

Developing the international brand architecture post-M&A

A normative framework and case study of the Telenor Group

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Master thesis in International Business

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This thesis was written as a part of the Master of Science in Economics and Business Administration program - Major in International Business. Neither the institution, nor the advisor is responsible for the theories and methods used, or the results and conclusions drawn, through the approval of this thesis.

Abstract

This thesis explores the guidelines that brand managers should follow when branding a newly merged or acquired subsidiary. It does this within the context of international brand architecture management. M&As are more popular than ever, although most fail to meet performance goals. Numerous scholars warn that this because the brand is overlooked in favour of financial, operational, and legal issues in the due diligence process. This thesis seeks to answer the following questions:

1. After a horizontal cross-border M&A, which guidelines should brand managers follow in order to design an international brand architecture with high brand performance?
2. To what extent does Telenor follow the guidelines identified in RQ1 when developing its international brand architecture post-M&A?

The key findings from the theoretical review are presented in a normative framework and can be divided into four main categories: brand considerations, firm characteristics, national culture, and industry conditions. The normative framework has two purposes: The first is to evaluate Telenor's official brand architecture framework and guidelines. The second is to assess the branding decisions Telenor made for DTAC in Thailand and DiGi in Malaysia, and compare these to the recommended approaches set forward by the normative framework. It is concluded that international brand architecture is a multifaceted and dynamic concept, and its management must be adapted to specific contexts. The findings reveal that Telenor's framework is mostly based around business areas and therefore too simplistic. Moreover, the branding decisions made for the two cases are not consistent with the official framework. This suggests that decisions are made ad-hoc, independent of guidelines, and possibly even based on managerial preferences. The managerial implication is consequently that Telenor should improve its existing framework by extending the scope and adding a theoretical foundation. The guidelines should be communicated clearly and enforced thereafter.

Preface

This thesis was written as a part of the Master of Science in Economics and Business Administration degree at the Norwegian School of Economics. It accounts for 30 ECTS and is a result of a semester's work. My major profile is International Business, and the thesis is about international brand architecture strategy.

The process of writing this thesis has both been challenging and rewarding. The hardest part was to be disciplined, as I was only liable to myself. This has been what distinguished this process from any other work I have done through my degree. It has been rewarding in that I have gained great knowledge not only about the international brand architecture field, but also with regards to writing a scientific paper of this scope.

I would like to thank my supervisor, Professor Magne Supphellen, for constructive feedback and useful guidance throughout the writing process. I am grateful to my friend, Anh-Thu Quoc Dang, who very kindly offered to proofread the thesis. Lastly, I want to thank my parents for their endless support and patience.

Bergen, June 2012

Tina Minh-Tu Hua

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1. Introduction

1.1. Background and research questions

On April 21st, 2011, the Financial Times announced that the major conglomerate Proctor & Gamble had taken the first step to linking the corporate brand to its portfolio of 50 household brands (Lucas, 2011). P&G was following in the footsteps of its largest competitors, Nestlé and Unilever. The latter of which had gone through a significant downsizing of brands from 1,200 to 400 in a decade. There is an apparent trend among conglomerates of consolidating their brand portfolios in order to benefit from communication cost efficiencies and positive brand associations. As firms are becoming increasingly global, brands play an important role in establishing the firms' positioning and presence in new markets. According to Douglas, Craig and Nijssen (2001), emerging patterns in international markets force brands to think more globally. For instance, we are now experiencing an increased level of transnational firm acquisitions and alliances. Technological developments and removal of trade barriers have also created a smaller world, and a more global population.

Mergers and acquisitions are two concepts that inhibit some similarities. A merger is when two firms *combine* assets, operations, and management to form a new legal entity. Some M&As appear to be mergers, but are in reality acquisitions in disguise. An acquisition is when an acquirer *takes over* the assets, operations, and management of a target firm and the target becomes a subunit of the acquirer. 97 percent of M&As are acquisitions (Peng, 2009). Although the brand represents an M&A in the eyes of consumers, it is usually overlooked in due diligence discussions in favour of financial, operational and legal matters (Jaju, Joiner & Reddy, 2006). Given that most M&As fail to meet performance targets, many researchers argue that firms should give greater attention to the signalling effect of brand strategies chosen (Lambkin & Muzellec, 2010; Jaju et al., 2006; Thorbjørnsen & Dahlén, 2011). The first objective of this thesis is to provide a set of guidelines to follow when developing the brand architecture after a cross-border M&A, in order to meet consumer expectations. These guidelines will be formed based on existing theory. The first research question is as follows:

1. After a horizontal cross-border M&A, which guidelines should brand managers follow in order to design an international brand architecture with high brand performance?

In other terms, the goal is to decide how the acquiring firm should brand a new subsidiary, but in the context of international brand architecture. This means that implications for the entire brand portfolio are also considered. By focusing on horizontal M&As, it only looks at M&As within the same business area. The term 'high brand performance' relates to optimising brand equity. As a result, the literature will be concerned with factors that help maintain or improve brand equity in the M&A process.

These guidelines will be applied to an analysis of Telenor's brand architecture framework and its past M&A activity. The focus will be on corporate branding rather than product branding, as this is more relevant to the case study of Telenor. Telenor is the largest Norwegian telecommunications company and one of the largest in the world (Telenor Group, 2012a). Being 54 percent owned by the Norwegian state, it also has operations in 11 countries worldwide. Telenor makes an interesting case study for two reasons. Firstly, its international growth has mainly been through M&A activity. Secondly, among the merged or acquired companies Telenor has adopted several different brand architecture strategies. Some have adopted the Telenor brand (e.g. Telenor Denmark), some have adopted the logo but kept the brand name (e.g. Grameenphone in Bangladesh), and some have kept the entire brand (e.g. DiGi in Malaysia). Consequently, the case can potentially give valuable insight to brand architecture decision-making within Telenor. This is why the second research question reads:

2. To what extent does Telenor follow the guidelines identified in RQ1 when developing its international brand architecture post-M&A?

In order to answer this question, the analysis of Telenor will firstly evaluate Telenor's official brand architecture framework and guidelines. Following will be two case studies of Telenor's M&As of DTAC in Thailand and DiGi in Malaysia. This way of answering the research question gives both the perspective of how Telenor *desires* to build its brand architecture, and how it is *actually executed*.

1.2. Structure

The thesis is divided into six chapters, and an overview of the structure is illustrated in figure 1. Chapter 1 introduces the topic and research questions, and provides the context for the study. Chapter 2 is a theoretical review of relevant concepts related to brand architecture,

corporate brand redeployments, international brands and national culture. These have been chosen to represent the different fields of study within the brand architecture literature that have traditionally been treated independently of one another. The thesis aims to pull together theories that are discussing standardisation vs. adaptation, corporate vs. product brands, and international vs. local brands. Additionally, theories regarding other specific issues that should be considered when creating an international brand architecture will be included. A synthesised summary of the key issues discussed in the theoretical review will then be presented in Chapter 3, alongside a normative framework. The goal is to create a framework that can later be used in the analysis to answer the research questions.

The methodology section in chapter 4 presents the research purpose and explains the reasoning behind the research choices. It will also comment on the data sources used.

The analysis and discussion are then presented in chapter 5 and 6. Chapter 5 starts by introducing the brand history of Telenor and the current brand architecture, before presenting the official brand architecture framework and guidelines. Part 1 of the analysis is a comparison between the official framework and normative framework created for the thesis. Part 2 consists of two case studies: DTAC in Thailand and DiGi in Malaysia. The brands will be analysed at the point in time when the branding decisions were made. The cases will provide an understanding of the differences between theory and practice, and point out strength and weaknesses to both perspectives. The final chapter concludes the research, and discusses theoretical and managerial implications, limitations, and future research areas.

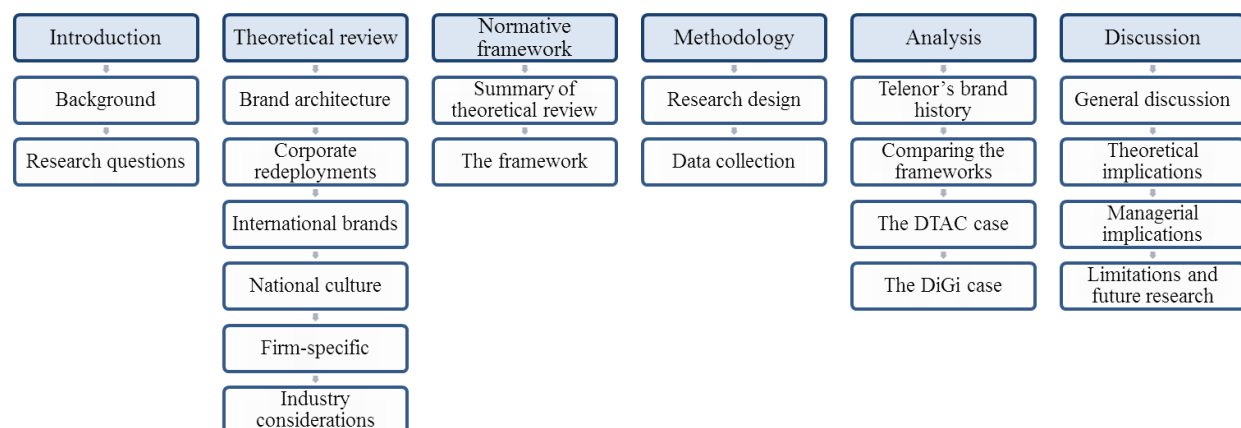


Figure 1. Thesis structure

2. Theoretical review

Peng (2009) presents the 'strategy tripod perspectives', a framework with three components of global strategy. The three perspectives are the resource-based view, institution-based view, and industry-based view. These must be integrated in order to formulate a strategy that can yield high performance (figure 2). The framework is commonly used to assess the overall strategy of a multinational firm, but can also be applied to international brand architecture strategy. This is because a brand is both a strategic and an intangible asset of a firm, which makes it important to manage before, during, and after an M&A.

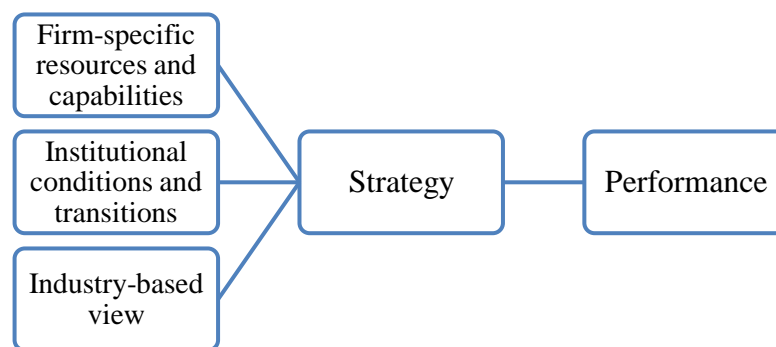


Figure 2. The strategy tripod (Peng, 2009)

This framework will be used as a structural outline for the theoretical review. The resource-based view examines firm-specific resources and capabilities. These are internal to the organisation, and are the things that differentiate the firm and provide competitive advantage. For many firms, and particularly service firms, the brand is a key resource (Peng, 2009). That is why the theoretical review from a resource perspective will examine topics closely related to brands, brand architecture, brand redeployments and international brands. Firm characteristics such as governance structure and organisational culture will also be studied as a part of the resource-based view. Peng's (2009) institution-based view takes into account formal (e.g. laws and regulations) and informal (e.g. norms, cultures and ethics) rules related to the market environment. In this chapter the attention will be given to informal institutions such as the notion of national culture. Lastly, we will turn to the industry-based view that is commonly associated with Porter's five competitive forces: interfirm rivalry, threat of new entrants, bargaining power of supplier, bargaining power of buyers, and threat of substitutes (Porter, 1979). However, the theoretical review will limit this scope by mainly focusing on the competitive environment and market conditions that may influence brand decisions.

2.1. Brand identity

The brand is a key strategic asset of a firm, and central in the theoretical review of firm-specific resources and capabilities. In this section the brand and the concept of brand equity will be defined. This provides a natural starting point for the continuing sections that will discuss specific aspects of brands and international brand architecture.

2.1.1 Brand and brand name

A brand is "a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers" (American Marketing Association, n.d.). Brands may be attached to a wide array of things and have numerous characteristics. This thesis explores the concepts of international and local brands, corporate brands and service brands. While the graphical representation of a brand may include symbols and signs, the focus of the theoretical review will be on the brand name in itself. Brand characteristics and the associations will come secondary. The logo will receive further attention in the analysis chapter.

2.1.2 Brand equity

Brand equity may be defined as the value added by a brand to a product (Keller, 2008). It is not tied to the product, but to the name, logo and symbols associated with the brand. A commonly cited framework by Aaker (1991) states that brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets (e.g. patents, trademarks) are five key attributes that constitute brand equity. Aaker (1991) argued in favour of managing each attribute separately, and believed that putting a weighing on them would be arbitrary. If the five attributes are strong simultaneously, synergistic outcomes can be achieved.

This thesis attempts to discuss the guidelines that need to be followed in order to create international brand architecture with high brand performance. Because strong brand equity will in turn yield high brand performance, being familiar with Aaker's (1991) five key attributes stands as a foundation to the discussion. In other words, it is necessary to be familiar with the sources of brand equity in order to understand which implications may arise from constructing the international brand architecture.

2.2. Brand architecture

Prior to looking at the theories that discuss international brand architecture, it is important to describe what brand architecture is in itself. A brand portfolio is the collection of brands that belong to a firm (Keller, 2008). Aaker and Joachimsthaler (2000) define brand architecture as "an organising structure of the brand portfolio that specifies brand roles and the nature of relationships between brands" (p. 8). They present a classification system that has commonly been used to describe brand architecture and relationships. The brand-relationship spectrum shows the many ways in which a portfolio can be structured. The four overarching strategies are determined based on the driver role of the brand. In other words, what people answer when asked "what brand did you buy?" determines whether the portfolio follows a house of brands, branded house, subbrands, or endorsed brands strategy (figure 3). It is possible, and common, for firms to adopt a mix of these strategies, so the spectrum should be regarded as a general taxonomy to be used for referencing.

2.2.1 House of brands

A house of brands is a portfolio with a set of stand-alone brands and identities, such as Procter & Gamble and Unilever. Unilever own the brands Lipton and Dove, however, you would not normally link these to the Unilever master brand. This strategy is preferable for firms wishing to pursue opportunities in clearly distinguished segments, where it is desirable that the brands are not associated with one another (Aaker & Joachimsthaler, 2000). These segments may be in different or similar product categories. Keeping separate brands in different product categories helps avoid branding complexities. Keeping separate brands in the same product categories allows marketers to target different consumer groups with dissimilar needs while avoiding channel conflicts. For instance, Procter & Gamble has numerous personal grooming brands in order to target segments like male/female, luxury/affordable, dandruff, professional, etc. Other reasons to choose the house of brands strategy are to signal technological breakthroughs by launching a new offering, and to retain existing customer bonds after acquiring a brand.

2.2.2 Branded house

The branded house is a term used for firms that operate under one umbrella brand despite the number of product varieties and categories that it covers. Examples of brands in this category are Virgin and Nike. The subbrands are more of a descriptor with very little or no driver role. According to Aaker and Joachimsthaler (2000), relying on this strategy involves the risk of

negative spillovers, and restraints with regards to targeting. On the other hand, the strategy enhances clarity, synergy and leverage, and so it should be the default branding option. For new product offerings, this strategy also creates cost efficiencies by providing visibility in a cluttered market space, and credibility through an established brand name.

2.2.3 Endorsed brands

Thirdly, firms may opt for a dual branding strategy whereby both the master brand and subbrands are promoted. Aaker and Joachimsthaler (2000) distinguished between the endorsed brands and subbrands strategies. Endorsed brands are where the subbrands are the driver. They are common in the fashion industry where design houses sometimes launch diffusion lines at more affordable prices. See by Chloé and Marc by Marc Jacobs are two examples of strong endorsements used by design houses trying to differentiate their product lines in order to reach new markets and create different associations, while still leveraging some brand equity from the core parent brands.

2.2.4 Subbrands

The subbrands strategy also attempts to accomplish this type of differentiation, while either keeping the master brand as the driver (e.g. Sony Vaio and Canon Ixus), or both brands with equal driver strength (e.g. Apple iPhone and Gillette Mach3). Compared to endorsed brands, subbrands rely more on their parent brands' equities, and thus require fewer resources to establish.

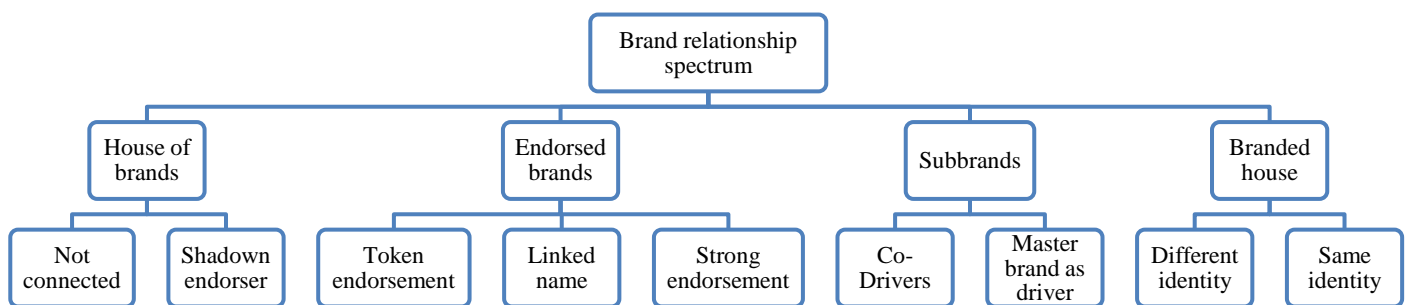


Figure 3. The brand-relationship spectrum (Aaker & Joachimsthaler, 2000)

2.3. Corporate brand redeployments

Continuing the theoretical review from a resource based-view, this section will provide a closer look into consumer evaluations of corporate redeployments, with part focus on brand portfolios and spillover effects. Corporate redeployments refer to the process of changing the corporate brand name (Jaju et al., 2006). They can occur as a result of strategic alliances,

cobranding deals, or M&As. This thesis focuses on corporate brand redeployments after an M&A. The theory will also be drawn from research in brand extensions and alliances, as these areas provide valuable insights to consumer perceptions of new brands. Spillover effects will be discussed in order to highlight the consequences of introducing new brands into a brand portfolio.

2.3.1 Corporate brand redeployment strategies

Jaju et al. (2006) presents three overarching corporate redeployment strategies that can often be observed. The characteristics of these strategies will somewhat correspond to the four brand architecture strategies. The main difference is that these strategies deal directly with M&As and corporate brands. In contrast, brand architecture decisions can also apply to brand extensions, sponsorship deals and brand alliances of product brands.

A nonsynergistic redeployment is where two firms merge and adopt a completely new brand name. This strategy is used to signal a new identity and positioning, but an inevitable consequence is loss of brand equity from the established brands (Machado, Lencastre, Carvalho & Costa, 2012). To maintain the equities, firms can opt for a pure synergistic redeployment, where the target brand name is kept as a subbrand. Thirdly, a redeployment where the target firm adopts the acquirer's brand name is referred to as an acquirer-dominant strategy (Jaju et al., 2006). Conversely, in the target-dominant redeployment the target corporate brand is used. Finally, Jaju et al. (2006) distinguishes between synergistic redeployments where the acquirer brand has a driver role (acquirer dominant synergistic redeployment), and one where the target brand has a driver role (target dominant synergistic redeployment). A summary can be found below in figure 4.



Figure 4. Summary of corporate brand redeployment strategies

The strategies identified here are to be regarded as overarching to all possible strategies. As with Aaker and Joachimsthaler's (2000) brand architecture strategies, firms may adopt specific varieties of each strategy. For instance a synergistic merger does not need to have

both brand names (e.g. Daimler-Chrysler), but can also merge the names (e.g. DNB Nor from Den norske bank and Gjensidige Nor), and combine the logo of one firm and the name of the other (e.g. the UBS name and Swiss Bank Corporation logo). A merger with an acquirer-dominant strategy might choose to rejuvenate the entire brand image to symbolise a new beginning. The signalling effect of this strategy will differ from a traditional acquirer-dominant strategy. Lastly, it should be noted that in many M&As a corporate brand redeployment is not conducted, and the acquirer and target brands continue to exist independently of one another. This corresponds somewhat to a house of brands strategy, or a local brand strategy, which will be discussed later.

2.3.2 Consumer evaluations

Thorbjørnsen and Dahlén (2011) looked at post-M&A corporate redeployments exclusively where an acquirer-dominant strategy had been used. Results from five studies showed that consumers of target firms develop psychological reactance (Thorbjørnsen, 2011). This means that they develop a negative attitude towards the acquirer, and an increased intention to switch companies after the merger. They do this because they perceive the acquirer-dominant strategy to be a threat towards their freedom of choice. The reactance effect is stronger for consumers who are loyal to the target brand, but is even prevalent among consumers who originally had more positive attitudes towards the acquirer than target brand (Thorbjørnsen & Dahlén, 2011). A way to minimise the reactance effect is to include consumers in the name change process. However, the authors argue that in some cases there might be an economic benefit to postpone the M&A, as the new entity would perform worse than the two firms individually.

Thorbjørnsen and Dahlén's (2011) study shows negative consumer evaluations towards acquirer-dominant corporate brand redeployments. While it attributes the negative evaluations to a threat towards freedom of choice, Jaju et al. (2006) tries to measure the importance of brand familiarity, perceived fit, and attitude towards corporate brand. Their study looks at all the brand redeployment strategies. One key finding is that the acquirer-dominant and target-dominant brand redeployment strategies have higher brand equity post-merger compared to a synergistic merger where both brands are combined (Jaju et al., 2006). Interestingly, while agreeing that the monolithic type redeployments are more preferred, Machado et al. (2012) found that consumers prefer a nonsynergistic strategy, i.e. creating a

new brand. Additionally, when the merger is between two strong brands, they found that consumers prefer an alternative that preserved both identities.

Furthermore, Jaju et al (2006) established that similarity between the merging brands is important to consumers (perceived fit). Likewise, Simonin and Ruth (1998) could also confirm the importance of fit while researching brand alliances. In this case 'fit' refers to both similar product characteristics and brand values. A final implication uncovered was that in contrary with product brand alliances, corporate brand mergers generally do not generate synergistic gains to the brand equity. Jaju et al. (2006) found this to be true regardless of the redeployment strategy that was chosen.

2.3.3 Spillover effects

Lambkin and Muzellec (2010) argued that brand managers should try to transfer brand equity from the stronger to the weaker brand in a brand merger, which in most cases would imply adopting an acquirer-dominant redeployment strategy. However, their research was from a business-to-business perspective, and based on a case study of one single merger. This transfer of equity from one brand to another is what theorists refer to as 'spillovers', and they can be either positive or negative (Lei, Dawar and Lemmink, 2008).

Lei et al. (2008) showed that there are asymmetric spillover effects occurring within portfolios. They looked at negative spillover effects between parent brands and subbrands, and considered weak and strong linkages, alongside with the directionality of associations. Findings showed that the magnitude of spillovers between brands in a portfolio depends on the extent to which they are associated. If brand A is more associated with B, than B is with A (asymmetric association strengths), then a brand crisis in A would have a stronger impact on brand B, then were the situation to be reversed. The limitation of this study is that it focuses on product brands rather than corporate brands, and only negative spillovers. The managerial implications that may be drawn though, is that supposing the acquirer-dominant strategy will yield positive spillovers in itself is not a plausible assumption. Consumers must also perceive a strong linkage from the target to acquirer.

The discussion in this section shows that choosing the right brand redeployment strategy is far from straightforward. Brand managers might start by suggesting a strategy based on the firm's goal of the M&A – is it to combine forces, create a powerful brand, or introduce a new

positioning? They will quickly realise that synergies are not easily leveraged in brand mergers, and that spillovers can behave differently than originally planned. Moreover, consumers will have specific preferences as to which strategy is preferred. The existing research shows that the strategy should be based on the characteristics of the merging brands (Jaju et al., 2006; Machado et al., 2012). Thorbjørnsen and Dahlén (2011) also suggest that including consumers into the brand decision-making process can have a positive impact on consumer evaluations. The next sections of the theoretical review will continue to explore issue that can explain consumer evaluations of corporate brand redeployments.

2.4. International brand architecture

In traditional brand architecture, the trade-offs are studied from the perspective of established or newly established brands in the marketplace. E.g. how should the merger of HP and Compaq be branded, or how should the new Coca Cola drink be positioned? However, in the international brand merger case that this thesis is investigating, the provided framework is lacking a global component. A firm opting for the house of brands strategy would in this case be choosing a local brand strategy. It is acquiring a foreign company and keeping its existing brand. Conversely, a firm choosing the branded house strategy is in reality going for an international brand strategy. While we have discussed trade-offs between choosing a house of brands over a branded house, the global component of the decision-making introduces a new set of implications that need to be considered.

2.4.1 International brands

Throughout the literature, the start of the global brand movement is credited to Theodore Levitt (1983), who argued strongly for the existence of a convergence of markets, culture and subsequently needs as well. To him, an international brand is one that uses the same marketing strategy in all target markets. Schuiling and Kapferer (2004) on the other hand, defined international brands as "brands that have globalised elements of the marketing strategy or mix" (p. 98), and recognised that a certain level of adaptation to local markets is still needed. Hollis (2010) presented a more ambitious definition, "one that has transcended its cultural origins to develop strong relationships with consumers across countries and cultures" (p. 26). The definition most appropriate for this discussion is the one given by Schuiling and Kapferer (2004), while Hollis' (2010) definition reads more like a description of a successful international brand. As the discussion around this topic is developed, it is

clear that while many brands operate in global markets, many are not able to adapt and integrate issues such as culture in a satisfactory manner.

Why are international brands becoming more attractive to multinationals? A few of the answers to this question will be mentioned here. Firstly, today's consumers are global. They have worked, studied and travelled internationally, and in the process been exposed to foreign culture, ideas, and brands. Quelch (1999) argued that this opens up a whole new segment for marketers to target. This segment will be more receptive to an international brand, compared to previous generations. Secondly, technology is facilitating international brands in several ways. Global consumers are not only visiting foreign countries, they are also being exposed to and interacting with brands and people worldwide through new media. Moreover, near universal adoption of internet technology makes it possible for brands to leverage these channels in order to reach a global audience (Quelch, 1999). Thirdly, the fact that global markets are becoming more integrated is also a component of international brands. The World Trade Organisation (WTO), European Union (EU) and other organisations that work towards lowering trade and fiscal barriers are all contributing to a more global economy. This allows distributors to go global, and they expect their suppliers to do the same (Kapferer, 2002). Lastly, international brands tend to perform better than local brands; amongst other, they are strong in their home markets, have geographical balance in sales, and have a strong corporate brand name. However, this in itself means that only truly strong brands can make it globally. On the other hand, it does give firms something to aspire to, and can be part of the reason why an international brand strategy is attractive to them.

The *benefits* of choosing an international brand are in many ways similar to choosing the branded house strategy. Quelch (1999) listed four additional points specific to international brands. Firstly, consumers perceive a value added when international brands are attached to a product that has symbolic brand-concept (e.g. aspirational). In other words, some consumers can equate an international brand with concepts of quality and/or exclusivity, even when they are unfamiliar with all of the other aspects of the brand. Secondly, the lower costs associated with a branded house strategy still applies here, only the cost saving potential is even greater. Marketing through global channels such as world sporting events, or simply the Internet offers great synergy opportunities. Third, Quelch (1999) believed that one should not underestimate the cultural benefits for the company that could be derived from this strategy.

People are attracted to great global companies. A strong corporate identity can be both motivational for employees, and aspirational to job seekers.

2.4.2 Local brands

Local brands may belong to a local, international, or global firm, but they only "exist in one country or in a limited geographical area" (Schuiling & Kapferer, 2004, p. 98). While international brands are becoming widely adopted and appealing to multinationals, local brands are important to consider as well. They are well known in their home markets, and will often have a strong relationship with consumers that have been built over years of marketing investment.

Kapferer (2002) listed several factors that he believes provide a strategic advantage for a local brand strategy. An obvious one is that local brands provide a better response to local needs. They are more flexible and can easier respond to particular local needs compared to international brands. They can also respond to needs that international brands are not able to meet, and reposition quickly in order to respond to local competition. Another advantage is the flexibility in pricing strategy, as there is no requirement to keep a regional or global pricing strategy. This is particularly relevant for brands operating in the EU. Since most countries there operate with a common currency, it adds pressure for brands to maintain a more or less equal pricing level. Lastly, a core benefit of local brands is the possibility of fast entry into new markets. Kapferer (2002) argued that when a firm acquires a local brand, maintaining this brand ensures a direct entrance into that market without the need for further investment. Consequently, the cost savings associated with international brands might be outweighed in the short run.

2.4.3 Local vs. international brands

Based on the separate discussions of local and international brands, it is still difficult to determine which strategy is most preferred by consumers. Turning to the empirical study by Schuiling and Kapferer (2004) can help explain the issue further. They found in their analysis of the Young & Rubicon database Brand Asset Valuator of 744 brands that local brands in general are regarded more favourably. For instance, local brands were regarded significantly more highly in the categories trustworthy, good value, down to earth, traditional, healthy, and reliable. International brands were only significantly favoured within the 'fun' category. There were a number of other variables measured as well, where preferences were more similar, e.g. high quality, simple, friendly, authentic, prestigious, and many more. In summary, the

study shows that although there are many areas where local brands are superior, there are even more areas where consumers are effectively indifferent. This leaves a potential for marketers to step in and shape expectations regardless of which strategy is chosen.

2.5. Other firm-specific characteristics

The theoretical review so far has been focused on Peng's (2009) resource-based view, and the brand as the key resource. Other firm-specific characteristics are also a part of this perspective. These are concerned with the way a firm is organised, and are often influenced by the firm's history and heritage. This section finalises the overview of the resource-based view by looking into how governance structure, expansion strategy, organisational culture and product characteristics might influence international brand architecture.

2.5.1 Governance structure

Douglas et al. (2001) noted that understanding a firm's branding strategy requires knowledge of its administrative heritage. This deals with how the corporate governance is organised, and whether control is centralised or decentralised. In general, a decentralised multinational has autonomous local divisions or subsidiaries, and is therefore likelier to have a brand structure consisting of independent local brand identities. For instance, leading Norwegian food company Rieber & Søn has over time acquired brands in several European countries. Each country subsidiary is given autonomy, and as a result they operate with local brands as well. Other companies, such as Apple, have a centralised governance structure, and global product divisions. Its products are usually standardised, although there may be minor local adaptations. E.g. a Chinese keyboard for the MacBook, and GSM enabled iPhones for the European market.

2.5.2 Expansion strategy

Another factor that may heavily influence international brand architecture is the chosen expansion strategy. Whether a firm chooses to expand organically, or through M&As and strategy alliances does make a difference. This is related to the governance structure, as a firm expanding through M&As is more likely to have autonomous subsidiaries. On the other hand, when expanding organically it is more probable that control is exercised centrally. Thus it would be more natural to operate under one umbrella brand when adopting the organic strategy, and have several local brands under an M&A expansion strategy (Douglas et al., 2001). At the same time, it is often observed that firms going the M&A route decide to adopt

either international or combined branding strategies, often over a phasing period. In other words, a certain expansion strategy does not determine a given brand architecture strategy by rule, although certain trends may be detected.

2.5.3 Organisational culture and corporate identity

The concept of national culture will be extensively discussed next in the theoretical review. Organisational culture and corporate identity are two important parts of firm characteristics. Schein (1996) defines organisational culture as "shared norms, values, and assumptions" that are embedded in the organisation. According to Douglas et al. (2001), it is not only the sources of organisational culture that need to be taken into consideration, but also the strength of the culture. A strong organisational culture implies a strong connection between the corporate identity and employees. The corporate identity is also important to other stakeholders. A strong corporate identity can have a reassuring effect on customers and distributors, as it projects a reliable image. The strength of organisational culture in any given corporation can vary a great deal, and Douglas et al. (2001) argued that a corporate branding strategy is preferable in firms where the corporate identity is strong. This is because the corporate brand helps build and enforce the culture. Where the corporate identity is not as strong, corporate branding is less common and not necessary. Ultimately, the key message is that corporate identity has to be managed during an M&A.

2.5.4 Product characteristics

Firms where the brand portfolio has high interrelatedness tend to target different consumer segments, and utilise separate competencies to develop products. These firms sometimes choose a house of brands strategy in order to promote separate associations and identities (Douglas et al., 2001). Conversely, those with closely related product lines and products that share the same technology are more likely to opt for the branded house strategy. There are deviances to this logic, as we can see with successful brands such as BIC and Virgin. Their brands are consistently used across various interrelated product categories. What allows them to do this is the fact that their brand associations are able to translate across categories. BIC's brand positioning as a simple, reliable and bargain brand can be applied to razors as well as pens. Similarly, Virgin's core values are fun, value for money and quality, and are relatable to travel as much as telecommunications.

Another aspect to product characteristic considerations is the country-of-origin effect on purchase intention. Roth and Romeo (1992) examined how consumers perceived products

that were produced in a particular country, and found that matching the product category with country image perceptions can in some instances be important. The basis of the research lies on the assumption that certain countries are recognised to be superior producers of certain products and services. E.g. Germany is famous for its engineering. Thus, brand equity may be leveraged from the country's image on to brands like Volkswagen and BMW by making the linkages obvious through marketing and using a German brand name. This is what Roth and Romeo (1992) referred to as a favourable match, because good engineering is an important quality that consumers look for when purchasing cars. An unfavourable match would then be when a car brand is matched with a country known for poor engineering. The two last concepts are favourable mismatches and unfavourable mismatches, and refer to instances where the country image is either high or low on a dimension that is not important to the product category – making them less necessary for marketers to manage. In their studies they also found that sometimes consumers would not have enough familiarity with a country's image in order to link the relevant associations. These concepts are illustrated in figure 5.

		Country image dimensions	
		Positive	Negative
Dimensions as product features	Important	Favourable match	Unfavourable match
	Not important	Favourable mismatch	Unfavourable mismatch

Figure 5. Country image and product category matching (Roth & Romeo, 1992)

The final product characteristic consideration is product categories of a firm's portfolio. Telenor is both a corporate brand and a service brand, and not the traditional products and fast moving consumer goods that most brand architecture literature is focused on. Discussing the implications of this will therefore improve the understanding of Telenor's international brand architecture.

Corporate brands

A corporate brand represents the entire firm, and has traditionally been used to communicate with stakeholders other than consumers such as investors, employees, the media, and so forth. Corporate branding is the notion of adopting the corporate brand for products in the portfolio.

For example, L'Oréal is a corporate brand, and it does use corporate brandings for a number of its cosmetics and beauty product lines (e.g. L'Oréal Professional and L'Oréal Paris). However, the majority of the products in its portfolio have individual branding (e.g. Diesel, Lancôme, Yves Saint Laurent, etc.). Reasons for choosing one branding strategy over another are similar to those for choosing a house of brands vs. branded house. Corporate brands are more complex than individual product brands. To be successful, they must embody a clear corporate mission and philosophy, an understanding of the brand's identity and personality, and knowledge of all stakeholders' perceptions of the brand (Balmer, 1998).

Service brands

For services, having a strong brand and knowing how to adapt to cultural differences might even be more important than for traditional consumer products. Unlike products, services are intangible and consumers often evaluate the brands based on interactions with staff. Meanwhile, consumers associate product brands with more tangible aspects such as advertisement, packaging, and distribution (McDonald, Chernatony & Harris, 2001). Services lack physical products to promote, which is why the brand is so important.

McDonald et al. (2001) argued in favour of adopting corporate branding for service brands. This is because as with services, corporate brand building is often based around intangible values and complexities. And because one of the main ways for consumers to assess a service brand is through interactions with staff, McDonald et al. (2001) claimed, a "service brand is based entirely on 'the way the company does things' and on the company's culture" (p. 342). Consequently, service brand relies on a corporate perspective to convey the brand identity to their stakeholders. This is why a marketing department cannot create a service brand independently, but requires involvement from the entire company. Only by having consistent delivery of service through interactions with staff can service brands build a clear brand identity in the eyes of their stakeholders (McDonald et al., 2001). McDonald et al. (2001) urged brand managers to focus on building a 'genuine service culture' by focusing on five key issues: reliability, responsiveness, assurance, empathy, and appearance.

2.6. Informal institutions and national culture

The theoretical review now moves away from the resource-based view to the institution-based view. According to Peng (2009), these are the formal and informal rules that govern a

society. The thesis focuses on informal institutions and the impact of national culture on international brand architecture in particular. Within the field of international branding, national culture has been widely considered to be an important component to consider (de Mooij, 1998; Hollis, 2010; Schuiling & Kapferer, 2004). This section will firstly explore the concept of culture and national culture, before elaborating on the reasons why international brand architecture decisions should take national cultures into consideration. Lastly, the notion of ethnocentrism will be investigated. Several urge brand managers to be wary of cases of social constructivism that may occur within all national cultures. That is, the assumptions and 'truths' that are created from personal experiences, rather than objective sources (de Mooij, 1998). Distinguishing social constructs from universal truths is both difficult and unnatural, but it is also completely necessary for brand managers to understand in order to cater to global markets.

2.6.1 Culture

Culture can be defined as "socially constructed meanings that shape the behaviour of people in a particular society" (Francesco & Gold, 2005, p. 18). Culture can manifest itself on four levels as seen in figure 6: symbols, heroes, rituals, and values (Hofstede, 1997). Symbols are things like images, objects, and language that have meanings unique to a given culture. Some examples are flags, national costumes, and sayings. Some symbols such as brands exist in other cultures as well, but their meanings can rarely be translated directly.

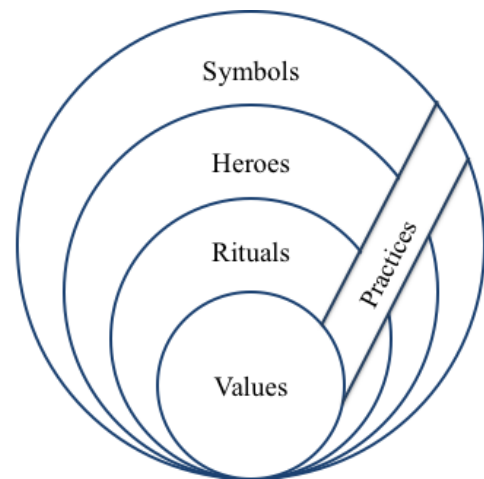


Figure 6. Culture onion (Hofstede, 1997)

Secondly, heroes refer to the people that have had a significant impact on a society. These can for instance be royal figures, political leaders, athletes, or even fictional characters. Hofstede (1997) describes rituals as collective activities that are carried out for their own sake, without any real functional value. They are ways of greeting, opening ceremonies of sporting events, dining practices, and so forth. Brands can have culture-specific rituals attached to them: e.g. when do you go to McDonald's? Do you go late at night for a snack, or during the weekend for a family meal? Even a global brand such as McDonald's will have unique cultural meanings attached to its symbols, heroes, and rituals. These three first levels

are called *practices* and they are visible to the outside observer. However, their true meanings are invisible, and can only be interpreted by insiders of a given society (de Mooij, 1998).

Meanwhile, values are implicit and at the core of culture. According to Hofstede (1997), they are defined by the tendency societies have to pick one state of affairs over another: e.g. good vs. evil, pretty vs. ugly. Values are hard to identify and even harder to change, as people are often not aware of the values that they hold. This prevents the conceptualisation of a true 'global culture', and poses several implications for brand managers. Nonetheless, just being aware of the implications of values and practices is a good first step into dealing with the challenges.

From the perspectives of global brand managers, imagery, music, language, and stereotypes are used in advertising in order to communicate a message. However, unique compositions of culture define how each society will interpret the message. de Mooij (1998) argues that "one message, whether verbal or visual, can never reach one global audience, because there is not on global culture comprised of people with identical values" (p. 61). Schmitt and Pan (1994) identified several areas where Asian interpretations diverge from Western ones. There are linguistic and cultural aspects to choosing a brand name. Due to the use of signs instead of letters in many Asian languages, it is important that a name looks good. Calligraphic art is highly valued. The Asian languages also have a tonal nature, so that for instance a three letter English word can have six different meanings depending on the tones and emphases. Culturally, Chinese societies value a 'lucky name'. These have an appropriate balance of yin and yang – feminine and masculine qualities, and the number of strokes used to write the name is equal to a lucky number (Schmitt & Pan, 1994). Culture specific considerations such as these require thorough research and analysis to uncover, but are necessary as they may heavily influence consumer evaluations. The next section will elaborate on how dimensions of national culture can explain different compositions of societies.

2.6.2 The dimensions of national culture

In 1978, Geert Hofstede presented a framework for analysing national culture that has since become the standard reference tool for cross-culture management. He coined five dimensions of national culture, on which each country can be measured and compared. A brief overview of these dimensions will be presented based on the discussions in Hofstede (1997) and

Hofstede and Bond (1988). They are useful to the discussion as the international marketing literature frequently refers to them.

The first dimension is power distance, and it relates to the extent that a society accepts an unequal distribution of power. Low power distance cultures will strive for equal societies where rational reasoning is needed to justify the power distribution. The second dimension deals with individualism vs. collectivism. In an individualistic culture, people prioritise taking care of themselves and their immediate family. In contrast, collectivistic individuals also expect support and loyalty from other relatives and in-group members. Masculinity vs. femininity is the third dimension, and deals with the values in a society. Masculine societies have clearly defined gender roles, and emphasise assertiveness, material reward, and achievement. Feminine societies, on the other hand, are where gender roles may overlap, and factors such as cooperation, compassion and quality of life are important. The fourth dimension, uncertainty avoidance, explains how countries with strong uncertainty avoidance prefer to control the future, are risk averse and believe in conformity, while those with weak uncertainty avoidance will be more tolerable towards deviance. Lastly, long-term vs. short-term orientation is a dimension that deals with how societies make decisions. Long-term oriented cultures will look at the context, and time before deciding on the truth. They are adaptable, and plan for the future. Short-term oriented cultures have high respect for tradition, and are concerned with saving 'face'. They also operate with normative thinking and strive for quick results.

These dimensions relate to international brand architecture in three ways. Firstly, the dimensions can give brand managers an indication of what sort of brand images that local consumers would be more likely to accept. Feminine societies will be more open to a brand image showing female empowerment, while masculine societies prefer a stereotypical powerful male image. This way of thinking can be applied to all dimensions, and each country will have its unique composition of dimensions. Hence, it would be useful for brand manager to perform a culture analysis to determine if there are issues that would raise significant risk if a new global brand were introduced. Namely, if the translated meanings of the brand name, logo or other key associations could be opposite of what is intended (de Mooij, 1998).

Secondly, the dimensions can also say whether the local culture would be perceptive to a brand change. For instance, as strong uncertainty avoidance countries are risk averse, they would be more hostile towards a new brand. This does not mean that local brands should be favoured, but that where a global brand strategy has been chosen, brand managers should adopt a more gradual process of transforming a brand. Moreover, the long-term vs. short-term orientation dimensions can also say something about a society's willingness to accept change. As stated in its definition, long-term oriented cultures are more adaptable and willing to see the context of changes, which also makes them more likely to accept changes. Being concerned with tradition, short-term oriented cultures are likely to prefer things to stay unchanged, and react unwelcomingly towards a brand change.

Thirdly, the collectivism-individualism dimension can also help explain consumer preferences. Individualistic societies are attracted to brand images promising personal achievement and success, while collectivistic societies want those that promise the wellbeing of a wider social group. Jakubanecs and Supphellen (2012) distinguished between vertical and horizontal collectivism/individualism, and focused specifically on the relationship between vertical collectivism/individualism and corporate endorsement. Vertical collectivists prefer corporate endorsements because they value social hierarchies, and a corporate endorsement symbolises a desired authority figure of economic power. Conversely, vertical individualists prefer corporate endorsement, but only indirectly. They are focused on the actual brand performance, as it might help them achieve high social status. Corporate endorsements are important if the brand is familiar and associated with quality and prestige.

2.6.3 Ethnocentrism

When deliberating whether to introduce a new brand, a key concern to any brand manager is the level of ethnocentrism within the given society. Ethnocentrism refers to "a tendency to feel that the home-country people are superior to people of other countries" (de Mooij, 1998, p. 64). In this case, ethnocentrism would be the tendency of people to perceive local brands as superior to global brands. Hence, similar to the dimension of uncertainty avoidance, it impacts directly the willingness of a society to accept changes symbolised by a global brand. Douglas et al. (2001) use the term 'cultural embeddedness' to explain a similar concept. They defined it as "the extent to which there are strong and deeply ingrained local preferences for specific products or product variants or the products are an integral part of a culture"

(Douglas et al., 2001, p.104). In other words, cultural embeddedness does not only deal with preferences of different cultures, but it relates to tastes that are deeply ingrained over time.

Culture-based ethnocentrism

de Mooij (1998) argued that ethnocentrism is an inherent part of any society and it is difficult to overlook. However, it may be that the level of ethnocentrism is contingent on the national culture at hand, i.e. some cultures will be more ethnocentric than others. This makes sense, as our discussion of cultural dimensions showed that some societies are more adaptable to change (long-term orientation and low uncertainty avoidance). Steenkamp, Batra and Alden (2003) also argued that collectivists are likelier to prefer local brands because they evaluate the effects of their behaviour on the society, and are sceptic of 'out-group' foreign imports. On the other hand, individualistic consumers are more concerned with their own benefits and will evaluate products based on performance.

The Global Brand Survey, conducted by Millward Brown, gives us an interesting insight to culture-specific attitudes towards global and local brands (Hollis, 2010). Its goal is to measure two things: First, the impact of heritage, culture, and local production on the likelihood of buying a brand. Second, whether people are more motivated to purchase a local or global brand. The main findings show that local brands have an advantage over global brands. Creating a successful global brand is difficult, and they are usually far less successful in the global market than in their home market (Hollis, 2010). What is interesting is whether a brand's success or lack thereof can be contributed to specific cultural dimensions. The following table shows attitudes of different cultures towards global and local brands.

	Russia	Germany	U.K.	Brazil	U.S.	India	Mexico	China
I always try to buy brands produced in my own country.	23%	30%	31%	47%	49%	50%	54%	62%
More concerned with getting a specific brand rather than the best price.	81%	65%	64%	69%	65%	79%	74%	75%

Table 1. Percentage agreeing with each statement (Hollis, 2010)

The first statement clearly shows that the strength of ethnocentrism varies according to national culture. While Russians, Germans and Brits are less likely to consciously choose

local brands, Mexicans and Chinese people are much more likely to do so. The second statement deals with brand loyalty. Here it appears that Russians and Indians show most brand loyalty, while the Western countries Germany, U.K. and the U.S. appear to be more indifferent. Russia's distinctive tendency to prefer specific international brands might be due to rituals embedded in its culture. Hollis (2009) argues that the poor quality of goods during the communist era has left Russians with a preference for foreign brands. In other societies we will also be able to find that foreign goods are regarded as symbols of status.

Steenkamp et al. (2003) argued that perceived brand globalness is a value added to brands. It can help explain why some cultures prefer foreign brands despite that they might be inferior to the domestic ones. The study uses a sample of consumers from USA and South Korea, and includes both global brands and local brands that are marketed as global. They found that perceived brand globalness is positively correlated to perceived brand quality and prestige, which in turn increases purchase likelihood (Steenkamp et al., 2003). This is because consumers believe brands must have high quality in order to succeed globally. Moreover, some global brands connote cosmopolitanism and sophistication, which leads to higher perceived prestige. The authors also found that consumer ethnocentrism moderates perceived brand globalness effects. In one way, these findings provide arguments in favour of global branding because they illustrate a value added in both of the greatly different American and Korean cultures. On the other hand, it also noted that highly ethnocentric consumers within each country did not indicate higher purchase likelihood of global brands. Hence all consumers within a country do not equally accept the benefits of brand globalness, and this suggests that brand managers must analyse the distribution of consumer ethnocentrism levels in their target markets.

A last perspective to consider is the impact of consumer mobility. Western countries are more likely to have regular international travellers, and research shows that they are more likely to buy foreign brands (Quelch, 1999). Interestingly, both Hollis (2009) and de Mooij (1998) find that although standards of living are converging across nations, values still remain unchanged, leaving small impact on brand preferences. Two countries exemplifying this phenomenon are Japan and South Korea, who despite their increase in wealth show little sign of losing their unique cultures (Hollis, 2009).

Product category-based ethnocentrism

A study by Supphellen and Rittenburg (2001) looked specifically at how foreign brands tend to be favoured in the Eastern Bloc countries, using Polish consumers as an example. Unique to their study is that they examined consumer ethnocentrism in relation to product attributes. Specifically, the study differentiates between products with 'search' and 'experience' qualities. Search qualities are observable prior to purchase, while experience qualities must be consumed in order to identify. The study found that for products with experience qualities, consumer ethnocentrism is stronger. This is because these products are evaluated through top-down processing rather than bottom-up. This means that consumers use prior knowledge to confirm expectations of the given products, rather than actually evaluate the products directly. Top-down processing of experience qualities is more prone to cognitive biases as multiple interpretations exist. The lack of objective processing increases the likelihood of consumers preferring inferior domestic goods (Supphellen & Rittenburg, 2001).

Hollis (2010) looks at brand preferences for products in general, and found that ethnocentrism is contingent on country. Steenkamp et al. (2003) found that perceived brand globalness creates brand value because consumers correlate it with quality and prestige. However, ethnocentrism moderates the value created, and the level of ethnocentrism within a country's population may vary. The study by Supphellen and Rittenburg (2001) found that although ethnocentrism might appear low in Eastern Bloc countries, it ultimately depends on product attributes. Combined these studies show that consumer ethnocentrism is not only culture-contingent, but can also vary within a culture and between product-categories. Despite the prevalence of consumer ethnocentrism, there is an increasing trend for global corporations to move away from a multidomestic marketing approach, and into a more global one. This implies that there are other key elements that firms deem more important than culture. In the following sections we will continue to explore these elements from an industry-based perspective.

2.7. Industry conditions

The last global strategy perspective identified by Peng (2009) is the industry-based view. The theoretical review looks at the impact of industry conditions on international brand architecture performance based on existing research. The main topics discussed are market integration, competitive structure and target market characteristics. By including the industry-

based view, it is recognised that the international brand architecture is vulnerable to external conditions outside brand managers' direct control.

2.7.1 Market integration

To determine the level of market integration within an industry, one must look at conditions related to the political and economic integration of world markets, existing market infrastructure and consumer mobility. High levels of all these three factors would indicate highly integrated markets, which accommodates a more globalised brand strategy. The political and economic integration deals with issues such as a tendency to provide standardised products across national borders, and the amount of trade unions or agreements that exist, or the lack thereof (Douglas et al., 2001). Where there is high political and economic integration, firms are less likely of being forced to comply with local regulations, allowing a freer flow of products. Geographical proximity will often favour a global brand strategy because of spillover effects from common suppliers, distributors, and media (Douglas & Craig, 1996). This is why we often see multinational companies targeting regions such as Scandinavia and the Baltics simultaneously.

With regards to the existing market infrastructure, Douglas et al. (2001) emphasised the increasingly important role of global media in facilitating advertising to reach more consumers. This in turn also improves the likelihood among consumers to accept global brands. Today we can especially see how new online media has made it possible for brands to be 'born globals' and reach out to their entire target market. Furthermore, internationalisation of retailing has improved market infrastructure. This is because when retailers move across borders, they bring brands with them and help expose them to new markets. An example of this can be found on the Internet, where by offering international shipping, luxury retailers such as Net-a-porter and Shopbop have introduced consumers to new up-and-coming designers, and improved awareness of existing brands.

Lastly, Douglas et al. (2001) argued that consumer mobility is a factor determining the level market integration within a national industry. We are currently exposed to, and a part of, international travel more than ever through tourism, business, and studies. These factors provide consumers with a higher amount of direct visibility to foreign brands. Consequently, it becomes easier for firms to extend their brands to new markets, and thereby adopting a

global brand strategy. Consumer mobility does not only improve familiarity with foreign brands, but it also increases the propensity to accept foreign brands.

2.7.2 Competitive structure

The competitive structure is another aspect that should be considered. The nature of competition and the number of competitors provide indications of this. At the national level, is the industry best described as a monopoly, an oligopoly, or does it have (near) perfect competition? Damoiseau, Black and Raggio (2011) investigated the factors that would lead a firm to choose brand acquisition over brand creation when entering a new market. They found that the competitive intensity was the strongest indicator for choosing brand acquisition over brand creation. This is because where there are many well-established brands in an industry, there is little room in consumers' mind for new brands. In other words, a crowded industry will favour brand acquisition and local branding.

The strength of local/national relative to global competitors in the worldwide industry provides yet an insight to the competitive structure. Douglas et al. (2001) argued that in industries such as aviation manufacturing where competitors are global (e.g. Airbus and Boeing), using global brands will provide competitive differentiation and traction worldwide. On the other hand, some industries are characterised by local and regional brands, e.g. milk, because consumers prefer familiarity when making purchasing decisions. In those instances, consumers will potentially not favour global brands. Moreover, Douglas et al. (2001) believe that a combination strategy, e.g. subbrands or endorsed brands, can be used where both local and global brands have equal presence in the national industry.

2.7.3 Target market

The debate on target market characteristics has for the most part been discussed in the section regarding national cultures. Another aspect to this is the demographics of the target consumers worldwide. For instance, a brand might choose to target middle-class families worldwide, or it might choose a luxury positioning in selected markets. If the worldwide target market is relatively homogenous, using one brand is more logical.

3. Developing a normative framework

The theoretical review has provided a vast number of issues that are relevant to the research question and the normative framework that will be constructed. Table 2 below contains a summary of the main themes that have evolved throughout the discussion, organised around Peng's (2009) strategy tripod. Some issues are more important to consider than others, but to which extent is difficult to estimate. It is contingent on a number of factors and brand managers themselves are best equipped to make these decisions. The goal is to create a framework that can be used as a tool of analysis during a due diligence process. By going through each of the propositions, brand managers may discover where there are significant deviances from past assumptions, and modify their planning accordingly.

3.1. Summary of theoretical review

Category	Propositions
<u>Resource-based view / Brand considerations</u>	
<i>Relative brand equity (spillovers)</i>	If either the acquirer or target brands have stronger brand equity, the stronger brand should be used in order to leverage positive spillovers. Exceptions apply if the loyalty and awareness of the weaker brand is significantly high (Lambkin & Muzellec, 2010; Lei et al., 2008; Jaju et al., 2006; Aaker & Joachimsthaler, 2000).
<i>Portfolio characteristics</i>	When the brand portfolio has products/services with similar product category, associations and target demographics, a branded house should be used. Conversely, for diverse portfolios a house of brands is better (Aaker & Joachimsthaler, 2000; Jaju et al., 2006).
<i>Perceived fit</i>	A perceived fit by consumers between merging brands support a branded house strategy, while poor fit support a house of brands (Jaju et al., 2006; Simonin & Ruth, 1998).
<i>Country-of-origin matching</i>	If product characteristics have a favourable match with the acquiring brand's country-of-origin associations, an international brand can be used. If the match is unfavourable it is better to maintain the local brand (Roth & Romeo, 1992).

<i>Service brands</i>	Service brands should adopt a corporate brand because its brand image is based around intangible staff interactions, which are reflections of the company and corporate brand (McDonald et al., 2001).
<u>Resource-based view / Firm characteristics</u>	
<i>Communication cost efficiencies</i>	A corporate brand should be used if greater cost savings and synergies in advertising and communication can be achieved (Aaker & Joachimsthaler, 2000; Quelch, 1999).
<i>Corporate culture benefits</i>	If there is a strong corporate culture and identity, a corporate brand is likelier accepted, because employees of the target firm do not mind working for a 'great' company (Quelch, 1999; Douglas et al., 2001).
<i>Expansion strategy (RQ assumes M&A expansion)</i>	An international brand is best when the expansion strategy is organic. In contrast, a local brand is recommended for M&A expansions (Douglas et al., 2001).
<i>Governance structure</i>	Centrally governed firms ought to opt for a global brand, while decentralised firms should choose a local brand (Douglas et al., 2001).
<u>Institution-based view / National culture</u>	
<i>Ethnocentrism</i>	If the national culture is highly ethnocentric, a local brand should be maintained. Ethnocentrism has stronger impact on brands with experience attributes, as opposed to search attributes (de Mooij, 1998; Douglas et al., 2001; Hollis, 2009; Supphellen & Rittenburg, 2001).
<i>Uncertainty avoidance and short-term orientation</i>	Cultures that have a high uncertainty avoidance and/or short-term orientation will instinctively prefer local brands to global brands, as they find comfort in low-risk and traditions (Hofstede, 1997).
<i>Vertical collectivism-individualism</i>	When a society can be described by vertical collectivism, a global and corporate brand should be used because consumers perceive this brand as a sign of desired authority and reliability (Jakubanecs & Supphellen, 2012).
<i>Preference for perceived brand globalness</i>	In societies where consumers associate brand globalness with quality and prestige, an international brand should be used (Quelch, 1999; Hollis, 2010; Steenkamp et al., 2003).
<i>Translated brand</i>	If the translated meanings of the corporate brand name, logo or other

<i>meanings</i>	key associations are likely to be negatively received, the local brand should be retained (Hofstede, 1997; de Mooij, 1998).
<u>Industry-based view</u>	
<i>Competitive intensity</i>	If there are many strong brands competing in the market, then the local brand should be kept because there is little room in consumers' minds for a new brand (Damoiseau et al., 2011).
<i>Competitive structure</i>	If the industry is traditionally dominated by international brands then an international brand should be used, while the opposite applies if it is dominated by local brands (Douglas et al., 2001).
<i>Political and economic market integration</i>	If trade regulations facilitate trading and there is an existing history of trade between the two markets, an international brand should be used. If the market integration is poor then a local brand should be used (Douglas et al., 2001; Quelch, 1999).
<i>Market infrastructure</i>	In a market where physical and virtual distribution channels are established an international brand should be used (Douglas et al., 2001; Quelch, 1999; Kapferer, 2002).
<i>Consumer mobility</i>	High consumer mobility implies that an international brand should be used, while low mobility favours a local brand. Consumers who travel more are not only more exposed to global and foreign brands, they are also more likely to accept them (Douglas et al., 2001; Quelch, 1999).

Table 2. A summary of key issues identified from the theoretical review

3.2. The normative framework

The propositions have been composed based on the current state of theory. Adding them together creates the following normative framework (figure 7). The propositions are likely to point brand managers towards both a global and local brand strategy. The benefit of this framework is that it may provide them with a holistic perspective of all relevant factors, and prevent them from neglecting key issues.

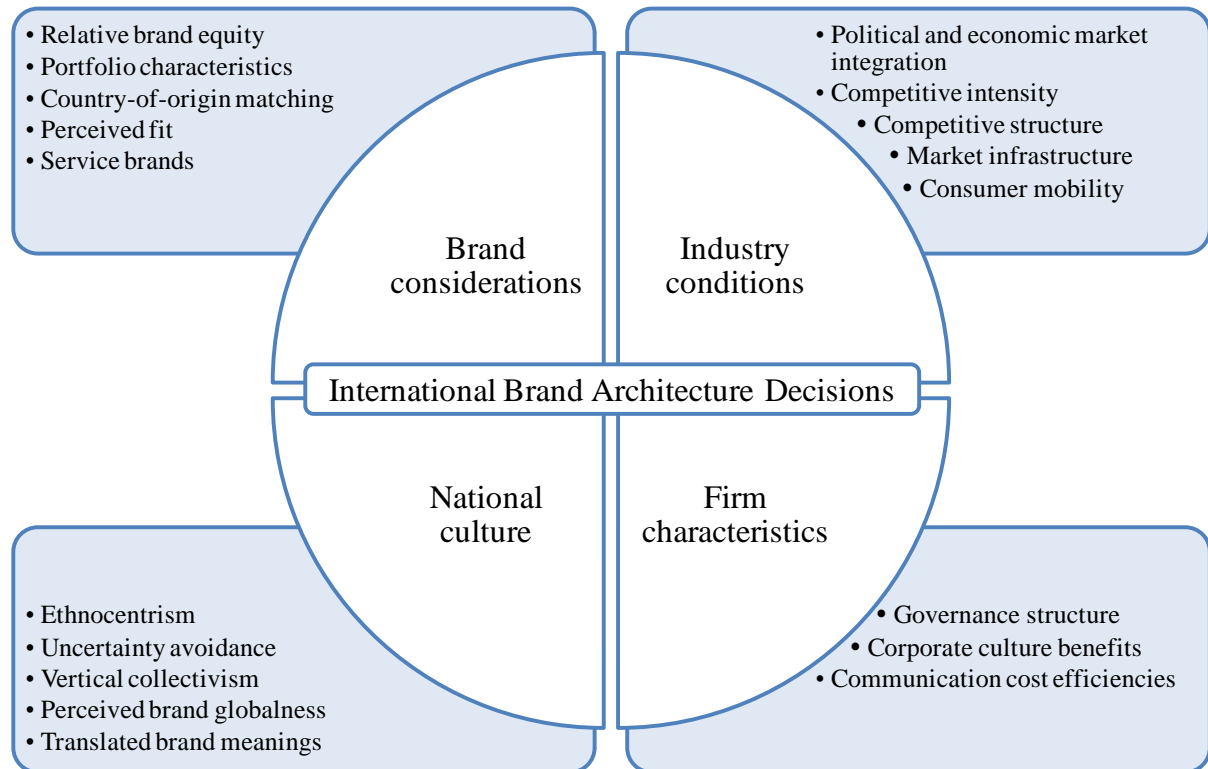


Figure 7. A normative framework for making international brand architecture decisions

4. Methodology

This chapter will provide a description of how the normative framework was construed, and case study analysed. An explanation will be provided for the research purpose and choices, and a detailed description will be given for the data sources chosen.

4.1. Research methods and design

The purpose of this thesis is to explore the guidelines that managers should follow when developing the international brand architecture after a horizontal cross-border M&A. Furthermore, it seeks to uncover to what extent Telenor follows these guidelines in practice. There were two components to answering these problems: Firstly, through an exploratory study the thesis reviewed relevant literature in order to formulate a synthesised set of theoretical propositions. These were then presented in a normative framework. Secondly, the thesis used a descriptive design when researching the international brand architecture practices at Telenor through an embedded case study.

A case study operates in the intersection between an empirical investigation and real life examples (Saunders, Lewis & Thornhill, 2009). The research strategy of this thesis can be described as a single embedded case study (Yin, 2003). The Telenor Group as an organisation was the main case, while the multiple sub-units of analysis were Telenor's official brand architecture framework and guidelines, and its past M&As of DTAC in Thailand and DiGi in Malaysia. Triangulation was achieved through using these three sub-units of analysis. Together they provided the research with different perspectives and better context to answer the research questions. After summarising the key observed characteristics of Telenor's framework, it was compared to the normative framework. The DTAC and DiGi cases were firstly analysed using to Telenor's framework, before a deeper analysis based on the categories in the normative framework was conducted. Following, it can be said that the analyses had a multi-method qualitative approach. The analysis was deductive, because it was organised and directed by the normative framework. The argument against using a deductive approach is that it might lead to premature conclusions (Saunders et al., 2009). However, for this study the approach provided a necessary structure to the analysis, and means of identifying findings outside of the normative framework.

The research was purely qualitative, although in the future a quantitative study would likely add interesting viewpoints to the topic. The units were studied from a cross-sectional perspective. Only the final Telenor framework was analysed, and not how it had been developed over time. Additionally, attention was set at brand architecture decisions at the point in time when Telenor acquired the subsidiaries.

4.2. Data collection

Data collection was a significant challenge to the research as it was done without direct access to the organisation. All sources were secondary and the analysis was of compiled data from documentary data and multiple sources. The advantage of using this method is that it requires fewer resources, rich data can be used for added context, unforeseen discoveries can be made, and the data is permanent for future reference (Saunders et al., 2009). The main disadvantage is that a lot of time was used to process information that was irrelevant to the research. With secondary sources it is also difficult to have quality assurance over data. While bias may not occur from the researcher's perspective, the creator of the data may have had an agenda (Saunders et al, 2009). To avoid this all sources were carefully chosen with credibility in mind.

4.2.1 Documentary secondary data

Documentary data were collected with the objective of learning about Telenor from the organisation's own perspective. The main documentary data used was the official *Telenor Group Brand Architecture Framework & Guidelines* (Telenor Group, 2011a), and the most important pages can be found in appendix 2. This document is an instruction booklet made for national brand managers by the corporate brand strategy team, and reflects the desired and optimal brand architecture practices at Telenor. It was compared with the normative framework in the analysis, in order to highlight how a practical framework differs from a theoretical one.

Additionally, written documentary secondary data used were annual reports, company websites, press releases, and brand managers' marketing tools. These documents helped answer important aspects of the normative framework such as business strategy, market shares, corporate culture, brand strategy, and important company events. The data was retrieved from the websites of the Telenor Group, Telenor's Brand Centre, DTAC and DiGi.

4.2.2 Multiple-source secondary data

The normative framework identifies issues to analyse that are outside of normal business operations and strategy such as industry conditions and national culture. These types of multiple-source data were used to analyse conditions in the Thai and Malaysian markets. Where possible the same sources were used to analyse both cases – e.g. a journal article by Hofstede and Bond (1988) was used as a foundation in the national culture analysis of both countries. Another time-series based source were the Global Education Digests from UNESCO Institute for Statistics (2006; 2009), which were used to determine consumer mobility based on students studying abroad.

The remainder of sources were area based. Reports from The World Bank (2008) and the International Telecommunication Union (ITU, 2002) were used to analyse industry conditions in Thailand and Malaysia. Journal articles helped establish Norway's country-of-origin image in Asia, and the level of ethnocentrism in the countries.

5. Analysis and findings

This chapter mainly deals with the second research question: *"To what extent does Telenor follow the guidelines identified in RQ1 when developing its international brand architecture post-M&A?"* The findings can help answer the first research question as well. To become familiarised with Telenor's existing brand portfolio and architecture, its brand history is firstly presented. Secondly, a summary of Telenor's official brand architecture framework and guidelines is presented. The analysis will then consist of two parts. A comparison between Telenor's framework and the normative framework will be conducted in order to identify similarities, differences, strengths, and weaknesses of both frameworks. The second part has two case studies of Telenor's foreign operations: DTAC in Thailand and DiGi in Malaysia. These are also analysed in relation to the normative framework. Combined, the single embedded case study of Telenor shows what Telenor evaluates when constructing its international brand architecture.

5.1. Brand history of Telenor

More than 155 years old, the Telenor Group has its origins from the state enterprise monopoly Telegrafverket, which was later named Televerket. The name Telenor was introduced in 1995, at which date the company was also incorporated. The brand logo at the time had the image of a person embracing a flash, followed by the brand name, in the Norwegian colours red, white and blue (figure 8). A modernised version of the logo was introduced in 2001. On February 9, 2006 Telenor underwent a complete brand change and introduced a new logo consisting of an aqua-coloured propeller-like figure and the name in black. The brand change was a conscious move towards unifying Telenor's positioning in international markets, as a more technological and consumer-centric organisation. As a result, the new brand had been tested in several markets prior to launch in order to ensure fit (Engebrigsten, 2006).



Figure 8. Telenor brands over time

Being both a corporate and service brand, Telenor brand focus is on all the people that are stakeholders to the firm. Another key focus is on change. When in the telecommunications industry, being adaptable to the newest trends is important, and so is being a frontrunner in developing new technologies. Thirdly, Telenor wishes to focus not only on growth in its business areas, but also growth in the lives of individuals in developing countries. Its brand slogan is "Built around People" and its group brand story is "growth comes from truly understanding the needs of the people to drive relevant change" (Telenor Group, 2012b, p. 34).

5.1.1 National brand architecture

Within the telecommunications sector in Norway, Telenor mainly operates under its corporate brand. It also has ownership in two additional brands, which allows it to compete in other segments. djuice was launched as a brand extension by Telenor, and is present in several foreign markets



Figure 9. djuice brand

today. Although it has a separate brand name (figure 9), most consumers are aware of its connection to Telenor. Thus Telenor acts as a shadow endorser. djuice allows Telenor to target a younger segment by eliciting a brand image that is simple and entertaining. The known link to Telenor makes it so that djuice is able to leverage Telenor's positive associations, such as the perceived superior network coverage.

Talkmore entered the Norwegian market as a low-cost and no-frills alternative to existing players in 2004. It



Figure 10. Talkmore brand

immediately gained significant traction due the exceptionally low-prices compared to competitors. It managed to sustain

this position partly due to the fact that services were only offered on the Internet. Telenor acquired Talkmore in 2007, and has kept the original brand (figure 10). The connection to Telenor is not as apparent as with djuice, but this is yet another example of how brands with other associations and target markets are given a new brand in order to avoid diluting the main brand.

5.1.2 International brand architecture

The current picture of Telenor's international brand architecture shows that it opted for three of the four strategies outlined by Aaker and Joachimsthaler (2000). The following list gives an overview of the strategies used to this date:

- **Branded house (global brand):** Norway, Denmark, Sweden, Pakistan, Hungary, Serbia, and Montenegro
- **Endorsed brand:** India (Uninor), Bangladesh (Grameenphone), and Thailand (DTAC)
- **House of brands (local brands):** Malaysia (DiGi), and Russia (VimpelCom)

The full international brand architecture is illustrated in appendix 1 attached with the brand logos and Telenor's ownership stake. These show that the endorsed brands are using Telenor's logo-image and typeface, while using a different brand name. According to the CEO, Jon Fredrik Baksaas, the implementation of the global brand depends on individual market conditions in the home country of Telenor's subsidiaries. He also acknowledges that a common brand profile and value system may simplify the process of exchanging experiences across business entities and borders (Engebrigsten, 2006).

It is somewhat evident that in most cases Telenor will promote a corporate brand strategy. Sometimes the corporate brand is introduced rather immediately, while at other times a gradual approach is adopted. Below are summaries of a few of the corporate redeployments that have occurred at Telenor to this date, reflecting the numerous approaches that have been adopted.

Denmark

In Denmark, Telenor acquired Sonofon, which at the time was positioned as the largest challenger to the past state-owned monopoly, TDC. Telenor gained majority ownership in 2000 and full ownership in 2003. However, it was not until 2006 that the firm adopted Telenor's logo-image and typeface. Finally in 2008, the decision made to also change the name to Telenor (Ernes, 2008). The global corporate brand was chosen in the end (figure 11).



Figure 11. Telenor Denmark brands over time

India

Similar stories can also be told in reference to its entry to other markets. But for the brand merger in India, Telenor has not introduced the corporate brand (yet). Instead, it has opted for what Aaker and Joachimsthaler (2000) refer to as a linked name, which is a type of endorsed brand strategy. Six months after Telenor gained majority stakes in Unitech, a relatively small actor in the Indian telecommunications market, it changed the name to Uninor. The logo and typeface is similar to the corporate brand, while the name is a combination of the two brands (figure 12). This is reminiscent of the second phase in Telenor Denmark's redeployment.



Figure 12. Telenor India brands over time

Russia

The case of Russia is yet a different one. While Telenor tends to either have majority or full ownership in its subsidiaries, it currently only holds a 31.67 percent economic stake in VimpelCom. This may or may not be the reason why the VimpelCom brand identity is completely separate from Telenor's corporate brand. VimpelCom was launched in 1992 and is the second largest mobile operator in Russia today. It has subsidiaries in 19 markets; among them are Ukraine, Kazakhstan, Uzbekistan, and Cambodia. These operate under several brands such as Beeline, Kyivstar, and djuice (figure 13). VimpelCom appears to be an intricate corporation itself. It follows a clear house of brands strategy, and shows no indication of that the Telenor brand will eventually be implemented.



Figure 13. Telenor/VimpelCom brands

5.1.3 Summary

These three examples demonstrate the complicated nature of Telenor's international brand architecture. By looking at the surface of the brand history of each subsidiary, one can already see that several factors come into play when deciding on a brand strategy. The next

section provides a presentation of the actual framework and guidelines that Telenor uses in order to make these decisions.

5.2. Telenor's brand architecture framework and guidelines

Selected pages of the official Telenor Group Brand Architecture Framework & Guidelines can be found in appendix 2. This exemplar is an updated version of the guidelines, which were firstly introduced in 2007. In its own words, Telenor's overall objective "is to create greater consistency and cohesion among Telenor Brand(s) across the Group as this will give us increased scale and efficiency" (Telenor Group, 2011a, p. 5). The framework's key points will be summarised before comparing it to the normative framework that was developed for this thesis.

The Telenor brands are Telenor, Grameenphone, Uninor, DTAC and DiGi. Throughout the guidelines, they are referred to as 'the Telenor brand' because Telenor does not distinguish country brands from Telenor. Most of Telenor's foreign operations operate under the main Telenor brand, but it has these local brands in order to maintain flexibility when servicing to local needs.

The Telenor Group Brand Architecture is rooted in its business strategy, and its businesses are classified into three areas. The Core area refers to communications and related areas such as voice, data and associated content. The Adjacent business area consists of operations that are outside the Core, but still supports the Core functions. Lastly, the remainder of business areas are all grouped under 'Other'.

Services belonging to the Core business area should use Telenor as the main brand, as they are central to Telenor's business. The guideline dictates that an endorsed strategy, such as the one used by Grameenphone in Bangladesh is acceptable. However, it is strongly discouraged to use or create independent brands, except in cases where the Telenor brand cannot meet the business objectives. Talkmore and djuice are two such cases. If a specific service within the Core business area is to be branded (voice, data or associated content), then subbranding should be used in order to show its connection to the Telenor umbrella brands. Adjacent business areas are encouraged to use a descriptor (figure 14). Services in



Figure 14. Branding adjacent business areas

Other business areas should not use the Telenor brand, but rather an independent brand with another look and feel unrelated to Telenor. This is in order to prevent brand equity dilution. For both Adjacent and Other business areas, a corporate endorsement may be utilised, for instance written as 'part of Telenor Group'. This practice should only be used if brand managers believe that the endorsement adds value the Telenor brand.

Beyond these overall guidelines that have been discussed, the brand architecture framework mainly consists of minor contingencies that allow of alternate visual representation of the brand. Examples include when to use the country descriptor (e.g. Telenor Hungary), or how to brand corporate responsibility initiatives. Another example is how Telenor determines whether the Telenor brand should be a receiver or sender (or how strong a sender) in subbrands based on the establishment of the brand and brand strength in the local market (figure 15). If a local brand has been established for many years, there is greater flexibility in the use and prominence of the Telenor brand and logo. Telenor can then have smaller receiver role.

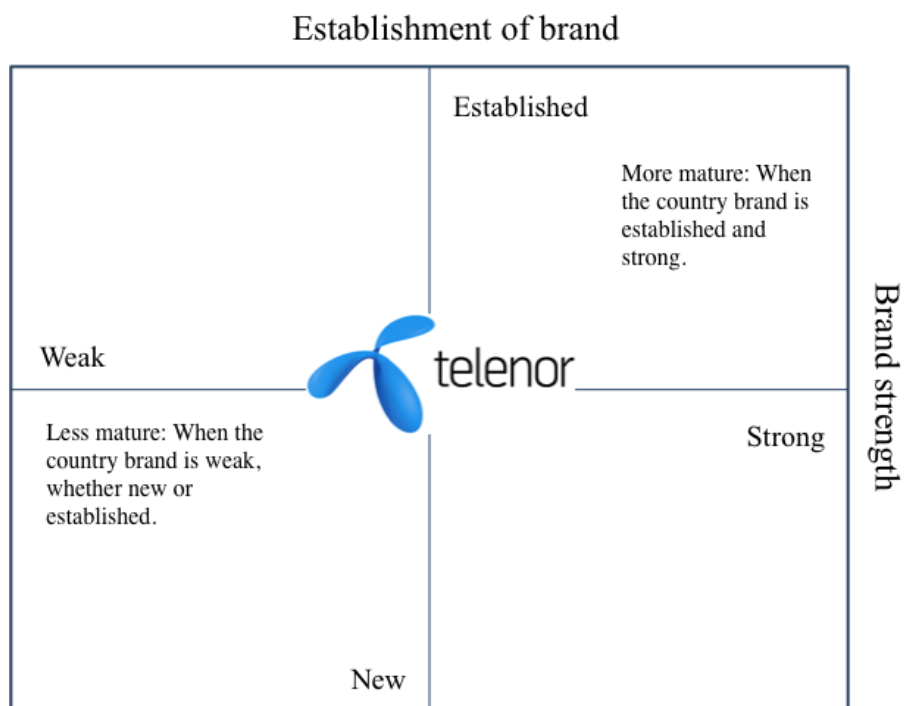


Figure 15. Design flexibility for mature and stronger Telenor brands (Telenor Group, 2011a)

In summary, it can be said that the Telenor Group Brand Architecture is based on:

- **Corporate strategy:** Telenor aims to strengthen the Telenor brand. Its inherent brand strategy is therefore to reinforce the corporate identity by building the corporate

brand. This is an underlying objective of the management, because it introduces the potential for clarity and synergy. The consistency of this strategy does not only yield cultural benefits, but also scale and efficiency.

- **Business areas:** It takes into account the diverse characteristics of the services in its portfolio, by structuring the brand architecture according business area.
- **Endorsements:** Brand endorsement guidelines are strict, and the general rule is that they should only be used where they are adding to the Telenor brand value, rather than diluting.
- **Design flexibility for strong and mature local brands:** It takes into account the relative brand equity by considering the establishment of brand (brand awareness), and brand strength (overall brand equity).
- **Local preferences:** The previous point also shows that the framework considers ingrained local preferences and needs. Moreover, it uses country brands in some markets (Grameenphone, Uninor, DTAC and digit) in order to cater to local needs.

5.3. Part 1: Comparing the frameworks

The first part of the analysis will be organised based on the main categories of the normative framework: brand considerations, firm characteristics, national culture, and industry conditions. By comparing Telenor's framework to the normative framework, it can be identified to which extent Telenor's *intends* to consider the propositions set forward by the normative framework. The analysis can also help find strengths and weaknesses of both frameworks.

5.3.1 Brand considerations

Brand considerations are central to the normative framework that was developed for this thesis. It involves relative brand equity, portfolio characteristics, country-of-origin and product matching, perceived fit, and service brand qualities. While all of these are perhaps not equally important, they can help make managers mindful of key brand issues that would otherwise not be considered.

In structuring the framework and guidelines around business areas, Telenor does take into account brand specific issues. Similar to what Aaker and Joachimsthaler (2000) argued, services with similar characteristics, associations and target segments are branded

accordingly. This means that portfolio characteristics and perceived fit can be found in both frameworks. There is no apparent need for its framework to consider service brand qualities in detail, given that all of Telenor's offerings can be classified as services, and there is already a corporate branding strategy in effect.

Relative brand equity refers to the amount of loyalty, awareness, perceived quality, associations and proprietary assets that one brand has over the other in the eyes of consumers. A brand with strong brand equity can also be said to have high brand strength (Aaker, 1991). Telenor's framework considers the brand strength of Telenor when determining whether to use it as a driver or receiver in subbrands. Beyond this instance brand strength is not a point of focus, especially not when it comes to the discussion of corporate vs. local branding. However, it should be mentioned that country brands are used where the Telenor brand cannot deliver business objectives, or service to local needs. Implicitly this can mean that relative brand equity does matter and is considered, but the message is not communicated in a clear manner.

Country-of-origin and product matching is not in the framework. Telenor is a brand with a clear connection to the Norwegian identity based on the origin, name, and corporate governance. Which associations other cultures have towards Norway will depend on the culture at hand, but some general keywords may be natural resources, beautiful nature, cold climate, economic prosperity, politically stable, remote, and unfamiliar. Economic prosperity might indicate technological advancement, which would be a favourable match with telecommunications. At the same time, Norway is not as prominent within telecommunications and technology compared to other countries. Moreover, the fact that Norway is a foreign and unfamiliar country might have a negative impact on cultures that prefer a reliable and well-known provider (unfavourable match). These are some obvious factors which can help Telenor better understand the implications of the branding and marketing strategy chosen.

5.3.2 Firm characteristics

Communication cost efficiencies, corporate culture benefits, and governance structure were the three firm-based aspects that were found to be important to constructing international brand architecture. They are issues that are specific to the firm based on its priorities and unique traits. For instance, there are clear communication cost efficiencies that may be

achieved by pursuing corporate branding, but the size and importance of the cost savings will differ depending on the firm at hand.

Telenor states in its brand architecture aims that it wants to create "greater consistency and cohesion" in order to achieve "scale and efficiency" (Telenor Group, 2011a, p. 5). This relates to communication cost efficiencies as it shows a cost-saving objective behind the strategy. Cost efficiency is in fact one of the company's overall strategic goals and it has a cross-border standardisation initiative in motion in order to achieve it (Telenor Group, 2012a). The company clearly wants to pursue a corporate branding strategy, and cost saving seems to be a key reason for its motivation.

Although corporate culture benefits are not usually a central part of a brand architecture framework, being aware of its existence can help brand managers to make decisions that are also in the interest of employees. Telenor's corporate culture is based around 'the Telenor Way', which consists of striving for excellence and efficiency, strong ethics, and a customer orientation. Pursuing a corporate brand strategy helps reinforce this corporate identity and makes Telenor a more desirable employer to both existing and prospective employees.

The theoretical review stated that firms expanding organically are more likely to have centralised governance, while the opposite can be said of those that expand through M&A. This thesis chooses to focus on cases where Telenor has expanded internationally through M&A, as opposed to organic growth. However, this does not have an impact on the fact that Telenor as a whole has expanded both organically and non-organically. Telenor operates in 11 markets, and has appointed chief operating officers to govern these business units. The CEO's are mostly Norwegian or Scandinavian, indicating that Telenor tries to keep a close tie to the subsidiaries. Additionally, their jobs are to manage the units in accordance with the Telenor Way, in aspects ranging from the governance and organisational culture, on through to the Codes of Conduct and leadership expectations (Telenor Group, 2012a). Combined, these factors illustrate that Telenor's governance is mainly centralised. This 'centralised thinking' is to some extent reflected in the framework and guidelines as well. That is, the inclination towards standardisation and fixed procedures is a reflection of typical centralised governance according to Douglas et al. (2001).

5.3.3 National culture

The normative framework's institution-based view was based on national culture, and more specifically issues of ethnocentrism, uncertainty avoidance and short-term orientation, vertical collectivism, perceived brand globalness, and translated brand meanings. These are all very important to understanding the target market characteristics and its propensity to accept a particular brand.

However, it is an aspect that is barely mentioned in Telenor's framework and guidelines. It does state that brand managers must take into account the local market realities and strength of the Telenor brands in each market. However, which market realities that should be considered are not given. By not making these issues explicit, it is difficult for brand managers to know what to look for. It can lead to unfortunate decisions that prevent the brand for performing optimally in the long run.

5.3.4 Industry conditions

From the industry-based view, issues such as political and economic integration, competitive intensity, competitive structure, market infrastructure, and consumer mobility are relevant to the normative framework. Similar to informal institutions, they are not issues that the official Telenor framework takes into account directly. The only 'local market realities' that are considered in the framework relates to brand strength and establishment. Whether a brand is established within a market is indirectly associated with the competitiveness of the industry. Hence the relative competitiveness of the brand is the only industry-based issue that can be found in Telenor's framework. Meanwhile, macro issues that deal with the economy as a whole appear to be overlooked.

5.3.5 Findings

The comparison of the two frameworks illustrates that there are both similarities and differences. Both frameworks find brand considerations to be most important. Telenor's framework is based around business areas, which means that apparent brand characteristics such as associations and concept are taken into account. More in depth issues such relative brand equity receives less attention. Furthermore, firm characteristics have shaped Telenor's framework to a higher extent than the normative framework. This is because Telenor's entire brand strategy is structured around its business strategy, with the overall aim of standardisation. Based on this it can be inferred that managerial goals have had an impact on the brand strategy, as they often have an impact on business strategy. Lastly, guidelines

concerning national culture and industry conditions are seemingly overlooked completely by Telenor's framework, while they are central to the normative framework.

The fundamental nature of Telenor's brand architecture framework is different from the normative framework. While it does provide guidelines for corporate level branding, it appears to be more directed towards daily decision-making such as how to brand a new sub-service, use corporate endorsements, or label promotional material. Its level of practicality means that macro-issues such as culture and industry conditions are disregarded. Yet the fact that Telenor's corporate level brands are branded differently, while the framework encourages them to carry the Telenor brand, implies that Telenor's brand managers do consider additional factors. However, as these factors are not disclosed in the framework, it is impossible to predict what they are.

On the other hand, the normative framework is very comprehensive, and introduces a synthesised presentation of important issues identified by the existing body of literature. Issues range from specific brand characteristics and on through to the state of the macro economy. It may be argued that it is too broad and intricate, and does a worse job of prioritising the issues. Moreover, although significant efforts were made to give the framework a corporate branding orientation, it is perhaps better suited for typical conglomerates that operate in different product categories such as Unilever, Virgin and L'Oréal. The theory also appears focused on mergers of two brands that are already familiar to consumers within one market. Telenor offers essentially the one and same service across markets, making many of the assumptions less relevant. In Telenor's case, especially issues relating to firm characteristics can be determined at a corporate brand strategy level, without the need for constant re-evaluation within the brand architecture framework.

The theory provides an argument in favour of corporate branding for service brands. For Telenor, the issue is somewhat complicated. Although they have a number of countries that operate under separate brand names, they still refer to these as 'corporate local' brands. The assumption is that consumers also regard these local brands as corporate brands that represent the entire firm in the given country. This introduces another limitation to the normative framework, as it assumes that corporate brands are global brands, while product brands are local brands. Additionally, within the brand architecture literature there have not been studies that look at a house of brands strategy consisting of multiple corporate brands.

The key strength of Telenor's framework is that it is simplistic and allows a certain degree of flexibility. It includes the most relevant guidelines for brand managers, and it is also very detailed with regards to branding specific business areas. Its weakness also lies in its simplicity. The framework and guidelines have been created from a business perspective, with standardisation, scale, and efficiency in mind. By giving little attention to cultural issues, consumer evaluations are essentially being disregarded. Moreover, ignoring industry conditions makes them less equipped to deal with external contingencies that might affect brand performance.

In summary, it appears that there are strength and weaknesses to both frameworks. The predominant limitation of the normative framework is that it is not tailored to this specific case, which forces an initial broad perspective. Telenor's framework and guidelines are practical, but also lack several key issues.

5.4. Part 2: Case studies

Part 2 of the analysis evaluates two case studies of Telenor in Thailand (DTAC) and Malaysia (DiGi). These two countries were chosen based on their similarities and differences. They are neighbouring countries, and when it comes to technological integration, Malaysia is only somewhat ahead of Thailand. Culturally, Malaysia is more diverse, but parts of the Southeast Asian values are sure to be found in both countries. Telenor became shareholders in both DTAC and DiGi around the same time, and yet the brand architecture strategy for each subsidiary is different. The analysis will firstly evaluate the cases in light of Telenor's framework, and secondly look at additional issues that the normative framework found were important. This will show to what extent Telenor followed the guidelines identified in the normative framework. Where it is relevant, the analysis will be based on data from the year the brand changes occurred.

5.4.1 DTAC in Thailand

Total Access Communication (TAC) was founded in 1989 in Thailand. Telenor became a stakeholder in 2000, which finally evolved into 65.5 percent ownership (DTAC, 2012a). TAC changed its brand name to DTAC in 2001. This also marked a new age for the company as their approach to conducting business changed radically this year. In 2001, DTAC's

market share was 34.39 percent, only beaten by its main competitor Advance Info Service (AIS) at a 60.45 percent share (DTAC, 2002). In 2007, DTAC refreshed its brand by introducing the Telenor logo and typeface, and the new slogan 'feel good' (see figure 16). The objective of this strategy was to improve the customer experience and loyalty towards to the brand, and turn the focus away from prices. At this time, DTAC's market share had declined to 30.73 percent, but AIS's had declined even more (48.43 percent) as True Move (18.76 percent) had a surge in new subscriptions (The World Bank, 2008).



Figure 16. DTAC brand changes

Today DTAC offers mobile voice, roaming and value added services through prepaid and post-paid plans. Data from March 2011 shows that DTAC remains the second largest mobile operator with 22.3 million subscriptions and 30 percent market share. True Move has grown further, but the competitive landscape is otherwise the same (Telenor Group, 2011b).

Telenor's framework and guidelines

DTAC is a provider of mobile voice, roaming and value-added services, which means that it fits perfectly under Telenor's Core business area. According to Telenor's framework this means that DTAC should use the Telenor brand in order to ensure consistency and cohesion in the brand architecture. But this is not the case with DTAC. In the first years after the acquisition, DTAC was completely separated from the Telenor brand. It was not until Telenor introduced its brand architecture framework and guidelines in 2007 that brand managers decided the DTAC brand needed to be refreshed (figure 16). DTAC got the new Telenor logo and typeface, together with a new slogan and personality, but the brand name itself remained. While this does not go along with the main framework, the guidelines do make an exception for local needs. For some reason, changing the name would be a greater cost than benefit. As Telenor's framework does not explain which local needs should be considered, the next part of the analysis will try to answer that question.

Brand considerations

At the time of acquisition, Telenor was an unfamiliar brand in the Thai telecommunications market. As a result, it had no significant brand equity in the eyes of the average consumer.

Meanwhile, DTAC (or TAC) had been in the market since 1989 and was the second largest mobile operator, implying high awareness among consumers. Its market share had also increased (DTAC, 2002), which indicates that loyalty and perceived quality were high. DTAC (2002) states that the TAC brand lacked cohesion and a clear message. That was why it was rebranded to DTAC in 2001. While this is still considered a local brand, the rebranding made brand associations positive. In sum, these factors point to that DTAC's brand equity has always been higher than that of Telenor. The theory suggests that the high equity brand should be used, which in this case would imply adopting a type of target-dominant corporate redeployment strategy (Jaju et al., 2006; Lambkin & Muzellec, 2010).

The portfolio characteristics aspect deals with the similarities between the brands in the portfolio, and the two brands merging in particular. Telenor's brand portfolio mainly consists of mobile operators and their subbrands, with a few exceptions of services with separate brands that are normally not associated with Telenor. The mobile operators tend to target the entire market, and have a functional and experiential brand concept. However, the specific associations between different markets differ. Telenor in Norway is a traditional and comprehensive market leader. In Thailand, DTAC is the challenger and tries to position itself as a modern and carefree provider. Overall, it seems as if the goals of all brands are the same. Aaker and Joachimsthaler (2000) would in this case argue in favour of a branded house strategy, in order to benefit from synergy effects and positive spillovers. Furthermore, if the two brands are similar in these aspects, consumers are likely to see a perceived fit and be more open to brand merger and name change.

As a telecommunications brand, DTAC marketed itself under the slogan 'Make it easy' after the name change in 2001. The brand managers recognised that in order for this strategy to succeed, the new brand mentality needed to be communicated through all of DTAC's employees, and not only advertising. This is why McDonald et al. (2001) argued in favour of using a corporate brand strategy for services brands – consumers base their brand perceptions on interactions with staff (service quality) rather than the product features.

The last brand consideration is country-of-origin and product matching, which Roth and Romeo (1992) found was an important factor to consider when launching a brand in a new country. A study looking at how the Norwegian country-of-origin brand was perceived in Asian markets in 1999 found that compared to Western consumers, Asian consumers have a

relatively poor perception of Norwegian products (Nes, 2001). The study showed a correlation between geographical distance and willingness to buy, which may indicate that perception is related to familiarity. Another study looking at Norway's fish industry's country-image strategy in Asia also establishes a weak image (Kleppe, Iversen & Stensaker, 2002). They argued that consumers have to be educated of Norway's country-image for this strategy to be successful. In general, a link can be drawn between Norway's economic development and technological ability. However, the problem is not that there are unfavourable matches between the country-image and product characteristics, but rather that the Norwegian brand is not familiar enough to leverage these positive associations.

Firm characteristics

DTAC became a part of Telenor through an acquisition. According to Douglas et al. (2001), this favours a house of brands strategy due to existing local recognition. On the other hand, the governance is somewhat centralised at Telenor. DTAC is its own firm in the sense that it has all of the management groups that are usually a part of a firm: board of directors, executives, operations, finance, and so on. At the same time, almost half of top managers are from Telenor and mostly Norwegian. They are clearly in place to execute Telenor's agenda, and this fact would lead Douglas et al. (2001) to argue in favour of an international brand.

There are communications cost efficiencies that can be achieved across the corporation by adopting the Telenor brand. For instance, if Telenor is a sponsor in the World Cup, the brand exposure benefits are received in all markets using the Telenor brand. But beyond this scenario, it is hard to see where communications cost efficiencies can be achieved by a Telenor brand and not DTAC. When the theory refers to these benefits, it is usually applied to a company that has several products under different brands within a market (Aaker & Joachimsthaler, 2000). Regardless of whether the Telenor or DTAC brand is used, all its products and services will be using that one brand in the Thai market – meaning it will achieve communication benefits in both scenarios. From a corporate perspective, the global brand strategy will give a slight larger benefit.

Last firm characteristic to consider are corporate culture benefits. A strong corporate culture means that employees feel a strong connection to the corporate identity, and using corporate branding can help enforce this bond. It can also have a reassuring effect on consumers and investors (Douglas et al., 2001). The 'DTAC way' is all about a "sabai sabai" (relaxing)

working style, while trying to reach goals through principles such as leading by example, learning by doing, hiring for attitude, and keeping consistency (DTAC, 2012b). In other words, culture and corporate identity seems to be prioritised, although it is already attached to the DTAC brand. So while the theory proposes corporate branding in firms where the corporate culture is strong, DTAC is not using the Telenor corporate brand – but the DTAC 'corporate local' brand. Based on this factor, the local brand strategy seems better suited.

National culture

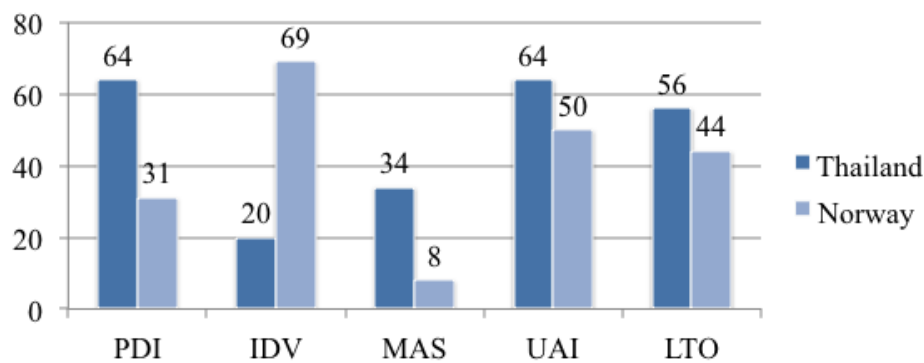


Figure 17. Cultural dimensions - Thailand vs. Norway (Hofstede & Bond, 1988)

The cultural dimension scores show that the Thai culture is vastly different from the Norwegian one (Hofstede & Bond, 1988). Figure 17 shows that the power distance (PDI) is twice as high as the Norwegian, indicating that there is greater respect for authority, and inequality is accepted. The individualism (IDV) score is significantly lower than in Norway, and reveals that Thailand is highly collectivistic and loyal to its relationships with family and friends. In business, conflicts are avoided and personal relationships valued. The third dimension, masculinity (MAS), is not as low as in Norway, but low enough to classify Thailand as a feminine society. There is relatively less competitiveness and assertiveness in the society. An uncertainty avoidance (UAI) score at 64 is higher than Norway, and reflects a culture that uses strict rules to avoid the unexpected, and that is reluctant to accept changes. Lastly, the long-term orientation (LTO) in Thailand is higher than Norway, but not as high as other Asian countries. It has a respect for tradition and saving face, which is common in the Confucian culture. The big differences between the Norwegian and Thai cultures can have a negative impact on employees' motivation if corporate branding is adopted. An M&A usually has a winner and loser, and adopting the international brand would create a strong signalling effect. When stakeholders additionally have to adapt to a Norwegian corporate identity, then chances are that reactions to the new brand will be negative.

The high uncertainty avoidance and medium high long-term-orientation of the Thai culture are characteristics that can be found among ethnocentric cultures. Avoiding the unexpected and having a preference for tradition are factors that could indicate a resistance to a new brand, and especially a foreign brand. In addition, mobile plans contain typical experience-qualities, where the evaluation occurs through consumption. Supphellen & Rittenburg (2001) found that these types of products were more prone to consumer ethnocentrism. As a result, the level of ethnocentrism in the Thai culture would favour a local brand strategy.

A high vertical collectivism implies that a society values a social hierarchy and a clear authority figure (Jakubaneš & Supphellen, 2012). A corporate endorsement and brand can symbolise an authority figure because consumers associate its 'grandness' with global success and quality. That is why it is more likely to be preferred by these societies. Thailand's low individualism and high power distance scores suggest a high vertical collectivism. Based on this factor alone, a corporate and global brand is recommended.

In some cultures, the mere fact that a brand is international is a value-added itself, due to a perception that global brands are better (Quelch, 1999; Steenkamp et al., 2003). The dimensions that make up the Thai culture show that it contains susceptibility and traditionalism. The susceptibility affects the global brand preference, while the traditionalism makes them favour local brands (Dogerlioglu-Demir & Tansuhaj, 2011).

The new Telenor brand was carefully chosen so that it could be applied globally. Hence there is no indication that the translated meaning of Telenor's brand name, logo and other key associations will have an opposite interpretation in the Thai culture.

Industry conditions

Thailand is a member of The World Trade Organisation (WTO) and was obliged to liberalise its telecommunications sector by 2006 (DTAC, 2012a). But the Telenor Group has experienced significant regulatory challenges with The Telephone Organisation of Thailand (TOT), the state-owned fixed line operator, both before and after 2006 (Telenor Group, 2011b). Due to this high level of local regulation, Douglas et al. (2001) would argue that the political and economic integration of the Thai telecommunications sector is low and propose a local brand strategy.

The issue of market infrastructure mainly relates to the extent to which distribution channels facilitate a global brand strategy. The telecommunications industry does not have this kind of market infrastructure, and consequently there is not a need for a global brand. Telenor will generally advertise and distribute its products nationally due to the nature of the offerings. Mobile plans are constrained to the national markets, and cross-border calls and texting follow a completely different pricing scheme.

A third factor that can indicate market integration is consumer mobility. Consumers who engage in international travel are to a higher extent exposed to foreign brands, which makes them more likely to accept those (Quelch, 1999). The number of Thai students studying overseas can be used as an indicator of consumer mobility. In 2008, the number of students enrolled in tertiary education abroad was 24,485 or 0.9 percent of total students enrolled in tertiary education. In comparison, Norway had 11,973 students abroad, which is equivalent to 5.8 percent of all students in higher education (UIS, 2009). Given that 23,727 Thai students studied abroad in 2006, there has not been an increase in student mobility either (UIS, 2006). As a result it will be assumed that consumer mobility in Thailand is low, and less conducive of a global brand strategy.

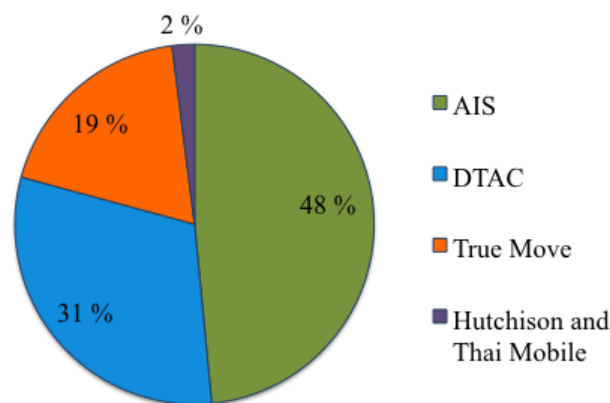


Figure 18. Market share 2007 among Thailand's mobile operators (The World Bank, 2008)

The competitive structure of the telecommunications sector in Thailand can be described as an oligopoly, because there are three large suppliers that have a combined market share of 98 percent (figure 18). Additionally, new entrants have high barriers to entry because they have to go through a costly bureaucratic process of obtaining concessions. Still, the competitive intensity in Thailand's telecommunications industry is classified by DTAC (2012) as high due to the price sensitivity among consumers. Damoiseau et al. (2011) claimed high competitive

intensity is a strong indicator for using a local brand. However, they assume that high competitive intensity means a crowded industry where there is no room for new brands in consumers' minds. In this case, the industry is not crowded so an international brand could also be used. Douglas et al. (2001) assume that the branding decision can also be based on whether the industry is dominated by local or international brands. In the Thai telecommunications sector, all brands are local. Overall, the competitive landscape suggests that a local brand strategy should be used.

Summary

Table 3 is a summary of the findings from the analysis. It shows that there are seven issues that are in favour of an international brand, and eleven in favour of a local brand.

Category	International brand	Local brand
<u>Resource-based view / Brand considerations</u>		
<i>Relative brand equity (spillovers)</i>		x
<i>Portfolio characteristics</i>	x	
<i>Perceived fit</i>	x	
<i>Country-of-origin matching</i>		x
<i>Service brands</i>	x	
<u>Resource-based view / Firm characteristics</u>		
<i>Communication cost efficiencies</i>	x	
<i>Corporate culture benefits</i>		x
<i>Expansion strategy</i>		x
<i>Governance structure</i>	x	
<u>Institution-based view / National culture</u>		
<i>Ethnocentrism</i>		x
<i>Uncertainty avoidance and short-term orientation</i>		x
<i>Vertical collectivism-individualism</i>	x	
<i>Perceived brand globalness</i>		x
<i>Translated brand meanings</i>	x	
<u>Industry-based view</u>		
<i>Competitive intensity</i>		x
<i>Competitive structure</i>		x
<i>Political and economic market integration</i>		x
<i>Market infrastructure</i>		x
<i>Consumer mobility</i>		x
Sum	7	12

Table 3. Summary of DTAC analysis

5.4.2 DiGi in Malaysia

In 1995, DiGi launched its GSM 1800 MHz services in Malaysia for the first time (Telenor Group, 2011b). Telenor became a shareholder in DiGi in 1999, and announced in 2001 that it would increase its shareholding to a 61 percent majority stake. Due to regulatory matters, Telenor had to reduce its ownership to 49 percent by 2008. DiGi is the third largest mobile provider in the Malaysian market with a 24 percent share in 2011. Its biggest competitors are Celcom (31 percent) and

Maxis (39 percent). Right before the acquisition in December 2000, DiGi was fourth in the market with a market share of 17 percent (ITU, 2002). The investment in DiGi has in other words been a successful one for Telenor, with not only an increased market share but also an eightfold in total subscribers from 1.03 million in 2001 to 8.8 million in 2011 (Telenor Group, 2011b; DiGi, 2001a). Although DiGi never adopted the Telenor corporate brand, it did go through a major brand repositioning in 2001 after Telenor gained majority ownership (DiGi, 2001b). The new strategy was more aligned with the values and goals of the Telenor brand, such as innovation and customer centricity.



Figure 19. DiGi brand

Telenor's framework and guidelines

Similar to DTAC, DiGi is a mobile operator and is considered a part of Telenor's Core business area. According to the framework, the correct branding strategy would be to use the corporate Telenor brand to encourage cohesion and consistency across the brand architecture. However, DiGi is one of two Telenor brands that has a completely separate brand identity from Telenor (figure 19). In addition, it does not use a corporate endorsement from Telenor. It must be assumed that DiGi's brand strategy is based on local needs or other factors that are outside the official framework.

Brand considerations

Prior to the M&A, Telenor was not present in the Malaysian market and as a result they did not have any brand equity among consumers. Meanwhile, DiGi had already been present in the market for six years, and had a significant market share. Telenor had relatively lower brand equity than DiGi, and according to Lambkin and Muzellec (2010), this favours a local brand strategy.

It can be argued that there was a perceived fit between the DiGi and Telenor brands and product characteristics. They both position themselves as complete mobile providers and target all consumer segments. This also implies that they have similar brand concepts and will experience synergy benefits from operating under the same brand within a portfolio.

Referring back to the analysis of DTAC, a local brand strategy is recommended with regards to country-of-origin and product matching. This is because Asians tend to be unfamiliar with the Norwegian country-of-origin image, such that neither favourable nor unfavourable matches can be made or leveraged.

DiGi's brand repositioning strategy in 2001 sought to narrow the gap between DiGi and Telenor's brands. One of its goals was to improve service capabilities in order to build credibility for the brand and create positive associations. In other words, it attempted to communicate the new direction of the company to customers through interactions with staff. This is why McDonald et al. (2001) believed that service brands such as DiGi should opt for a corporate brand strategy.

Firm characteristics

Because Telenor gained ownership of DiGi through an M&A, Douglas et al. (2001) would argue in favour of a local brand strategy. This is due to the existing brand presence. At the time of the M&A in 2001 it was a known fact that Telenor would eventually have to reduce its shareholding to 49 percent (which ultimately happened in 2008). This is another factor that gave Telenor less leverage to enforce its corporate brand. While DiGi's CEO in 2001 was from Telenor, it had fewer Norwegian members in the executive team and board of directors, relative to DTAC (DiGi, 2002). This leads to the assumption that the governance structure is more decentralised than it is centralised, which is another argument in favour of a local brand.

As argued with DTAC, the communication cost efficiencies can be leveraged across the national product portfolio regardless of whether the international or local brand will be adopted. While Telenor might choose to promote the brand at global events, it will rarely use global advertising channels to advertise its brand – advertising is rather allocated towards promoting specific plans and national deals. Overall, the communication efficiencies will slightly benefit a global brand strategy.

Corporate culture benefits can be leveraged through a corporate branding strategy if the culture and corporate identity are strong. Reading through DiGi's recruiting website leaves the impression that there is a strong culture in place (DiGi, 2012). Emphasis is placed on the fact that DiGi is a dynamic and progressive employer with a challenging and rewarding work environment. Employees are guided to develop strong ties to the DiGi corporate identity, and will as a result favour a local brand strategy.

National culture

An interesting aspect regarding the Malaysian culture is its diversity. The main ethnicities represented in the population are Malays (Bumiputras), Chinese, and Indians (ITU, 2002). There are also a significant indigenous population, and groups of Indonesians, Filipinos and Nepalese. That is why the Hofstede cultural dimensions can only give an overall and average overview of the Malaysian society. However, it will be sufficient for the sake of the analysis.

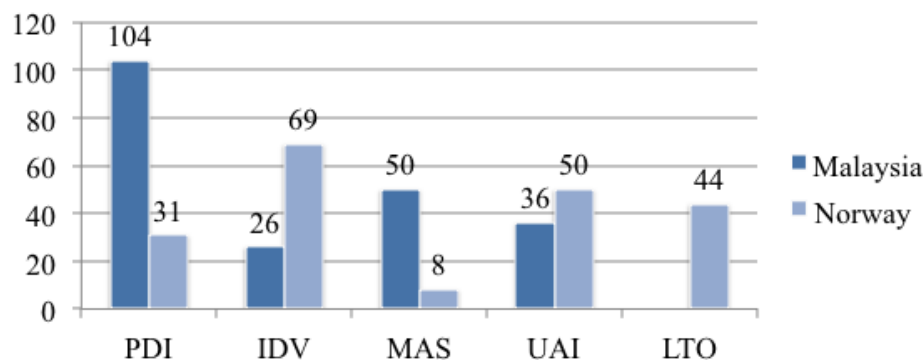


Figure 20. Cultural dimensions - Malaysia vs. Norway (Hofstede & Bond, 1988)

Figure 20 shows that the Malaysian culture is distinguished by high power distance (PDI), especially compared to Norway. Both managers and subordinates regard an autocratic management style as good leadership, and expect a clear hierarchy. The society can also be described as collectivistic (IDV). This is reflected in the emphasis on relationships and loyalty, which extends all the way to employer/employee relationships. Malaysia also has a masculine (MAS) society, which is a stark contrast to Norway. This means that it is driven by achievement, performance and work. Hofstede did not include Malaysia in his study on long-term orientation, which makes the final dimension uncertainty avoidance (UAI). The low score here actually shows that Malaysians tolerate deviances from the norm, and are open to innovation. This indicates that a new international brand is likely to be accepted.

The low uncertainty avoidance and high level of diversity within the society are indicators that ethnocentricity might be low. On the other hand, specific studies of the Malaysian culture show there is a significant level of ethnocentrism (Hashim & Razak, 2004; Kamaruddin, Mokhlis & Othman, 2002). The same studies also establish that preference for local brands will rule out the possibility of a perceived brand globalness preference, with the exception of specific product categories. However, in the discussion on brand considerations it was already established that the country-of-origin and product category match between Norway and telecommunications is not favourable. It is therefore assumed that ethnocentrism is high, and perceived brand globalness preference is low.

Hofstede and Bond (1988) described individualism in the Malaysian culture as low and power distance as high. It can therefore be inferred that vertical collectivism is high. Based on this isolated dimension, Jakubanecs and Supphellen (2012) would say that a corporate brand would be well received due to Malaysians' trust in authority figures.

Lastly, it will be assumed that the Telenor brand has the intended translated brand meaning in the Malaysian culture, due to the investment put forward by Telenor to create a global brand. As a result, there are no translated brand meanings that would lead Telenor towards using a local brand.

Industry conditions

According to ITU (2002), Malaysia has done a better job than its Asian neighbours at liberalising the telecommunications market, and had in 2002 one of the most competitive telecommunications sectors of developing nations. There are some factors that question the economic and political integration of the industry. For instance, foreign owners are only allowed to have 61 percent ownership in a company, and must revert to 49 percent after five years. On the other hand, foreign companies such as British Telecom, Deutsche Telekom and Media One all have stakes in DiGi's competitors. This shows that the Malaysian telecommunications sector is integrated with the external environment. This openness plays in the advantage of an international brand strategy.

It is assumed that the market infrastructure does not facilitate a global brand strategy, based on the same argument made for DTAC and the Thai industry. Distribution channels in the telecommunications sector are mainly national and will not benefit from using a global brand.

It can be deduced that consumer mobility is high based on the number of Malaysian students studying abroad. Malaysia sent 46,472 students to study for a tertiary degree abroad in 2008, making it the eighth biggest sender in the world (UIS, 2009). Additionally, this is a significant increase from 2005 when it sent 40,889 students (UIS, 2006). Out of all the students taking a higher education, those studying abroad accounted for 6.1 percent, which makes Malaysia more mobile than Norway at 5.8 percent (UIS, 2009). High consumer mobility favours an international brand strategy.

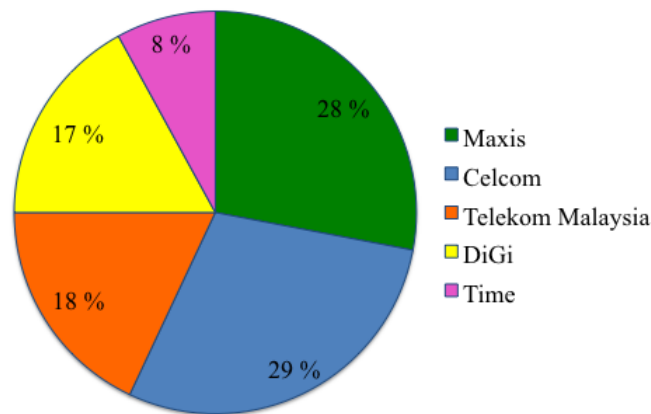


Figure 21. Market share 2000 among mobile operators in Malaysia (ITU, 2002)

In 2002, two mobile providers dominated the telecommunications sector, while three were significant contenders (figure 21). This competitive intensity acts in favour of a local brand strategy, because more brands means that consumers are less welcoming towards new, additional brands (Damoiseau et al., 2011). Since all of the brands competing are local, Douglas et al. (2001) would also say that the competitive structure promotes a local brand strategy.

Summary

Table 4 summarises the findings of the analysis, and shows that there are nine factors that act in favour of an international brand, and ten in favour of a local brand.

Category	International brand	Local brand
<u>Resource-based view / Brand considerations</u>		
<i>Relative brand equity (spillovers)</i>		x
<i>Portfolio characteristics</i>	x	
<i>Perceived fit</i>	x	
<i>Country-of-origin matching</i>		x
<i>Service brands</i>	x	
<u>Resource-based view / Firm characteristics</u>		
<i>Communication cost efficiencies</i>	x	
<i>Corporate culture benefits</i>		x
<i>Expansion strategy</i>		x
<i>Governance structure</i>		x
<u>Institution-based view / National culture</u>		
<i>Ethnocentrism</i>		x
<i>Uncertainty avoidance and short-term orientation</i>	x	
<i>Vertical collectivism-individualism</i>	x	
<i>Perceived brand globalness</i>		x
<i>Translated brand meanings</i>	x	
<u>Industry-based view</u>		
<i>Competitive intensity</i>		x
<i>Competitive structure</i>		x
<i>Political and economic market integration</i>	x	
<i>Market infrastructure</i>		x
<i>Consumer mobility</i>	x	
Sum	9	10

Table 4. Summary of DiGi analysis

5.4.3 Findings

The case studies look at two Telenor subsidiaries in Thailand and Malaysia that are branded differently. DTAC has the Telenor logo and typeface, but a separate name. Aaker and Joachimsthaler's (2000) framework focuses on brand names rather than overall logos, but the effect of DTAC's brand can be compared to an endorsed strategy with a linked name. Meanwhile, DiGi's brand is completely separate from Telenor, i.e. it has a house of brands/local strategy. While the two subsidiaries appear similar on the surface, closer analysis revealed that clear differences exist within several areas. The discussion will firstly

look at these differences, before moving on to other key findings that can help answer the research questions.

Overall, the summaries of the analyses show that more issues support a local brand strategy for both companies. But in the case of DiGi, the 'score' was almost equal, with only one more factor in favour of a local strategy. For DTAC on the other hand, a clear majority of factors indicated that a local brand should be adopted. Nonetheless, out of the two it is DTAC that has a more international brand. As implied in the previous section, firm characteristics such as ownership could partly explain the reasoning behind the chosen strategies. This is because managerial goals were central to the official framework and guidelines.

The issue of governance structure found that DTAC should use an international brand, while DiGi should use a local one. Douglas et al. (2001) recognise governance structure as a driver towards either strategy, rather than a determinant of which strategy should be chosen. It may be that for subsidiaries where control is centralised at Telenor's HQ, the brand strategy is a reflection of Telenor's guidelines and the local conditions. Where control is decentralised and based at the subsidiary, the brand strategy is a result of preferences held by local managers. The ownership percentages of Telenor's core brands provide yet another argument in support of this prediction (appendix 1). In countries where Telenor claims 100 percent ownership, the country brands use the Telenor brand logo and name to represent their operations. Meanwhile, where ownership is between 50-100 percent, a combination strategy has been used consisting of the Telenor logo and typeface and local brand name. Lastly, where Telenor has a minority stake (<50 percent), the house of brands/local brand strategy is adopted. This is an observed trend based on Telenor's brand architecture, and not an assumption that this is the way Telenor makes branding decisions. Yet, it does suggest that power is an important component in deciding the ultimate brand architecture strategy.

Another difference between DTAC and DiGi is found in the national culture. The initial assumption that Thailand and Malaysia has similar cultural values is wrong, except when it comes to the power distance and collectivism dimensions. Diversity in Malaysia can provide an explanation for the difference; the society consists of ethnic groups from both South Asia and Southeast Asia. The uncertainty avoidance dimension is particularly interesting, and shows that the Thai society has a fairly high score (64) relative to the Malaysian (36). This suggests that an international brand is less likely to be well received in Thailand. However,

looking at ethnocentrism exclusively shows that both cultures have a strong preference towards local brands.

The analysis of market integration factors implied further that the telecommunications industry is better suited for a global brand in Malaysia than Thailand. The Malaysian market is more integrated both in terms of regulations and consumer mobility. This could be explained by the fact that Malaysia is more developed than Thailand, as indicated by its higher mobile phone and Internet penetration rates (The World Bank, 2008).

Sections of the analysis showed that the some theoretical assumptions made in the normative framework could not be applied to the case studies. Firstly, the concept of country-of-origin and product matching was found to be irrelevant to the cases. This is because the Norwegian country-of-origin brand is weak in the Asian markets, given that consumers are unfamiliar with the Norwegian brand identity. This does not mean that the guideline should be removed from the normative framework. It can still be argued that Roth and Romeo's (1992) framework could be applied by Telenor in countries such as Denmark and Sweden where consumers do have distinct associations to Norway.

Communication cost efficiencies was a second issue that was not applicable to the cases. The theory states that the costs efficiencies can only be achieved when using a brand strategy other than a house of brands – i.e. when not adopting a local brand (Aaker & Joachimsthaler, 2000). Due to the nature of the telecommunications industry, Telenor's operations in each country are independent of one another. The target market and services offered by a subsidiary are specific to that country. Even though Telenor chooses a house of brands architecture at the corporate level, each country still has its own 'corporate local' brand, and can achieve the desired communication cost efficiencies nationally. For the purpose of the analysis, it is argued that Telenor will achieve larger cost efficiencies by using an international brand. This is because there are a few channels where an international brand can be leveraged, e.g. global sports events and internal communication. In reality, these benefits are probably negligible. For similar reasons the normative framework does not need to take market infrastructure into consideration. This concept looks at which extent global media channels help promote a global brand. As Telenor use separate advertising campaigns to target different markets regardless of branding strategy, the market infrastructure does not need to have an impact on the brand strategy chosen.

It is important to note that the final case study summaries are only meant to give an overview of where each case stands relative to the identified issues. The normative framework does not state the importance of each issue. Some issues are more conducive to a certain strategy, although choosing the opposite strategy would not be disadvantageous. For instance, while uncertainty avoidance in Malaysia is low and therefore accommodating of a new international brand, there would not be negative implications if the local brand was maintained. Moreover, some issues relate directly to brand performance and consumer evaluations (e.g. perceived fit and ethnocentrism) and others deal more with corporate strategy and managerial preferences (e.g. corporate culture benefits and governance structure). Not to say that the latter aspects are less relevant when constructing the international brand architecture. The theoretical review showed that corporate brand building is often central to a brand's reputation and success. Nevertheless, managerial preferences are often subjective, and are thus less likely to have a direct impact on the success of the brand architecture.

6. Discussion

6.1. General discussion

When firms expand globally through M&As, they are not only acquiring a product and a brand, but also an entire company with existing employees, history and culture. Given that the brand is the face of the M&A, it is important to manage in order to ensure a smooth transition in the eyes of all stakeholders. The normative framework provides the theory-based answer to the first research question. The guidelines that should be followed when developing an international brand architecture can be organised into four categories: brand considerations, firm characteristics, national culture, and industry conditions. By evaluating these categories in detail, brand managers can gain deeper insight to elements such as potential spillovers in the portfolio, cultural-contingent brand evaluations, and the true market environment. The normative framework is holistic, but also adaptable to firms' individual needs. There is no weighing of the guidelines based on their levels of importance, as this would be contingent on various factors. A way for brand managers to use the framework is to go through each proposition and attempt to identify significant reasons why the desired brand strategy should not be implemented.

Investigating the second research question suggests that Telenor considers only few of the issues identified in the normative framework. Part 1 of the analysis was a comparison between Telenor's framework and the normative framework. It showed that Telenor's framework is practically inclined, and strong with regards to guidelines for lower level branding decisions. For the Core business areas that this thesis focuses on, there were fewer guidelines and more ambiguity. 'Business area' is the only issue explicitly identified as an indicator of brand architecture strategy. The guidelines state that flexibility is maintained in order to cater to local needs, but provide no additional information to what is implied by 'flexibility' and 'local needs'. While the framework suggests that Telenor intends to consider some brand and firm issues, national culture and industry conditions were essentially ignored. The framework's improvement potential will be discussed under managerial implications.

Despite the critique of Telenor's official brand architecture framework and guidelines, it should be recognised that as long as brand managers use this tool to develop their brand

architecture, they are a step in the right direction. It does provide guidelines for developing a cohesive brand architecture in line with the corporate strategy. Although the framework does not discuss specific local conditions, they are mentioned. This will force the brand managers to consider them. The only caveat is that they have to use their best judgement to determine which issues are relevant. This might lead to important issues being overlooked. That is why a more comprehensive framework is needed for bigger brand architecture decisions related to M&A. Rather Telenor's framework is a useful tool for day-to-day decision making on issues such as new subservices, corporate responsibility branding, and so forth.

Moreover, the question is really whether Telenor does in practice actively use the guidelines? Of course, the answer cannot be established without direct access to the organisation. But the case studies of DTAC and DiGi in Part 2 indicated that this is not the case. In both cases the brand is different from the official recommendation: DTAC combines the Telenor logo and typeface with its own brand name, while DiGi has an entirely separate brand. In addition, the normative framework found that there are more issues in favour of adopting an international brand in Malaysia than Thailand. Still out of the two it is only DTAC that has changed its brand and integrated parts of Telenor's global profile. Subsequently, it is difficult to understand why the subsidiaries have been branded differently, based on information given in Telenor's guidelines and the normative framework. Overall, there is little evidence suggesting that guidelines in the normative framework are considered. This leads to the prediction that decisions are not made rationally, but rather ad-hoc and independent of frameworks.

For instance, the inconsistent branding across Telenor's Core business area could potentially be attributed to organisational politics. Telenor's framework was primarily shaped by corporate strategy, which is a reflection of managerial goals. Furthermore, when studying the governance structures of Telenor's subsidiaries, findings showed that where Telenor hold full ownership, the brand architecture guidelines are followed. Meanwhile, majority ownership subsidiaries have an endorsed brand, and minority ownership subsidiaries kept the local brand (see appendix 1). While theorists and brand managers may have a clear view of what creates the best international brand architecture, top management can make the final decisions independent of this. This fact makes this topic even more important. It provides numerous convincing arguments why a given architecture decision is best for the firm in the long run.

Part 2 revealed various limitations in the normative framework as well. Some of the issues identified will not always be relevant, and some of the theoretical foundations are based on wrong assumptions. What is special regarding Telenor's international brand architecture is that it consists of corporate brands and not product brands. When evaluating issues such as corporate culture benefits, Quelch (1999) and Douglas et al. (2001) argues that a corporate brand should be used in order to build a strong corporate identity and nurture the corporate culture. However, at a subsidiary such as DiGi there already exists a strong attachment to the DiGi 'corporate local' brand. It is able leverage at least the same benefits as the Telenor corporate brand. Similar discoveries were made with regards to communication cost efficiencies. Sufficient communication synergies can also be achieved through a local brand strategy because Telenor rarely advertises mobile plans through global channels. Lastly, some of the propositions assume that consumers are familiar with the Telenor brand prior to the acquisition (perceived fit and country-of-origin matching), but this was not true in the case studies. These limitations do not invalidate the normative framework, but do highlight the need to customise it to the context of each firm and each acquisition. The observations made in Part 2 further illustrate that international brand architecture is complex and dynamic. Being able to manage it well requires managers to always be aware of contingencies that might discredit past assumptions.

6.2. Theoretical implications

It was found that the decision on how to brand a foreign subsidiary at Telenor is likely based on few guidelines. This might be because Telenor's framework has been created from a need-based and practical starting point. The normative framework, on the other hand, has a theory-based foundation. This eliminates much of the corporate bias and forces a critical evaluation of the international brand architecture. A theoretical implication is hence that Telenor's framework should depend further on the theory identified in the normative framework. Improvements should be made within most areas to accommodate consumer evaluations and external conditions to a higher extent.

The topic of this research is very specific and focused on brand architecture decisions after a horizontal cross-border M&A. Meanwhile, the existing body of literature is divided into different fields that individually deal with issues related to the research questions. While the international brand architecture (Douglas et al., 2001; Douglas & Craig, 1996) field is still

new with little existing research, corporate branding is a related and more established field (Balmer, 1998; McDonald et al., 2001). The same goes for the global branding field, though its focus is on consumer evaluations and corporate benefits rather than brand architecture management (Hollis, 2009; Schuiling & Kapferer, 2004; Kapferer, 2002; Quelch, 1999; Steenkamp et al., 2003). There is some literature discussing corporate redeployments and brand mergers, but these are concentrated on merely the brand change process (Jaju et al., 2006; Machado et al., 2012; Thorbjørnsen & Dahlén, 2011). This thesis looks at international brand architecture, where managing the brand portfolio and relationship between brands is also key. Compared to existing research, external factors such as national culture and industry conditions receive greater consideration. The findings of this thesis illustrate a dynamic nature of international brand architectures, which few studies have focused on in the past. There is especially a gap in the literature related to brand architecture that takes into account special compositions of brand characteristics. In this case, Telenor's portfolio consists of international, local, corporate and service brands, and each of these have unique characteristics individually and combined that must be managed. The normative framework is unique in that it allows brand managers to customise it based on their situation.

6.3. Managerial implications

The main weaknesses of Telenor's framework are the simplicity and the ambiguity. Telenor can improve its existing framework by elaborating on the 'local needs' that must be accommodated. The guidelines should be more detailed when explaining which conditions would allow alternative corporate branding strategies, such as linked names and local brands. In other words, it should become completely transparent why the international brand is used in Denmark, while a local brand is used in Thailand. Through the case studies of DTAC and DiGi it became apparent that brand architecture decisions have been implemented inconsistently across the portfolio. While there could be justifications for the chosen strategies, these are not made obvious to the public or through Telenor's official brand architecture framework and guidelines. Better communication can improve the execution of Telenor's desired corporate strategy. Additionally, since the analysis suggests that the existing guidelines have not been followed, it is imperative that the new guidelines are enforced. By basing the new framework on issues identified in the normative framework, managers are better equipped to handle the external environment. It is important to note that in a case where more issues favour a local than an international brand, the international brand

can still be used. The implication is that the issues favouring a local brand must receive attention and be managed.

The normative framework is at its core a set of guidelines that firms expanding globally through M&As can use and adapt to their own needs. During this process brand managers should develop a holistic perspective of both the internal and external context, while at the same time remember to manage the brand architecture dynamics.

6.4. Limitations of research

6.4.1 General limitations

The thesis was able to identify a wide range of issues that can help answer the research question. A limitation of the normative framework is that it can only provide an overview of relevant issues. It cannot state with certainty which elements are more important to consider beyond the assumptions made in the theory. The framework can be improved by avoid using terms such as branded house, corporate branding and international branding interchangeably. There are distinctions between them and identifying them will improve the framework.

The research choices made created certain limitations for the study. Using a quantitative approach to answer the first research question would require large amounts of data of cross-border M&As. It would have to include not only details regarding the chosen branding strategies, but also a way of finding causal relationships between each identified issue and brand performance. A qualitative approach is better and using the case study method allowed a deeper understanding of the multi-faceted nature of the problem that would not have been discovered quantitatively. However, relying solely on documentary analysis of externally available sources constrained the analysis to some extent. Some assumptions had to be made with regards to Telenor's processes. Ideally, a multi-method qualitative study incorporating interviews of brand managers and consultants, alongside documentary analysis of internal documents would have been preferred. This would provide definite answers to the brand architecture decision-making process, and also confirm the prevalence and impact of organisational politics.

6.4.2 Validity

Validity deals with the interpretation of findings and the extent to which one can assume causal relationships. Lincoln and Guba (1985) identify four kinds of validity that are relevant

for qualitative research: credibility, transferability, dependability, and confirmability. These concepts must be addressed satisfactorily for a study to have trustworthiness and rigour.

Credibility

Credibility, like internal validity, is about conducting a research that is congruent with reality and measures what is intended (Lincoln & Guba, 1985). The best way to achieve this is to adopt well-established research practices, careful sample selections, and triangulation. The methodology chapter provides a transparent overview of the research methods used for this thesis, and efforts have been made to conduct the analysis in a concise manner. To ensure quality of the documentary sources used, Sauder et al (2009) recommended that researchers should carefully look at where data have been compiled, how they were compiled, and how results are presented. This advice was followed, and additionally crosschecking of several documents discussing the same topic was used to validate data. Further, the sources chosen were mostly large and known organisations. It was hard to find unbiased descriptions of certain issues such as corporate culture without primary data. In these instances assumption were made. Triangulation was achieved through analysing Telenor's official framework and the two cases. Both the content and methods of the research were discussed with the thesis supervisor, other academic staff, and peers throughout the research process, which also helped scrutinise the thesis.

Transferability

Transferability is also called external validity, and relates to the extent that research applied to other populations and situations can still reach the same findings (Lincoln & Guba, 1985). It is important to remember that the Telenor Group is the research setting of this thesis. The findings made in relation to Telenor's official brand architecture framework and guidelines are transferable, because the official framework was used. The DTAC and DiGi cases provide two interesting perspectives to Telenor's cross-border M&As, but it cannot be said that the findings are transferable. To make the conclusions more robust, further studies could be conducted for subsidiaries in other geographic locations, and with different brand strategies, industry conditions and cultural values. Direct access to the organisation through in-depth interviews with key decision makers, and internal documents would also improve the transferability aspect.

Dependability

Dependability addresses reliability and considers whether the same findings would be made if the research were to be conducted again (Lincoln & Guba, 1985). Many of the efforts made to ensure credibility could also help improve dependability, such as triangulation, crosschecking and source validation. Given that the analysis was strictly based on the normative framework, it is likely that dependability is achieved. Most issues analysed are static facts, such as industry competitiveness and cultural dimensions. Even if a number of these were to be analysed differently in a repeated research, it is probable that the final conclusion would remain.

Confirmability

Lastly, confirmability deals with ensuring that findings come from objective interpretations and not researcher bias (Lincoln & Guba, 1985). Being an observer of documents, it is necessary to remain as objective as possible throughout the document analysis process so that preconceived opinions do not cloud interpretations. Again, triangulation was one method used to ensure confirmability. In addition, the methodology chapter provided justifications for research choices. Finally, the discussion distinguished between direct findings based on the analysis, and further theorising based on findings and assumptions.

6.5. Directions for future research

The thesis has provided much insight to international brand architecture and its dynamic nature. An avenue for future research could be to investigate more companies to gain deeper understanding of how to best manage international brand architectures. Additionally, this could also show how other companies compare to Telenor's management of its international brand architecture – are they better, worse or comparable? Secondly, it would be interesting to test the propositions made in the normative framework quantitatively, and see if they actually lead to a higher brand performance if followed. A third direction for future research is toward ownership structure and organisational politics. Some findings indicated that subjective managerial preferences decide the final brand strategy despite recommendations based on research. A deeper investigation of this topic by interviewing brand managers from a large sample of global firms would make an interesting study.

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Appendices

Appendix 1: Telenor's international brand architecture

		
Branded house	Endorsed brands	House of brands
 <ul style="list-style-type: none"> - Norway (100%) - Denmark (100%) - Sweden (100%) - Pakistan (100%) - Hungary (100%) - Serbia (100%) - Montenegro (100%) 	 <ul style="list-style-type: none"> - India (67.3%)  <ul style="list-style-type: none"> - Bangladesh (55.8%)  <ul style="list-style-type: none"> - Thailand (65.5%) 	 <ul style="list-style-type: none"> - Malaysia (49%)  <ul style="list-style-type: none"> - Russia (39.6%)

Appendix 2: Telenor Group – Brand Architecture Framework & Guidelines

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5

Telenor Group – Brand Architecture Ambitions

Brand Architecture aim is to strengthen the Telenor Brands, and this is to be done while maintaining flexibility for all Group units to service on the local needs (by means of implementing a local branding strategy).

In order to develop but also to protect Telenor Brand equity, the key aims for the architecture implementation are as follows:

1. Ensuring that Telenor or the respective Country Brand remains the flagship/main brand when representing Voice, Data, Associated Content and Adjacent* services in any market.
2. Discouraging the use or creation of new independent brands in the Core* territory except where the Telenor brand itself cannot deliver the business objectives.
3. Ensuring that if a business/service is NOT Core or Adjacent then it should not be Telenor branded.

Telenor Group Brand Architecture's aim is to create greater consistency and cohesion among Telenor Brand(s) across the Group as this will give us increased scale and efficiency.

* For definitions of Core and Adjacent see the following page.

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6

Telenor Group Business Strategy and The Telenor Way – A key driver of the Architecture

Building strong brand preference for Telenor brands, both now and in the future, is part of the Group's strategic ambitions. Therefore, the Telenor Group Brand Architecture Framework, together with the associated guidelines, are rooted in the Telenor Group's business strategy.

Telenor Group's businesses are classified into three major categories. **This classification has a direct impact on the way different parts of the business are/can be branded.** The three major categories are:

a. Core Business Area: Communications and closely related services (both B2B and B2C): specifically Voice, Data and Associated Content. In order to protect and build the value of Telenor's brand, it is important that Telenor is used as the main/flagship brand for any service within the Core Business Area. These core services are central to Telenor's business and so naturally they should carry its brand.

Examples:



b. Adjacent Business Area: Where the operations of a business are outside the Core but still build upon or reinforce the Core, the business is classified as Adjacent. This definition applies to businesses both at the Group or business unit level.

Examples:



c. Other Business Area: Any businesses that fall outside both Core and Adjacent. In order to protect the Telenor brand and to prevent dilution of its equity it is important that Other Businesses are not branded Telenor. They should have an independent identity, unrelated to Telenor. They may be endorsed with consultation, for details please (go to page 10).

Examples:



Brand Architecture Framework – Overview

Core

Corporate Brands

Level	Examples	Endorsement
1. Corporate Global		Will never be endorsed
2. Corporate Local		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>

Consumer Brands

Level	Examples	Endorsement
3. Main consumer facing brands		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>
3a. Sub-brands (optional)		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>
3b. Stand Alone Segment Brands		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>
4. Product and service labels		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>

Endorsement general principles

It is extremely important to follow endorsement rules. Ideally these will be implemented in steps according to the logic of the framework.

The objective is always to protect value for the Telenor brand. It is important to ask: Is an endorsement adding to or diluting Telenor brand value? If it does not add value, or if it dilutes the Telenor brand (e.g. by associating Telenor with a business area that is distant from or dissonant with the Telenor brand), then endorsement should be avoided.

Adjacent and Other Businesses

Group Level	Examples	Endorsement
1. Corporate Global		Will never be endorsed
2a. Adjacent Group level		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>
2b. Other Businesses (Group level)		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>
Local / Business Unit Level	Examples	Endorsement
2a. Corporate Local		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>
2b. Local Adjacent (Business Unit level)		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>
2c. Other Businesses (Business Unit level)		<div> <div>Will never be endorsed</div> <div>part of Telenor Group</div> </div>

Other Situations

Level	Guideline
1. WINDs (Mobile Virtual Network Operator)	Corporate Development, Markets team must be consulted in all such situations.
2. Other partnerships / Sponsorship	Decision to be made at local level in accordance with local brand architecture strategy as well as with Telenor Brand Design Guidelines on Partnerships. Please contact Corporate Development, Markets Team for any further clarification.

Mature and Stronger Telenor Brands to enjoy greater design flexibility.

Since brand architecture is simply a practical tool for guiding day-to-day branding decisions in local markets, it needs to take account of local market realities. In particular the Telenor Brand Architecture Framework takes account of the differing strength of the Telenor/Country Brand in each market.

In markets where the local Country Brand is very strong and/or has been established for many years, it is acceptable to allow greater flexibility in the use of the Telenor brand and symbol as illustrated in the diagram below. For example, as previously shown on page 9, where the design solution for sub-brands can be simplified.

Please refer to Telenor Design Principles and Guidelines for more details. Remember, design makes strategy come alive.

