



FEUC FACULDADE DE ECONOMIA
UNIVERSIDADE DE COIMBRA

Master Thesis in Marketing

STRONG BRANDS

**How Brand Strategy and Brand Communication Contribute to Build Brand
Equity**

THE CASE OF NAVIGATOR

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May, 2011

ABSTRACT

In a world of global competition that we are living nowadays, brands are each time more used by companies as a strategy to create value and differentiation and this way to be one step ahead of their rivals.

A "brand" is the result of the recognition and the personal attachment that forms in the hearts and minds of the customers through their accumulated experience with that "brand". These experiences contribute to increased consumer trust and loyalty and allow building strong relationships with the "brand". By this way, "brands" promote the increase of shareholder value and establish a long-term advantage in the marketplace for organisations.

Companies recognise that strong brands are and have been historically associated with accelerated revenue growth and improved returns to shareholders. That is why, each time more organisations focus their strategies on building powerful brands as they represent competitive advantage and they are a key success factor in creating value to the customer and at the same time value to the company.

In this regard, this study intends to show how effective brand strategy and brand communication contribute to build brand equity and consequently create a strong brand.

For this purpose, the case study of Navigator was chosen, being a good example to show how the brand has been managed to become a powerful brand in the premium office paper segment.

Key words: Branding, Strong Brands, Brand Strategy, Brand Communication, Brand Equity, Navigator

RESUMO

Num mundo de concorrência global em que vivemos no presente momento, as marcas são, cada vez mais, utilizadas pelas empresas como uma estratégia para criar valor e diferenciação, para deste modo se poderem distanciar dos seus concorrentes.

Uma "marca" é o resultado do reconhecimento e da ligação pessoal que se forma nos corações e mentes dos consumidores através das experiências acumuladas dos mesmos com a referida "marca". Estas experiências contribuem para o aumento da confiança e fidelização dos consumidores para com a "marca" e permitem a criação de laços fortes com a mesma. Deste modo, as "marcas" promovem o incremento de valor para os seus accionistas e estabelecem uma vantagem a longo prazo no mercado para as organizações.

As empresas reconhecem que marcas fortes estão e estiveram historicamente associadas a crescimento acelerado de receitas para as empresas e a um incremento da rentabilidade para os seus accionistas. Esta é a razão pela qual, cada vez mais as organizações focam as suas estratégias na criação de marcas fortes, dado que as mesmas representam vantagens competitivas e são factores chaves na criação de valor para o consumidor e ao mesmo tempo de criação de valor para as empresas.

Deste modo, é pretensão com o presente estudo demonstrar a eficiência da estratégia da marca e da comunicação da marca na construção do valor da marca e consequentemente na criação de marcas fortes.

Com este intuito, o estudo de caso da marca Navigator foi escolhido, sendo um bom exemplo de como a marca tem sido gerida de modo a tornar-se uma marca forte no segmento *premium* de papel de escritório.

Palavras-chave: *Branding*, Marca Forte, Estratégia da Marca, Comunicação da Marca, Valor da Marca, Navigator

ACKNOWLEDGEMENTS

The realisation of this master thesis would not have been possible without the collaboration and support of a number of people and institutions, to who I would like to thank sincerely.

First of all I would like to thank to the institutions, without which I would not be able to complete this study: The Faculty of Economics of the University of Coimbra and Portucel Soporcel group.

I would like also to take the opportunity to offer my deepest thanks to my thesis supervisor, Professor Dr. Arnaldo Coelho, for the help and guidance I received from him throughout my master studies.

Following, I would like to express my gratitude to Dr. António Mamede, Chief of Customer Service Department at Portucel Soporcel group, for all the support and suggestions given throughout the process of this thesis, to Ricardo Ferreira, Brand Manager of the brand Navigator, for the provided information, for all support and directions offered.

I could not have completed this research without the constant support and friendship of my direct colleagues at Portucel Soporcel group; therefore I would like to express my sincere thanks to all of them.

I would like to express my heartfelt gratitude to my family and my boyfriend. Their warm, wise and optimistic support has been an inspiration which has contributed in many ways to my achievements. Thank you for all of the unconditional love and support you gave me during my whole life.

A big thank you to all my friends who have not only encouraged me during my studies and research, but have also been very patient and understanding when I was not able to make time for them as often as we would have liked.

Thank you, to all of you!

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Legend

AMA	American Marketing Association
ATF	About the Future
BEI	Brand Equity Index
BEKP	Bleached Eucalyptus Kraft Pulp
BLI	Buyers Laboratory Inc
CBBE	Customer Based Brand Equity
CRM	Customer Relationship Management
FPS	Setúbal Paper Mill
FSC	Forest Stewardship Council
GDP	Gross Domestic Product
gPS	<i>grupo</i> Portucel Soporcel
NNPA	National Network of Protected Areas
PCC	Precipitated Calcium Carbonate
PEFC	Programme for the Endorsement of Forest Certification
PM1	Paper Mill 1
PM2	Paper Mill 2
POD	Points of Difference
POP	Points of Parity
UWF	Uncoated Woodfree Paper
WWF	World Wide Fund for Nature

"The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.

Ideally, marketing should result in a customer who is ready to buy. All that should be needed then is to make the product or service available."

Philip Kotler

CHAPTER 1. RESEARCH FORMULATION

The aim of this chapter is to present the Research Reason, to determine the Research Objective and describe the Structure of this paper.

1.1. Reason for Research

Branding is a subject that personally interests me as a master student in the area of marketing due to its importance in nowadays competitive market. Today's modern concept of branding is much more than just creating a way to identify a product or company. Branding today is used to create emotional attachment to products and companies.

According to Doyle and Stern (2006) the specific characteristic of a successful brand is that, in addition to having a product which meets the functional requirements of consumers, it has added values which meet certain of their psychological needs. These added values are elicited feelings of confidence that the brand is of higher quality or more desirable than similar products from competitors. Thus, a successful brand can be seen as a combination of an effective product, a distinctive identity and added values.

In this sense, the brand and what it represents is the most important asset for many companies and is the basis for competitive advantage and profits. From the above-mentioned it is clear to see the importance and benefits of owning a strong and memorable brand.

A strong brand represents all the tangible and intangible qualities and aspects of a product or service. A strong brand represents a collection of feelings and perceptions about quality, image, lifestyle, and status. Thus, strong brands create a perception in the mind of the customer that there is no other product or service on the market that is equal. A strong brand promises to deliver value upon which consumers can rely to be consistent over long periods of time.

1.2. Research Objective

The general objective of the undertaken research is, through a case study of one of the strongest Portuguese brands in the premium office paper segment, to show how effective

brand strategy and brand communication contribute to build brand equity and consequently create a strong brand. Additionally, it is aimed also to provide evidences that such a strong brand delivers value to both, the customer and to the company.

1.3. Structure of the Research

The present work is structured in seven chapters, where in the first one the Research Formulation is given; it also justifies the Reason for the undertaken research and presents the Research Objective and Structure.

The second chapter is composed by the Literature Review, where the main concepts on branding are approached, such as Brand Strategy, Brand Identity and Personality, Brand Positioning, Brand Equity and Brand Communication.

The third chapter is dedicated to the Conceptual Framework, in which the Paradigm Identification is described, the General and Specific Objectives of the study are presented and the Investigation Model is proposed.

In the fourth chapter, the Research Methodology is chosen, the main Characteristics of the Case Study Method are presented, and Reasons why such a research method was appropriate for the current work. As next, the Strengths and Weaknesses of Qualitative Research are indicated.

In the fifth chapter follows general information about Portucel Soporcel group, its History, the Industry where it operates and its Products and Brands.

As next, the sixth chapter refers to Navigator Brand History and Evolution, its Product Features, Brand Strategy, Brand Values and Brand Positioning. Considered are also Navigator Rebranding 2011, Navigator Product Range and Brand Communication Programme; quantitative data on Navigator Brand Equity and Brand Performance is presented. The Value that Navigator brand delivers to both the customer and to the company is revealed as last in this chapter.

As final, the seventh chapter is dedicated to the Concluding Remarks; The Main Findings obtained from the case study of Navigator are presented. Further, the Limitations on the Chosen Methodology are discussed and Recommendations for Future Research in the area of investigation are given. Part of the work is also the Bibliography which was consulted for the construct of this work and finally attached is the Appendix, containing the Interview Guide.

CHAPTER 2. LITERATURE REVIEW

The objective of this chapter is to create a deeper Understanding on Branding and on the Brand Concept. This chapter explores what can be understood of a Brand, Branding, Brand Strategy, Brand Identity and Personality, Brand Positioning, Brand Equity and Brand Communication.

2.1. Introduction to Branding

The area of branding has emerged to a top priority for management in the last 20 years. In fact, brands are one of the most valuable intangible assets within a firm (Keller and Lehmann, 2006). The brand name encompasses the years of advertising, good will, quality evaluation, product experience and other beneficial attributes the market associates with the product.

Customers everywhere respond to images myths, and metaphors that help them define their personal and national identities within context of world culture and product benefits. Strong global brands play an important role in that process. In fact one authority speculates that brands are so valuable that companies will soon include a statement of value addendum to their balance sheets to include intangibles such as the value of their brands.

The concept of the brand can be traced back to product marketing, where the role of branding and brand management has been primarily to create differentiation and preference for a product or service in the mind of the customer (Knox and Bickerton, 2003). For Strizhakova and Price (2008), Srivastava and Gregory (2010) and Kapferer (2008) branding strategies are developed by the organisation, for the product, in order to position and identify the brand with positive product benefits to attract potential customers, create brand awareness and to increase profitability. Knox and Bickerton (2003) continue, "The development of product branding over the past 30 years is characterised by layers of added value built around the core functionality of the product or service to create and maintain distinction in a particular market." In simple terms, brands are used as the communication between a product or service and its existing and prospective customers, Biel (1997) continues this with the statement "as well as speaking directly to the consumer, it has also been said that brands are self-expressive."

De Chernatony and McDonald (2003) support the fact that both product attributes and brand trust can simultaneously be achieved when "viewed from a consumer perspective, branding at its most simplistic can be used to convey a product's functional qualities and associated benefits, and to establish trust and confidence in the product."

"Branding is a significant marketing tool and is used to differentiate an organisation's product(s) in the marketplace." (Graham et al, 1994). This is in support of Doyle (1989) who states that "a branded product distinguishes itself from the competition, enabling it to be easily recognised by consumers." Keller (2009) continues, "The brand and what it represents is the most important asset for many companies and is the basis for competitive advantage and profits". From these opinions, it is clear to see the importance and benefits of owning a strong and memorable brand. "Some feel that brands themselves are doomed because of years of inconsistent advertising and agency management, generic marketing, look-alike advertisements, un-distinctive products, and the proliferation of promotions." (Wentz, 1993) However, Wentz and Suchard (1993) disagree with this when they state "brands and branding are not new ideas, and today firms are applying them to more diverse settings where the role of branding is becoming increasingly important."

Graham et al (1994) is in support of Wentz and Suchard (1993) when he illustrates "the successful application of branding can create distinctiveness and value for the organisation, its product and the consumer." Graham et al (1994) is suggesting that a strong brand not only benefits the firm and the product but offers benefits to the customers also, for example, a strong brand name is usually associated with quality and trust, and therefore, a customer will feel more comfortable buying the product. Keller (2003) agrees when he states, "in essence, brand values provide a promise of sameness and predictability." This type of emotional response is normal for humans and "organisations seek ways to take full advantage of this human trait - thus the popularity of branding." (Rooney, 1995).

The popularity of branding also plays an important role in the literature, as Maklan and Knox (1997) state, "traditionally, branding has been concerned with enhancing companies' products and services in the expectation that their investments in added functionality, emotional value and service would create customer value and loyalty." Dawar (2004) concludes that brands are an indispensable part of modern business and he also states that for many companies, brands are their most valuable assets.

Kotler and Pfoertsch (2006) emphasise the importance of brands, when saying that brands, used as a holistic marketing strategy communication tool, can differentiate itself by

offering additional value, especially under severe competition in homogeneous markets where globalisation has created price pressure.

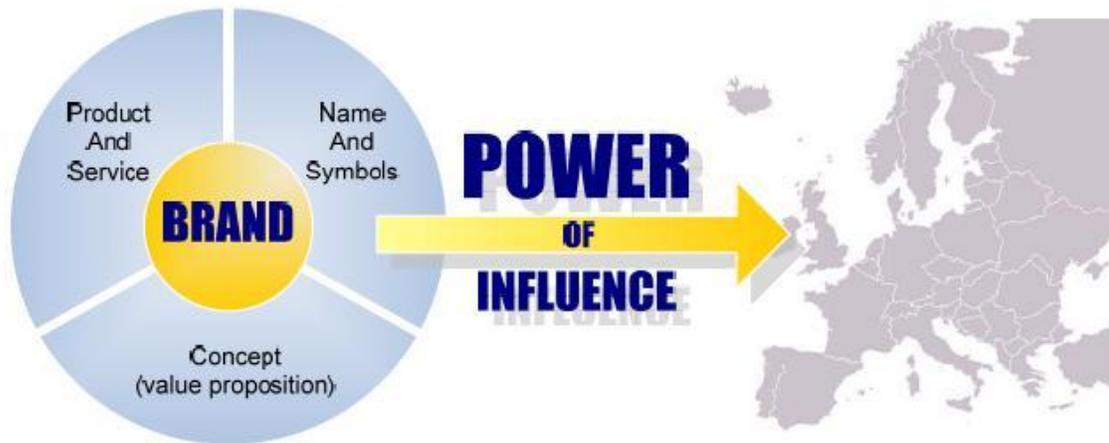
2.2. What is a Brand?

Brand equity, brand management, brand awareness, brand positioning, brand culture, brand strategy, brand functions and brand environment are all conjugated of one single noun: brand. The word "brand" finds its origin in ancient times where livestock, criminals or slaves got permanently marked with a branding iron to identify ownership. (<http://oxforddictionaries.com>). According to Ries and Ries (2000) a brand is a special word in the mind of consumers: a noun, with the power to influence purchasing behaviour. In the same order of identifying and possession, the American Marketing Association (AMA) defined a brand as: "A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors" (AMA, www.marketingpower.com).

Keller (2008) takes a wider perspective making a distinction between the brand definition as set by AMA and the industry's concept of branding. Keller (2008) adds tangible and intangible brand elements, rational and emotional brand elements, and symbolic brand elements which differentiate and identify a brand. Hence, Keller's definition is taken from a more holistic point of view: "A brand is therefore more than a product, because it can have dimensions that differentiate it in some way from other products designed to satisfy the same needs" (Keller, 2008). Van Gelder (2003) recognises the managerial interdependencies and argues that "a brand is the translation of the business strategy into a consumer experience that brings about specific behaviour".

For Kapferer (2008) the brand is a source of influence; a system of interconnected mental associations (brand image) and relationships. According to Kapferer (2008), a brand as such, exists when it has the power to influence the market acquired by its sources of cumulative brand experience. The dynamics of branding and the bi-directional contingencies between the brand and the market makes the brand a living system build around three anchor points: (1) product and service, (2) name and symbols, (3) concept. (See figure 1).

Figure 1: The brand system: power of influence
Source: Kapferer (2008)



Kotler and Pfoertsch (2006) adopted the holistic paradigm and argue next that a brand is a promise to the consumer at which the brand has formed a set of perceptions about a product, service or business. It holds therefore a distinctive influential position in customer's mind where the brand represents a short-cut of attributes, benefits, beliefs and values based on past experiences, associations and future expectations. Finally, it is the brand that differentiates, reduces complexity, and simplifies the decision-making process.

2.3. Emerging Characteristics of Brands

Brands vary in power they exercise in the marketplace - because, ultimately, their power resides in the minds of consumers (de Chernatony 2006; de Chernatony and Dall'Olmo Riley 1998b; Kapferer 2008). Consumers are not passive recipients of marketing activity, and branding is not done to consumers; rather, branding is something that customers do things with. The power of a brand can thus be understood in terms of its position in the minds of customers. At one extreme are brands that are unknown to most buyers in the marketplace. Then, there are brands about which buyers have a degree of awareness recall, and recognition. Beyond such awareness, there are brands that have a degree of brand acceptability. Then, there are brands that enjoy a degree of preference. Finally, there are brands that command a degree of brand loyalty (de Chernatony 2006; Keller 2010; Kotler and Keller 2009).

As customers have become more experienced, de Chernatony and McDonald (2003) have identified eight distinct functions of brands. These include brand as: (1) a sign of ownership; (2) a differentiating device; (3) a communicator of functional capability; (4) a device that enables buyers to express something about themselves; (5) a risk-reducing device; (6) a shorthand communication device; (7) a legal device; and (8) a strategic device. More recently, de Chernatony (2006) has categorised these diverse functions into three perspectives: (1) an input-based perspective (branding as a way of directing resources to influence consumers and to achieve customer response); (2) an output-based perspective (consumers' interpretations of how brands enable them to achieve more); and (3) a time based perspective (recognising brands as dynamic entities with an evolutionary nature).

De Chernatony and Dall'Olmo Riley (1998a) identified twelve main elements among the broad range of definitions of brand in the literature. These elements referred to brands in terms of their role as: (1) legal instruments; (2) logos; (3) company; (4) communication shorthand; (5) risk reducers; (6) identity systems, (7) images in consumers' minds; (8) value systems; (9) having personalities; (10) parties to a relationship; (11) adding value; and (12) evolving entities. These twelve brand elements include various aspects of the company's activities and the consumers' perceptions. The brand exists by virtue of a continuous process whereby the values and expectations imbued in the brand are set and enacted by the company and interpreted, and then redefined by the consumers (de Chernatony 2006; de Chernatony and Dall'Olmo Riley 1998a).

2.4. Branding Principles

Brand procedures and branding principles are a necessity to establish an effective brand campaign. Kotler and Pfoertsch (2006) argue that successful branding relies on the utmost importance of five branding principles, namely:

Consistency: This is one of the most important branding principles for any organisation. To become consistent organisations should leverage this with a holistic approach, far beyond the product or brand. It affects each and every single contact point between the organisation and her stakeholders.

Clarity: Clarity makes the brand more tangible and understandable. Clarity is based on the vision, mission, core values and core competencies of the organisation. These should be easy to communicate and understand in such a way, that it enables stakeholders to position the brand relevance in their mind.

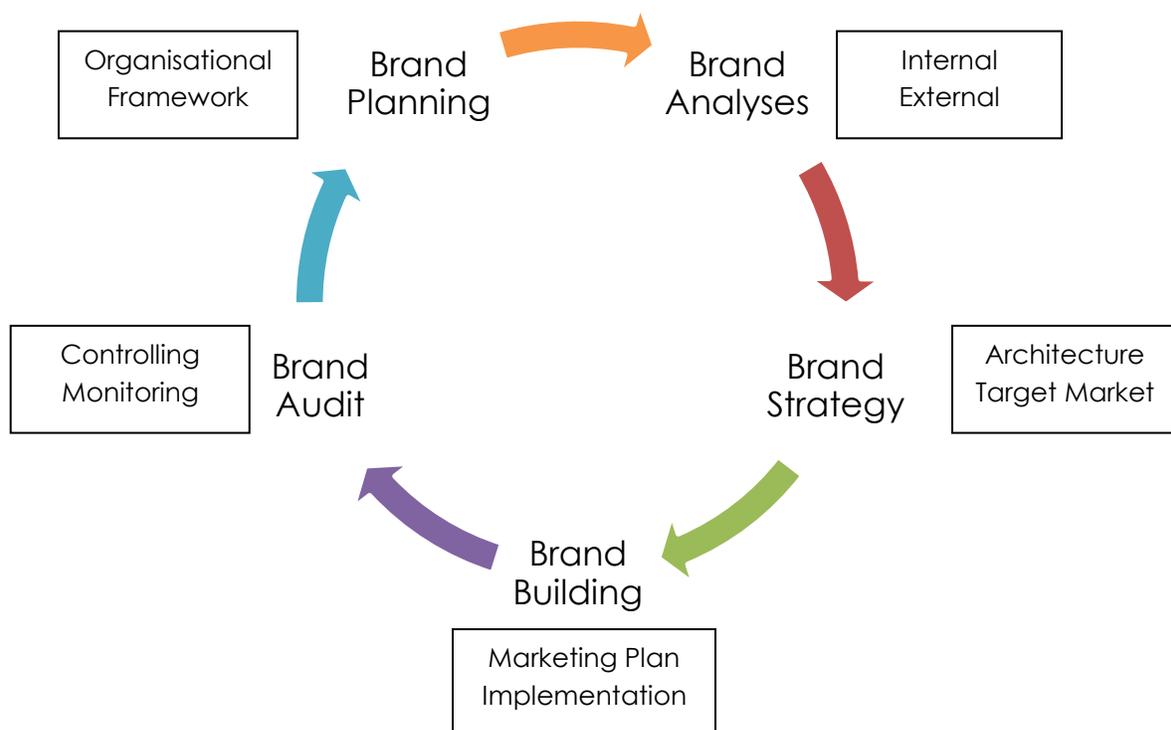
Continuity: Stakeholders (people) trust the brand that it will deliver whatever it promised based on past experience, they know what to expect. Hence, continuity is an important principle to develop brand equity and trust on the long term.

Visibility: Brand visibility is all about increasing brand exposure and developing brand awareness.

Authenticity: Brand authenticity is the undisputed origin of behaviourism of all organisational members with the objective of creating the feeling for the customer to own, use or direct a unique valuable product or service.

Brand building requires a long term vision and planning, supported by top management and executed thoroughly across all managerial processes. To embed brand consistency and brand clarity in the strategy process Kotler and Pfoertsch (2006) argue to follow a five-step brand building process: (1) brand planning, (2) brand analysis, (3) brand strategy, (4) brand building, and (5) brand audit. (See figure 2).

Figure 2: Sequence of the brand building processes
Source: Kotler and Pfoertsch, 2006



To develop the brand onto brand leadership and gain sustainable market share, organisations need to manage the brand carefully in the appropriate direction. For this reason Kapferer (2008) stated that the brand must be: (1) embodied in products, services and places; (2) put into practice by people at contact points; (3) activated by needs and behaviours; (4) communicated; (5) distributed.

The principles of strong brands are captured in the brand report card of Keller (2000). After Keller identified ten characteristics that the world's strongest brands share, he constructed a systematic and uniform manner of valuing brand performance. Although it is developed as audit tool, the characteristics can be seen as a set of branding principles which should be in place. The brand report card is helpful to monitor the brand performance and brand comparison (Keller, 2000).

The ten characteristics are stated in the imperative mood and need to be rated between 1- (extremely poor) and 10- (extremely good), the original characteristics are 1-on-1 copied (Keller, 2000):

1. "The brand excels at delivering the benefits customers truly desire.
2. The brand stays relevant.
3. The pricing strategy is based on customers' perceptions of value.
4. The brand is properly positioned.
5. The brand is consistent.
6. The brand portfolio and hierarchy make sense.
7. The brand makes use of and coordinates a full repertoire of marketing activities to build equity.
8. The brand's managers understand what the brand means to consumers.
9. The brand is given proper support, and that is sustained over the long run.
10. The company monitors sources of brand equity. "

As Keller admits it is tremendously difficult to maximise all ten characteristics, still it is of vital importance to balance all ten. Due to the synergistic effect, excelling at one characteristic makes it less difficult to excel as well on others (Keller, 2000).

2.5. Brand Functions

Kapferer (2008) mentions that before the 1980's there was a different approach towards brands. "Companies wished to buy a producer of chocolate or pasta: after 1980, they wanted to buy KitKat or Buitoni. This distinction is very important; in the first case firms wish to buy production capacity and in the second they want to buy a place in the mind of the consumer" (Kapferer, 2008). In other words, the shift in focus towards brands began when it was understood that they were something more than mere identifiers.

2.5.1. Brand Functions from Customer Perspective

Brands, according to Kapferer (2008) serve eight functions shown in table 1: the first two are mechanical and concern the essence of the brand: "to function as a recognised symbol in order to facilitate choice and to gain time"; the next three are for reducing the perceived risk; and the final three concern the pleasure side of a brand. He adds that brands perform an economic function in the mind of the consumer, "the value of the brand comes from its ability to gain an exclusive, positive and prominent meaning in the minds of a large number of consumers". Therefore branding and brand building should focus on developing brand value. Kapferer (2008) addressed several brand functions which justify the attractiveness and value of the brand from a customer perspective: (See table 1).

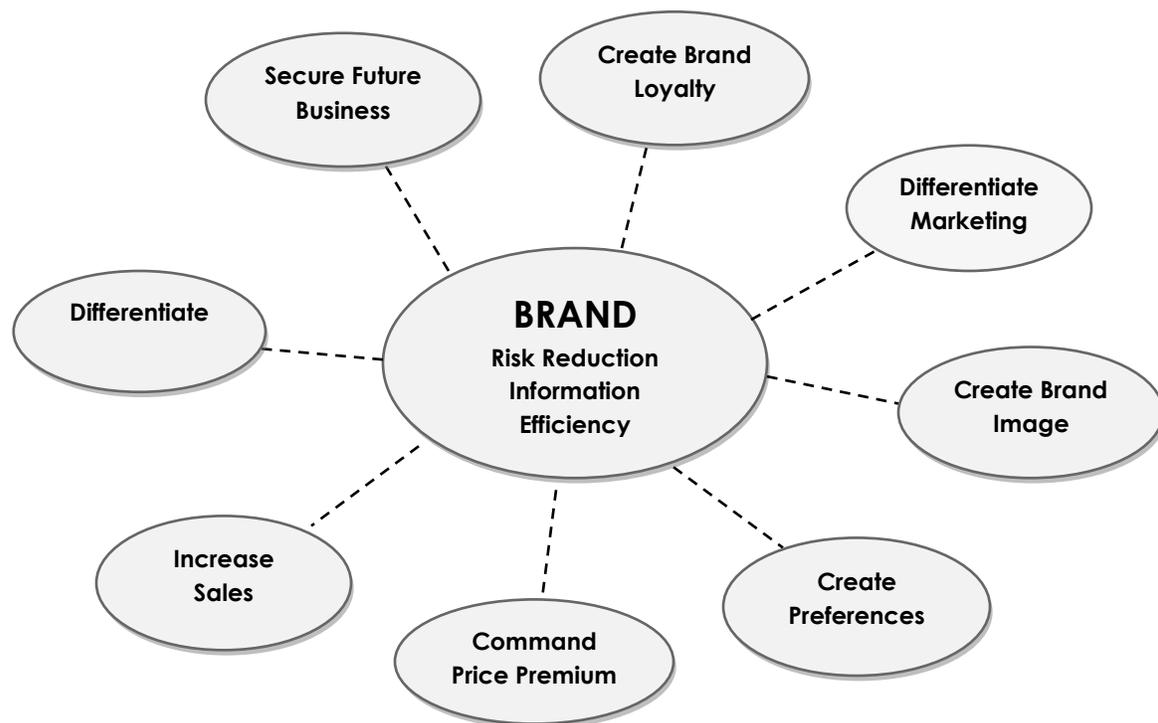
Table 1: The Functions of the brand for the consumer
Source: Kapferer, 2008

Function	Consumer Benefit
Identification	To be clearly seen, to make sense of the offer, to quickly identify the sought-after products.
Practicality	To allow savings of time and to allow savings of time and energy through identical repurchasing and loyalty.
Guarantee	To be sure of finding the same quality no matter where or when you buy the product or service.
Optimisation	To be sure of buying the best product in its category, the best performer for a particular purpose.
Characterisation	To have confirmation of your self-image or the image that you present to others.
Continuity	Satisfaction brought about through familiarity and intimacy with the brand that you have been consuming for years.
Hedonistic	Satisfaction linked to the attractiveness of the brand, to its logo, to its communication.
Ethical	Satisfaction linked to the responsible behaviour of the brand in its relationship towards society.

2.5.2. Brand Functions from Company Perspective

Allocation of organisational resources to release brand potential plays an important factor to establish a brand leadership position. Building a strong sustainable brand can lever long term business development tremendously. From a brand function perspective Kotler and Pfoertsch (2006) have outlined eight different roles of the brands to conquer a unique position in the mind of stakeholders. (See figure 3):

Figure 3: The role of brands from company perspective
Source: Kotler and Pfoertsch, 2006



The eight brand roles are situated in the outer circle of the brand functions. The core represents the functions and value for the consumer where the outer circle the value a brand represents to the company. The roles are linked to each other; developing one will leverage the others. Effective differentiated marketing strategies will create specific brand preferences and brand image by delivering what is promised. For that the brand will differentiate itself on the market and develop brand loyalty. The brand has enabled itself to command a premium market price with high margins. As a result of that and loyalty to

the brand, it will secure future business and increase brand equity in a sustainable manner (Kotler and Pfoertsch, 2006).

2.6. Brand Strategy

The brand strategy plan specifies the direction and scope of the brand over the long term to maintain and build sustainable competitive advantage over the competition (Arnold, 1992). Van Gelder (2003) argues that brand strategy starts with an accurate understanding of the business strategy to ensure strategic consistency. Corporate strategy and brand strategy should be aligned in order to create stakeholder value (Van Gelder, 2003). Brand strategy is based on the brand core, brand values and brand associations using building blocks as brand mission, brand architect, brand positioning, brand value proposition, brand promise and brand personality (Kotler and Pfoertsch, 2006).

Brand strategy itself, is the process whereby a company identifies which brand elements are necessary to create the appropriate and feasible brand proposition to the target group (Kotler and Pfoertsch, 2006). As a consequence, brand strategy should involve a holistic approach throughout the organisation and embraces employee's roles as being ambassadors of the brand. Within the strategy process brand elements, brand architecture, brand identity and brand positioning fulfil an important function.

Aaker (2000) has created a brand leadership model where the brand manager fulfils a strategic and visionary role. Brand strategy needs to be consistent with the business strategy, corporate vision and culture (Aaker, 2000). To build and become a strong brand, Aaker (2000) distinguishes four tasks, which organisations should achieve:

1. Organisational structure and processes to build an effective and efficient brand organisation.
2. Brand architecture to guide and develop a strategic brand direction.
3. Brand identity and brand position to differentiate the brand(s) within the appropriate markets.
4. Brand building programs to plan, create, develop, implement, execute and monitor effective brand building programs.

2.6.1. Brand Elements

Brand elements and brand identity are often used next to each other to identify the brand, to enhance brand awareness and to facilitate unique brand associations which ultimately should differentiate the brand (Keller, 2008). Conventional brand elements form the visual identity of a brand, a logo, a name, a slogan and brand stories can be addressed as the key elements. The visual identity reflects the core brand identity code and should be managed by strict visual code guidelines for long term consistency without jeopardising brand identity deviation (Kotler and Pfoertsch, 2006).

Keller (2008) completes these four key elements as captured by the visual code with a set of additional trade-markable devices; URL's, symbols, characters, spokes people, packages and signage. Next to that Keller (2008) distinguishes six general criteria for brand elements, segregated in two groups in which the elements play an offensive or defensive role. Each brand element will have its own strength and weakness. Key to brand equity is the mixture and balance between the different elements in their verbal and visual context to maximise their collective contribution (Keller, 2008).

Table 2: Brand elements
Source: Keller, 2008

Offensive Role	Defensive Role
Memorability	Transferability
Meaningfulness	Adaptability
Likability	Protectability

On the offensive side, to built brand equity, brand elements should be memorable and distinctive, easy to recognise and easy to recall: the sticky factor. Secondly, brand elements need to be meaningful to convey the descriptive or persuasive content. Descriptive meaning is the customer able to identify the right product category and is the brand element credible in this product category. Hence, the descriptive dimension is a determinant of brand awareness and salience. Persuasive in this context means a determinant of brand image and positioning. It is the specific information about particular key attributes and benefits of the brand. This could even reflect brand personality. The last offensive criterion, likability, reflects aesthetical appealing like the brand style and brand themes (Keller, 2008).

On the defensive side, to maintain brand equity, brand elements should be transferable in such a way that they can cover more than one product, product line, market segments, geographic boundaries, markets and cultures. Secondly, brand elements need to be adaptable and flexible in time to remain relevant. Protectability is the last defensive criteria and considers the legal and unauthorised competitive infringements of the brand.

To balance the most important elements across the six general criteria Keller (2008) has set a table of brand options and tactics. The main brand elements have been categorised by Keller in five groups, see table 3 (Keller, 2008).

Table 3: Critique of brand element options
Source: Keller, 2008

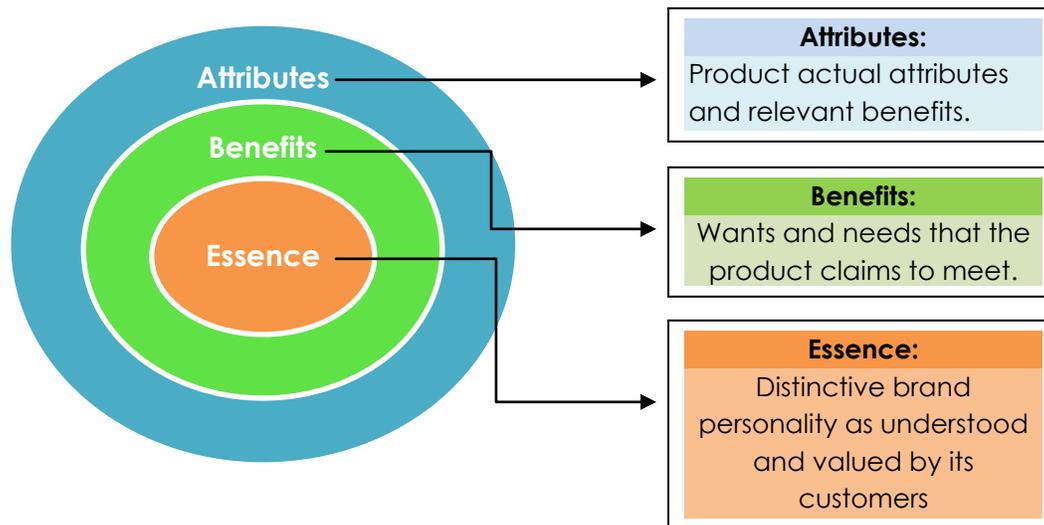
Criterion	Brand Elements and URL	Logos and Symbols	Characters	Slogans and Jingles	Packaging and Signage
Memorability	Can be chosen to enhance brand recall and recognition	Generally more useful for brand recognition	Generally more useful for brand recognition	Can be chosen to enhance brand recall and recognition	Generally more useful for brand recognition
Meaningfulness	Can reinforce almost any type of association, although sometimes only indirect	Can reinforce almost any type of association, although sometimes only indirect	Generally more useful for non product related imagery and brand personality	Can convey almost any type of association explicitly	Can convey almost any type of association explicitly
Likability	Can evoke much verbal imagery	Can provoke visual appeal	Can generate human qualities	Can evoke much verbal imagery	Can combine visual and verbal appeal
Transferability	Can be somewhat limited	Excellent	Can be somewhat limited	Can be somewhat limited	Good
Adaptability	Difficult	Can typically be redesigned	Can typically be redesigned	Can be modified	Can typically be redesigned
Protectability	Generally good, but with limits	Excellent	Excellent	Excellent	Can be closely copied

The above six general criteria for brand elements, so called visual identity code, reduce the risk of diluting or weakening the brand and form a guideline for a consistent brand performance (Kotler and Pfoertsch, 2006).

To understand the interdependencies of the mentioned individual brand elements Arnold (1992) categorises the elements into three groups, as displayed in figure 4. The core of the brand anatomy is formed by the essence; the brand personality to differentiate the brand within the market. The benefits in the second ring stand for the wants and needs of the customer that the brand needs to deliver. Finally, the outer ring represents the actual attributes of the product. Arnold claims to work from in to out whereby the product

attribute do not class with the brand essence. Consequently they should lever the essence by offering relevant benefits (Arnold, 1992).

Figure 4: The relationship between the elements of a brand
Source: Arnold, 1992



▪ Brand Name

"One issue and problem concerning branding strategy today includes the selection of a brand name." (Rooney, 1995). According to Hooley et al (2008) a brand name or symbol is an indication of pedigree and a guarantee of what to expect from the product – a quality statement of a value-for-money signal.

A commonly used definition of a brand name is that it is the component of a brand which can be spoken or verbalised. (Bennett, 1988). He continues, "It can contain words, numbers or letters." Most introductory marketing textbooks recognise that a good brand name should also have several properties. A short clear brand name is usually preferred over longer more complex names. It should suggest benefits or qualities associated with the product. "A good brand name should be easy to spell, pronounce and remember. It also should be distinctive and free of any negative connotations." (Turley and Moore, 1995). Berry et al (1988) however simply suggests that "a name should have four characteristics, distinctiveness, relevance, memorability, and flexibility." While Berry et al (1988) highlights important attributes that should be included in a name, it is slightly simplistic criteria that neglect to mention many of the points that Turley and Moore (1995) suggest. However, not all successful brands have all of the factors mentioned here, for example, there are

successful brands, which brand name is distinctive but is not easy to pronounce, spell or remember; it is not directly relevant and not flexible in any way. It is distinctive however, which suggests that although the norm is to follow the whole criteria, sometimes, by just successfully fulfilling one aspect, a strong brand name can be achieved. According to Clifton and Maughan (2000) the brand name is arguably the most important element of the branding mix, because it is the one element that is hoped to never change, packaging designs will be updated, advertising campaigns will change, even product formulations may alter, however the brand name will always stay the same.

"Building a strong brand name is the goal of many organisations because of the host of possible benefits that may result." (Hoeffler and Keller, 2002). In the same way that choosing a weak brand name can hinder the success of any product.

However, in support of Hoeffler and Keller (2002) a well-chosen brand name can produce a number of specific advantages including "suggesting product benefits", (McCarthy and Perault, 1990), "contributing to brand identity, simplifying shopping, implying quality", (McNeal and Zerren, 1981), "evoking feelings of trust, confidence, security, strength, durability, speed, status and exclusivity", (Shimp, 1993). "There are even times, particularly when marketing homogeneous goods, where the brand name may be a product's only distinguishing characteristic." (Skinner, 1990). As a result, "a well-chosen name can give a company a marketing edge over comparable competitors." (Berry et al, 1988). In support of this Hoyer and Brown (1990) and Keller (2009) illustrate the importance of visual communication when they state, "brand names are valuable assets that help communicate quality and evoke specific knowledge structures associated with the brand." In addition, "a brand name can provide a customer with a symbolic meaning which assists in both the recognition of the product and the decision-making process." (Herbig and Milewicz, 1997).

However, Ginden (1993) believes that "the point of a name is to have consumers link it to quality". "Choosing a brand name for a consumer product or service is so critical that some writers argue it is one of the most important marketing management decisions." (Landler et al, 1991). Indeed, it has been known that "customers will judge a product based on product name alone, customers form instant, non-neutral attitudes about the product that may prove difficult to change through the use of subsequent communications." (Petty, 2008).

De Chernatony and Segal-Horn (2001) emphasize the importance of brand names in the following sentence: "...it is not factories that make profits, but relationships with customers and are companies and brand names which secure those relationships".

Despite the enthusiasm for the imperativeness of brand names, it is not the sole contributing factor to a successful brand. As it will be discussed throughout this paper, there are several important attributes to a brand, all of similar importance to the next, however, "a strong brand name is a very valuable asset of a firm," (Keller, 2008) and "the point is, it is easier to be successful in branding if the product does not have to overcome the disadvantage of a bad name." Effective graphics and logos are recommended, however, to support the name. (Rooney, 1995).

▪ **Logos, Symbols, Slogans and Colours**

"Symbols with all that represent a brand, a tagline, a character, a visual metaphor, a logo, a colour, a gesture, a musical note, a package, or a program. The symbol is a part of brand equity and functions as a tool for maintenance" (Aaker and Joachimsthaler, 2009). Logos and symbols have a long history which shows brand identification of the company. There are different types of logos, which are unique from corporate names or trademarks. Logos and symbols are easy way to recognise a product. It is a greater success if symbols and logos became a link in memory to corresponding brand name and product to increase brand recall. Customers may perhaps identify definite symbols but be unable to link them to any particular brand or product. (Keller, 2003). Logos help companies to develop the brand equity through raised brand identification and brand loyalty, therefore logos are very important assets and companies spend enormous resources to promote brand logos and symbols. (Kapferer, 2008).

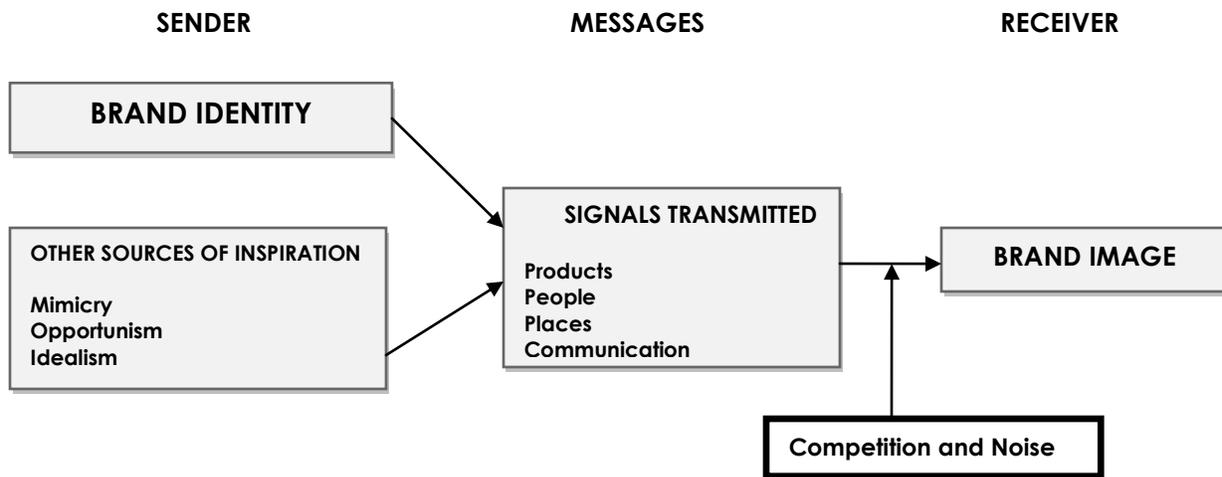
Logos and symbols are successful way to get a better place in customers' mind. If customers find something that is easily identifiable, preferably in a positive way, customers feel more comfortable with brands. If there is not a lot of difference among brands, then logos and symbols can be a very effective way of differentiating the brands from each other. Moreover, logos can also be used to make the potential consumers aware of the origin and ownership of the brand. Logos and symbols help the brand owners to build brand equity through raising brand awareness.

Slogans are short phrases that communicate descriptive information about the brand. Slogans often appear in advertising but can play an important role on packaging and in other aspects of the marketing programs. Slogans can play off the brand name in a way to build both awareness and image. Packaging also plays important part as brand elements in building brand equity.

"Colour is an integral part of products, services, packaging, logos, and other collateral and can be an effective means of creating and sustaining brand and corporate images in customers' minds." (Madden, 2000). In support of this, Schmitt and Pan (1994) declare that "colour is also an important component of many corporate and brand-building cues, such as logos, packages, and displays. To illustrate its importance, Cooper (1994) has shown that colour ranks among the top three considerations, along with price and quality, in the purchase of an automobile. For these reasons, colour plays a key role in the consumers' perception of products and brands in a variety of ways. Consumers use colours as a cue to identify brands. For example, colour is used to identify brands of soft drinks – "7-up is green, Coke is red and Pepsi is blue." (Tom and Barnett, 1987). "The meanings associated with different colours are important to marketers because the tools used to communicate brand image are mechanisms of meaning transfer." (Schmitt and Simonson, 1997). For this reason, "colour is found to be a useful and powerful tool in the creation of international brand identity and awareness." (Grimes and Doole, 1998).

2.6.2. Brand Identity

According to Aaker (1996) brand identity provides strategic direction, purpose and meaning for a brand. For this reason, the brand identity is one of the main drivers for brand equity. Aaker defines brand identity as: "...a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organisation members. Brand identity should help establish a relationship between the brand and the customer by generating a value proposition involving functional, emotional, or self-expressive benefits." (Aaker, 1996). Brands are not just regarded as a product or a service but also as a symbol or a person. A strong symbol can provide a structure to the brand identity and make it more recognisable to people (Aaker, 1991). Brand identity represents how the brand wants to be perceived, it leads brand image and is situated on the sender's side. The way a brand is perceived by its customers is key to its success. To drive positive brand association that customers know and trust requires recognisable brand associations in the mind of customers, without a discrepancy in the brand elements. The brand perception, or in other words the brand image, is therefore always on the receiver's side (Kapferer, 2008). (See figure 5).

Figure 5: Identity and image
Source: Kapferer, 2008

It is necessary to have a clear and objective self-image of the brand identity in order to influence the desired set of brand awareness, perceived value and brand image. According to Van Gelder (2003) brand identity declares: its background, its principles, its purpose and its ambitions. For that reason brands need to be managed for consistency and vitality (Van Gelder, 2003). Hence, the identity concept, the promise to a customer, plays a crucial role within the brand management process as a brand needs to be durable. The brand must deliver coherent signs and products and it needs to be realistic (Kapferer, 2008). Brand image can easily change over time where brand identity represents long lasting values of the brand. From that perspective brand image is more a tactical asset, whereas brand identity fulfils a strategic asset role (Kotler and Pfoertsch, 2006). Kapferer (2008) has developed a brand identity prism where he distinguishes a sender and recipient side, plus an externalisation and internalisation side. The six identity facets express the tangible and intangible characteristics of the brand and give it a unique authority and legitimacy of values and benefits (Kapferer, 2008).

Aaker (1996) developed his brand identity model around four different perspectives and twelve dimensions (figure 6). Brand managers should have an in-depth understanding of the brand identity from different perspectives before they are able to clarify, enrich and differentiate the brand identity. Aaker and Joachimsthaler (2009) distinguish the following perspectives:

Brand as a product

The product related attributes will by nature have an important influence on brand identity due to the fact that they are linked to user requirements and product experience.

Brand as an organisation

By looking at the brand as an organisation, brand managers are forced to shift their perspective from product to organisation attributes. These are less tangible and more subjective. Attributes as CRM, innovation, perceived quality, visibility and presence can contribute significantly towards value propositions and customer relationships.

Brand as a person

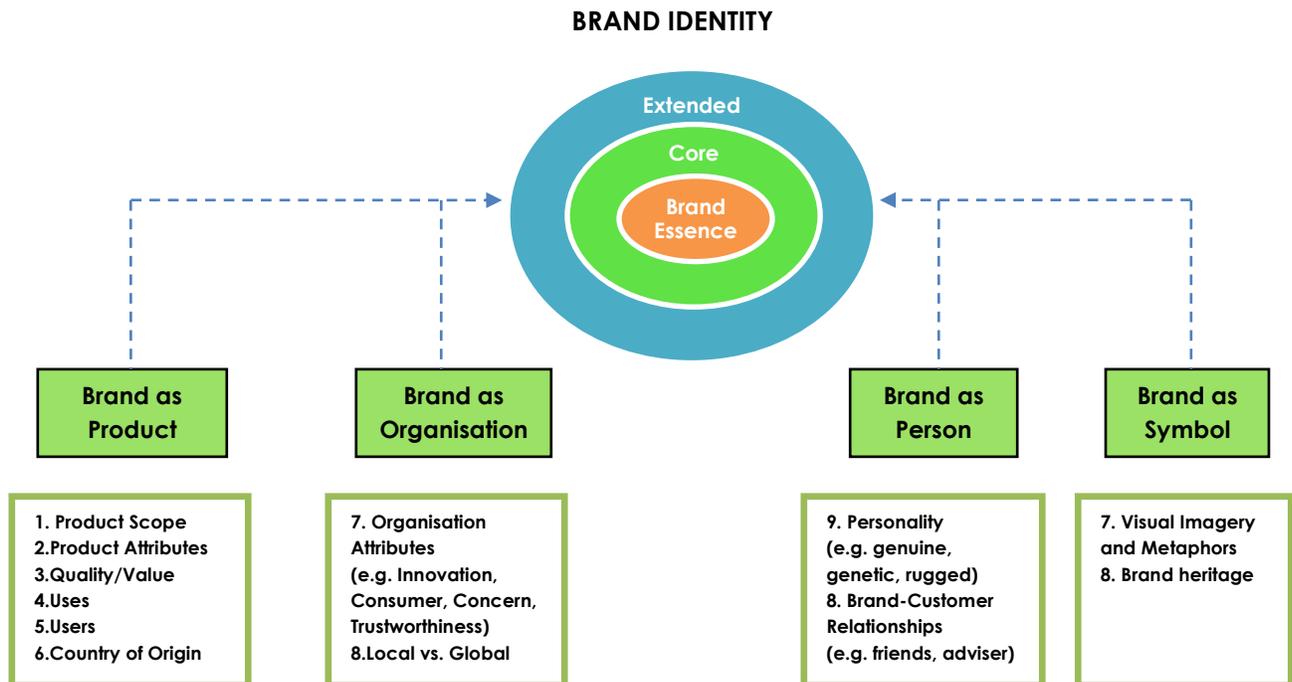
Brand as a person is a perspective as if the brand was a human being. Brand personality is a very distinctive brand element and extensively used in many brand equity models. For that reason it is described in next section - "2.6.3. Brand Personality."

Brand as a symbol

Brand as a symbol can capture almost anything that represents the brand. A strong symbol can fulfil an important and even a dominate role in brand strategy. Symbols are very strong if they involve a recognisable, meaningful and trustful metaphor.

The balance of the four perspectives can vary by customer segmentation, competitor composition and internal context. As a consequence the balance is interdependent with the strategic brand analyses (Aaker, 1996).

Figure 6: Brand identity perspectives
Source: Aaker, 1996



The heart of the model contains the brand essence, core identity and extended identity.

The brand essence

The brand essence captures the brand values and vision in an ambivalent timeless identity statement. Aaker and Joachimsthaler (2009) see this as the internal magnet that keeps the core identity element connected.

The core identity

The core identity represents the essence of the brand and contains the associations that are most likely to remain constant over time. Ultimately, as a result the core identity elements make the brand sustainable, unique and valuable (Aaker and Joachimsthaler, 2009).

The extended brand identity

The extended brand identity fulfils a completeness and texture role to funnel the ambivalent core identity into a consistent direction of the brand. Where core elements are timeless, the extended identity contains elements that do not belong to the timeless foundation of the brand identity (Aaker and Joachimsthaler, 2009).

2.6.3. Brand Personality

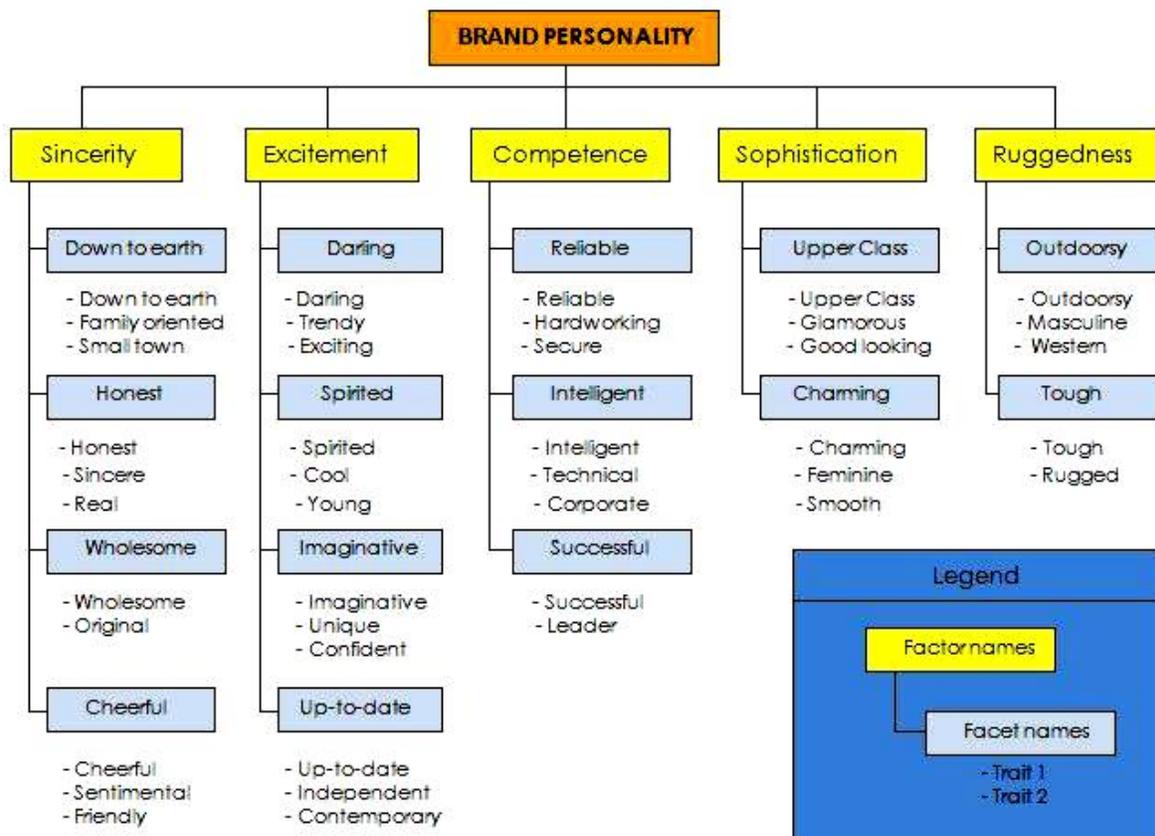
Brand personality is an important element in branding. According to the American Marketing Association (AMA): "Brand personality is the psychological nature of a particular brand as intended by its sellers, though persons in the marketplace may see the brand otherwise (called brand image). These two perspectives compare to the personalities of individual humans: what we intend or desire, and what others see or believe." (AMA, <http://www.marketingpower.com>).

Aaker (1996) defines the associated personality of a brand as a set of (1) human demographic characteristics like age, gender, social class and race; (2) human lifestyle characteristics like activities, interest, and opinion; (3) human personality traits such as extroversion, agreeableness, dependability, warmth, concern, and sentimentality. The brand becomes a living person and often attached to a metaphor. In this way, it visualises the abstract intangible assets and characteristics in a more concrete tangible appearance. Hence, customers interact with brands as if they were human being. As it counts for human personality, brand personality is distinctive and enduring (Aaker, 1996).

Aaker has developed a framework of brand personality dimensions on the bases of an extensive research across 37 brands (out of 60) with a high salience rating divided over 4 clusters with 114 personality traits (out of 309). The brand personality construct composes

five personality factors so called “Big Five”: sincerity, excitement, competence, sophistication, and ruggedness. The big five includes 15 facets and 42 traits; they explain 92% of the variance between the brand personalities (Aaker, 1996). See figure 7.

Figure 7: Brand personality
Source: Aaker, 1996



Brand personality develops the interaction between the brand, product, service, organisation and their users. Nearly everything associated with the brand affects the perceived brand personality. For that, Aaker segregated two groups of brand personality drivers; product related and non-product related characteristics (Aaker, 1996).

Table 4: Brand personality drivers
Source: Aaker, 1996

Product Related Characteristics	Non-product Related Characteristics
Product Category	User imagery
Package	Sponsorships
Price	Symbol
Attributes	Age
	Ad style
	Country of origin
	Company image
	CEO
	Celebrity endorsers

User imagery, defined as the associated set of human characteristics of the typical user, is a powerful brand personality driver. Where brand personality reflects to the brand, user imagery reflects to the typical user of the brand. Hence, user imagery should not necessarily be equal to the brand personality. The difference can be negligible, minor and significant. Nonetheless, both have a strategic value to the brand where user imagery enables the brand to focus on specific user reference groups (specific target markets) without jeopardising the brand identity, heritage and brand personality (Aaker, 1996).

Although brand personality can be measured in several ways, Keller argues that the most simple and direct way of assessing is by asking questions such as; if the brand was to come alive as a person (Keller, 2008): (1) What would it be like? (2) What would it do? (3) Where would it live? (4) What would it wear? (5) Who would it talk to if it went to a party (and what would it talk about)?

The brand personality construct, as shown in figure 7, can contribute significantly by mapping out people's perception and attitude towards the brand. Brand managers can build, develop and differentiate brand personality and user imagery by understanding the actual perception using the fifteen facets as strategic options (Aaker, 1996). The power of brand personality lies by its long-term sustainability in heritages by the interaction between the brand and its environment. Beyond that, it is almost impossible for competitors to copy-paste brand personality. Consequently, brand personality provides a platform to leverage brand identity, brand communication and even set the basic guidelines for marketing programs (Aaker, 1996).

2.6.4. Brand Perceptions

For Romaniuk and Sharp (2003) the belief that brand perceptions strongly influence buying behaviour is widespread and this illustrates how powerful consumer perception can be, and

perception must be an integral component of brand building, as "the consumer will perceive one brand as more desirable than its competitors and purchase it based on those perceptions." (Rooney, 1995). Kotler and Keller (2009) continue that the main element of brand perception is, "the consumers perception of the quality of a brand," and "consumers buy what they perceive, and what they perceive is heavily influenced by the cue – brand name, packaging, colour - that marketers send to them." (Tom and Barnett, 1987). For example, "like the selection of brand names, the marketers' choice of packaging sends powerful cues to consumers, shiny labels on wine bottles are a cue to consumers that the wine is a less expensive one, while dull labels are a cue that the wine is more expensive " (Tom and Barnett, 1987).

Kirmani (1997) believes that in addition to packaging, "consumers infer brand quality from the level of advertising repetition for unfamiliar brands. Consumers are posited to associate high product quality with high levels of repetition because they see repetition as costly and think higher costs reflect the manufacturer's commitment to the product." However, many consumers may believe that this over-investment in an unfamiliar product is an indication of doubt from the brand, in addition, if the advertisement is memorable and reflects quality and trust, the awareness will have been built, however, if the advertisement does not reflect what the consumer perceives the brand to be, then trust will be lost, as Feldwick (1996) states, "consumers' perceptions are more important than objective reality." As a result, "people buy things not only for what they can do, but also for what they mean" (Schultz and de Chernatony, 2002).

Page and Fearn (2005) also believe that "the image a top brand develops may be the only way for the consumers to tell the difference." However, this seems unlikely as Romaniuk and Sharp (2003) state that brand perceptions can come from a variety of sources, including consumer experiences, marketing communications and/or word of mouth. Graham et al (1994) indicates the influence that perception can have on an organisation when he states that "the creation of a good image can be considered an intangible asset to the company; conversely a poor image can become a liability."

Hoeffler and Keller (2002) offer a sound explanation of perception, however, it is not only the perception of the brand that provides it with its identity, and each brand develops a personality that is perceived by consumers. Much like a relationship with a human, consumers decide the brand personality based on their own and others' perceptions, if they like the personality they embark upon a relationship which leads into loyalty.

2.6.5. Brand Positioning

Brand management in highly competitive and dynamic markets, will only be effective if the brand itself stays close to its roots of uniqueness and core values, focuses on specific market segments and captures a competitive positioning in a specific market. The two brand management tools that could fulfil that role are brand identity and brand positioning. Brand identity and brand positioning need to be connected within their own specific functions; brand identity to express the brand tangible and intangible unique characteristics on the long term, whereas brand positioning a competitive orientated combat tool fulfils on the short term. Positioning communicates a specific aspect of identity at a given time in a given specific market segment within a field of competition. Hence, positioning derives from identity and may change over time and/or differ per product (Kapferer, 2008).

Brand positioning is the sum of all activities that position the brand in the mind of the customer relative to its competition. Positioning is not about creating something new or different, but to manipulate the mind set and to retire existing connections (Ries and Trout, 2001). Kotler and Keller (2009) define brand positioning as an “act of designing the company’s offering and image to occupy a distinct place in the mind of the target market.” The objective of positioning is to locate the brand into the minds of stakeholders; customers and prospect in particular. A recognisable and trusted customer-focused value proposition can be the result of a successful positioning without doing something to the product itself. It’s the rational and persuasive reason to buy the brand in highly competitive target markets (Kotler and Keller, 2009). Therefore it is essential to understand and to know the position a brand owns in the mind of a customer. To position a brand efficiently within its market, it is critical to evaluate the brand objectively and assess how the brand is viewed by customers and prospects (Ries and Trout, 2001).

Positioning is in essence a strategy to position the brand against other brands (Trout and Rivkin, 1996). Consequently, positioning requires a balance of ideal points of parity and point of different brand associations within the given market and competitive environment. Establishing brand positioning starts with identifying: (1) the target market, (2) the nature of competition, (3) the points of parity (POP), and (4) the points of difference (POD) (Keller, 2008).

Marketers can use a brand mantra to emphasise the core brand associations that reflects the "heart and soul" of the brand. The brand mantra is a three- to five-word (phrase) that captures the indisputable "heart and soul"; the essence or spirit, of the brand positioning. The brand mantra communicates what the brand is and what it is not. Next to that, it can provide a brand guidance to appropriate product extension, line extension, acquisitions and mergers, internal communication. Keller (2008) distinguishes three determinant categories to design a brand mantra: (1) the emotional modifier, (2) the descriptive modifier, (3) the brand function.

Positioning results from an analytical process based on four questions: (1) a brand for what, (2) a brand for whom, (3) a brand for when, (4) a brand against whom? Obviously, it indicates the brand's distinctive characteristics, essential points of difference, attractiveness to the market and "raison d'être"¹. According to Kapferer (2008) the standard approach to achieve the desired positioning is based on four determinations; (1) definition of target market, (2) definition of the frame of reference and subjective category, (3) promise or consumer benefit, (4) reason to believe.

According to Ries and Trout (2001) the secret of a successful positioning is to balance a unique position with an appeal that's not too narrow. Organisations should look for manageable smaller targets which deliver the appropriate and unique value proposition rather than a bigger homogeneous highly competitive market.

According to Kapferer (2008) there is a direct connection between the brand essence, brand identity and brand position that enables the brand to change over long term within certain degrees of freedom and still remain itself. Brand positioning capitalises on a specific part of identity within the playing field which varies by segment, demography, market dynamics and time.

2.6.6. Brand Value Choice

After choosing a specific positioning, the manager should make more explicit options for the planned meaning of a brand by selecting one or more values that a brand must attach to. A brand value is defined as "... a state of mind that is important to consumers and that is used to decide the mission of a brand. It is considered to be a strong determinant of attitudes as well as behaviour." (Riezebos et al, 2003). The process of formulating and using brand values has three phases. The option of the desire level of the

¹ A French phrase meaning "reason for existence."

brand is the initial phase in selecting brand values (Mitchell, 1983; Maslow, 1954). There are three desire levels: the need-driven level (i.e. the brand connects to physiological and biological consumers' demands), the outer-directed level (i.e. the brand concerns the relative demands of consumers), and the inner-directed level (i.e. the brand refers to consumers' demand for self-actualisation). In the process of the option for a desire level, three elements should be taken into account: the features of the product; the features of the corporation; and the selections made by competitors. Taking the product's features, for example, the need-driven level is chosen for a brand of rice, while for cars both the outer-directed and inner-directed desire levels can be selected. This is because buying a car is a form of visible consumption, and can distinguish a consumer from other groups. So, from this point, managers are not restricted to choose one desire level. In the second phase, the greatest three values may be chosen within the desire level selected (Kahle, 1983). In the final and the most important phase, managers should answer a question how to translate every value to material attributes. The essence is that anything that consumers are in connection with the brand should communicate with the brand values selected.

Brand values provide a chance for differentiation of a brand and attract consumers whose values correspond to those being reflected by their selected brand. Some groups of consumers welcome a brand with a definite list of values as it makes emblematic, non-verbal explanations about themselves (Ellwood, 2002).

Therefore, the planned meaning of a brand is strongly decided by the options made by the brand manager. Usually managers select two options in order to make the brand meaningful to consumers: one is positioning choice, and the other is brand value choice. At this stage, the concept of a brand is accomplished.

There is "... every sign that is capable of distinguishing the goods or services of a company and that can have a certain meaning for consumers both in material and in immaterial terms" (Riezebos et al, 2003).

2.7. The Concept of Brand Equity

Aaker (1991) and Aaker and Biel (1993) say that the concept of brand equity has become one of the hottest topics in the marketing literature and it is easy to see why, when "noting that there is evidence that a product's brand equity positively affects future profits, long-term cash flow and consumer willingness to pay premium prices" (Yoo and Donthu, 2001). Broadbent (2000) accentuates this point by indicating that "for many manufacturers, brand equity is their most valuable and potentially longest lasting property."

Hem and Iversen (2003) concur this, stating that "one of a firm's most valuable resources is the brand equity."

Brand equity is the incremental utility or value added to a product by its brand name, such as Coke, Kodak, Levi's, and Nike (Farquhar et al, 1991; Kamakura and Russel, 1993; Park and Srinivasan, 1994; Rangaswamy et al, 1993). Accordingly, research has suggested that brand equity can be estimated by subtracting the utility of physical attributes of the product from the total utility of a brand. As a substantial asset to the company, brand equity increases cash flow to the business (Simon and Sullivan, 1993). From a behavioural viewpoint, brand equity is critically important to make points of differentiation that lead to competitive advantages based on non-price competition (Aaker, 1991).

Brand equity is the financial value of a brand which provides capital/value to products and services. Brand equity is related to future returns that customers generate to the product or service. Developed brand assets in the past, enable the brand to leverage her strength and should deliver future value to the brand. Hence brand equity fulfils a bridging role where it connects the past to the future. Kapferer (2008) distinguishes three levels; (1) brand assets, (2) brand strength and (3) brand value. The sequence from past to future is a conditional consequence which differs in time due to competitive and environmental changes (Kapferer, 2008). See figure 8.

Figure 8: From awareness to financial value
Source: Kapferer, 2008



Kotler and Keller (2009) argue that the value of a brand is directly related to the perception and mindset of prospects and customers. It reflects the direct and indirect brand experience of what they have seen, heard, learned, thought and felt over time. A strong brand characterises itself by a sustainable base of loyal customers. For that reason the

customer determines the future attractiveness of a brand and its brand equity. Kapferer (2008) recommends four indicators of brand equity:

- Aided brand awareness, measures whether the brand has the power to evoke long-lasting images, memories, and emotions.
- Spontaneous brand awareness (unaided awareness), measure of salience.
- Evoked set, also called consideration set.
- Previous consumption of the brand.

Kotler and Pfoertsch (2006) came to the conclusion that, no matter which brand equity paradigm is used, brand equity drivers are built around four key drivers which leverage consumer's perceptions of the brand: (1) perceived quality, (2) name awareness, (3) brand associations and (4) brand loyalty.

Hence, brand equity is an intangible asset that delivers value to the customers on one hand and value to the organisation on the other hand. From a company perspective Anderson and Narus (as quoted in Kotler and Pfoertsch, 2006) addressed brand equity in a preferred customer response of:

- Greater willingness to try a product or service
- Less time needed to close the sale of an offering
- Greater likelihood that the product or service is purchased
- Willingness to award a larger share of purchase requirement
- Willingness to pay a price premium
- Less sensitive in regard to price increase
- Less inducement to try a competitive offering

This is also congruent with Aaker and Joachimsthaler (2009) who defined brand equity as: "...a set of brand assets (or liabilities) linked to a brand's name and symbol that adds to (or subtract from) a product or service".

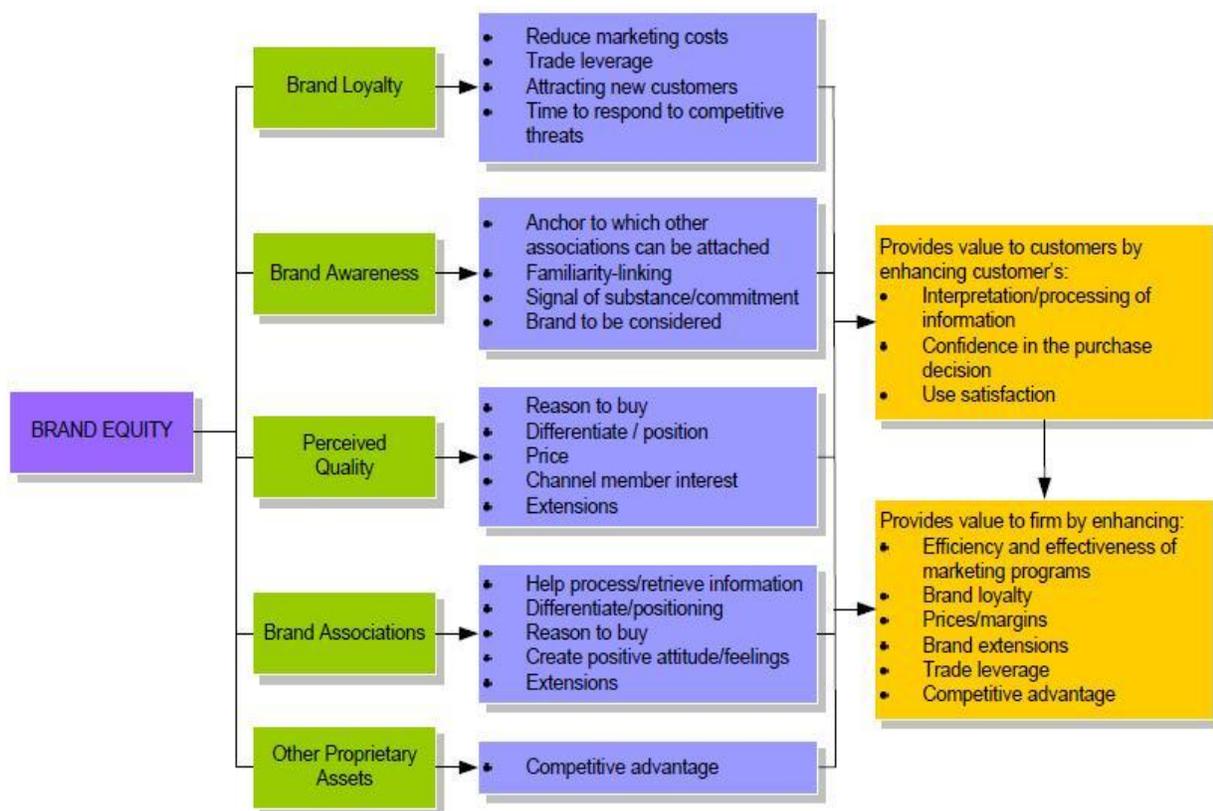
Aaker (1996) formed his brand equity model around the five categories of brand assets:

- Brand loyalty
- Brand awareness
- Perceived quality

- Brand associations
- Other proprietary assets

Aaker (1996) determines the five categories as the main determinants of brand equity which deliver positive or negative value to the customer and organisation. Each category can be seen as a brand asset that creates value. It's of vital importance to understand the source that creates value and the way it creates value, these are the indicators/ effect as displayed in figure 9 (Aaker, 1996).

Figure 9: How brand equity generates value
Source: (Aaker, 1996)



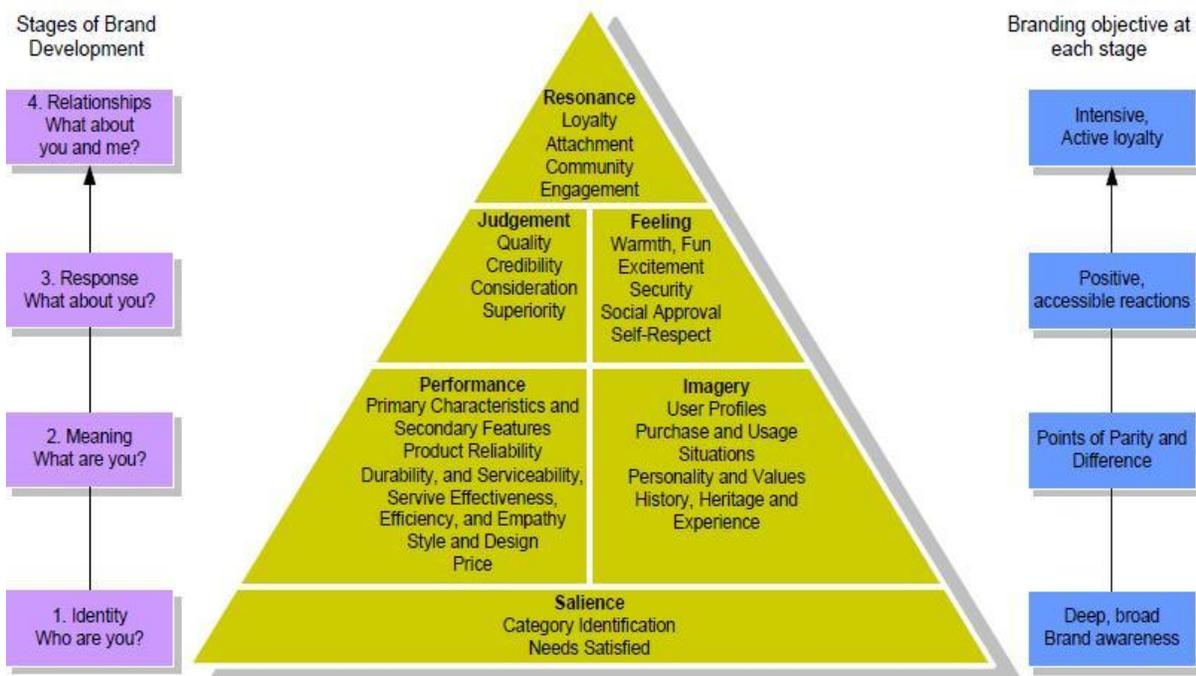
Kotler and Keller (2009) argue that the foundation of brand equity is formed by the brand knowledge of the consumers. Brand knowledge enables the consumer to differentiate brands and guides the mind and response to marketing activities as a result of this knowledge. (Kotler and Keller, 2009).

The reason why brand equity occurs and how marketers can create this is captured in Keller's definition: "Customer-based brand equity occurs when the consumer has a high

level of awareness and familiarity with the brand and holds strong, favourable, and unique brand associations in memory."

Keller (2008) labelled this as customer based brand equity (CBBE) and developed a CBBE pyramid model, also known as the "brand resonance pyramid" (Keller, 2008). See figure 10.

Figure 10: Customer-based brand equity pyramid: CBBE-model
Source: Keller, 2008



The model is built around four sequential steps from bottom to top, where each next step is conditional to the success of achieving the objectives of the previous step, situated on the right side of figure 10. Parallel on the four steps Keller defined four questions customers ask themselves about the brand, situated on the left side of figure 10. The four steps of CBBE pyramid are structured in six core building blocks with a rational route on the left side: performance and judgement, and an emotional route on the right side: imagery and feeling. The objective of each step in ascending order, are as follows:

- Presence: Do I know about it?
- Relevance: Does it offer me something?
- Performance: Can it deliver?
- Advantage: Does it offer something better than others? and
- Bonding: Nothing else beats it.

According to this model, bonded consumers, that are those at the top level of the pyramid, build strong relationship with the brand and spend more of their category expenditure on the brand than those at the lower level of the pyramid. The models prove that more consumers will however be found at the lower levels. According to the model, the challenge for marketer is to help consumers to move to the top of the pyramid. This model also views brand building as an ascending, sequential series of steps, from bottom to top. The first step is ensuring identification of the brand with customers and an association of brand in customers' minds with a specific product class or customer need; the second step - firmly establishing the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations; the third - eliciting the proper customer responses in terms of brand –related judgment as feelings; and the fourth - converting brand response to create an intense active loyalty relationship between customers and the brand. According to this model, enacting the four steps involves establishing six brand building blocks with customers.

The model emphasis the duality of brands - the rational rout to brand building is the left side of the pyramid, whereas the emotional rout is the right side. The creation of significant brand equity involves reaching the top or pinnacle of the brand pyramid, and will occur only if the right building blocks are put in place. Explaining the pyramid proper - Brand salience relates to how often and easily the brand is evocated under various purchase and consumption conditions. Brand performance relates to how the product or service meets customers' functional needs. Brand imagery deals with the intrinsic property of the product or service, including the way in which the brand attempts to meet customers' psychological or social needs. Brand judgment focuses on customers own opinion and evaluation. Brand feelings are customers' emotional responses and reaction with respect to the brand. Brand Resonance refers to the nature of the relationship that customers have with the brand and the extent to which customers feel that they are "in sync" with the brand.

According to Keller (2008) the means by which brand equity is build, may differ from time to time and on customer group/segmentation. Whether this is based on geographic zone, country, product, culture is not relevant as long as marketers understand the relevance of each building block in relation to the target group. Keller (2008) argues that global active organisations need to build their global customer based equity model on his "Ten Commandments of Global Branding":

1. Understand similarities and differences in the global branding landscape.

International markets will vary in many aspects and brands can lose easily their local relevance due to local consumer behaviour and local competitive market forces.

2. Don't take shortcuts in brand building.

Local brand awareness and positive brand image come first, before successful marketing programs can be exported into new local markets to build sustainable long term brand equity.

3. Establish marketing infrastructure.

Logistics are very important, the product needs to be manufactured, distributed, sold and consumed. Marketing infrastructure encompasses international chain distribution for products and market intelligence.

4. Embrace integrated marketing communication.

Successful global active brands will establish integrated marketing communication programs, which safeguard brand heritage and brand positioning across all traditional and non-traditional communication tools.

5. Cultivate brand partnership.

Successful global active brands establish partnership to access local distribution channels within their international markets.

6. Balance standardisation and customisation.

One of the aspects of globalisation is the blend of global and local brand elements, as well in product and price strategies. The balance needs to be reviewed, measured, managed and set against the most efficient and effective global marketing programs.

7. Balance global and local control

Building global brand equity depends heavily on the balance of internal integration and differentiation. Key aspects are local responsiveness, integration (scale of economy) and globally dispersed knowledge diffusion. Basically it captures standardisation of core brand aspects and local adaptation of secondary aspects.

8. Establish operable guidelines

To guide local marketers across the globe, operable guidelines need to be established which should capture a brand charter and a clear product line strategy.

9. Implement a global brand equity measurement system.

A set of organisational processes, composed of three implementation steps (1) brand equity charter, (2) brand equity reports, (3) brand equity responsibilities.

10. Leverage brand elements.

Core brand elements should be standardised for global purposes and selected very carefully to leverage the global brand. This captures the verbal and nonverbal elements as well which can have a severe impact on the effectiveness of global marketing programs.

Organisations are able to build a reputable brand by understanding the correlation between brand awareness and brand value. It is extremely important to create a consistent, explicit, transparent and recognisable balance between the internal qualities and external tangible and intangible signs without discrepancy in the association set in the mind of the stakeholders. A reputable brand is the most efficient of external signals to create value (Kapferer, 2008).

2.7.1. Brand Awareness

Awareness means having knowledge or perception of a situation or fact (<http://oxforddictionaries.com>). Hence, awareness is a relative concept and comprises perception and cognitive reactions to a condition or event. The level of awareness can be categorised in: (1) partially aware, (2) subconsciously aware, and (3) acutely aware. Consequently, awareness does not equal understanding, it is the state of being conscious (<http://www.wikipedia.org>).

Awareness within brand management refers to the perception of a brand in the mind of the stakeholders. Awareness reflects earlier experiences and affects future perceptions, attitude and behaviour. Accordingly awareness fulfils an important role within brand equity as demonstrated in brand models of Kapferer (figure 8), Aaker (figure 9), and Keller (figure 10). Aaker (1996) argues that brand awareness reflects the knowledge and salience of a brand - the capacity to recognise - in the mind of customers. The level of brand awareness is heavily affected by the synergy of the brand name itself and the attached symbols, imagery and a brand slogan within the given condition (Aaker, 1996).

Aaker (1996) defines three levels of brand awareness:

1. Brand recognition.

Recognition reflects familiarity and linking acquired from past exposure. Remembering as such, one brand among others is a manner of aided recall.

2. Brand recall.

Recall reflects awareness of a brand when it comes in mind as soon as its product class is mentioned. It is a manner of unaided recall.

3. Top of mind.

The highest awareness level, the brand dominates the mind and appears as first whenever applicable.

Kapferer (2008) distinguishes the same order of brand awareness. On top of that Kapferer argues that each level of awareness has its own purpose and implications (Kapferer, 2008):

1. Aided awareness.

The purpose of aided awareness is to reassure the brand. Aided awareness helps the brand to get out of the anonymity. The importance of aided awareness is at the point of purchase.

2. Unaided awareness.

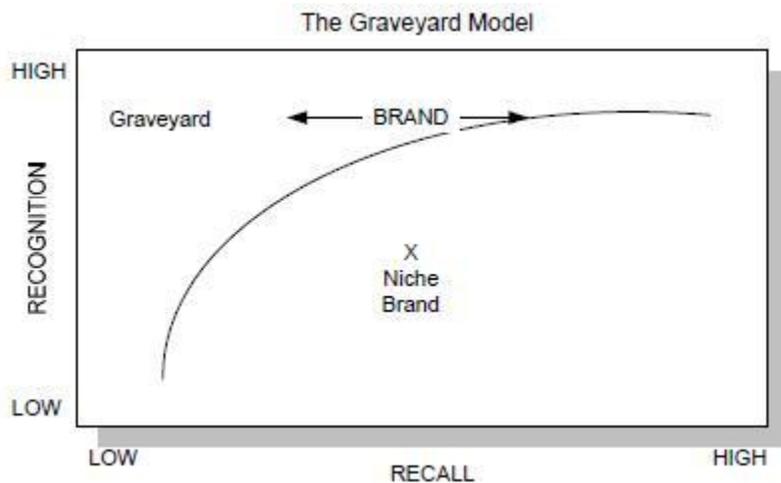
The purpose of unaided awareness is to position the brand on the immediate memory shortlist of brands. This is important in the decision process where the first shortlist is based on immediate memory before the brands are examined in dept.

3. Top of mind.

The purpose of top of mind is to position the brand as the preferred brand in the mind of consumers. This is crucial under the circumstances where buyers have to make a decision without having a selection process and/or have a low involvement.

The specific activities to increase or to transit of each level of awareness, depends on the purchase cycle, on the decision making process, and on the level of involvement. Awareness comes from customers who feel themselves attracted and interested to the brand, is not just a matter of high pressure advertising. It's all about managing selective perceptions, exposure, attention and memory (Kapferer, 2008). Brand recognition (aided awareness) and brand recall (unaided awareness) are both very important and need to be in balance to take full advantage of brand awareness. The relative power of recall against recognition is shown in the "graveyard model" as developed by Young and Rubicam as quoted in Aaker (1996). See figure 11.

Figure 11: The graveyard model
Source: Aaker, 1996



Brands in a product class tend to follow the curved line as plotted - recognition (aided) versus recall (unaided). There are two exceptions of the rule; both exceptions will demonstrate the importance of recall. The first exception is related to healthy niche brands which are positioned below the curved line. Although the brand is not widely known (low overall recognition) it has a high recall among their loyal customer group. Low recognition under these circumstances is not related to poor performance. The second exception is situated in the left top corner, the graveyard area where brands have a high mass recognition against a low recall. Brands in this position are in deep trouble, the reason behind this has to do with the mindset. As minds are limited, new additional information will not come through if it doesn't match the current mindset. In the graveyard zone, minds are set. It is not necessarily the result of a strong brand and/or marketing campaign. The most challenging is to create willingness among customers and prospects in listening to new brand story due to the brand familiarity (Aaker, 1996).

Keller (2008) also distinguishes brand recognition and brand recall performance within brand awareness. Keller argues that most information in memory is substantially more adapt at recognising a brand then at recalling it. This is also shown by the curved line in figure 11. The benefits of having a high level of brand awareness is three folded, brand awareness delivers:

1. The learning advantage: the higher the level of awareness the easier people learn about the brand and the better the brand is registered in the mind.

2. The brand as part of the consideration set.
3. The choice advantage within low-involvement purchase decisions in case of a lack of purchase motivation and/or ability.

Familiar established brands will benefit most. Hence, brand awareness is the first step in Keller's customer-based brand equity model as shown in figure 10 (Keller, 2008).

2.7.2. Brand Loyalty

Loyalty is a direct measure of how willing customers are to stick to a brand. Therefore, Aaker (1996) argues that the price premium is the basic indicator for brand loyalty and the single best measurement of brand equity. Loyal customers prevent entry of potential competitors and lower the threat of substitutes. Next to that, loyalty facilitates to respond to market innovations and to create a protection shield against price fighters. Hence, Aaker defines brand loyalty as a core dimension in the brand equity model (Aaker, 1996).

The importance of loyalty is also recognised and correlated to brand equity by Kapferer (2007). Strong brands can only be strong if they have a solid supply of loyal customers. Where the financial brand value is a function of brand equity, loyalty decreases the risk of expected future returns. Loyal customers spend more and their spending could easily increase over time as a result of loyalty programs. Compared to prospect / non-customers, loyal customers are five times less costly to contact (Kapferer, 2008).

Loyalty is often measured as repeating sequence of purchase. Keller (2008) argues that repeat buying does not necessarily address high customer loyalty; nor does a high level of customer satisfaction. Customers can purchase repeatedly and feel very satisfied without demonstrating intrinsic loyalty to the product, brand or organisation. Nonetheless repeatedly buying is part of brand loyalty. Loyalty demands deeper attitudinal attachments that fully satisfy customer needs, it is beyond having a positive attitude to the brand (Keller, 2008).

Love and Gelbert (as quoted in Kotler and Pfoertsch, 2006) argue that strong brands consistently win two moments of truth and that they will earn a special place in the mind of customers. The first moment of truth occurs when the customer chooses the brand above the competition. The second moment of truth occurs when the customer experiences the brand and the brand promise is congruent with the brand experience. Hence loyalty is directly linked to value of trust earned by credibility as a result of the moments of truth.

Therefore trust can be seen as a simple foundation of loyalty programs (Kotler and Pfoertsch, 2006).

Aaker (2004) defines five loyalty segments, which guide companies to develop their strategic and tactical market insight:

- Noncustomers
- Price switchers
- Passively loyal customers
- Fence sitters
- Committed customers

Organisations should enhance loyalty of the fence sitters, the ones who have no brand preference between two or more brands, and the committed customers. Brand awareness, perceived brand quality, a well managed brand identity and behavioural brand loyalty programs could leverage brand loyalty among these groups (Aaker, 2004). The latter has also been addressed by Kapferer, who argues that behavioural loyalty programs create an emotional connection between the brand and customers (Kapferer, 2008).

2.7.3. Perceived Quality

Keller et al (2008) defines perceived quality as customer's perceptions of the overall quality or superiority of a product or service relative to another and with respect to its intended purpose. Thus, perceived quality is an overall assessment based on customer perceptions of what constitutes quality product and how well the brand rates on those dimensions. According to Keller et al (2008), achieving a satisfactory level of perceived quality has become more difficult as product improvements have led to higher customer expectations regarding the quality of products.

There is a lot written about how consumers form their opinions about perceived quality. The specific attributes or benefits that become associated with favourable evaluations and perceptions of product quality vary from category to category. Nevertheless, with the customer-based brand equity model presented in Chapter 2.7., research has identified the following general dimensions of product quality.

Performance: levels at which the primary characteristics of the product operate (eg. low, medium, high or very high).

Features: secondary elements of a product that complement the primary characteristics.

Conformance quality: degree to which the product meets specifications and is absent of defects.

Reliability: consistency of performance over time and from purchase to purchase.

Durability: Expected economic life of the product.

Service ability: the extent to which the servicing of the product is easy.

Style and Design: appearance or feel of quality.

According to Keller et al, (2008) consumer beliefs about these dimensions often underlie perceptions of the quality of the product that, in turn, can influence attitudes and behaviour towards a brand.

2.7.4. Brand Associations

Brand associations have been shown to influence brand ratings, i.e. brand equity (Dillon et al, 2001). Brand associations are a key to building strong brands since they represent what the brand stands for in the customer's mind (Aaker, 1996). In essence, brand association helps process and retrieves information about the brand and, in the ideal case, creates a positive attitude and feelings about the brand.

The way consumers perceive brands is a key determinant of long-term business-consumer relationships (Fournier, 1998). Hence, building strong brand perceptions is a top priority for many firms today (Morris, 1996).

Keller (2009) refers to consumer perceptions of brands as brand knowledge, consisting of brand awareness (recognition and recall) and brand image. Keller (2009) defines brand image as "perceptions about a brand as reflected by the brand associations held in consumer memory". These associations include perceptions of brand quality and attitudes toward the brand. Similarly, Aaker (1991, 1996) proposes that brand associations are anything linked in memory to a brand. Keller and Aaker both appear to hypothesise that consumer perceptions of brands are multi-dimensional, yet many of the dimensions they identify appear to be very similar.

According to Aaker (1991), brand associations are the category of a brand's assets and liabilities that include anything "linked" in memory to a brand (Aaker, 1991). Keller (2008) defines brand associations as informational nodes linked to the brand node in memory that contains the meaning of the brand for consumers. Brand associations are important to marketers and to consumers. Marketers use brand associations to differentiate, position,

and extend brands, to create positive attitudes and feelings toward brands, and to suggest attributes or benefits of purchasing or using a specific brand. Consumers use brand associations to help process, organise, and retrieve information in memory and to aid them in making purchase decisions (Aaker, 1991).

As previously noted, Aaker (1991) defines brand associations as anything linked in memory to a brand. Three related constructs that are, by definition, linked in memory to a brand, and which have been researched conceptually and measured empirically, are brand image, brand attitude, and perceived quality. Of the many possible components of brand associations could have been chosen, the researcher selected these three constructs because they:

- are the three most commonly cited consumer brand perceptions in the empirical marketing literature;
- have established, reliable, published measures in the literature; and
- are three dimensions discussed frequently in prior conceptual research (Aaker, 1991; 1996; Keller, 2008, 2009).

Brand image is defined as the reasoned or emotional perceptions consumers attach to specific brands (Dobni and Zinkhan, 1990) and is the first consumer brand perception that was identified in the marketing literature (Gardner and Levy, 1955). Brand image consists of functional and symbolic brand beliefs. A measurement technique using semantic differential items generated for the relevant product category has been suggested for measuring brand image (Fry and Claxton, 1971). Brand image associations are largely product category specific and measures should be customised for the unique characteristics of specific brand categories (Park and Srinivasan, 1994).

Brand attitude is defined as consumers' overall evaluation of a brand - whether good or bad (Mitchell and Olson, 1981). Semantic differential scales measuring brand attitude have frequently appeared in the marketing literature. Bruner and Hensel (1996) reported 66 published studies which measured brand attitude, typically as the dependent variable in research on product line extensions or advertising affects. Consumer attitudes toward brands capture another aspect of the meaning consumers attach to brands in memory which affects their purchase behaviour.

Perceived quality is defined as the consumer's judgment about a product's overall excellence or superiority (Zeithaml, 1988; Aaker and Jacobson, 1994). For example, Sethuraman and Cole (1997) found that perceived quality explains a considerable portion

of the variance in the price premium consumers are willing to pay for national brands. The perceived quality of products and services is central to the theory that strong brands add value to consumers' purchase evaluations.

2.8. Brand Communication

Brand communication programmes make part of the marketing communication strategy of the organisation. Marketing communication is an important tool by which organisations inform, teach, persuade and remind consumers about their products and brands that they sell. Marketing communications represent the "voice" of the brand and are one way to establish a dialogue and build relationships with consumers (Kotler and Keller, 2007).

Marketing communication explains to customers what the company and its brand stand for, it is a way to link brands to other people, places, events, brands, experiences, feelings, and things.

Thus, it is vital for companies to communicate with present and potential stakeholders and the general public.

According to Kotler and Keller (2007), marketing communication is a way to build brand equity. They suggest the following marketing communications mix, which consists of six major modes of communication (figure 12):

Advertising: Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.

Sales promotion: Short-term incentives to encourage trial or purchase of a product or service.

Events and experiences: These are company-sponsored activities and programs designed to create brand-related interactions.

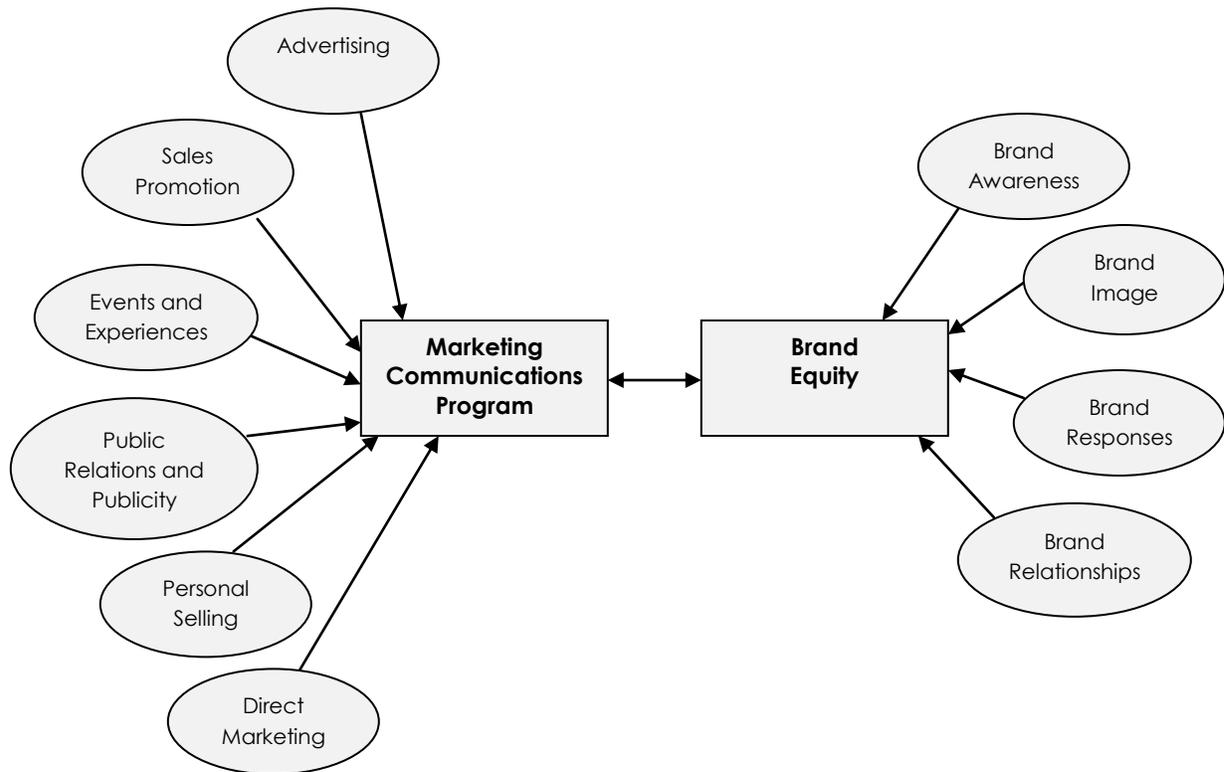
Public relations and publicity: Programs promoting or protecting company or product image.

Direct marketing: Use of mail, telephone, fax, e-mail, or Internet to communicate directly with specific customers and prospects.

Personal selling: Face-to-face interaction with prospective purchasers for the purpose of making presentations, answering questions, and procuring orders.

Figure 12 shows how communications contribute to brand equity by creating brand awareness, crafting a brand image, eliciting brand responses, and/or facilitating a stronger consumer-brand connection.

Figure 12: Integrating marketing communications to build brand equity
Source: Kotler and Keller, 2007



To achieve effective communication of their products and brand values, organisations should very carefully determine the communication objectives and select the exact communications channels and decide on the marketing mix.

Rossiter and Percy (1997) identify four possible objectives for marketing communications, as follows:

Category need

Establishing a product or service category as necessary to remove or satisfy a perceived discrepancy between a current motivational state and a desired emotional state.

Brand awareness

Ability to recognise or recall the brand within the category in sufficient detail to make a purchase. Recognition is easier to achieve than recall, but recall is important outside the store, whereas brand recognition is important inside the store. Brand awareness provides a foundation for brand equity.

Brand attitude

Evaluation of the brand's perceived ability to meet a currently relevant need. Relevant brand needs may be negatively oriented (problem removal, problem avoidance,

incomplete satisfaction, normal depletion) or positively oriented (sensory gratification, intellectual stimulation, or social approval).

Brand purchase intention

Self-instructions to purchase the brand or to take purchase related action.

Another important step in marketing communication is to select the communication channels. There are two kinds of communication channels: personal and non-personal.

Personal communications channels involve two or more persons communicating directly face-to-face, person-to-audience, over the telephone, or through e-mail. Instant messaging and independent sites to collect consumer reviews are another means of growing importance in recent years.

These channels derive their effectiveness through individualised presentation and feedback. For instance, there are companies which do not advertise or create exciting packaging; instead, it gives away free samples to anyone entering its stores, encouraging widespread word-of-mouth and positive publicity. (Eder, 2001; Thompson, 2004). According to Dye (2000), in many cases, world of mouth ("buzz") is managed.

Non-personal channels are communications directed to more than one person and include media (newspapers, magazines, radio, and television), sales promotions (samples, coupons, and premiums), event and experiences (sports, arts, and entertainment), public relations and publicity.

Besides determining the objectives and selecting the communication channels, companies must also allocate the marketing communications budget over the six major modes of communication - advertising, sales promotion, public relations and publicity, events and experiences, sales force, and direct marketing. Within the same industry, companies can differ considerably in their media and channel choices (Kotler and Keller, 2007).

However, each communication tool has its own unique characteristics and costs.

Advertising

Advertising can be used to create a long-term image for a product (f.ex. Coca Cola ads) or generate quick sales. According to Kotler and Keller (2007) it offers opportunities for amplified expressiveness and is also pervasive, able to reach geographically dispersed buyers efficiently. Certain forms of advertising, such as TV advertising, require a large budget; other forms, such as newspaper advertising, do not.

Sales promotion

Sales-promotion tools - coupons, contests, premiums, offer three key benefits: (1) communication - gaining attention that may lead the consumer to the product); (2) incentive - offering a concession or an inducement that gives value to the consumer; and (3) invitation - including a distinct invitation to engage in the transaction now. Sales promotion can be used for short-run effects such as dramatising product offers and boosting sales. (Kotler and Keller, 2007)

Public relations and publicity

According to Kotler and Keller (2007), the appeal of public relations and publicity is based on three qualities: (1) high credibility - news stories and features are more authentic and credible than advertisements; (2) ability to catch buyers off guard - reaching prospects who prefer to avoid salespeople and advertisements; and (3) dramatisation - the potential for dramatising a company or product.

Events and experiences

A well-chosen event or experience seen as highly relevant can get the consumer personally involved. Because events and experiences are live, consumers find them more actively engaging. Also, events are more of an indirect "soft sell." (Kotler and Keller, 2007)

Direct marketing

All forms of direct marketing - direct mail, telemarketing, Internet marketing - share three characteristics: They are (1) customised – to appeal to the addressed individual; (2) up-to-date - can be prepared very quickly; and (3) interactive - can be changed depending on the person's response.

Personal selling

As per Kotler and Keller (2007), personal selling is the most effective tool at later stages of the buying process, particularly in building up buyer preference, conviction, and action. Qualities of personal selling are (1) personal interaction - an immediate and interactive relationship between two or more persons; (2) cultivation - all kinds of relationships can spring up, from a matter-of-fact selling relationship to a deep personal friendship; and (3) response - the buyer feels under some obligation for having listened to the sales talk.

Marketing communications can produce stronger message consistency and greater sales impact. It also gives someone responsibility to unify the various brand images and messages, and it improves the firm's ability to reach the right customers with the right messages at the right time and in the right place.

CHAPTER 3. CONCEPTUAL FRAMEWORK

In the previous chapters the literature review was presented, which however permits to proceed to the empirical part of the present case study: “Strong Brands – How Brand Strategy and Brand Communication Contribute to Build Brand Equity: The Case of Navigator”. At the very beginning of this chapter the researcher dedicated a section to the Paradigm Identification, where the importance of a strong brand is highlighted. This section is aimed to give an understanding why each time more companies concentrate their efforts in creating strong brands.

Further in this chapter, the General and Specific Objectives are presented followed by the Investigation Model, which main purpose is to illustrate the key steps in which companies should succeed in order to create a brand that will build a long-term relationship - an unshakeable bond - between the company and its customers.

3.1. Paradigm Identification

There is no doubt that if there is no obvious difference between the products or services of different companies and their prices are the same, customers will be attracted to the stronger brand. Furthermore, a strong brand can be sold at a higher premium price and is thus a powerful way to escape price competition. A strong brand attracts loyal customers who repeatedly purchase the same brand, and it can maximise the effectiveness of marketing activities. A strong brand creates value to the customer and this way increases corporate profits over the long term, enhancing the overall corporate value.

There are three benefits of a strong brand, which increase profitable growth for the company:

- A higher preference from consumers in comparison to other brands
- A strong image for the product, which can command a premium price
- Loyalty from the customers, who repeatedly purchase the same product

As a conclusion a strong brand:

- Increases consumer values
- Increases corporate profitability

- Creates value to shareholder (value of company increases)
- Creates value of employees
- Increases strength of products and services

3.2. General Objectives and Specific Objectives

What is pretended with this research in general terms is to present the key steps, in which companies should succeed in order to create a strong brand, having as example the experience of Navigator brand. The general objective for this research is through case study of one of the strongest Portuguese brands in the premium office paper segment, to show how effective brand strategy and brand communication contribute to build brand equity, and consequently create a strong brand. Additionally, it is aimed also to prove that such a strong brand delivers value to both, the customer and to the company.

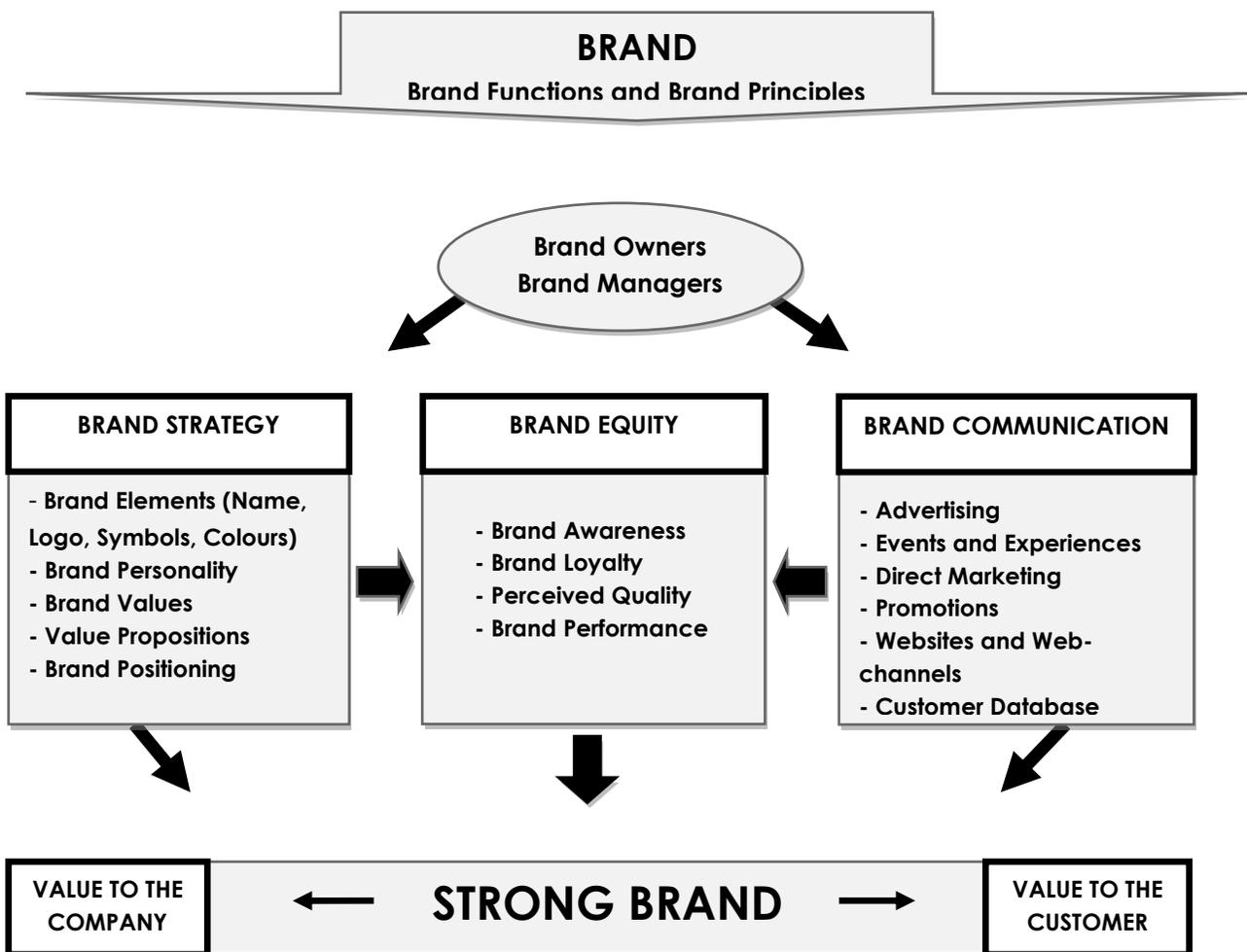
However, in order to achieve the general objective, it is necessary also to accomplish the following specific objectives:

- To evaluate each of the BRAND STRATEGY components, namely:
 - a) Brand Elements (Brand Name, Logo, Symbols and Colours)
 - b) Brand Personality
 - c) Brand Values
 - d) Value Propositions
 - e) Brand Positioning
- To evaluate the BRAND COMMUNICATION elements as follows:
 - a) Advertising
 - b) Events and Experiences
 - c) Direct Marketing
 - d) Promotions
 - e) Websites and Web-Channels
 - f) Customer Database
- To analyse each of the BRAND EQUITY components:
 - a) Brand Awareness
 - b) Brand Loyalty
 - c) Perceived Quality
 - d) Brand Performance

3.3. Investigation Model

In a way to illustrate the key steps in which companies should succeed in order to create a brand that will build a long-term relationship - an unshakeable bond - between the company and its customers, the following investigation model is proposed:

Figure 13: Investigation model



What is intended with this investigation model in general terms is to analyse the separate steps in order to create a strong brand, where brand owners have a key role in determining the brand strategy and its elements, which managed in a sustainable way will

contribute to achieving higher brand equity, reinforced by the brand communication at the other hand. Both, brand strategy and brand communication are important tools in creating brand equity. In this process brand equity and its components are the core in creating a brand that will build a long-term relationship - an unshakeable bond - between the company and its customers. Such a strong brand creates value to the customer, increases corporate profits over the long term, and this way enhances the overall corporate value.

Thus, the empirical part of this thesis, namely – the case study, where an example of a strong brand is given, will be based on the proposed investigation model.

CHAPTER 4. RESEARCH METHODOLOGY

The aim of this section is to introduce the Research Method, the Type of Research and to provide an understanding on the basic Characteristics of the Case Study Research Approach. Further, the researcher will provide an explanation why case study method was considered as appropriate for the undertaken paper and point out the Advantages and Disadvantages of the Case Study as research methodology.

4.1. Research Method

Qualitative research is a form of exploratory research involving small samples and non-structured data collection procedures. (Parasuraman, 1991). It involves collecting, analysing, and interpreting data that cannot be meaningfully quantified, that is, summarised in the form of numbers. For this reason qualitative research is sometimes referred to as “soft” research. This term is unfortunate, because soft research is not less valuable than so-called “hard”, or quantitative, research.

Any study using non-structured-questioning or -observation techniques can be labelled as qualitative research. However, qualitative research typically involves relatively few respondents or units. In other words, a study involving a large representative sample would normally not be called qualitative research even if it used some non-structured questions or observations.

While conducting the investigation for the purpose of this study the qualitative method was used. Considering the fact that the research aim is to study only one big company and one brand, the qualitative method sounds to be more appropriate. Since the qualitative approach enables to study small samples, it will be more useful while studying in depth and detail the chosen firm and collecting data necessary to get answers in order to achieve the research objective. Moreover, collected data cannot be summarised and analysed in the form of numbers and the questions to be asked will be non-structured, thus the qualitative approach is the correct choice.

However, in order to provide evidences that Navigator is perceived from consumers as a strong brand and thus has a high brand equity level, the researcher used secondary quantitative data, based on a study, conducted by Opticom International Research AB -

“Brand Equity Tracking Survey – Office Paper 2009².” Therefore, it can be said that during the process of data collection for the purpose of this study, the researcher used qualitative and quantitative approaches of data collection, which however contribute the study to be perceived as more reliable. Namely in this case study the researcher subscribed to primary data collection as the interview with the Brand Manager of Navigator and secondary data collection having as source official company documents, archives, reports, press releases, company website and also information published in surveys made by independent organisations.

4.2. Type of Research

Research designs may be broadly classified as exploratory or conclusive. Choosing the most appropriate type of research - exploratory or conclusive - in a situation is somewhat subjective. According to Parasuraman (1991) the choice depends not only on the nature of the situation but also on how the decision maker and researcher perceive it.

4.2.1. Exploratory Research

Exploratory research is one type of research design that has as its primary objective the provision of insights into and comprehension of the problem situation confronting the researcher. (Parasuraman, 1991). The primary objective of this research is to provide insights into, and an understanding of the problem confronting the researcher. Exploratory research is used in cases when a problem must be defined more precisely, identify relevant courses of action, or gain additional knowledge before an approach can be developed. The information needed is only loosely defined at this stage, and the research process that is adopted is flexible and unstructured. For example, it may consist of personal interviews with industry experts. The sample, selected to generate maximum accuracy, is small and non-representative. The primary data is qualitative in nature and is analysed accordingly. Given these characteristics of the research process, the findings of exploratory research should be regarded as tentative or as input to further research. Typically, such research is followed by further exploratory or conclusive research. Sometimes, exploratory research, particularly qualitative research, is all the research that is conducted. In these cases, caution should be exercised in utilising the findings obtained.

² Opticom International Research AB is an independent global market research and consulting firm

Considering the fact that adopted research process is flexible and evaluates on a non-representative sample and because the qualitative research method was chosen as a primary data collection approach, the exploratory research seems to be the right option for this thesis since it enabled a detailed, in-depth analysis of precisely defined problems.

4.3. Characteristics of Case Study Method

In explaining what a case is, Yin (2003) suggests that the term refers to an event, an entity, an individual or even a unit of analysis. It is an empirical inquiry that investigates a contemporary phenomenon within its real life context using multiple sources of evidence. Anderson (1999) sees case studies as being concerned with how and why things happen, allowing the investigation of contextual realities and the differences between what was planned and what actually occurred. Case study is not intended as a study of the entire organisation. Rather is intended to focus on a particular issue, feature or unit of analysis. The use of case study to probe an area of interest in depth is particularly appropriate as described by Patton (1987). Case studies become particularly useful where one needs to understand some particular problem or situation in great-depth, and where one can identify cases rich in information.

Case studies can be either single or multiple-case designs. Single cases are used to confirm or challenge a theory, or to represent a unique or extreme case (Yin, 2003). Single-case studies are also ideal for revelatory cases where an observer may have access to a phenomenon that was previously inaccessible. Single-case designs require careful investigation to avoid misrepresentation and to maximise the investigator's access to the evidence. Multiple-case studies follow replication logic. Each individual case study consists of a "whole" study, in which facts are gathered from various sources and conclusions drawn on those facts.

Case study research collects evidence through documentation, archival records, interviews, direct observations, participant observation and physical artefacts (Yin, 2003).

Documents could be letters, memoranda, agendas, administrative documents, newspaper articles, or any document that is germane to the investigation. In the interest of triangulation of evidence, the documents serve to corroborate the evidence from other sources. Documents are also useful for making conclusions about events. Documents can lead to false conduct, in the hands of inexperienced researchers, which has been a criticism of case study research. Documents are communications between parties in the

study, the researcher being an indirect observer; keeping this in mind will help the investigator avoid being misled by such documents.

Archival documents can be service records, organisational records, and lists of names, survey data, and other such records. The investigator has to be careful in evaluating the accuracy of the records before using them. Even if the records are quantitative, they might still not be accurate.

Interviews are one of the most important sources of case study information. There are several forms of interviews that are possible: open-ended, focused, and structured or survey. In an open-ended interview, key respondents are asked to comment about certain events. They may propose solutions or provide insight into events. They may also validate evidence obtained from other sources. The researcher must avoid becoming dependent on a single informant, and seek the same data from other sources to verify its authenticity. The focused interview is used in a situation where the respondent is interviewed for a short period of time, usually answering set questions. This technique is often used to confirm data collected from another source.

The structured interview is similar to a survey, and is used to gather data in cases such as neighbourhood studies. The questions are detailed and developed in advance, much as they are in a survey.

Direct observation occurs when a field visit is conducted during the case study. It could be as simple as casual data collection activities, or formal protocols to measure and record behaviours. This technique is useful for providing additional information about the topic being studied. The reliability is enhanced when more than one observer is involved in the task. Glesne and Peshkin (1992) recommended that researchers should be as unobtrusive as the wallpaper.

Physical artefacts can be tools, instruments, or some other physical evidence that may be collected during the study as part of a field visit. The perspective of the researcher can be broadened as a result of the discovery.

It is important to keep in mind that not all sources are relevant for all case studies (Yin, 2003). The investigator should be capable of dealing with all of them, should it be necessary, but each case will present different opportunities for data collection.

4.4. The Reason Why Case Study Was Chosen as a Research Method

The researcher considered the case study method as appropriate to understand and examine in depth the key steps in creating a strong brand as case studies intend to focus on a particular issue and are concerned with how and why things happen. Case studies become particularly useful where there is a need to understand some particular problem or situation in great-depth, and where cases rich in information can be identified. The researcher has chosen the study case of Navigator as a good example to demonstrate how effective brand strategy and brand communication contribute to build brand equity, being brand equity a very important tool in creating a strong brand, which delivers value to both, the customer and to the company.

As the objective of this study is to prove that a strong brand is build with sustainable brand strategy and communication and has high level of brand equity, the researcher chose the case study approach, being it suitable to explore the research aims at hand, since case studies tend to be exploratory, rather than focusing on mere frequencies or incidence (Yin, 2003). In particular, case studies have been applied to illuminate topics related to organisations, processes, programs and decisions, among others (Yin, 2003). According to Yin (2004), the goal of case study research is to capture “both a phenomenon (the real-life event) and its context (the natural setting)”.

In this study the researcher subscribed to a single exploratory case study where an interview with the Brand Manager of Navigator brand (owned by Portucel Soporcel group) was conducted. As the interview was the primary data gathering instrument for the research a semi-structured interview was chosen where questions were carefully designed to provide adequate coverage for the purpose of the research. Besides the interview, the researcher has conducted an in-depth analysis of documentary sources, which were collected from the organisation's library, company reports, company newsletter and other printed materials (e.g. newspaper cuttings, journals, text books, conference reports, articles) that were made available for the purpose of the research. This was important to supplement as well as to compensate for the limitations of the other method. Documentary evidence acts as a method to cross validate information gathered from the interview given that sometimes what people say maybe different from what people do. Additionally, documents provide guidelines in assisting the researcher with his inquiry during interview. Official and unofficial documents and records related to Navigator brand

history, product range, brand elements, brand values, brand positioning, brand communication programme, brand equity and performance were analysed. As already made known in the beginning of this section, besides the conducted interview and in-depth analysis of documentary sources, the researcher used as well a secondary source data from the study made by Opticom International Research AB - "Brand Equity Tracking Survey – Office Paper 2009." The secondary data from the Opticom's study was very useful and really important when approaching the brand equity of Navigator. This study was essential tool for making the findings of this research reliable, for achieving the research objectives at hand and for proving the high level of Navigator brand equity and its perception as strong, quality brand.

4.5. Strengths and Weaknesses of Case Study Research Method

The case study is a method of research that, like any, enjoys some advantages and suffers from some disadvantages.

Case studies have been criticised by some as lack of scientific rigor and reliability and that they do not address the issues of generalisability (Johnson, 1994). However, there are some strengths of the case study method. For example, it enables the researcher to gain a holistic view of a certain phenomenon or series of events and can provide a round picture since many sources of evidence were used (Gummesson, 1991).

Another advantage is that case study can be useful in capturing the emergent and immanent properties of life in organisations and the drop and flow of organisational activity, especially where it is changing very fast (Hartley, 1994).

Case studies also allow generalisations as the results of findings, using multiple cases can lead to some form of replication.

As next, table 5 and table 6 will present some of the strengths and weaknesses of the case study research method.

Table 5: Strengths of qualitative research

S T R E N G T H S
Data based on the participants' own categories of meaning
Useful for studying a limited number of cases in depth
Useful for describing complex phenomena
Provides individual case information
Can conduct cross-case comparisons and analysis
Provides understanding and description of people's personal experiences of phenomena (i.e., the emic or insider's viewpoint)
Can describe in rich detail phenomena as they are situated and driven in local contexts
The researcher almost always identifies contextual and setting factors as they relate to the phenomenon of interest
The researcher can study dynamic processes (i.e., documenting sequential patterns and change)
Data are usually collected in naturalistic settings in qualitative research
Qualitative approaches are especially responsive to local situations, conditions, and stakeholders' needs
Qualitative data in the words and categories of participants lend themselves to exploring how and why phenomena occur
You can use an important case to vividly demonstrate a phenomenon to the readers of a report
Determine idiographic causation (i.e., determination of causes of a particular event)

Table 6: Weaknesses of qualitative research

W E A K N E S S E S
Knowledge produced might not generalise to other people or other settings (i.e., findings might be unique to the relatively few people included in the research study)
It is difficult to make quantitative predictions
It is more difficult to test hypotheses and theories with large participant pools
It might have lower credibility with some administrators and commissioners of programs
It generally takes more time to collect the data when compared to quantitative research
Data analysis is often time consuming
The results are more easily influenced by the researcher's personal biases and idiosyncrasies

A frequent criticism of case study methodology is that its dependence on a single case makes it incapable of providing a generalising conclusion. Yin (2003) presented Giddens' view that considered case methodology "microscopic" because it "lacked a sufficient number" of cases. Hamel (Hamel et al, 1993) and Yin (2003) forcefully argued that the relative size of the sample whether 2, 10, or 100 cases are used, does not transform a multiple case into a macroscopic study. The goal of the study should establish the parameters, and then should be applied to all research. In this way, even a single case could be considered acceptable, provided it met the established objective.

Construct validity is another disadvantage and especially problematic in case study research. It has been a source of criticism because of potential investigator subjectivity. Yin (2003) proposed three remedies to counteract this: using multiple sources of evidence, establishing a chain of evidence, and having a draft case study report reviewed by key informants.

Case study is a valuable method of research, with distinctive characteristics that make it ideal for many types of investigations. It can also be used in combination with other methods. Its use and reliability should make it a more widely used methodology, once its features are better understood by potential researchers.

CHAPTER 5. PORTUCEL SOPORCEL GROUP

The main objective of this section is to provide General Information about Portucel Soporcel group, its History, the Industry where it operates and its Products and Brands.

Today, the Portucel Soporcel group is one of Portugal's leading players on the international stage, making a significant contribution to the country's economy. It is the European leader and one of the world's largest producers of printing and writing uncoated woodfree paper (UWF). It is also Europe's leading producer of bleached eucalyptus kraft pulp (BEKP).

5.1. Portucel Soporcel Group Profile

All the operations of the Portucel Soporcel group begin with forestry, generating annual turnover in the order of 1,100 million Euros. The group manages approximately 120 thousand hectares of forest, most of it certified by the Forest Stewardship Council (FSC), and under the Programme for the Endorsement of Forest Certification schemes (PEFC) which guarantee that the company's forests are managed responsibly, from an environmental, economic and social perspective, and comply with strict, internationally recognised standards.

With a history stretching back half a century, the Portucel Soporcel group is today a leading force in Portugal, and is one of the country's top three exporters.

Possibly the largest exporter in terms of national added value, the group's operations are of crucial importance to the country's economy, not only because of its direct contribution to GDP and its gross added value, but also because of its knock-on effect, upstream, in the Portuguese economy.

Since its earliest days, the group has displayed a flair for innovation and entrepreneurship, making it today a star player in several areas of the national economy.

5.1.1. Group History

The origins of the group date back to the 1950's when a team of experts made the Cacia mill a world pioneer with the production of sulphate bleached eucalyptus pulp; this was the first major event in the group's history.

Today, the group continues to pursue this capacity for innovation and entrepreneurial spirit. The Portucel Soporcel group holds a firm belief in the country's prosperity and in the important contribution that the pulp and paper sector can continue to make to the national economy.

With a view to restructuring the paper industry, Portucel acquired Papéis Inapa in 2000 and Soporcel in 2001, two strategic moves that were decisive in consolidating the sector in Portugal and which also led to the creation of the Portucel Soporcel group, which today is a worldwide reference.

Throughout the years its firm conviction in the strong potential of the eucalyptus, a tree especially suited to Portuguese climate and soil, has brought further improvements to paper production for printing and writing.

In 2004 Semapa, a major Portuguese group acquired a majority stake in the capital of Portucel, initiating a whole new cycle for the group. It consolidated its position on international markets and in 2006 announced the construction of the new paper mill in Setúbal, an ambitious project that aims to guarantee the future of a sector fundamental to the Portuguese economy and to the country's trade balance.

5.1.2. 2010 Figures

- The group generates annual turnover of approximately 1.4 billion Euros;
- Exports 94% of its sales to more than 100 countries, over five continents;
- Exports in 2010 totalled approximately 1.2 billion Euros;
- The group owns the brand Navigator, the world leader in the premium office stationery segment;
- It accounts for more than 3% of Portuguese exports of goods which, added to its sales on the home market, correspond to 0.8% of the country's GDP;
- The group boasts combined production capacity for 1.6 million tons of paper, 1.4 million tons of pulp (of which approximately 1 million tons were integrated into paper in 2010) and power measuring 2.5 TWh/year;
- It is the leading European producer of UWF paper;
- The direct workforce numbers 2 331 employees, whilst generating indirect employment also counted in the thousands;
- It manages 120 thousand hectares of woodlands and is the leading producer and planter of certified trees in Portugal; its forest management system is certified under the international FSC and PEFC schemes;

- The carbon retained each year by the group's woodlands represents more than double the CO2 recorded at all its industrial facilities;
- The group is Portugal's largest producer of energy from biomass, accounting for 52% of total power generation from this renewable source;
- Its most recent investment plan involved capital expenditure of 900 million Euros, of which approximately 200 million Euros was invested in the energy sector.

Table 7: Key figures, 2010
Source: Portucel Soporcel group

Turnover	1.4 Bn Euros	
Paper Business	77 % *	(Of Turnover)
Paper Capacity**	1.585 k ton	
Market Share	Total 15% Office 17% Offset 20%	(In Europe)
Rank	Total 1 st Office 1 st Offset 1 st	(In Europe)
Pulp Capacity	1.4 M ton	
Market Pulp Capacity	0.3 M ton	
BEKP Rank	1 st	(In Europe)
Forest	120 K ha	
The Group Employees	Over 2,300 people	

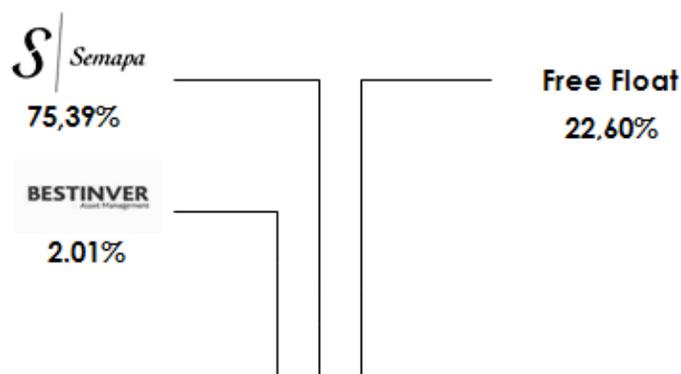
* Includes all gPS activities

** Finished products

5.1.3. Portucel Soporcel Group Structure and Major Holdings

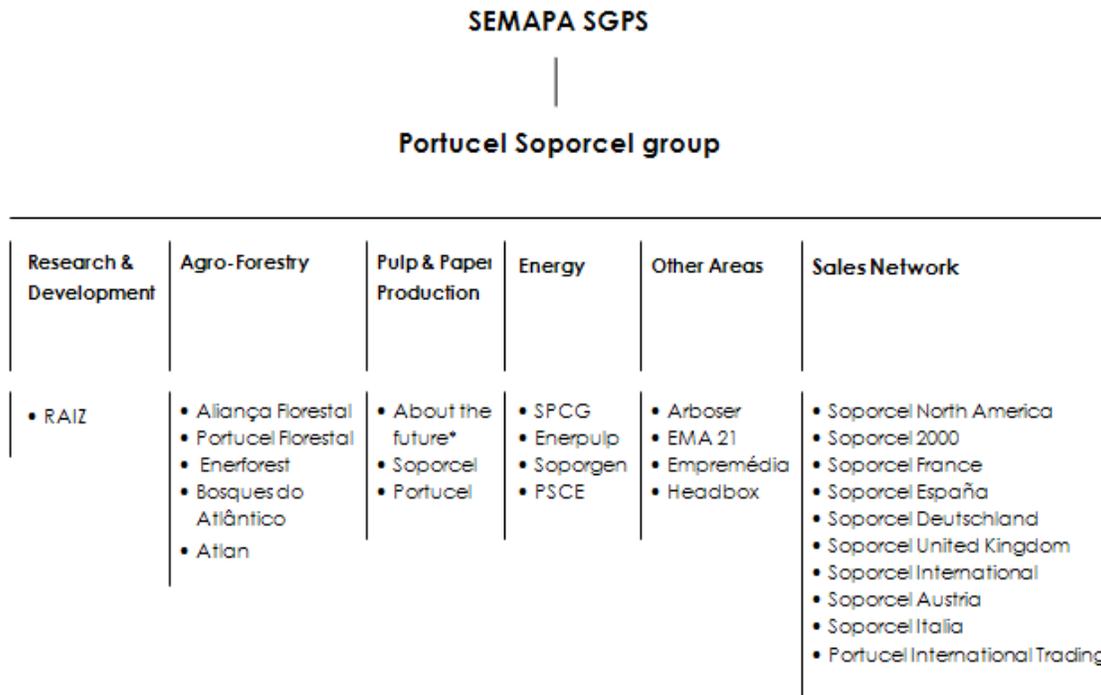
- **Shareholder Structure**

Figure 14: gPS Shareholder structure
Source: Portucel Soporcel group



▪ **Major Holdings**

Figure 15: gPS Major holdings
Source: Portucel Soporcel group



* Company set up to develop the new paper mill

5.1.4. Workforce and Industrial Units

The group recorded an overall increase in its workforce, ending the reporting period with a total of 2 331 employees, the vast majority of whom are employed on of permanent contracts (direct employees).

The group's workforce is divided into four occupational levels: Top Management, Senior Management and Technical Staff, Middle Management and Technical Staff and Operatives.

Most of the group's employees (more than 96 %) work in Portugal, whilst the others are based in commercial subsidiaries around Europe and the USA.

The group's workforce is predominantly male (87%), with only 13% women. This ratio has been stable over the years, with no significant variations.

Of the 289 women employed by the group, approximately 1% holds management positions.

The group's industrial structure comprises three complexes, in Setúbal, Figueira da Foz and Cacia, which are international benchmarks for quality, due to their scale and sophisticated technology.

- **Cacia Mill**

The Cacia mill is located in the central region of Portugal, 8 km from Aveiro, in the largest area of eucalyptus forest in the country. The proximity to its raw materials is one of the advantages enjoyed by the mill. It was here, in 1957, that Eucalyptus pulp was first produced in Portugal using the kraft process. For more than five decades, innovation has been a driving force in the operations of the plant.



The Cacia mill enjoys an outstanding reputation amongst buyers from Central Europe, thanks to its production capacity of 285 thousand tons of pulp “designed” for the production of “decor” paper, coated papers and also high quality tissue paper.

- **Figueira da Foz Industrial Complex**

Founded in 1984, in Lavos, the Figueira da Foz industrial complex is one of the largest and the most efficient pulp and paper production units in Europe. The complex has annual output of approximately 790 thousand tons of uncoated fine paper, and is today regarded as one of the largest and best industrial units in Europe, fitted with high quality technology.

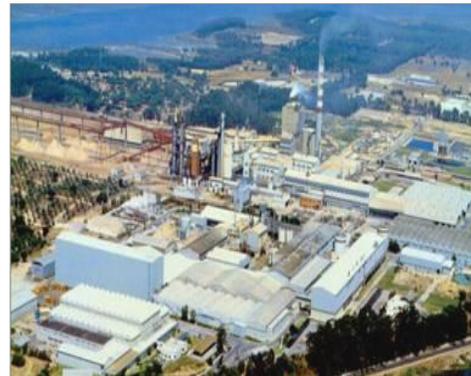


Operations at the Figueira da Foz industrial complex are fully integrated, with the entire production capacity of 560 thousand tons of bleached Eucalyptus Kraft pulp (BEKP) being incorporated into UWF printing and writing paper.

Annual output of 790 thousand tons of paper is assured by two paper machines, both with a width of 8.6m, PM1 having started up in 1991 and PM2 in 2000.

▪ Setúbal Industrial Complex

The Setúbal industrial complex, located in Mitrena, by the Sado estuary, includes three mills which function on an integrated basis: the mill producing bleached eucalyptus pulp, with annual capacity of 530 thousand tons, incorporated into printing and writing paper produced at the two paper mills on the site, the Setúbal paper mill (FPS) and About the Future (ATF), which together produce 795 thousand tons of manufactured paper/year.



The Setúbal pulp mill is one of the most important in Southern Europe, not only because of its size, but also because of the technology used. The mill presents excellent energy performance and is self-sufficient in electricity, thanks to the use of biomass. With the construction of the new paper mill, it will be possible to integrate into paper all the pulp produced at the Setúbal complex, thereby assuring a higher value product and making the group the European leader in the production of premium office paper.

5.1.5. Mission, Vision and Values

“Our vision is to be a global supplier to world markets of uncoated woodfree papers and market leader in the office and offset paper segments, with the strongest global brands in this sector providing high levels of satisfaction to end consumers.” (Portucel Soporcel group)

Table 8: gPS Mission , vision and values
Source: Portucel Soporcel group

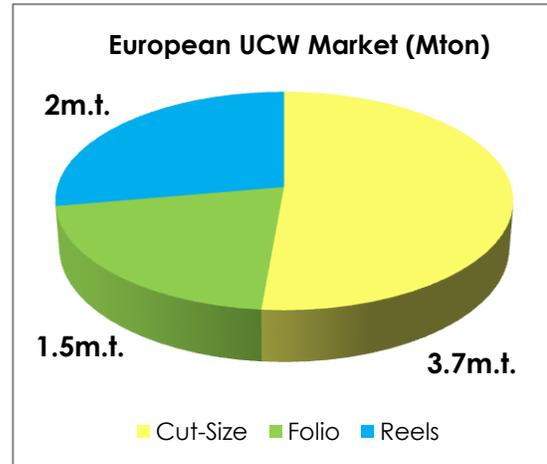
Mission	To produce and sell high quality paper using eucalyptus fibre obtained from a cared-for and sustainable forest and transformed at technologically advanced industrial facilities, while maximising value for both clients and shareholders
Vision	To be a global supplier to world markets of uncoated woodfree papers and market leader in the office and offset paper segments.
Values	Customer Oriented: Satisfaction, reliability, commitment, focus on needs, added value.
	Innovation: Creativity, initiative, technological advancement, flexibility, foresight, excellence.
	Leadership: Sense of responsibility, team spirit, sharing knowledge, determination.
	Generating Value: Shareholder value, sustained growth, profitability, efficiency, synergies.
	People Oriented: Developing skills, respecting differences, motivation, and cohesion.
	Social and Environmental Responsibility: Transparency, consistency, ethics, citizenship, respect for the environment, sustainability.

5.2. The Industry Where Portucel Soporcel Group Operates

The European uncoated woodfree market has three main categories: cut-sizes for office applications, folio sizes for the printing industry and reels for several end-use applications.

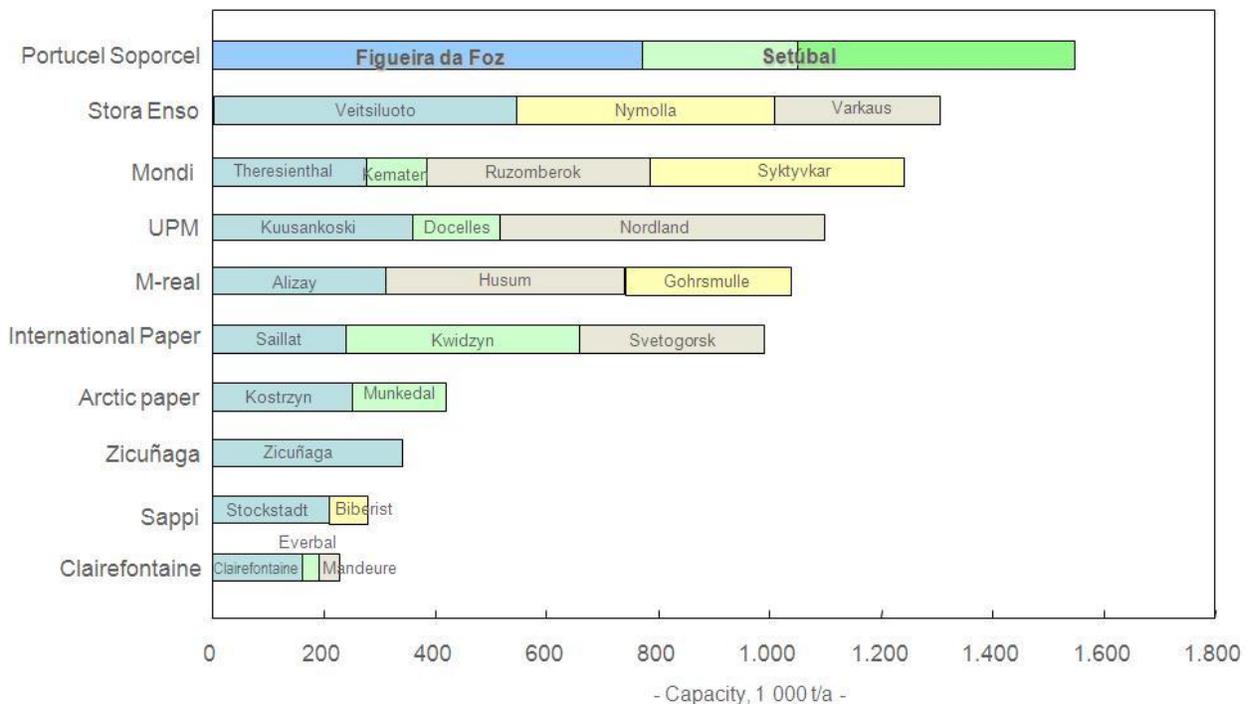
Total for the Market = 7.2 Million tons

Figure 16: European UCW market
Source: Portucel Soporcel group



Portucel Soporcel group is the leader in UWF production in Europe with three mill sites. Figueira is the largest single UWF (office and offset) paper facility in this Continent. Figure 17 presents the paper facilities situated in Europe and their capacity in million tons produced per year.

Figure 17: Mill sites Europe
Source: Portucel Soporcel group



5.2.1. Commercial Network

Portucel Soporcel group has a network of commercial offices and a team of professionals, trained and experienced in the world of paper, focused in key points around the main European countries, in order to get closer to it's customers on a daily basis.

These front-offices and each one of the back-offices at mill premises, work with a high level of integration, ensuring the flexibility considered by the company to be essential for the management of its client's needs.

The group has modern information systems, order management and production planning, to access the key data to support decision - making.

Logistics has at its disposal the technical and human resources to make quality of service an additional factor earning trust in the paper produced by the Portucel Soporcel group.

Figure 18: Location of production units and subsidiaries
Source: Portucel Soporcel group



Priority markets: Europe and North America.

Internationalisation model: Sales and Marketing subsidiaries.

Sales to Overseas markets are managed centrally.

5.2.2. Sales Distribution and Market Shares (2009)

- **Sales Distribution**

Despite its global presence, with sales to more than 100 countries in the five continents, Portucel Soporcel group focuses mainly in Europe and USA. Figure 19 and figure 20

represent the sales distribution worldwide and in Europe respectively. Southern Europe includes Italy, Portugal, Spain, France and Greece; Western Europe: Benelux, UK and Ireland; Northern Europe: Finland, Sweden, Norway and Denmark; Central Europe: Germany, Austria, Switzerland and Eastern Europe.

Figure 19: Sales distribution worldwide (%)
Source: Portucel Soporcel group

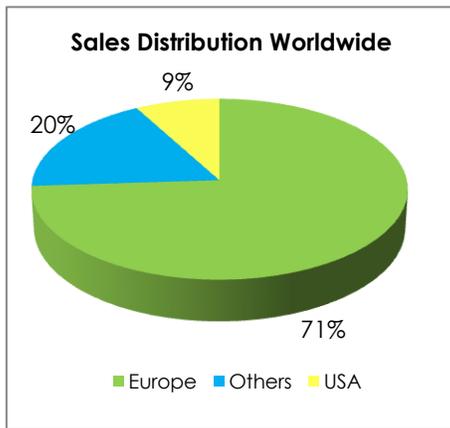
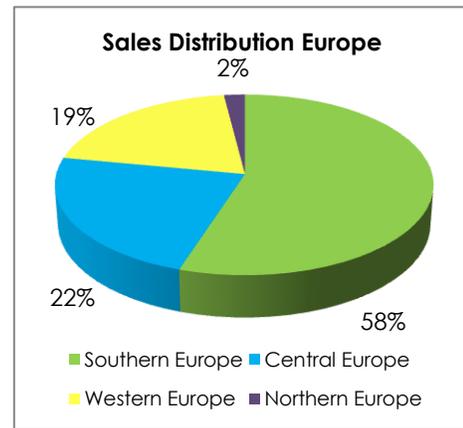


Figure 20: Sales distribution Europe (%)
Source: Portucel Soporcel group



▪ **Market Shares**

The group has today an average market share in Europe of about 17%. Figure 21 represents the percentage of market shares of the group per country

The average market shares* of Portucel Soporcel group are distributed as follows:

Figure 21: gPS Market shares
Source: Portucel Soporcel group

UWF = 15%

12% (2009)

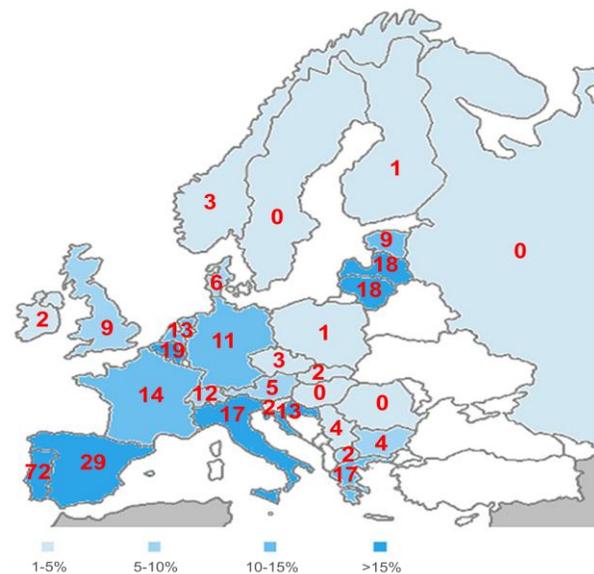
Cutsie = 17%

14% (2009)

Folio = 20%

18% (2009)

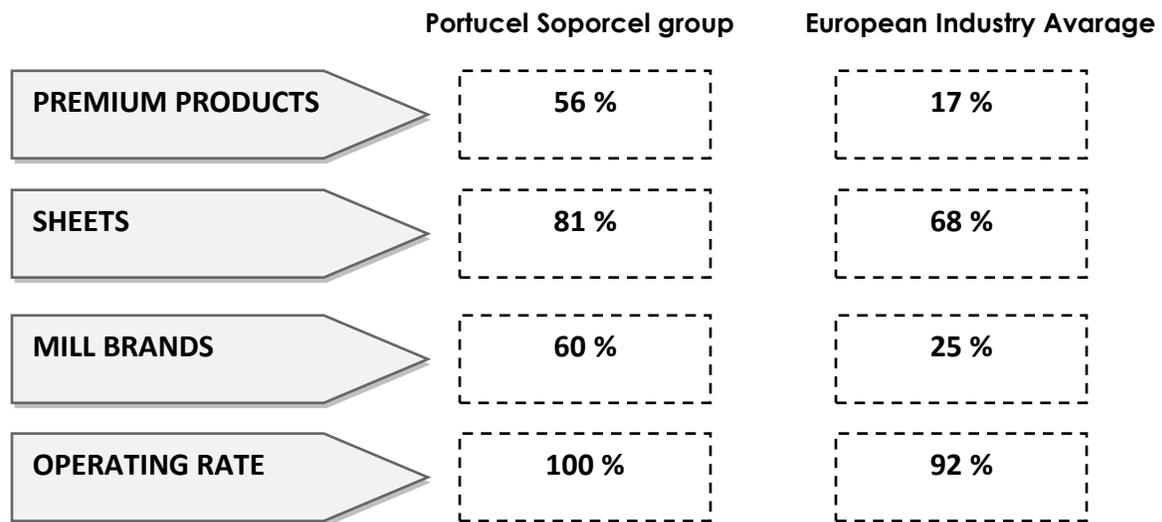
* EU27 + Norway + Iceland + Switzerland + Balkans



5.3. Portucel Soporcel Business Model and Main Strategic Dimensions

Despite its large size, gPS has been able to retain a business model more typical of a niche player, with two thirds of its business in premium products - highest quality and priced above standard market prices - and in mill brands (own brands).

Figure 22: gPS Business model
Source: Portucel Soporcel group



The group is the European leader in UWF production, fully focused in this segment. Its success is explained by the type of strategy adopted by gPS, which is characterised by the following key aspects:

Table 9: gPS Strategy
Source: Portucel Soporcel group

Vertical Integration	Reinforces company's competitive advantage. Reduces exposure to pulp price volatility; Increases sales of products with higher margins; Moves to products with higher differentiation; Allows commercial/production synergies; Integrates strategic activities/outsource non strategic activities.
Products/Markets	Focus on office and offset papers. Select segments: - With higher growth and profitability potential; - Where the company better differentiates; Search for technological and commercial synergies.
Internationalisation	Priority markets: Europe and USA. Other markets: Africa, Far East, Latin America, Middle East. Internationalisation model: Sales and Marketing subsidiaries. Exploring "cross fertilisation" opportunities.

5.4. gPS Products and Brands



75, 80, 90, 100, 120, 160 g/m²



80, 90, 100, 110, 160 g/m²



75, 80, 90, 100, 110, 160 g/m²



explorer[®]
Always New

80, 90, 100, 110 g/m²



target[®] > READY TO PRINT

75, 80, 90, 100, 110 g/m²



DISCOVERY[®]
The next generation of Office Papers

70, 75 g/m²



MultiOffice

STRESS FREE PAPER

80 g/m²



SOPORSET

PREMIUM OFFSET

SOPORSET

PREMIUM PRE-PRINT



60, 70, 80, 90, 100, 110, 120 g/m²
135, 150, 170, 190, 225, 250, 300, 350 g/m²
(High Grammages are produced in outsourcing)

80, 90, 100, 120 g/m²
135, 160, 250 g/m²

INASET PLUS OFFSET

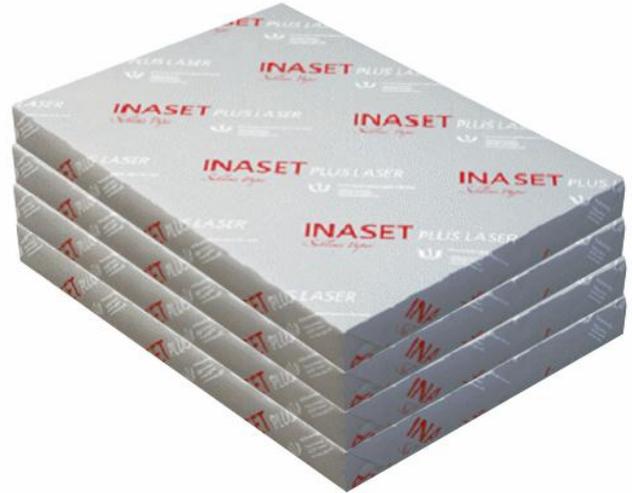
Sublime Paper



60, 70, 80, 90, 100, 110, 120 g/m²
 135, 150, 170, 190, 224, 250, 300, 350 g/m²
 (High Grammages are produced in outsourcing)

INASET PLUS LASER

Sublime Paper



80, 90, 100, 110 g/m²
 135, 160 g/m²

Pioneer[®] OFFSET

get inspired



60, 70, 80, 90, 100, 110, 120 g/m²
 135, 150, 170, 190, 224, 250, 300, 350 g/m²
 (High Grammages are produced in outsourcing)

Pioneer[®] PRE-PRINT



80, 90, 100, 110 g/m²
 135, 160 g/m²



OFFSET



60, 70, 80, 90, 100, 110, 120 g/m²
135, 150, 170, 190, 224, 250, 300, 350 g/m²
(High Grammages are produced in outsourcing)



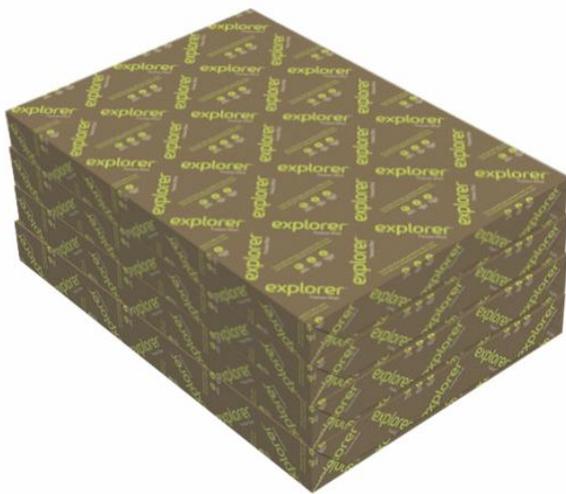
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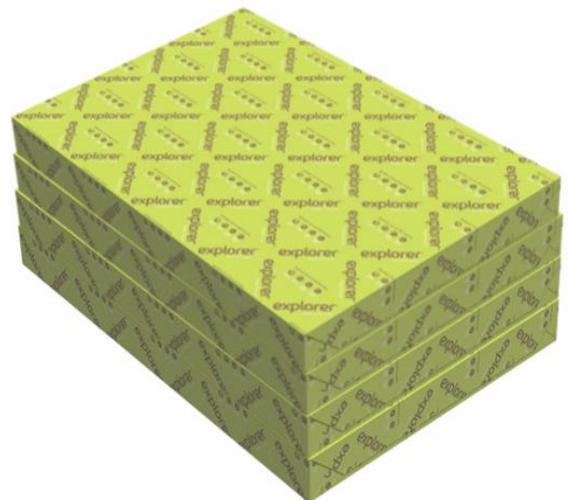
OFFSET



70, 80, 90, 100, 110, 120 g/m²



PRE-PRINT



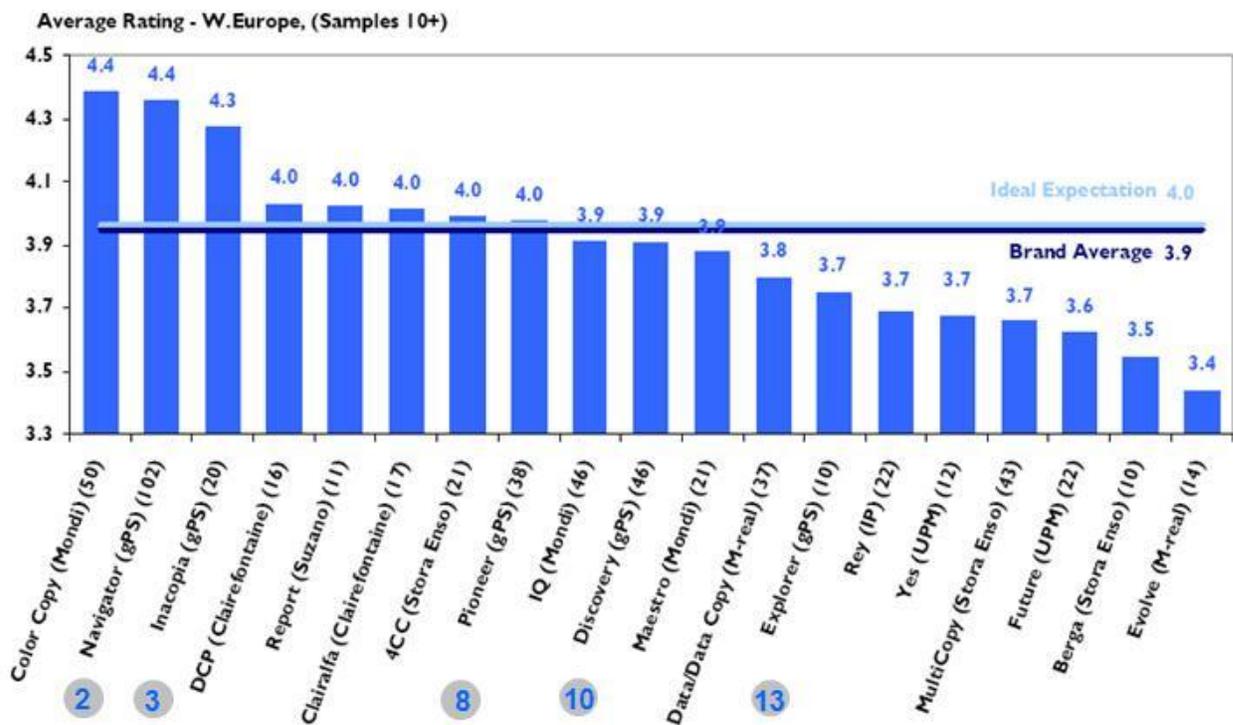
80, 90, 100, 110 g/m²

5.4.1. Brand Performance

- **Brand Performance Office Paper (2010)**

From graph 1 it is obvious that Portucel Soporcel group managed to have five brands on the first thirteen places of one of the most evaluated European office paper brands ranking.

Graph 1: Brand performance, Western Europe (Sample +10)
Source: EMGE³, 2010



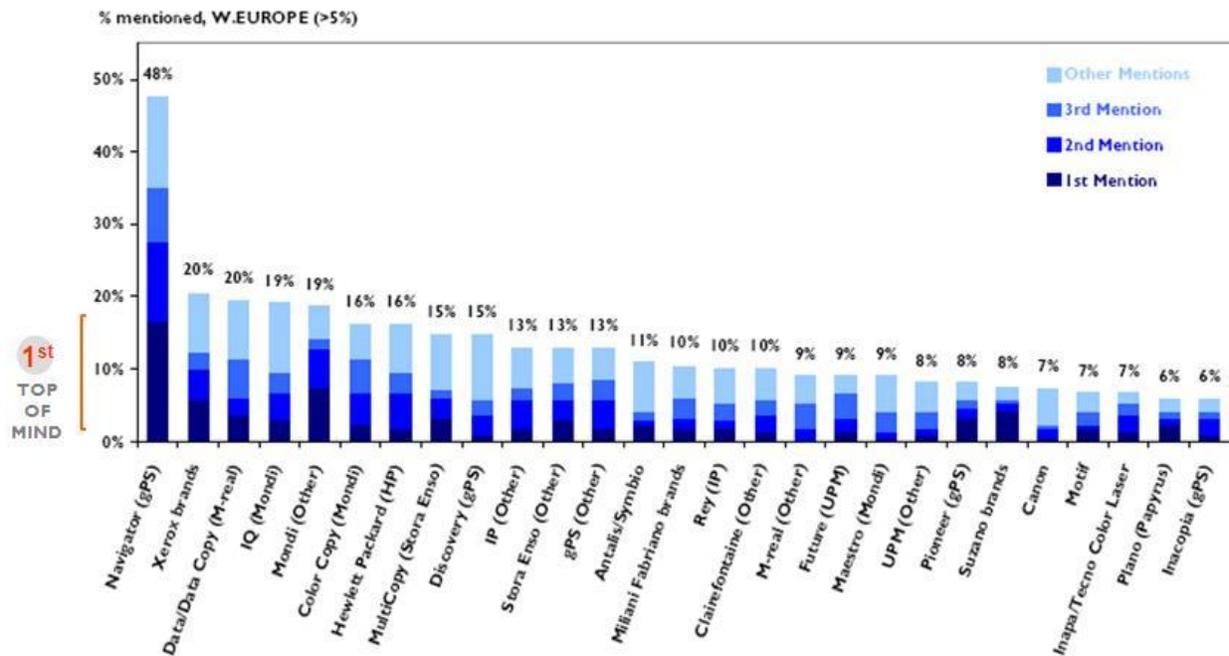
According to the EMGE Cut-Size survey in 2010 Navigator, Inacopia and Pioneer performed better than the ideal level.

The above chart summarises the overall results by brand. The ratings are calculated as an average over all factors, weighted according to the importance level of each individual factor.

³ EMGE is a leading company, specialised in the paper industry and conducting market research and forecast.

- **Brand Awareness Office Paper (2010)**

Graph 2: Spontaneous brand awareness Western Europe
Source: EMGE, 2010



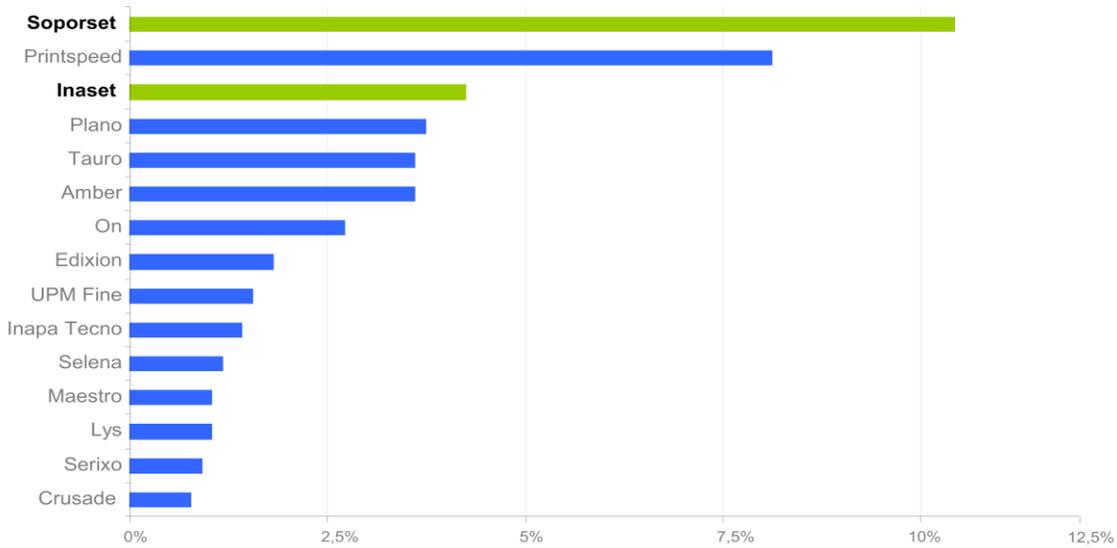
In order to evaluate the spontaneous awareness of Mill or OEM brands, participants were asked the question: “Of which Mill Brands or OEM Brands of white cut-size paper are you aware? “

However, from graph 2 can be noticed that Portucel Soporcel's Navigator brand is rated on number one position in terms of spontaneous brand awareness (48%) and was also mentioned first by more respondents than any other brand.

- **Main Brand Used Graphical Paper (2009)**

Portucel Soporcel group owns two of the top three largest brands in European UWF folio graphical paper market. As it can be verified on graph 3, Soporset ranks first and Inaset third as the main brands used by the European printers.

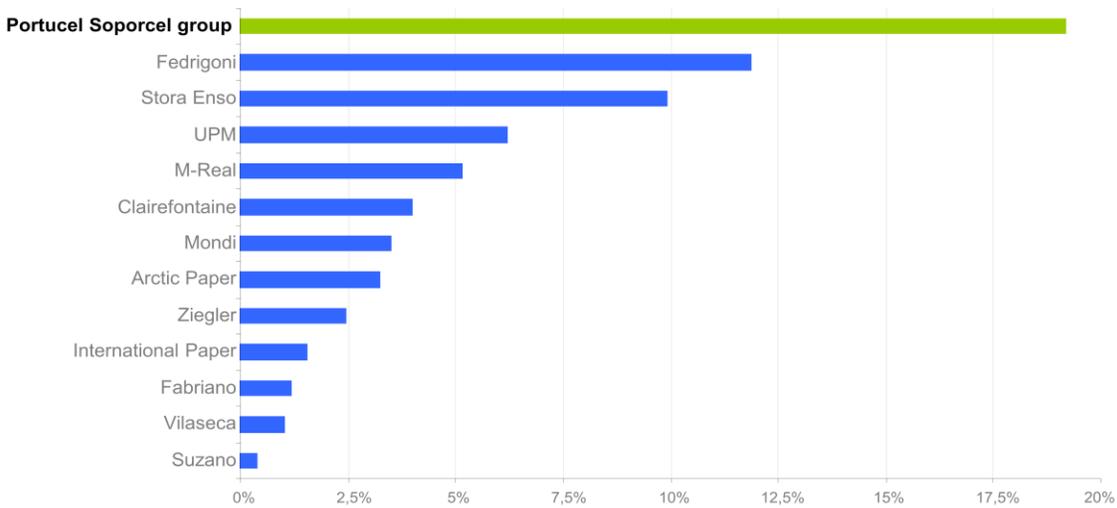
Graph 3: Main brand used graphical
 Source: EMGE, gPS - Market Research with 777 Printers, 2009
 (DE, UK, FR, SP, NL, IT, BE, LU, PL, PT, DK, EL, AT, CH, IE, CZ, FI, NOR, HR, LV, LT, EE, SE)



▪ **Quality Perception Graphical Paper (2009)**

Portucel Soporcel group is the producer with the highest quality perception among European printers.

Graph 4: Quality perception graphical
 Source: EMGE, gPS - Market Research with 777 Printers, 2009
 (DE, UK, FR, SP, NL, IT, BE, LU, PL, PT, DK, EL, AT, CH, IE, CZ, FI, NOR, HR, LV, LT, EE, SE)



5.5. Some Curious Facts about Portucel Soporcel Group

- In France, the French association of stationery wholesalers awarded Navigator Hybrid the Silvery Trophy for Product of the Year 2008, at their Annual General Meeting.
- In 2008, the Company won the Silver Ribbon in the category for best marketing, for its media campaigns for the Navigator brand, at the award ceremony organised by its French client *Majuscule*.
- The Pioneer brand was specially designed for the female market, and has consolidated its support for LAÇO (a charity working for early diagnosis of breast cancer), through a promotional campaign aimed at end consumers, in tune with the brand's socially responsible positioning.
- Currently sold in more than 40 countries, Pioneer has developed excellent brand awareness in several European countries, and offers superb results in terms of printing performance and quality.
- The new Setúbal mill is centred on the world's largest and most sophisticated paper machine, allowing the company to increase its output of high quality printing and writing paper to 1.6 million tons a year.
- The group's internal newsletter, INFO, is sent to the home address of all its employees, containing articles on the internal life of the group and its relations with local communities.
- The Portucel Soporcel group accounted in 2010 for 3.5% of all electricity produced in Portugal, and is an important supplier to the national grid.
- The forest managed by the group is spread across 157 municipalities, including areas covered by the Natura 2000 Network and the National Network of Protected Areas (NNPA).
- Of the 120 thousand hectares of forest managed by the Portucel Soporcel group, 73% are eucalyptus plantations, and the remaining 27% other types of planting, such as cork oak, pine, areas of varied deciduous and coniferous species, as well as areas of natural and semi-natural habitats which are representative of the different regions of the country, in addition to farmland and pasture.

CHAPTER 6. THE CASE STUDY OF NAVIGATOR

“A brand is more than a word. It is the beginning of a lifetime dialogue.” (Martin Lindstrom, Brand Futurist, CEO of Lindstrom Company and Chairman of Buyloggy Inc.)

As already referred in the previous chapters, the researcher has chosen the experience of Navigator as a successful and powerful brand, having the intention to accomplish the objectives of the undertaken research. Navigator is a brand owned by Portucel Soporcel group and various studies proved that it is considered as the world's best selling premium office paper brand, with customers in more than 90 countries between which are:

- **EUROPE** (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, The Netherlands, Turkey, United Kingdom)
- **ASIA** (Armenia, Bahrain, China, Georgia, Hong-Kong, India, Iran, Israel, Jordan, Korea, Kyrgyzstan, Kuwait, Lebanon, Libya, Macau, Qatar, Russian Federation, Saudi Arabia, Singapore, Sudan, Syrian Arab Republic, United Arab Emirates, Yemen)
- **AFRICA** (Algeria, Angola, Cape Verde, Egypt, Ghana, Ivory Coast, Morocco, Nigeria, Kenya, Reunion, Sao To Me e Principe, Senegal, Sierra Leone, Sudan, Togo, Tunisia)
- **AMERICA** (Antilles, Argentina, Barbados, Canada, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Jamaica, Mexico, Nicaragua, Panama, Peru, Puerto Rico, Trinidad e Tobago, Venezuela, USA)
- **OCEANIA** (Australia)

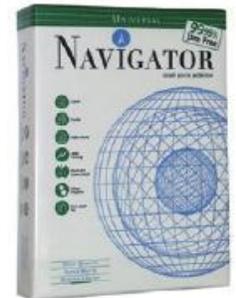
6.1. Brand History and Evolution

1992 – Navigator was launched and positioned as a standard quality



1993 – Launch of Navigator 90 g/m² and pre-punched 80 g/m²

1995 – Navigator re-positioning as a premium quality, first office paper made from Eucalyptus + PCC



1997 – Launch of Navigator 100 g/m²

2000 – New Packaging and new product features

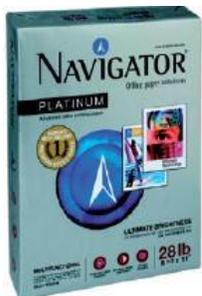


2001 – Launching of Navigator 120 g/m² and 80 g/m² in Fast Pack (brightness, formation...)

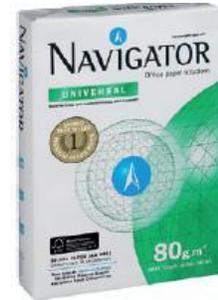
2002 – Navigator distribution in USA, Letter Size;

Navigator Global Promotion

Tom- Tom



2003 – Re-Launch: new positioning, new look, improved quality

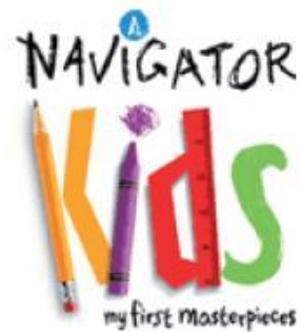


2004 – Sponsorship EURO 2004™

- Launch of Advantage Pack,
- Launch of Navigator Eco-Logical 75 g/m²

2005 – Launch of Navigator Office Card 160 g/m²

- Launch of Navigator Kids
- Launch of Navigator Plotter-reels



2006 – Re-Launch of Premium/Multipurpose USA

- Launch of Navigator Platinum (CIE 168/GE 99)/ USA
- Navigator First Global Promotion for Office Papers
- Launch of Navigator Envelops



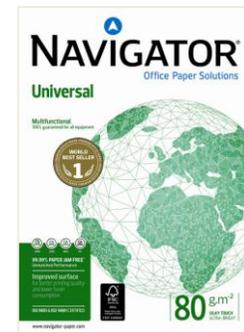
2007 – Navigator and You Global Promotion

- Launch of Navigator Hybrid 30% PCW Fibre

2009–Launch of Navigator Premium Notebooks **2010**–Navigator Global Promotion Toshiba
- Navigator Global Promotion - iPhone



2011 –Rebranding of Navigator's Identity and Range



6.2. Navigator Product Features

“Making promises and keeping them is grate way to build a brand.” (Seth Godin, Entrepreneur, author and public speaker).

For Navigator assuring an unbeatable performance is a priority. In this regard Navigator is internationally recognised as a leading premium office paper brand, offering a wide range of solutions for any printing application.

Navigator product is considered to have incomparable paper properties between which are:

- Whiteness and Opacity: Navigator's superior opacity makes it proper for double sided printing.
- Surface Cohesion: results in excellent runnability. It can be said that the 99,99% paper jam free guarantee⁴ provides users to increase efficiency as jam reduction

²³ These results are confirmed by the results of recent printing tests performed by BLI – Buyer's Laboratory Inc, and independent testing facility for office papers in the United States

increases the production speed and reduces processing errors. The net effect is a lower cost per printed document.

- Improved Print Quality: Navigator developed improved surface, which provides excellent printing quality. By improving toner adhesion and absorption, Navigator maximises print results – more printed sheets with the same cartridge.
- Smoother Surface: results in improved life time of office equipment. The smoother surface means lower toner consumption and reduced abrasiveness, resulting on less damage to printers and longer lifetime.

The secret of Navigator's incomparable product features lies in the single source production. Navigator's unique performance is guaranteed by the fact that the product is always produced on the same paper machine and only at one mill location. This operating decision means that Navigator can always ensure the maximum level of quality and consistency of its paper. Navigator's mill has the most advanced technology for the production of uncoated woodfree paper. It relies on state-of-the-art paper machines, where size and speed are maximised because of electronic monitoring during the manufacturing process.

Another key factor to assure the unbeatable performance of Navigator product is the integrated process, where Portucel Soporcel group is a vertically integrated company, and Navigator's production process is controlled from its beginning - the forest, having always the consumer in mind. A very important moment here is that the forests managed by Portucel Soporcel group are FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) certified which ensures the commitment towards environmental protection and guarantees that all the wood used for the production of pulp originates from controlled sources. Additionally, every step of the Navigator production is done according to the most important quality and environmental standards, such as ISO 9011 (guarantees consumer satisfaction) and ISO 14001 (ensuring legal fulfilment, prevention and control of pollution) as well as EU Ecolabel, designed to promote eco-friendly products and services which meet strict standards of environmental performance. Navigator's performance is also certified by the Buyers Laboratory Inc (BLI), the leading independent laboratory for testing office equipment.

Next important fact, which contributes to the unique paper properties of Navigator, is the high-tech forest management, research and development. Portucel Soporcel group

continuously manages its forest with the goal of producing the best premium office paper through a sustainable process, striving to improve natural resource measures such as soil fertility and water quality, protecting environmental diversity. The high quality of Navigator paper is a result of the exceptional characteristics of the Portuguese eucalyptus globulus fibres. Eucalyptus globulus has a higher number of fibres per weight unit giving better porosity, opacity and formation of the paper. It enables superior paper machine performance levels and enhancing printing.

A fully integrated paper mill, modern production equipment and high quality of fibre – eucalyptus globulus – ensures incomparable characteristics in the production of Navigator premium office paper.

As last, but not least, it is worth to mention that Navigator's success also lies in the constant investment in the launch of new products enabling to reach different segments of consumers and boost brand value (through greater visibility and sales of these value-added products).

6.3. Navigator Brand Strategy

"If you only give people what they already want, someone else will give them what they never dreamed possible." (Saatchi and Saatchi, Global Media Agency)

According to the literature in this area, brand strategy is grounded on two factors: differentiation and brand-added value. (Riezebos et al, 2003). A corporation attempts to distinguish its goods or services from other competitors through differentiation. This indicates that the motivation for a brand strategy has a competitive parameter. "By aiming for differentiation in a brand strategy, one tries to give a brand a competitive advantage" (Riezebos et al, 2003; Aaker, 2004; Arnold, 1992).

6.3.1. Navigator Brand Elements and Personality

Brand elements and brand identity are often used next to each other to identify the brand, to enhance brand awareness and to facilitate unique brand associations which ultimately should differentiate the brand. In this section the Navigator brand elements and what its personality stands for will be discussed.

▪ The Brand Name

The name “Navigator” associates with a global brand that guides, with a brand considered as a leader, it also represents orientation and gives the right direction.

▪ The Navigator Logo

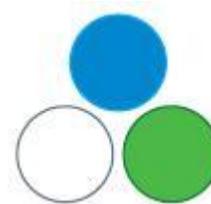
Navigator is recognised internationally as the leading premium office paper brand. In this relation, the logo of Navigator enhances its brand awareness and facilitates the brand associations as being the ideal choice for any printing application by offering a wide range of solutions.



▪ Navigator Symbolic Universe

The origin of Navigator is based on the sea and its elements, a naturally powerful universe. The nautical universe as an origin contains elements like:

- the needle of the compass
- the armillary sphere
- the chromatic code based on colours like blue, white and green
- the verbal identity “Navigator”



This universe initially profiled the brand as maritime, and later related it to a world of meanings and ideas that refer to the epic victories and conquests made by a brand who dares to adventure itself.

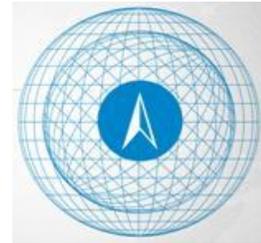
The needle of the compass

The needle of the compass represents a brand that guides, provides a sense of orientation and a certainty of right direction towards better performances.



The armillary sphere

The armillary sphere represents the sense of innovation and technology, the culture of flexibility and elasticity and the magnificence of a brand with global reach. It also represents a world without boundaries.



Colour Codes:

White: purity, lightness, versatility

Navigator associated characteristic: *Consistency and Whiteness*

Blue: sea, cleanness, integrity, reliability

Navigator associated characteristic: *Performance*

Green: nature, tranquillity, tradition

Navigator associated characteristic: *Ecology and Prestige*

▪ **Navigator Brand Personality**

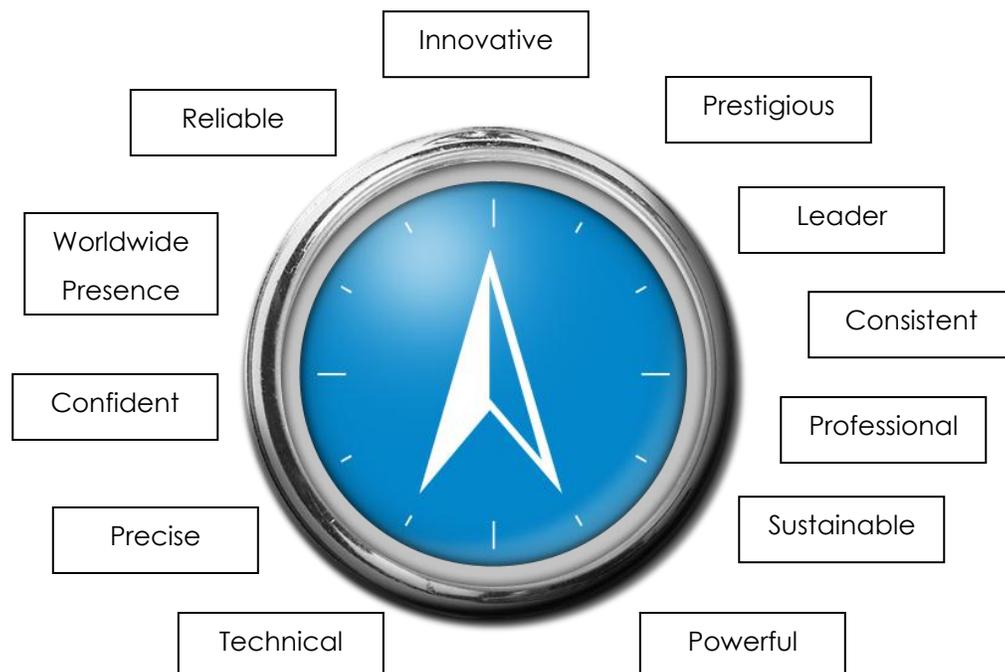


Figure 23: Navigator brand personality
Source: Portucel Soporcel group

6.3.2. Navigator Brand Values

“A great brand taps into emotions. Emotions drive most, if not all, of our decisions. A brand reaches out with a powerful connecting experience. It’s an emotional connecting point that transcends the product.” (Scott Bedbury, Marketing Executive Nike, Starbucks)

The launching point of Navigator, its origin and shelter is the performance value. Navigator anchors its promise on the performance characteristics:

- Printing quality
- Runnability – 99.99% paper jam free
- Functionality in all office equipment
- Best results in all applications

Performance is an axis for Navigator, efficiency is its promise, and office equipment is its universe.

▪ **Brand Key Features**

- Overall global image
- Same colour codes
- Clean layout
- Powerful graphic shape
- World Best Seller
- State-of-the-art technology
- Unique quality

▪ **Functional Benefits**

- Trouble-free printing experience
- High-impact and professional-looking printed documents
- Available for any type of document, in any office printer
- Great results even with intensive use of colour
- The quality of a world bestseller

- gPS Heritage - Innovation and Excellence background
- New Image – same excellent product
- Excellent performance and printing results

- **Emotional Benefits**

- Confidence
- Empowerment
- Motivation

- **Brand Promise**

“Navigator powers your success.”

- **Consumer Insight**

“Desire to accomplish and excel its goals in life, both personally and professionally.”

- **Core Brand Values**

- Performance
- Innovation
- Leadership

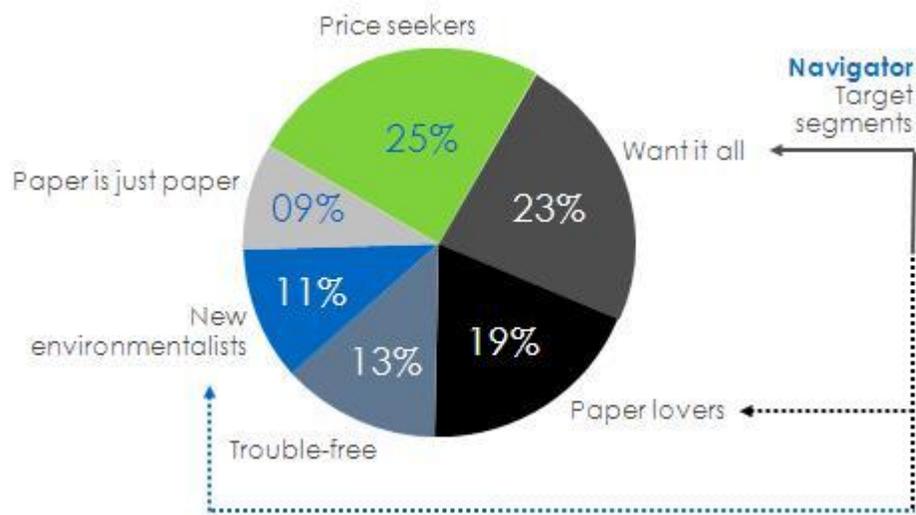
6.3.3. Navigator Brand Positioning and Value Proposition

“No matter what your product is, you are ultimately in the education business. Your customers need to be constantly educated about the many advantages of doing business with you, trained to use your products more effectively, and taught how to make never-ending improvement in their lives.” (Robert G. Allen, Business, Finance and Motivational Author)

▪ Market Segmentation

In order to understand better a brand positioning, there is need to have a look at the market segments. After an extensive analysis based on Opticom's research, six different segments of office paper end users in Western Europe were identified. Navigator targets three of them.

Figure 24: Market segmentation office papers
Source: Opticom International Research AB, 2009



It must be taken into consideration that the segment sizes in figure 24 are based on the number of offices, and not on volumes consumed. It is important to highlight that the segmentation takes into consideration 85% of the total office paper consumption (excludes home users).

▪ Brand Positioning and Value Propositions

Navigator is positioned in the Premium Office Paper Segment and stands for being the "World Best Selling Premium Office Paper". Clearly identified as a quality brand in the eyes of European consumers, Navigator is the uncontested leader in its segment. This is supported by the following value propositions:

- Unmatched runnability
- Excellent print and copy quality
- The highest quality consistency

- Guaranteed multi-functionality (office equipment / applications)
- Optimal aesthetics for the premium segment (formation, whiteness, opacity, bulk/smoothnes)

6.4. Navigator New Image and Rebranding 2011

“An image is not simply a trademark, a design, a slogan or an easily remembered picture. It is a studiously crafted personality profile of an individual, institution, corporation, product or service.”(Daniel J. Boorstin, historian, professor, attorney, and writer)

In the beginning of 2011 Navigator products were launched on the market with new packaging, which main purpose was to “renew” the brand. The objective lies in the modernisation of the Navigator image, while maintaining positive elements that allow consumers to be able to keep the link with the brand.

The process of rebranding Navigator has taken two years, involving research with end consumers at small, medium and large companies in six of the main European markets. Briefing to nine different design agencies has been done, followed by two phases of focus groups in Portugal, Spain, France, United Kingdom, Italy and Germany. Several refinements and improvements from the focus groups have been integrated into the layouts and the final proposal was chosen based on the feedback from these market studies.

The new Navigator image has been developed to offer updated, more appealing packaging and a clear sense of the brand’s distinctiveness, in line with ambitious plans for growth in the more than 90 countries where it is already established and with new international markets in its sights.

The new Navigator packaging features the European Union Ecolabel, designed to promote eco-friendly products and services which meet strict standards of environmental performance. This fresh endorsement has strengthened the brand’s environmental values, founded on the sustainable paper cycle in which the entire chain of responsibility is certified. This starts from the raw material, sourced from expressly-planted renewable woodlands, through to the production of environmentally responsible paper.

In the office stationery and printing paper segment, the Ecolabel requires the use of certified timber of known provenance and bans the use of substances harmful to the environment and human health. The rules also call for the use of renewable energy, implementation of a rigorous waste management system and reduction of greenhouse gas emissions, as well as of air and water pollution.

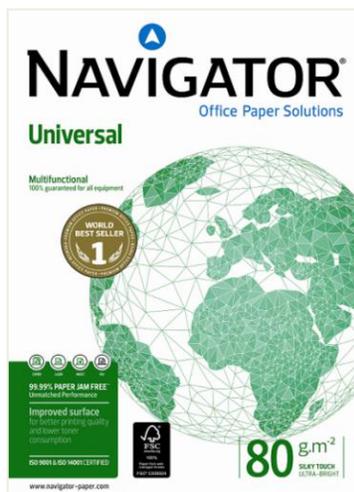
▪ The “old” and the “new” image of Navigator

Old Image



- Clearly positions the brand and paper as premium
- Environmentally-friendly → use of green colour
- Has relevant information in the front
- The use of white makes a link with the product
- Gives an idea of a global product - Universal / Solutions
- Association with technology – looks technical
- Best-seller → seen as an award
- Seems a little old-fashioned packaging
- Sphere tries to pass the idea of globe, but not perfectly
- Seem a bit confusing – text over graphical elements
- Difficult reading of some information

New Image



- More appealing layout – modern, global, with less aggressive letters
- Keeps positive elements
 - Environmental perception (green colour)
 - Claim (Office Paper Solutions)
 - Technological appeal (technical look)
 - Bestseller logo was updated
 - White
- Better organisation of the information, new icons were added
- New name for Inkjet 90g → Expression, which was well accepted in all countries
- Lettering (logo and texts) much more attractive
- Globe in the packaging creates a clearer concept for Navigator for all applications, everywhere

6.5. Navigator Product Range

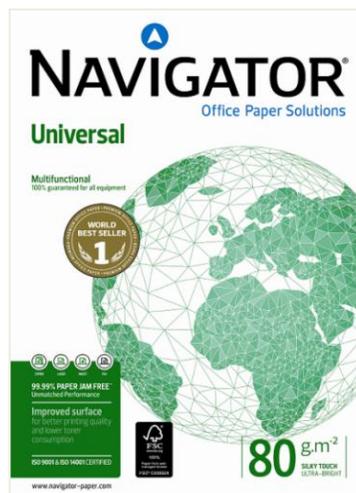
"A brand is a living entity - and it is enriched or undermined cumulatively over time, the product of a thousand small gestures." (Michael Eisner, CEO Disney)

Navigator offers a range of office paper solutions compatible with all office equipment, especially designed to meet and exceed the needs of modern office paper users.

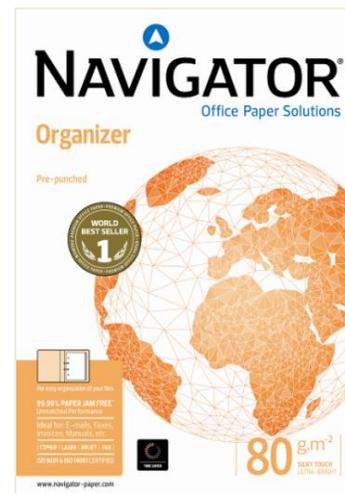
Navigator's product range can be classified in three groups according to the paper's common characteristics:

- **Multipurpose / Functional – "Master Your Outputs"**

In this group we can include two Navigator products:



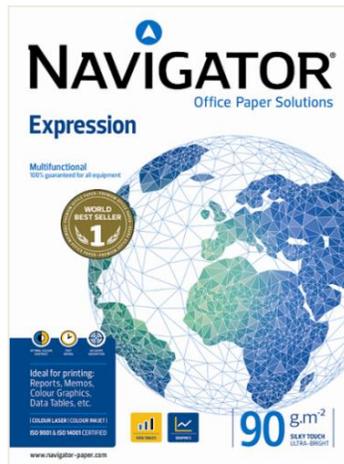
- Navigator Universal 80g/m²: available in A3 (500 sheets per ream) and A4 (500 sheets per ream) and in Fast Pack (2500 sheets per ream). Navigator Universal is 100% guaranteed for all printers and copiers and any type of document.



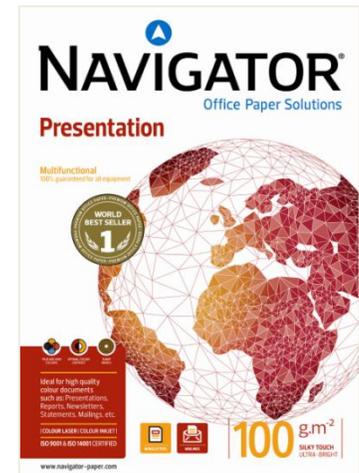
- Navigator Organizer 80g/m²: available in 2, 4 holes and Swedish punched, intended for easy organisation of files.

- **Aesthetic and Creative – “Free Your Creativity”**

This group is composed of four Navigator products:

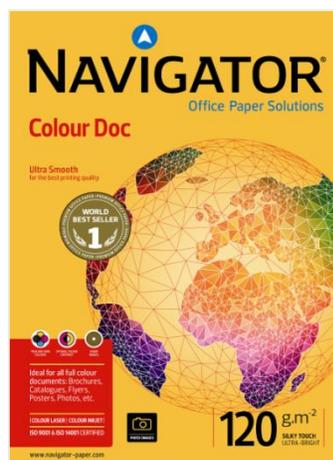


- Navigator Expression 90g/m²: available in A3 and A4 format in 500 sheets per ream. This is a product ideal for printing reports, memos, colour graphics, data tables, etc. extra thick and opaque.

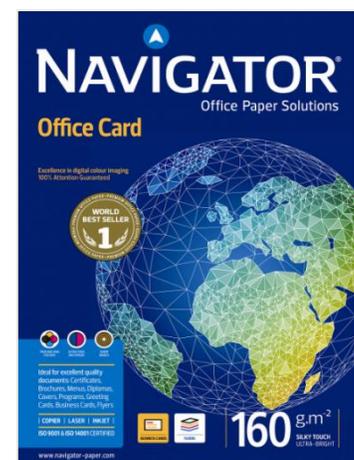


- Navigator Presentation 100g/m²: available in A3 and A4 format in 500 sheets per ream. It is a product, ideal for high quality documents such as:

presentations, reports, newsletters, statements, mailings, etc. It is a paper with superior thickness and smoothness, and can be used for a double sided printing.



- Navigator Colour Documents 120g/m² is available in A3 (500 sheets per ream) and A4 format (250 sheets per ream). This product is designed for all full colour documents: brochures, catalogues, flyers, posters, photos, etc. Between its qualities are increased stiffness and thickness.

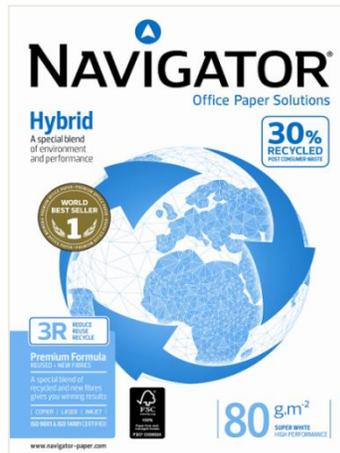


- Navigator Office Card 160g/m²:

available in A3 and A4 format in 250 sheets per ream. It is ideal for excellent quality documents: certificates, brochures, menus, diplomas, covers, programs, greeting cards, business cards, flyers.

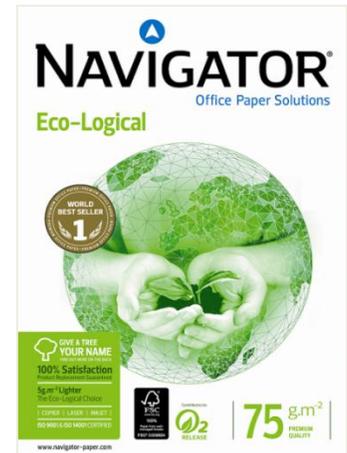
- **Environment – “Be Sustainable”**

This group is composed of environmentally-friendly Navigator products, Navigator Hybrid 80g/m² and Navigator Eco-Logical 75g/m². This group reinforces the sustainability and environmentally concerned products by preserving biodiversity, exploring alternative greener energy sources (biomass) and responsible forest management.



- Navigator Hybrid 80g/m²: available in A3 and A4 format in 500 sheets per ream. Based on hybrid formula: a special blend of 30% high quality recycled fibres and new fibres that provides superior performance and printing results.

- Navigator Eco-Logical 75g/m²: available in A3 and A4 format in 500 sheets per ream. A product, which



contributes towards preserving the environment. It is the ecological choice - uses fewer natural resources whilst guaranteeing a premium quality performance. Navigator Eco-Logical has its own website, where the customer is given the opportunity to give a name to one of the several million trees grown every year in Portucel Soporcel group forest nurseries.

6.6. Navigator Brand Communication Programme

“The stronger the dialog, the stronger the brand; the weaker the dialog, the weaker the brand.” (Larry Webber, Entrepreneur and Expert in Public Relations and Marketing Services)

Navigator Brand Communication Programme is based on Advertising, Participation in various Events, Pos-Material and Sales Tools, Promotions, Direct Marketing and Web-Marketing.

- **Advertising**

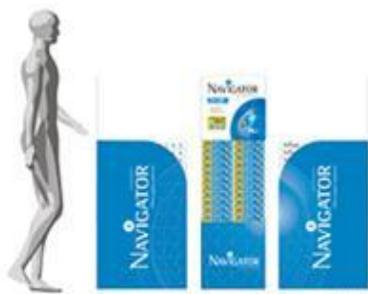
An advertising campaign of Navigator took action on Vienna airport during April, May and June 2008. In June 2008 Navigator was also advertised on 250 taxis in Basel, Zurich and

Geneva and on 500 taxis in Vienna. Following that, advertising campaigns of the Navigator brand took and are taking place in 2010 and 2011 in Frankfurt, on taxis, during PaperWorld - a leading international fair for paper, office supplies and stationery industries held every year at the end of January. Navigator is also annually advertised in specialised reseller magazines, published in various countries.

▪ Events

Participating in different events allows the Navigator brand to build closer relationships with its key decision makers and customers. The brand was present on major events such as sponsorship of major sport occasions, open door events intended for channel partners and strategic customers at Portucel Soporcel mills. Another group of events, where Navigator is presented through a professional stand, are fairs and exhibitions such as PaperWorld, Drupa, OfficeWorld, and Big Buyer, held in several countries in Europe.

▪ Pos-Material



- Displays and shelves with Navigator products
- Professional presentations
- Box pallets, reams displays, etc.
- Navigator dispenser: "Touch and feel"; overview about product range

▪ Promotions

The main objective of the promotions is to increase purchase frequency. In that sense, some of the promotions made by Navigator offer to the customer:

- Special Packs – where a ream of Navigator paper is offered with 550/400 sheets
- Direct mailing campaigns and promo actions (special offers and actions)

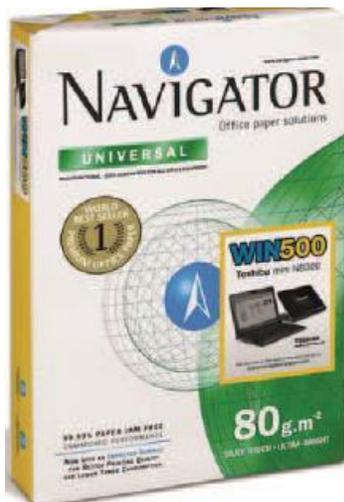
▪ Navigator Global Promotions

Navigator global promotions facilitate sales (in/ through/ out) and contribute to creating a high involvement with the brand.



A creativity campaign, launched by Navigator brand in 2009 was the *Navigator and You Promotion* with prizes for the most creative photos and videos, involving the Navigator brand. This competition was also launched in 2007, and ended with big success. In order to take part, consumers were asked to register on the Navigator website and send their most creative photos or videos involving one of the Navigator products. Entrants were free to compete in

both campaigns, as many times as they wanted. The weekly prize for the most creative video was an Apple iPhone 3G and another for the best photo as well.



Throughout the years Navigator has done various editions of *Navigator Global Promotions*, in which main target are end-users. One of the latest Navigator global promotions has run worldwide from May to November 2010, where 500 Toshiba netbooks were offered. Customers simply had to buy a ream of Navigator paper and go to the Navigator website, where they were asked to enter some information, such as email address, country of origin and enter the promotional code printed on the back of each Navigator ream. In the 2010 global campaign consumers also had the chance to win 10 Apple 3G iPhones.

When visiting the website, consumers were surprised by an original film featuring Navigator paper, and could also check whether they had won one of the Toshiba NB300 Netbooks.

This is an initiative done by Navigator to promote its premium office paper, by launching global interactive campaigns through its website. The 2009 global campaign clocked up a record of more than a million entries, representing a growth of 49% over the previous year's campaign. Throughout seven months, the campaign attracted nearly 300 thousand players, more than double the number from the previous year, with consumers winning 333 Apple 3G iPhones.

To bring this promotional offer to consumers' attention, a media campaign was launched, involving press advertisements in different countries, promotional materials, print media, including posters, leaflets and postcards, as well as email marketing shots to more than 200,000 contacts from the brand's data base. Participants were also able to invite their friends to join in the Navigator 2010 promotion, and the 5 consumers introducing the largest number of friends to the promotion won an iPhone. The 2010 global promotion was the fifth global campaign launched by the Navigator brand. In the 2004 promotion, the brand offered tickets to the European Cup matches in Portugal, sponsored by Navigator. Two years later, in 2006, the Navigator brand offered prizes of video iPods. In 2008, consumers had the chance to win Tom-Tom navigation systems and, in 2009, 3G iPhones.



In 2011, Navigator will once again offer the opportunity for its customers to win a spectacular prize - 333 Apple iPad 2, 16GB WiFi 3G. The promotion runs from May to November 2011.

The Navigator brand has used global interactive campaigns on its website to raise its profile and to increase consumer involvement with the brand,

even in a product segment often considered as a commodity.

Worldwide Navigator campaigns are set to continue as one of the brand's key methods for rewarding its consumers, helping to boost awareness and its position as the leading premium office paper brand.

▪ **Innovative Brand Communication**

Communicating with customers in innovative ways is essential, especially in a traditionally commoditised market as office paper. In this regard, Navigator has today several channels to address its customers:

- A database of 250,000 contacts of Navigator users all over the World
- Website (www.navigator-paper.com)
- Facebook page
- Twitter channel
- YouTube channel
- Blog

For Navigator it is of vital importance to be where its customers are - online.

6.7. Navigator Brand Equity and Brand Performance

"Long-term brand equity and growth depends on our ability to successfully integrate and implement all elements of a comprehensive marketing program." (Timm F Crull, Chairman and CEO of Nestle)

Building a strong brand has been shown to provide numerous financial rewards to firms and has become a top priority for many organisations. Strong brand equity after all, opens doors for consumer loyalty and profits.

In this regard, the researcher considers the concept of brand equity as being the core in creating a strong brand, regarded to be a leader in the industry where it is operating.

In order to support that Navigator is such a strong brand and a leader in the premium office paper segment, the researcher decided to include a section, dedicated to one of the most credible and comprehensive opinion studies conducted in the office paper market, which will prove the leadership of the brand. In January 2010 Opticom International Research AB presented the results of the 9th edition of the "Brand Equity Tracking Survey – Office Paper 2009." The survey has an overall purpose to identify and annually track: brand awareness, buying determinants, brand performance, brand loyalty and brand equity measured through Opticom's Brand Equity Index (BEI). Opticom's BEI model is a complete approach to strategic branding. It assesses the impact of individual office paper brands, benchmarks the leading brands against each other and evaluates the success of individual brand strategies over time through four indexed key drivers of brand equity: spontaneous awareness, top-of-mind, qualities and associations and loyalty. Thus, it is important to underline that in order to present quantitative proofs that Navigator is perceived from consumers as a strong brand with high brand equity level, the researcher used secondary data, based on the Opticom's study - "Brand Equity Tracking Survey – Office Paper 2009."

6.7.1. Opticom's "Brand Equity Tracking Survey – Office Paper 2009"

For the last edition of Opticom's "Brand Equity Tracking Survey – Office Paper 2009" 4 025 interviews were conducted in seven European countries between which: Germany, France, the United Kingdom, Italy, Spain, the Netherlands and Belgium. The 575 interviews

conducted per country were spread across different office sizes as well: 125 interviews were conducted with micro offices (where 1 to 9 employees use office paper), 125 with small offices (10 to 19 office paper users), 125 with medium offices (20 to 99 employees using office paper), 100 with large offices (100 to 499 using office paper) and 100 with macro offices (500 or more employees using office paper). In addition, 300 interviews were conducted in Poland (spread across office sizes) and 100 interviews with large and macro offices in Switzerland, Sweden as well as Denmark.

The interviews conducted were also spread across 14 business sectors, namely manufacturing (10%); public administration and defence (10%); construction (10%); human health and social work (10%); wholesale and retail trade (10%); education (9%); financial and insurance activities (9%); professional, scientific, and technical activities (5%); transport and storage (5%); administrative and support service activities (5%); other service activities (4%); real estate activities (4%); information and communication (4%); and arts, entertainment and recreation (4%).

When it comes to the background of respondents, typical titles include purchasing director/manager (21%); administrator (17%); purchasing assistant (11%); secretary (10%); paper buyer (8%) and office manager (4%). What concerns responder's gender, the majority of are women (65%) but clear differences can be noticed between office sizes and markets as shown in table 10 below.

Table 10: Division of interviews per gender, office size and country
Source: Opticom International Research AB, 2009

	Total		United Kingdom		France		Germany	
	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Total	35%	65%	31%	69%	21%	79%	38%	62%
Micro	31%	69%	24%	76%	16%	84%	36%	64%
Small	26%	74%	26%	74%	14%	86%	27%	73%
Medium	27%	73%	21%	79%	10%	90%	35%	65%
Large	42%	58%	37%	63%	26%	74%	43%	57%
Macro	53%	47%	52%	48%	45%	55%	54%	46%
	Netherlands		Belgium		Italy		Spain	
	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Total	47%	53%	33%	67%	38%	62%	34%	66%
Micro	42%	58%	35%	65%	29%	71%	31%	69%
Small	34%	66%	23%	77%	32%	68%	23%	77%
Medium	41%	59%	20%	80%	30%	70%	34%	66%
Large	61%	39%	33%	67%	51%	49%	41%	59%
Macro	65%	35%	56%	44%	53%	47%	45%	55%

6.7.1.1. Brand Awareness and Brands Bought

In this section the Opticom “Brand Equity Tracking Survey – Office Paper 2009” has listed the brands per brand owner, where the results are shown per country and for the total for 2009 and compared to 2007 as well as 2004 to understand the general trend. The position of the brand is indicated on the first hand based on brands bought or at times for the Brand Equity Index (BEI). The brands can either be classified as “Leader” being the number one brand bought in the country (or on the total); “Top” being among the top ten on brands bought; “BEI” being ranked on the Brand Equity Index; or “Not leading” being neither among the top ten on brands bought nor among the BEI brands and for this category information is included as a comparison rather than because of the brand's good performance in the country concerned. However, for the purpose of this master thesis, the researcher will only present the results of Opticom's “Brand Equity Tracking Survey – Office Paper 2009” related to the development of brand awareness in regard to Navigator brand.

Table 11: Development of brand awareness and brands bought 2004-2009 for mill brands
Source: Opticom International Research AB, 2009

grupo Portucel Soporcel																
Navigator		Spontaneous awareness				Prompted awareness					Brands purchased					
Country	Position (bought)	2009	Diff	2007	5 yr trend	2004	2009	Diff	2007	5 yr trend	2004	2009	Diff	2007	5 yr trend	2004
Total	Top	6%	3.3%	3%	+	2%	26%	6.1%	20%	++	11%	6%	1.3%	5%	+	2%
UK	BEI	4%	3.1%	1%	+	0%	21%	7.7%	13%	++	5%	3%	1.9%	2%	+	0%
France	Top	3%	2.3%	1%	+	0%	13%	1.4%	11%	+	5%	4%	2.6%	1%	+	0%
Germany	BEI	2%	0.3%	1%	+	0%	10%	-1.4%	11%	+	1%	2%	0.7%	2%	+	0%
Netherlands	Top	3%	1.9%	1%	+	1%	14%	6.1%	8%	+	5%	3%	1.6%	2%	+	1%
Belgium	Top	4%	2.6%	1%	+	0%	19%	6.8%	12%	++	4%	5%	3.7%	2%	++	0%
Italy	Top	11%	5.8%	5%	++	4%	41%	0.3%	41%	++	19%	10%	2.6%	8%	+	6%
Spain	Leader	17%	7.0%	10%	++	7%	67%	22.1%	45%	++	38%	16%	4.1%	20%	++	7%

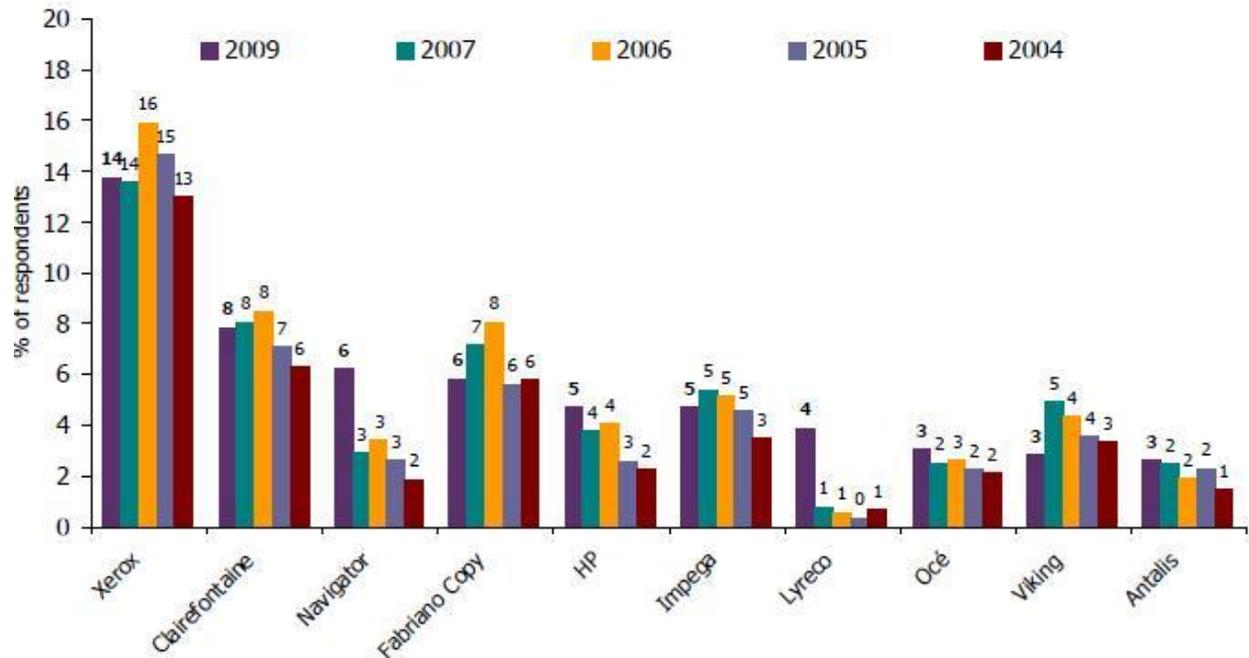
According to Opticom's “Brand Equity Tracking Survey – Office Paper 2009”, when comparing the results with previous years, the main differences occur when looking at Navigator (graph 5). It is the brand with the strongest development in comparison to 2007 going from 3% spontaneous awareness to 6% spontaneous awareness. The brand has progressed most strongly in the United Kingdom, Italy and Spain (see table 11). Navigator shows a growth in spontaneous awareness, prompted awareness and on brands bought in

nearly all markets. Only in Spain, though still the most frequently mentioned brand on brands bought, the brand has actually decreased in comparison to 2007.

Graph 5: Spontaneous awareness development top ten brands

Source: Opticom International Research AB, 2009

Which brands of office paper (e.g. printing paper, copying paper) are you spontaneously aware of?
Top brands in order of total recognition:



6.7.1.2. Buying Behaviour and Satisfaction

According to Opticom's Brand Equity Tracking Survey 2009, "The awareness of brands and their market share are of course important drivers of brand equity. Awareness is, however, just one part of the picture and for securing true brand equity, a brand needs to be chosen deliberately, based on satisfaction from previous experience and loyalty towards the brand."

Therefore in this section of the survey, Opticom focuses in the elements related to buying behaviour and satisfaction such as: buying determinants, quality-related decision criteria, brand performance and brand loyalty.

▪ Buying Determinants

Among the answer alternatives presented to respondents when asking them which buying determinants are most important in their choice of office paper besides value for money, two main areas can be identified: factors related to the product as well as factors related to the supplier and behaviour in general. Among all reasons mentioned, product quality and performance of the brand still seems to be the most important reason. Two other issues relating to the product have become relatively more important when comparing against 2007: the equipment used requires a specific paper as well as environmental aspects. What is also important is that these three aspects are more significant among large and macro offices and less important among micro and small offices.

Table 12: Quality- and product-related buying determinants
Source: Opticom International Research AB, 2009

Besides value for money, which of the following are the MAIN reasons for choosing your current MAIN brand of office paper?

	% of respondents	Total	Per target group				
			Micro (871)	Small (872)	Medium (875)	Large (700)	Macro (700)
Quality- and product-related buying determinants							
1. The product quality/performance of this brand	62 %	51 %	57 %	63 %	70 %	72 %	
3. The type of equipment we use requires it	26 %	17 %	21 %	21 %	35 %	32 %	
5. Environmental aspects	21 %	13 %	11 %	11 %	30 %	37 %	
8. Only price; it is the cheapest brand available	10 %	12 %	14 %	14 %	7 %	6 %	
10. The convenient packaging	7 %	9 %	4 %	4 %	9 %	4 %	
13. The concept of the brand	3 %	2 %	3 %	3 %	4 %	3 %	
14. The brand's marketing & image	2 %	3 %	1 %	1 %	2 %	2 %	

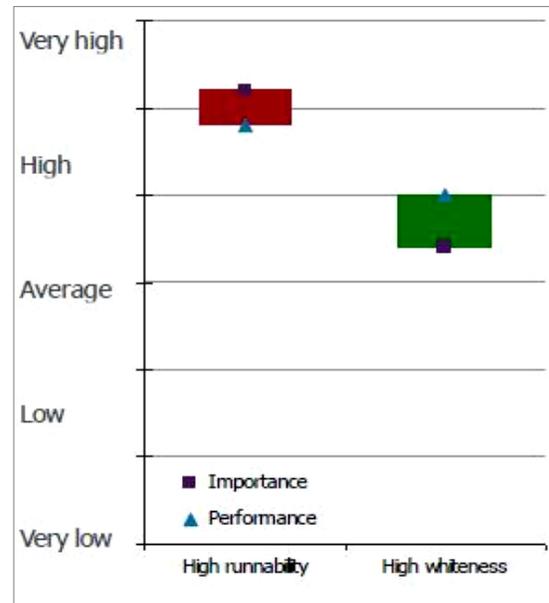
Base: 4025. Multiple answers: 9648. Don't know: 15 No answer: 7

As seen on table 12 environmental aspects appear as relatively more important according to the results when discussing buying determinants. According to Opticom's survey 2009, brands such as Evolve or Steinbeis clearly have improved their position, which means that the focus on environmental aspects is likely to continue giving the industry the possibility to promote the positive environmental aspects of paper. This is especially important for the brands that have a competitive advantage by delivering better performance on certain environmental aspects. Therefore it is relevant for the researcher to highlight that Navigator is a very good example of environmentally-friendly office paper. Every step of the Navigator production is done according to the most important quality and environmental standards (ISO 9011, ISO 14001 and Ecolabel), designed to promote eco-friendly products, which meet strict standards of environmental performance.

▪ Product-Quality Related Criteria

Figure 25: Example presentation gap analysis results
Source: Opticom International Research AB, 2009

As part of the section on products and brands of Opticom's "Brand Equity Tracking Survey – Office Paper 2009", respondents have been asked to rate the importance of a number of product-quality related criteria on a scale from 1 to 10 where 1 means "Not important at all" and 10 "Extremely important". Respondents were also asked to evaluate their main brands or other brands they have experienced, using a scale from 1 to 10, but where 1 means "Very poor" and 10 "Excellent". These results were then analysed by Opticom, in a model called gap analysis,



which is used to illustrate three dimensions: 1) the importance of a certain factor (e.g. high runnability or good value for money; presented with square boxes in the graphs) for the office paper purchasers; 2) the average performance of all brands on these factors (presented with triangles in the graphs); and 3) the performance of individual brands as evaluated by the office paper purchasers (presented in tables). In figure 25 the size and colour of the gaps (green = positive; red = negative) illustrate the discrepancies between importance and performance levels.

According to the results obtained from Opticom's "Brand Equity Tracking Survey – Office Paper 2009" presented in table 13 below, there are five factors appearing as most important with high to very high importance. These are (in order of importance): high runnability; value for money; consistent quality; high printout quality in black and white; and multifunctional. High printout quality in black and white is ranked as fourth and multifunctional as fifth which according to "Brand Equity Tracking Survey – Office Paper 2009", is a switch in comparison to the 2007 results. As shown in table 13, criteria ranked with average importance are high whiteness, high opacity and high printout quality in colour laser. According to Opticom's report the latter has increased in importance in comparison to 2007 where it was rated with low importance. Environmentally-friendly and convenient packaging have moved down to be considered of low importance whereas they were rated with average importance in 2007. As it could be noticed from table 13,

high printout quality in colour ink-jet and high smoothness are still rated with low importance and wide range of paper qualities available is again rated with very low importance.

Table 13: Product-quality related criteria and their order of importance per country
Source: Opticom International Research AB, 2009

	Total	Germany	France	UK	Italy	Spain	Netherlands	Belgium
High runnability	1	1	2	2	1	1	1	1
Value for money	2	2	1	1	2	2	4	2
Consistent quality	3	3	3	3	4	3	3	3
High printout quality in BW	4	5	4	4	5	5	2	5
Multifunctional	5	4	5	5	3	4	5	4
High whiteness	6	8	6	9	6	7	7	6
High opacity	7	7	7	7	10	8	6	7
High printout quality in colour laser	8	6	9	8	9	11	8	8
Environmentally-friendly	9	9	10	6	7	6	10	10
Convenient packaging	10	11	8	10	8	9	9	9
High printout quality in colour ink-jet	11	12	11	11	12	10	12	11
High smoothness	12	10	13	12	11	13	11	12
Wide range of paper qualities available	13	13	12	13	13	12	13	13

Importance ratings: very high  high  average  low  very low 

From the above presented table, it becomes clear that high printout quality in colour laser and high smoothness are more important in Germany and high whiteness is relatively less important in comparison to the total for all countries. In France, convenient packaging appears as relatively more important. In the United Kingdom, environmentally-friendly is relatively more important whereas high whiteness is relatively less important. In Italy multifunctional, environmentally-friendly, and convenient packaging are relatively more important, while high opacity is relatively less important. In Spain environmentally-friendly is relatively more important and high printout quality in colour laser relatively less important. In the Netherlands, finally, high printout quality in black and white is relatively more important, whereas value for money appears as relatively less important.

▪ Strengths and Weaknesses of Brands

Besides comparing the ratings between countries, the ratings of importance and performance can of course also be used to analyse the strengths and weaknesses of individual brands. Table 14 below presents an analysis of the ratings of importance for top

brands and compares the average importance ratings for these brands with the average for all brands in order to identify areas where these brands face higher demands or where the buyers of these brands have rated the importance of the criteria concerned as relatively higher. Similarly, the criteria in which these top brands face relatively lower demands are presented. On the basis of the size of the gaps between the importance ratings and the performance ratings, relative strengths and weaknesses are identified for top brands as well. Here one should be careful, however, to distinguish between relatively smaller gaps or more positive results due to relatively lower demands and relatively larger gaps or more negative results due to relatively higher demands, on one hand, and gaps that are truly bigger or worse or even further emphasised due to higher or lower demands in the same direction. The latter are those that rightly can be considered as real strengths and weaknesses (marked with coloured text in the table 14 below).

Table 14: Strengths and weaknesses top brands
Source: Opticom International Research AB, 2009

	Higher demands	Lower Demands	Relative Strengths	Relative Weaknesses
Clairefontaine (292)	W, CI, S WR	EF	O, WR	VM
Navigator (246)	W, O, EF			
Data Copy (92)	CL, P			P
Evolve (72)	CL, EF	BW, MF, P, CI	BW, W, EF, P	
Discovery (69)	MF, P			MF, O, WR
Double A (47)	O, CL, P, S	EF		O, WR
Future (39)	CI	R, BW, MF, O, EF, P, S, WR	R, EF, WR	
Antalis (123)	CL, WR		S	
Motif (66)	EF	VM, MF, CI	VM	S, WR
Plano (63)	Q, O, CL, EF, S	CI, WR	EF, CI, WR	CL
Rainbow (27)	Q, W, O, CL, EF, S	CI	P, WR	W, S
Impega (306)	CI			
Office Depot (186)		W, EF, S	S	
Viking (183)		W, CL, EF, S	EF, WR	
Lyreco (111)		W, CL, EF		
Xerox (417)	WR	P		
HP (126)	CL, CI, S		MF, WR	S
Océ(124)	S, WR	VM, MF		S
Canon (78)	Q, CI	CL, P	P	VM
Ricoh (35)	WR	Q, W, CL, CI	W, O, EF	

If criteria shown in italics, relatively better or worse performance on gaps may be due to difference in importance ratings

R = high runnability VM = value for money Q = consistent quality MF = multifunctional

BW = high printout quality in B&W CL = high printout quality in colour laser CI = high printout quality in ink-jet

W = high whiteness EF = environmentally friendly O = high opacity P = convenient packaging

S = high smoothness WR = wide range of paper qualities

From table 14 it could be noticed that for Navigator the only deviations from the average relate to higher than average demands. This applies to high whiteness, high opacity and environmentally – friendly.

- **Loyalty**

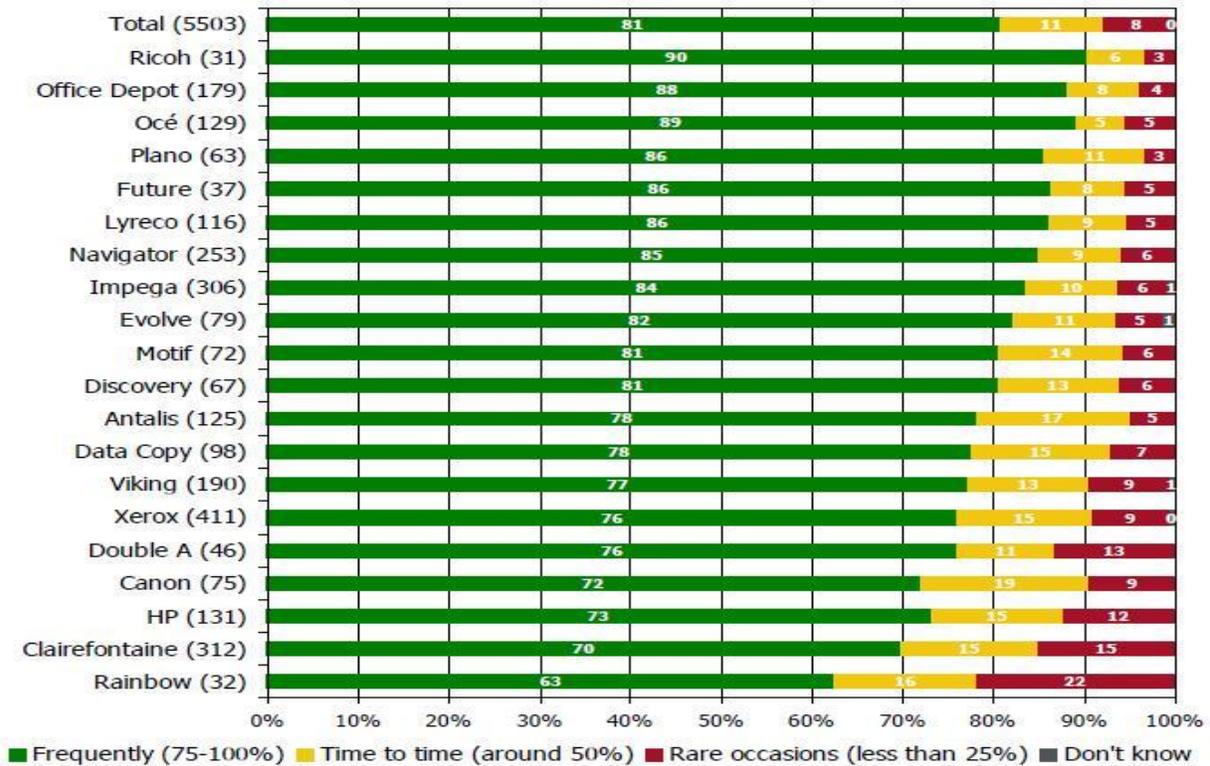
In the Opticom's "Brand Equity Tracking Survey – Office Paper 2009" there are two questions, which directly evaluate the loyalty towards the main brands respondents currently purchase: one relates to buying frequency and the other to the likelihood of different occurrences leading to a brand switch. Buying frequency is measured on a three point scale and respondents are asked whether they buy the brands they buy frequently (i.e. 75% to 100% of the time for the same purpose); from time to time (around 50% of the time for the same purpose) or on rare occasions (less than 25% for the same purpose). Switching likelihood is evaluated for the following ten scenarios: better product quality/performance of other brand; lower price on other brand; new, higher price on main brand; supplier recommendation for other brand; main supplier unable to deliver main brand; informative promotional/marketing activities for other brand; better supply conditions for other brand; specific internal demand (by colleagues) for other brand; other brand has more suitable range of paper qualities; and another paper is more environmentally friendly.

- **Buying Frequency**

As becomes clear from graph 6 below most of the top brands are generally respondent's main brands for the purpose they are used for. The majority of the top brands are bought frequently by four out of five office paper purchasers. According to the results below 85% of the respondents, whose main brand is Navigator, buy it frequently. The brands found in the bottom of the list – Canon, HP, Clairefontaine and Rainbow – include or consist of a range of papers that are likely to be used for specific occasions and apparently for these specific purposes, office paper purchasers may actually be less loyal than for their standard office papers.

Graph 6: Buying frequency for top brands
Source: Opticom International Research AB, 2009

Which of the brands mentioned do you... / The brand that you mentioned, is it a brand that you... buy frequently (75-100% of the time) ...buy from time to time (around 50% of the time) ... buy on rare occasions (less than 25% of the time)? Purchasing frequency in total for top brands



Base: 5515. Single answer per brand. Don't know: varies. No answer: varies

➤ **Switching Likelihood**

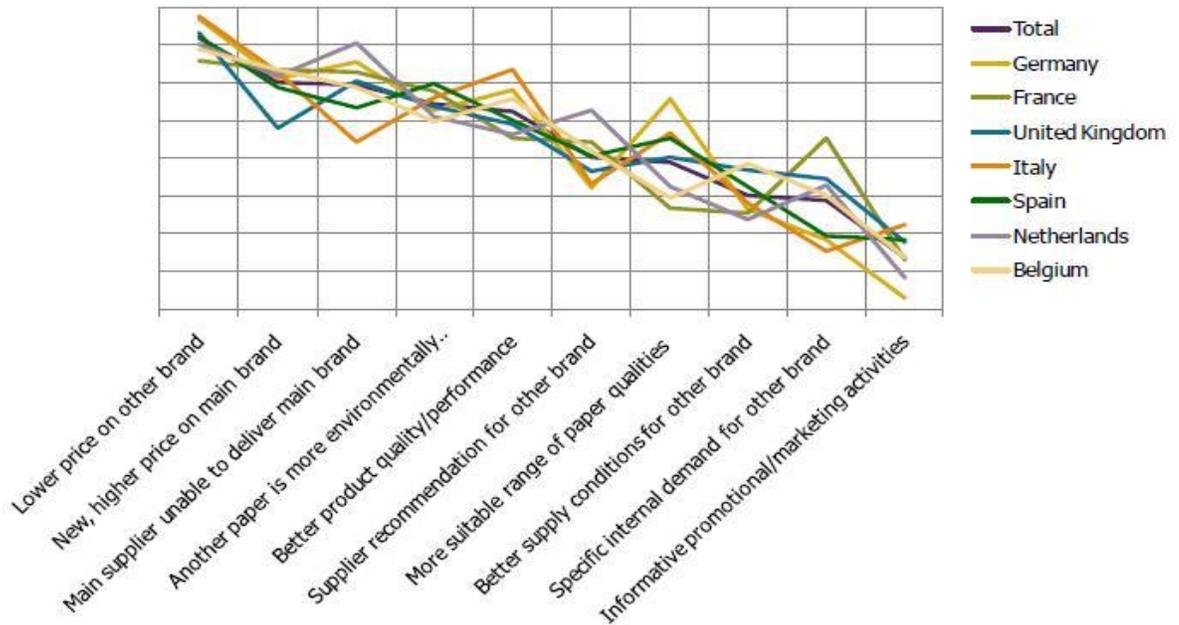
When it comes to the likelihood of switching to another brand because of given scenarios, respondents are most likely to switch to another brand because of lower price on another brand followed by new, higher price on their main brand and main supplier being unable to deliver the main brand. Also another paper being more environmentally friendly and better product quality/performance of another brand appear as relatively likely causes leading to a change of brand. The remaining situations presented to respondents are all relatively less likely to lead to a brand change. This concerns supplier recommendation for another brand; another brand having a more suitable range of paper qualities; better supply conditions for another brand; specific internal demand (by colleagues) for another

brand; and informative promotional and marketing activities for another brand. A number of differences can be noticed in switching behaviour when comparing the results between countries, however.

In order to ensure an objective evaluation of the likelihood ratings, the ratings for the different situations presented were put into relation to the country average for all ten scenarios. These indexed values are then plotted along the lines in graph 7 below. This graph shows that for certain scenarios, fewer differences are noticed between countries than for others. Lower price on other brand; new, higher price on main brand and another paper being more environmentally-friendly are generally as likely to lead to a brand change in Germany as in Spain or any of the other Western European countries covered in the survey (with the exception of new, higher price on main brand which is relatively less likely to lead to a brand switch in the United Kingdom).

Graph 7: Relative switching likelihood per country
Source: Opticom International Research AB, 2009

Rating on a scale from 1-10, where 1=very unlikely and 10=very likely...how likely is it that any of the following factors alone would make you switch from your main office paper brand to another main brand? Ratings per scenario in relation to country average



Base: 5260. Single answer. Don't know: varies No answer: varies

6.7.1.3. The Opticom Brand Equity Index

The Opticom Brand Equity Index (BEI) is based on the following four drivers of brand equity: Spontaneous Awareness Index, Top-of-Mind Index, Quality and Associations Index, and Loyalty Index. To be included in the calculation of total BEI, brands need to be mentioned by at least ten respondents in at least two of the basic countries. The BEI is then calculated on the basis of all respondents who have evaluated these brands.

Figure 26: Opticom brand equity index
Source: Opticom International Research AB, 2009



- **Brand Equity Index Ranking**

During the past editions of the "Brand Equity Tracking Survey – Office Paper" on the top five of the ranking based on Opticom's Brand Equity Index (BEI) were positioned the brands Xerox, Impega, HP, Viking, and Navigator taking the top positions. In the 2009 survey, a number of changes have occurred in the top of the ranking although quite a lot of this is due to the changed brand strategies for several of the leading brands. Still, among the brands present in 2007's ranking, three brands have made clear improvements since then and besides moving up in the ranking several minor improvements can be noticed for other brands as well.

Table 15: Brand equity index results (shortened to top ten)
Source: Opticom International Research AB, 2009

	Brand Equity Index Max: 1000	Spontaneous Awareness Index Max: 200	Top-of-Mind Index Max: 100	Quality and Associations Index Max: 400	Loyalty Index Max: 300				
					Total	Brands & Qualities Bought Index	Buying Frequency Index	Switching Index	Satisfaction Index
Total	464,7	2,7	50,0	200,0	212,0	68,6	68,4	37,5	37,5
Xerox (416/7)	611,1	149,7	56,5	197,7	207,2	66,8	67,0	37,9	35,5
HP (126/5)	542,7	84,3	49,5	202,3	206,6	67,2	65,3	36,2	37,9
Navigator (246/7)	540,0	67,4	52,3	208,4	212,0	68,2	69,8	36,9	37,0
Impega (306/1)	529,8	67,2	55,9	194,4	212,2	68,5	69,7	38,2	35,9
Lyreco (110/5)*	520,1	55,3	60,2	187,7	216,8	69,7	70,3	39,3	37,5
Viking (183/7)	515,9	47,5	67,1	191,5	209,7	67,2	67,2	36,5	38,8
Canon (78/2)	508,2	43,0	50,0	206,7	208,4	68,5	65,7	36,2	38,1
Clairefontaine (292/2)	503,5	54,5	28,0	214,9	206,1	67,3	63,7	37,9	37,2
Océ (124/2)	498,6	26,9	50,9	204,91	215,9	69,6	70,9	37,6	37,9
Antalis (122/5)	492,9	44,1	40,0	199,7	209,2	66,7	68,3	37,1	37,0

* New but rebranded; comparative ranking for predecessor (Impega)

As pointed out above, Navigator continues to improve which also appears clearly in the BEI ranking from 2009. According to Opticom's "Brand Equity Tracking Survey – Office Paper 2009", the brand moves up two positions in the ranking to a third place and is now evaluated by more respondents than in 2007 as well as in more countries (all 7 basic countries). According to the results presented in table 15, although Navigator improved total BEI score, it did not increase with more than 5%, but it strongly improved its Spontaneous Awareness Index as well as its Brands and Qualities Bought Index.

In the News Release of Opticom International Research from 14th of January 2010, Mikael Selling,

Corporate Advisor and Partner at Opticom stated: "As an advocate of branding I am happy to notice that Navigator's continued positive development...." He continues: "For these brands, a strong relation with their customers through branding will position them well when the economy picks up again and will protect their market share from deterioration in face of any future economic decline."

Nevertheless, the researcher feels that the Opticom's "Brand Equity Tracking Survey – Office Paper 2009" confirmed that strong brands have high levels of brand equity, which from its side is achieved with effective brand strategy and brand communication programme, as they are key drivers of brand awareness. As verified in the case study of Navigator, brand strategy and brand communication are the instruments, which remind to consumers that the brand exists and furthermore, they inform, teach and persuade

consumers what the brand stands for. Therefore, it can be concluded that managed in a sustainable way, brand strategy and brand communication are key factors which contribute to higher brand awareness, and brand awareness from its side is one of the most important conditions to build brand equity. For the purpose of the undertaken study, it is important to point out that strong brands are built around high brand equity levels, and are constantly improving. This statement is supported by the fact that Navigator, considered as such a strong brand, was ranked on third position according to the BEI Ranking of Opticom International Research (2009). Compared with 2007, the brand moved with two positions and strongly improved both its Spontaneous Awareness Index and Quality Bought Index. Through the research made by Opticom it was proved that strong brands have high Brand Equity Index, given the fact that they are constantly developing and that their brand strategy and brand communication are constantly looking for ways to build strong relationships with their customers.

6.8. Value to the Company and Value to the Customer

“A brand that captures your mind gains behaviour. A brand that captures your heart gains commitment.” (Scott Talgo, Brand Strategist)

▪ Value to the Customer

The main values that Navigator brand delivers to its customers are related to its unique performance and incomparable paper properties. Thus, it can be also stated that Navigator brand is a symbol of quality for its customers.

The Navigator brand main features include excellent performance in all office equipment, superb printing quality with laser and ink-jet printers, especially with intensive use of colour, and above all the fact that Navigator is guaranteed to be 99.99% jam-free. Its performance has been certified by the Buyers Laboratory Inc (BLI), the leading independent testing laboratory for office equipment and consumer defence body.

Navigator developed an improved paper sheet surface which provides to its customers excellent printing quality. By improving toner adhesion and absorption, Navigator maximises print results - more printed sheets with the same cartridge.

In addition, Navigator paper offers to the customer excellent thickness and opacity for double side use, as well as unrivalled smoothness, which means significant savings in consumption of toner and better printing quality, as well as helping to extend the durability

of equipment, due to lower levels of abrasiveness, and consequent savings in maintenance costs.

Therefore, the value propositions that Navigator delivers to the customer can be concluded as a unique and compelling combination of:

- Unmatched runnability
- Excellent print / copy quality
- The highest quality consistency
- Guaranteed multifunctionality (office equipment / application)
- Optimal intrinsic paper properties (whiteness, opacity, smoothness, thickness)

Besides this, Navigator delivers to the customer emotional values such as confidence, empowerment and motivation.

It is also important to mention that Navigator brand delivers to the customer creative concepts such as:

<i>“Be sustainable.”</i>	<i>“Make things happen.”</i>	<i>“Put your ideas on paper.”</i>
<i>“Stick to your goals.”</i>	<i>“Stay on top.”</i>	<i>“Get ready to change.”</i>

All of the above mentioned once more confirms the power that strong brands have and that they do not have limits, as strong brands are constantly growing and innovating and this way they deliver value to the customer. In this relation, like any market leader, innovation is part of Navigator’s DNA. Its brand, produced by the Portucel Soporcel group, has surprised the market by diversifying its portfolio, enabling to reach different segments of consumers and boost brand value (through greater visibility and sales of these value-added products).

- **Value to the Company**

For some companies, the brand is the most important asset they have. The following statement by John Stuart (former CEO of Quaker, 1900) illustrates the value, which a powerful brand means to the company:

"If this business were split up, I would give you the land and bricks and mortar, and I would take the brands and trademarks, and I would fare better than you."

When it comes to the value that Navigator brand represents to Portucel Soporcel group, it is important to highlight that in December 2009, MYBRAND⁵ published the results of the last study made in this area. The assessment of Navigator brand value was based on economic and financial information, as well as on market research, made by Opticom International Research AB (Brand Equity Trucking Survey – Office Paper 2009).

For the purpose to measure the value of Navigator, which it represents to Portucel Soporcel group, the evolution and performance of the brand were evaluated. However, after all relevant factors were assessed, according to MYBRAND the value that Navigator brand represents to its owner is 107.568 thousands of Euros.

The above mentioned brand value of Navigator proves that a strong brand provides financial benefits to brand owners and shareholders. Besides this, it is worth to mention also that strong brands are valuable to companies because they are valuable to consumers. People will pay more for a branded product than a generic one, and more for a favoured brand than the alternatives. It seems obvious, then, that once that Navigator is a brand, successful in establishing a strong and long-lasting relationship with its consumers, it provides a financial advantage to the company. Therefore it can be concluded that once that Portucel Soporcel group owns such a strong brand as Navigator, it contributes to the company success and performance, to the efficiency and efficacy of the organisation at all.

⁵ MYBRAND is an independent company that specialises in different areas of brand management: strategy, creation, organisation, activation, advertising and valuation

CHAPTER 7. CONCLUSION

Through this seventh chapter it is the objective to present the Main Conclusions obtained from the literature review and the empirical part of this study; and also to indicate the Main Findings obtained from the case study of Navigator. At last, the Limitations of the Chosen Research Methodology will be discussed and the Recommendations for Future Investigations will be given.

Having completed the theoretical and the empirical part of the undertaken study, the researcher feels that this paper has enabled to extract a significant amount of valuable information on the main concepts of branding and its importance for organisations as a way to create value and build strategic competitive advantage. Further, branding today is used to create emotional attachment to products and companies; branding is a way to bond people and companies to a product. Branding efforts create a feeling of involvement, a sense of higher quality, and an aura of intangible qualities that surround the brand name, mark, or symbol.

Nowadays a brand reflects the quality and credibility of a firm's products or services and it is a perception of the consumers towards the organisation. Therefore, each time more companies focus on creating strong and powerful brands and use them as a strategy to create value and differentiation in today's competitive environment. As already pointed out in the literature review, the brand and what it represents is the most important asset for many companies and, as presented in the empirical part of the study, owning a strong and memorable brand brings benefits, as powerful brands deliver value to the customer and value to the organisation. Thus, it can be concluded that strong brands not only benefit the firm and the product but they also offer benefit to the consumer, once that usually a strong brand name is associated to quality and trust, and therefore a customer will feel more confident in buying the product.

As a conclusion, a brand is more than just a word or symbol used to identify products and companies; it stands for the immediate image, emotions, or message people experience when they think of a company or product. A brand represents all the tangible and intangible qualities and aspects of a product or service. A strong brand represents a collection of feelings and perceptions about quality, image, lifestyle, and status. Strong brands create a perception in the mind of the customer that there is no other product or

service on the market that is equal. Strong brand promise to deliver value upon which consumers and prospective purchasers can rely to be consistent over long periods of time. As it could be noticed from the results from the Opticom's study – "Brand Equity Tracking Survey – Office Paper 2009", the European market continues to be a demanding market, despite the recent recession period, clearly differentiating different products and brands in terms of quality, loyalty and awareness. From the study conducted by Opticom, it is more than obvious that branding is a way to create value. In this regard it can be concluded that the success of Navigator lies besides in its unbeatable quality and its paper properties, but also to very high extent in the constant innovation of its brand strategy and constant investment in launching new products enabling to reach different segments of consumers and boost brand value. Nevertheless, it is important to highlight that Navigator's success is also explained by the effective brand communication programme of the brand, which allows it to build closer relationships with key decision makers and customers.

As already proved by the Opticom Survey conducted in 2009, in order to reach the top five of the ranking, based on Opticom's Brand Equity Index (BEI), it is essential that organisations bet on effective brand strategy and constantly invest in "renewing" their brands in a way to adapt them to the each time more demanding business environment and therefore meet the highest expectations of their customers. In the case of Navigator this resulted in a leading mill brand in Europe based on the highest levels of quality perception and loyalty by end-users, and increasing brand awareness. Navigator climbed to third place in the ranking, up two places from the previous survey, in 2007, making it an European leader in mill own brands in the premium office paper segment. This recognition confirms that Navigator is seen as a strong brand with superior product quality and leading position in the international market, which is sold in more than 90 countries.

7.1. Main Findings Obtained From the Case Study of Navigator

As it was mentioned in the research formulation, the general objective of this thesis is to show how effective brand strategy and brand communication contribute to build brand equity and consequently create a strong brand, which delivers value to both, customer and company. Therefore, after an in-depth analysis of the empirical data, based on the case study of Navigator brand, the following issues are seen as vital as a way to create strong brands:

Building a quality product with unique features

As it was verified in the case of Navigator, strong brands are built around products with high performance and incomparable features. For Navigator brand it is priority to assure unbeatable performance of its products by offering to the customer excellent printing quality, which maximises printing results.

Following the experience of Navigator, such a quality product is always guaranteed by the fact that Portucel Soporcel group is a vertically integrated company and Navigator's production process is controlled from the beginning – the forest, having always the consumer in mind. Additionally, it is important to mention that the high quality of Navigator paper is a result of the exceptional characteristics of the Portuguese eucalyptus globulus fibres, as it enables superior paper machine performance levels and enhancing printing.

Thus, it can be said that it is more than obvious that one of the most important conditions to create a strong brand is companies to establish best-quality products and this way offer to their customers something that is unique and exceptional. As consequence, once provided with such unique product, with incomparable characteristics, customers will trust it will become unlikely to switch to other substitutes, even if they are comparatively cheaper. This is in accordance with the results from the Opticom International Research 2009, which were presented in Chapter 6 of this study, where one of the most relevant buying determinant in the choice of office paper besides value for money, is the product quality and performance of the brand.

Building innovative product → a flexible brand

Another key factor in building a strong brand, which was verified in the case of Navigator, is the constant investment in launching new products, which enables the brand to reach different segments of consumers and this way to promote brand value. Evidence for this is the fact that besides the office paper range, other products with the brand name Navigator are made, as for example notebooks, envelopes, etc. This confirms that Portucel Soporcel group managed to create a flexible brand by transforming Navigator into other products besides the office paper range.

Building a modern and technology associated brand

As it was validated in the empirical part of the study, it is essential for companies to create technology driven products and therefore brands. This is a feature of all Navigator products, as they are created in a mill supplied with the most advanced technology for

the production of uncoated woodfree paper. The modern production equipment ensures incomparable characteristics of the Navigator brand.

Building an environmentally concerned brand

As it can be noticed from the results in the "Brand Equity Tracking Survey – Office Paper 2009", conducted by Opticom International Research AB, recently the environmental aspects have become relatively more important in the choice of office paper. This aspect is especially important for brands that have a competitive advantage by delivering better performance on environmental issues. In this regard, it was verified that Navigator is a very good example of environmentally-friendly brand. This is supported by the fact that every step of Navigator production is done according to the most important environmental standards, designed to promote eco-friendly products which meet strict requirements of environmental performance.

Rebranding strategy

As it was confirmed in the case study of Navigator, companies should implement "renewing" and repositioning strategies in order to sustain their successful brands. As seen from the experience of Navigator brand, the objective therefore lies in the modernisation of the brand, by developing a new image, which offers updated and more appealing packaging and clear sense of the brand's distinctiveness.

As the above-mentioned issues - *Building a quality product with unique features; Building innovative product; Building a modern and technology associated brand; Building an environmentally concerned brand and Rebranding Strategy*, are a kind of "compulsory" conditions in creating a strong brand, related to the product and brand features, the next two paragraphs, namely brand strategy and brand communication are considered to be essential for building brand equity, as they are designed to boost brand awareness. As it was confirmed from the Opticom International Survey 2009, brand awareness is essential when building brand equity and also it was confirmed that brands with high levels of brand awareness have high brand equity index. In this sense, it is worth to draw the most important conclusions when considering brand strategy and brand communication as a way to build brand equity.

Brand Strategy

Without any doubts, it can be concluded that building an effective brand strategy is a very important step in building strong brands as the brand strategy specifies the scope and direction of the brand over the long term to maintain and build sustainable competitive advantage over the competition. In the case of Navigator the following brand strategy elements were indicated and it was confirmed that they contributed to unique brand associations as a way to differentiate the brand.

Brand Name: association with a global brand, a leader.

Logo: "Navigator – Office paper solutions" → demonstrates how logos enhance brand awareness and facilitate brand associations.

Symbols: they provide the brand with sense of guidance, precision and orientation.

Colours: they serve in a way that the customer creates associations with reliability, performance, ecology and prestige.

Brand Personality: Navigator brand personality stands for prestige, innovation, leadership, professionalism, reliability, power and consistency.

Brand Values: Navigator brand delivers to the customer emotional benefits such as confidence and motivation. However, the core values of the brand are performance, innovation and leadership.

From the in-depth analysis on the brand strategy in the case of Navigator the following conclusion could be drawn: brand strategy is important tool for differentiation, it serves as a way to identify the brand and enhance brand awareness. Ultimately, a brand with high brand awareness level is a strong brand, as brand awareness is essential in building brand equity, and strong brands have high level of brand equity index. Therefore, brand elements, brand personality, brand positioning and brand values are essential instruments to build strong brands.

Brand Communication

It is worth to highlight that after having analysed the information collected from the case study, the researcher recognises that it is essential for companies to design a powerful brand communication programme. In the case of Navigator it was verified that to be effective, brand communication should be based on a combination of different modes of communication such as advertising, participation in events, promotions, direct and web-marketing, customer data base, etc. All these communication tools aim to build closer

relationships with Navigator's customers and as consequence create a high involvement with the brand.

Thus, it can be concluded that communicating with customers is essential and furthermore, companies must discover creative techniques to remind consumers about their products and brands. Brand communication represents "the voice" of the brand and is a way to establish relationships with customers, helping to boost brand awareness. Example of creative brand communication campaigns are the Navigator global promotions, which can be described as initiatives to promote Navigator premium office paper and have as an objective to increase brand awareness. Following the analysis of the empirical data presented in this research, the Navigator brand has used global interactive campaigns on its website to raise its profile and to increase consumer involvement with the brand.

Therefore, it can be concluded that creative and innovative brand communication is a way to boost brand awareness and thus build brand equity, which from its side is a way to build a strong brand. Moreover, this was verified in the survey conducted in 2009 by Opticom International Research, when looking at the results in the Opticom's BEI Ranking.

As it was verified, the case study of Navigator presented real evidences that effective brand strategy and creative brand communication programme build brand equity, as they are designed to increase and boost brand awareness. Moreover, from the results, presented in the Opticom International Research Survey 2009, it was made clear that when considering the development of brand awareness, the main differences occur when looking at Navigator results. A fact is that Navigator is the brand with the strongest development in comparison to 2007 going from 3% to 6% spontaneous awareness.

When it comes to loyalty, it can be said that in the survey conducted by Opticom International Research in 2009, there are two questions, which directly evaluate the loyalty towards the main brands purchased from consumers: one relates to buying frequency and the other to the likelihood of different reasons leading to brand switch. However, it is important to note that in terms of buying frequency, 85% of the respondents, whose main brand is Navigator, buy it frequently. This result illustrates therefore a high level of brand loyalty to the Navigator brand.

And finally, when brand equity is calculated, according to Opticom's Brand Equity Index, considered are Spontaneous Awareness Index, Top of Mind Index, Quality and Associations Index and Loyalty Index. In the Opticom BEI Ranking Navigator took the third place. It is worth to highlight that the brand moved up two positions in the ranking compared to 2007.

Being the general objective of the undertaken research to show that brand strategy and brand communication are essential in building brand equity and consequently create a strong brand, the researcher feels that the aim of this study was met due to the fact that the main concepts presented in the literature review, to big extent were verified in the empirical part of the thesis.

By having analysed one of the strongest Portuguese brands in the premium office paper segment, owned by Portucel Soporcel group, it can be concluded that the company is definitely built around its brand(s). As verified in the case study of Navigator, the strategic objective of Portucel Soporcel group is to promote and enhance this asset which they possess and which is the key success of their business.

7.2. Limitations of the Chosen Methodology

Every study, no matter how well it is conducted, has some limitations when it comes to the research methodology chosen.

The prime limitation of the research methodology involves the issues of reliability, validity, and generalisability. Hamel et al (1993) observe, "the case study has basically been faulted for its lack of representativeness...and its lack of rigor in the collection, construction, and analysis of the empirical materials that give rise to this study". This lack of rigor is linked to the problem of bias introduced by the subjectivity of the researcher and others involved in the case.

In this sense, the chosen methodology allowed the researcher to obtain detailed information on the main drivers of brand equity in the case of Navigator and this way to confirm that building a strong brand is a result of introducing a quality product with superior perceived quality, high brand awareness levels and brand loyalty, being vital for companies to formulate a sustainable brand strategy and innovative brand communication program.

However, although the research method has managed to accomplish the general objective of the undertaken research, the reliability of the data is limited to the extent of the number of cases, which was single – the Case of Navigator. In this sense, it is important to be admitted that the selection of the single case study method naturally brings some limitations as far as the generalisation of the results of the study is concerned, as it is always unclear about the generality of finding of case study. Perhaps because a case study focuses on a single unit, a single instance, the issue of generalisability seems to be larger here than with other types of qualitative research. The case study of Navigator involved the

experience of one brand, but this does not necessary mean that it reflects the experience of most brands. Thus, it cannot be confirmed with 100% certainty that if a future research is conducted, built on another brand experience, the findings of the study will be the same. However, being aware of this and for the aims of this paper, the researcher also included a secondary quantitative data from the Opticom “Brand Equity Tracking Survey – Office Paper 2009”, with the objective to reinforce the research findings when considering the case of Navigator and also to provide the research with more reliability and credibility.

However, there are more limitations related to the research methodology chosen. One of them is related to the sensitivity and integrity of the investigator. The researcher is the primary instrument of data collection and analysis and this has its advantages. But training in observation and interviewing, though necessary, is not easily available to aspiring case study researchers. The investigator is left to rely on his or her own instincts and abilities throughout most of this research effort.

As last, it should be also mentioned that conducting a case study research takes more time to collect data, analyse it and relate it to the proper study in cause. With respect to this, the time consuming nature of the data analysis is considered as a limitation of the case study research method.

7.3. Recommendations for Future Research

This section ends with scope for future investigations, which arose while conducting this study. Some suggestions for future research are presented in the sense of testing the possibility to generalise the obtained results in a way that they are valid for another cases and brands. Herewith the following directions for future investigations are presented:

- This thesis encompasses only a single case study of only one brand of Portucel Soporcel group. This provides a suggestion to conduct similar analysis of some of the remaining brands owned by gPS, or even to prepare a comparison of their brand strategies and brand communication programmes and show in what way they affect brand equity.
- It is also advisable to describe other markets, besides the Portuguese one, in terms of their office paper producers. Such an analysis would enable to gain insights into foreign markets as well as it would give a possibility to compare international strategies and tendencies of creating and sustaining successful, strong brands.

- Moreover, it will be interesting to study to what extent the success of Navigator brand reflects on consumers' perception of another brands owned by gPS as successful and quality brands? Nevertheless, it is curious to discover how far the experience with Navigator brand is a driver for consumers to buy another brands owned by gPS.
- Future studies might also investigate brands established within other sectors – electronics, food, textiles, automotives, financial and industrial services, etc.

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APPENDIX

Appendix: Interview Guide

I. Characterisation of Portucel Soporcel group

1. Portucel Soporcel group profile
 - 1.1. Group history
 - 1.2. 2010 figures
 - 1.3. Portucel Soporcel group structure and major holdings
 - 1.4. Workforce and industrial units
 - 1.5. Company mission, vision and values

2. The industry where Portucel Soporcel group operates
 - 2.1. Commercial network
 - 2.2. Sales Distribution and market shares
 - 2.3. The group business model and main strategic dimensions

3. Products and brands
 - 3.1. Brand performance
 - 3.1.1. Brand performance office paper (2010)
 - 3.1.2. Brand awareness office paper (2010)
 - 3.1.3. Main brand used graphical paper (2009)
 - 3.1.4. Quality perception graphical paper (2009)

4. Curious facts about Portucel Soporcel group

II. The Case of Navigator Brand

1. Brand history and evolution

- Countries where the brand is sold?

2. Navigator product features

- Which are the key success factors?

3. Navigator brand strategy

- Which are the key moments?
- Brand elements (name, logo, symbols, colours)?
- Brand personality → what does it stand for?

4. Main characteristics of Navigator brand values

- Which are the functional benefits?
- Which is the brand promise?
- What kind of emotional benefits does the brand offer to the customer?

5. Market segmentation

6. Brand positioning

- Which are Navigator value propositions?

7. Navigator new image and rebranding (2011)

- What was the reason for such a change?
- Main differences between the "old" and the "new" image of the brand?

8. Navigator product range

- Which are the products offered by Navigator brand?
- Which are their main features?

9. Navigator brand communication programme

- Which are the main forms of brand communication?
 - Advertising

- Participation in events
- Pos-Material
- Promotions
 - Are there any special forms of promotion? If yes, which? Where did the take place? Who participated? Which was the final objective?
- Does the brand have a website or does it participate in any web-channels (Facebook, etc.)

10. Navigator brand equity and brand performance

- The Opticom "Brand Equity Trucking Survey – Office Papers 2009"
 - Where it was conducted?
 - Who were the participants?
 - Which was the objective?
- Brand Awareness
 - Buying behaviour
 - Which are the main buying determinants?
 - Loyalty
 - How is loyalty measured?
 - Which are the main reasons consumers to switch between brands?
 - Brand Equity Index
 - In what way is the Opticom brand equity index calculated?
 - What was the ranking of Navigator according to Opticom's brand equity

index?

11. Value to the customer and value to the company

- How can be explained the value that Navigator brings to the customer?
- How can be measured the value that Navigator brand represents to Portucel Soporcel group? What is the value of the brand?