customer’s brand awareness. Keller states that the level of brand awareness can be measured as the depth of brand awareness and the breadth of brand awareness. The depth of brand awareness refers to “how likely it is for a brand element to come to mind, and the ease with which it does so.”\(^{108}\) The breadth of brand awareness is “the range of purchase and usage situations in which the brand element comes to mind”.\(^{109}\) The objective of this block is to achieve as deep and broad brand awareness as possible. According to Keller, salience is built by ensuring that the customer understands which needs the brand can satisfy and what product category it belongs to.\(^{110}\)

‘Performance’ and ‘imagery’ refer to the customer’s brand associations. ‘Performance’ refers to tangible aspect of the brand and is defined as how well the product or service meets the customer’s functional needs and requirements including dimensions that differentiate the brand from competing brands. Keller defines five types of attributes and benefits that underlie brand performance:\(^{111}\)

* Primary ingredients and supplementary features
* Product reliability, durability, and serviceability
* Service effectiveness, efficiency, and empathy
* Style and design
* Price

According to Keller, customers often have opinions about “the levels at which the primary ingredients of the product operate, and about special (...) features or secondary elements that complement these primary ingredients.”\(^{112}\) Keller also claims that customers have associations about the reliability of a brand, i.e. the brand’s consistency of performance over time, the durability of a brand, i.e. the expected economic life of the product, and the serviceability of a brand, i.e. the ease of repairing the product if needed. The associations that the customer makes with the service effectiveness, efficiency, and empathy of a brand refer to the brand’s success in satisfying the customer’s service requirements, the speed and responsiveness of the service, and

\(^{110}\) Keller, K. L. (2001), p. 16
\(^{111}\) Keller, K. L. (2008), p. 65
\(^{112}\) Keller, K. L. (2008), p. 65
how e.g. trusting and caring the service provider is seen. The style and design associations refer to considerations that the customer can have about the size, shape, and smell of the product.

‘Imagery’ refers to more intangible aspect of the brand and is defined as how well the product or service meets the customer’s psychological or social needs. Keller defines four main intangibles linked to the brand:

* User profiles
* Purchase and usage situations
* Personality and values
* History, heritage, and experiences

According to Keller, the user profiles associations of a brand might include attitudes toward life, careers, possessions, social issues, or political institutions. The purchase and usage situations associations are associations about when and where to buy the brand. The personality and values of a brand refer to personality traits that the customer associates with the brand such as modern, lively, or exotic. The history, heritage, and experiences refer to associations based on e.g. the customer’s past experiences with the brand or the brand’s history. The objective of the ‘performance’ and ‘imagery’ blocks is to create strong, favourable, and unique brand associations. According to Keller, brand associations can be formed from a customer’s own experiences and contact with the brand or through e.g. advertising or word-of-mouth. The brand associations described above help producing brand responses or ‘judgements’ and ‘feelings’ that are placed on the next step in the pyramid.

‘Judgements’ refer to “the customers’ personal opinions about and evaluations of the brand”. The customer makes judgements about the perceived quality of the brand, the brand’s credibility, the brand’s relevance to the customer, and the brand’s superiority over competing brands.

‘Feelings’ refer to “the customer’s emotional response and reaction to the brand and the social currency evoked by the brand”. The objectives of the ‘judgements’ and ‘feelings’ blocks are to

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117 Keller, K. L. (2008), p. 68
create positive feelings about the brand and to make the brand responses come to mind when the customer think of the brand. In order to create positive judgements and feelings about the brand, the company must provide high-quality products that are relevant to the customers and be credible and superior to competitors.\textsuperscript{119}

The last block at the top of the pyramid ‘Resonance’ refers to \textit{“the ultimate relationship and level of identification that the customer has with the brand”}.\textsuperscript{120} Keller divides ‘resonance’ into two different dimensions: \textit{“the depth of the psychological bond that customers have with the brand”} and \textit{“the level of activity engendered by this loyalty”}.\textsuperscript{121} These two dimensions are divided into four categories:

* Behavioural loyalty
* Attitudinal attachment
* Sense of community
* Active engagement

Behavioural loyalty is how often the customers purchase the brand and how much they purchase. Attitudinal attachment refers to when customers feel attached to the brand in a way that make them prefer the brand over competing brands. Sense of community refers to when a customer feel some kind of affiliation with other people associated with the brand, i.e. a brand community. According to Keller, active engagement is perhaps the strongest affirmation of brand loyalty since this category refers to when a customer is willing to offer time and energy in a brand.\textsuperscript{122}

The objective of the ‘resonance’ block is to achieve intense and active brand loyalty. Keller does not say anything explicitly about how to build brand loyalty. However, the fact that he argues that each brand building block depends on a successful achievement of the objective of the previous block indicates that the creation of brand loyalty is dependent on the creation of salience, performance, reputation, judgements, imagery, and resonance.\textsuperscript{123}

\begin{flushleft}
\textsuperscript{118} Keller, K. L. (2008), p. 68  \\
\textsuperscript{119} Keller, K. L. (2008), p. 68  \\
\textsuperscript{120} Keller, K. L. (2008), p. 72  \\
\textsuperscript{121} Keller, K. L. (2008), p. 72  \\
\textsuperscript{122} Keller, K. L. (2008), p. 74  \\
\textsuperscript{123} Keller, K. L. (2008), pp. 60 - 74
\end{flushleft}
2.2. Service branding

The service branding literature emphasises important differences between services and products resulting in different approaches to branding in the two fields. Based on a review of the service branding literature, it can be assumed that the main difference between services and products is the fact that services are:

* Intangible
* Inseparable
* Heterogeneous
* Perishable

The majority of the service branding literature seems to argue that these differences should be diminished in order to brand services successfully. However, Stephen L. Vargo and Robert F. Lusch argue that these differences should be seen as advantages rather than disadvantages. They claim that existing service branding theories approach branding of services from a product perspective, that the service characteristics are “inaccurate and misleading about the nature of market offerings”, and that their implications for marketing strategies are “contradictory to a market and consumer orientation”. Based on these assumptions, Vargo and Lusch state that the implications of the service characteristics should be inverted in relation to existing theories’ approach.

According to Palmer, the intangibility of services makes it difficult for the customer to evaluate competing services and induces a high level of perceived risk for the customer in the purchase decision. Palmer states that in order to make it easier for the customer to evaluate competing services and products, the service branding literature suggests promoting the intangible aspects of services.
services and reduce the perceived risk, the service provider must reduce the complexity of the service, stress tangible cues, and build a strong relationship to the customer.\textsuperscript{133} According to de Chernatony and Segal-Horn\textsuperscript{134}, intangibility of the service can be diminished by communicating a corporate identity.\textsuperscript{135} Kotler and Armstrong furthermore claim that the intangibility of services can be reduced by providing the customer with organised and honest evidence of the service provider’s capabilities.\textsuperscript{136}

As mentioned above, Vargo and Lusch disagree with this approach and argue that the intangibility of services should not result in an attempt to create tangible cues.\textsuperscript{137} They claim that intangibility does not make customers avoid purchase and emphasise the fact that intangibles such as brand image are more important to customers than tangible cues. Accordingly, Vargo and Lusch argue that unless tangibility has a marketing advantage, it should be reduced rather than emphasised in order to brand services successfully.\textsuperscript{138}

According to Palmer, the inseparability of services also creates a high level of perceived risk in the purchase decision.\textsuperscript{139} He states that the production and the consumption of the service are inseparable due to the fact that services are often co-produced with the customer. This results in variability in service quality, and Palmer argues that the service producer must therefore attempt to separate the production and the consumption of the service and facilitate the complex producer-customer interaction.\textsuperscript{140}

Conversely, Vargo and Lusch argue that the inseparability of services should be enhanced by maximising the customer’s involvement in the production of the service.\textsuperscript{141} They state that inseparability is a positive characteristic of services since the customer’s involvement in the production of the service creates a positive perceived quality.\textsuperscript{142}

\textsuperscript{133} Palmer, A. (1998), pp. 12 and 94
\textsuperscript{134} Professor of International Strategy at the University of Kent
\textsuperscript{135} de Chernatony, L. and Segal-Horn, S. (2001), p. 646
\textsuperscript{136} Kotler, P. and Armstrong, G. (2010), p. 269
\textsuperscript{137} Vargo, S. L. and Lusch, R. F. (2004), p. 328
\textsuperscript{138} Vargo, S. L. and Lusch, R. F. (2004), p. 327
\textsuperscript{139} Palmer, A. (1998), pp. 12 - 14
\textsuperscript{140} Palmer, A. (1998), p. 13
\textsuperscript{142} Vargo, S. L. and Lusch, R. F. (2004), p. 330
According to de Chernatony and Riley, the fact that services are heterogeneous also results in variety in the service quality. In order to reduce this variety, de Chernatony and Riley claim that the company must make the practice of marketing every employee’s responsibility and thereby ensure control of the quality. Furthermore, they state that the service provider should attempt to make the services more standardised by planning, controlling, and automating the service process. Vargo and Lusch disagree with this approach as well and argue that services should be customised rather than standardised since the standardisation approach is a marketing approach rather than a customer approach. In order to improve the customer’s perceived quality of the service, the company must therefore customise the services rather than standardise them.

The fact that services are perishable means that they cannot be produced before consumption. According to Palmer, this results in augmented perceived risk in the purchase decision as opposed to the level of perceived risk in the purchase decision of products. According to de Chernatony and Riley, this disadvantage can be overcome by building upon the company’s corporate image and reputation.

Vargo and Lusch argue that service companies should maximise service flows in order to brand services successfully.

2.2.1. Service brand equity

Balaji C. Kimpakorn and Michael D. Tocquer as well as Krishnan and Hartline agree on the fact that brand equity has the same meaning for products and services. As mentioned above in section 2.1., Aaker states that brand equity can enhance the customer’s confidence in the

143 de Chernatony, L. and Riley, F. D. (1999), p. 182
147 de Chernatony, L. and Riley, F. D. (1999), p. 183
149 Associate Professor in the Department of Marketing and Supply Chain Management in the Fogelman College of Business and Economics, University of Memphis
150 Associate Professor of Marketing at the School of Business, Samford University
purchase decision. According to Leonard L. Berry, strong service brands increase “customer’s trust of invisible products while helping them to better understand and visualise what they are buying”. Berry further states that a strong service brand reduces the customer’s perceived risk in buying the service.

A review of the service branding literature reveals that there are at least two different approaches to service branding: a customer approach and an employee approach. A review of the literature on the customer approach to service branding reveals that there are different sources of brand equity in the product and the service field. According to Berry, there are three main sources of service brand equity: the company’s presented brand, external brand communications, and customer experience with the company. The company’s presented brand is the company’s controlled communications, such as its advertising, and the external brand communications is the company’s uncontrolled communications, such as media publicity and word of mouth. Customer experience occurs when the customer interacts with the service provider.

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153 Professor of Marketing and Humanities in Medicine at the Texas A&M University
155 Berry, L. L. (2000), p. 128
Berry as well as de Chernatony and Segal-Horn argue that one of the main differences between product branding and service branding is the fact that customer experience is more important to service branding than to product branding.\textsuperscript{160} Figure 4 below illustrates Berry’s service branding model.

![Berry's service branding model](image)

Berry states that service brand equity consists of two components: brand meaning and brand awareness.\textsuperscript{162} Brand meaning is defined as “the customer’s dominant perceptions of the brand”.\textsuperscript{163} It is comprised of the customer’s impression of the brand and the brand associations which derives from the customer’s experience with the company. Brand meaning corresponds to Aaker and Joachimsthaler’s definitions of perceived quality and brand associations. Berry argues that the customer’s experience with the service provider is the primary source of brand meaning.\textsuperscript{164} However, brand meaning can also be influenced by the service provider’s controlled and uncontrolled brand communications depending on the context. For example, new customers with

\begin{figure}[h!]
\centering
\includegraphics[width=\textwidth]{image}
\caption{Berry’s service branding model\textsuperscript{161}}
\end{figure}

\begin{thebibliography}{99}
\bibitem{Berry2} Berry, L. L. (2000), p. 130
\bibitem{Berry3} Berry, L. L. (2000), p. 130
\bibitem{Berry4} Berry, L. L. (2000), p. 129
\bibitem{Berry5} Berry, L. L. (2000), p. 129
\end{thebibliography}
no experience with the company must build their image of the brand solely upon the company’s controlled and uncontrolled communications.\(^\text{165}\)

Berry defines brand awareness as “the customer’s ability to recognise and recall the brand when provided a cue” which corresponds to Aaker and Joachimsthaler’s definition, mentioned in section 2.1.\(^\text{166}\) According to Berry, the primary source of brand awareness in the service field is the service provider’s controlled communications but he claims that, in some occasions, the service provider’s uncontrolled communications can also build brand equity.\(^\text{167}\)

Berry’s service branding model indicates that in order to successfully build service brand equity, the company must focus on its controlled communications and the customers’ experiences with the company. The company must also be aware of its uncontrolled communications, but according to Berry, uncontrolled communications typically reach fewer people than controlled communications.\(^\text{168}\)

The main differences between Aaker and Joachimsthaler’s model of brand equity and Berry’s model of service branding are that Berry does not state anything about brand loyalty and that he argues that brand awareness and brand meaning are components of brand equity as opposed to sources of brand equity. However, Berry argues that the company’s presented brand, external brand communications, and customer experience with the company are sources of brand equity. In Aaker’s model, these are not illustrated but Aaker claims that the customer’s experience with the company and the company’s presented brand build brand awareness, perceived quality, brand associations and brand loyalty. Moreover, Aaker’s model does not contain external brand communications.

\(^{165}\) Berry, L. L. (2000), p. 129
\(^{167}\) Berry, L. L. (2000), p. 130
\(^{168}\) Berry, L. L. (2000), p. 129
Kimpakorn and Tocquer argue that the service branding literature reveals six relevant dimensions for measuring brand equity in the service branding field:

* brand awareness
* perceived quality
* brand differentiation
* brand associations
* brand trust
* brand relationship

Having reviewed the service branding literature it seems that no scholars but Berry, examines the creation of brand awareness in a service context.170

According to de Chernatony and Segal-Horn, the interaction between the customer and the service provider plays an important role in the perception of the quality of a service brand.171 Grönroos agrees and states that customers' judgement of the quality of a service is based on the outcome of the service as well as the process of the service.172 In addition, Berry states that customers base their judgement of the perceived quality of a service on the reliability of the service provider.173 In a service context, studies have furthermore shown that the perceived quality depends on the quality of the service’s tangibles and reliability and the service company’s employees’ competence, responsiveness and empathy.174 Improving these aspects will therefore improve the perceived quality of a service brand.

According to Berry, brand differentiation is one of the primary sources of service brand equity.175 Kimpakorn and Lusch define brand differentiation as “the degree to which the (...) brand is perceived as different from its competitors into the customer’s mind”.176 In agreement with this definition, Berry argues that a service provider’s brand differentiation should be important to the

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170 Berry, L. L. (2000), p. 130
175 Berry, L. L. (2000), p. 131
176 Kimpakorn, N. and Tocquer, G. (2010), pp. 379
According to Kimpakorn and Lusch, brand differentiation is built on the customer’s experience with the service brand. According to de Chernatony, an important basis for brand differentiation is the fact that the service provider’s employees are committed to the company’s values and behave in a way that reinforces the values. Berry agrees and states that “the more [service] providers internalise the concept and values of the service, the more consistently and effectively they are likely to perform it.”

According to Kimpakorn and Tocquer, brand associations in a service branding context are divided into associations related to the core service and associations related to facilitating and supporting services. Narumon Kimpakorn and Gerard Tocquer state that the customers’ experience in the interaction with the service provider is “an important tool in shaping opinions and determining future associations between a customer and the brand.” Figure 5 below is de Chernatony’s illustration of the relation between the service brand’s values and customer satisfaction:

![Diagram](image)

Figure 5: The relation between the service brand’s values and customer satisfaction

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177 Berry, L. L. (2000), p. 131
182 Ph.D. at the Faculty of Business Administration, Chiang Mai University
183 Associate Professor at the College of Management, Mahidol University
The figure above shows that if the core values of the service brand are recognised by the employees, it results in a particular style of behaviour from the employees. This style of behaviour corresponds with the brand values and the employees will therefore deliver the service in accordance with the values promised by the company which leads to customer satisfaction. Thus, making the employees recognise the brand values will create customer satisfaction and positive associations.

Kimpakorn and Tocquer define brand trust as “a psychological state that exists when one party has confidence in an exchange partner’s reliability and integrity”. They argue that positive brand trust can be built by enhancing the relationship between the customer and the service provider. Conversely, Berry states that true relationships between the service provider and the customers cannot be built without brand trust. Berry adds to this that the reliability, competence and fairness of the service provider are important features in the creation of brand trust. According to Berry, brand trust leads to brand loyalty.

Brand relationship is identical to brand loyalty, examined above in section 2.1. However, Berry and Kimpakorn and Tocquer perceive brand loyalty as an outcome of brand equity whereas Aaker and Joachimsthaler as well as Keller argue that brand loyalty is a part of brand equity. According to Kimpakorn and Tocquer, brand relationship is the ultimate goal of brand building. According to Palmer, a strong relationship between the service provider and the customer often makes the customer more brand loyal.

Ceridwyn King and Debra Grace argue for a new employee-based model of service brand equity. They state that the importance of the employees in a service context should be
acknowledged and that the employees must understand and execute the brand in the manner intended by the company. King and Grace claim that, as a consequence of the employees’ importance, building brand equity should be viewed from an employee based perspective.\textsuperscript{196} The employee based brand equity (EBBE) approach differs from the other theories examined since it does not state anything about the customers’ awareness of the brand, their associations about the brand or their loyalty to the brand. King and Grace, however, argue that EBBE contributes to CBBE.\textsuperscript{197} Figure 6 below shows their model of (EBBE):

![Diagram of King and Grace’s Employee Based Brand Equity (EBBE) model](image)

King and Grace define EBBE as “the differential effect that brand knowledge has on an employee’s response to their work environment”.\textsuperscript{199} To create EBBE, the company must therefore strive to make the brand meaningful to its employees in order for them to understand the brand in the context of their roles and responsibilities. Gaining this appropriate brand knowledge will then make the employees communicate the brand successfully to the customers which leads to

\textsuperscript{196} King, C. and Grace, D. (2009), p. 124
\textsuperscript{197} King, C. and Grace, D. (2009), p. 123
\textsuperscript{198} King, C. and Grace, D. (2009), p. 136
\textsuperscript{199} King, C. and Grace, D. (2009), p. 130
The three main sources of EBBE are internal brand management, employee brand knowledge effects and EBBE benefits. According to King and Grace, the three sources are causally related. However, their EBBE model is somewhat misleading in that it does not show these relationships.

Internal brand management is concerned with facilitating information about the brand in order to enable the employees to understand their role in delivering the brand promise.

Generating information about the employees’ capabilities, needs, and wants enables the company to respond to these capabilities, needs and wants through improved internal system and procedure, training of the employees and developed and enhanced services. The information generation strengthens the company’s ability to successfully present brand information to the employees.

Knowledge dissemination focuses on “translating brand information in a manner that is relevant and meaningful to the employee’s job”. One way to do this is to provide the employees with information that creates a link between the externally promoted brand identity and the employees’ roles and responsibilities.

In order to create effective internal management, the employees must recognise the information generation and the knowledge dissemination and be engaged. This requires that the company treats the employees with respect and dignity and engenders employees that are open to the company’s internal communications and believe that the company treats them like human beings (the ‘H’ factor).

Employee brand knowledge effects are outcomes of successful internal brand management. Successful internal brand management engenders employees that are sure about their role and committed to the brand.

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200 King, C. and Grace, D. (2009), p. 130
204 King, C. and Grace, D. (2009), p. 132
205 King, C. and Grace, D. (2009), p. 133
As a result of the employee brand knowledge effects, EBBE effects, which are measurable company benefits, derive. The creation of these effects depends on the fact that the employees exhibit brand citizenship behaviour, that they are satisfied with their jobs, intend to stay within the company, and talk positively about the company to external stakeholders.

2.3. B2B branding

As mentioned in the introduction, the branding literature previously focused almost exclusively on B2C markets. Many B2B strategists believed that branding belonged in the B2C market and claimed that it added but little value to B2B products and services. According to Donna F. Davis, Susan L. Golobic, and Adam J. Marquardt, the importance of brands in the B2B market was perhaps considered for the first time in 1980 by Marketing Professor Theodore Levitt. However, Kotler and Pfoertsch state that the real importance of branding in the B2B field was not acknowledged until the beginning of the 21st century.

In 2004, Mike Bendixen, Kalala A. Bukasa, and Russell Abratt stated that studies have ascertained that branding in the B2B market works. Kotler and Pfoertsch as well as Michell et. al. elaborate on this statement and argue that branding is relevant in a B2B context since it reduces the customer’s perceived risk, creates value added and image benefit, and enhances the corporate reputation.

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208 King, C. and Grace, D. (2009), p. 139
211 Assistant Professor of Marketing at the Rawls College of Business, Texas Tech University
212 Assistant Professor of Marketing at the University of Oregon
213 Assistant Professor of Marketing at the Robins School of Business, University of Richmond
214 Davis, D. F. et. al. (2008), p. 219
216 Assistant Dean of the Faculty of Commerce Law and Management, University of the Witwatersrand
217 Graduate Researcher at the Graduate School of Business Administration, University of the Witwatersrand
218 Professor of Marketing at the Huizenga School of Business and Entrepreneurship, Nova South-eastern University
One of the main differences between B2C and B2B markets is the fact that the purchase of a product or service in a B2B context is not made for personal account or consumption, but for organisational purposes. Accordingly, Homburg et. al. also state that “the role of brands in reducing the perceived risk of a purchase is likely to be stronger [in a B2B context than in a B2C context] because buyers face two types of risk: organisational risk and personal risk”. Furthermore, a review of the B2B branding literature reveals that scholars agree on the fact that B2B purchase decisions are more complex than B2C purchase decisions which generates a higher perceived risk.

2.3.1. B2B brand equity

In the B2B branding literature, there has also been a discussion about the importance of brand equity and about how to create brand equity in B2B markets. Davis et. al. state that brand equity in a B2B context provides “a powerful source of competitive advantage in the form of increased brand loyalty and improved customer retention levels.” According to James G. Hutton and Galina Biedenbach and Agneta Marell, brand equity results in B2B buyers’ willingness to pay a higher price for a well-known brand than for an unknown brand.

John Kim, David A. Reid, Richard E. Plank, and Robert Dahlstrom claim that “models of brand equity developed for consumer markets may not readily transfer to business-to-business markets”. Thus, taking the unique characteristics of the B2B market into consideration, Kim et.

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222 Homburg, C. et. al. (2010), p. 201
224 Davis, D. F. et. al. (2008), p. 220
225 Professor of Marketing and Communications in the Department of Marketing and Entrepreneurship, Farleigh Dickinson University
227 Associate Professor of Marketing at the School of Business Administration, Oakland University
228 Professor of Sales and Business Marketing at the College of Business Administration, University of Toledo
229 Associate Professor of Marketing at the Haworth School of Business, Western Michigan University
230 Professor of Marketing at the Gatton College of Business and Economics, University of Kentucky
231 Kim, J. et. al. (1998), p. 67
al. propose a new brand equity model, built upon Aaker’s brand equity model examined in section 2.1. Their model is depicted below.

Figure 7: Kim et. al.’s B2B brand equity model

Kim et. al. claim that brand equity in B2B markets is a result of seller variables and the seller’s marketing efforts, which are moderated by two different external factors: environmental and buying firm factors. This approach differs significantly from the approaches of Aaker, Keller, Berry, as well as King and Grace since it states that there are factors influencing the sources of brand equity and says nothing about an interrelationship between the sources of brand equity. Furthermore it differs from the theories of Aaker, Keller, and Berry since it does not state anything about the customers’ awareness of the brand, their associations about the brand or their loyalty to the brand. Additionally, like Aaker’s theory, Kim et. al.’s theory is focused on the company as opposed to Keller’s and Berry’s theories that are focused on the customers and King and Grace’s theory that is focused on the employees.

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232 Kim, J. et. al. (1998), p. 68
233 Kim, J. et. al. (1998), p. 68
The ‘Seller Variables / Marketing Efforts’ box in Kim et. al.’s model illustrates the sources of B2B brand equity. These sources are seller variables, such as the company’s service levels and the relationship between the salesperson and the customer, and the seller’s marketing efforts, such as information sources, e.g. salespersons, exhibitions, direct mail, press releases, and word-of-mouth. The seller’s marketing efforts are thus perceived as the company’s controlled and uncontrolled communications.

As mentioned above, Kim et. al. state that the sources of brand equity are influenced by environmental factors and buying firm factors. Environmental factors are the competition in the market, uncertainty of the market environment, and non-commercial information such as word-of-mouth and trade articles. Buying firm factors are those factors “related to the company, the product, and the individual within the buying firm”.

Kim et. al.’s model indicates that in order to build B2B brand equity the company must enhance e.g. the information sources, the service levels, and the relationship between the customer and the salesperson.

Keller claims that his CBBE model, examined in section 2.1., can be used in both B2C and B2B markets since it approaches brand equity from the perspective of the customer which he claims can be both an individual and a company. However, Frank Alpert Kuhn and Pope Nigel K. Ll. disagree on the fact that Keller’s CBBE model can be used in B2B markets. They argue that the model is insufficient in a B2B context claiming that “what makes a brand valuable in a B2B context (...) differ[s] from that in a consumer environment”. Kuhn et. al. state that one of the most important differences between B2C branding and B2B branding is the fact that more people are involved with the purchase decision of a B2B product or service than with the purchase decision of

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235 Kim, J. et. al. (1998), pp. 69-73
236 Kim, J. et. al. (1998), pp. 74 - 78
237 Kim, J. et. al. (1998), p. 78
239 Member of Brands and Sponsorship research group and Marketing teaching group at the University of Queensland
240 Associate Professor at Griffith Business School, Griffith University
241 Kuhn, K. L. et al. (2008), p. 41
a B2C product or service.243 Rozin as well as Kotler and Pfoertsch agree and state that the B2B buying process involves more people, more technical and economic consideration, more risk in the buying process, and is more complex than the B2C buying process.244

Since Keller’s CBBE model focuses on an individual person’s perception of the brand, Kuhn et. al. revised the model to focus on the perception of the brand of more people. Their revised model takes the unique characteristics of B2B products and services into consideration. However, the model seems rather focused on products and Kuhn et. al. do not indicate anything about service characteristics. Kuhn et. al.’s model is depicted below.245

![Kuhn et. al.'s revised CBBE model for B2B](image)

Figure 8: Kuhn et. al.’s revised CBBE model for B2B

As mentioned above, Kuhn et. al. state that Keller’s CBBE model lacks some factors in order to be applicable in a B2B context and argue that emphasis should be placed on different dimensions than those in Keller’s model.247 As mentioned above, they claim that besides focussing on the

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243 Kuhn, K. L. et. al. (2008), p. 42
245 Kuhn, K. L. et. al. (2008), p. 50
246 Kuhn, K. L. et. al. (2008), p. 50
247 Kuhn, K. L. et. al. (2008), p. 50
individual’s perception of the brand, Keller’s model ignores elements that seem to be more important in a B2B context than in a B2C context. These are elements related to services and the company. Accordingly, Kuhn et. al. argue that the salience, performance, imagery, and judgements blocks in Keller’s model can be applied to a B2B context but with different sub dimensions.

The ‘salience’ block at the bottom of Kuhn et. al.’s model focuses on all influencers’ brand awareness as opposed to individual customers’ brand awareness. Kuhn et. al. as well as Biedenbach and Marell claim that in a B2B context, brand awareness is achieved primarily by direct contact between the customer and the salespeople of the company.\textsuperscript{248} Thompson et. al. argue that the awareness set\textsuperscript{249} is mainly driven by the supplier companies’ reputation for financial standing, innovativeness, and size.\textsuperscript{250} This indicates that in order to increase brand awareness in a B2B context, the company must emphasise direct contact between the customers and the salesperson and strengthen its reputation.

The ‘performance’ and ‘reputation’ blocks in Kuhn et. al.’s model also focus on other elements than the elements emphasised in Keller’s model since Kuhn et. al. argue that these elements are more important in a B2B context. The elements that build brand associations in a B2B context are, according to Kuhn et. al.:

- The product
- Distribution services
- Support services, specifically the report between the service provider and customer
- The company, such as profitability, market share and reputation
- Technical capacity
- Delivery reliability
- Responsiveness\textsuperscript{251}

This indicates that in order to build B2B brand associations, the company must focus on enhancing e.g. the product, the support services, and the delivery reliability.

\textsuperscript{248} Kuhn, K. L. et. al. (2008), p. 42; and Biedenbach, G. and Marell, A. (2010), pp. 447 and 454-455
\textsuperscript{249} The set of brands that a customer is aware of.
\textsuperscript{250} Thompson, K. et. al. (1997), p. 6
\textsuperscript{251} Kuhn, K. L. et. al. (2008), p. 43
The ‘judgement’ block in Kuhn et. al.’s model focuses on quality, reliability, performance, and service. This indicates that in order to make the customers make positive judgements about the brand in a B2B context, the company must focus on enhancing the quality, reliability, performance, and service of the product or service.

In the revised model, the ‘imagery’ block has been changed to ‘sales force relationship’, taking into consideration the fact that the relationship between a B2B customer and the company’s salespeople is more important than the intangibles linked to the brand in Keller’s model in creating B2B brand equity. In order to build positive imagery the company must strengthen the relationship between the customer and the company’s salespeople.

Kuhn et. al. state that brand loyalty seems to be more important to B2B companies than to B2C companies since, in a B2B context, the loss of a customer’s loyalty to one product or service tends to affect the customer’s loyalty to all other products or services from that company. In order to build brand loyalty in a B2B context, the company must successfully achieve the objectives of the previous steps. According to Michell et. al., in a B2B context, brand loyalty is built due to quality, reliability, and performance.

### 2.4. Corporate branding

A review of the branding literature reveals that many scholars agree that B2B companies should focus on corporate branding rather than on traditional B2B branding, examined in section 2.3. above. Claiming that the purchase decision of B2B customers is highly influenced by the supplier

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252 Kuhn, K. L. et. al. (2008), p. 43
253 Kuhn, K. L. et. al. (2008), p. 43
254 Kuhn, K. L. et. al. (2008), p. 44
255 Michell, P. et. al. (2001), p. 424
company’s image and reputation, Aspara and Tikkanen argue that corporate branding is important in a B2B context.\textsuperscript{257}

Scholars furthermore agree that corporate branding can be successfully applied to service branding.\textsuperscript{258} According to de Chernatony and Riley, the use of corporate branding in a service branding field can motivate the employees and thus reduce the customer’s perceived risk.\textsuperscript{259} McDonald et. al. furthermore state that using a corporate brand in a service context is an effective form of differentiating the service brand from competing brands.\textsuperscript{260}

According to Cornelissen, corporate branding scholars agree that corporate branding is an extension of product branding.\textsuperscript{261} He claims that the distinction between the two branding approaches has derived from Olins’ framework.\textsuperscript{262} According to Olins, there are three different types of identity structures; monolithic, branded, and endorsed. The monolithic identity is equal to the corporate brand and is defined as “\textit{a structure where all products and services, buildings, official communication and employee behaviour are labelled or branded with the same company name}”.\textsuperscript{263} The branded identity is an identity structure where the products or services are branded with individual names and brand values whereas the endorsed identity is an identity structure where the products or services are endorsed with the company name. According to Cornelissen, companies can benefit from building a strong monolithic identity rather than a branded or endorsed identity.\textsuperscript{264}

According to Hatch and Schultz, a corporate brand is one of the most important assets that companies can have at their disposal.\textsuperscript{265} Schultz defines corporate branding as “\textit{the process of creating, nurturing, and sustaining a mutually rewarding relationship between a company, its employees, and external stakeholders}”.\textsuperscript{266} Hatch and Schultz state that some of the main

\begin{thebibliography}{99}
\bibitem[257]{Aspara} Aspara, J. and Tikkanen, H. (2008), p. 44
\bibitem[258]{McDonald} McDonald, M. H. B. et. al. (2001), p. 338; and Berry, L. L. (2000), p. 128
\bibitem[259]{de Chernatony} de Chernatony, L. and Riley, F. D. (1999), p. 190
\bibitem[260]{McDonald} McDonald, M. H. B. et. al. (2001), p. 340
\bibitem[261]{Cornelissen} Cornelissen, J. (2008), p. 84
\bibitem[262]{Cornelissen} Cornelissen, J. (2008), p. 84; and Olins, W. (1978), p. 212
\bibitem[263]{Cornelissen} Cornelissen, J. (2008), p. 84
\bibitem[264]{Cornelissen} Cornelissen, J. (2008), p. 85
\bibitem[265]{Hatch} Hatch, M. J. and Shultz, M. (2009), p. 17
\end{thebibliography}
characteristics of corporate branding are the fact that a corporate brand expresses “enduring ambitions and the values and beliefs of all connected with the enterprise” and that it accompanies the company for life which means that it must be nurtured during the entire life of the company.\textsuperscript{267} The scope of a corporate brand is the entire company, including the corporation and all its stakeholders.\textsuperscript{268} In order to build a successful corporate brand, there must be coherence between the company’s strategic vision, stakeholder images, and organisational culture.\textsuperscript{269} Hatch and Schultz illustrate this in their VCI Alignment Model, depicted below.

![Figure 9: The VCI Alignment Model\textsuperscript{270}](image)

The company’s strategic vision is defined by Hatch and Schultz as “what the company’s top managers want to accomplish in the future”.\textsuperscript{271} They define the stakeholder image as “what [the company’s] external stakeholders expect or desire from the company” and the organisational

\begin{itemize}
\item\textsuperscript{267} Hatch, M. J. and Schultz, M. (2008), p. 10
\item\textsuperscript{268} Hatch, M. J. and Schultz, M. (2008), p. 9
\item\textsuperscript{269} Hatch, M. J. and Schultz, M. (2008), p. 11
\item\textsuperscript{270} Hatch, M. J. and Schultz, M. (2008), p. 11
\item\textsuperscript{271} Hatch, M. J. and Schultz, M. (2008), p. 11
\end{itemize}
culture as “what has always been known or believed by company employees”. The organisational identity, or corporate identity as some scholars name it, is constituted by the strategic vision, the organisational culture, and stakeholder images.

According to Hatch and Schultz, “the combination of vision, culture, and images represents in one way or another everything the organisation is, says, and does”. The company should strive to create an enduring identity that is relevant to all of its stakeholders in order to build a strong corporate brand.

### 2.4.1. Corporate brand equity

Despite the comprehensive examination of corporate branding in the literature, it seems that the concept of corporate brand equity has only been examined by few. Keller argues that positive corporate brand equity occurs when the company’s stakeholders respond more favourably to the company’s corporate branding than to its competitors’ corporate branding which corresponds with the other theories examined.

According to Keller, corporate brand equity is built through different intangible associations linked to the company’s corporate brand. These are associations about:

- High-quality
- Innovativeness
- Strong relationships between the customers and the company’s employees
- Customer-focused
- Positive company values
- Corporate credibility

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Cornelissen claims that “(...) the role of all employees (...) becomes much more important in corporate branding (...) as employees are central as brand ambassadors to the credibility and coherence of the corporate brand”.\textsuperscript{278} In order to increase the coherence between the company’s values and the stakeholder images, Harris and de Chernatony as well as McDonald et. al. claim that the company must emphasise internal communications and in that way ensure that the employees execute the brand consistently.\textsuperscript{279}

Juntunen et. al. elaborate on Keller’s approach to the creation of corporate brand equity. In an examination of whether brand equity results in customer loyalty in a B2B service context, they found that brand awareness and brand image are the only sources affecting corporate brand equity.\textsuperscript{280} The model below illustrates the results of Juntunen et. al.’s survey.

![Figure 10: Corporate brand loyalty as a result of corporate brand image\textsuperscript{281}](image)

Juntunen et. al. claim that the company’s corporate name or logo and customer’s trust in the company are important elements in the creation of corporate brand awareness.\textsuperscript{282} They argue that

\begin{itemize}
  \item \textsuperscript{278} Cornelissen, J. (2008), p. 86
  \item \textsuperscript{279} Harris, F. and de Chernatony, L. (2001), p. 447; and McDonald, M. H. B. et. al. (2001), p. 343
  \item \textsuperscript{280} Juntunen et. al. (2011), p. 308
  \item \textsuperscript{281} Juntunen et. al. (2011), p. 308
\end{itemize}
brand awareness affects corporate brand image and agree with Keller on the fact that corporate brand image associations can be affected by the company’s employees.\(^{283}\) This indicates that, in a B2B service context, a company can built brand equity by creating brand awareness and a positive corporate brand image.

Juntunen et. al. define corporate brand loyalty as “the customer’s willingness to stay, repurchase and recommend the corporate brand”\(^{284}\) and argue that it is affected by brand image.\(^{284}\) Their study revealed that “corporate brand loyalty is neither a component of nor an outcome of brand equity”\(^{285}\).

### 2.5. Sub conclusion

The first chapter explained the background of the master’s thesis and its aim and problem statement. Furthermore, it examined the unique characteristics of KIBS and the sparse literature on KIBS branding. Based on the unique characteristics of KIBS and the sparse literature on KIBS branding, the chapter inferred some preliminary assumptions about KIBS branding. The first chapter furthermore introduced the theories and methods employed in the thesis.

The review of the sparse literature on KIBS branding revealed that Alvesson as well as Kuusisto and Viljamaa claim that KIBS customers are very brand loyal and that the relationship between them and the KIBS company last for a long period of time. It furthermore revealed that brand loyalty in a KIBS context depends on the customers’ perception of past experiences with the company and their overall perception of the company. Perceived quality in a KIBS context is based on the company’s corporate image and its services. The review moreover revealed that personal trust is pivotal in a KIBS context. Finally, it found that KIBS companies compete with other KIBS companies as well as with their customers’ employees.

The examination of KIBS revealed that KIBS companies are private companies or organisations that provide customised B2B services in terms of professional knowledge. The chapter further

\(^{282}\) Juntunen et. al. (2011), p. 303
\(^{283}\) Juntunen et. al. (2011), pp. 303 and 308
\(^{284}\) Juntunen et. al. (2011), pp. 304 and 308
\(^{285}\) Juntunen et. al. (2011), p. 308
examined the ETEPS Network’s definition of KIBS which argues that KIBS are a subcategory of services. According to this definition, KIBS differ from other services since they are aimed at B2B companies, non-profit organisations, and the public sector as opposed to B2C customers. KIBS also differ from other services because they are often co-produced with the customers who were found to be very brand loyal and have long lasting relationships with the KIBS company. The last differences between KIBS and other services found in the chapter are the fact that the production of KIBS requires high professional skills, the fact that KIBS are more knowledge-intensive than other services, and the fact that KIBS companies employ a higher proportion of highly educated people than other services companies.

Based on these unique characteristics, the chapter inferred that KIBS might be more complex and tailored than other services and B2B services and products and that KIBS branding thus might differ from branding of other services and B2B services and products to a certain extent. The chapter moreover inferred that KIBS companies must make the customers associate the company with being customer-focused and able to co-operate with the customer and that the company should nurture the relationship between the customers and its employees. As a final preliminary assumption, the chapter argued that in order for KIBS companies to communicate its brand efficiently, KIBS companies must convince the customers of its employees’ expert knowledge and make sure that its employees act like brand ambassadors.

This second chapter began with an examination of traditional brand equity which is developed by Aaker with regards to product branding. The examination revealed that there are four sources of brand equity: brand awareness, perceived quality, brand associations, and brand loyalty. Aaker approaches brand equity as generating a strong brand which enhances the value of the brand.

In order to build brand awareness from Aaker’s approach, the company must expose the brand to the customers as often as possible and be different, involve a slogan or a jingle, employ a symbol or sponsor events as part of its communicative strategy. Perceived quality is built by delivering products or services of high quality and stating true quality claims. To build positive brand associations the company must choose a positioning strategy and link the brand to relevant brand associations. Finally, to build brand loyalty the company must create a strong and positive relationship between the customer and the brand by e.g. treating the customer well, staying close
to the customer, managing customer satisfaction, and providing the customers with extra unexpected services.

The first section of this second chapter furthermore examined Keller’s approach to brand equity. It revealed that Keller argues that brand equity should be seen from a customer perspective. His CBBE model illustrates that there are six steps in building brand equity and that each step is dependent on a successful achievement of the objective of the previous step. The six steps are salience, performance, image, judgements, feelings, and resonance.

In order to build salience, which is equal to brand awareness, Keller claims that the company must assure that the customers understand what needs the brand can satisfy and what product category it belongs to. To build performance and image which are equal to brand associations, the company must design and deliver a product that fully satisfies the customer’s functional and emotional needs and expectations. In order to build judgements and feelings, which are extensions of perceived quality, the company must deliver high-quality products, be credible, relevant to the customers, and superior to competitors. Finally, to build resonance, which is equal to brand loyalty, the company must successfully achieve the objectives of all of the previous steps.

The second section of this chapter examined service branding theories and the creation of service brand equity. This section revealed that there are four unique characteristics of services that make them different from products and that influence the branding of services: intangibility, inseparability, heterogeneity, and perishability. The section found that there are two different approaches to how these characteristics influence service branding. The first approach argues that the unique characteristics should be diminished whereas the second approach argues that they should be enhanced.

The diminishing approach argues that in order to brand services efficiently, the company must focus its communication on diminishing the complexity of the services, on stressing tangible cues, on building strong relationships with the customers, and on communicating a corporate identity. The company must furthermore attempt to separate the production and the consumption of the service and enhance the relationship with its customers. More over the company should make the
practice of marketing every employee’s responsibility and plan, control, and automate the service process. Finally, the company’s communication should build upon the company’s corporate image and reputation.

The enhancing approach argues that in order to brand services efficiently, the company’s communication must focus on reducing tangible cues and the company must maximise the customers’ involvement in the production of the service, customise its services, and maximise service flows.

The second section of this chapter furthermore examined ways to build brand equity in a service context, and found that there are at least two different approaches to service branding: a customer approach and an employee approach.

The section found that Berry’s customer approach claims that there are three sources of brand equity in a service context: the company’s presented brand, external brand communications, and customer experience with the company. According to Berry, service brand equity is composed of brand meaning and brand awareness. Brand meaning is built by the customers’ experience with the company and sometimes by the company’s controlled and uncontrolled communications. Brand awareness is built by the company’s controlled communications and sometimes by its uncontrolled communications.

Kimpakorn and Tocquer’s customer approach claims that there are six sources of service brand equity: brand awareness, perceived quality, brand differentiation, brand associations, brand trust and brand relationship. In order to create brand awareness, the service company should focus on its controlled communications and the customers’ experience with the company. To create positive perceived quality, the company should improve the quality of the services’ tangibility and reliability and its employees’ competence, responsiveness and empathy. In order to create brand differentiation, the service company must differentiate from its competitors using differentiation factors that are relevant to the customers. To build positive brand associations, the company should assure that its employees are committed to the brand’s values, which generates customer satisfaction. Additionally, it is important that the company enhances the relationship to the customers to build positive brand associations. Enhancing the relationship to the customers furthermore creates brand trust but the company must also be reliable, competent, and fair in order to build brand trust. Brand trust leads to brand loyalty which is equal to brand relationship.
King and Grace’s employee approach argues that in order to build service brand equity the employee’s must understand and execute the brand in the manner attended by the company. In order to make the employees understand and execute the brand right, the company must strive to make the brand meaningful to its employees and thus make them understand the brand in the context of their roles and responsibilities. The company can obtain this goal by facilitating information about the brand and treating the employees with respect and dignity which will then make the employees committed to the company as well as to the brand.

The third section examined B2B branding theories and the creation of B2B brand equity. The section revealed that B2B purchases are more complex and generates a higher perceived risk than other B2C purchases.

The section found that Kim et. al.’s model differs from the other approaches to brand equity examined in that it argues for factors that influence the sources of brand equity and due to the fact that it does not state an interrelationship between the different sources. They state that sources of brand equity are seller variables and the company’s marketing efforts and that a B2B company can build brand equity by e.g. enhancing information sources, the service levels, and the relationship between the customer and its employees. The factors influencing brand equity are environmental factors, such as the competition in the market and buying firm factors such as the type of buying decision.

The section moreover found that Kuhn et. al. argues for a modification of Keller’s CBBE model in order to make it applicable in a B2B context. They claim that more people are involved with the purchase decision of a B2B product or service than with a B2C product or service. Their revised model argue that there are six steps to B2B brand equity but that the steps and their subdimensions differ from Keller’s. The six steps in Kuhn et. al.’s model are salience of the manufacturer’s brand, performance, reputation, judgements, sales force relationships, and partnership solutions. In order to build salience or brand awareness in a B2B context, the company must emphasise direct contact between the customer and the company’s employees and strengthen its reputation. To build performance and reputation or brand associations, the company must focus on enhancing e.g. the product, the support services, and the delivery reliability. Enhancing the quality, reliability, performance, and service of the product or service as
well as strengthening the relationship between the customers and the company’s salespeople will create positive judgements. Finally, to create partnership solutions or brand loyalty, the company must successfully achieve the objectives of all of the previous steps.

The fourth and final section in this chapter examined corporate branding theories and the creation of corporate brand equity. It was found that B2B and service companies should focus on corporate branding rather than traditional branding.

Corporate branding is seen as an extension of product branding and focus on coherence between the company’s strategic vision, its stakeholder images, and organisational culture which altogether creates the organisational identity.

The final section in this chapter found that corporate brand equity is built by ensuring that the customers associate the company’s corporate brand with associations about high-quality, innovativeness, strong relationships between the customers and the company’s employees, customer-focused, positive company values, and corporate credibility or the company’s products or services’ relevance to the customer. Juntunen et. al. elaborated on this perception claiming that corporate brand equity is affected by brand awareness and brand image. They further argue that corporate brand loyalty in a B2B service context is neither a component nor an outcome of brand equity but affected by the company’s corporate brand image.
3. Method

As mentioned in the introduction, this master’s thesis examines to what extent existing branding theories which are developed with regard to service and B2B product and service branding can be successfully applied to the branding of KIBS.

In order to address the problem statement, the master’s thesis clarifies the characteristics of existing branding theories which are developed with regard to service and B2B product and service branding. The branding theories employed in this master’s thesis are chosen due to their acknowledgement in the field of branding. The theories are viewed from a brand equity approach in order to clarify the theories’ approaches to creating a strong brand.

Subsequently, the theories’ possible insufficiencies when branding KIBS are assessed and used as a basis for interviews. Using a deductive method, the master’s thesis employs the interviews to confirm or disconfirm the possible needs for a new branding tool for KIBS and to see what the interviewees say about the themes.

3.1. The interviews

In order to address the problem statement and to gather useful and qualified information, the interviewees were selected due to constructed criteria. The main criteria for the selection of interviewees were that they were at the forefront of branding KIBS and had explicit knowledge about branding KIBS. Thus, the selected interviewees had to be people responsible for branding of KIBS and working in growing global KIBS companies. Due to financial limitations, the selected interviewees had to be in Denmark. The selection of interviewees started at DI Videnrådgiverne’s member database\(^\text{286}\), which comprises about 800 companies whose core business is consulting and thus are KIBS companies. The database provided company names on KIBS companies in Denmark but did not give any information about the companies’ success or whether they were

\(^{286}\) www.viden.di.dk
global or not. In order to check the companies’ success, Børsen’s list of companies in growth in Denmark was employed. The companies’ websites were used for finding information about whether the companies were global or not. The selection provided some difficulties in terms of arranging the actual interview. Thus, one company that was not found in the member database of DI Videnrådgiverne was selected. This company was also a global KIBS company and present in Børsen’s list of companies in growth in Denmark. Based on the company names, the interviewees were identified based on their responsibilities in the company.

The master’s thesis employs four interviews. According to Steinar Kvale and Svend Brinkmann, the number of interviews needed in interview studies depends on “a combination of the time and resources available for the investigation and a law of diminishing returns”. Kvale and Brinkmann state that “beyond a certain point, adding more respondents will yield less and less new knowledge”. In the case of this master’s thesis, the reason for choosing four interviews is a combination of the time and resources available and the law of diminishing returns. The interviewees are:

* Claus Wilkki - Nordic Marketing and Communications Manager at Accenture
* Jesper Fabricius - Communications consultant at Rambøll
* Joacim Jeppesen - Responsible for Sales and Market Development at Valtech
* Birgitte Dahl Skaaning – Marketing Coordinator at Valcon

The four interviews employed in the master’s thesis as empirical data have all taken place in the interviewee’s companies in order to make the interview situation more comfortable to the interviewees.

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287 www.img.borsen.dk
288 Professor of Pedagogical psychology at the Department of Psychology at the University of Aarhus
289 Professor of Psychology at the University of Aalborg
290 Kvale, S. and Brinkmann, S. (2009), p. 113
291 Kvale, S. and Brinkmann, S. (2009), p. 113
292 See appendix 1
293 See appendix 3
294 See appendix 4
295 See appendix 5
According to Kvale and Brinkmann, recording the interviews makes it possible to document the content of the interviews which is why the four interviews were recorded. Based on the recordings, the interviews were transcribed. In order to make the transcription as comprehensible to the reader as possible any grammatical mistakes and any incoherent sentences that confuse the meaning of the interviews are deleted. For the same reason, any unfinished sentences are marked with a (...) at the end of the sentence. Parenthetical sentences are marked with a dash in the beginning and at the end of the sentence. Words or sentences surrounded by apostrophes are words or sentences used or invented by the company, i.e. names of services, values, taglines, the name of a computer program, etc. A smiley, i.e. 😊, is used when the interviewee laughed or said something ironically. The interviewees have adopted English words into their Danish language. In order to make the transcriptions more comprehensible, the English words are written in italic style.

In order to make the transcription easier to read, all the questions that the interviewees were asked are written in bold letters. For the same reason, some of the words that the interviewees use are explained in footnotes.

The interviews were performed in the interviewees’ native language, Danish, in order to make the interview situation more comfortable to the interviewee. Since this master’s thesis is written in English one could argue that the interviews should be conducted and transcribed in English. However, it can be assumed that the use of the interviewees’ native language might make them more comfortable. Furthermore, transcribing the interviews in English would require the skills of a professional translator. Thus, in order to ensure that all details from the interviews are documented correctly, the transcriptions are written in Danish. However, quotations from the interviews used in the analysis are translated into English in order to make the reading of the analysis more fluent.

The interviews are structured as semi-structured qualitative interviews. The reason for employing this kind of interviews is that the aims of the interviews are to create a lot of detailed information and to uncover the interviewee’s experience with branding of KIBS. According to Helle

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296 Kvale, S. and Brinkmann, S. (2009), p. 27
Neergaard\textsuperscript{297}, qualitative interviews are more suitable for these aims than quantitative interviews.\textsuperscript{298} Furthermore, one of the aims of the interviews is to clarify the interviewees’ perception of the unique characteristics of branding KIBS. The master’s thesis therefore uses what Kvale and Brinkmann call a phenomenological approach.\textsuperscript{299} Kvale and Brinkmann state that “\textit{in qualitative inquiry, phenomenological is a term that points to an interest in understanding social phenomena from the actors’ own perspectives and describing the world as experienced by the subjects, with the assumption that the important reality is what people perceive it to be}.”\textsuperscript{300}

Based on Kvale and Brinkmann’s approach to qualitative interviews, the interviews were conducted according to an interview guide and performed as semi-structured interviews.\textsuperscript{301} Thus, the questions in the interview guide were used as a basis for the interviews but were asked in the order that suited the individual interviews. Furthermore, some additional questions were asked in order to make the interviewees elaborate on their answers. The interview guide is divided into two guides as Kvale and Brinkmann recommend.\textsuperscript{302} The guide on the left is the master’s thesis research questions and thus not meant to be posed and the guide on the right is the interview questions which are posed to the interviewees.

The reason for choosing semi-structured interviews rather than structured interviews is the fact that semi-structured interviews are flexible and thus allow elaboration of interesting and relevant answers.\textsuperscript{303} The interviewees are chosen because they are at the forefront of branding KIBS and have explicit experience in and knowledge of branding KIBS.

Prior to the actual interviews, the interviewees were briefed about the situation for the subject, the purpose of the interview, and the reason for choosing the interviewee. According to Kvale and Brinkmann, this briefing encourages the interviewees to “\textit{describe their points of view on their lives and worlds}.”\textsuperscript{304} The interviews were closed with a debriefing asking the interviewee whether he or

\textsuperscript{297} Professor of Entrepreneurship at the Centre of Advanced Research in Entrepreneurship, University of Aarhus
\textsuperscript{298} Neergaard, H. (2007), pp. 11 - 12
\textsuperscript{299} Kvale, S. and Brinkmann, S. (2009), p. 26
\textsuperscript{300} Kvale, S. and Brinkmann, S. (2009), p. 26
\textsuperscript{301} Kvale, S. and Brinkmann, S. (2009), p. 27; and Appendix 6
\textsuperscript{302} Kvale, S. and Brinkmann, S. (2009), p. 132
\textsuperscript{304} Kvale, S. and Brinkmann, S. (2009), p. 128
she had anything to add to the interview. According to Kvale and Brinkmann, a debriefing gives the interviewee “an additional opportunity to deal with issues he or she has been thinking or worrying about during the interview”.  

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305 Kvale, S. and Brinkmann, S. (2009), p. 129
4. Analysis

Based on the characteristics of KIBS, the preliminary assumptions, and the characteristics of the existing branding theories examined, this chapter assesses the possible strengths and weaknesses of the branding theories in a KIBS context. The aims are to assess the theories’ possible insufficiencies in a KIBS context, to confirm or disconfirm the preliminary assumptions, and to infer possible needs for a new branding tool for KIBS.

Since KIBS are B2B services, KIBS companies should employ a branding tool that takes the unique characteristics of B2B purchases and the unique characteristics services into consideration. This means that the branding tool should take into consideration the fact that B2B purchase decisions involves more people and are more complex than B2C purchase decisions resulting in a higher risk involved with the purchase decision. The branding tool should also consider the intangibility, inseparability, heterogeneity, and perishability of services.

In order to be applicable in a KIBS context, it is pivotal that the branding tool takes the unique characteristics of KIBS into consideration as well. This means that it should consider the importance of the customers in the creation of the KIBS, the complexity of KIBS, and the fact that KIBS are tailored. Additionally, it should pay regard to the importance of high professional knowledge and the fact that KIBS companies’ employees are highly educated people. Moreover, it should take into consideration the importance of a strong relationship between the customers and the company’s employees as well as the importance of the corporate image in building brand loyalty.

The branding tool should also consider the fact that KIBS companies’ customers are brand loyal for a long period of time and that brand loyalty in a KIBS context depends on the customers’ perception of past experiences with the company and their overall perception of the company. It should moreover take into consideration the fact that perceived quality in a KIBS context is based on the company’s corporate image and its services. Finally, the branding tool should consider the
fact that personal trust is pivotal in a KIBS context and that KIBS companies compete with other KIBS companies as well as with their customers’ own employees.

In order to confirm or disconfirm the preliminary assumptions, mentioned in section 1.3., this chapter should address the following questions:

* Should KIBS companies make the customers associate the company with being customer-focused and able to co-operate with the customer and how can they obtain this goal?

* Should KIBS companies nurture the relationships between the customers and its employees and how can they do this?

* Should KIBS companies convince the customers of its employees’ expert knowledge and how can they do this?

* Should KIBS companies make sure that their employees act like brand ambassadors and how can they do this?

In order to infer a branding tool that suits the KIBS industry, the branding tool must indicate how to build brand equity in a KIBS context. Due to limitations of resources, this master’s thesis supposes that the sources of brand equity in a KIBS context are equal to the sources of brand equity claimed by Aaker and Joachimsthaler. To be able to assess whether this is right or wrong, there is a need for research on brand equity sources in a KIBS context.

Aaker and Joachimsthaler’s theory neither considers the characteristics of B2B services nor the characteristics of services. Moreover, it does not pay regard to all of the unique characteristics of KIBS. Thus, it can be assessed that this theory cannot be fully applied to a KIBS context. However, Aaker and Joachimsthaler’s theory does consider the importance of a strong relationship between the customers and the company’s employees in the creation of brand equity. Aaker and Joachimsthaler do not consider the fact that the customers are brand loyal for a long period of time. However, they state that brand loyalty is built by e.g. treating the customers well, staying close to the customer, managing customer satisfaction, and providing the customer with extra
unexpected services. This corresponds to the fact that KIBS brand loyalty depends on the customers past experience with the company. Moreover, Aaker and Joachimsthaler claim that the perceived quality enhances brand loyalty which corresponds to the fact that KIBS brand loyalty is dependent on the customers’ overall perception of the company. Thus Aaker and Joachimsthaler’s theory on how to build brand loyalty is applicable in a KIBS context. Aaker and Joachimsthaler furthermore claim that perceived quality is dependent on the product, but does not say anything about the importance of the company’s corporate image in the creation of perceived quality. Thus, it can be assessed that their theory on how to build perceived quality can be partly applied in a KIBS context. Aaker and Joachimsthaler neither consider the importance of personal trust nor the fact that KIBS companies compete with other KIBS companies as well as with the customers’ own employees. Summing up, Aaker and Joachimsthaler’s theory can only be applied to a KIBS context on how to build brand loyalty and partly on how to build perceived quality.

Keller’s CBBE theory neither pays regard to the characteristics of B2B purchases nor to the characteristics of services. Keller does not take all of the unique characteristics of KIBS into consideration either. However, the theory does consider the importance of a strong relationship between the customers and the company’s employees. Thus, it can be assessed that this theory cannot be fully applied to a KIBS context either. Keller states that the customers are important in the creation of brand equity but says nothing about the fact that they are important in the creation of the product or service. Keller does not consider the fact that the customers are brand loyal for a long period of time and does not indicate how to build brand loyalty. He states that in order to build judgements and feelings, which are extensions of perceived quality, the company should deliver high-quality products, be credible, relevant to the customers, and superior to competitors. This corresponds to the fact that perceived quality in a KIBS context is based on the company’s corporate image and its services. Thus, it can be assessed that Keller’s CBBE theory on how to build perceived quality can be applied in a KIBS context. Keller neither considers the importance of personal trust nor the fact that the company compete with other companies as well as with its customers’ own employees. Summing up, Keller’s CBBE theory is only applicable in a KIBS context on how to build perceived quality.

Neither the sparse literature on KIBS branding nor the examination of the characteristics of KIBS and KIBS companies reveal anything about how KIBS companies should deal with the four unique
service characteristics. However, the fact that KIBS are often co-produced with the customers indicates that the inseparability should be enhanced rather than diminished. Furthermore, the fact that KIBS are highly customised services indicates that the heterogeneity should be enhanced rather than diminished as well. This points to the fact that Vargo and Lusch’s theory is more applicable in a KIBS context that the diminishing theory.

Berry states that his theory considers the characteristics of services but it does not indicate how the unique characteristics of services influence the communicative strategies in a service context. His theory neither considers the characteristics of B2B purchases nor all of the characteristics of KIBS. Accordingly, it can be assessed that this theory cannot be fully applied to a KIBS context either. However, the theory does consider the importance of a strong relationship between the customers and the company’s employees. Berry’s theory neither says anything about the fact that the customers are brand loyal for a long period of time nor about how to build brand loyalty. Berry argues that brand meaning, which corresponds to perceived quality and brand associations, derived from the customer’s experience with the company. This differs from the fact that perceived quality in a KIBS context is based on corporate image and the company’s services but corresponds to how a KIBS company can built brand loyalty. Berry’s theory does not say anything about the importance of personal trust or the fact that the company competes with other companies as well as with its customers’ own employees. Summing up, it can be assessed that Berry’s theory can only be applied very limited to a KIBS context.

Kimpakorn and Tocquer et. al.’s theory is argued to take the characteristics of services into consideration but it does not indicate how the unique characteristics of services influence the communicative strategies in a service context. The theory neither considers the characteristics of B2B purchases nor all of the characteristics of KIBS. Thus it can be assessed that their theory cannot be fully applied to a KIBS context. However, the theory does consider the fact that perceived quality depends on the service and elaborates on how to enhance the service. The theory argues that the interaction between the customer and the company’s employees plays a pivotal role in building positive perceived quality. Thus, the theory considers the importance of a strong relationship between the customer and the company’s employees. It furthermore considers the importance of the employees’ competences and states that the competences help creating positive perceived quality. Kimpakorn and Tocquer et. al.’s theory also considers the
importance of trust in the creation of brand loyalty and argues that trust is both built by strong relationships and dependent on strong relationships. Summing up, the theory can be applied in a KIBS context on how to build perceived quality and trust.

King and Grace argue that their theory considers the characteristics of service but it does not indicate how the unique characteristics of services influence the communicative strategies in a service context. The theory neither considers the characteristics of B2B purchases nor all of the characteristics of KIBS. Accordingly, it can be assessed that this theory cannot be fully applied to a KIBS context. However, the theory does the importance of a strong relationship between the customers and the company’s employees. King and Grace’s theory says nothing about the fact that the customers are brand loyal for a long period of time or about how to build brand loyalty. Additionally, it does not indicate how to build perceived quality. The theory does not take the importance of personal trust into consideration either. Finally, King and Grace do not say anything about the fact that the company competes with other companies as well as with its customers’ own employees. Summing up, this theory can only be applied very limited to a KIBS context.

Kim et. al. claim that their theory takes the characteristics of B2B into consideration. However, their theory does not indicate how the involvement of more people in the purchase decision and the complexity of the purchase decision influence the communicative strategies in a B2B context. The theory does not consider the characteristics of services and all the characteristics of KIBS. It can therefore be assumed that this theory cannot be fully applied to a KIBS context. However, the theory does consider the importance of a strong relationship between the customers and the company’s employees. Kim et. al.’s theory does not consider the fact that the customers are loyal for a long period of time and does not indicate how to build brand loyalty or perceived quality. Furthermore, the theory does not consider the importance of personal trust or the fact that the company competes with other companies as well as its customers’ own employees. Summing up, Kim et. al.’s theory can only be applied very limited to a KIBS context.

Kuhn et. al.’s theory takes the characteristics of B2B purchases into consideration but does not consider the characteristics of services or all of the characteristics of KIBS. This indicates that this theory cannot be fully applied to a KIBS context. However, the theory does consider the importance of a strong relationship between the customers and the company’s employees as well as the importance of the corporate image in building brand loyalty. Kuhn et. al.’s theory does not
consider the fact that the customers are loyal for a long period of time but states that brand loyalty is the result of a successful creation of salience, performance, reputation, judgements, and sales force relationships. This corresponds to the fact that brand loyalty in a KIBS context depends on the overall perception of the company. Kuhn et. al.’s theory states that judgements and sales force relationships, which corresponds to perceived quality and brand associations, is built by strengthening the relationship between the customer and the company’s employees and enhancing the quality, reliability, performance, and service of the service. This corresponds to the fact that perceived quality in a KIBS context is based on the company’s corporate image and its services. Kuhn et. al. do not consider the importance of personal trust or the fact that the company compete with other companies as well as with its customers’ own employees. Summing up, Kuhn et. al.’s theory can be applied in a KIBS context on how to create brand loyalty and perceived quality.

Hatch and Schultz neither take the characteristics of B2B purchases nor the characteristics of services or KIBS into consideration. However, the examination of the theories found that scholars argue that corporate branding can be successfully applied to a B2B and service context. Hatch and Schultz’s theory does not consider the fact that the customers are brand loyal for a long period of time but it states that creating a strong brand depends on a strong relationship between the company’s strategic vision, the organisational culture, and stakeholder images. Moreover, the theory does not consider the importance of personal trust or the fact that the company compete with other companies as well as its customer’s own employees. Summing up, this theory is only applicable to a KIBS context if the creation of a strong brand in a KIBS context depends on a strong relationship between the company’s strategic vision, the organisational culture, and stakeholder images.

Keller’s corporate branding theory neither pays regard to the characteristics of B2B purchases nor to those of services. Furthermore, it does not consider all the characteristics of KIBS. This indicates that Keller’s corporate branding theory cannot be fully applied to a KIBS context. However, the theory does consider the importance of a strong relationship between the customers and the company’s employees. Keller’s theory does not consider the fact that the customers are brand loyal for a long period of time and does not indicate how to build brand loyalty or perceived quality. Furthermore, the theory does not consider the importance of trust or the fact that the
company competes with other companies as well as with its customers’ own employees. Summing up, Keller’s corporate branding theory can only be applied very limited to a KIBS context.

Finally, Juntunen et. al. state that their theory considers the characteristics of B2B services. However, their theory does not indicate how the involvement of more people in the purchase decision and the complexity of the purchase decision influence the communicative strategies in a B2B context. Moreover, it does not say anything about how the unique characteristics of services influence the communicative strategies. The theory does not take the all of the characteristics of KIBS into consideration either. This indicates that Juntunen et. al.’s theory cannot be fully applied to a KIBS context either. However, the theory does consider the importance of the corporate image in building brand loyalty but does not consider the fact that the customers are brand loyal for a long period of time. Moreover, the theory does not indicate that brand loyalty depends on the customers’ past experience with the company and their overall perception of the company. Juntunen et. al. say nothing about how to build perceived quality and does not consider the importance of personal trust. Additionally, the theory does not consider the fact that the company compete with other companies as well as with its customers’ own employees. Summing up, Juntunen et. al.’s theory can only be applied very limited in a KIBS context.

As mentioned above, none of the theories examined can be fully applied to a KIBS context. However, Keller’s CBBE theory, Kimpakorn and Tocquer et. al.’s theory, Kuhn et. al.’s theory, and partly Aaker and Joachimsthaler’s theory can be applied to a KIBS context on how to build perceived quality. Additionally, Aaker and Joachimsthaler’s theory and Kuhn et. al.’s theory can be applied to a KIBS context on how to build brand loyalty. Moreover, Kimpakorn and Tocquer et. al.’s theory can be applied to a KIBS context on how to build trust. Berry’s theory, King and Grace’s theory, Keller’s corporate branding theory, as well as Juntunen et. al.’s theory can only be applied very limited to a KIBS context. Moreover, Hatch and Schultz’s theory is only applicable to a KIBS context if the creation of a strong brand in a KIBS context depends on a strong relationship between the company’s strategic vision, the organisational culture, and stakeholder images. Thus, the interviews should confirm or disconfirm whether this is the fact or not.

None of the theories consider the fact that KIBS are complex and tailored. Thus, the interviews should clarify how the fact that KIBS are complex and tailored affects the communicative
strategies in a KIBS context. Kimpakorn and Tocquer et. al.’s theory is the only theory considering the importance of personal trust. Thus, the interviews should reveal how this affects the communicative strategies in a KIBS context.

None of the theories confirm or disconfirm the preliminary assumption in section 1.3. about the fact that KIBS companies should make the customers associate the company with being customer-focused and able to co-operate with the customer. Thus the interviews should confirm or disconfirm this assumption.

All of the theories but Juntunen et. al.’s and Hatch and Schultz’s consider the importance of a strong relationship between the customers and the company’s employees in the creation of brand loyalty. This indicates that the preliminary assumption in section 1.3. about the fact that KIBS companies should nurture the relationship between the customers and its employees. However, the interviews should confirm or disconfirm this assumption.

Kimpakorn and Tocquer et. al.’s theory is the only theory mentioning the company’s employees’ competences and it argues that the competences help creating positive perceived quality. This points to the fact that the preliminary assumption in section 1.3. about the fact that KIBS companies should convince the customers of its employees’ expert knowledge can be confirmed. However, the interviews should confirm or disconfirm this assumption.

The examination of the theories revealed that King and Grace, Kuhn et. al., and Keller argue that it is important that there is coherence between the company’s values and the employees’ behaviour in order to build a strong brand. This corresponds to the preliminary assumption in section 1.3. about the fact that KIBS companies should make sure their employees act like brand ambassadors. Thus, the interviews should confirm or disconfirm this assumption.

None of the theories consider can be applied in a KIBS context on how to build brand awareness and brand associations. Thus, the interviews should reveal how to build brand awareness and brand associations in a KIBS context. Moreover, the creation of perceived quality and brand loyalty should be further examined in the interviews.

Thus, to confirm or disconfirm the possible needs for a new branding tool for KIBS assessed above, the possible needs are divided into themes which are used as a basis for interviews with people responsible for branding KIBS. The themes are listed below:
* Organisational identity
* Complexity and customisation
* Personal trust
* Associations about customer-focused, ability to co-operate, and expert knowledge
* Nurturing relationships
* Brand ambassadors
* Brand equity: brand awareness, perceived quality, brand associations, and brand loyalty

### 4.1. Findings in the interviews

In accordance with de Chernatony and Riley’s claim about the fact that the company must make the practice of marketing every employee’s responsibility and thereby ensure control of the quality, the interviews reveal that KIBS companies’ employees play an important role in the branding as ambassadors of the brand and carriers of the brand message.\(^{306}\) Due to this and due to the importance of a strong relationship between the employees and the customers it is therefore pivotal that there is coherence between the company’s corporate values and the employees’ behaviour.\(^{307}\) To ensure that the employees behave in agreement with the company’s values, KIBS companies should make sure that its employees back the company’s strategic vision and permit the employees to interpret the brand individually but within a certain scope.\(^{308}\) This corresponds to de Chernatony’s argument about the fact that an important basis for brand differentiation is that the service provider’s employees are committed to the company’s values and behave in a way that reinforces the values. Thus it can be assessed that King and Grace’s theory can be applied to a KIBS context. The interviews reveal that in a KIBS context, it is important that the values of the company are based on the employees and point at the customers’ values since it is pivotal that the employees respect the customers’ values.\(^{309}\) The interviews reveal

\(^{306}\) Appendix 3, ll. 153 - 159; Appendix 4, l. 191; and Appendix 1, ll. 487 - 491 and 546 - 567
\(^{307}\) Appendix 3, ll. 62 - 70; Appendix 1, ll. 42 - 49; and Appendix 4, ll. 196 - 197 and 201
\(^{308}\) Appendix 3, ll. 192 - 200; and Appendix 4, ll. 240 - 241
\(^{309}\) Appendix 4, ll. 220 - 221 and 266; and Appendix 1, ll. 604 - 616
nothing about the importance of a relationship between the stakeholder image and the company’s strategic vision and organisational culture. However, it can be assumed that this relationship is important since the relationship between the company’s strategic vision and the organisational culture was found to be important in a KIBS context. Thus, it can be assumed that Hatch and Schultz’s theory can be applied successfully to a KIBS context.

The interviews, furthermore, reveal that the complexity and customisation of KIBS makes it important that the company brand its whole identity as opposed to the individual services.\textsuperscript{310} This backs the assumption of the fact that Hatch and Schultz’s theory can be applied successfully to a KIBS context. Moreover, the interviews reveal that the complexity and customisation of KIBS makes it hard for KIBS companies to make the customers understand the value of its services.\textsuperscript{311} To overcome this, KIBS companies can standardise the processes of the service production and group its service but still keep the services customised.\textsuperscript{312} The complexity of KIBS furthermore makes it pivotal that the company knows the customer and the customer’s needs and field of business.\textsuperscript{313}

The interviews, furthermore, back Kuusisto and Viljamaa’s as well as the Danish Ministry of Business Affairs’ claim about the fact that personal trust is pivotal in the purchase decision. The interviews reveal that KIBS companies are often given confidential knowledge about the customers and should therefore create associations about trust in the minds of the customers.\textsuperscript{314}

As mentioned in section 1.3., the master’s thesis argues that KIBS companies must make the customer associate the company with being customer-focused and able to co-operate with the customer. Moreover, as mentioned, the thesis argues that it is pivotal that KIBS companies nurture the relationship between the customers and its employees. The interviews back this revealing that making the customers associate the company with being experienced, having expert knowledge, being able to make itself acquainted with the customers’ needs, and being customer-
focused helps the company building a strong brand. To create these associations in the minds of the customers, the company must show the customers that it is able to make itself acquainted with their needs by studying the customer closely and get to know its issues and make a solution for them. Another way of building these associations is to make the customers satisfied with the service offered by creating value for them or communicate about the company’s previous success stories of customised services.

The interviews reveal that the direct relation to the potential customers is the most effective way to build brand awareness in a KIBS context. This corresponds to Biedenbach and Marell’s claim about the fact that in a B2B context, brand awareness is achieved primarily by direct contact between the customer and the salespeople of the company. Brand awareness can for example be built by being present at the customer’s touchpoints. This corresponds to Aaker’s statement about the fact that brand awareness is built by exposing the brand to the customer as often as possible. The interviews revealed that brand awareness is created when a KIBS company’s employees attend external events with professional relevance such as conferences as speakers, and when the company is present in the media that potential customers read or view. Using direct marketing campaigns can also help KIBS companies build brand awareness. However, it is pivotal that any direct marketing in a KIBS context is relevant to the individual potential customer and tailored in the way that it is based on a specific solution for the individual customer or based on a contemporary issue that the customer is experiencing. In order to be effective, awareness campaigns in a KIBS context should be based on contemporary issues in the market which the KIBS company gives its solution to in the campaign showing that the KIBS company have vast knowledge about the market.

Another way of building brand awareness in a KIBS context revealed in the interviews is to invite potential customers to internal events with professional relevance such as gathering networking

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315 Appendix 3, ll. 56 and 63; Appendix 5, ll. 181 - 190; and Appendix 1, ll. 247 - 248 and 280
316 Appendix 4, ll. 168 - 169 and Appendix 1, ll. 200 - 203
317 Appendix 1, ll. 536 - 542
318 E.g. Appendix 1, l. 425
319 Appendix 4, l. 135; and Appendix 3, ll. 125 - 126
320 Appendix 1, ll. 467 - 470
321 Appendix 4, ll. 147 - 149; and Appendix 1, ll. 429 - 443
Furthermore, KIBS companies could arrange face-to-face meetings with potential customers with the aim of providing the customer with value. To do this, the KIBS company must make sure that the meeting is tailored at the potential customer and is based on issues that the customer experiences at the moment. The most important thing about building brand awareness in a KIBS context seems to be that the presence of the company should be professional relevant.

The interviews back Alvesson’s claim about the fact that KIBS customers base their perception of the quality of the brand upon the company’s corporate image. The interviews reveal that attending professional associations and other professional contexts can help KIBS companies creating positive perceived quality. Moreover, communicating about the company’s knowledge in the media and at lectures and presentations builds positive perceived quality as well. In relation with Aaker’s statement about the fact that the company’s quality claims must be true to the real quality of the product or service, the interviews reveal that the company should prove its knowledge as opposed to boasting about it. One way for the company to prove its knowledge is to use cases about previous solutions that the company has made for its customers as references. The interviews also back Alvesson’s claim about the fact that the perceived quality is based upon the company’s services and Keller’s claim about the fact that the company must provide high-quality products that are relevant to the customers in order to create positive judgements and feelings about the brand. The interviews confirm this revealing that ensuring a matching of expectations, that the company delivers the agreed services, that it delivers services of high quality, and that the customers have a good experience working with the company is important to the creation of positive perceived quality. Another thing that can help KIBS companies build positive perceived quality is being ahead of the customers by being future-

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322 Appendix 4, ll. 135 - 136; and Appendix 1, ll. 444 - 466 and 477
323 Appendix 4, ll. 132 - 134
324 Appendix 4, ll. 105 - 114
325 Appendix 1, l. 501; and Appendix 4, l. 154
326 Appendix 3, ll. 142 - 143
327 Appendix 5, ll. 125 - 127; and Appendix 3, ll. 141 - 148
328 Appendix 5, l. 215; and Appendix 4, ll. 170 - 171 and 177 - 185
329 Appendix 5, ll. 112 - 120 and 134 and 212
330 Appendix 1, l. 501; Appendix 3, ll. 134 - 140; and Appendix 4, l. 155
oriented and providing the customers with information about future challenges relevant for them. Basing this information on research made by the KIBS company.

As mentioned in the introduction of chapter 1, Alvesson claims that brand loyalty in a KIBS context depends on the customer’s perception of past experiences with the company and the customer’s overall perception of the company. Accordingly, the interviews reveal that it is pivotal to nurture the relationship with the customers to make them stay brand loyal. The interviews add knowledge about how to nurture the relationships and make the customers positive about past experiences with the company and have positive associations about the company. They reveal that the KIBS company should stay close to the customer by e.g. being present at the customers’ touchpoints, writing scientific articles in relation with the customers, creating experiences with the customers such as post-work-meetings, and keeping the customers up-to-date with what happens in their market or field. Creating networking groups also builds brand loyalty. This corresponds to Kotler and Armstrong claim about the fact that the intangibility of services can be reduced by providing the customer with organised and honest evidence of the service provider’s capabilities.

The company can also makes its customers stay brand loyal by ensuring that potential difficulties in cooperation are solved as quickly as possible. This corresponds to Aaker’s claim about the fact that managing customer satisfaction builds brand loyalty. Delivering the service promised to the customer can also help a KIBS company building brand loyalty. Moreover, the company should act like sparring partners to its customers and show that it cares about creating value for the customers as opposed to being sales-oriented. As mentioned in section 2.2., Palmer states that the variability in service quality created by the inseparability of services can be diminished by facilitating the complex producer-customer interaction. The interviews confirm this revealing that

331 Appendix 1, ll. 525 - 531
332 E.g. Appendix 3, ll. 110 - 119; and Appendix 1, ll. 406 - 409
333 Appendix 5, ll. 70 - 71; Appendix 3, ll. 110 - 119 and 170
334 Appendix 4, ll. 124 - 125
335 Appendix 1, ll. 391 - 402
336 Appendix 4, ll. 100 - 101
337 Appendix 4, ll. 103 - 104 and 117 -119
making the service as simple as possible for the customer by using own business partners to solve problems that the KIBS company is incapable of solving also creates brand loyalty.\textsuperscript{338}

As mentioned in the introduction of chapter 1, the Danish Ministry of Business Affairs claims that KIBS companies compete with the customers’ employees as well as with other KIBS companies. The interviews add to this revealing that, in a KIBS context, external factors such as competition in the market and restrictions and policies about how much each KIBS company may deliver to a customer influence the customers’ brand loyalty.\textsuperscript{339} In the public sector, there are often principles of compulsory competitive tendering and some private companies have policies about how large a percentage of tasks each KIBS company must solve. This corresponds to Kim et. al.’s theory which states that there are external influential factors in a B2B context.

\textsuperscript{338} Appendix 1, ll. 372 and 377
\textsuperscript{339} Appendix 3, ll. 98 - 99 and 101; and Appendix 1, ll. 360 - 373
5. Conclusion

This master’s thesis has examined to what extent existing branding theories which are developed with regard to service and B2B product and service branding can be successfully applied to the branding of KIBS.

Based on an examination of the characteristics of KIBS, preliminary assumptions made about the branding of KIBS, and an examination of the unique characteristics of the existing branding theories, interviews with people responsible for branding KIBS were conducted. The interviews were based on an assessment of the strengths and weaknesses of the existing branding theories’ application in a KIBS context. This assessment found that none of the theories examined can be fully applied to a KIBS context. However, some elements of the theories were found to be possible applicable in a KIBS context. The interviews revealed that Hatch and Schultz theory on corporate branding and King and Grace’s EBBE model could possibly be applied to a KIBS context. However, further research is needed in order to prove this.

The interviews furthermore revealed that to ensure that the employees behave in agreement with the company’s values, KIBS companies should make sure that its employees back the company’s strategic vision and permit the employees to interpret the brand individually but within a certain scope. It was found that in a KIBS context the values of the company should be based on the employees and point at the customers’ values since it is pivotal that the employees respect the customers’ values.

The interviews revealed that the complexity and customisation of KIBS makes it pivotal that the company brand its whole identity as opposed to the individual services. The complexity and customisation of KIBS was found to make it hard for the company to make the customers understand the value of its services. This can be solved by standardising the processes of the production of KIBS but still keep the services customised. The complexity and customisation of KIBS furthermore makes it important that the KIBS company know the customers and their field of business.
Personal trust was found to be pivotal in a KIBS context and the company should therefore create associations about trust in the minds of the customers. There is a need for further research on how to build these associations.

The interviews also revealed that KIBS companies should make their customers associate the company with being experienced, having expert knowledge, being able to make itself acquainted with the customers’ needs, and being customer-focused in order to build a strong brand. Thus, the company must show study the customer closely and get to know its issues and make solutions for them. Moreover, KIBS companies must make the customers satisfied with the service by creating value for them or communicate about the company’s previous success stories.

The direct relation between the customers and the company was found to be the most important factor in building brand awareness. The company must therefore be present at the customers’ touchpoints and attend external events with professional relevance or use direct marketing campaigns. It is pivotal that any direct marketing is tailored and based on contemporary issues in the market which the KIBS company gives its solution to. Inviting the customers to internal events with professional relevance or arranging face-to-face meetings also helps building brand awareness. It is pivotal that the presence of the company is professional relevant.

It was found that KIBS companies’ customers base their perceived quality on the company’s corporate image and that KIBS companies must therefore attend professional associations and other relevant professional contexts. Communicating about the company’s knowledge in the media and show evidence of the company’s knowledge as opposed to boasting about it also helps creating positive perceived quality. Another way is to ensure matching of expectations, that the company delivers the agreed services, that it delivers services of high quality, and that the customers have a good experience working with the company. Finally, being ahead of the customer by being future-oriented and providing the customer with information about future challenges relevant for the customer also helps creating positive perceived quality.

The interviews revealed that it is pivotal that KIBS companies nurture the relationships between the customer’s and its employees to make the customers stay brand loyal. Thus, the company should stay close to the customers by being present at the customers’ touchpoints, writing scientific articles in correlation with the customers, creating experiences with the customers, and keeping the customers up-to-date with what happens in their market or field. Managing customer
satisfaction and acting like sparring partners also makes the customers stay brand loyal. The company should furthermore make the service as simple as possible in order to make the customers stay brand loyal.

Finally, the master’s thesis found that KIBS companies compete with other KIBS companies and its customers’ own employees. The interviews furthermore found that principles of compulsory competitive tendering in the public sector and policies about how big a percentage of tasks each KIBS company must solve in the private sector influence the creation of brand equity in a KIBS context.

This master’s thesis provides a lot of new information on how to brand KIBS. However, the sources of brand equity in a KIBS context should be further examined. Due to limitations of time and resources, this master’s thesis did not examine these sources. Moreover, an examination of the customers’ perception of the sources of brand equity and how to build them might give other conclusions than this master’s thesis. An examination of how the KIBS industry should deal with the characteristics of services is furthermore needed. Finally, it can be assumed that different kinds of KIBS need different branding tools.
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