STOCKHOLM SCHOOL OF ECONOMICS

Investigating Brand Building in SMEs

A study on how brand building can enable the internationalisation of Swedish SMEs

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ABSTRACT

There appears to be a wide recognition domestically in Sweden that small companies need to grow for the Swedish economy to be sustainable in the long term. Supplying products and services that the market wants no longer entails taking a purely domestic perspective; in fact it requires an international outlook from the outset. The authors question whether building a strong brand can assist small companies in their international growth.

Much of the existing marketing literature focuses on the brand management activities of large corporations with established brands, neglecting the challenges facing entrepreneurial companies. The limited resources of these small start-ups push them to take an unconventional approach towards marketing and brand building, which implies using their internal capabilities to build the brand. The authors take the stance that with a consciously designed and implemented branding strategy, a cohesive understanding of the branding process and by involving the whole organisation, small businesses can also manage branding.

By examining the brand building processes of three Swedish entrepreneurial companies, the authors have empirically deduced four strategic steps in the brand building process of SMEs, that make it dynamic and shifting over time to include various stakeholders in the value chain, such as manufacturers and distributors. The introduced model demonstrates the importance of incorporating these functions into the Marketing plan of SMEs, which in addition to aligning the company culture to market orientation, lays the foundation for internationalisation.

KEY WORDS: Brand Building, SME, Entrepreneurial Marketing, Internal Capabilities, Internationalisation
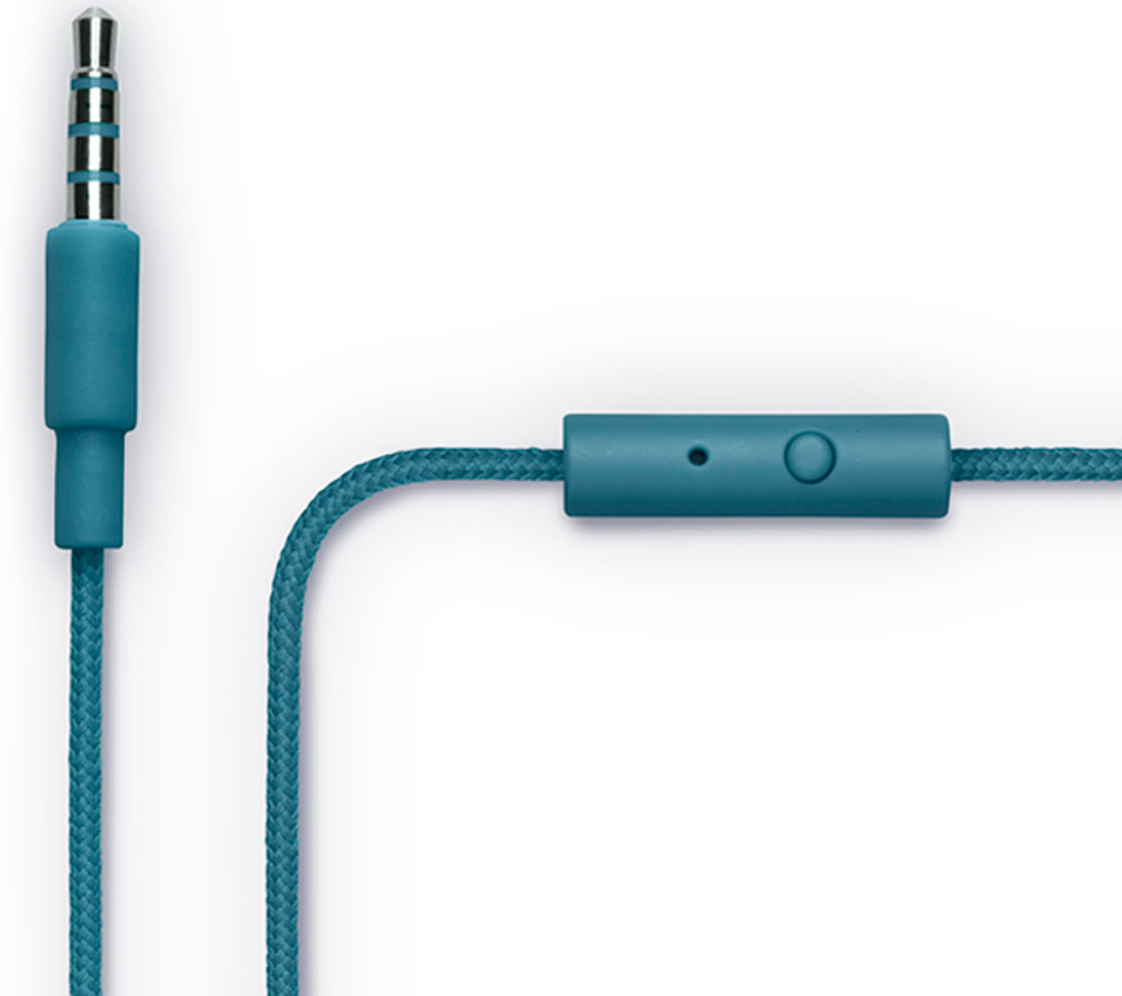
NOTIFICATIONS

Contents

List of Figures

1. Introduction

This chapter starts by providing a background to the subject of this thesis. Secondly, the purpose and research questions are presented. Thirdly, the expected contributions are discussed, followed by an explanation of necessary definitions and clarifications. Lastly, a disposition is formulated to offer the reader a better understanding of what will be encountered in the coming chapters of the thesis.

1.1 Background of the SME Landscape in Sweden

"The Swedes in general are very creative and it is a shame if this creativity cannot be developed into enterprise and business" (Vinton Cerf, IVA, 2009).

This statement was voiced by Vinton Cerf in 2009, known as one of the fathers of the Internet, at the Royal Swedish Academy of Engineering Sciences (IVA), an independent arena for the exchange of knowledge. It pinpoints the challenges Swedish companies face in the global marketplace, and demonstrates the importance of aligning creative thought with a practical business mindset. When approaching the topic of the thesis, the authors questioned whether building a strong brand could be an important factor to help bridge the critical intersection between creativity and business, and subsequently allowing for the growth of Swedish companies, specifically small companies, both within Sweden, but also internationally. It follows that well-established brands are able to enhance the competitiveness of a company and generate growth and profitability, if the brand orientation is integral to strategy formulation (Wong & Merrilees, 2005).

The authors' reasoning behind this thesis follows the rationale that for small Swedish companies to grow, positioning themselves within the global arena is crucial. The central problem for entrepreneurs becomes to build a credible brand and create brand awareness. This is especially linked to the notion that small businesses generally lack the resources of large companies, thus brand management can rarely receive the priority it deserves (Opoku et al., 2007), guiding the entrepreneurs to take an unconventional approach to branding (Boyle, 2003). Consequently, brand management becomes a large obstacle to rapid growth and international expansion.

This background must be regarded in the wider context of the discussion taking place domestically in Sweden. Marcus Wallenberg, a prominent Swedish business and industry figure, argues, also in the context of the IVA, that one of the biggest challenges facing

Sweden is how to turn the country's strong development potential into companies that drive innovation. Speeding up innovation processes is essential to secure and develop jobs, growth and long term prosperity in Sweden. It is critical to point out that innovation is not merely for certain types of companies or something that is only about new technology. Innovation is just as much about upgrading a design feature, developing a company's structure or changing attitudes. Research and innovations drive future development and sustainability (Marcus Wallenberg, IVA, 2009).

Charlotte Brogren, Director General at Vinnova, states that *"unfortunately there is a major imbalance in the Swedish innovation system"* (IVA, 2009) and that Sweden has fallen behind, relatively speaking, perhaps failing to understand how much the competition has grown. Marcus Wallenberg believes that small companies need to grow if Sweden is to achieve sustainable economic growth (IVA, 2009). In the international arena, Sweden ranks comparably low on the number of small businesses; additionally, these businesses have few employees and small turnover (Holmquist, 2011). This is demonstrated by the figure below, whereby one person's businesses account for almost 70% of all start-ups in Sweden.

%	No. of Employees
68,5%	Solo business
21,6%	1 – 4 employees
5,0%	5 – 9 employees
2,7%	10 – 19 employees
1,5%	20 -49 employees
0,8%	> 50 employees
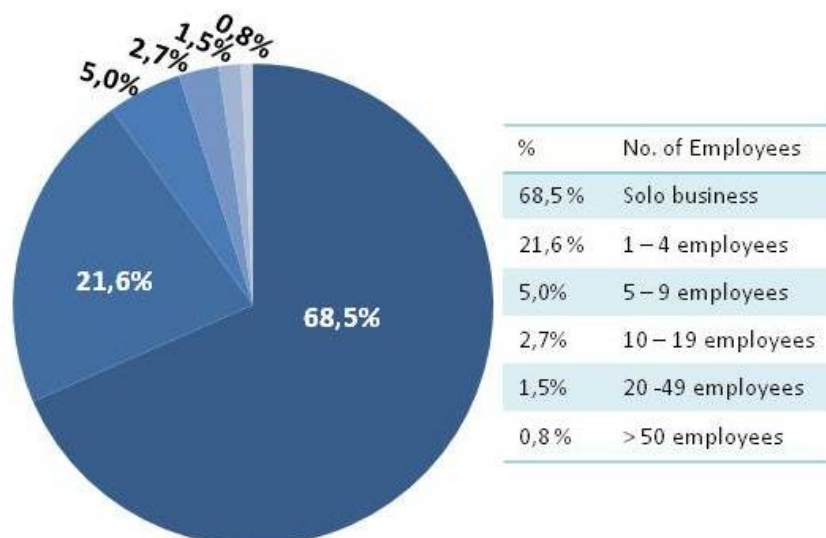
Figure 1: Landscape of SMEs in Sweden (Source: Holmquist, 2011)

An issue that is widely discussed is why small businesses find it hard to grow. Wallenberg (2009), in the IVA context, sees it as a question of attitude, that we are educated to 'get a job' with not enough individuals taking the entrepreneurial route.

The authors find this insight interesting and also question, in the context of well-established brands stimulating profitability and growth, how small companies with limited resources can look to build a strong brand from the foundation of their capabilities. This could be internal drivers, such as internal capabilities and unique processes that can serve as starting points for building a brand. Much marketing literature has emerged focusing on the critical activities involved in brand management for larger organisations with long-established brands and substantial marketing budgets, yet little research has been undertaken to examine branding within small to medium-sized enterprises (SMEs). This is surprising given that SMEs constitute numerically the vast majority of organisations. In Europe, 99.8% of all companies are SMEs (European Commission, 2008), thus their contribution to employment and national economies is significant. In spite of several suggestions that branding is important in SMEs and aids their growth (Abimbola, 2001; Rode & Vallaster, 2005; Wong & Merrilees, 2005), research efforts remain scarce (Juntunen et al., 2010).

Moreover, considerable literature views market orientation as critical to business success, and as such market orientation is considered as the central element of management philosophy based on a marketing concept (Desphandé & Farley, 1999), incorporating a customer and competitor focus. For example, Drucker (1954) states that *there is only one valid definition of business purpose: to create a customer (…). It is the customer who determines what the business is (…) [and] because it is its purpose to create a customer (…) any business enterprise has two - and only two - basic functions: marketing and innovation*. Shapiro (1988) pinpoints that a company is "market oriented" if information on all important customers and buying influences permeates every corporate function, so that strategic and tactical decisions are made inter-functionally and inter-divisionally, and these well-coordinated decisions are executed with a sense of commitment. However, when looking at internal capabilities to build a brand, the authors also consider the importance of a resource-based view towards marketing, as opposed to a pure market-oriented approach to support the small company's internal strengths, and subsequently allow for business success.

The authors take the stance that with a consciously designed and implemented branding strategy, a cohesive understanding of the branding process and by involving the whole organisation, small businesses can also manage branding (Abimbola, 2001). Taking a basis in Sweden specifically, this thesis investigates the brand building processes in three Swedish entrepreneurial companies. These companies have been established in the last four years and

have a common denominator of placing design at the core of the brand. They have promising outlooks for rapid international expansion, with the strength and authenticity of their brands as a core pillar supporting their growth and success. As such the authors already present some variables and concepts that will form a basis for this study: entrepreneurial companies, authentic brands built through strong internal capabilities, growth and rapid international expansion. The authors endeavour to yield important insights that can help small companies to evaluate, change and hopefully enhance their own brand building efforts.

1.2 Purpose of the Study

The overall purpose of this thesis is to reach a theoretical model which explains how entrepreneurial companies conduct brand building over the time of business growth and with specific focus on internal capabilities, how these can allow for effective brand management, which subsequently can lead to international growth.

The rationale for the purpose is two-fold. Firstly and as already explained, the authors would like to investigate if factors other than market orientation can assist a SME in its brand building efforts for international expansion. This rests on the notion that much marketing literature focuses on market orientation, as it is seen to be a prerequisite to good performance and business growth (Tzokas et al., 2001), however the authors believe that taking an inside-out perspective, more specifically looking at a company's internal capabilities and processes can assist in the internationalisation process. Secondly, and in parallel to this, although an impressive body of literature focuses on the critical activities involved in brand management for larger organisations with well established brands and substantial marketing budgets, little research has been undertaken to examine branding within small to medium-sized companies (Berthon et al., 2008).

It follows that most marketing principles are not adapted to suit the unique situation of a SME, with many owners/managers relying largely on their intuition, experience or judgment to make such decisions (Carson & Gilmore, 2000). However, examining the marketing practices of SMEs is important because there is empirical evidence to suggest that there exists a significant correlation between a company's marketing and entrepreneurial orientations, both widely being responsible for corporate success (Miles & Arnold, 1991).

1.3 Research Questions

The overall aim is to understand how entrepreneurial companies build up their brands over time and how this can lead to internationalisation. Consequently, three research questions are presented as the objectives of the thesis:

1) What are the major strategic steps over time in the brand building process? *Are there patterns that can be empirically deduced from the study?*

2) How essential are the internal capabilities to the brand building process? *How do these interact with the external market drivers?*

3) How can the brand building process studied assist SMEs as a foundation for internationalisation?

1.4 Expected Contributions

To the authors' best knowledge, both brand management for SMEs and brand building from an inside-out perspective remain under-researched areas in literature. Thus this thesis aims to contribute to the theoretical field by highlighting the critical importance played by both these spheres, and by taking focal support from small Swedish companies, demonstrate how brand building processes are conceived in practice, even though literature has not yet contributed significantly to this discussion.

A second potential contribution is to amplify the general discussion within Sweden on innovation, growth and competitiveness by demonstrating that a strong and authentic brand can be one key factor in driving international expansion for Swedish companies. The authors aspire to give new insights and ideas to companies, both small and large, on how they can drive their own brand building activities from various angles, demonstrating that regardless of whether an organisation is comprised of a singular or multiple brands, it is necessary that marketing efforts be directed towards establishing and maintaining a positive brand image in the minds of key stakeholders. Ultimately this can contribute to the development of a favourable corporate reputation (de Chernatony, 1999).

1.5 Definition of Key Terms

Definitions are presented to provide the reader with the authors' own understanding of certain frequently used terms. Three key definitions are required to set the scope of this thesis. Firstly, the American Marketing Association fundamentally defines a **brand** as a *"name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and*

services of one seller or group of sellers and to differentiate them from those of competition" (Keller, 2008, p.2). The authors however feel that this definition must be built on and complemented by further detail to best reflect a brand as it is understood and treated in this thesis. As such Swait et al.'s (1993) definition is used, viewing: *"brands as a signal or cue regarding the nature of product and service quality and reliability and image/status, hence, they have both information functions (indirect purchase use) and image functions (direct benefit/cost)"*. Closely tied to the brand, is the concept of brand equity, which is *"the utility intrinsic to a brand that cannot be captured through its tangible characteristics (physical product attributes) and its short-term price"* (Stegemann, 2006). Secondly, **brand building** is an underlining concept in the thesis. The authors view it as the process by which the foundations of the brand are layed. It encompasses a timing asepct, as it is a process over time by which the brand equity is enhanced.

Thirdly, a definition is required for **small and medium-sized enterprises** or **SMEs**. The European Commission (2003) defines a small company as having a headcount of 50 or less employees and an annual turnover of € 10 million or less; a medium-sized company has 250 or less employees and an annual turnover of € 50 million or less. For the purpose of this thesis, the terms *start-up*, *entrepreneurial company* and *SMEs* are used interchangeably following the rationale that a start-up company has the potential to become a medium-sized company as it experiences a growth over time process and as such the research is applicable also for this category. The Swedish companies studied in this thesis follow the trend of rapid international expansion and growth.

1.6 Dispositions

Chapter 2 reviews the existent literature on the thesis topic, which form the basis of the analysis of the case study findings. Chapter 3 presents the methodology underlining the research approach. This leads onto Chapter 4 that introduces the background of the entrepreneurial case companies. Chapter 5 seeks to answer the presented research questions in the form of the key analysis of this study. This is followed by Chapter 6 that discusses interesting aspects of brand building, which surfaced during the analysis. Lastly, Chapter 7 contains main contributions, theoretical and managerial implications, limitations of the study and finally suggestions for further research.

2. Literature Review

The authors approached the literature review with the rationale that firstly two overarching theoretical perspectives on marketing should be examined, namely the market orientation as externally-oriented and the resource-based view as an internally driven concept. After these two perspectives were investigated and compared, the broader link to the context of this thesis was established by exploring branding and marketing concepts in the wider scope. Firstly, the concepts of brand building and brand management are contrasted and circumscribed. Subsequently, distribution networks are discussed as the authors considered distribution to be a key element of internal capabilities particularly in the context of brand building. Thirdly, relevant concepts and theories specific for positioning SME in the brand building setting are introduced; the notions of timing, growth and internationalisation will be relevant for the course of this research study, analysis and discussion.

2.1 The Marketing Perspectives

Two central perspectives that underpin the investigation of the brand building process relate to market orientation and the resource-based view. Literature widely acclaims market orientation as a prerequisite to good business performance, yet a focus on a company's specific resources and capabilities can also yield a competitive advantage. Perhaps it should not be regarded as one over the other, but rather a well-balanced strategy that combines both perspectives. The perspectives are presented below.

2.1.1. Market Orientation

Market orientation can be considered a cornerstone of marketing thought. Slater and Narver (1998) define market orientation as a firm's purpose to uncover the needs and wants of the consumers in its target markets and then to satisfy them more effectively and efficiently than its competitors. Business growth and success can be attributed to and dependent on customer focus. It is suggested that market orientation has been researched in the context of small firms, but the number of these studies is small (Reijonen & Komppula, 2010).

Narver and Slater (1990) state that market orientation consists of three behavioural elements: customer orientation, competitor orientation, and inter-functional co-ordination. Market-oriented firms acknowledge the relevance of using information about customers and competitors when designing their strategies. This implies that a balance between all three categories must be present for a company to be fully market-oriented. The literature however suggests that market orientation alone may not always elicit desirable results for every type of organisation (Berthon et al., 2008). While market orientation provides the norms for

responding to the marketplace, this needs to be complemented by appropriate mechanisms and procsses for organisational learning to occur (Morgan et al., 1998). It can thus be argued that for a firm to maximise its capacity to learn about markets, market orientation is only the beginning. This is harkened by Slater and Narver (1995) who state that *"a market-oriented culture can achieve maximum effectiveness only if it is complemented by a spirit of entrepreneurship and an appropriate organisation climate, namely, structures, processes and incentives for operationalising cultural values. Thus the critical challenge for any business is to create the combination of culture and climate that maxmises organisational learning to create superior customer value in dynamic and turbulent markets, because the ability to learn faster than competitors may be the only source of sustainable competitive advantage"* (p. 63).

The key argument then follows that organisational learning capabilities encourage market-oriented thinking and subsequently can help develop such an approach to the marketplace. Thus continuous learning is the route to achieving renewable competitive advantage (Reijonen & Komppula, 2010). This suggests a dependence on firms to cultivate their capabilities to respond to customer needs. As such, market orientation can also be understood as a company resource, because it is an intangible property of the firm that enables it to manage market information and deliver value to its customers (Hunt & Lambe, 2000). In this regard, market-oriented behaviours facilitate organisational learning and enhance market knowledge (Armario et al., 2008). This viewpoint of market orientation as a firm specific resource requires an understanding of the resource-based view approach. This follows below.

2.1.2 Resource-based View

The resource-based view, RBV in the following, is a business management tool used to determine the strategic properties available within a company. It is an internal analysis of a firm's own strength and weaknesses, such as human and physical assets, capabilities, knowledge, information etc. that can translate into amenities in the competitive marketplace. The fundamental principle of the RBV is that the basis for competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal (Wernerfelt, 1984). To transform a temporary competitive advantage into a sustained internal resource, literature often requires the resources to be of heterogeneous nature, rare and immobile to be protected from imitating competitors (Wernerfelt, 1984). Effectively, valuable resources are neither perfectly imitable nor substitutable without great effort but unique to the firm (Barney, 1991). If these conditions hold, the firm's bundle of resources can assist the firm to sustain above average returns. Barney (1991) elaborates that a firm can make valuable

use of its potential key properties if the criteria of value, rareness, imitability and substitutability are met by the resource. Wernerfelt (1984) argues that by specifying the unique resource profile of a firm, the optimal product-market activities should be possible to deduce.

Available resources are in the authors' view a prerequisite for internal capabilities. Those capabilities allow a firm to make use of its resources and apply them in a unique firm-specific way that creates sustainable competitive advantages (Conner & Prahalad, 1996; Barney et al., 2001). The RBV ultimately links a firm's internal capabilities to performance outcomes and supports a positive influence of the former on a firm's enduring economic power.

For the internal marketing function and more specifically branding in SMEs, the concept of using the RBV appears rather unexplored. As discussed above, firms are commonly advised to take on a market-oriented perspective in order to establish themselves in a strong competitive position. However, strictly being focused on market demands may lead to a disregard of internal strength and capabilities that could lead to competitive advantages from within the company and not evident when only striving to supply and to satisfy market needs.

Peteraf (1993) argues that in addition to heterogeneity of resources and imperfect resource mobility, literature inquires *ex ante* and *ex post* limits to competition in terms of capabilities to ensure superior performance. Since entrepreneurial companies need to be concerned with revenues and business growth over a longer term, the condition of heterogeneity of unique resources must be relatively *durable* to add value. This can only be achieved if there are ex post limits to competition as well. For a start-up it is vital to enter the market, define and create its own place in the competitive environment and to sustain its distinguished position in an industry through differentiation. If another company can easily duplicate products and strategies, success will be limited and even a strong brand will not be able to compensate for followers. Hence, subsequent to a firm gaining a superior position and earning revenues, there must be forces which limit competition for the same customer base. In the SMEs studied, an overarching challenge is that none are based on a new product innovation but rather on business strategies that push into an existent market with a new "twist". Porter (1998) calls this competitive strategy differentiation, whereby a firms seeks uniqueness in its industry along some dimensions that are valued by consumers (in the case studies mainly product design or lifestyle appeal through the marketing approach). One or more attributes are chosen that many buyers perceive as essential and a unique position is realised by meeting those

needs. Therefore, owning unique resources is almost unmanageable to attain. Rather, the combination of (practical) knowledge, talent and network tied to the individuals working at the start-ups together create internal, dynamic capabilities that are only sustainable in that exact combination of (human) resources and competences. This is in line with Barney (1991) stating that a combination of numerous resources may yield a sustained competitive advantage although individual capabilities are duplicable by other market participants.

However, it has been argued that in situations where products can be rapidly copied by the competition, the only real source of competitive advantage is to stimulate learning by employees (de Gues, 1988). This learning process must be translated into the acquisition of managerial capabilities that allow the SME to be more effective than competitors. The ability to expand the business internationally is closely correlated with such acquired core competencies. Likewise, the future success of a start-up is critically dependent upon the ability to further develop their core competencies through enabling higher-order learning[1] (Chaston et al., 2001).

2.1.2.1 Summary of the Perspectives

The market-oriented and resource-based views are central to the discussion on brand building in start-ups because they help identify different angles from which a company can start to construct a brand. The reasoning follows that a company can build a brand starting from a market need and adding value to the customer - in such a way it is product driven. It can take an inside-out approach to brand building based on its key competencies. As opposed to the commonly cited market-oriented view in marketing and brand management, the authors set out to examine the potential impact of internal capabilities on effective brand building in start-ups.

A final comment must be made on the perceived independency of these two approaches. It may appear to be a mutually exclusive discussion, yet the link between market orientation and RBV is depicted strongly in literature. The notion of market orientation as a firm-specific resource has already been introduced. The argument follows that market orientation can be perceived as *"a resource based competence that fosters the development of a corporate culture which simultaneously emphasises the learning and adaptation capabilities of the company"* (Armario et al., 2008, p. 490). As such it is a transformational competence because it enables a faster and more effective transformation of the market's information into an

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[1] Higher-order learning in the terms of Chaston et al. (2001) should be understood as *effective proactive utilization of information* by employees to benefit the success of a firm.

appropriate response. Thus with market orientation as a distinctive resource of the company, it can allow a firm to develop a specific competitive advantage (Armario et al., 2008). As is demonstrated below, this resource itself is however not enough to deliver competitive advantage to a company.

2.1.2.2 The Role of Internal Capabilities

As presented above, capabilities are often examined from the perspective of a resource-based view of a company. They can be a source of competitive advantage in that they support a market position that is valuable and difficult to match. In addition, capabilities enhance the creation of superior customer value, resist imitations, are robust and can be used in different ways to expedite the organisation's adaptation to environmental change (Day, 1994). Eisenhardt & Martin (2000) speak of *dynamic* capabilities, which are specific and identifiable processes embedded in firms, such as product development, strategic decision making, and networking. Their value lies in their ability to alter the resource base: create, integrate, recombine, and release resources. Further, Prahalad and Hamel (1990) argue that competencies are enhanced as they are applied by the proprietor, particularly those which involve collective internal learning and are knowledge-based.

Effective dynamic capabilities have commonalities across firms in terms of key features, or transferable 'best practices' (Eisenhardt & Martin, 2000). Interestingly they thus challenge the RBV assumption of persistent heterogeneity across firms, demonstrating that they are more homogeneous and substitutable than what is usually assumed. The argument follows that the long-term competitive advantage lays in the resource configurations that managers build using dynamic capabilities, not in the capabilities themselves (Eisenhardt & Martin, 2000). Consequently, effective dynamic capabilities are necessary, not sufficient, conditions for competitive advantage. This harkens the viewpoints presented on market orientation. Dynamic organisational capabilities help facilitate a market oriented approach, but are in themselves not sufficient. It is in the unique combination that sustainable competitive advantage is created.

This theoretical distinction is believed to have pertinent insights for the discussion that follows in the thesis.

2.1.2.3 Authenticity of a Brand: the Brand "Feel"

Another resource that can be attributed to the internal assets of a company is the genuineness and truthfulness of its brand. "*Authenticity has become an important dimension of brand*

identity as marketing managers seek to create stronger brands" (Alexander, 2009, p. 551). The more authentic a brand appears, the more the customers believe in, trust and can identify with it, leading to increased brand loyalty. Professor Beverland of the University of Melbourne, Australia, is one of the first academics attempting to research the infancy field of brand authenticity, emphasising enduring, non-commercial motives to position brands as "authentic", and its effects (Beverland, 2005). Brand management models often imply that brand meaning is injected by the managing brand marketers; yet they are not the sole creators of brand meaning. Modern customer subcultures have a prevalent desire for authenticity of consumer products. This "authenticity requires brand managers to downplay their overt marketing prowess and instead locate their brands within communities and sub-cultures, appeal to the timeless values of that community […] while also delivering to members' needs" (Beverland, 2005, p. 461). Consumers may identify with certain attributes of a brand's authenticity – including historical or cultural links, which downplay commercial motives – when they select brands. What constitutes these attributes is based on the shared past or values of the community of consumers. Further, Beverland (2005) mentions that a brand's connection with *time* and *place* is also important for consumers; this is an interesting remark within the bounds of this thesis as three Swedish brands are examined that deliberately utilise the Scandinavian origin as part of their brand values.

For many consumers brand authenticity serves as a form of self-expression. Through a genuine brand expression they state an inner personal truth about themselves by wearing or making conscious use of certain brands. Alexander (2009) further emphasises the term brand *aura*, linking brand legitimacy, brand expression and brand origin to cultural and social places. Overall, literature suggests that a branded product can be grounded in tangible (heritage) facts or conceivably through less provable assertions of provenance (Beverland, 2005). Supplementary, when shopping for and consuming products, end users are exposed to various specific brand-related stimuli, such as a brand's design and identity, packaging, marketing communications and the environments in which the brand is marketed or sold. These brand stimuli constitute the major source of subjective, internal consumer responses which Brakus et al. (2009) term the brand experience that evoke (positive) behavioural responses towards the brand. Brand experience and brand aura are two concepts found in literature that the authors find closely related to the brand feel and that affects the consumers' perceived brand authenticity.

Lastly, in today's marketplace with busier, well-informed and sophisticated consumers, a brand's image is a salient resource and possible source to gain a competitive advantage (Stegemann, 2006), which is why the authors find this concept indispensable when looking at brand building in SMEs.

2.2 Relevant Concepts for the Research Study

The following concept are crystallised as significant in the perspective the authors have on contemporary brand building processes. They set a framework for the consecutive analysis and discussion of the case study findings. Although more theories can have a relevant weight in brand building, the ones presented here are believed to have a significant impact especially in an entrepreneurial setting. Distribution, the effect of uncertainty, timing, and organisational growth are all prerequisites for future internationalisation of a SME and are therefore discussed below.

2.2.1 Brand Building and Brand Management

An underlining topic of this thesis is the dynamics between the brand building and brand management processes. Much literature appears to discuss brand management, with little mention of brand building per se. Consequently, it assumes a brand is present from the start for it to already be managed. As the thesis investigates brand building in SMEs, it is important to provide some further clarification between these two closely intertwined concepts.

Well-noted is Keller's (2008) view of brand building as a sequence of steps, each of which is contingent on successfully achieving the objectives of the previous one. He outlines four main stages of brand development, viewed as a *""branding ladder" from identity to meaning to responses to relationships"* (Keller, 2008, p. 60). Within each step there are supportive building blocks (six in total) and branding objectives to be achieved.
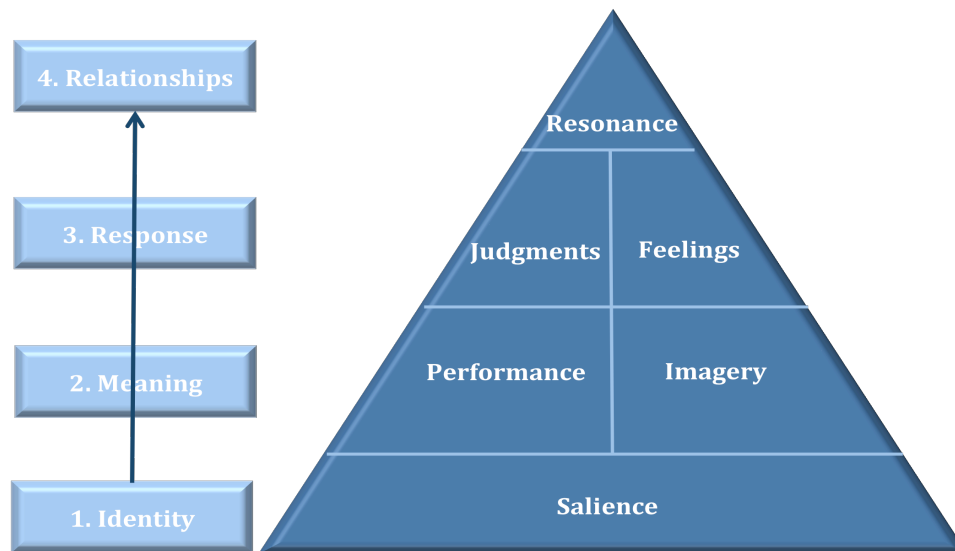
Starting from the bottom, the first step is to build brand identity through salience. Salience measures awareness of a brand and as such the objective is to achieve deep and broad brand awareness. Secondly, brand meaning is supported by performance and imagery. The product itself is at the heart of brand equity; designing and delivering a product that fully satisfies consumer needs and wants is a prerequisite for successful marketing. Moreover, brand imagery covers the ways in which the brand attempts to meet consumer's psychological or social needs, and as such refers to the more abstract and intangible aspects of the brand. The third development step relates to response, through judgments and feelings. Brand judgments are customer's personal opinions about and evaluations of the brand, which the consumers formulate, based on the performance, imagery and associations and typically make judgments about quality, credibility, considerations and superiority (Keller, 2008). Brand feelings are customers' emotional responses and reactions to the brand. The objective of the third step is to evoke positive, accessible reactions of consumers. Lastly, relationships are the fourth brand building step, where the objective is to build intense and active loyalty from consumers through resonance. Resonance describes the nature of the relationship and the extent to which consumers feel that they are "in sync" with the brand (Keller, 2008).

The model provides valuable guidance for brand building and how companies can progress their brand building efforts. But the question follows, upon "completion" of the brand building process does the brand management process subsequently start? The authors find this intersection interesting, and as suggested there appears to be little research around this area. It underpins the previously mentioned point that marketing literature focuses on large

companies with sustantial marketing budgets, already presuming a brand is in place for brand management to take place.

Literature discusses brand management from different viewpoints. Keller (2008) views it as *"the design and implementation of marking programs and activities to build, measure, and manage brand equity"* (p. 636). Based on this it appears to be intertwined with brand building, explicitly using marketing activities as the key tool to manage brand equity. Shultz and Barnes (1999) widen the scope of brand management to include all stakeholders touched by the brand, to view it as a process of creating, coordinating and monitoring interactions that occur between an organisation and its stakeholders. Both definitions are interesting for the discussion that will follow on the topic.

2.2.2 Distribution Network

A wise choice of distribution network can enable even the smallest company to be successful in global markets solely by relying on distributors that are acquainted with the local customs, consumers and laws (Dent, 2008). Especially for SMEs in the initial, low-resource phase of setting up the business the use of the right channel intermediaries such as wholesalers, agents, and retailers is vital to efficiently move their products to customers.

In recent years, distribution strategies have changed significantly with the rise of the internet and thus of e-commerce. Technology has enabled entrepreneurial firms with only limited resources to enjoy the same market opportunities as their largest competitors in making their products available to customer around the globe. SMEs usually use independent intermediaries, which engage in business with many different manufacturers and many different customers. As independent intermediaries are neither owned nor controlled by any manufacturer, they are able to serve many businesses and customers on a global level while keeping prices low. This is essential for budget restricted SMEs. Business dynamics and emerging technologies make this new, flexible approach to distribution both essential and feasible. By sharing distribution resources and capabilities with other suppliers, companies can meet their customers' most extraordinary needs, and take advantage of profit making opportunities that they could not explore alone (Narus & Anderson, 1996).

However, a hindrance of these distributors representing multiple suppliers is the loss of influence and authenticity that the individual brand can experience. As the middleman is not closely tied to an individual product or a brand's unique story, the choice of supply channel or retail outlet can be a misfit to or contradicting the brand values. Retailer attributes are known

to influence customer-based brand equity depended on the level of involvement of the respective consumer (Swoboda et al., 2009). The underlying determinants of consumer-based brand equity are that brands provide benefits to consumers by differentiating products. Thus, consumer brands that are sold at retail outlets need to be aware that consumers usually consider the retailers as brand ambassadors, as they facilitate the processing and retrieval of brand information and carry at least some of the brand characteristics of the sold products. This notion is especially important to consider for a start-up company when choosing a distribution strategy and retail outlets for an entrepreneurial brand. Limited assets are usually available within the start-up for direct marketing campaigns, therefore the "feeling" and atmosphere that the retail outlet conveys, project and reflect a sense of the actual brand in the consumers' minds.

Dent (2008) remarks the balancing act to increase access to (foreign) markets while ensuring the distribution network is profitable and capable of handling the anticipated growth. Especially important for entrepreneurial brands that do not have a strong, established personality yet, is to keep in mind that the *route to the market controls the brand*. If the brand is built on quality attributes, the actual channel of distribution needs to execute and reinforce those attributes, as it has a vast impact on the customer experience and henceforth the brand (Dent, 2008).

A new start-up has to decide if it wants to exclusively rely on one-tier distribution, namely direct sales via an internet presence, or also engage in two-tier distribution, involving distribution agents that have contacts to retailers and overseas. As marketing communication takes place mostly at the final-tier, the chosen distribution channel acts as the marketing services supplier to the customer. The final retailer obtains more intensive marketing influence at key points (points of sale) and hence has greater influence directly on buyers than the brand manufacturer could have. A key function of distributors is consequently the appropriate representation of the (brand) supplier in a territory (Dent, 2008).

The authors believe that choosing a suitable distribution network is of crucial importance for a newly established brand to reach the desired audience and to establish grounds for future business growth with appropriate partners and a long-term network of distributors. The power of a committed distribution network cannot be overemphasised, and as will be demonstrated below can help a small company deal with future market uncertainty.

2.2.3 Effectual Logic

It is suggested that uncertainty is an attribute linked to the entrepreneurial setting and the environment in which marketing occurs (Read et al., 2009). Recent literature on entrepreneurial expertise claims that the unknowable, an aspect of uncertainty, can be tackled using effectual logic, which eschews prediction. Effectuation is a specific logic under the broader umbrella of decision making under uncertainty – it investigates how rationality can be found when the environment does not independently influence outcomes or even rules of the game, when the future is unpredictable and when the decision maker is unsure of his/her own preferences (Read et al., 2009). Predictive rationality rests on a logic of foresight – that is, to the extent that people can predict the future, they can control it. Effectuation rests on a logic of nonpredictive control – that is, to the extent that people can control the future, they do not need to predict it.

In an effectual view, the environment is endogenous to the actions of *effectuators*, who therefore attempt to co-create the future through relationships with a network of partners, investors, and customer stakeholders, who pre-commit to the venture. Effectuation also specifies three types of intangible resources with which the effectuator co-creates new ends - new firms, products/services, and markets - through an iterative and interactive process with stakeholders. The key point to note is that effectual logic is *"focused on intangible resources, the co-creation of value, and relationships"* (Vargo & Lusch, 2004), and as such relationships, particularly with shared rewards shape the trajectory of the opportunity.

This theoretical approach bares interesting similarities to that of the previously mentioned dynamic capabilities. Both theories discuss the vital importance of the "intangible" resources such as network relationships, as the key to competitive advantage (in the case of dynamic capabilities) and as a way to control the outcome of the future, so to eradicate the dependency on predictability (as is the case with effectual logic). Both theories incorporate a notion of practicality around key processes to leverage off resources; however what distinguishes them is the aspect of timing that characterises the effectual logic, in the sense of being focused on the future.

2.2.4 Timing and Temporality

Following on from the abovementioned point, the aspect of timing is considered a central concept in the topic of this thesis. Because the authors are investigating brand building over time, through different growth and development stages of the business, an understanding of this phenomenon is necessary. Time and temporal dimensions often blend with the general

development and dimensions of business action and market change processes (Andersson & Mattsson, 2010). As such time is a *""multi-facetted element" of social change that cannot be easily captured within the frames of one or even a few chosen perspectives, concepts, descriptions or patterns of thought"* (Andersson & Mattsson, 2010, p. 61). Its complex nature makes it abstract to handle, yet can more readily be understood conceptually through the theory of strategic windows (Abell, 1978). The concept is used to demonstrate that there are only limited periods during which the "fit" between the key requirements of a market and the particular competences of a firm competing in that market are at an optimum. It follows that such strategic market planning should be focused around predictions of future patterns of market evolution and to make assessments of the firm's capabilities to deal with change. At each different stage of the business growth cycle, the market requirements and firm's capabilities will evolve and differ. Combining this viewpoint with that of effectual logic, results in the thinking that predictions of the future are not required so long as the appropriate framework surrounding the future is laid from the start through pre-commitments by key stakeholders.

This theoretical reasoning will be discussed in further detail in the analysis, specifically in research question 1.

2.2.5 Growth in Small Firms

A broad understanding of small firm growth is important to heighten the analysis presented in this thesis. It is essential to state that the intention is not to examine how the growth stages progressed or what they consisted of in the companies studied. Rather the growth stages serve as a platform for the discussion of brand building. As is demonstrated below, the subject underpins several of the theories and concepts presented and used throughout the thesis.

Referred to as a *"heterogeneous phenomenon",* growth has two fundamental meanings: one is the change in amount when a firm grows from smaller to larger size; the second meaning refers to growth as a process of organisation changes, which leads to this change in amount (Davidsson et al., 2005). Furthermore, growth has been argued to be the *"very essence of entrepreneurship"* (Sexton, 1997, p. 402). The two terms are closely intertwined: entrepreneurship can be defined as the creation of new economic activity, whereas firm growth is an aspect of entrepreneurship if it is achieved through the introduction of new products or services (Davidsson et al., 2005). These definitions are reflective of the cases studied in the thesis.

Interestingly, to link to the aforementioned topic of timing and temporality, growth is conceived as a process and as such a phenomenon that happens over time. Research suggests that growth is to a considerable extent a matter of willingness and skill, but that fundamental facilitators and obstacles in the environment cannot be disregarded (Davidsson et al., 2005). Consequently, three exhaustive factors link to growth: ability, need and opportunity. These factors critically link to the topic of the thesis and are underpinned by the two theoretical perspectives already introduced: ability through the resource-based view and need and opportunity through market orientation.

The body of literature mostly concerned with growth processes is often presented in the form of life cycle or stage models that encompass the entire life span of an organisation. This is interesting for the thesis because it assesses growth from an earlier point in time up to the time of the investigation. These models attempt to provide a more dynamic view on the development of the organisations and their growth (Davidsson et al., 2005). Greiner's (1972) model is often referred to, where he claims that during growth, organisations typically move through six distinct and distinguishable phases of development. Each of these phases contains a relatively calm period of growth that ends with a managerial crisis. As depicted on the figure below, each phase is characterised by a dominant managerial style employed to achieve growth, and each crisis is characterised by a managerial problem that must be solved before growth can continue. Thus each phase is not only the outcome of the previous stage, but also the cause of the next stage (Davidsson et al., 2005).
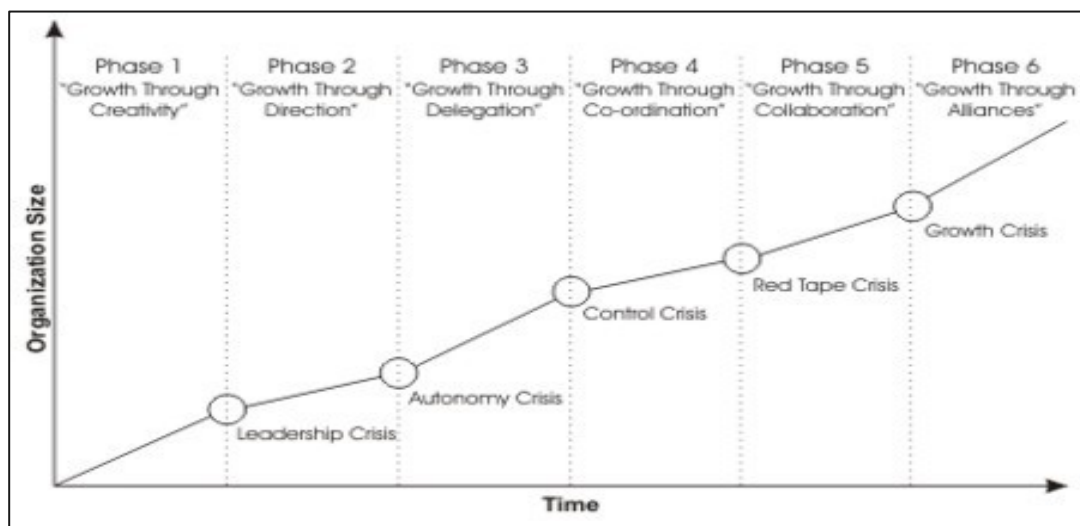

Figure 3: Growth Model for Organisations (Source: Mind Tools Ltd.)

Although, intuitively appealing, such stage models have received critique. Three main points underpin the criticism. Firstly, they assume that organisations conform to a uniform path of

growth in a deterministic way and that organisations pass through all the stages of the life cycle. Secondly, stages models are cyclical in the sense that they do not tend towards equilibrium, but rather return to a starting point. (Davidsson et al., 2005). Thirdly, life-cycle models see the process as primarily dependent on the time factor. As such organisations follow the same time consistent pattern as they grow and decline (Hofer & Charan, 1984). To summarise, the models oversimplify the nature of the role of the entrepreneurs in the sense that their actions have a significant impact on the growth, but are not considered in the model. The growth of SMEs as a steady process is thus criticised for being deterministic and for paying insufficient attention to particular contexts.

2.2.6 Internationalisation of SMEs

Internationalisation is one of several routes to growth. It is depicted here, because the cases studied are all pursuing internationalisation paths. The globalisation of markets and the consequent need for crossing national boarders does not only concern large and established firms. Rather, internationalisation is no longer an alternative, but an essential prerequisite for growth for small companies (Davidsson et al., 2005). Thus the international expansion of small and medium-sized firms can be regarded as an entrepreneurial act since it entails the opnening up of product markets (Thorelli, 1987). Lastly, while highlighting an important form of expansion, research on international growth of new and small firms has not yielded many generalisations. This is strongly due to the complexity involved in such research, when attempting to compare small companies differing vastly in size and local presence (Thorelli, 1987).

Literature however outlines two major perspectives on the process of internationalisation of SMEs. The first sees internationalisation of SMEs as a sequential process that leads from a domestic market to international markets in accordance with a "learning process", whereby knowledge of the new markets is acquired and resources are increasingly committed to those markets. The Uppsala Model (Armario et al., 2008) is central to this internationalisation perspective. Generally companies initially develop in their domestic markets, and internationalisation is a consequence of subsequent incremental decisions. *"Internationalisation is thus perceived as an evolutionary process in which companies develop growing levels of commitment to foreign markets"* (Armario et al., 2008, p. 490).

The second stream of research focuses on the internationalisation from the time of the creation of the SME. Several terms are used to describe these types of companies such as born

globals, global start-ups and international new ventures (Armario et al., 2008). The most significant feature of these firms is a global focus from the outset and embarking on rapid and dedicated internationalisation. *Born globals* are usually technology-intensive firms that are formed by active entrepreneurs. Their offerings are value adding and are often a response to a significant breakthrough in process or technology (Armario et al., 2008).

In growing industries the second view provides a better understanding of the internationalisation phenomenon, whereas in mature markets, the first is more applicable.

2.3 Recap of the Literature Review

This section lays the foundation for the analysis and discussion of the case study findings. The authors have attempted to provide detailed insights into the relevant concepts as established and recognised in academia. The first part has been to present two overarching approaches that a company can take when establishing its marketing practices. The second part has been devoted to a number of different elements that add to and affect the dynamics of the brand building and brand management intersection.

The following Figure 4 presents the authors' reasoning of the choice of the theories and their inter-linkage, on the basis of brand building and brand management. Based on the two overarching perspectives on brand building, RBV and MO, key concept for each are put forward. For RBV, internal capabilities make up the resources that can be utilised by a firm. As explained, distribution networks are considered to be strong internal capabilities and the ability to maintain relationships and pre-commitment to the business (effectual logic) becomes a powerful capability to control future outcomes. Secondly, brand authenticity and brand feel can be leveraged as an in-house resource when creating the brand image and engaging in storytelling. MO concerns the company's ability to recognise a market need and its ability to act upon the appropriate timing on which to leverage the market opportunity. Once this is established, being market-oriented allows for growth and there from internationalisation becomes as aspect of growth. As abovementioned, academia occasionally argues that MO can be internalised and become a transformational competence under the RBV umbrella, hence become an internal resource. For the purpose of this thesis, the authors view the rationale behind the selection of the theories as depicted below:

Brand Building and Brand Management

Resource-Based View

- Internal Capabilities
    - Distribution Network
    - Effectual Logic
- Brand Authenticity/'Feel'

Market Orientation

-Timing and Temporality
- Growth in Small Firms
- Internationalisation of SMEs

Concluding, the theoretical review of brand building and brand management is put forward to circumscribe and separate both concepts as the authors see them as subsequent, iterative processes.

3. Methodology: Case Study Research

This chapter outlines the research design of the thesis. The case study research was initiated by reviewing existent current literature on brand building processes and entrepreneurial companies creating new brands (chapter 2). The literature review provided a basis for transferability of case study findings. Close contact with Zound Industries, the company of the focal case study, guided the development of appropriate research questions. The research questions directed the selection of companies for two additional minor case studies, intended to support or challenge findings. These further influenced the design of semi-structured interview questions used in the data collection and guided the collection of supporting documents and artefacts. Cases were studied on an individual basis. This facilitated separate data analysis and assured validity and reliability. Cross-case comparison and patterns facilitated theory building. Finally, the research questions directed the data analysis.

3.1 Overall Research Method and Approach

A qualitative approach was taken to study *how entrepreneurial companies conduct brand building and how they use internal capabilities as opposed to market demands.* The purpose

of this thesis is to inductively reach a theoretical model by conducting an in-depth case study and test the findings in relation to two minor case studies of companies in similar business situations as the focal company. The case study approach is used as the authors' main objective is to generate theory, through attempting to answer explanatory "how" or "why" questions (Yin, 2009). The research method is abductive, with theoretical understanding built first followed by a qualitative empirical study (Juntune et al., 2010).

In order to attain the purpose of this study and to reach a theoretically valid conclusion, "a research strategy which focuses on understanding the dynamics present within single settings" (Eisenhardt, 1989, p. 534), thus a case study design, is required. The authors believe that the study of multiple cases, selected by theoretical criteria, allows grounding the classification empirically and generates generally applicable results. According to Merriam (1994) the qualitative research method allows the examination of organisational and managerial *processes*, one objective to allow the authors to build the final theoretical model. Further, the case study research method is appropriate when complex and contemporary real-life phenomenon are studied (Merriam, 1994; Yin, 2009), with the aim to result in a novel, testable theory in a new topic area (Eisenhardt, 1989). An abductive and qualitatively descriptive multiple case studies approach (Yin, 2009) was therefore chosen as research design. The study was conducted primarily in an inductive manner, drawing from the empirical reality to generalise specific findings on a theoretical level.

Moreover, Yin (2009) has described the replication logic of a multiple case analysis, urging "to consider multiple cases as one would consider multiple experiences" (p. 53), with each experience (case) confirming or disconfirmed the research questions at the outset. Therefore, the authors feel that examining multiple cases heightens the relevance of this study, provides more insightful results and enhances "confidence in the validity of the relationships" (Eisenhardt, 1989, p. 542).

The data collection consisted of semi-structured expert interviews with key informants[2] in each of the companies as well as reviewing different kinds of documentation including company specific presentations, announcements, artefacts and personal documents. This

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[2] A key informant design was used, since organisational direction and strategies of smaller firms tend to be determined by their key decision-makers (cf. e.g. Lumpkin & Dess, 1996), in the relevant cases examined these personae were usually the founders of the SMEs.

triangulation through multiple data sources provides stronger validation of constructs and contextual theory development (Eisenhardt, 1989; Ying, 2009). The holistic approach allows methodical and systematic revision of the phenomenon of brand building in SMEs.

The authors' goal is to generate a universal theoretical construct by comparison and replication of a core case study and two minor ones and simultaneously reduce the knowledge gap in brand building during entrepreneurial business growth and rapid internationalisation.

3.2 Case Study Research Design

In order to conduct a rich case study analysis, material and evidence were taken from several resources. An important part of the research involved the gathering of information through in-depth semi-structured interviews, while archival records were evaluated simultaneously, and physical artefacts were investigated for the purpose of insightful understanding of cultural features of the firm (Yin, 2009). The innermost information of this research was drawn from personal semi-structured interviews at location of the respective start-up[3]. The personal in-depth interviews were held with both the authors present, involving either the marketing and communications representatives at Zound Industries and TRIWA, the CEO/VP at Zound Industries and Vitamin Well and other functional directors such as sales, production and new product manager at Zound Industries. All interviewees were closely involved in the founding of the entrepreneurial firm, its brand or a vital business function. Individuals were, in all cases, closely engaged with the development of the brand, brand building activities and were well familiar with the particular brand. Out of courtesy to the interviewees, the duration of the semi-structured interviews was kept to 30-60 minutes in most cases, although some interviews lasted as long as 90 minutes where circumstances and conditions allowed. Likewise, the formality of data gathering meetings altered over time to become rather informal in the case of Zound Industries. By the very nature of qualitative research and as a result of the increased contact and rapport with interviewees, formal meetings began to merge into less formal meetings, not all of which were recorded for the purpose of this thesis although observations and information included in the research progress were partially drawn from those meetings. Particularly noteworthy is the comprehensive contact with Niklas Bergh, Creative Director and Co-Founder at Zound Industries that allowed for insightful observations, interviews, meetings, emails, and internal materials of the start-up. The authors' decision against recording the interviews was based on a concern about respondents being more disconcert and

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[3] An exception is the interview with Jonas Pettersson, CEO at Vitamin Well AB, which was conducted via phone.

less open in stating answers (Bryman & Bell, 2007). Due to the informal setting of the meetings, recording would have made participants more self-conscious and distressed, which could have negatively affected the examination. Therefore, the interviews were not transcribed but detailed interview notes were taken during the interview and were completed by both authors after each session. The authors felt that this did not constrain the accuracy of interview outcomes, as there was a clear division of responsibilities with one author in charge of guiding the interview, while the other attended to taking notes electronically. Rather, this allowed for direct observations during the interviews and reflections while completing dialogue notes.

The authors decided to conduct an in-depth investigation of Zound Industries AB and support or challenge findings with two minor case studies, TRIWA Watches AB and Vitamin Well AB. Both supporting case studies were conducted within firms in similar business situations, meaning being Swedish entrepreneurial organisations with a comparable number of employees (between 14-29 people per company at the time of interviewing) and business years since founding, as well as being driven by a longing for expansion and international growth. Hence, a multiple-case study research was applied, although the clear focus lays on the case of Zound Industries, with the brand *Urbanears* as focal point of brand building measure.

The same structured approach was taken in conducting the three case studies in order to ensure cross-case comparability (Bryman & Bell, 2007). In each case, the focus was on equally conducted semi-structured interviews asking questions that were only slightly adapted to the respective company. Participants were informed that the interviews would be conducted in a semi-structured manner where questions were not static but a general framework which would guide the interview (Yin, 2009). The interview questions along with a brief summary of the purpose of this research were sent to the interviewees in advance so that they could familiarise themselves with the topic in question and provide more in-depth answers. It should be acknowledged though that most participants admitted they did not read the questionnaire document prior to the interview due to personal time constraints in the fast moving entrepreneurial setting. The research questions were not addressed in any particular order and the question formulations deviated and were not always identical with the written questions. The authors allowed interviewees to speak freely about issues and used follow-up questions, naturally flowing in relation to the previously discussed topic.

For theory building purposes, minor alterations in data collection methods were feasible in trying to understand and familiarise with each case as an individual entity first. This process allowed the unique patterns of each case to emerge before the investigators generalised patterns across cases (Eisenhardt, 1989). Cross-case analysis was led by comparing cases and extracting similarities and differences. Three pairs of cases were assessed, setting dimensions and categories for general findings resulting in the basis of the authors' theory building.

3.2.1. Case Selection

The case study approach as research strategy was chosen by the authors to understand the various dynamics present in individual settings and to condense findings to generalisable theoretical concepts that are felt to be missing in current academic research on branding in SMEs. In case study research, applying *theoretical sampling* is necessary when selecting cases that hold the potential to replicate or extend developing theory (Eisenhardt, 1989). The following cases were chosen by the authors' due to their apparent potential to substantiate brand building assumptions in start-ups. As aforementioned, a multiple-case design was adopted in accordance with Ying (2009), to supplement findings of the main in-depth study, to avoid uniqueness of results and to enhance the general quality of outcomes. Consequently, three cases were chosen for the purpose of this study. While Eisenhardt (1989) suggests using a minimum of four case studies to reach generalisability, Yin (2009) argues that studies of three cases that arrive at common conclusions are sufficient and relevant for generalisations. Due to the in-depth analysis of one focus case involving numerous interviews and time commitment, the authors decided to investigate three cases as this was deemed thoroughly achievable in the limited time period for this study.

As explained in the introductory part of this study, the authors purposely chose Swedish entrepreneurial companies, all present in the consumer products market. Referring back to the introduction, these companies make up only a small segment of start-ups in Sweden (~4,2%) (Holmquist. 2011) characterised by employing more than ten employees. However they are showing great potential to expand, and thus are interesting cases to follow. The main case study of Zound Industries was chosen due to the possibility of deep insights into all parts of the start-up company and a sincere interest of the authors in its products, story and culture. An attribute that spans all studied organisations is their focus on design and current customer trends. After gaining Zound Industries as focal case for this study, the company was asked for

their opinion on other Swedish start-ups that appeared interesting to investigate for the purpose of this paper. Several proposed entrepreneurs were contacted before choosing TRIWA Watches AB as a match for the intended study. Supplementary, the authors contacted Vitamin Well AB mainly due to the start-up's already immense brand strength and hastened internationalisation strategy.

Company	Nationality	Founded	Industry	Employees
Zound Industries International AB	Swedish	2008	Headphones	20
TRIWA Watches AB	Swedish	2007	Watches / Sunglasses	14
Vitamin Well AB	Swedish	2008	Vitamin beverages	29

Figure 5: Overview of Case Companies

3.2.2 Methodology and Creation of Interview Questions

The study's research questions were developed into problem-centred interview questions used in the semi-structured interviews for data collection at all three case companies. The questions focused on the particular brand building experience, regarding design, production, sales and distribution as well as the drivers of the branding process and key roles involved. The use of replication logic in the research design of the multiple-case studies intended to ensure external validity (Yin, 2009). In the case of Zound Industries, the same questions were given to five different people in the organisation, to provoke answers from different perspectives as the authors felt that this approach increased the re-construction of reality, as trustworthiness of the study was enhanced. This in turn strengthens validity of the research outcomes (Merriam, 1994). Further, as the main drivers of branding were a focal subject of this research, interviewing employees from different functions promised to provide significant insights.

As previously mentioned, the interviews were kept flexible following the direction the interviewee was taking, to make out what each participant sought to relevant for this topic. However, the interview sessions were not entirely unstructured, as the subject matter to investigate brand building in SMEs over time, was fairly set from the beginning, to make sure that the specific issues would be addressed. The interviews were further intended to generate data about critical incidents and brand building patterns; hence it was necessary to guide the participants to recall examples of specific events that illustrated the researched issue (Bryman & Bell, 2007). Also, the applied semi-structure ensured cross-case comparability in this multiple-case study (Yin, 2009).

3.3 Collection of Case Study Data at Zound Industries, TRIWA & Vitamin Well

The collection of primary data has been carried out in form of nine interviews. The main objective of the interviews was to obtain insights and practical industry knowledge regarding the research questions. Additionally, the authors sought to obtain a holistic view from first-hand experiences of marketing and branding processes in entrepreneurial companies, as literature provided insufficient understanding about the subject beforehand. The selected interviewees were[4]:

- Niklas Bergh – Creative Director & Co-founder, Zound Industries
- Maria von Euler – Product Manager Zound Industries
- Niklas Bergh (second interview) – Creative Director & Co-founder, Zound Industries
- Oscar Axhede – Production Manager, Zound Industries
- Sandro D'Errico – Sales Manager, Zound Industries
- Konrad Bergström – Vice President & Co-founder, Zound Industries
- Ludvig Scheja – Marketing Manager & Co-founder, TRIWA
- Jonas Petersson – CEO & Co-founder ,Vitamin Well
- Hans Kjellberg – Associate Professor, Stockholm School of Economics

The secondary data included reviewing company specific presentations by Zound Industries about the Urbanears brand as well as pitch presentations to potential agents and distributors, announcements, artefacts and personal documents of Zound Industries. Further, academic literature and industry reports were used to guide the data analysis and to comprehend internal procedures in all three case companies.

3.4 Analysis of Branding Data

The authors started data analysis simultaneously to the collection process in order to better address research questions by carefully adjusting the interview questionnaires. The analysis was guided by the research questions and the main method was *cross-case synthesis*, encompassing both with-in case and cross-case reasoning (Yin, 2009; Eisenhardt, 1989).

(1) As a first step, collected data and interview notes were reviewed by the authors to detect patterns on the basis of the *individual cases*. The responses of all participants at Zound Industries were compared to each other to materialise similar and dissimilar results and identify consistencies, applying Yin's (2009) pattern matching technique.

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[4] For a detailed listing of interviews conducted, please refer to Appendix, section 9.1.

It was noted though that differentiated focal points in replies were partly due to the different positions held by the interviewees, e.g. Sales manager Sandro D'Errico compared to Production Manager Oscar Axhede. The interview data was further compared to other sources of data. The branding process from the outset of each start-up was outlined.

(2) Supplementary, similarities in the *branding processes* were analysed across cases and grouped according to *mutual temporal patterns* or with regards to *contents*. Findings at Zound Industries were compared to the other two cases as well as theoretical models within branding and brand management. Documents were created which summarised the data from the three cases according to the relevant research question. This allowed drawing cross-case conclusions through *with-in group similarities* as well as *inter-group differences*.

(3) Another grouping followed to put the three cases studied in relation to their *brand building progress*, namely market opportunity, product development, branding, and distribution. This phase-wise alignment revealed a pattern and ensured that the process incontestably followed the phase outline.

(4) Based on identified branding steps, the authors reviewed collected data once more to categorise realised activities within these different brand establishing phases, deriving which steps in the brand progress were driven by internal capabilities and where external capabilities and market-dependent forces were driving the advancement.

(5) Based on the findings, the authors perceived patterns which built the basis for the proposed theoretical model of brand building based on (internal) capabilities in SMEs.

(6) If two or more cases supported the same theory, replication could be claimed (Yin, 2009) and relative generalisability was assumed.

3.5 Validity and Reliability

In order to obtain data reliability and validity of data, the authors took several precautions. A multiple-case approach as well as data triangulation was utilised to ensure transferability and generalisation of findings. Further, the authors implemented a number of measures taken from the literature review to increase validity.

3.5.1 Validity

In order to ensure quality in empirical social research, Yin (2009) demands several criteria to be met throughout the research design, data collection, and analysis. The first being *construct validity*, defined as "identifying correct operational measures for the concepts being studied"

(Ying, 2009, p. 40), which is crucial during data collection. To ensure an objective and relevant set of measures to be collected, the authors previously inferred the research questions from established branding theories from academia that are relevant to the concept (Bryman & Bell, 2007). By reviewing marketing literature and seeking to apply existent theory to the presented problem formulation, measurements were introduced that guided the conduction of this study. Therefore the literature review highlights characteristics in brand building and brand management to provide a basis for transferability. A generalisation of findings may be limited due to the sole focus on the consumer sector; however at least an in-depth empirical understanding of how brand building is conducted at an organisational level in SMEs may be provided, while this perspective is largely neglected in most reviewed literature. This weakness was compensated for through utilising multiple sources in data collection to enable validity whilst increasing data triangulation (Yin, 2009; Eisenhardt, 1989).

Internal validity ensures a suitable application of the researchers' findings in the theoretical ideas that are subsequently developed according to LeCompte & Goetz (1982) (as cited in Bryman & Bell, 2007). The authors feel that internal validity is given as elaborate in-depth interviews and follow-up clarifying questions allowed ensuring a high level of congruence between practical findings and derived concepts.

Further, *external validity* defined as "the question whether the results of a study can be generalised beyond the specific research context" (Bryman & Bell, 2007, p. 42) needs to be warranted. The findings should be applicable beyond the considered cases. The authors' were striving to ensure external validity through (1) careful selection of the cases which should be (2) comparable but complementary to reassure findings as well as avoid case-specific uniqueness of results and through (3) replicating the findings of the core case study in a multiple-case research format.

Lincoln and Guba (1985; 1994) suggest different criteria to be prevalent in qualitative research as validity and reliability are fitted to reveal one absolute (as prominent in quantitative studies), but hampers the complexity of qualitative findings (argued to have "multiple accounts of reality", p. 411) (as cited in Bryman & Bell, 2007). The overarching measure of *trustworthiness* is existent of *credibility, transferability, dependability* and *confirmability*, whereupon dependability is closely related to reliability of the study and will be discussed in the next section. Credibility of the presented study is ensured by

aforementioned data triangulation as well as conducting the study according to good practice and seeking confirmation of findings from academic tutors as well as members of the firm at a advanced point in the study studied, facilitating *respondent validation* (Bryman & Bell, 2007). Transferability is ensured by providing thick descriptions of a contextual uniqueness, whilst it is recognised that findings might be singular to the studied phenomenon and might not hold in another context. However, detailed accounts allow others to make judgements about a potential transferability of results. Confirmability, or humanly possible objectivity, was of key importance to the authors. It was considered warranted by the author's mutually questioning their interpretations of finding, so that no personal values or theoretical preferences influenced the research and its conclusions.

3.5.2 Reliability

Reliability "is concerned with the question of whether the results of a study are repeatable" (Bryman & Bell, 2007, p. 40). In the authors' view this construct is closely linked to *replication* of the research, calling for the procedures that constitute the measures to be replicable by others and leading to the same results (Bryman & Bell, 2007). According to Guba & Lincoln (1985; 1994), there are multiple interpretations of reality in qualitative research, or multiple realities, indicating that no fixed references can entirely ensure repeated replication of the research (as cited in Bryman & Bell, 2007). Hence, instead of reliability, they call for *dependability* which is the adaptation of an auditing approach to the research. To comply with this, records were kept of all phases of the research process. This includes problem formulations, choice of interview participants, fieldwork notes, and data analysis decisions, so that validation of findings can be ensured by external auditors. Additionally, to increase reliability, a chain of evidence was maintained as suggested by Yin (2009). Constructive citations are included in this study (chapter 5 and 6), while the circumstances under which evidence was collected, including time and place of interviews, are revealed (Appendix 9.1). Concluding, various recommendations have been implemented to strengthen reliability and validity, so that the quality of this research is satisfactory.

4. Presentation of Case Companies

In the following, the three cases studied in the course of this research will be presented and their products, values and visions will be introduced.

"Zound Industries – We make Resonance Couture"

Zound Industries AB (www.zoundindustries.com) is based in Stockholm and designs, develops, manufactures and sells lifestyle headphones. Founded in 2008 by eight individuals from interdisciplinary backgrounds such as industrial design, sculpturing, sales and photography, Zound Industries aim to be the world's leading fashion headphone manufacturer, combining technology and fashion through credibility and innovation. The corporate personality is deeply influenced by the entrepreneurial founders' personalities, tastes and their product-visions, rooted in their snow- and skate-boarding pasts. They are unconventional designers and especially product-oriented people with experiences and expertise in the industrial design field as well as preceding consumer product companies.

Zound Industries is the umbrella company, housing their own brands on an individual product branding basis, meaning that each brand is autonomous and completely disconnected from the umbrella label Zound Industries. This multiple branding strategy has brought the consumer electronics market several brands in the past three years, including Coloud, Marshall Headphones, and its best-selling product line *Urbanears* together with private-label and retail production. The study of Zound Industries is primarily a study of the branding process and brand launch of *Urbanears*, a lifestyle headphone brand. The company's objective with this brand is to produce headphones with a profound understanding of how they are utilised in everyday life and why. They call this *design* and to the founders understanding "design is the transformation of functionality to the human being".[5] Beyond the obvious sound rendition, the vision is to make headphones that feel more like clothes than chromed plastics and that enhance the experience to wear headphones in a public space. Zound Industries designed the Urbanears headphones with much respect to what they thought headphones are expected to be, but with great attention to the details, and "with a low scare-level"[6]. An Urbanears

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[5] http://www.urbanears.com/inside-urbanears/the-brand
[6] Konrad Bergström, interviewed 01.05.2011.

headphone is a classic headphone, rather than a bold design statement redefining the product category. An interesting factor about the brand's initial marketing and market introduction was that instead of a traditional (costly) marketing campaign, Zound Industries decided to give away around 10.000 products to friends, contacts and potential business partners. This move was justified through the notion that the product would be its own best marketing by being worn and seen by people in the streets.[7] Following the initial product introduction to the market, distribution channels were internally regarded as main marketing divers, as will be discussed in the realm of this study. The company initially had the vision to go international with the Urbanears brand within the first year. Today, only 17 months after its launch, the Urbanears headphones are available in 55 countries; by the end of this year, it will be 70 countries, also owing to being placed in the Apple (Inc.) retail stores starting in the spring of 2011.[8]

The focus of the authors' research at Zound Industries was on evaluating the Urbanears branding process from the establishment of the company to the current international success story. This entailed what factors influenced its brand building and what drivers, internal or external, led to the creation of a strong brand. Further, it was hoped to engender brand learnings that could be applied to others brands currently generated and being launched by the house of Zound Industries.

"The self-confidence and integrity of the TRIWA brand comes from being a born leader, not a follower."

TRIWA Watches (www.triwa.com) based in Stockholm and founded in 2007, present playful contemporary price-midrange watches in a wide range of colour schemes. With their modern material (e.g. synthetic materials, metals, rhinestones), bold colours and unique designs inspired by Italian trends, TRIWA Watches' objective is to "add colour" to new markets. The founders and designers were tired of the pale colours typically found in Scandinavian fashion and saw an opportunity to offer watches that can be changed according to mood and trend. Inspiration came from Italy where watches are seen more as accessories than time pieces. By

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[7] Konrad Bergström, interviewed 01.05.2011.
[8] Konrad Bergström, interviewed 01.05.2011.

offering watches in exciting materials and colours, TRIWA aims to be a leading accessories company that continuously offers cutting-edge fashionable products at competitive prices. With a strong focus on design, as well as being a fashionable consumer product with a market vision comparable to that of Zound Industries through the Urbanears brand, the study of this company case appeared to be an appropriate fit to test and challenge findings from the Urbanears brand building process.

During the interview at TRIWA, the authors learned that the same week TRIWA Shades, a sunglasses line was to be introduced to the Swedish market. This led to an enriching conversation during the interview with Ludvig Scheja, marketing director and co-founder, about the brand building process and internal brand learning transfers for the new brand extension.

 "Vitamins and Minerals in six delicious flavours"

Vitamin Well (www.vitaminewell.se), based in Stockholm and established in 2008, vends vitamin infused beverages which are created in Sweden and locally produced on the Mälaröarna islands, known to have a long tradition of beverage production. The products are non-carbonated drinks with additional vitamins and minerals that are part of the body's natural metabolism and substances known to be healthy, a healthier alternative to sodas and juices. The functional drinks range is presently available in over 4,000 outlets in Sweden as well as endorsed by and sold at the Swedish state owned chain of pharmacies (Apoteket AB). The company has started exporting to Denmark, Norway, Italy, Holland and Finland, planning to soon expand to more European countries.

With this case, the authors saw parallels to the Urbanears brand case as Vitamin Well also entered an existing, mature market but revamped an established product by supporting it with a strong brand to differentiate in the consumer market and mind. The Vitamin Well brand is probably the fastest established brand in the Swedish food and beverages market in recent years. Consumer awareness is exceptionally high after barely three years in business and after having challenged plenty of traditional, recognised brands in the same field such as Ramlösa. This was recognised by Vitamin Well winning the Product of the Year award from Sweden's biggest convenience chain store Pressbyrån in 2009. Pressbyrån reasoned that "to successfully

position a new product in a mature market with established players which the customer wants and retailers embrace is a remarkable achievement. But when product sales actually increase the size of the market sector rather than stealing market share from others, your credibility is truly established" (Press release, Vitamin Well, 13.10.2009).[9] The abovementioned design aspect was a vital part in the packaging of the Vitamin Well beverages. The bottles were cautiously design by Neumeister (www.neumeister.se) to create genuine value and communicate the brand's focus on contemporality and nutrition to the customers.

5. Research Findings

This chapter is divided into three sections, which analyse the research questions on the foundations provided by the case findings with supported reference to the literature. The first section describes and analyses the strategic steps in the brand building process (research question 1). Thereafter, an investigation of internal drivers affecting the brand building process is presented (research question 2). Lastly, the findings of the brand building process are considered, which can assist SMEs in their international expansion (research question 3).

5.1 RQ1: Strategic Steps in the Brand Building Process

The aim of this research question is to investigate the key strategic steps over time that were observable in the three entrepreneurial companies examined. The analysis of this research question was divided into two parts. Firstly, it sought to empirically deduce strategic brand building steps as observed across the cases. Secondly, the empirical findings were compared to brand building as viewed in literature (cf. section 2.2.1). Reference is also made to timing and temporality in relation to growth (cf. section 2.2.4).

5.1.1. Key Findings from Field Case Studies

In the analysis, the business cases were compared along two dimensions; (1) business growth; (2) internal and external drivers of the brand throughout the history of the company, up until the present day.

The strategic steps were derived by grouping the data deducted from the interviews, based on similarities in strategic decisions surrounding the launch of the respective products and brands, across the three companies. Consequently four main phases could be deduced. Within each phase, the key strategic steps were empirically generated as below:

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[9] www.vitaminwell.se/en/press/pressrelease/09-10-13/Vitamin_Well_%E2%80%93_Product_of_the_Year.aspx

PHASE I	PHASE II	PHASE III	PHASE IV
Market Opportunity	Product Development	Branding	Distribution

Figure 6: Brand Building Process derived from Case Studies

The phases can be understood as the timeline within which the different strategic steps in developing the brand took place. As such each phase signifies a core step in the brand building process. No further distinction between the phases could be made because the empirical data was not detailed enough to specify the exact phase the companies where in during the strategic steps discussed.

With specific focus on Zound Industries, the key findings for each phase will be described in further detail to underpin the analysis. It seeks to demonstrate how the findings were grouped to derive the strategic steps presented.

Phase I – Market Opportunity

The first phase is termed the Market Opportunity phase following the observation that for all three companies the concept started through the founders' own identification of a market niche. As highlighted previously, these companies have design at the core of what they do. As such their product idea is not revolutionary per se; rather it is their creative twist to already existent product categories that make the products innovative, and open for an opportunity in the respective markets.

For Zound Industries, the idea of producing fashion headphones was born out of Konrad Bergström's, Vice President of Zound Industries, previous experience at WeSC[10] and other lifestyle brands such as Quiksilver[11] and Volcom[12], pioneering and assisting in the launch of their own fashion headphones. Recognising the immediate opportunity in the market, his push was for the approach of creating basic, fashionable headphones, which were done right the

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[10] Founded in 1999, WeSC (We are the Superlative Conspiracy) is a Swedish clothing brand, based mainly on skateboarding influences and style.
[11] Quiksilver, Inc., established in the 1970's and based in Huntington Beach, California, is one of the world's largest manufacturers of surfwear and other boardsport-related equipment. Brands under the Quiksilver umbrella are also synonymous with the heritage and culture of surfing, skateboarding and snowboarding, and include numerous beach- and water-oriented swimwear brands.
[12] Volcom Entertainment, officially founded in 1991 and currently based in Costa Mesa, California, is a brand recognised for designing premium quality young men's and young women's clothing, footwear, accessories and related products. Volcom caters to the surfing, skateboarding and snowboarding markets, born out of the founders' own experiences with these sports.

first time around.[13] He even had the brand name in place from the start, knowing it should be *Urbanears*. As such the product was the starting point for the Urbanears brand, based on a window of opportunity in the market. Figure 6 demonstrates Zound Industries' perception of the headphones electronics market. In their opinion, the fashion headset had the ability to not just create an individual segment, but also penetrate the three existing segments (price, complementary and high end), by introducing a new set of values to this industry (Zound Industries, 2011).
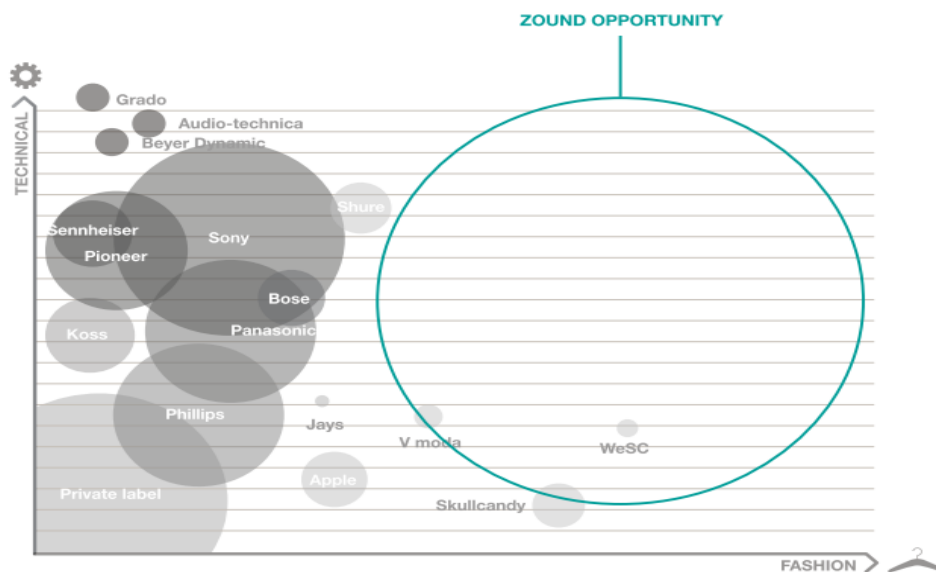
Figure 7: Zound Industries' Perception of the Headphones Electronics Market (Source: Zound Industries, 2011)

With the business idea in place, Konrad focused on assembling the team with the right capabilities to support the venture, establishing a "good collective"[14]. Internally the team was viewed as having complementary skills, *"covering both sides of the brain"*[15] - the reasoning and rational side (left) and the creative and imaginative side (right):

LEFT	RIGHT
Entrepreneur	Graphic Designer
Electronics Dealer	3 Industrial Designers
"Nerd"	Photographer

Figure 8: Left-Right-Brain Intelligence at Zound Industries (Source: Bergh, 2011)

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[13] Niklas Bergh, interviewed 15.02.2011.
[14] Konrad Bergström, interviewed 01.05.2011.
[15] Niklas Bergh, interviewed 10.03.2011.

Berthon et al. (2008) contend that it is important that organisations initially focus their efforts on creating an appropriate brand image that has a niche in the market place. In Zound Industries' case this is observable in the sense that with a clear vision of the product niche, corresponding efforts were put in place to support the product development and subsequent brand building through the appropriate internal skills and capabilities. As such the brand building activities began even before the company was officially founded, in the pre-established phase (Juntunen et al., 2010).

Supporting Findings

For both Vitamin Well and TRIWA, the product concepts were discovered through the founders' market research. The founders of Vitamin Well questioned why there was a missing market for alternatives to carbonated soft drinks in Sweden and the wider context of Europe. The idea was to produce functional drinks - adding value to what the consumer drinks in the form of a healthy, vitamin and mineral enriched drink. Such a product category had long been existent in the USA, and Japan had a strong culture in herbs and teas. The product would be a *"combination of drinking a glass of water, then having a cup of green tea on the side"*[16]. For TRIWA, the product is similar to that of Urbanears, in the sense that they both are functional accessories. The founders discovered the trend that colourful plastic watches were successful in Italy, and was transferrable to the Swedish market where young consumers were bored by traditional watches, and could use a fashion watch to enhance their style and outfits. Both products were driven by an untapped market opportunity. However, it can be argued that the opportunities in the case of Vitamin Well and TRIWA were more regional or local as opposed to Zound Industries, given an already existent product concept in other regional markets. This can already begin to shed light on the discussion of brand building and internationalisation of SMEs.

Key Take-Away from Phase I: In keeping with the concept of strategic windows by Abell (1978), investment in all three product lines were timed to coincide with the periods in which a respective strategic window was open. The founders recognised the importance of design as the core of their products and as a differentiation factor. At the centre was building a brand that reflected this design aspect.

Phase 2– Product Development

The second phase is called Product Development given that this is when the core activities surrounding the design of the product took place. For Zound Industries, this entailed design, applying the fashion aspect and prototyping. As mentioned much of the design skills were

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[16] Jonas Pettersson, interviewed 31.03.2011.

present from the start given the creative backgrounds of the founders in addition to an understanding of the electronics sphere. As such design was a strong internal capability strengthening the authenticity of the product.

It moreover included the initial planning for production in China. A key issue throughout the product development stage was the challenge of communicating to the manufacturers the essence of the product; its design features and the new trend of fashionable electronics. The manufacturers lacked the combined expertise of making fashion headphones, which follows two distinct lifecycles; fashion and electronics. To manage this process, the production manager, Oscar Axhede, moved over to China temporarily to oversee the production and monitor the development. [17]

The product development phase has strongly founded on the internal skills and capabilities of Zound Industries. From the outset, the skills were used to formulate a product which corresponded precisely to the market niche in the first phase. Design and quality were at the centre of the product development phase, which moreover reinforced the authenticity of the brand.

Supporting Findings

The findings from Vitamin Well and TRIWA support the evidence of a product development phase in the brand building process. However, the nature of the internal skills differs. For Vitamin Well, the company had to acquire the skills to develop the product. The founders consulted a nutritionist doctor for insights on key ingredient levels, and recruited an industry expert (now Head of Marketing and Innovation) with previous experience from Coca-Cola. The founders relied on feedback from their network to craft the right tastes.[18] For TRIWA, while the founders had sales and marketing skills in-house, they could develop the design feature of adding colour. However, the design and the actual production were outsourced to Italy, where the expertise in fashion watches was available.[19] This was a different starting point to that of Zound Industries, which had to transfer their knowledge to their manufacturers.

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[17] Niklas Bergh & Oscar Axhede, interviewed 10.03.2011.
[18] Jonas Pettersson, interviewed 31.03.2011.
[19] Ludvig Scheja, interviewed 09.03.2011.

Phase 3 – Branding

The third phase is referred to as Branding because across all three companies this is critically where many of the key branding activities took place.

For Zound Industries, this was an important step in the brand building process. It entailed building the authentic feel around the product and the Urbanears brand. The packaging design was essential to the product communication and the focus was on unique storytelling around the brand and its creators. The Creative Director, Niklas Bergh, had a central role in this phase given his visionary graphical design background. No marketing budget was in place, thus the company relied on word-of-mouth and their website to convey their brand and product. Instead of investing in costly print campaigns and traditional above-the-line marketing, Zound Industries saw the power in giving away 10.000 products to opinion leaders and business partners to increase brand exposure, strengthen the brand awareness and build salience. They did however invest in participating in annual tradeshows in Berlin and Las Vegas to promote the product, but equally also to convey the real authentic feel of the brand through the founders' own presence. The founding story of *"eight guys who started in a basement"*[20] is very much at the heart of the brand building process.

Supporting Findings

The branding phase for Vitamin Well and TRIWA differed from Zound Industries in the sense that the companies did utilise marketing campaigns to convey their brand and product. In this respect the branding activity followed a more traditional approach to marketing by of using advertising campaigns. At TRIWA, they additionally targeted fashion and lifestyle blogs to raise awareness of their brand, to make use of the fast spreading dynamics of the internet communities and to build a subsequent hype around it.

Phase 4 – Distribution

The last key strategic step is the Distribution Network. This proved to be a critical pillar in the brand building process across all three companies.

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[20] Niklas Bergh, interviewed 15.02.2011.

Zound Industries already had much distribution capability in-house due to Konrad Bergström's previous personal connections whilst working with sales for the life-style brands WeSC, Quiksilver and Volcom. They placed strong importance on the selection of distributors such that they were present in the right stores and channels that reflected the product accurately. Their distribution agents' connections are usually "core stores" and specialty stores[21] in which Zound Industries wants to place the Urbanears headphones. As the agent has local expertise and contacts, he acts as a representative of Zound Industries to place their products in attractive retail outlet stores where the headphones finally reach the end customers. Those agents also work as independent salespeople and supply the sales function for the small firm. Lastly, export and import agents are employed by Zound Industries that handle all sales and marketing functions for the small manufacturer to allow a rapid global expansion to unknown, partially very differing markets. As the company expanded outside of its home territory and into global markets, this became increasingly important. Closely tied to this, was the importance of instilling in the distributors the values of the brand, to heighten the brand authenticity from the very beginning. One such approach was to invite their key distributors to the Stockholm office to educate them about their founding story and build a narrative around their brand. This is in line with Read et al. (2009) and Vargo & Lusch (2004), who state that intangible resources such as network relationships like those between Zound Industries and its distributors, are key to build competitive advantage and are a way to control future developments (cf. section 2.3.2, *Effectual Logic*).

Realising the strong capability in distribution, Zound Industries decided on setting up a permanent production hub in China, to ensure that (1) design aspect were correctly implemented by manufacturers, (2) that product quality standards were met and (3) that delivery to the distributors was reliable and efficient. The initial decision was not to have an in-house production hub; however they recognised the strong competitive advantage they could have in being closer to production and having it in-house: strong control, quality assurance and knowledge built into the company. The hub was set up in Hong Kong, with seven employees and a technical engineer, and Oscar Axhede with the overall supervision.

Supporting Findings
Distribution differed in the cases of Vitamin Well and TRIWA. Unlike, Zound Industries with a strong capability in-house, both companies acquired knowledge of distribution channels

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[21] Specialty stores and „core stores" are to be understood as retail locations selling snowboard and surfer wear and accessories as well as lifestyle products fitted for this customer tribe.

over time. Vitamin Well was acquainted with which distributors to go through in the Scandinavian markets, but used agents to enter elsewhere. They placed significant emphasis on ensuring that the channels reflected the right product category and product usage. For example, if the vitamin beverages are placed in a gym it could signify they are to be understood as an energy drink; if sold at a pharmacy it could be perceived as a health or nutrition drink. Getting the right balance between which distributors to use and also holding back and taking time to enter markets even though distributors were pushing for volume, were both prime pillars supporting Vitamin Well's brand growth through distribution.[22] Similarly, TRIWA acquired distribution knowledge over time. However, from the outset they were well aware of their brand positioning as a fashion and lifestyle brand. As such, the founders emphasised distributors that reflected these brand values.

Key Take-Away from Phase IV: Distribution proved to be a critical step in the brand building process for all three companies. However, their starting points different depending on whether distribution capabilities were in-house or acquired. The companies contend that the distribution network is as a key mediator in communicating the brand and its values to the end-consumer.

Summary of Findings

The summary of the key findings presented below are summed up in the table below, demonstrating the strategic brand building steps of each company by phase.

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[22] Jonas Pettersson, interviewed 31.03.2011.

	PHASE I Market Opportunity	PHASE II Product Development	PHASE III Branding	PHASE IV Distribution
ZOUND INDUSTRIES	-Market opportunity identified through the VP's previous market and product experience working for WeSC and similar brands - Untapped market for fashion headphones	- Relevant skills in-house (industrial design, fashion, photography, sales and distribution) - Design and Prototyping - Scouting for manufacturers - Initial planning for production hub in China	-Story telling - Unique packaging and product feel - Authenticity artifacts - Present at trade shows in Berlin and Las Vegas - Strong relationships with distributors by inviting them to Stockholm to experience the 'Zound 'story Besides the website, no other marketing	- Strong network in-house from VP's previous connections - Careful selection of distribution agents and stores to be present in - Strong focus on ensuring that the brand is built through the distribution channels
VITAMIN WELL	-Market opportunity identified by founders through market research. - Vitamin enriched drinks were present in the USA and Japan, but untapped market in Europe	-Acquired skills for product development(nutritionist/ doctor for ingredients; drinks industry expert hired from Coca Cola) -Tastes tested through consumer feedback	- Storytelling through marketing campaigns - Focus on packaging, simple design for healthy look	-Acquired distribution channels with time. - Focused on finding the right balance between entering new markets and selecting appropriate distribution channels that represent the product
TRIWA	-Market opportunity identified by founders through market research - Colourful rubber watches were successful in Italy -Business potential to be applied to Swedish market	-Sales and marketing skills in-house -Design feature "Adding Colour" developed - Production skills through manufacturing in Italy	-Presence on blogs to promote product and get consumer feedback - Provocative marketing campaigns focused on the colour aspect. Contact in-house for photography	- In-house sales and marketing skills ensured focus on which distribution channels were key to being a fashion and lifestyle brand

Figure 9: Strategic Brand Building Steps according to Case Companies studied

The analysis of the results suggests that the brand building process is longitudinal across the different growth stages of the companies. With growth previously defined as a process over time, both the time period and the growth of the company need to be taken into account when studying brand building and small businesses. As such the growth stages serve as a platform for the discussion of brand building. Because of the timing aspect linked to the company growth, the findings unravel the brand building process as a highly dynamic process, and one which shifts over time to include different contexts or pillars. The results of the analysis demonstrate a broad approach to brand building, one which opens up the brand building process to include wider strategic marketing disciplines as opposed to a sole focus on brand building from a brand communications perspective.

Additionally, the findings demonstrate the important role played by internal capabilities in the brand building process. They suggest that it was the combined diverse pool of expertise that helped Zound Industries become a platform for building strong brands. This will be more closely examined in the analysis of the second research question.

5.1.2 Inductive Implications for the Brand Building Process

As highlighted above, the findings across the three cases suggest that brand building in SMEs is dynamic and the process shifts with two key variables: growth and time. As such the authors return to the academic perspectives presented in the literature review to draw comparisons between practice and literature. The focus is specifically on (1) Keller's brand building blocks, (2) growth in small firms and (3) timing and temporality.

Starting with Keller (2008), six building blocks were presented and brand buidling was seen as a sequence of steps, each of which is contingent on successfully achieving the objectives of the previous one. A comparison was done between Keller's building blocks and the strategic branding building steps derived from the case analyses. Based on the findings, it was possible to match the building blocks with the different phases as presented below:
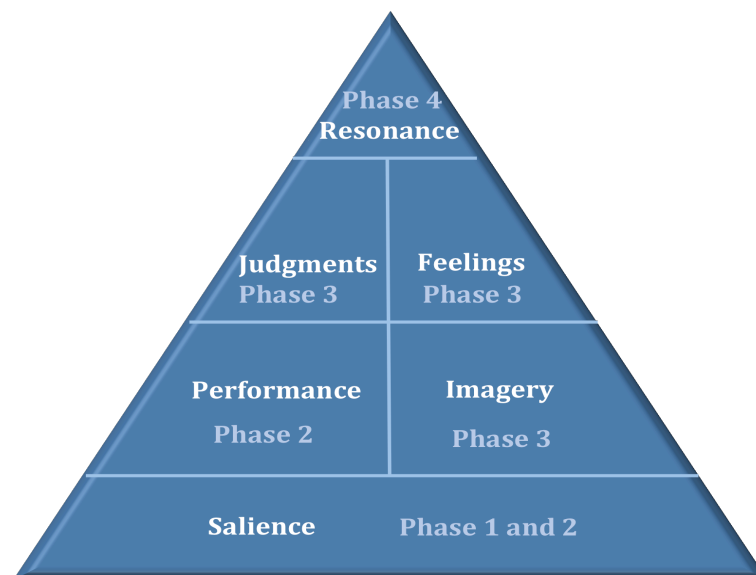
Figure 10: Keller's Brand Building Blocks aligned with Brand Building Phases of SMEs

Salience relates to category identification and satisfying needs and the ability of the brand to be recalled and recognised in different conditions. Phase 1 (Market Opportunity) and Phase 2 (Product Development) are argued to correspond to this building block, in the sense that the products (fashion headphones, vitamin beverages and fashion watches) were designed to satisfy specific needs of the consumers. The products were designed to meet a niche market need, and brand awareness was enhanced through the particular design edge assigned to each brand.

Product design overlaps with the second building block of performance, which includes features and characteristics of the products, product reliability and durability, style and design. Specifically for Zound Industries, much emphasis was put on the inherent attention to detail

of design features of the headphones product, such as a fabric cord, an extra plug-in for another set of headphones, and a remote control to answer calls among others. Through these small details it was thought that the authentic feel and quality could be mirrored to and appreciated by the consumer.

The three building blocks of imagery, judgments and feelings are conceived in the third phase – the Branding phase. Here the storytelling behind the brands takes place, which is highlighted by the consumers' acceptance of and emotional identification with the brands. In the case of Zound Industries, this is particularly evident through their focus on the authentic feel of the Urbanears brand, heightened through the unique packaging and detailed design features of the product.

Lastly, resonance can be argued to be linked to the fourth phase (Distribution). Resonance is about loyalty, consumer engagement and a brand community. With the critical importance given to distribution as a key strategic brand building step, it is evident that the community around the brands came from the type of distribution channels in which the products are found. As such resonance is present on two levels; (1) between the brand and the distributor, (2) between the brand and the end-consumer. As is the case for the three companies they did not own their own distribution channels, thus it was important that the distributors accurately mirrored the core values of the brands. This would have been difficult to achieve without close relationships between the brands and the distribution channels. With the distributors reflecting the brand values and image, consumers could subsequently build loyalty towards the brands. This is echoed in the words of Zound Industries sales manager, Sandro D'Errico who states that *"what most people forget about is that you only do well when you sell your product. (...) The key resource internally is a strong, stable and trusting distribution network"*[23].

The comparison of practice and literature on brand building has three important implications. Firstly, Keller views brand building as subsequent steps, where one builds upon the other. While it can be argued that this to some extent is also observable in the findings presented (market opportunity led to product development which let to distribution and sales), what has been more evident is the notion of the brand building steps interacting dynamically and subsequently reinforcing one another. The nature of the brand building process is less static and more adaptive.

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[23] Sandro D'Errico, interviewed 29.03.2011.

Secondly, the findings suggest that the brand building as discussed in literature and as practiced in companies are not disjointed per se, but rather build upon each other. From the analysis above, it can be deducted that the building blocks as depicted by Keller (2008) lay the foundations which the companies' more strategic brand building activities depend on. This introduces the third implication, which demonstrates that the brand building practices of SMEs take a wider strategic marketing view than that described by Keller (2008) which itself is more narrowly focused on building brands from a marketing communications perspective. The analysis conducted demonstrates a strong interaction with other supporting fields including distribution, sourcing and product development. As such it widens the scope of the brand building process, demonstrating that *"the marketing activities of SMEs tend to be pragmatic, practical and adapted to suit the unique needs, circumstances and abilities of an individual SME"* (Berthon et al., 2008, p. 29), as introduced in the beginning of the thesis.

The second reference to the academic literature refers to timing and temporality. As previously highlighted, these are both multi-faceted notions which are conceptually challenging to handle. However, relating to the analysis of the strategic brand building steps, it was observed that timing was a key variable in the process, and the underpinning factor which precisely made it dynamic and interactive across different strategic functions. Consequently, timing through temporal dimensions directed when the specific brand building activities took place. The temporal dimensions can subsequently be better understood through the "strategic window" concept (Abell, 1978) demonstrating that the brand building occurred as a result of the companies being in their right element of the growth cycle and the market being ready and responsive to the product and brand.

This leads onto the third and last reference to the literature relating to the growth of SMEs. Timing is one aspect underpinning growth, and as mentioned growth serves as a platform on which to understand brand building in SMEs. This thus pinpoints growth as a key variable underlining the brand building process, and through the timing aspect, reinforces the dynamics within the process. In this respect growth harkens the longitudinal aspect of the process, and timing through temporal dimensions allows for interactions between the wider strategic brand building functions (product development, sourcing, and distribution).

Summary of Analysis of Research Question 1
To conclude this analysis, the research question is restated: **What are the major strategic steps over time in the brand building process?**

The findings suggest that there are four major steps in which the brand building takes place: (1) Market Opportunity, (2) Product Development, (3) Branding, (4) Distribution. These strategic steps take place across four distinct phases which correspond with the growth of the company. The timing of each step coincides with the optimum time at which the company is in its right growth element and when the market is responsive to the product and brand building developments.

5.2 RQ 2: External and Internal Drivers affecting the Brand Building Process over Time

This section is divided into two parts. The first part examines specifically at the internal competences at Zound Industries, while the second part evaluates the importance of these internal drivers in the brand building process and also in relation to external market drivers.

5.2.1 Internal Drivers at Zound Industries

Several internal drivers of brand building and growth at the three companies were identified through the close examination, in addition to some external forces that influenced the processes but are considered less dominant by interviewees and authors. At Zound Industries specifically, penetrative insights into the capabilities structure was possible, allowing a relatively accurate distinction between internally and externally driven managerial functions.

In the following, and considering literature, the internal drivers at Zound Industries – *dynamic capabilities* composed of the co-founders' market knowledge, professions and experience, *learning capabilities*, *brand authenticity* and *distribution* - will be analysed, as they proved to be that main sources of success at the young start-up. Subsequently, external influences will be presented.

Dynamic Capabilities

In line with the resource-based view as a strategic management instrument, the authors focused on identifying human and physical assets within the SMEs. As discussed earlier, Zound Industries did not have a first-mover advantage with the Urbanears brand when entering the mature headphones market. Regarded in a superficial manner, one could go as far as to say that the firm has *no competitive advantage* in terms of physical assets or knowledge. Although the four conditions for a competitive advantage named by Peteraf (1993), superior resources entailing heterogeneity, imperfect resource mobility as well as ex post and ex ante limits to resources for the competition, are not met, the strength in brand building at Zound Industries lays in the unique combination of talent and resources (cf. *dynamic capabilities*, section 2.1.2.1). As stated earlier, the exact combination of knowledge, talent and network

tied to the individuals of a firm can create a sustainable competitive advantage (cf. section 2.1.2; Barney, 1991; Slater & Narver, 1995), which appears to be the case at Zound Industries. These *dynamic* capabilities are specific to Zound Industries and lead to unique processes embedded in the firm's structure, e.g. product development is conducted by the diverse team and distribution partnerships are closely tied to personal partnerships of co-founders, where the processes themselves are an ability to simply turn resources into a distinctive internal capability (Eisenhardt & Martin, 2000). The inimitable variation of internal capabilities (tied to the specific personalities in the form of knowledge and expertise) creates a specific "momentum" that gives the Urbanears' brand a superior resource position and only allows limited potential for competition in the medium term. Peteraf (1993) calls those internal capabilities "resources which are tradable but more valuable within the firm that currently employs them than they would be in other employ. Resources are imperfectly mobile when they are *somewhat* specialised to firm-specific needs" (p. 183). In Zound Industries' case, the resources are closely interlinked and attached to the company and its outputs, hence they can be considered *firm-specific*.

Prahalad and Hamel (1990) argue that competencies are enhanced as they are applied by the owner, particularly those which involve collective internal learning and are knowledge-based (cf. section 2.1.2.2), both of which can be said to occur at Zound Industries. de Gues (1988) has suggested that in situations where products and processes can be rapidly copied, the only real source of competitive advantage is to stimulate the internal learning by employees. It appears that higher-order learning will probably be utilised within firms that have adopted a strategy based upon using innovation to deliver customer satisfaction, consequently these are firms pursuing pioneering type strategies and seeking a first-mover advantage in new markets (Chaston et al., 2001).

Learning Capabilities

At Zound Industries, the co-founders are all part of the learning process and share that continuing learning process as they individually acquire e.g. production expertise, supplier experience or distribution network contacts, which they share with the rest of the team to benefit the organisation as a whole. This practice enhances individuals to identify new ways of working more closely with all stakeholders of the branding process, manufacturers, distributors as well as customers. This certainly leads to a competitive advantage in terms of the skills learned by the Zound Industries team, which are difficult to imitate and thereby permit the organisation to offer superior value. Organisational learning in Zound Industries'

case can hence be termed employee-initiated strategic responses to changing market conditions, skills which according to Niklas Bergh are acquired through learning-by-doing.[24] Similar findings can be reported from the case of TRIWA, where the product is colourful watches – an idea that is also prone to be easily copied by competitors, just as they themselves did. Here a strong brand surrounding the products is as important in attracting customers as an internal learning system in place, that ensures the start-up uses mistakes made early in the process and leverages quickly on the market experiences made. The ability of rapid internal learnings lies also at the core of Vitamin Well's efficient establishment of a market position. This is true especially as the business idea of introducing nutritious drinks is not entirely novel but exists in other markets, such as the USA and Japan, where the founders were inspired for their Swedish business idea. Vitamin Well therefore has a competitive advantage in the local market as the company is a first mover in Scandinavia. However in 2009, only one year after Vitamin Well was established, a large internationally established competitor (Glacéau Vitamin Water by the Coca-Cola Company) entered the market, threatening the market share of the entrepreneurial SME. In order to persist next to this global player, which has high brand awareness, marketing presence and consequently recognised brand equity, Vitamin Well needs to translate its lead in the market into a resource by leveraging all the learnings gathered in the Scandinavian market ahead of the global multinational corporation (MNC).

The strength of Zound Industries when building the brand Urbanears was the visionary assumption of the founders that headphones are rather a fashion item and accessory than a technical device. By reshaping the firm's view on how the customers might potentially see the product (fashion item with medium-term longevity) and therefore re-evaluating existing products in a new light (superior sound of headphones with no/little visual or fashionable appeal), Zound Industries created a new niche market and had all competitive advantages internally allocated – the founders, their aforementioned expertise and vision. "Urbanears promotes a deeper connection to colour, form and people while providing the freedom to transcend individuality and unify the sound experience"[25]. Zound Industries' decision to entirely rely on the design aspect for the Urbanears brand should be understood as an internal resource in terms of market knowledge.

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[24] Niklas Bergh, interviewed 15.02.2011
[25] http://www.urbanears.com/inside-urbanears/the-brand

"We wanted to produce headphones with a profound understanding of how they are utilized and why. We call this design and in our world design is the transformation of functionality to the human being".[26]

Heterogeneity across firms entails that competitors of varying capabilities are able to participate in the same marketplace, with Urbanears' focal strength being the design aspect. This vision allowed for a winning margin in the competitive, rapidly growing market with rather low entry barriers for over-ear headphones. The internally yielded knowledge, based on the founder's market awareness, fashion consciousness, learning abilities and, to an extent, gut feeling, became a *resource* to Zound Industries in Barney's (1991) sense, as it exploited and even neutralised threats of Zound Industries' competitive environment. It allowed the creation of a niche for the Urbanears brand, as design-focused headphones, where sound quality is inferior to the look and feel of the products. However this resource is imitable and can be duplicated and acquired by other firms, following Urbanears' lead. There are no barriers that keep competition from intruding the market with similar design-focused products. Recognising this vulnerability, Zound Industries has a genuine interest in creating a strong brand that attracts, satisfies and locks in customers from an early stage. This is done through other means than solely unique (human) skills, such as an authentic brand story, firm-specific learning, as well as a robust and durable distribution network. Lastly, the internal advantages at Zound Industries qualify as informal, based on complex and tacit understandings, which are resources not easily accessible and difficult to reproduce or extend to outsiders (Peteraf, 1993). Urbanears' subsequent first-mover advantage, the worthy execution of the product as well as an authentic brand feel all contribute to the brands achievements, despite numerous other headphones brands targeting the same consumer segments.

Brand Authenticity

Although not exploited by Zound Industries, the Urbanears brand is truly sincere; its founders and growing employee base all *embrace*, *live* and *feel* the brand. The founders became true brand ambassadors when travelling extensively in the beginning of the branding phase to introduce and demonstrate the headphones to potential buyers and agents. They attended two major trade shows in Berlin (Bread & Butter) and in Las Vegas but as this was costly and the start-up's monetary resources were rather needed for production, the co-founders themselves travelled to meet with personal contacts and distributors to convince them of Urbanears'

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[26] http://www.urbanears.com/inside-urbanears/the-brand

potential. As the founders are exceptionally passionate about the product, they succeed to communicate that they created a product they themselves would (and do) use. The employees' demeanour helps underscore the brand authenticity. By epitomising the brand values, the brand managers (subconsciously) downplay their marketing intensions but rather look for touch points with the brand community; similarities in behaviour and lifestyle between the Urbanears founders and their buyers. Beverland (2005) points out that academia lacks empirical studies of pragmatic insight on how brands have maintained images of authenticity over time, yet intuitively there exist obvious potential applications and explanations of sources that could provide direction for strategic brand authenticity planning. According to him, managers should spend more time with their consumers listening to their needs and interests, deriving how a brand can meet those needs. This is an aspect that Zound Industries, up to this point, neglects in its branding strategies. They do not conduct extensive customer research as their current product apparently suits the consumer taste. In the words of Zound Industries, too much consumer-oriented research would hinder the original brand equity.[27] Being too reliant on customers stating their own needs may not be beneficial for the company as consumers often do not know what they really want. Also, a product adjustment too closely linked to the market demand would delimit the genuine characteristics and story of the Urbanears brand, according to Niklas Bergh.[28] Beverland (2005) further demands that brand managers need to develop behind-the-scenes systems that make them appear less commercialised. This is something already in place at Zound Industries, as the company is downplaying commercial motives but rather emphasising its founders skateboarding past, Swedish heritage and pedigree. The brand's personality and story is quietly and humbly communicated to customers. It is not showcased and imposed upon the customer but rather he has to search for it on the packaging (a vital part of the branding at Urbanears) or on the brand's webpage (www.urbanears.com). On their internet presence, the start-up presents itself very personal and relatable for the customer. Personal stories about the office dog and demeanours around the Zound Industries office are narrated, with the reader being addressed directly (e.g. "Much more important than anything else, we make Urbanears for you."[29]). Customer contact is further personalised and "non-commercialised" via constant communication through social media such as Facebook, Twitter, and their own Vimeo

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[27] "We do not use large scale polling or consumer interviews but rather think that you are much like us. Sharing the same daily routines and needs." This is a direct address to the customers and readers of Urbanears website (www.urbanears.com).

[28] Niklas Bergh, interviewed 10.03.2011.

[29] http://www.urbanears.com/inside-urbanears/the-brand

channel. Zound Industries is spreading informational updates to followers nearly on a daily basis, including product mentions, customer stories and videos that make the (potential customer) feel close to the products and its creators in Stockholm. All these described measures relate to Urbanears' *brand authenticity* as an internal resource. This authenticity makes the brand stronger and lends brand identity (Alexander, 2009), by emphasising persistent, non-commercial motives.[30] The heightened trust and identification of consumers with the brand increases brand loyalty and has thus a direct (positive) effect on the start-up's bottom-line. Urbanears follows the modern consumer's desire to buy "authentic" brands which downplay their marketing dexterity and instead place the brand within the buyer communities. However, this appears to be a paradox to the authors, as authenticity is nowadays often used as a marketing tool, contradictory from the outset of the genuineness concept. It should be mentioned that Zound Industries, being an entrepreneurial company, does convey a sincere brand personality in all its communication, as the founders are truly distinctive characters that inject the brand mainly with their own personalities, true to the public brand image. Urbanears' authenticity is lastly linked to attributes of the Scandinavian culture and its familiar sense for avant-garde fashion, while also being connected to *time* and *place* (Beverland, 2005) attributes, in form of a contemporary brand out of Stockholm, known to be a forward-thinking trend-setter in European style. These suggested brand attributes help establish brand authenticity while downplaying commercial motives.

Distribution

As a major internal driver for branding success, most participants in the case interviews named the importance of the right *distribution strategy*, distribution enablers and channels.[31] As the brand message is transmitted via the distinct distribution network in place, much of the brand building and subsequent brand equity rests on this final link in the brand building process. In terms of distribution, Zound Industries uses agents and brokers who provide services in exchange for commissions, while the legal ownership of the products remains with the seller. Zound Industries uses a mix of one- and two-tier distribution (cf. section 2.3.1, *Distribution Network*) in order to cover the market completely and to reach different customer

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[30] "We give you functional quality and acoustic performance together with a unique design. […]Urbanears is devoted to headphones. And we will continue to be so as long as we exist. We hope to create long-lived designs that can stay around for decades in an endless number of nuances. […]In not so many words, Urbanears produces headphones. And as of now we have no plans to expand into other fields." (www.urbanears.com)

[31] Niklas Bergh, interviewed 15.02./10.03.2011; Sandro D'Errico, 29.03.2011; Ludvig Scheja 09.02.2011; Jonas Pettersson 31.03.2011

segments (Dent, 2008). Distribution can be considered an *internal capability* at Zound Industries, as many (especially the first established) sales contacts were personal contacts of the founders, in particular VP Konrad Bergström, who had an extensive network of *personal relationships* in the sales and supply industry. In order for the otherwise neutral sales agents to become brand ambassadors and to engage them in the start-up's evolutionary story, Zound Industries decided on investing in flying strategically important agents to Stockholm to give them a first-hand experience on what the brand is about instead of spending on traditional marketing means. The importance of pre-existent personal networks is reflected in literature through the sociological concept of *social capital*, theorising the relations within and between social networks (Pirolo & Presutti, 2010). It implies that social networks have value. Similar to physical capital or human capital, social contacts can increase productivity on the individual and group collective level (Lin, Cook, & Burt, 2001). Hence, social capital is defined by Lin et al. (2001) as resources ingrained in the relationships of a social structure which are utilised and activated in deliberate actions. Entrepreneurial researchers have argued that inter-organisational social capital plays a significant role in reinforcing a start-up's performance (Yli-Renko, Autio, & Sapienza, 2001). Looking at it from a resource-based perspective and in line with internal capabilities, Priolo & Presutti's (2010) study verifies that social capital reinforces the economic performance growth of a start-up. This is in line with Granovetter (1985), who states that socially embedded structures can shape sophisticated business action, influencing both the strategic and the organisational aims of a start-up. *Strong social ties are especially important at the emergence stage of a start-up*, as they bind partners in longer and more intense relationships. These are useful to reinforce the partners' reciprocal trust and to contribute to economies of time, which is the ability to capitalise quickly on market opportunities (Pirolo & Presutti, 2010). Concluding, the positive impact of strong and weak inter-organisational social capital, such as the distribution contacts that Zound Industries held at the beginning of their entrepreneurial founding, on the growth of a start-up's economic performance during all its life cycle has just recently been confirmed (cf. Pirolo & Presutti, 2010), underlining the importance for a SME to leverage its personal contacts (social capital) in order to reinforce the growth of its economic performance.

Lastly, it remains to mention that there are certainly external drivers that have an effect on the start-up's branding process and internal practices. As described in the previous research question, an opportunity in the market arises which cannot be influenced by the firm. Depending on the developments in the respective market, the SMEs will have to adjust their

strategies and tactics for continued growth and achievements. Additionally, timing is an external aspect that will alter branding decisions. This is a driver however, that is greatly uncertain (cf. Read et al., 2009) and can thus not be tackled with effectual logic and the right competencies in-house. The authors believe the strength of this study is the explicit evidence, through case studies, observations and literature, that internal drivers are key in brand building for entrepreneurial SMEs.

5.2.2 External and Internal Dynamics Essential to the Brand Building Process

Internal capabilities are *the resource* to a sustainable competitive advantage of an entrepreneurial company. This is especially true of the investigated cases, where all three companies entered mature markets, though with innovative product modifications. The winning margin could be achieved through in-house expertise in product development, authentic branding, distribution and internal learning capabilities as discussed above. All of these are essential in the initial brand building process to establish a strong brand, henceforth managed to maintain success.

This research study confirmed Miller's (1983) proposition that entrepreneurial small firms can be more successful than non-entrepreneurial organisations because the former are more proactive, more innovative and prepared to take greater risks. The interviews verified this notion, as was stated that the small case companies are flexible in their approach to conduct business and can dynamically adjust to arising setbacks, while large corporations often experience inertia when a change in structure would be needed.[32]

Dynamism is clearly contributing to the entrepreneurial process. Combined with internal capabilities, regardless of initially in-house or acquired, this reactivity to the market becomes a core part of a SME's competitive advantage. Through the above analysis, it further holds that the stronger capabilities are in place in-house at an entrepreneurial firm, the stronger the brand launched will be. Internal capabilities are thus the core part of the dynamic capabilities of a firm. Figure 10 below demonstrates how the different competencies within the firm have a dynamic and iterative effect during the brand building process. The authors wish to demonstrate how the different forces work dynamically to enable brand building and to augment brand equity. At Zound Industries, strong capabilities were in place at the founding of the firm, allowing Urbanears to be a powerful and authentic brand from the outset. For Vitamin Well, essential forces had to be acquired through an internal learning process but

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[32] Underlined in interviews with Niklas Bergh (10.03.2011) and Sandro D'Errico (29.03.2011).

when established, strengthened and reinforced the brand. Here, only the business idea and concept was in place, without the founders encompassing any extra relevant capabilities. TRIWA had a strong vision of the branding in place at the start of the company, having the Italian watches as an archetype and a clear Scandinavian brand vision as the basis of the business plan.

	PHASE I	PHASE II	PHASE III	PHASE IV
	Market Opportunity	**Product Development**	**Branding**	**Distribution**
ZOUND INDUSTRIES		Internal Capability (In-house) →	CORE OF THE BRAND BUILDING ←	Internal Capability (In-house and Acquired)
VITAMIN WELL		Internal Capability (Acquired) →	PROCESS ←	Internal Capability (Acquired)
TRIWA			Internal Capability (In-house)	
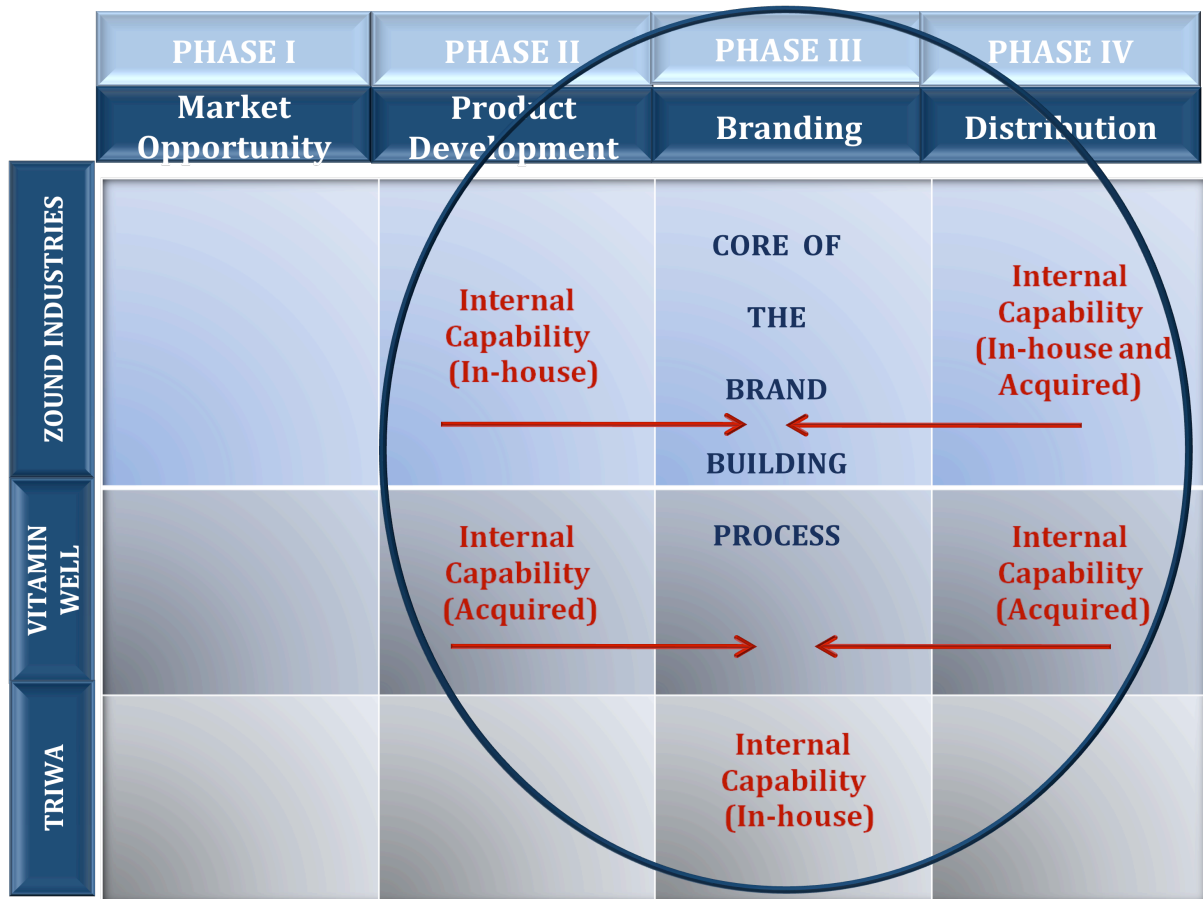
Figure 11: Dynamic Forces of Internal Capabilities in the Brand Building Process

Phases II, III and IV of the brand building and management process can be understood to entail the required dynamic capabilities to facilitate branding. The phases mutually reinforce each other and the more proficiency are occurring internally, the stronger the positive effect on branding. As examined in research question 1, the authors put the focus on opening up the traditional branding process from being solely concerned with commercial marketing to include more relevant stakeholders, such as producers, sales agents, and distribution channels. On the basis of the case investigations, it is recognised that branding is one important element of the brand building process in SMEs. However, the authors have been able to demonstrate the essential force of other functions as well.

Further, Miller (1983) pointed out that environmental heterogeneity is related to entrepreneurship. Market heterogeneity gives managers of start-ups broader experiences so that they recognise more entrepreneurial opportunities. Firms may begin to apply lessons learned in one market to their other markets. This relates to the concept of market orientation, which through internal organisational learning leads to heightened internal competences. The sum of the capabilities in place during the second through to the fourth phase, in addition to market orientation that can be transferred to become an internal competitive resource for the start-up, will make up the basis for victorious internationalisation to occur. This will be discussed further in the next section.

Summary of Analysis of Research Question 2

Concluding, the second research question is repeated: **How essential are internal capabilities to the brand building process?** *How do these interact with the external market drivers to affect building a new brand?*

The findings suggest that there are four major internal drivers which allow an entrepreneurial brand to grow and establish brand equity: (1) dynamic capabilities composed of the co-founders' market knowledge, professions, experience, and networks, (2) internal learning capabilities, (3) brand authenticity, and (4) distribution. These internal drivers are sustained by the external variables of market opportunity and timing aspects, which proved to be harder to control, but often a rather coincidental window of opportunity. Essentially, the dynamic in-house competencies, either readily present or acquired, are highly beneficial for the branding process and create not only a strong brand, but ideally a sustainable competitive advantage for the SME.

5.3 RQ 3: Brand building as a Catalyst for Internationalisation of SMEs

In the first part of the overall analysis, the authors empirically generated the key strategic steps in the brand building processes of the three entrepreneurial companies examined. The analysis pinpointed that from a practical viewpoint, the brand building process expands further to include a wider realm of strategic marketing fields, than what is commonly discussed in literature. The findings also introduced the internal dynamics of in-house capabilities as a strong driver of the brand building process of SMEs. This was more closely examined and analysed in the second research question.

The objective of this research question is to analyse how the findings of the brand building process deduced from the two previous research questions can assist SMEs in their

international expansion. As such there are specifically two aspects which require further attention. The first relates to the brand building and brand management dynamics which was introduced in the literature review. This builds on the analysis of the first research question. Secondly, the notion of brand building must be brought back to the setting of Swedish SMEs and requires an analysis of the brand building implications for the internationalisation of SMEs. This relies heavily on the findings from the second research question. A combination of the analysis of the first two research questions with an application to the internationalisation of SMEs literature presented in the literature review section, allows the authors to deduce their proposed model for the dynamic brand building process. The authors will moreover discuss the concept of putting the brand on "auto-pilot" as a driver in the internationalisation process.

5.3.1 Brand Building and Brand Management Dynamics

To recap the findings from the first research question, it was found that empirically there were four main strategic steps that the entrepreneurial companies embarked on to build their brand. These steps occurred across different phases which corresponded with the growth of the firm. The brand building process touched on different strategic aspects - in some ways it can be viewed as a brand building process across different touch points in the product value chain – from the market to product development to distribution and sales.

As highlighted, much of the academic literature focuses on brand management and not brand building per se. Through the analysis presented above, the authors have been able to broaden the discussion on brand building. However, it is recognised that the two concepts are closely intertwined and thus demands an analytical focus. To return to the discussion presented in the literature review, it was questioned whether the process of brand management succeeds that of brand building.

Literature highlighted brand management as marketing programs and activities that measure and manage brand equity (Keller, 2008), as well as a process that coordinates and monitors interactions between the organisation and its stakeholders (Shultz & Barnes, 1999). It is argued that these two definitions correspond well with the findings from the cases. The authors propose a theoretical model whereby once the brand building has passed through the consecutive phases which reflect the growth of the firm, brand management becomes the iterative process that reinforces the brand building at each step in the product value chain. This is illustrated in the figure below.

BRAND BUILDING

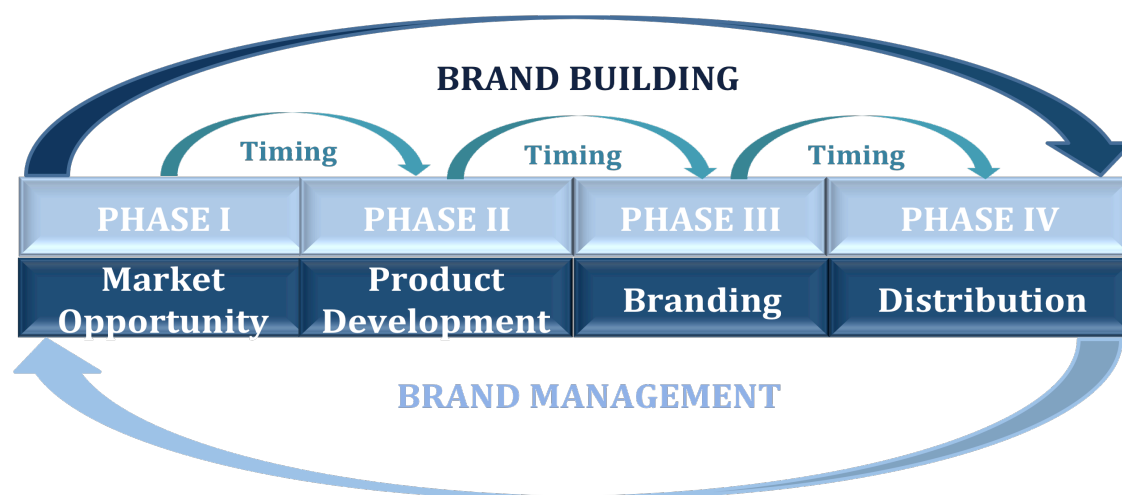| PHASE I	PHASE II	PHASE III	PHASE IV
Market Opportunity	Product Development	Branding	Distribution

BRAND MANAGEMENT

Figure 12 : Brand Building and the Iterative Process of Brand Management over Time

It accentuates the suggested stakeholder nature of the brand management process, as it demonstrates how the brand interactions at each step of the value chain are managed, once the foundations for the brand are in place. These foundations are provided through the pillars that support the growth of the company – the market, the product development, sourcing, distribution and sales. These are strategic functions which incorporate a stakeholder element within the product value chain.

The Notion of "Auto-Piloting" the Brand

A key finding from the cases which supports this theoretical model is the notion of *"putting the brand on auto-pilot"* [33], as highlighted by Niklas Bergh at Zound Industries. As he goes on to explain, it follows that once the brand has been built, the strength of the brand shines through in its ability to *"do the work automatically for subsequent product launches or brands"[34]*. This viewpoint is moreover echoed from the founders at Vitamin Well and TRIWA, who see their brands as paving the way for new brand extensions. For Vitamin Well this is true for their new product line Vitamin Well Sparkling Water, and for TRIWA this relates to their new sunglasses collection TRIWA Shades. The notion of "autopilot" is the outcome of having the internal dynamic capabilities in place within each of the three companies. This is the combination of learnings and acquired knowledge and capabilities in-house about the branding process and the core pillars that support its growth, specifically distribution. The growth is underpinned by timing, through the temporal dimensions it presents in terms of the precise timing at which the different phases take place.

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[33] Niklas Bergh, interviewed 10.03.2011.
[34] Niklas Bergh, interviewed 10.03.2011.

The "auto pilot" concept moreover harkens the concept of effectual logic, presented in the literature review. It can be viewed as the core of non-predictive control; because of the dynamic capabilities in place from the brand building process, there is already a pre-commitment to the success of the brand, which ensures that an element of control is incorporated into the "auto-pilot" notion. With this control in place, uncertainty is managed; hence there is no need to predict the future.

Based on the above analysis the authors contend that with the basis of a brand "auto-pilot" in place, SMEs have the ability to internationalise. The strength of this auto-pilot notion allows it to readily deal with international expansion. This will be more closely examined below, with particular focus on the three companies studied.

5.3.2 The Authors' Proposed Model: Branding Building and its Implications for the Internationalisation of SMEs

The overarching topic of this thesis is to study how brand building can enhance the international expansion of Swedish SMEs. The above analysis has demonstrated how small companies through their dynamic capabilities, which subsequently are reflected in the "auto-pilot" nature of the brand builds the platform on which international expansion can occur.

The final research question takes a closer look at the international expansion strategy of the three companies studied. References will be made to the literature review looking specifically at (1) internationalisation of SMEs (cf. section 2.3.5), and (2) the perspectives of market orientation and resource-based view (cf. section 2.1.1 and 2.1.2).

To recap, the literature presented two main perspectives on the internationalisation of SMEs. The first one sees it as a sequential process that leads it from the domestic market to international markets through the accumulation of knowledge and learning outcomes. The Uppsala Model (Armario et al., 2008) was central to this view. The second stream focuses on the concept of *born globals*, where the firm takes on a global focus from the outset.

The authors argue that the brand building process, ceteris paribus, can accelerate the process of internationalisation of entrepreneurial firms. This statement is justified by the findings of the cases studied. The companies display both perspectives on internationalisation, whereby Vitamin Well and TRIWA can be viewed as following the sequential learning process towards internationalisation, and Zound Industries is a born global.

The Author's Proposed Model

Market orientation plays a key role in guiding the internationalisation process. As Armario et al. (2008) state, market orientation is a distinctive competence that supports the firm's activities in its markets. It can thus be represented as "an antecedent of the internationalisation process of an SME because: (1) Market orientation fosters and facilitates the learning process in foreign markets; and (2) highly market-oriented companies develop stronger capabilities that allow the acquisition of foreign market knowledge, as well as designing a proper market response" (Armario et al., 2008, p. 490). Market orientation follows the brand building process as an internal competence that accelerates the international expansion of an SME. The central point is that market orientation itself is a transformational competence (under the RBV umbrella) that becomes one more pillar that allows the brand to go on "autopilot", and subsequently allows for the company to pursue international expansion. This logic allows the authors to present the following model on the dynamic brand building process and its link to the internationalisation of SMEs:
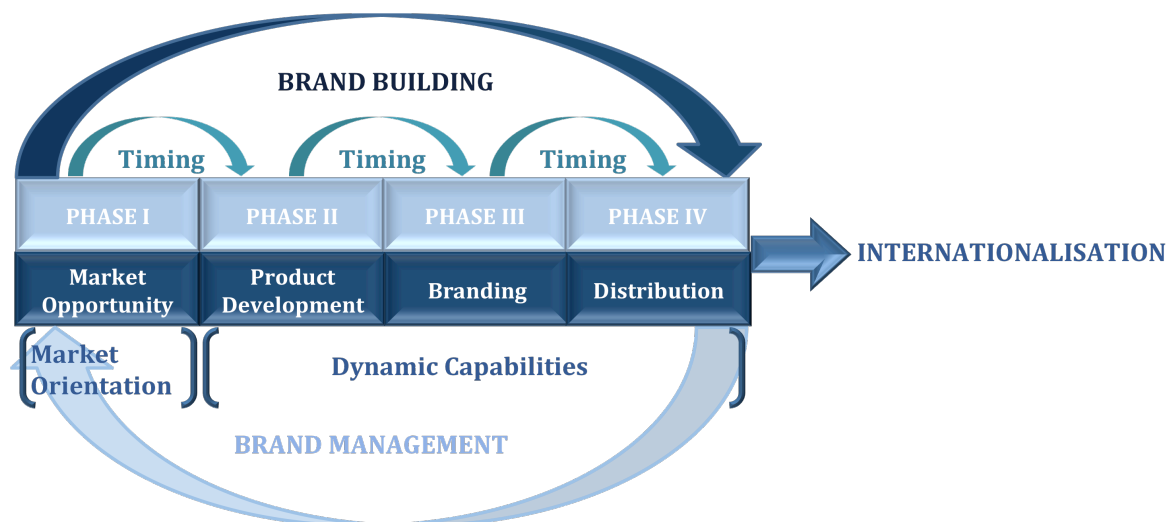
Figure 13: The Dynamic Brand Building Process facilitating Internationalisation

The model combines the findings and analysis from the first two research questions to deduct a dynamic brand building process in SMEs that can lead to an international expansion path. The model moreover demonstrates the dynamic nature of several processes, both in the iterative and self-reinforcing brand building/brand management process, as well as the temporal dynamics present through the growth phases of the entrepreneurial company. Underpinning the growth phases are the internal dynamics of the company's in-house and acquired capabilities (particularly in Product Development and Distribution) which strengthen the core Branding phase (phase III) of the brand building process. Finally, the company's

initial focus on fulfilling a market niche is heightened through a market-oriented outlook and culture which becomes a transformational competence. Thus the powerful combination of the company's core dynamic capabilities and its market oriented perspective, which the authors term the brand's *"auto-pilot notion",* becomes the founding platform on which a SME can internationalise.

The application of this model to the Swedish entrepreneurial companies examined, allows for a closer look at the internationalisation perspective followed in each case. As mentioned, Vitamin Well and TRIWA can be viewed as SMEs following the sequential learning process towards internationalisation because their product is locally adapted. This means they took already existing product ideas, customised and innovated them through the design and then targeted the local market. Through their acquired knowledge of distribution they eventually started their internationalisation process by choosing markets that exhibited similarities to their domestic markets. For Zound Industries the starting point differed in the sense that the distribution capabilities were already strongly in place from the start. With a product idea that appealed to the international arena, the company could take on a global focus from the outset. The unique combination of dynamic capabilities experienced through the product development, branding and distribution phases, in addition to its global market focus, enabled an accelerated international growth, and as such can be termed a 'born global'.

Summary of Analysis of Research Question 3
To conclude the final part of the analysis, the third research question is restated: **How can the brand building process studied assist SMEs in their internationalisation?**

The findings suggest that the entrepreneurial company's unique construction of dynamic capabilities in combination with a market-oriented company culture can assist in the internationalisation of SMEs. A start-up should strive for the notion of "auto-piloting" the brand so to leverage off previous brand building experiences as it grows internationally.

6. Discussion

The discussion builds on two central questions that the authors considered interesting while conducting the analysis. It links to the introduction where the gap between academia and practice is presented. The first question is meant to shed light on the formerly introduced gap in the brand building literature for SMEs. In the second question, the authors present differences in the brand building process between SMEs and MNCs and therefore illustrate that academia should address this matter from both angles.

6.1 Do Brand Building Findings differ from existing Branding Literature?

The authors endeavour to bring the focus back to the introduction to discuss how the analysis has demonstrated a fragmentation between the practical application of brand building activities and that which is portrayed in existing branding literature.

In the introduction two main points on existing literature was presented. It was firstly noted that a significant body of marketing literature focused on brand management activities for larger organisations with well-established brands. Consequently, little research could be found on brand management in SMEs. Furthermore, it was found that when discussing brand management in literature, this viewpoint already presumed a brand to be in place for it to be subsequently managed. The author's proposed model has opened up the discussion to include the dynamics present between brand building and brand management, and have demonstrated this interaction to be an iterative process, whereby brand management supports and reinforces the brand once the building blocks have been sewn. Segmenting the brand building processes into phases which align with the growth over time of a company can be a powerful contribution to both marketing research and companies. It can help shed light on a entrepreneurial company's own branding processes and perhaps assist them in understanding the core pillars that support their brand. Understanding these pillars can help companies strategically target parts in the product value chain that can be improved and strengthened through intentional brand management initiatives.

The second statement concerning existing literature was that it appeared that the overriding focus in marketing literature was on market orientation as opposed to a resources-based view. In this regard the authors more closely examined the internal dynamics of the companies studied to pinpoint the capabilities (in-house or acquired) and processes that took place to support the brand building process. The outcome presented an interesting finding that internal resources through the notion of dynamic capabilities strongly drive the brand building

process, and in fact market orientation per se can be seen as a transformational competence under the RBV umbrella that helps support and grow the brand.

These practical findings can help guide the direction of future research on brand building within SMEs to help align the gap between practice and literature. This is echoed in the opinions of Aráujo, Finch & Kjellberg (2010) who speak of *"reconnecting marketing to markets"* (p. 1). They see the "disconnection" between marketing and markets as the result of three key factors: (1) a disconnection between academic disciplines, (2) the dominant research methodolgies in marketing are inappropriate to conduct performative studies, and lastly (3), *"the dominanting conceptualisation of marketing as marketing management, rather than as a societal process enabling economic exchange, restricts marketing to specific seller activities and the market to a collection of buyers"* (p. V, foreword). The viewpoints of Aráujo, Finch & Kjellberg (2010) contend that marketing has an important role in shaping markets, and that markets are 'performed' in practice, and are not defined as implied by marketing theories. As such efforts to understand this role will help to reconnect research on marketing to research on markets. The problem is moreover that not enough attention is paid in academic research to how real markets are constructed, shaped, reshaped, stabilised and changed over time.

The authors believe that this thesis has presented one such example of performative studies, through the investigation of the intersection between internal dynamics with external drivers to demonstrate the key role played by marketing in shaping markets and how a firm more effectively can relate to a market.

6.2 Does Brand Building differ in Entrepreneurial Companies as opposed to MNCs?

As remarked in section 5.2.2, SMEs are more flexible and have rapid dynamic abilities, as opposed to a tedious process that expands over several years until change is visible in MNCs. This makes the SME more reactive to (market) changes but at the same time introduces the challenge of keeping to a continuous branding strategy while adjusting dynamically. While MNCs typically offer a stable organisational background on which to build a new brand, the entrepreneurial company has to struggle in all directions and functions while establishing its unique place in the market and hence cannot focus resources and attention solely on building the brand.

Moreover, Chaston et al. (2001) evidenced empirically that entrepreneurial small firms exhibit a higher-order level of organisational learning than their non-entrepreneurial counterparts.

This can have a positive effect on the brand building as learnings can be immediately applied to the branding process while MNCs often experience slow communication due to several tiers in the chain of command. Entrepreneurial orientation based upon a market position of offering innovative goods or services can, according to Chaston et al. (2001), be expected "to exhibit a higher-order level of organisational learning than firms which are orientated towards the more conservative positioning of serving the needs of customers seeking standard goods and services" (p. 147). This finding has a twofold support: on the one hand, the internal resourced-based view is underlined as an important factor to success (as opposed to strict market orientation), while on the other hand, internal learning capabilities ease the efficient brand building process in the SME, providing a competitive advantage. Start-ups additionally usually comprise better information management than bigger organisations, admittedly often due to a clearly circumscribed employee base and less people involved in a certain process. Hence, organisational learning will be more effective and also rapidly spread throughout a SME than possible in a MNC, making the small enterprise more dynamic and responsive. Processes in SMEs during the first couple of years in operation are still infantile and not rigid allowing for rapid dynamics as opposed to change implemented over a ten year period. Linking this dynamic to the above discussed concept of temporality (cf. section 2.3.3), it follows that a dynamic SME has greater potential to adapt its strategic market planning and predictions of future patterns of market evolution. The SME can deal with change effortlessly and evolve its capabilities accordingly, also essential for the brand building.

Another difference can be seen in the growth stages of SMEs compared to MNCs. As stated in section 2.3.4, growth stages should here be understood as a platform for the discussion of brand building. As abovementioned, growth is the combination of three factors; (1) ability, defined through the resourced-based orientation of a firm, as well as (2) need and (3) opportunity, both characterised through the market-orientation. When regarding Greiner's (1972) model, only the first and second phase are relevant to SMEs, namely "Growth through Creativity" and "Growth through Direction". Only these two phases, ending with a leadership and autonomy crisis, are applicable to start-ups, as the following growth phases refer to mature companies. However, the present models in literature all oversimplify the nature of the entrepreneurial companies, especially in the SME because entrepreneurial actions have a significant impact on the growth, but are not considered in these models. As discussed, these dynamically adjustable processes have a strong impact on branding in SMEs as well. Ad hoc changes in strategy still need to be in line with the brand tactics because a strong brand is the

foundation of organisational growth. The authors question whether academia could in the future develop a growth model that is more specific by incorporating the challenges and especially the dynamism of SMEs.

According to Miller (1983), three key variables differentiate SMEs from MNCs: An entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with "proactive" innovations, outperforming competitors. A non-entrepreneurial firm innovates comparably little, is comparably risk averse, and imitates the moves of competitors instead of leading the way. Hence, brand building is more inflexible, planned but also founded with more monetary resources than what a start-up could afford. This restricted capital frequently makes an entrepreneur more creative in the ways he seeks brand building, often not using mass-communication channels rather making the marketing unusual (Boyle, 2003), refreshing and memorable for the customers.

Start-ups often utilise brand authenticity (cf. section 2.1.2.3), as they have a recent story of founding to tell, or share with consumers how their product idea came to life, to make the company more relatable and establish a sincere relationship with the first loyal customers. MNCs on the other hand rely heavily on costly marketing campaigns, often above-the-line marketing, to inject personality into their brands.

To conclude this discussion point, the authors contend that brand building in SME is less restricted and more experimental than in MNCs because of their still existing internal flexibility, growth dynamics and their less conventional approach to marketing born out of their limited resources.

7. Conclusions

In this final chapter the main contributions of the study are briefly summarised as well as theoretical and managerial implications for practitioners suggested. Concluding, critique of the present research is raised and focal areas for future research are put forward.

7.1 Summary of Research Findings

In this thesis the authors have sought to uncover how the brand building process can help SMEs, in particular Swedish SMEs, in their internationalisation. Central to tackling this investigation, has been the unravelling of key variables that can impact the brand building activities. This relates to both external drivers as well as internal ones.

As the literature already has suggested, market orientation alone may not always elicit desirable results for every type of organisation (Berthon et al., 2008). The key argument then follows that organisational learning capabilities encourage market-oriented thinking and subsequently can help develop such an approach to the marketplace. From the analysis, the authors argue for a strong and critical focus on internal competences, termed dynamic capabilities, throughout the brand building process, which come into practice in parallel with the growth of the company. These internal variables must coincide with the timing of the market opportunity. Given the abstract nature of timing as an academic concept, companies must be aware that it is not necessarily a variable they can control.

The key variables in the brand building process, ceteris paribus, can be summed up as:

Internal Variables	External Variables
Professional skills and capabilities	Market Opportunity
Distribution Network (networking and relationships capabilities)	Timing: (1) of growth stages; (2) of market opportunity
Organisational culture fostering learning capabilities	...
Market orientation as a transformational competence	...

Figure 14: Internal and External Variables of Brand Building in SMEs

The dynamics in which the internal variables interact with the external ones is arguably the foundation upon which internationalisation can occur; and depending on the "right" timing and strategic fit at which these dynamics occur (cf. Abell's, 1978, "concept of the strategic window") are what can accelerate the internationalisation process, either as a sequential learning process or as an immediate born global.

The authors recognise that the findings and analysis pinpoints what was stated in the introduction, that often the marketing activities of SMEs tend to be pragmatic, practical and adapted to suit the unique needs, circumstances and abilities of an individual SME (Carson & Gilmore, 2000). This is justified through the fact that this study is focused on three sole companies, all of which exhibit seemingly particular circumstances for brand building and internationalisation. The authors do acknowledge there exists companies that primarily cater

to a highly market-oriented need by responding from a pure product view, with little focus on the brand. Such a company may outsource much of their value chain activities.

However, the author's believe that their proposed model demonstrates how a strong commitment to building key knowledge in-house in parallel with a market oriented organisational culture can serve as a powerful platform on which small companies can overcome growth challenges and accelerate their internationalisation process. It ties together market orientation with the RBV to demonstrate how both perspectives are critical to international growth. This is harkened by Armario et al. (2008) who suggest that *"a company's learning experience in foreign markets has a profound effect on its future foreign expansion and its performance in foreign markets as reliable knowledge of those markets reduces costs and uncertainty and improves profitability"* (p. 493). Studying the practical approaches of SMEs and combining the fragmented literature on key variables involved in brand building can assist marketing to reconnect with markets.

7.2 Main Contributions and Theoretical Implications

This study has contributed to previous branding building research with a specific focus on branding processes in SMEs over time and during the entrepreneurial growth stages leading to the internationalisation of the company. By *empirically* investigating how internal capabilities can contribute to competent brand building, the authors have shown that distribution and internal learning capabilities are main building blocks in establishing a new brand. As the results are to a large extent supported across all three Swedish cases, they can be generalised and provide a motivating *basis for future research* concerned with developing brands in entrepreneurial companies with limited resources regardless of the national or regional origin of the company. The research has been conducted in the light of lacking literature on brand building in start-up companies, which has been called for by several researchers (cf. Berthon et al., 2008).

The research has enabled the authors to offer some practical, general suggestions on how the external driver of market orientation and internal dynamic capabilities should be aligned in the SME to reach the desired intensity of brand equity and brand growth or internationalisation rate. Among those are e.g. initial market and product knowledge as a valuable internal capability, tangible competences such as handicrafts and technical skills of the founders as well as a strong distribution network and retail strategy as marketing tools. Moreover, the conducted study has contrasted and developed previous research, for example

by indicating that SMEs have a larger need and ability than large corporations to be *flexible in branding processes* to react to fast changing environments in new market niches they penetrate (cf. section 5.2.1). Also, the brand building and brand management process in SMEs appears more ad hoc than in MNCs although the authors could *observe patterns* in the start-up companies' less established brand building phases.

The authors further argue that the brand building process, ceteris paribus, can, at the right point in time, accelerate the process of internationalisation of entrepreneurial firms. Additionally, it was found that market orientation plays a key role in guiding the internationalisation process, with market orientation as a distinctive competence that supports the firm's activities in its markets. *Market orientation, as an internal capability, is thus the predecessor of the internationalisation process of an entrepreneurial firm* because: (1) Market orientation fosters and facilitates the learning process in foreign markets; and (2) highly market-oriented companies develop stronger capabilities to be applied to markets. Henceforth, it was concluded that market orientation in combination with dynamic capabilities in-house lay the foundation for a SME's internationalisation scheme.

As was highlighted in the first discussion question, the authors view this thesis as an example on how academia could approach the notion of dynamic markets. A much more "performative" approach[35] was taken, showing that marketing practice takes a leading role in shaping the market more than what literature implies, whereby the market and marketing is perceived in a more static manner (Aráujo et al., 2010).

Regarding *theoretical implications*, it should be pointed out that the authors are aware that individual parts of this research and the deduced model have been formerly touched upon by academia as can be seen through the extensive literature review. However, the authors considered their final research outcome as contributing to brand building theory in the notion that all different forms and disciplines of marketing - be it product development, communication or distribution, together with organisational learnings - stressing the importance of internal capabilities as well as market orientation, have created a truly holistic view of brand building in SMEs that can lead to internationalisation of the created brand. It was recognised that the case study approach would be suitable when a complex and contemporary real-life phenomenon is studied (Merriam, 1994; Yin, 2009) and as the authors'

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[35] Markets are "performed" in practice, according to Aráujo et al., 2010 (cf. section 6.1).

result was a novel theory in a new topic area (Eisenhardt, 1989), this taken approach proved to be appropriate.

7.3 Managerial Implications

The authors identified three main implications for the practitioner. Firstly, the findings of this research can benefit future entrepreneurs entering into mature consumer product markets by evaluating the authors' propositions of relevant and valuable internal capabilities as well as by studying the separate and inter-functional phases of an efficient brand management process. The authors' generated framework provides managers with a guiding principle to plan, evaluate, change and enhance brand building processes.

Secondly, entrepreneurs may have to accept that the notion of *one universal* brand building process for SMEs may be difficult to map out. Instead, the process will slightly differ according to type of the start-up and its respective product offering. As has been stated, marketing is adapted to suit the unique need of the SME. However, as a key result, SMEs should monitor their dynamic internal capabilities in place and have a strong distribution strategy, as this is considered vital in promoting a SME's brand. Further they should supervise the acquisition of novel abilities through learning processes, as the unique combination of these factors are what make a brand desirable and thriving.

Thirdly, the study demonstrates that the marketing function within a company requires a more holistic approach which considers different stakeholders and touch points in the value chain. This means making product development, sourcing and distribution part of the firm's marketing plan. Recognising and actively expanding the marketing function to become more strategic and holistic can help the company accelerate its growth.

7.4 Critique and Limitations

The authors outline four main limitations to the study. One point of critique is the extent to which literature was used to base the case study findings on and compare them to. According to Eisenhardt (1989), it is indispensable for a case study researcher to conduct an in-depth literature investigation that supports while also examining literature which conflicts with the emergent theory. He reasons twofold, with the first argument being that if researchers ignore conflicting findings, then the confidence in the actual finding is reduced. *"For example, readers may assume that the results are incorrect (a challenge to internal validity), or if correct, are idiosyncratic to the specific cases of the study (a challenge to generalisability)"* (Eisenhardt, 1989, p. 544). Secondly, conflicting literature represents an opportunity for the

study. *"The juxtaposing of conflicting results forces researchers into a more creative, frame breaking mode of thinking than they might otherwise be able to achieve"* (Eisenhardt, 1989, p. 544). This can result in profound insights into the resulting theory as well as into the conflicting literature, consequently sharpening the limits to generalisability of the focal research. In how far drastically conflicting literature was used in the theoretical approach of this study may be questionable, which could have led to the authors disregarding some aspects of the brand building phenomenon in SMEs. The authors are aware that the case study format contains a bias towards verification, i.e., a tendency to confirm the researcher's preconceived notions. It cannot be entirely assured that the results are not dependent on the uniqueness of the studied cases.

Another limitation of this study is that it included and discussed only entrepreneurial companies active in the consumer products segments (headphones, watches and drinks respectively). However, the outcomes of branding processes could differ when applied to another industry, such as services, intangible products or internet-based offerings. Further, the cases examined were all Swedish start-ups; hence it could be questionable in how far generalisability is granted for other countries where the entrepreneurial scene is dissimilar. However, the authors feel confident that common results are at least applicable to Scandinavia and Central Europe, where the economic and cultural background is conducive to entrepreneurial activity. Moreover, the authors realise, that their proposed model will only be applicable to a certain type of start-ups. It was assumed that a SME is set up with the long-term goal of creating an established brand catering a market need and turning profit. However, it is apparent that some entrepreneurs have a shorter business vision of simply and quickly fulfilling a current market need without establishing a well-grounded consumer brand. The presented findings will not be applicable to those less strategic marketing focused firms.

Thirdly, a weakness of this study is its retro-perspective angle towards the brand building process in the examined cases. The study was conducted after the actual phases of branding were concluded (iterative and on-going processes exempt), leading to heavy reliance on the interviewees responses to questions and a lack of full accuracy and detail of the actual processes due to ex post observations.

Lastly, the lack of numerical data in the course of this study possibly restricts its *validity* when applied to a real business setting. Moreover, the study's *construct validity* should be mentioned as the ambiguous terminology within the field of brand building and brand

management may have affected the quality of the research. As there is no universally agreed upon meaning of these concepts and no established knowledge of the relationships between concepts, there might be a discrepancy in how the presented results are defined and applied in academia and practice. It should thus be acknowledged that the authors' definitions of the studied concepts may not be shared by the participants in the study, possibly having affected construct validity. However, the authors followed the suggested measures by Yin (2009) and Eisenhardt (1989) to increase construct validity and therefore judge the validity of this study satisfactory.

7.5 Further Research

As abovementioned, this research study could possibly gain in accuracy from applying the procedures of the Practice perspective (Aráujo et al., 2010): fellow researchers could follow brand building in the making by being part of the actual process as opposed to conducting interviews a posterior, which may have led to imprecise findings in the current study due to relying on the interviewees subjective memories. Similar studies on brand building in SMEs could be performed, utilising a different methodology to test and verify the results of this study.

It is uncertain how valuable quantitative study on brand building would be, but it would be interesting for the field to conduct research grounded on numerical data such as revenues, growth rate and turnovers to pinpoint financial effects of different brand building activities.

Furthermore, a longitudinal study with empirical data collection and evaluations could provide additional insights into the topic at hand. A deeper understanding of the branding process, not only in SMEs but also larger organisations, across the value chain is regarded as valuable in conducting further research in the issue presented.

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9. Appendix

9.1 Case Interviews

Zound Industries Intern. AB	Markvardsgatan 2	113 53 Stockholm	
	Position	*Date*	*Length of Interview*
Niklas Bergh	Creative Director & Co-Founder	15 February	45min.
Maria von Euler	Project Manager	08 March	60min.
Niklas Bergh	Creative Director & Co-Founder	10 March	90min.
Oscar Axhede	Production Manager	10 March	30min.
Sandro D'Errico	Sales Manager	29 March	60min.
Konrad Bergström	Vice President	01 May	45min.
TRIWA AB	Storgatan 58	115 23 Stockholm	
Ludvig Scheja	Marketing Manager & Co-Founder	09 March	45min.
Vitamin Well	Phone Interview		
Jonas Pettersson	CEO & Co-Founder	31 March	45min.
Academic Insights	SSE		
Hans Kjellberg	Associate Professor	30 March	30min.

9.2. Sample Interview Questions

Sample of semi-structured interview questions

In building "Urbanears", could you describe the individual phases that lead up the brand?

- In terms of design and production
- In terms of brand building
- In terms of sales
- In terms of distribution network
- Market research and consumer reactions to the product

How did "Urbanears" develop? Can you give a timeline?

Can you describe the branding process? Who was involved in the process? What were the key milestones? What were the main brand building blocks?

What (or who) were the main drivers in shaping the "Urbanears" brand to what it is today? Which functions affected the brand building at what stage?

In retrospective, what would you do differently in terms of the brand management process? Would you consider brand building as a consecutive learning process over time?
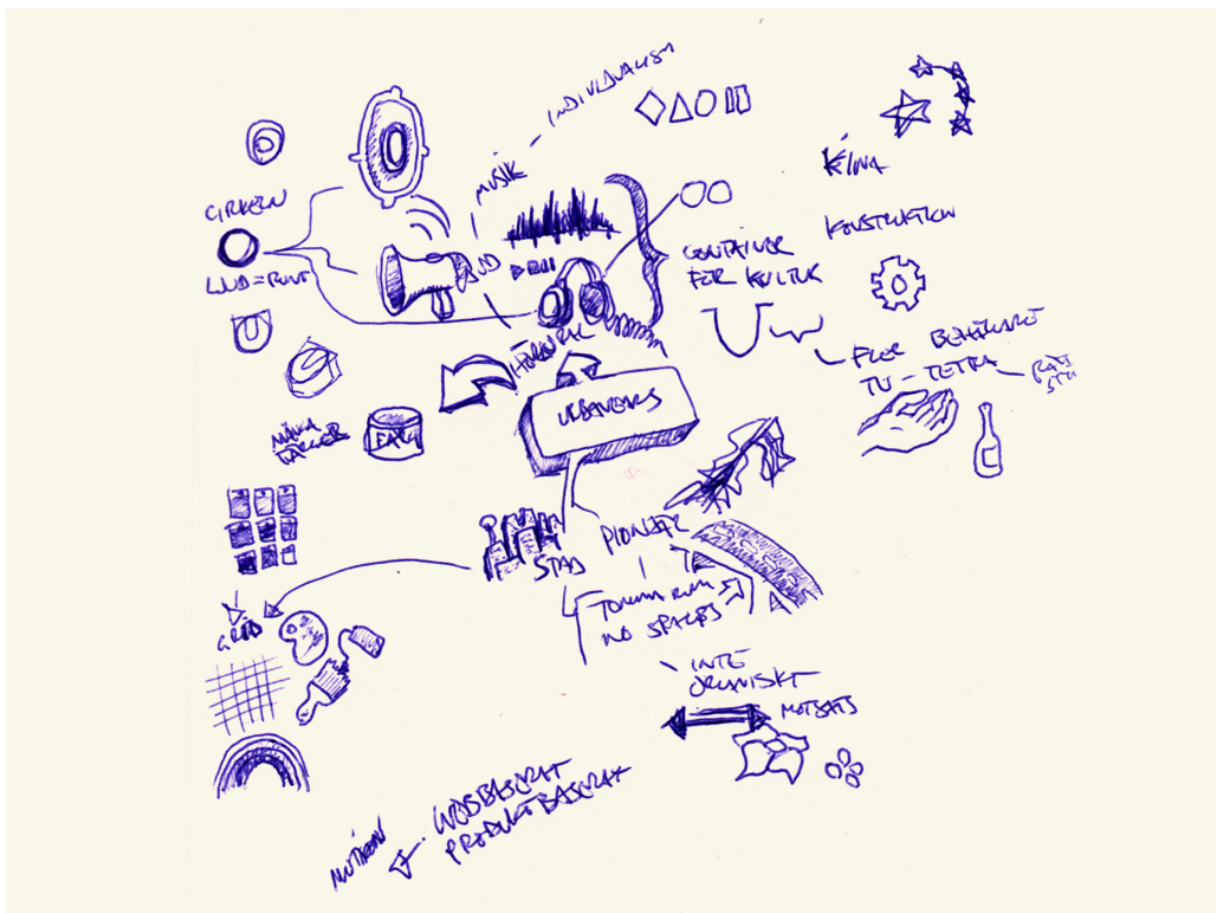
Questions were slightly adapted to the specific brands and respective functions.

9.3 Brand Building as defined at Zound Industries
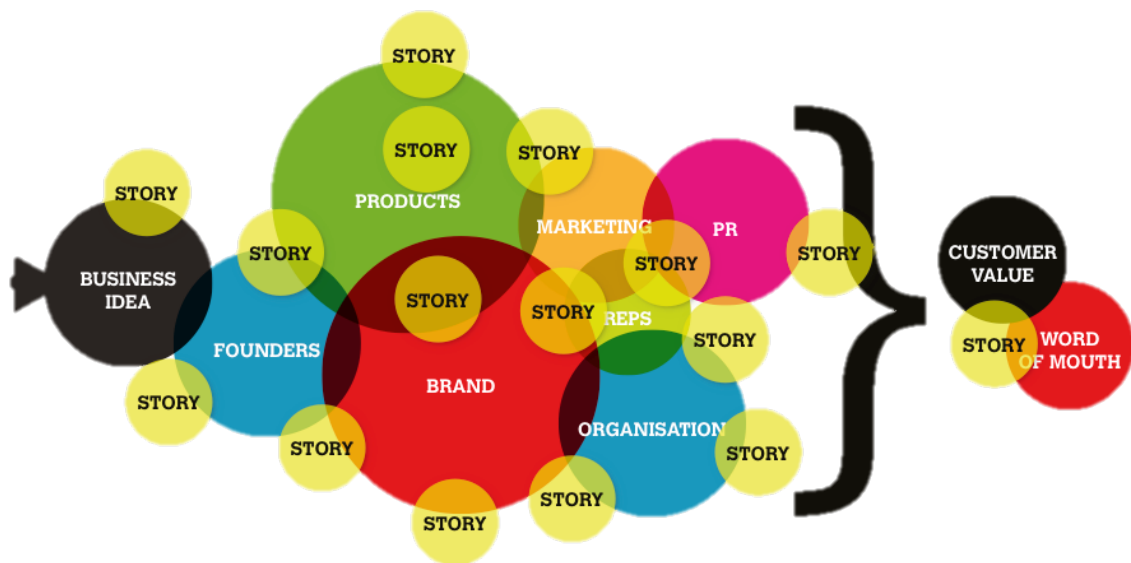
Company artefact provided by Niklas Bergh.

9.4 Sketches and 1st Draft of the Brand Idea for Urbanears/Zound Industries

Company artefact provided by Niklas Bergh.

9.5 Product Impressions and Packaging of Urbanears Merchandise

Company photography provided in the online Media Library (http://www.urbanears.com/press)