

**UNIVERSITY OF EASTERN FINLAND**  
Faculty of Social Sciences and Business Studies  
Department of Business

**COMPANY MERGER'S EFFECTS TO COMPANY'S BRAND IDENTITY:  
A case study about a Finnish telecommunications company**

Master's thesis, Innovation Management  
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**ABSTRACT****UNIVERSITY OF EASTERN FINLAND**

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**MALMSTRÖM, TEEMU: Company merger's effects to company's brand identity: A case study about a Finnish telecommunications company. Yritysfuusion vaikutukset yrityksen brändi-identiteettiin: Tapaustutkimus suomalaisesta teleyrityksestä.**

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Key concepts: brand extension, brand identity, brand image, organizational culture, values, company merger, corporate rebranding, brand ambassador

The purpose of this study is to investigate how brand extension through company merger affects to company's brand identity. Branding is an important tool for an any company to gain additional leverage at the markets and to make its products and / or services and the company itself more attracting for the potential customers. Successful branding can be divided into two concepts: brand image and brand identity. While brand image defines how the potential customers see the brand, brand identity defines how the company feels about itself and how it wants to appear for the customers. A successful company defines its brand identity and by using proper branding methods makes the brand image match to it.

Brand extension's affects to a brand image has been studied in various researches and the brand image seems to be better studied concept in general. The purpose of this study is to gain deeper understanding about another half: brand identity, and how brand extension affects to it. The study concentrates finding connective elements how the case company's employees' values, feelings, attitudes and behavior has changed during the process, and have the company values changed.

The study was conducted as a qualitative single-case study with eight interviews in total. Four of the eight interviewees were employees who work as salesmen in customer service and therefore are in direct contact with the company's customers in their everyday work. One interviewee was a company expert. One interviewee was a mid-level manager who works a supervisor for the salesmen, and two interviewees were top-level managers. The interviews were then transcribed and analyzed to find connective elements between them.

The study and the results show that a branding process this wide requires a lot of commitment. The study highlighted that while the core brand, including company values, was not changed during the process, it was emphasized as a guideline for every company employee. Among the employees, the change was mostly seen as a positive thing. Also, all the interviewees felt that their employer has taken a huge step towards take-caring customer service, and that is now much easier for the customers to understand the brand and its products.

TIIVISTELMÄ  
ITÄ-SUOMEN YLIOPISTO  
Yhteiskunta- ja kauppatieteiden tiedekunta  
Kauppatieteiden laitos  
Innovaatiojohtaminen

MALMSTRÖM, TEEMU: Yritysfuusion vaikutukset yrityksen brändi-identiteettiin: Tapaustutkimus suomalaisesta teleyrityksestä. Company merger's effects to company's brand identity: A case study about a Finnish telecommunications company.

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Avainsanat: brändilaaientaminen, brändi-identiteetti, brändi-imago, organisaatiokulttuuri, arvot, yritysfuusio, yrityksen uudelleen brändääminen, brändilähettiläisyys

Tämän tutkimuksen tarkoituksena on tutkia, miten brändilaaientaminen vaikuttaa yrityksen brändi-identiteettiin. Brändääminen on tärkeä työkalu mille tahansa yritykselle markkinaetulyöntiaseman saavuttamiseen ja tehdäkseen tuotteestaan ja / tai palvelustaan haluttavamman potentiaalisten asiakkaiden silmissä. Onnistunut brändääminen voidaan jakaa kahteen käsitteeseen: brändi-imagoon ja brändi-identiteettiin. Siinä missä brändi-imago määrittelee miten potentiaaliset asiakkaat näkevät brändin, brändi-identiteetti määrittelee, miten yritys itse kokee ja tuntee itsensä ja millaisena se haluaa näyttäytyä asiakkailleen. Brändäämisessä onnistuva yritys määrittelee brändi-identiteettinsä ja käyttämällä tarkoituksenmukaisia brändäämiseen tarkoitettuja työkaluja saa brändi-imagon vastaamaan sitä.

Brändilaaientamisen vaikutuksia brändi-imagoon on tutkittu monissa eri tutkimuksissa ja brändi-imago vaikuttavaa yleisesti ottaen olevan tutkitumpi käsite. Tämä tutkimuksen tarkoitus on saavuttaa syvempi ymmärrys toisesta puoliskosta, brändi-identiteetistä, ja miten brändilaaientaminen vaikuttaa siihen. Tutkimus keskittyy löytämään yhdistäviä tekijöitä siitä, miten yrityksen työntekijöiden tunteet, asenteet ja käytös ovat muuttuneet sen jälkeen, kun yritys on laajentanut täysin uudelle toimialalle, jolla se ei ole koskaan aikaisemmin toiminut

Tutkimus suoritettiin laadullisena tapaustutkimuksena, joka sisälsi yhteensä kahdeksan haastattelua. Neljä kahdeksasta haastateltavasta olivat työntekijöitä, jotka toimivat myyjinä asiakaspalvelutehtävissä, ja näin ollen ovat suorassa kontaktissa yrityksen asiakkaisiin jokapäiväisessä työssään. Yksi haastateltavista oli yrityksen asiantuntija. Yksi haastateltavista oli keskitason johtaja, joka toimii myyjien esimiehenä, ja kaksi haastateltavista oli korkean tason johtajia. Haastattelut litteroitiin ja analysoitiin niitä yhdistävien tekijöiden löytämiseksi.

Tutkimus ja tulokset osoittavat, että näin suuri brändäämisprosessi edellyttää paljon sitoutuneisuutta. Tutkimuksessa korostui, että vaikka brändiäydin, sisältäen esimerkiksi yrityksen arvot, ei muuttunut prosessin aikana, sen roolia painotettiin ohjenuorana jokaiselle yrityksen työntekijälle. Työntekijöiden keskuudessa muutos nähtiin enimmäkseen positiivisena asiana. Kaikki työntekijät myös tunsivat, että heidän työnantajansa on ottanut suuren askeleen kohti huolenpitävämpää asiakaspalvelua, ja että asiakkaiden on nyt helpompi ymmärtää yrityksen brändi ja sen tuotteet.

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# 1 INTRODUCTION

## 1.1 The importance of branding

The concept of branding is very old and dates many eras back in time, when artists and craftsmen wanted to stick out from the group by signing their products and pieces of art (von Herten 2006; Isohookana 2007). The oldest product fulfilling the definitions of a brand found from the literature dates to the time before Christ (Isohookana 2007), and the first brands in accordance to today's markets were formed at the turn of 19<sup>th</sup> and 20<sup>th</sup> century, and in the latter half of 20<sup>th</sup> century brands and evolving them became considerable marketing concepts (Grönroos 2009). Branding started to boom in 1970's when huge industrial factories started to develop their mass products in order to separate them from the competitors' products (von Herten 2006). The importance of branding services was noticed a couple of decades later and nowadays brand developing is seen as a very important marketing tool for service companies as well (Grönroos 2009).

Nowadays brands can be seen everywhere around us: Coca-Cola, Rolex and BMW are just a few examples of huge, world-wide brand. According to American Marketing Association's (AMA's) definition from 1960's, brand is "Name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers." (Grönroos 2009; Heding, Knudtzen & Bjerre 2009). Therefore, brand product (either a service or an actual product) can be seen as an extension of an original product and instead of just fulfilling its actual purpose as a product, it involves many other features which separate it from the similar products, in purpose to make it more desirable and to affect customers' buying decisions (Simões & Dibb, 2001). Aaker & Joachimsthaler (2002) represents the relation between a simple product and a brand: a simple product includes just the basic features (scope, attributes, uses etc.), while a brand includes also many other features which separate it from another similar products and make it a brand:

- organizational associations: How the customer really see the brand (e.g. innovativeness, customer-caring)
- brand personality (e.g. energetic, gentle, original)
- symbols (e.g. slogan, logo)

- brand/customer relationships
- self-expressive benefits (e.g. owning a Rolex shows that you are wealthy)
- emotional benefits (e.g. proudness from owning a German car)
- user imagery (e.g. the ones who wear Nike shoes or drive a BMW)
- country of origin. (Aaker & Joachimsthaler 2002.)

However, brand is not just an extended product or service which can be separated from other similar products by its features presented previously. Brand's purpose is also to create mental images about the product and the company, the so-called brand promise. Brand promise gives customers pre-arranged assumptions about the brand and if the brand is successful, these assumptions are fulfilled. (Lindberg-Repo 2005.) As discussed more widely in future chapters, employees' role in delivering the brand promise is crucial and widely recognized in branding literature. Therefore, an effective internal branding by management is also required to help the employees understand and deliver the brand promise – to act as so-called brand ambassadors. (Punjaisri & Wilson, 2007.)

Brands are not permanent, and they do not have to remain all the same forever, nor they should be. In fact, in order to gain additional leverage compared to other companies working at the same market area, and to achieve better financial results, brands sometimes require major changes in order to remain attractive in the eyes of the customers. One way to achieve this kind of success is brand extension. There are several different ways to execute a brand extension, for example expanding business to a totally new market area is has never operated before, either developing a totally new brand or using the existing brand, or merging with another company.

## **1.2 The purpose of the research**

This research studies how brand extension affects to a company's brand identity. The research question is stated as following:

*How does company merger affect to company's brand identity?*

To get a deep-analyzing answer to the research question, it is supported with following sub-questions:

*What are employees' values?*

*What are company's values?*

*Have the values changed during the brand extension?*

*How does the employees feel about the brand extension?*

*How does the change show up in employees' every day work?*

By answering to these questions, the purpose of this study is to gain a deeper understanding about brand identity under a brand extension, a major change where company merges with another company in order to achieve competitive advantage at the market area they are operating. Also, the purpose of my research is to get an overall picture of the case company's brand identity. My main focus will be on employees who are mostly in touch with the customers, because their values and behavior affect the most directly to the customers' experience and therefore, their brand image (de Chernatony, 1999). However, the role of the managers cannot be underestimated because they are the ones who define the company's values (Balmer & Gray, 1999; de Chernatony, 1999), and their actions reflect to the employees as well.

The purpose of this research is to study brand identity and give new in-depth information about it, because when comparing brand identity and brand image, the first has been studied much less. In literature, brand image has been studied by many different researchers, but fewer researches have studied brand identity. From the well-known researchers, only Aaker has studied brand identity profoundly, so the theory behind brand identity strongly bases to his works (Anttonen & Hirvi 2008). The purpose of this study is not to form a clear pattern why and how, if, the brand identity should be changed under a brand extension in order to gain competitive advantage. Instead, the purpose was to gain a deeper understanding about the phenomenon which has not been studied in this context. Therefore, this study leaves a plenty of fruitful opportunities for future research and the information gathered in this study can be exploited and applied in future to more in-depth researches.

The case company is a Finnish telecommunications company which has recently merged with another company operating at the same business and market area. The company is one of the biggest and most successful in its business area and by merging with another telecommunications company, it has widened its customer range and strengthen its brand.

### 1.3 Key concepts

According to e.g. Grönroos (2009) and Harris & de Chernatory (2001), brands and brand promise can be separated into two concepts: **brand identity** and **brand image**. Brand identity defines how the company sees itself and how it wants to appear for its customers. Brand image on the other hand defines how the customers actually see the brand and the company behind it. A successful brand defines its brand identity and uses branding tools to make brand image match with it.

As Harris & de Chernatory (2001) state it, when brand image focuses on consumers' perceptions of brand differentiation, brand identity is more concerned how the brand can be made *unique*. Managers therefore first need to define the brand's values and then ensure employees' values and behavior are in line with them.

There are two links between brand identity and brand image how company can make them match each other. The first link, which is important but not essential, is brand awareness, which can be created by emphasizing visual aspects (e.g. marketing) to make customers aware of the brand (Grönroos 2009). Increasing brand awareness is important for creating brand promise and to give customers pre-assumptions about the brand even before experiencing it (e.g. actually buying product).

The final brand image, however, is created by the other link, which is brand experience. When a customer is actually experiencing the brand, he or she evaluates if the brand promise is fulfilled, which then leads to the final brand image. For the company, it is crucial to be aware of their own brand identity and if the brand image matches to it. If the brand experience fails, it means that brand has not delivered its brand promises, which is usually an indication of a misalignment between the brand identity and organizational culture (Kimpakorn & Tocquer, 2010).

In literature, brand image has been studied by many different researchers. However, fewer researches have studied brand identity. From the well-known researchers, only Aaker has examined brand identity more deeply so the theory behind brand identity strongly bases to his works (Anttonen & Hirvi 2008).

According to Aaker (2002), forming the brand identity requires a clear vision about how the company wants to appear for its customers and which kind of mental images and assumptions it wants to wake up in them. The brand identity can be divided into

- brand essence (the most deep-analyzing overlook of the brand)



- core brand (extended version of brand essence, combined with e.g. company strategy and values)
- extended brand (brand essence and core brand combined with the all the rest aspects of a brand, for example visualization and symbols (Aaker, 2002).

**Company merger** (two companies combining their industries under the same brand) is one of the most popular ways to re-organize companies (Tanninen, 2015). As a process, company merger is complicated, challenging and involves a high amount of risk. Company merger is usually described as “transformations”, because the merger usually starts from the companies’ top managers’ decisions and streams down to the employee level. (Tanninen, 2015; Rafferty & Restubog, 2010; Tienari & Meriläinen, 2009.) Company mergers have become more common since the 90’s because of their possibilities to increase organizations’ effectiveness and competitiveness in rapidly changing financial environment. Especially in growth strategies, the company mergers have become an important key factor. (Tanninen, 2015; Kumar & Bansal, 2008; Amiot, Terry, Jimmieson & Callan, 2006; Cartwright & Schoenberg, 2006.)

When company merger happens, it also requires **corporate rebranding** as well. This is also one of the key differences which separates corporate branding from typical line branding: corporate branding requires a greater to focus within the organization (Harris & de Chernatory, 2001). Company merger may include not just new service areas and products but also renewed working environment and new corporate values. Employees must understand these values in order to act in line with the company’s brand promise (Hiltunen & Lammassaari, 2018).

Researches about company mergers have traditionally focused on the company compatibility, organizational compatibility and merging process itself (Tanninen, 2015; Cartwright & Schoenberg, 2006) in order to study the factors, which make company merger successful. However, the research results have been contradictory. What all the studies seem to agree is that the failure percent of company merger is incredibly high and in a couple of last years the researchers have been interested in humane and psychological aspects of company mergers (the ‘soft issues’, such as employee attitudes, feelings and well-being. (Tanninen, 2015.)

There are many ways which companies can use develop their brands even further. One way is **brand extension**, which means can be executed for example by expanding to a totally new market area, or as in this study, by executing a company merger. According to Keller (2013), there are three different ways to brand a new product. From the following approaches, approaches 2 and 3 are brand extensions:

1. Develop a new brand, individually chosen for the new product
2. Apply the existing brand
3. Use a combination of a new brand and an existing brand

Brand extension can be further divided into two categories: line extension and category extension. In line extension, the company expands within the same market segment it is already operating, but in category extension however, the company enters a totally different product category. (Keller, 2013). In this research, where a case is a merger between two telecommunications companies, brand extension can be seen as line extension, where the company uses a combination of a new brand and an existing brand.

Many previous researches have studied how brand extension affects to the brand image and the customers' thoughts, and fewer papers focus on how it affects to the brand identity. For example, Aaker and Keller (1990) suggest that attitude towards the brand extension is higher, when the two products or services (the older and the new one) fit to each other, the original brand is high-valued by the customer and the extension is not regarded to be too easy to make. The first claim is in line with Völckner & Sattler's (2006) and Park, Milberg & Lawson's (1991) later researches. Bottomley & Doyle (1996) tested Aaker's and Keller's model with similar results, although they found out that the "easiness" of the brand extension does not affect customers' thoughts about it after all. Sällinen (2015) addresses in her thesis that changing brand images is easier in theory than in practice but still possible. Also, she highlights that the staff has an important role affecting to the customers' brand images by acting as professionals. Brand experience and brand fulfillment must be in control before a company can start to affect brand images, which is in line with Grönroos's (2009) literature.

Especially in service branding, the staff and company itself has a significant role because their assumptions, attitudes, values, behavior and actions affect straight to the customers and therefore, to the brand image (de Chernatony, 1999). As Sällinen (2015) and Harris & de Chernatony (2001) state it, every employee in a company works also as a brand ambassador, represents company in his / her everyday work and therefore cannot be simply subsumed under the category "the firm." Employees' values and corporate culture have become important elements in brand management (Simões & Dibb, 2001), and also de Chernatony (1999) addresses that internally brand management refers to culture management. Organizational culture can be described as a set of norms, beliefs and a way of behaving (Willcoxson & Millett, 2000), which on the other hand also affects how the staff acts which then affects to the customers. A question

according to organizational culture and brand identity is that does they change when a company merges with another company. To build, maintain or modify the organizational culture, McAleese and Hargie (2005) present five guiding principles: i) formulate an overall culture strategy, ii) communicate culture in all dealings with customer, iii) develop cultural leaders, iv) share the culture, communicate effectively with staff, and v) measure cultural performance.

In my thesis, I will instead of brand image, focus on brand identity and how the employees really feel about being part of the case company: what are they values, what do they think are the company's values, how do they act to provide better customer experience. Before anything, my purpose is to provide information about how expanding to a totally new market area affects to these matters.

#### **1.4 The structure of the thesis**

Chapter 1 presented how branding has evolved during the last 100 years, and how branding is seen nowadays as an extension of a simple product or service. Also, the chapter discusses the main key concepts used in this research (brand identity, brand image and brand extension) and what are the reasons for this research to had been done.

Chapter 2 introduces the theoretical framework of the research. The chapter focuses on three different topics: i) the theories of brand identity and brand image and their connection to employee's role as brand ambassador, ii) different ways of developing a brand and iii) analyzing organizational culture. These are important topics to help understand how brand identity is formed and how it connects to the customers opinions about the brand, what is the importance of the organizational culture and how brand identity may change when the whole brand changes during company merger.

The research methods are presented in Chapter 3. The chapter also analyzes these methods and discusses why certain research methods were used and why they were suitable for this research.

Chapter 4 presents the research results and analysis, with plenty of quotations from the interviews executed in the research process and finally, the conclusion of the whole research (the key results, the key contributions, the opportunities for future study and the research limitations) is presented in Chapter 5.

In the end of thesis, the appendixes and research references are presented.

## **2 THEORETICAL FRAMEWORK**

In this chapter, the theories of service brand equity, brand identity, brand extension and the role of organizational culture are explained. The first part analyzes service brand equity and it is connected to brand management and furthermore to brand extension. The second analyzes brand identity and its connection with brand image. The third part explains the different ways of developing brand, having a deeper focus to brand extension. (developing brand by expanding business to a new market area). Finally, the fourth part analyzes organizational culture, which has an important role in developing brand identity.

### **2.1 From brand and service brand equity to strategic brand management**

Brands can be seen as an asset for a company and it is valuable, if it can i) enhance market share, ii) create customer loyalty and iii) increase profit (Kimpakorn & Tocquer, 2010). Figure 1 represents the relation between a simple product and a brand. A simple product includes just the basic features (scope, attributes, uses etc.), while a brand includes also many other features which separate it from another similar products and make it a brand:

- organizational associations: How the customer really see the brand (e.g. innovativeness, customer-caring)
- brand personality (e.g. energetic, gentle, original)
- symbols (e.g. slogan, logo)
- brand/customer relationships
- self-expressive benefits (e.g. owning a Rolex shows that you are wealthy)
- emotional benefits (e.g. proudness from owning a German car)
- user imagery (e.g. the ones who wear Nike shoes or drive a BMW)
- country of origin. (Aaker & Joachimsthaler 2002.)

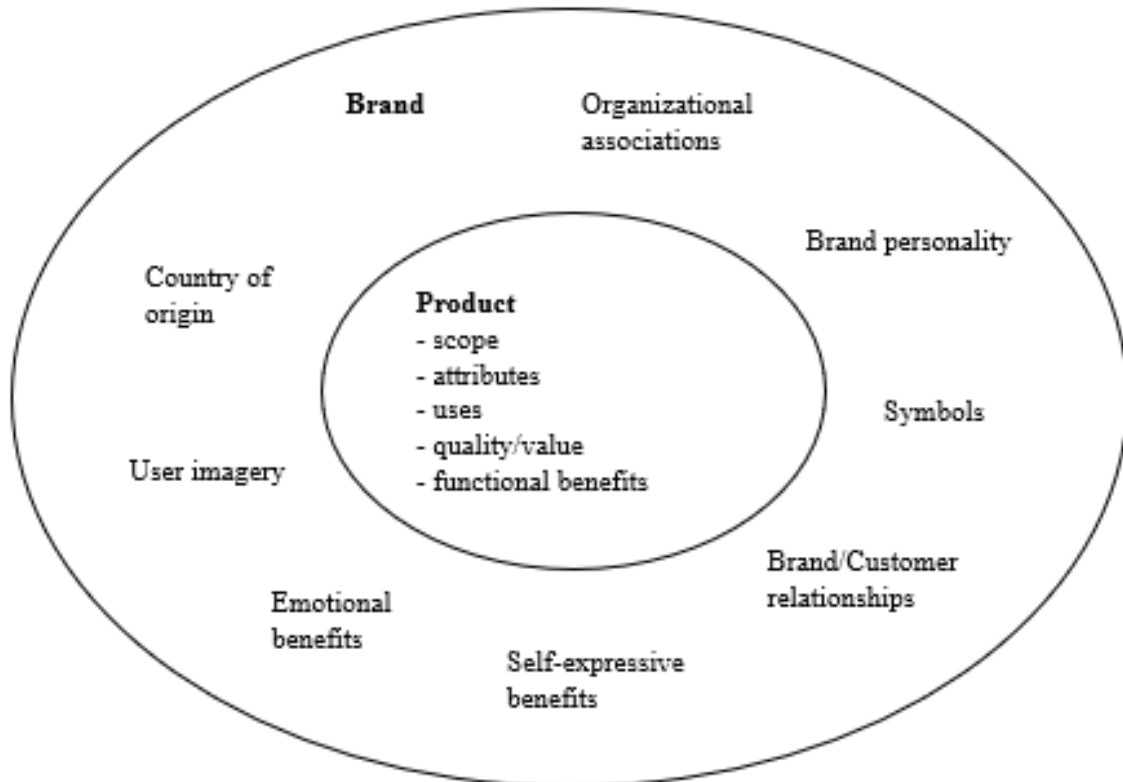


Figure 1 The relation between a product and a brand (Source: Aaker & Joachimsthaler 2002)

However, brand is not just an extended product or service which can be separated from other similar products by its features presented in Figure 1. Brand equity has been frequently described as the value a brand name adds to the actual product or service (Pitta & Katsanis, 1995). There are many different viewpoints how to conceptualize and measure brand equity, but most marketing observers agree that brand equity explains why different outcomes result from the marketing a branded product or service compared to a product or service which is not branded. Also, most observers agree with the following basic principles of branding and brand equity:

- Differences in outcomes come from the “added value” of the product or service
- Added value can be created in many ways
- Brand equity provides a common denominator for interpreting marketing strategies and assessing the value of the brand
- There are many ways how the value of the brand can be manifested to benefit the company. (Keller, 2013.)

Keller (2013) defines brand equity as a set of assets and liabilities linked to a brand name and symbolism, and shares the process of building a brand into four following steps:

1. Ensure identification of the brand with customers and an association of the brand in customers' minds with a specific product class, product benefit, or customer need (build brand awareness)
2. Firmly establish the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations (create brand meanings through imagery and brand performances)
3. Elicit the proper customer responses to the brand (build brand responses through brand feelings and judgments)
4. Convert brand responses to create brand resonance and an intense, active loyalty relationship between customers and the brand (build relationships between the brand and its customers).

According to Keller (2013), strategic brand management can be divided into four main steps:

1. Identifying and developing brand plans
2. Designing and implementing brand management programs
3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity

The first step is to identify and establish brand positioning and values: what the certain brand is and what it represents, and how it should be positioned with respect to customers (Keller, 2013). First step therefore considers for example the current situation at the markets like competitors, and similarities and differences compared to them.

The second step is to plan the marketing programs. Keller (2013) mentions three important factors related to marketing, which should take under consideration:

1. Choosing brand elements like names, logos, symbols, packaging, slogans etc.
2. Integrating the brand into marketing program
3. Leveraging secondary associations (e.g. geographical regions, channels of distribution, links to other brands through ingredients or co-branding)

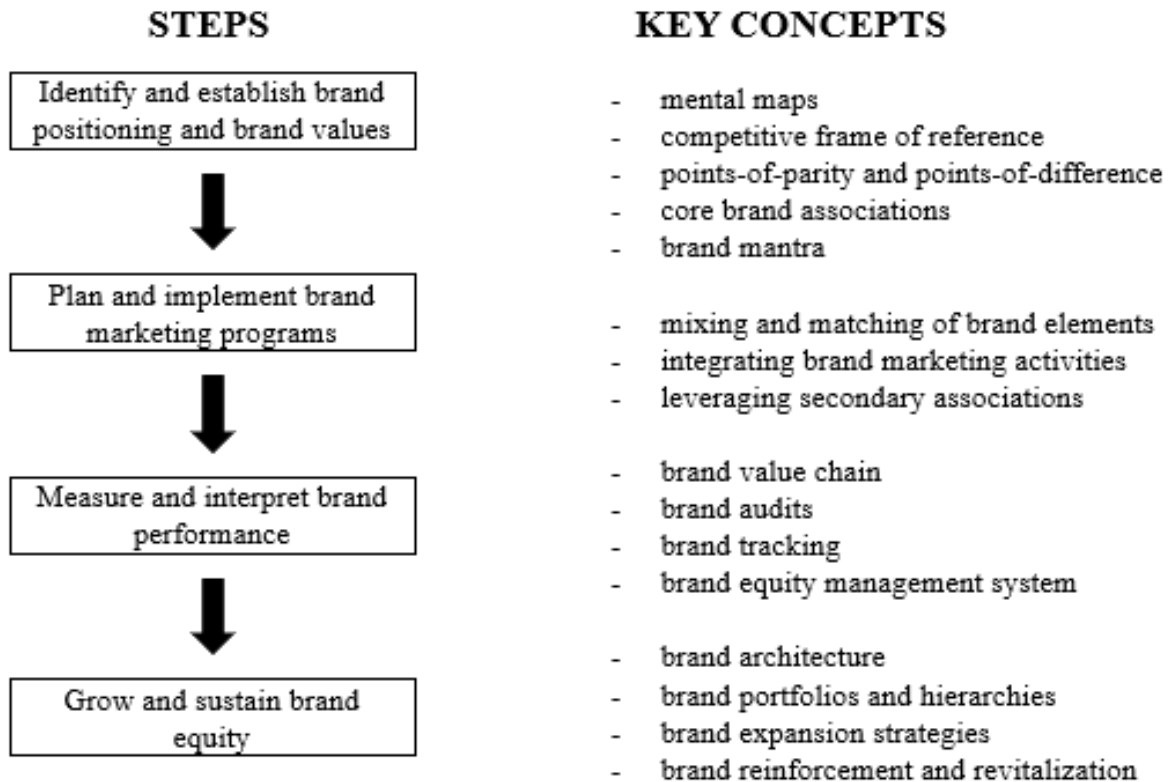
Rosenbaum-Elliott, Percy & Pervan (2015) highlight that in the end it is the advertising or sending advertise-like messages which build the brand awareness and affect to brand attitudes, regardless of the media used. According to this, they state that advertising means any message which's purpose to build and sustain brand awareness.

The third step is to measure and interpret the brand performance. For this, a company must create its own brand equity measurement system. This process can also be divided into three different steps:

1. Conducting brand audits: analyzing the current sources of brand equity, its strengths, weaknesses, opportunities and challenges with qualitative and/or quantitative research methods, in purpose to set a long-term direction for the brand
2. Designing brand tracking studies: collecting information from consumers to make short-term marketing decisions
3. Establishing brand equity management system: creating proper internal structures and procedures how to benefit the most from the information gathered through brand audits and brand tracking studies. (Keller, 2013.)

The fourth and final step is growing and sustaining the brand equity, which focuses on which brand elements should apply across all the different products or services sold by the company, how the brand should be modified in a long term according to the prospects, and what things should be taken under consideration when expanding brand over geographical boundaries and into different cultures and/or market segments. (Keller, 2013.)

These steps are illustrated more precisely in Figure 2.



*Figure 2 Strategic brand management process (Keller, 2013)*

As Hiltunen & Lammassaari (2018) state it, when employees share the brand's values, they are more likely to deliver them further to the customers. Employees could then be called as brand ambassadors. Employee's role as a brand ambassador will be discussed more in the next sub-chapter.

An important aspect in positioning a brand is how similar or different the product / service a company offers is compared with other brands in the same market area (Sujan & Bettman, 1989). This enables marketers to add symbolic meanings to their offerings but in the end, it is the customer who decides what the brand actually means to them. Traditionally marketers accomplish brand positioning by using advertising and other promotional messaging, but many researchers agree that everyday person-to-person communication is usually more persuasive and successful than impersonal marketing channels. (Sirianni, Bitner, Brown & Mandel, 2013.) As mentioned previously in Chapter 1.2.1, there are two links between brand identity and brand image how company can make them match each other (see Figure 2). While increasing brand awareness through marketing channels is important but not essential, it is crucial to fulfill the brand promise when a customer is actually experiencing the brand and creating his / her own



opinion about it (Grönroos, 2009). Therefore, personal encounters (like encounters between a customer and an employee) have an important role in brand positioning (Sirianni et al, 2013). This means that employees' values, manners and behavior must be taken under consideration so that they match with the company's and brand's values, and that especially frontline employees must be recognized as a rich source of brand information (Sirianni et al, 2013; Wentzel, 2009; Matta and Folkes, 2005).

Although in service brand the actual brand experience has a more crucial role compared to brand awareness (Grönroos, 2009), the importance of brand awareness still should not be underestimated. Using different kind of marketing techniques is still one of the fastest ways to spread information about the brand, and in successful companies all the departments, including marketing department, do their jobs in ways that enhance the value of products to customers (Peter & Olson, 2010). Alden, Steenkamp & Batra (1999) highlight that advertising should include *themes* to communicate meanings associated with the brand. Themes are meant to communicate brand positioning and describe not just the product but the brand and its ideology, for example professionalism, high-tech, active lifestyle or family values.

## **2.2 Brand identity and brand image – employee's role as brand ambassador**

Brand identity defines how the company itself wants to be seen from the customers' point of view. As presented previously, brand identity is connected to brand image in two ways: brand awareness and brand experience. For a successful brand it is crucial to make brand identity (what the company wants to be) to match with brand image (what the customers actually think about the brand). (Grönroos, 2009.) Brand awareness can be divided into two pieces, brand recognition and brand recall. Brand recognition is customers' ability to confirm prior exposure to the brand when given the brand as cue. Brand recall on the other hand is consumers' ability to retrieve a brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. (Keller, 2003.)

The connective links between brand identity and brand image are presented more precisely in Figure 3.

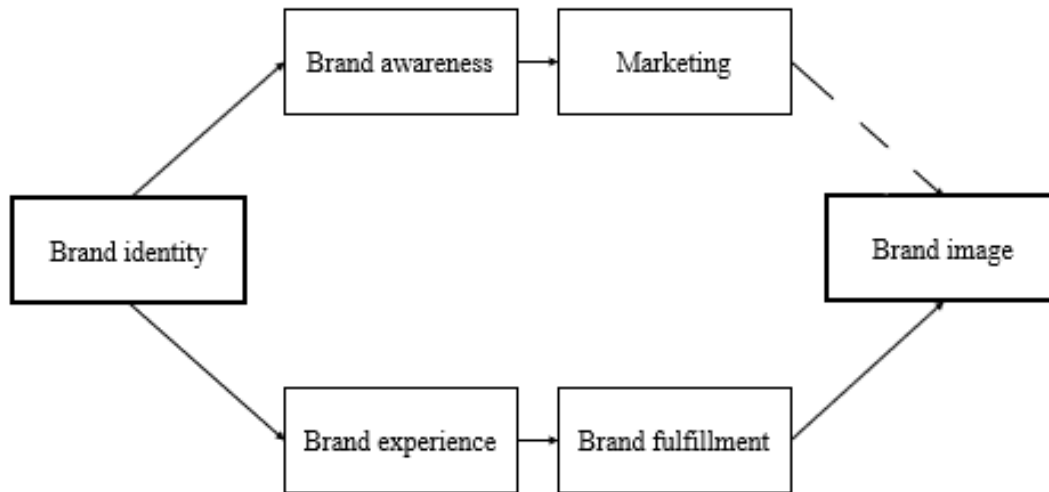
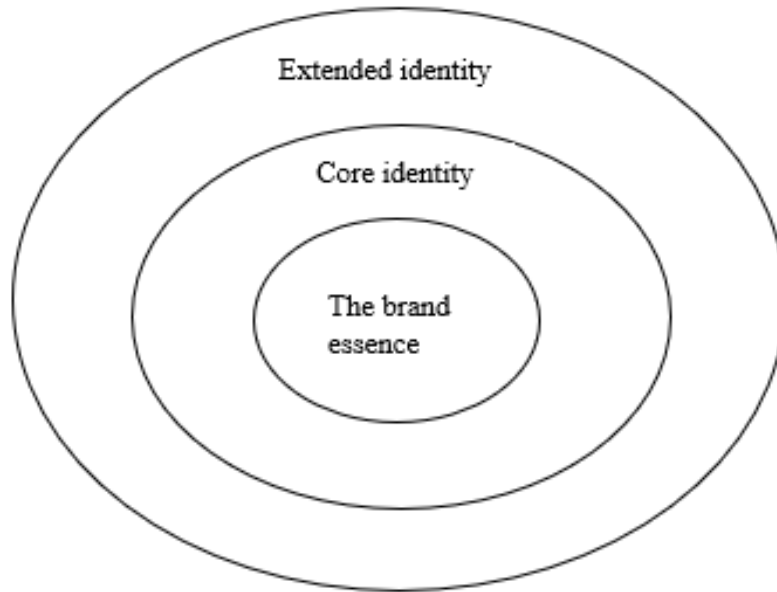


Figure 3 Links between brand identity and brand image (Source: Grönroos 2009)

As mentioned in previous chapter, to form up the brand identity, the company requires a clear vision about how it wants to appear for its customers and which kind of mental images to wake up in them. According the Aaker (2002), brand identity is a group of mental images, which reflect the organization's members' promise to the customer.

The brand essence is the most deep-analyzing overlook of the brand. Usually it is very simplified and consists only a single word or sentence which works as a basis for the whole brand. It should wake up emotions in the customers and be differentiated from the competitors even in a long-term period. The core identity is expanded version of the brand essence and its aspects should be bound to the company's strategy and values. When the company goes through major changes, for example moves to a totally new market area, the core identity should stay same all the time during the process and afterwards. When all the other aspects related to the brand (e.g. visualization and symbols) are connected to the core identity, the extended identity is created. (Aaker 2002.) The extended identity should give a well-outlined and clear overall picture of the brand also define the aspects which the company tries to avoid (Anttonen & Hirvi 2008).

Aaker's model is illustrated in Figure 4.



*Figure 4 Forming of the brand identity (Source: Aaker 2002)*

The brand identity-reputation gap model proposed by de Chernatory (1999) divides brand identity into smaller aspects and how brand identity affects to brand's reputation, which then affects straightly back to the brand identity.

At the center of the brand identity are brand vision and culture which form the whole basis for the brand. They define the brand's core values and the purpose which the managers need to communicate to the employees in order to inspire them and help them understand their roles in the brand (Harris & de Chernatory, 2001). This is similar to Aaker's (2002) model of forming the brand identity. According the Aaker (2002), brand identity is a group of mental images, which reflect the organization's members' promise to the customer.

After examining brand vision and culture, positioning and personality need to be examined. Positioning defines what the certain brand actually is, what does it offer and most importantly, for who. Personality defines brand's emotional characters and they are usually developed through associations with the "typical user": what are they like and what do they like. (Harris & de Chernatory, 2001).

Next in the model comes the relationships. According to de Chernatory (1999), there are three types of relationships to which the company can affect to: i) staff to staff, ii) staff to consumers and iii) staff to other stakeholders. Therefore, the employees have a crucial role in many type

of communications and the relationships within the company and it is the managers who need to help them to understand these different kinds of relationships and which kind of relationships are appropriate according to the core values of the brand (Harris & de Chernatory, 2001).

Finally, all the previous components of brand identity affect to presentation styles. This means that the brand's identity should be presented so that it reflects consumers' aspirations and self-images. This also takes brand symbolism under consideration. (Harris & de Chernatory, 2001.)

When all the steps are taken carefully considered, it should result in favorable brand reputation. As Selnes (1993) defines reputation, the dominant view is that the attitude towards the brand is a more long-run, overall evaluation and customership instead of a simple satisfaction construct. By considering the evaluations of all stakeholders, reputation provides a very representative indicator of brand performance (Harris & de Chernatory, 2001).

The identity-reputation model is illustrated in Figure 5.

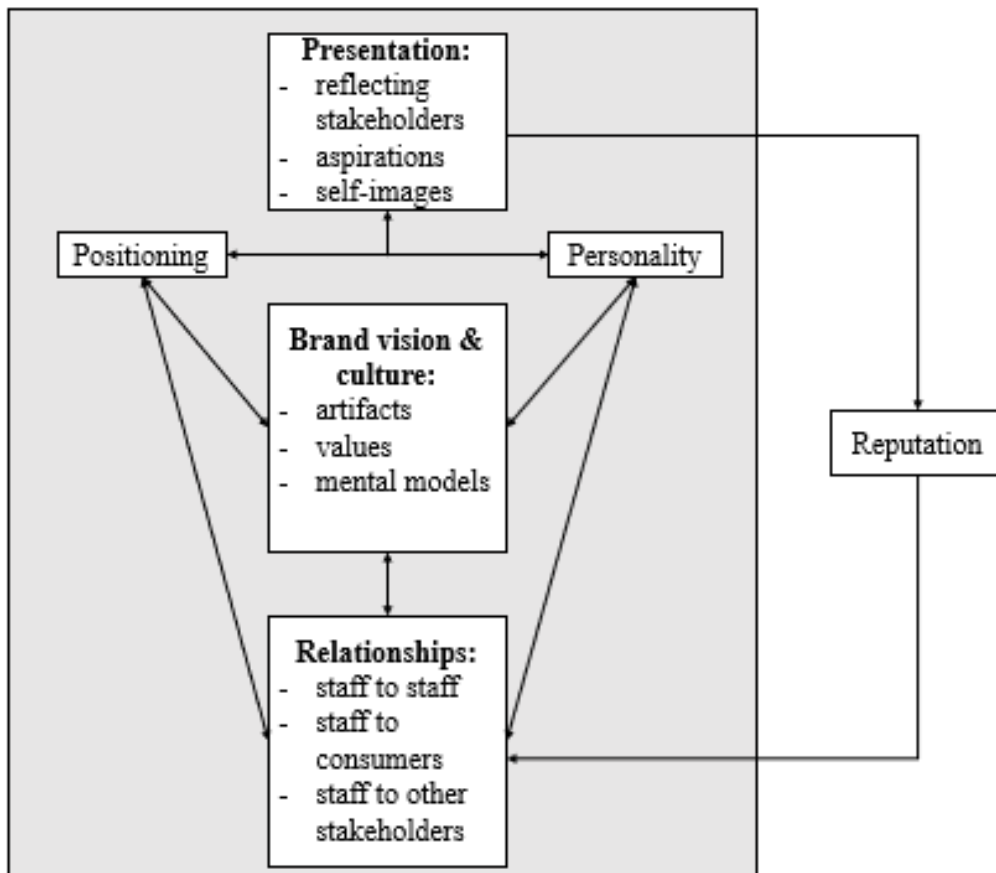


Figure 2 The identity-reputation model of brand management (Source: Harris & de Chernatory, 2001)

Brand awareness is increased by different kind of marketing techniques but even more important is giving the customers a successful brand experience and therefore fill the brand promise. A successful brand experience can repair a failure marketing, but successful marketing cannot repair unsuccessful brand experience. (Grönroos, 2009.)

Therefore, especially in branding services, the staff and employees have a significant role as brand ambassadors (Sällinen, 2015), because they act directly with the customers and their assumptions, attitude, behavior and actions affect how the customers feel about the service they get. This affects directly how they feel about the company itself and the brand, which then creates the brand image (de Chernatony, 1999).

On the other hand, employee's behavior and values might also be partly given to them by the company management and affected by the organizational culture, which can be described as a set of norms, beliefs and way of behaving (Willcoxson & Millett, 2000). Therefore, internally brand management also refers also to culture management (de Chernatony, 1999). Managers do not have a crucial role just defining the brand identity, but also sharing it to the employees and analyzing that the employees are acting in line with company values. McAleese and Hargie (2005) share the building, maintaining and modifying the organizational culture in to five steps:

- i) formulate an overall culture strategy,
- ii) communicate culture in all dealings with customer,
- iii) develop cultural leaders,
- iv) share the culture, communicate effectively with staff, and
- v) measure cultural performance.

Many researchers have studied and emphasize the importance of employees during the interaction with customers and their ability to compress the brand values. Therefore, it is important that the employees understand the brand and are committed to it. Employees' actions are straight in connection with customer experience (along with self-service technology and service environment) which straightly affects to service brand equity, as can be seen in Figure 6.

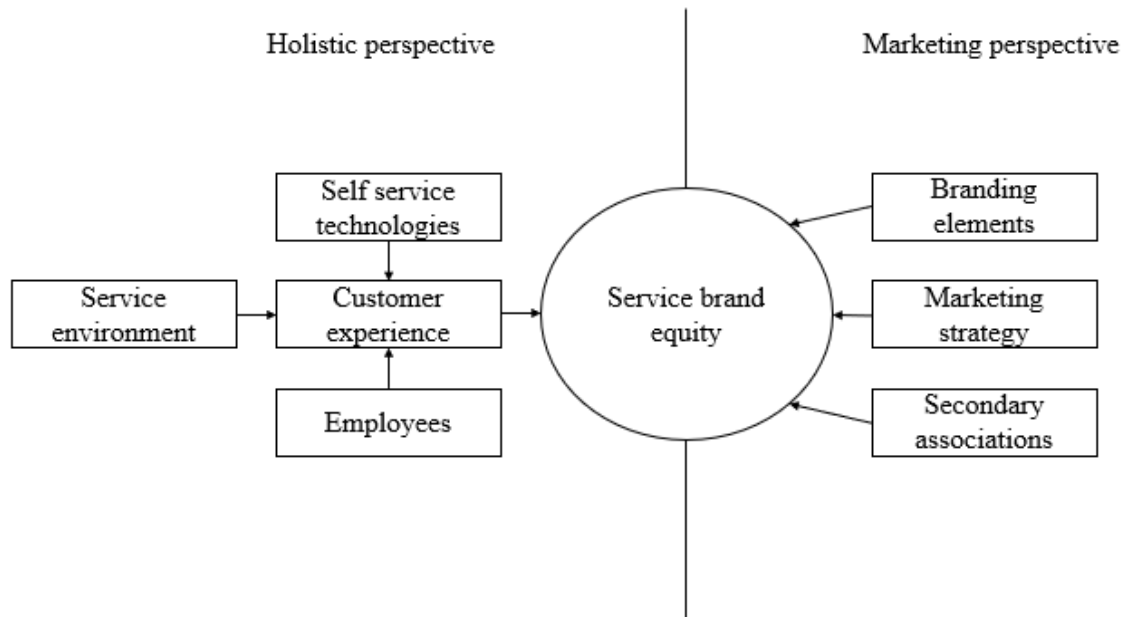


Figure 3 Source of brand equity in services (Source: Kimpakorn & Tocquer, 2010)

Kimpakorn & Tocquer (2010) claim that the dominant paradigm in service marketing is probably the service profit chain. Service profit chain suggests that there is a strong link between the employees, the quality of the service and the company profitability. This is also highlighted by Grönroos (2009, 1994): in service marketing the employees are the ones who act directly with the customer and therefore their actions, values and attitudes affect straightly to the customer's brand experience. When the brand experience is positive, customer finds the brand high-quality and may use the company's services repeatedly, which affects to the company's profitability. Many scholars, including Heskett, Jones, Loveman, Sasser and Schlesinger (1994) also suggest that service profit chain combines factors such as internal service quality, employee satisfaction, customer satisfaction and customer loyalty. The service profit chain is presented more precisely in Figure 7.

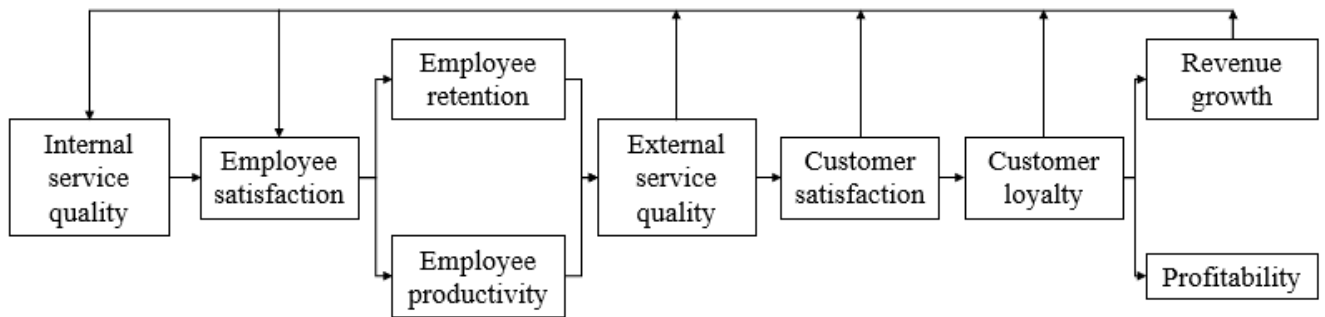


Figure 4 Service profit chain (Source: Heskett, Jones, Loveman, Sasser and Schlesinger (1994))

There are different ways scholars have defined the concept of employee commitment but according to Kimpakorn & Tocquer (2010), the mostly used concept in European context includes two factors:

1. Identification: The employees identify themselves with the brand and are willing to exert additional effort to achieve the goals of the brand
2. Continuance commitment: The employees are interested in remaining with the organization

Kimpakorn & Tocquer (2010) studied employees' commitment to brand by analyzing luxury hotel chains and found out, that a strong service brand can be evaluated on seven dimensions: brand awareness, perceived quality, core brand associations, supporting brand associations, brand differentiation, brand trust and brand relationships. A highly important finding according to this paper is that strong brands are characterized by a strong employee commitment to support the brand. The study also proved that if profitability is driven by the level of relationships between a brand and its customers, the brand differentiation should be the dimension managers should focus most to measure the brand equity.

Where employee commitment is probably needed the most, is when the company is going through major changes such as corporate rebranding. Major changes require affective engagement and positive emotional attachment to support change, and the managers should support this by creating relationship commitment, trust and satisfaction among all the stakeholders, especially employees (Hiltunen & Lamassaari, 2018).

### 2.3 Different ways to develop a brand

There are several ways to develop a brand, make it more successful and make the product more desirable for the customers. Usually developing a brand means developing and modifying the company's main product or service so that it is in line with company's style and has something different which separates it from the competitors' equals. For example, BMW has been for a long time the only car manufacturer which makes rear-driven sedan cars, which has become its trademark and together with powerful engines has also made BMW cars popular amongst young adults. Another example from the world of cars is car manufacturer Mercedes-Benz, which's products have been for a long time perceived as luxury products.

Symbols are another important way to make a certain brand more visible and create mental images. Brand symbols may be representations of the brand name, its product category or both (McInnis, Shapiro & Mani, 1999). For example, a car manufacturer's symbol (e.g. Ferrari's stallion) is a representation for the brand itself and all the Ferrari-products (car models and other by-products like sunglasses). The brand symbol may be the final aspect to bring any differential advantage perceived by customers, when they are deciding between two similar brands (Aaker, 1991). Also, having a recognizable brand symbol is important because consumers are more likely to choose a familiar brand, even though an another, unknown brand in comparison is higher quality (Hoyer & Brown, 1990).

One and the most frequently (Völckner et al., 2010) used way to develop a brand, and the one this research focuses the most, is brand extension. Brand extension means expanding business to a totally new market where the company has never operated before, and it is among the most important and often used branding strategies (Völckner, Sattler, Hennig-Thurau & Ringle, 2010). Brand extension refers to the use of already familiar and well-known brand, its name and symbol when launching new products (Völckner et al., 2010) and the topic has been studied by many researches during the past years (e.g. Aaker & Keller, 1990; Park, Milberg & Lawson, 1991; Bottomley & Doyle, 1996; Völckner & Sattler, 2006; Sällinen, 2015).<sup>2</sup>

Aaker & Keller (1990), Park, Milberg & Lawson (1991) and Völckner & Sattler (2006) have all studied brand extension and found out, that the brand extension is more successful and has a better receive from the customers and the two products (the older and the new one) fit to each other. Aaker & Keller (1990) also suggest, that the attitude towards brand extension is more



positive, when the original brand is high-valued by the customer and the extension is not regarded to be too easy to make. Also Bottomley & Doyle (1996) found out similar results by using the same research model as Aaker & Keller, although they suggest that the “easiness” of the brand extension does not affect to the customers’ attitude about it.

Company merger is a special type of brand extension. Instead of simply expanding to new market area, in company merger two (or more) different enterprises combine their factions together. This usually involves a lot of major changes in both companies, for example a change of name and / or logo, new or renewed products, increased number of employees, new management etc. (Jaju, Joiner & Reddy, 2006). As a result, the two (or more companies) will have a unified corporate brand, which will work as an umbrella of trust for the company when extending its products or services.

According to Rashid & Naeem (2017), attempts to achieve the highest, effective and sustainable growth level can be divided into organic and inorganic growth strategies. Under organic growth strategy company expands its business by itself, for example by expanding product / service selection, increasing productivity, reducing costs or finding new market areas. Under inorganic growth strategy, company expands its business by mergers, acquisitions, divestitures, take-overs etc.

As mentioned previously in Chapter 1.2.2, researches about company mergers have traditionally focused on the company compatibility, organizational compatibility and merging process itself (Tanninen, 2015; Cartwright & Schoenberg, 2006) in order to study the factors, which make company merger successful. However, the research results have been contradictory. What all the studies seem to agree is that the failure percent of company merger is incredibly high and in a couple of last years the researchers have been interested in humane and psychological aspects of company mergers (the ‘soft issues’, such as employee attitudes, feelings and well-being. (Tanninen, 2015.)

There are many reasons why company mergers occur. The reason can for example be efficiency-related, an attempt to create market power or an attempt to take advantages of opportunity for diversification. What many studies seem to agree with is that no matter what the final purpose of a merger is, in the end it always seems to create shareholder value. (Andrade, Mitchell & Stafford, 2001.) Rao-Nicholson, Salaber and Cao (2016) studied merged companies’ long-term performance during a financial crisis and found out that companies which merged during the crisis were more profitable than those which had merged before the crisis or merged after

it. They found out that there were certain characteristics such as cross-border nature of deals, relative size of the target and friendly nature of deals which led to the success.

As mentioned previously, there are two different ways to execute brand extension, when introducing a new product or service:

1. Apply the existing brand
2. Use a combination of a new brand and an existing brand (Keller, 2013).

Applying the existing brands means that the new products or services will be published exactly under the same brand as the previous products or services. For example, Italian Ferrari has become very famous as a car manufacturer for expensive and fast sports cars and later used their “fast” and “sporty” brand by starting to sell Ferrari-sunglasses. As this can be seen as a brand extension, it was also one example of co-branding because Ferrari did it together with Luxottica Group, a company specialized in manufacturing, distribution and sales of fashion, luxury and sports eyewear, especially the infamous sunglasses Ray-Bans (Luxottica, 2017). Co-branding is roughly defined as the cooperation of the companies accompanied by a long-term agreement, where the purpose is to launch a new product in a new or existing market, and the name of the both brands should appear on the product, logo or packaging (Besharat, 2010).

Using a combination of a new brand and an existing brand is more typical in company mergers, where there can be even more than one existing brand. These all brands may have totally different kind of symbols, organizational cultures, values etc. so it is crucial take all these under consideration during the merger. Communication between the managers and the employees is necessary, because unsuccessful change management may have undesirable effects to brand equity. This will be discussed more later in the research.

Brand extension in general, divides into two categories: *line extension* and *category extension*. In line extension, the company expands within the same market segment it is already operating, for example adding a new flavor, different packaging size or a new application of the brand. In category extension however, the company enters a totally different product category. (Keller, 2013).

It is estimated that only 1 – 2 of 10 new products will be successful. Brand extension, however, has many advantages as a branding tool to increase customers’ acceptance towards the product. For example, they can form similar expectations about the new product based on their previous

brand image (e.g. a certain customer who loves Kellogg's cornflakes may buy Kellogg's Fiber-Plus snack bar). Also, a familiar brand can lower the risk perceived by customers. (Keller, 2013.) For example, an innovation called virtual glasses for gaming has become popular recently and many huge technology companies (e.g. Sony, HTC and Samsung) have expanded their range of products by published their own ones. A customer who has previously thought that Samsung-products are good in quality, may therefore buy virtual glasses produced by them as well. Brand extension also has advantages in reduced costs. Because the brand under extension is (usually) already known among the customers, there are lower new product / service launching expenses like advertising, price promotions or trade deals (Völckner & Sattler, 2010). Still, it is uncertain that the brand extension is successful: a study by Ernst&Young & ACNielsen (1990) shows that failure rates of brand extensions in many fast-moving consumer good product categories were approximately 80 %. This is also in line with Rashid & Naeem (2015) who state that according to managerial theory, merger may have both positive and negative effects especially when comparing the two companies and their profitability: while one company's financial performance may improve, the other's may not or it can even have a negative impact.

## **2.4 The role of organizational culture and corporate identity in branding**

Organizational culture and corporate identity have a crucial role when the company has to define its brand identity. The literature traditionally sees corporate identity management as taking the organization's historical roots, personality, strategy and the three parts of the corporate identity mix (behavior of organizational members, communication and symbolism) into account, and how this affects company's reputation and organizational performance. This is presented also in Figure 8. (van Riel & Balmer, 1997.)

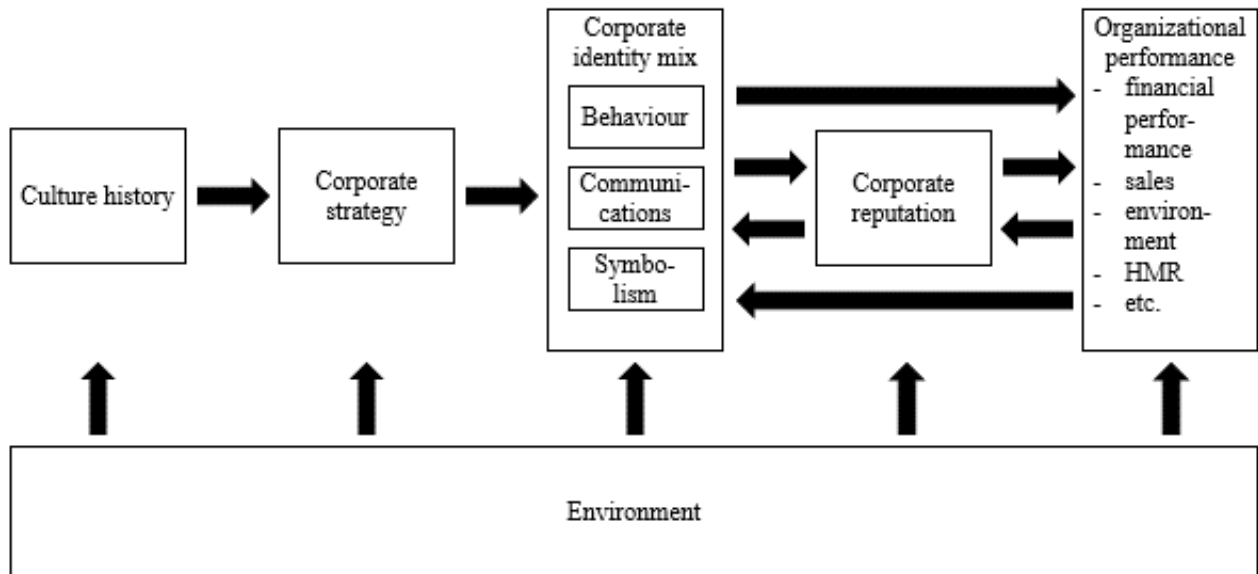


Figure 5 Interaction between corporate identity formation, reputation, improvement and organizational performance  
(Source: van Riel & Balmer, 1997)

Originally corporate identity was synonymous with company's visual and graphical aspects like nomenclature and logos, mostly because many corporate identity practitioners have their roots in graphic design (van Riel & Balmer, 1997) but nowadays it requires more to understand organizational culture and corporate identity as a phenomenon. To make organizational culture manageable, it has first to be defined. Many researches, including Willcoxson & Millett (2000) agree that organizational cultures can be seen like national cultures and therefore they should include following aspects:

- A pattern(s) of shared basic assumptions,
- invented, discovered or developed by a given group,
- as it learns to cope with its problems of external adaption and internal internal integration,
- that has worked well enough to be considered valid, and, therefore,
- is to be taught to new members of the group as the
- correct way to perceive, think and feel in relation to those problems (Willcoxson & Millett, 2000).

Barney (1986) discusses that organizational culture can also be a source for sustainable competitive advantage, when the culture is valuable, rare and hard to imitate. The study shows that

if the culture can be modified by the managers in order to achieve better financial results, in the long run this kind of culture will generate only normal financial results, while the culture impossible to be modified has a potential to generate sustainable superior financial performance. This means that although a company's culture is not always a source for sustainable competitive advantage, companies still should nurture them instead of trying to change or modify them. Chan, Shaffer & Snape (2004) later developed and tested a dynamic model to see if organizational culture, competitive strategy and human resource management practices have influence on company performance and therefore can be source for competitive advantage. The study showed that several organizational culture dimensions were highly related to organizational performance but only adaptability and mission traits were positively related to market performance.

Adaptability is underlined also by Shocker, Srivastava & Ruekert (1994) who highlight that brand managers must take evolving needs of buyers under consideration all the time and dare to be different to be successful. Brand extension can be seen as a form of adaptability; it can be seen as a response to changing needs of the customers who want to be served comprehensively over the boundaries between different business areas.

As discussed previously, many researchers see brand extension and corporate rebranding as positive phenomenon which has many advantages as a branding tool to increase customers' acceptance towards the product. However, it is also discussed if corporate rebranding can in some cases instead of creating or transferring brand equity, also destroy it.

For example, symbolism has a crucial role in branding, because it is one of the most visible and recognizable part of the company and consumers are more likely to choose a familiar brand, even though an another, unknown brand in comparison is higher quality (Hoyer & Brown, 1990). Literature traditionally sees symbolism as part of corporate identity mix amongst with communication and behavior of organizational members. Corporate identity mix affects straightly to corporate identity management which has a crucial role affecting company's reputation and organizational performance. (van Riel & Balmer, 1997.) Muzellec & Lambkin (2006) have examined if corporate rebranding can also have negative effects to brand equity. Their descriptive model considers two fundamental dimensions of rebranding: i) change in positioning and ii) change in marketing aesthetics, where rebranding can be characterized as evolutionary or revolutionary, depending how wide the changes in positioning and marketing aesthetics are. The model is visualized in Figure 9. Muzellec and Lambkin (2006) emphasize the

importance of successful change management. Corporate rebranding can cause a loss of some or all of the values the old brand signified and if the management is unsuccessful in the time of change, it can seriously damage or even destroy brand equity.

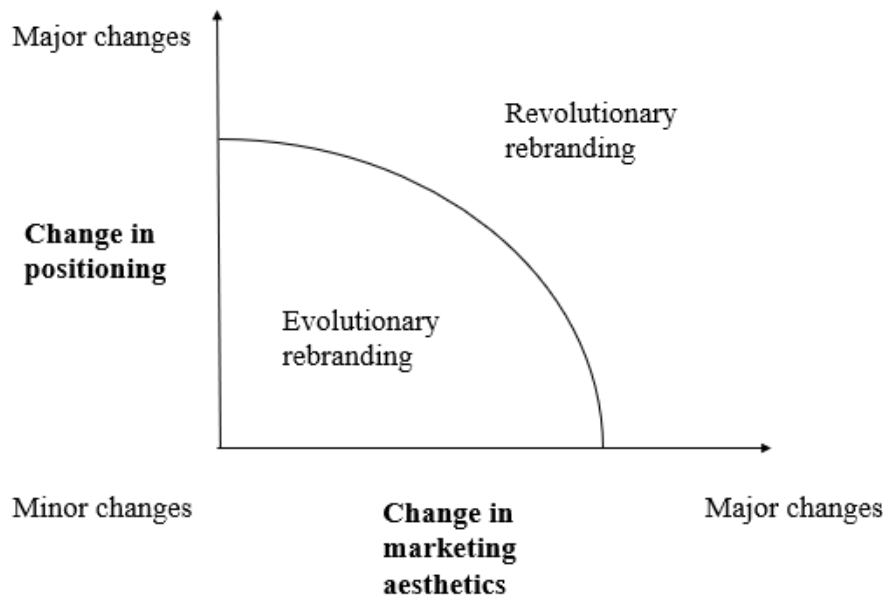


Figure 6 Rebranding as a continuum (Source: Muzellec & Lambkin, 2006)

Pitta & Katsanis (1995) argue that the underlying basis of brand equity is consumer memory. Most of the widely accepted work in cognitive psychology literature views memory as consisting of a set of nodes and links. Nodes are stored information which a consumer remembers when he recognizes a problem. For example, when a consumer notices that he is out of shampoo, his memory will connect node to node so that he will form an opinion on which shampoo he should buy. Memory may include several different nodes, for example an advertisement the consumer saw on TV yesterday, a recommendation from a friend on the previous week, and the brand the consumer has usually bought.

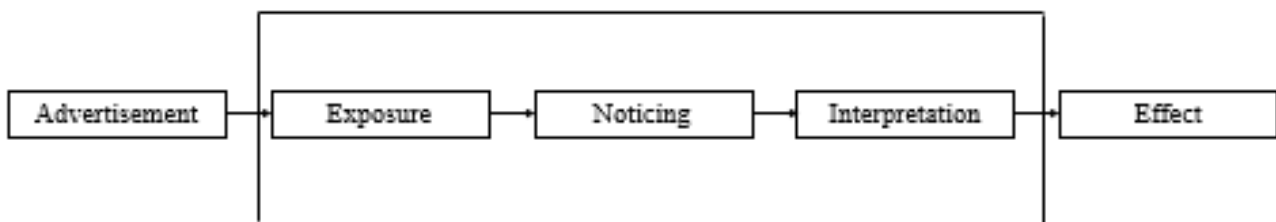
Many researchers and companies (especially Nordic B2B companies) agree that advertising is one of the most important tools for brand communication among Internet-based websites and customer meetings (von Herten, 2006). The purpose of advertising is not just to make customers aware of the product or service but also to create the nodes Pitta & Katsanis (1995) emphasize.

The process of advertising affecting the consumer can be divided into three steps: exposure, noticing, and interpretation. At the exposure step, the consumer is being affected by the advertisement

through his senses (sees the advertisement from TV or hears it from a radio). However, we see and hear different kind of advertisements all the time. Not until the consumer really notices the advertisement and focuses on it, it creates a node to memory. The node can either stay active all the time (the need is on the customer's mind until he buys the product or service) or it will be activated by a proper stimulus. (Vuokko, 2003.)

At the interpretation step, the consumer finally decides to buy the product / service or not by evaluating the consumer's own framework, information and opinion about the company, as well as the previous experiences and other nodes he might recover from his memory (e.g. recommendations from friends) (Vuokko, 2003).

The process of advertising's effect is visualized in Figure 10.



*Figure 7 The process of advertng's effect. (Source: Vuokko, 2003)*

### 3 RESEARCH METHODS AND ANALYSIS

This chapter discusses how the empirical research was conducted and introduces the research methodology used to gather the research data. Also, the data analysis is presented in this chapter. The research was conducted as a qualitative research, more precisely as a single-case extensive case study. The data was collected by six individual interviews, by interviewing one manager, one mid-level manager and four employees of the case company. Finally, the data was analyzed by using thematic content analysis.

#### 3.1 Methodological approach

The purpose of my research was to gain deeper understanding about brand identity and how extending a brand by executing a company merger affects to it. As the subject of my research is a wide phenomenon and brand identity is highly related to the values, attitudes and opinions (Simões & Dibb, 2001; de Chernatony, 1999), choosing qualitative research method was a natural choice. As Eriksson & Kovalainen (2015) state it, qualitative research is a better option than quantitative methods when the purpose of the research is to understand reality through social and cultural meanings.

The case company of this study is one of the biggest telecommunications companies in Finland, providing its customers a wide range of different kind of services in that specific business area (e.g. mobile phones and telephone subscriptions). The company recently merged with another telecommunications company, which caused major changes especially for the another company's brand, including visual changes and changes in the range of products and services.

The case study approach was an appropriate choice when there is little previous research, and

- the purpose of the research is to answer 'what-', 'when-' and 'how'-type of questions
- the researcher has only little control to the events
- the research target is a current, topical phenomenon (Eriksson & Koistinen, 2005).

In case study, the context includes those individuals and functions the chosen case affects closely (Eriksson & Koistinen, 2005). In this research, the case is change in brand identity when a company merger occurs, and the individuals the case affects are the company workers. Because of the nature of branding – the fact that the brand and its features, for example company



values, are usually created in higher levels of the company and then brought to the lower levels (Punjaisri & Wilson, 2007) – the individuals in this case include both managers and employees.

Instead of a research method, case study should be understood more as a research approach (Eriksson & Koistinen, 2005), as the data collection and analysis can support qualitative and quantitative research, depending on the study aims and research question. (Eriksson & Kovalainen, 2015.) Because finding suitable cases for the selected research topic, the research was conducted as a single-case study with multiple interviews. Also, a single case is an appropriate choice because the purpose of the research is not to identify an exact pattern how brand extension affects brand identity but to gain a deeper understanding about the phenomenon itself, instead of creating statistical data. The case study could then be claimed as an illustrative case study (Eriksson & Koistinen, 2005).

### **3.2 Data collection**

As the purpose of this research was to understand a phenomenon where individual attitudes, values and behavior has a crucial role, the chosen method for data collection was to execute interviews. The data was gathered during 2017 – 2018 and all the interviews were executed as semi-structured interviews, where the interviewer directs the interview with pre-decided questions which leave room for open discussion (Ruusuvuori & Tiittula, 2005; Puusa & Juuti, 2011). Semi-structured interview is the most commonly used method in qualitative research (Rowley, 2012; Qu & Dumay, 2011) and it was chosen, because it allows the interviewees to discuss freely and explain their answers wider (Qu & Dumay, 2011). Also, it provides the interviewer to ask more further questions about the subject being discussed. The fact that the research data was gathered by various researchers, in different situations and from different sources is not an obstacle, since this is possible for a case study (Eriksson & Koistinen, 2005).

The data collection was a combination of interviews executed by four different researchers, who all had their own specific research topics the case company and the phenomenon still remaining the same. Therefore, the structures of the interviews vary depending on the interviewer, but the gathered data was still useable for all.

Most of the interviews were executed face-to-face and one was executed in phone by the interviewee's request because of the moving nature of his working area, with his permission to record the phone call for further data transcription. The interviewees included two top-level

managers, one mid-level manager, one company expert and four employees (Table 1). All the interviews were executed in Finnish to avoid misunderstandings, and also the data was transcribed and analyzed in Finnish to avoid mistakes in interpretation.

Table 1. Data collection

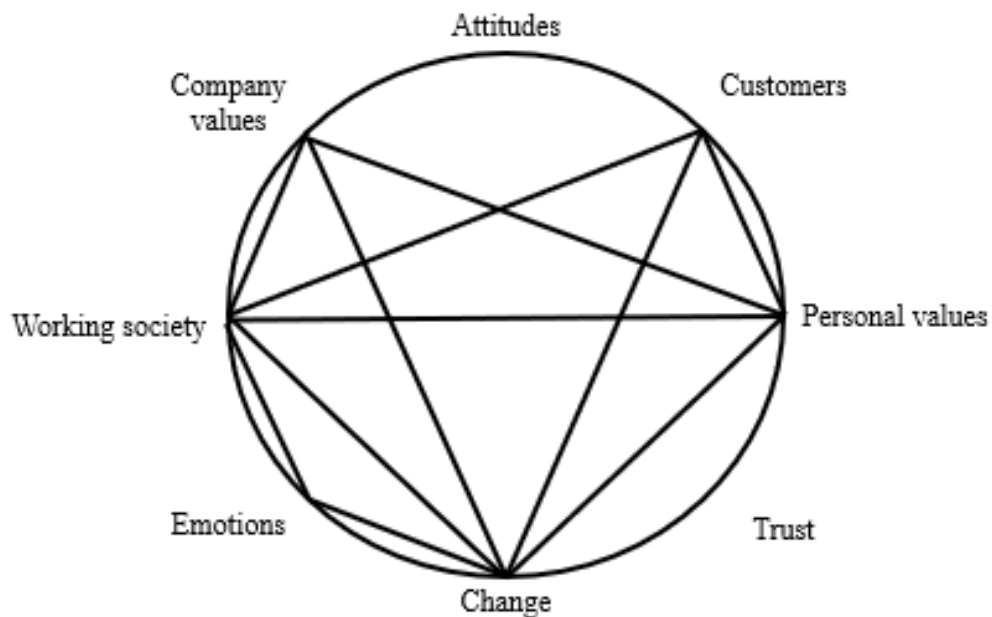
<b>Interviewee</b>	<b>Method of data collection</b>	<b>Date of interview (week/year)</b>	<b>Duration in minutes</b>	<b>Transcribed pages</b>
<b>Top-level manager 1 (T1)</b>	Face-to-face	18/2017	70	1
<b>Top-level manager 2 (T2)</b>	Face-to-face	18/2017	87	6
<b>Mid-level manager 1 (M1)</b>	Phone	11/2018	40	6
<b>Company expert 1 (E1)</b>	Face-to-face	8/2018	40	12
<b>Salesman 1 (S1)</b>	Face-to-face	8/2018	12	8
<b>Salesman 2 (S2)</b>	Face-to-face	8/2018	12	6
<b>Salesman 3 (S3)</b>	Face-to-face	8/2018	16	7
<b>Salesman 4 (S4)</b>	Face-to-face	8/2018	17	7
<b>TOTAL</b>			294	53

The interview frame (Appendix 1) was designed so that the questions leave plenty of room for open discussion with the interviewee. Some of the questions were straightly taken from research sub-questions (see Chapter 1.2.4), with a couple of more supportive questions in purpose to enter into a more deep-analyzing conversation.

### 3.3 Data analysis

For data analyzing, The NVivo 12 for Windows was used in assistance for qualitative analysis. The transcript interviews were read through approximately 6 times and the program was used to find connective elements from the different interviews by using following codes:

- Attitudes
- Customers
- Personal values
- Trust
- Change
- Emotions
- Working society
- Company values



*Figure 8 Codes clustered by word similarity*

Figure 11 represents the codes clustered by word similarity, using NVivo 12 program and Pearson correlation coefficient as the similarity metric. The figure illustrates which themes had the

most connections (word similarities) between them. An interesting finding is that while almost all themes have connections with each other (especially *working society* and *change*), *attitudes* and *trust* have no connective elements to the other themes. This will be discussed in the future chapters.

From these codes, *company values*, *personal values* and *change* were the most frequent themes, followed by *customers* and *working society*. The least frequent themes were *attitudes*, *trust* and *emotions*. The cluster visualization made with NVivo 12, using Pearson correlation coefficient as the similarity metric, to help analyzing the connections with different themes by word similarities also shows that that while *change* and *working society* have the most connections with other themes, they are also the only themes which have connections with *emotions*.

Instead of traditional content analysis, the data was coded by using qualitative content analysis. In other words, the codes are data-driven, which means that they emerged from the data during the research process. This means that there is no previous theory behind the chosen codes, but that the codes are based on straightly to the research material and are generated with its help. (Eriksson & Kovalainen, 2015). As the qualitative content analysis progresses, there can be found certain similarities in the research data. These similarities which were found were put under the same category, a theme (Gioia, Corley & Hamilton, 2012). This is an appropriate choice when the researcher is familiarized enough with the research material to be able to create his / her own coding. (Eriksson & Koistinen, 2005.).

## 4 RESEARCH RESULTS

In this chapter, the results of the empirical study are presented. First, the codes gathered from the research data will be analyzed one by one. Second, they will be used in order to answer the research sub-questions and finally, the research question. To support the results, direct quotations from the interviews are presented. The quotations are written with *italics* and are also indented from the body text. In the quotations, all the interviewees' names are replaced with the shortenings represented in Chapter 3.2 Table 1:

- Top-level managers: T1, T2
- Mid-level manager: M1
- Salesmen: S1, S2, S3, S4
- Company expert: E1

Also the company values, which proved out to be clearly identifying, are transcribed as *Value1*, *Value2* and *Value3*, so that the company itself cannot be identified through the interviews.

### 4.1 Analyzing the themes

#### 4.1.1 Company values, personal values and change

The company values, personal values and change were the most uprising themes in all of the interviews. Especially from the interviews with managerial level representatives (top-level managers T1 and T2, and mid-level manager M1), the company values were brought up many times and were clearly mentioned.

*M1: "Well yeah, there are certain values, which every employee knows, and they are familiar with, and many of them are very similar to the things they value themselves. The employer gives certain boundaries to working, which kind of choices and decisions you are supposed to make, and where they are supposed to be founded. There are explicit values in our company, I am not certain if there*

*are in every company, but we have three different values, which are supposed to be a foundation for every all-day work and decisions.*

*T1: “In many situations it has have to been said that “Hey, we cannot look at this just with the financial reasons but also widely through the values. Not just through the numbers but also through strategy and values.” And how I see it, I think it works.”*

*T2: “We understood the brand very deeply, not just like a superficial, put-on-top thing but it is our everything. It is our employees, it is our inner thing and culture, it is everything that. It is the experience to give for our customers, so it was trained a lot. It is the goal of our culture, what we want to be and what it is to work here, and we have these values which are strong. During the process and these values are great foundation to build.*

The values were also discussed with the employee-level interviewees and in some them the company values were even mentioned directly but highlighted lesser compared to the managerial level interviewees. Also, at the employee level it was more difficult to describe how the values implement.

*S2: “Value1, Value2 and Value3 are our values, well it is difficult to define how they show in everyway work here, very difficult question so well... Of course, we care for our clients by all the possible ways, like a customer is a human and like, we try to serve him as good as possible. It is probably making things simpler, well it is not all them simple this everyday work, not simple every day.*

*S3: They (the values) are Value1, Value2 and Value3. I suppose they are public, the values I mean.*

*E1: “Okay so, they have fuzzing about these Value1, Value2 and Value3, and maybe the Value3 for me is that like if I can handle something, something that is not officially written down that this is something I should do, then I’ll do it and then make sure that in the future it goes to the right place to be taken care of.*

...

*And then if I think about the Value1 and what I do, well I have always tried to do everything what everyone does here, although I am not operating so much with the customers nowadays, but like both the customers and colleagues who I work with should always be noticed.”*

One important aspect of branding found from the research was that it highlights the fact the company values and culture are mostly defined at the higher levels of management and then brought lower level by level, which is in line with the statements of e.g. Harris & de Chernatory (2001), de Chernatory (1999) and Balmer & Gray (1999). At the center of the brand identity are brand vision and brand culture, which form the whole basis for the brand, defining the brand’s core values and the purpose, which the managers need to communicate to the employees in order to inspire them and help them understand their roles in the brand (Harris & de Chernatory, 2001). Employees must understand these values in order to act in line with the company’s brand promise (Hiltunen & Lammassaari, 2018) and especially in service branding, the staff and company itself has a significant role because their assumptions, attitudes, values, behavior and actions affect straight to the customers and therefore, to the brand image (de Chernatory, 1999).

*M1: “The employer gives certain boundaries to working, which kind of choices and decisions you are supposed to make, and where they are supposed to be founded.”*

...

*Well yeah, sure they (the values) come from the higher levels. When they are spread to lower levels it happens through your own everyday work, so that everyone understands what they actually mean.”*

*T2: “This marketing project went to national managerial group and we had brand conversation there, and everyone there promised to be part of this. Every national managerial group member had their own team where they shared information (...) Everyone trained about a group of 10 people and then every group shared the mes-*

*sage to their own groups, and by trained like this it went through different managerial levels and everyone actually had to understand it because they had to explain it to others.”*

*T2: It is important that employees’ happiness is linked to the customers’ happiness and when have the personnel on board you will succeed (...) When you have values, business and culture, business is not separated. Who does successful business with a weak brand?”*

Among with the company values, employees’ personal values have an important role in branding. As Sällinen (2015) and Harris & de Chernatory (2001) state it, every employee in a company works also as a brand ambassador, represents company in his / her everyday work and therefore cannot be simply subsumed under the category “the firm.” Therefore, employees’ values and corporate culture have become important elements in brand management (Simões & Dibb, 2001) and that the employees’ values, manners and behavior must be taken under consideration so that they match with the company’s and brand’s values, and that especially frontline employees must be recognized as a rich source of brand information (Sirianni et al, 2013; Wentzel, 2009; Matta and Folkes, 2005). As mentioned previously (see Figure 2), in order to successfully deliver the brand identity to the customers’ brand image, the brand experience must be successful (Grönroos, 2009).

In the interviews, many interviewees highlighted for example justice, honesty and uprightness as their most important personal values. The personal values were especially highlighted at employee and mid-managerial levels, while on the top-managerial level the interviewees highlighted more the importance of engagement and commitment of different managerial levels and personnel.

*M1: “Justice, no matter what the topic is, justice and fairness are always there (...) At work the level of demand is high both for me and employees but equally, they don’t shut each other out (...) Everyone has same opportunities, they are not easy to achieve but everyone is offered the same possibilities and will be noticed*



*and rewarded (...) everyone stands on the same line but are also offered the same possibilities. A lot is demanded from them but also a lot is given back.*

*S1: "What do I value? In people I value honesty and that if you have a chance to help the other, then you do help. That is my personal value and actually it fits to this job quite good as well."*

*S2: "Honesty is the first for sure, in personal life and in this job as well (...) and uprightness is another one, if you make a some kind of mistake in this shop or in in your personal life as well, you have to be able to raise your hand and say "Sorry, my fault." (...) It shows (in this job) in a way that I do not lie to the customers and if I make a mistake, I can admit that it was my fault."*

*S3: "As an employee, if the company takes care of me and I take care of the company in return (...) Uprightness and if one has a good moral, it is something good to be valued"*

*S4: "Honesty, and everything like this towards the company, like you on a certain level feel that it is your own (company), like it is the employer who brings the bread to the table (...) A certain level of professional pride that you do right things and the things that are valued here in general, towards other employees and customers, and we have quite many stakeholders which you always have to take under consideration.*

*E1: "Well, honesty is one of the most important ones, no matter is it work or private life"*

Finally, the third most discussed aspect was change. Especially the managerial level interviewees saw the change in a wider perspective, as a huge phenomenon, and were aware of the of the

needs, requirements and the huge amount of work the change actually required. The mid-managerial and employee level interviewees also discussed about change but more according to the everyday work in the company. They also highlighted that the change was concretized more in one of the two merging companies by new visualization, logo and products. In another company the change was smaller. An important finding was also that the employee and mid-managerial level interviewees mostly agreed that the change has been a positive change for the customers. The purpose of the research has also to find out if the company and/or personal values have change during the process. The personal values were examined especially at employee and mid-manager level. It seems that the company values may not have been changed during the process but rather clarified instead. There has not been recognizable changes in personal values.

*T1: “This brand reshaping is unique (...) the change is a must and financial situation shows that in a market situation like this you can’t grow anymore. Now there has been a huge investment made and getting the personnel involved is crucial.”*

*T2: “Through many ways we came to a conclusion that our brand is out of date. So that the re-branding would not be easy we also changed our partners (...) the brand change included our partners as well and that they are really “all in” for this.”*

...

*“We wanted to inform our own customers first, first our employees and then our customers and then in public (...) Almost one million logo changes and 80 outlets so at night when the trucks left Helsinki, there was a huge amount of trucks driving through Lahti highway. So out of a sudden we rebuilt 80 outlets and when we visited Kuopio market place our company’s new name was already visible (...) we had 24 hours scheduled for executing the change and it was a total success. It required a huge amount of work but it all still happened, 193 updated systems, a huge amount of it-systems and it not just that we change the new name to our invoices but in the end you go very deep to the systems and put new bits after another.”*

M1: *“What happened in everyday work, is that cooperation got wider and more intensive towards the another company. We are in touch with them more and think and carry out things more together. For us what changed, is was much smaller and lesser.”*

...

*“It (the change) clarified may things and made cooperation easier. It made many things easier so on the whole it has been a good change. From the branding point of view, the brand is now much clearer and fresher, so it has also affected to customers (...) Mainly positive feedback only.”*

S1: *“No special feelings about it (the merger), maybe it is good because the customers now understand the unified concept, like, earlier it has been very difficult to understand which things belong to us and which belong to the another company. So there has been inconstant borders but when we have merged, it is much clearer for the customers.”*

...

*“They (the values) have been emphasized more, but I think the same ideology has been there always”*

S2: *“It had a wide positive effect, we got the mass moving and much people came to ask about it (the change) to our shops (...) Well of course when we got the mass moving, we also got negative feedback as well because the prices got higher, because EU-benefit came to all the telephone subscriptions, but more feedback was positive.”*

...

*“I think my own values have remained the same, I can’t say if the company values have changed, I think they have remained the same at least here in our shop”*

S3: *“It (the change) seems to have affected positively, especially amongst youth because of the EU-usability, for example if you are going to an exchange then you come immediately for us because of the EU-benefit*

...

*“No, I don’t think they (the company values) have changed during the process, I think they are emphasized all the time... Well I think something is changed but I really can’t say what is it.”*

S4: *“I don’t think it (the change) has affected to us very much, in practice we have had the same operating model for long, but I think it caused certain changes to the another company (...) At the customer interfere it appears as new products. (...) No major changes in everyday work.”*

...

*“I don’t think they (the company values) have changed, they have been a long-term goal and nurtured all the time”*

E1: *“It (the change) appeared here quite little, well our guys here act quite little with the customers where, I guess, it showed the most.*

...

*“Not sure if they (the company values) have changed, but at least it has now been easier to stand behind them because there is only one brand (...) I think the guys here agree that it has made thinking easier, when have one unified brand and were standing behind it.”*

According to the interviews, it seems that the managerial level and most of the employees know the company values. Above all, the employees seem to understand the company values, which is crucial for them to be able to act in line with company’s brand promise (Hiltunen & Lammasaari, 2018).

The personal values at the employee and mid-manager levels also seem to link to the company values. This is important, because employees' values and corporate culture have become important elements in brand management (Simões & Dibb, 2001) and that the employees' values, manners and behavior must be taken under consideration so that they match with the company's and brand's values, and that especially frontline employees must be recognized as a rich source of brand information (Sirianni et al, 2013; Wentzel, 2009; Matta and Folkes, 2005).

One important finding was that employees did not feel that their personal values have been changed during the process. Also, especially the employees at the company where the change did cause only minor changes compared to the another merging company, felt that the company values have not been changed during the re-branding process but rather emphasized and highlighted more than before.

As is it briefly discussed previously, it is typical for a brand that the company values and culture are the most often defined at the higher levels of management and then brought lower level by level (Harris & de Chernatory, 2001; de Chernatory, 1999; Balmer & Gray, 1999). This also occurred in the case company, where the whole strategy of spreading the brand was to include all the employee levels. Every manager was included so that they educated the new values and culture to their team, and every team member had their own team to be educated. By spreading the brand like this, every member had to be committed to the brand and actually understand the values in order to be able to educate them further.

#### **4.1.2 Customers and working society**

The next two mostly highlighted themes in the interviews were customers and working society. In nearly all interviews, the customers were mentioned and, in some cases, even without specifically asking about how the customers have received the changes in branding.

It is important to notice, that the customers are also mentioned at the employee level interviews. To deliver the brand identity to the customers in order to shape it into brand image, employees have a crucial role in delivering the brand promise. To act as so-called brand ambassadors and to be able to deliver the brand promise employees must understand it first (Punjaisri & Wilson, 2007). As a brand ambassador, an employee represents the company in his / her everyday work and, therefore, employees' values and corporate culture have become important elements in

brand management (Simões & Dibb, 2001). Therefore, especially in branding services, the staff and employees have a significant role as brand ambassadors (Sällinen, 2015), because they act directly with the customers and their assumptions, attitude, behavior and actions affect how the customers feel about the service they get. This affects directly how the customers feel about the company itself and the brand, which then creates the brand image (de Chernatony, 1999).

*T1: “There are probably two of three types (of customers), and there are those who don’t care what the (company) name is, as long as the service is working (...) there has been made some research that the attitude (towards the change) has been positive.*

*T2: “It is important that the wellbeing of the employees is linked to the happiness of the customers (...) It (the change) was like that if our staff does not live and breath this, the customers will never buy it.*

*M1: “The brand is now clearer and fresher, and it has affected to the customers (...) we have received mainly positive feedback.*

*S2: “We care about our customers in all the possible ways, a customer is a person and we try to give him/her as good service as possible.*

*S3: “When the customers come of course you can’t make them all satisfied, but we still try to treat the customer relationship in a way that he or she will choose our shop next time as well, and comes here even if the prices may be a bit higher.”*

The importance of working society was also emphasized (along with honesty and trust, which we will discuss in the next sub-chapter). Especially the top managerial level interviewees emphasized the importance of the employees and how the first priority in the change of culture and brand was to deliver it to the employees. The top managerial level saw that in order to

deliver the change successfully to the customers, it has to be successfully delivered to the employees first. There are connections between the working society and the company values. This is not surprising, because as found out analyzing the company values (and which is also a common opinion amongst many researchers e.g. Grönroos (2009), Harris & de Chernatory (2001), de Chernatory (1999) and Balmer & Gray (1999)), the company values are usually defined at the higher managerial levels and then delivered to the lower levels. In order to make this process less effortless, there must be a great trust and consensus in the working society. Also, a high level of commitment is required to make a major change like this possible.

Many of employee level interviewees discussed about working society more generally, because they are operating with the customers and therefore are the key factors in defining how the working society is actually operating. The employees are in crucial point of creating the brand experience for the customers and when a customer is actually experiencing the brand, he or she evaluates if the brand promise is fulfilled, which then leads to the final brand image. For the company, it is crucial to be aware of their own brand identity and if the brand image matches to it. If the brand experience fails, it means that brand has not delivered its brand promises, which is usually an indication of a misalignment between the brand identity and organizational culture (Kimpakorn & Tocquer, 2010.)

*T2: Even on Twitter someone commented for me that you have some many people involved in that process and there are still no information leaks, so this must tell about a serious commitment and proudness of being part of it.*

...

*At Monday we told about the change in our inner communications that it will go public at Thursday. We thought that this is going to leak anyway but we wanted to maximize the media visibility and everything and thought anyway that we go "staff first". The information came out at Monday and it did not leak so it told us that management and process had been going pretty nicely at this point.*

...

*"When talking about culture, what I am really proud of is that how the staff and employees are important. Not just like "Yeah of course they are" but here it is real, I felt really humble about how real it is there (...) When there are many*

*changes and they (the employees) have been tossed around and pulled apart, how are you going to make this change so that they get excited about it and give their everything for it. It is humane that people protect themselves. This also an example that we trust our staff so much that they know about the change first and then it goes public tomorrow. That's the way to create the culture so that we act in line with values.*

S1: *“We are here quite a lot among with other salesmen and we are all mostly on the same wavelength.”*

S4: *“If there is an any kind of misunderstanding or a fault you have to be able to speak out about them, and you have to be able to discuss about them (...) There is a certain kind of professional pride that when you make the right things and things that are valued here for coworkers and customers”*

E1: *“No matter if you are at home surrounded by your family and friends or here with your coworkers, when you are honest, things get done (...) The straighter you talk about what you think, well maybe not so straight but like, when you never hide anything or what you think, cooperation is much easier (...) Everything what I do, like what the others expect from me and what I expect from the others at work, there is a certain kind of openness, like relaxed-kind of honesty and a proper amount of flexibility. You and the others keep it clear that which things you are supposed to do and which you might do anyway like “Hey, I am now doing this, but it is not actually my job.”*

In conclusion, it appears that both the customers and working society are highly valued and they have been taken under consideration during branding and cultural change. Mostly important, the company has proved out and highlighted the importance of its' employees as their most important resource and trusted them with confidential knowledge about the process before it has been published for the customers. In return, the employees have proven the company their commitment and they try their best to act in line with company values among customers.



As discussed in previous chapters, during the change there has been focus on creating both brand awareness and brand fulfillment. What is highly important is that there has been more emphasis in creating fulfillment by focusing on values and that everyone in the company understands them, and that the employees' role as part of the brand has been promoted. As discussed by Grönroos (2009), both brand awareness and brand fulfillment are important to be able to deliver the brand identity into brand image, but the role of creating brand awareness is rather supportive while the role of brand fulfillment (delivering the brand promise) is essential. Employees must understand the company values in order to act in line with the company's brand promise (Hiltunen & Lammasaari, 2018).

### **4.1.3 Attitudes, trust and emotions**

The last chapter of the theme analyses focuses on attitudes, trust and emotions. These themes were discussed much lesser compared to earlier themes, but they were decided to be taken their own material-driven themes since there were hints of them at the interviews. Also, attitudes and emotions are important to be taken under consideration since the research was decided to be executed as qualitative research and the topic discusses about individual values, where personal attitudes and emotions are important. Major changes require affective engagement and positive emotional attachment to support change, and the managers should support this by creating relationship commitment, trust and satisfaction among all the stakeholders, especially employees (Hiltunen & Lammasaari, 2018).

About these three themes, trust was discussed mostly. It was especially highlighted by top managerial level interviewees, who emphasized the trust managers put to the company's employees during the cultural and branding change. One form of trust discussed in the interviews was commitment, especially how the employees were committed to the change. This was discussed also in the previous sub-chapter, since it was highly related to the other theme 'working society'.

*M2: "In the beginning the employees were not so highly involved (to the change). Then little by little they were involved more and more and if I remember right the change went public at Thursday and at the Monday before we had about 1,500*

*employees working for the another merging company. Even on Twitter someone commented for me that you have some many people involved in that process and there are still no information leaks, so this must tell about a serious commitment and proudness of being part of it (...) The change simply cannot happen if it is not made possible through the employees.*

...

*This is also an example that we trust our staff so much that they know about the change first and then it goes public tomorrow. That's the way to create the culture so that we act in line with values. So yet again another example that our employees are trusted so much, that they are told (about the change) first and not until after that the others will get to know and that's how you create the culture that you act in line with values and our own customers know first, we have two groups which are the most important and they are the employees and the customers.*

One important aspect about trust which was emphasized in the interviews was the reciprocal trust employees felt towards the company. On the managerial level, it was mentioned that these types of changes cannot simply be given from the higher managerial level, but the employees have to be active and interested about it as well. On the other hand, on the employee level it occurred that in the end it is the company who you work for and who pays you for the work you do, so while the company takes care of you, you have to take care of the company in return. This trust the employees feel towards to company seems to occur from the fact that there are similarities between the employee values and the company values.

*M1: "Nothing good will happen through anything unless the employees are always updated, the management does not dictate but the employees have to be proactive."*

*S3: "As the employee (I value) that if the company takes care of me then I also take care of the company."*

S4: *“Well I guess it is the certain honesty (I value), and anything like this towards the company like, it is the employer who brings the bread to the table (...) a certain kind of professional proudness, like that you are doing the right things and the things that are valued here.”*

E1: *“My opinion (about the change) absolutely was that this is a good thing. I remember once when my colleague spoke quite loudly against it, I remember I said that there have been so many wise heads thinking this through, so it is pointless to worry about this by yourself.”*

The emotions were the most less straightly discussed theme in the interviews. However, the emotions in general are strongly linked to the previous themes. Similarities can be found especially with themes ‘*change*’ and ‘*working society*’, which is not surprising since it is quite logical that change affects to working society, which generates different kind of emotions. As it can be concluded from the analyses of the previous themes, the emotions towards the change have been mainly positive. Also, some negativity or neutrality could be found in between the lines. This is not surprising, since the traditional change literature argues that change causes stress and fear, and that a fundamental change is a stressful, difficult experience (Ashkanasy, Zerbe, Härtel & editors, 2002).

S1: *“No special feelings about it (the merger), maybe it is good because the customers now understand the unified concept.”*

S2: *“Well of course when we got the mass moving, we also got negative feedback as well because the prices got higher.”*

E1: *“I remember once when my colleague spoke quite loudly against it.”*

When discussing about emotions, it is also important to remember that emotions can be analyzed also through facial impressions, body language etc., because non-verbal communication is as important as verbal communication (Eriksson & Kovalainen, 2015) and it therefore might reveal additional information behind the actual interview. Because of the fact that this research was executed by a couple of researchers in different times and situations, and the interviews were recorded but not filmed, analyzing non-verbal communication is not possible afterwards. Still there are plenty of hints about emotions (mostly positive) in other themes which were analyzed previously.

## **4.2 Key results**

As Kimpakorn & Tocquer (2010) argue, the dominant paradigm in service marketing is the service profit chain, which suggests that there is a strong link between employees, the quality of service and the company profitability. As the employees are the ones to act directly with the end-customers their actions, values and attitudes affect straightly to the brand experience the customers receive (Grönroos, 2009; Grönroos, 1994). Therefore, it is important that the employee values are in line with the company values in order to make brand image match with the desired brand identity (de Chernatory, 1999). In a time of change this requires also successful brand management. When a corporate rebranding happens, it can cause a significant loss of some or even all of the values and damage seriously brand equity, if the management is unsuccessful (Muzellec & Lambkin, 2010). Compared to the typical line branding, corporate rebranding requires a greater focus within the organization (Harris & de Chernatory, 2001) and may not just include new service areas and products but also a renewed working environment and new corporate values. Employees must understand these values in order to act in line with the company's brand promise (Hiltunen & Lammasaari, 2018).

Van Riel and Balmer (1997) argue that because many corporate identity practitioners have their roots in graphic design, corporate identity is often seen synonymous with company's visual and graphical aspects. However, it requires a lot more to understand organizational culture and corporate identity as a wide phenomenon. For example, Willcoxson & Millett (2000), among many other researchers, argue that organizational cultures should include the following aspects:

- A pattern(s) of shared basic assumptions,
- invented, discovered or developed by a given group,

- as it learns to cope with its problems of external adaption and internal integration,
- that has worked well enough to be considered valid, and, therefore,
- is to be taught to new members of the group as the
- correct way to perceive, think and feel in relation to those problems (Willcoxson & Millett, 2000).

As a result from the interviews it seems that the case company's organizational culture fulfills these aspects. The patterns of shared basic assumptions (values), which were developed in higher managerial levels and then spread to the company level by level, are now in an important role in the company and guide the employees in their everyday work. An important finding is also that the employees seem to know and understand these values, and their own values seem to cope with the corporate values, which is one of the first important keys to make brand image match with brand identity (Grönroos, 2009; de Chernatory, 1999; Grönroos, 1994). The values are found important both at the high- and mid-managerial levels and at the latter it also seems to be important that it is ensured, that the values are understood at the employees.

Many researchers highlight the importance of employees during the interaction with customers and their ability to compress the brand values (Kimpakorn & Tocquer, 2010). Employees have a crucial and widely recognized role in delivering the brand. This also required an effective internal branding by management to help the employees understand and deliver the brand promise, to act as brand ambassadors. (Punjaisri & Wilson, 2007.) As a brand ambassador of the company, employee represents the company in his everyday work. This role is significant and highly important in service marketing, where the employees act directly with the customers (Sällinen, 2015; Harris & de Chernatory, 2001). In this study, most of the interviewees were salesmen who work in retail trade and sales stands and therefore face different kind of customer situations every day. From the information gathered from the interviews it is clear that these salespersons understand their role and are committed to the brand and to act in line with the company values. Commitment was an important aspect which was emphasized especially by the high-level managers and it is also highlighted by Kimpakorn & Tocquer (2010).

## 5 CONCLUSIONS AND DISCUSSION

### 5.1 The summary of the research

The purpose of this research was to gain deeper understanding about how company merger affects to company's brand identity. From the two important concepts related to brands, brand image and brand identity, the latter is studied highly less in the literature. It might even be easier to focus on brand image (what the customers actually think about the brand) instead brand identity. However, focusing also on brand identity (what the company wants it brand to be) is highly important because between brand identity and brand image there are clear links and steps which need to be taken under consideration. Making brand identity match with brand image is highly related to customer satisfaction, which is related to service quality, which is then related to employee satisfaction etc. The in-depth purpose of this research was to find out, if the case company's brand identity has changed during the merger.

The study was executed as a single-case qualitative study, with eight interviews in total (4 salesmen, 1 company expert, 1 mid-level manager and 2 high-level managers). The data was gathered during 2017 – 2018 by three different researchers and all the interviews were executed as semi-structured interviews, where the interviewer directs the interview with pre-decided questions which leave room for open discussion.

This study showed the company's brand identity has changed during the process on the extended identity level (Aaker, 2002) by changes in visualization, new products and clarification in cooperation with the another merging company. The core identity and brand essences, including for example company values, have remained the same during the process.

According to Grönroos (2009), brand identity and brand image are connected by two links: brand awareness and brand experience. Brand awareness in practice means making the brand known among the customers by advertising and marketing. Many researchers and companies agree that advertising is one of the most important tools for brand communication (von Herten, 2006) and for example Pitta & Katsanis (1995) argue that the underlying basis of brand equity is consumer memory. Advertising affects to consumer memory by creating stored information (nodes) which are activated when the consumer recognizes a problem. Still, even more im-

portant than creating brand awareness, is to develop brand experience. A successful brand experience leads to delivering the brand promise, brand fulfillment, and acts as the final event of creating the brand image.

As Harris & de Chernatory (2001) state it, when brand image focuses on consumers' perceptions of brand differentiation, brand identity is more concerned how the brand can be made unique. Managers therefore first need to define the brand's values and then ensure employees' values and behavior are in line with them.

To understand how deeply the values are connected to the innermost brand, we have to understand how the brand identity itself is formed. Aaker (2002) divides brand identity into three different levels: brand essence, core identity and extended identity. The brand essence is most deep-analyzing and innermost overlook of the brand. It can be just a single word or sentence which works as a basis for the whole brand, and it should wake up emotions in the customers and be differentiated from the competitors even in a long-term period. The core identity is the expanded version of the brand essence, and it is bound to the company's strategy and values. When a company moves to a totally new market area or merges with another company, the core identity should remain the same all the time during the process.

When a brand goes through to total renovation, it often affects also to the visual aspects of the company like symbols, slogans, logo, even the company name. When these visual aspects are combined with brand essence and core identity, the extended identity is created (Aaker, 2002). In this study, it appears that both companies' name was changed but another company in the merger was affected more by the changes, by making it to adapt the for example the logo and colors of the another company.

To analyze how, if, the company's brand identity has changed during the merger, the qualitative research and the main research question were supported with sub-questions related to employee values, company values, the change of values, employee feelings about the change and the affection of change in the employees' every day work. In service branding, the employees act as brand ambassadors, representing their employer in his / her everyday work, which has made employee values and corporate culture important elements in brand management (Sällinen, 2015; Harris & de Chernatory, 2001; Simões & Dibb, 2001; de Chernatory, 1999).

According to the qualitative data analysis, there was a couple of interesting findings among the connections between different themes. The themes were analyzed using NVivo 12 program

through word similarity, using Pearson correlation coefficient as the similarity metric. Surprisingly, there are two themes which have no connections to other themes through word similarity: *attitudes* and *trust*. Also, *emotions* has only couple of connections. As discussed in previous chapter, these three themes belong to the three most less discussed themes, and therefore, it is difficult to find connective elements between them and the other themes. They were still decided to be taken their own data-driven themes since there were hints of them at the interviews. Also, attitudes and emotions must be taken under consideration since the research was decided to be executed as qualitative research and the topic discusses about individual values, where personal attitudes and emotions are important. As discussed previously, major changes require affective engagement and positive emotional attachment to support change, and the managers should support this by creating relationship commitment, trust and satisfaction among all the stakeholders, especially employees (Hiltunen & Lamassaari, 2018).

The Pearson correlation coefficient analysis made with NVivo 12 must not be understood that there are absolutely no connections between these certain themes. In contrary, there definitely are connections between the themes but less than between the others, and the words the interviewees have used varies. For example, commitment, which is one form of trust, was mentioned plenty of times and emphasized especially by top managerial level interviewees, who emphasized the trust managers put to the company's employees during the cultural and branding change.

Emotions and attitudes are slightly more difficult to analyze through verbal communication and written data without analyzing facial impressions, body language etc. This explains why there are barely a couple, if any, connections between these themes: which is not written, cannot be analyzed through word similarity.

Finally, it should be remembered that the organizational culture, corporate identity and the brand should be seen as equity and therefore, it should lead to better organizational performance profitability. As van Riel & Balmer (1997) argue, literature traditionally sees corporate identity management as taking organization's historical roots, personality, strategy and corporate identity mix into account, leading to better organizational performance (financial performance, sales numbers etc.). Kimpakorn & Tocquer (2010), Grönroos (2009, 1994) and Heskett et al. (1994) emphasize the importance of service profit chain, where internal service quality forms a solid base for employee satisfaction, leading employee retention and productivity, which forms a solid base for external service quality. When a desired level of external service quality is



achieved, it leads to customer satisfaction and customer loyalty. In the end this means profitability and revenue growth, and with the grown revenue together with perceptions and observations from customer satisfaction (for example, customer feedback) it is possible for the company to return to improve the internal service quality.

## **5.2 Analyzing the research questions**

This study's main purpose was to find out how does company merger affect to company's brand identity. To get a deep-analyzing answer to the research question, it is supported with carefully selected sub-questions to examine what the employees' values are, what are the company's values and have these values changed during the brand extension. The sub-questions also seek to clarify what the employees' feelings about the change are, and how the change has appeared in their everyday work.

Obviously, different kind of persons value different kind of things. What is important that the values match with the company values. From the interviews, many interviewees highlighted honesty as their top personal value. Some mentioned also values like justice, uprightness and professional pride.

The company has three values, which every employee should know. These values are public but respecting the anonymity of the study the values are described as Value1, Value2 and Value3. From the study it appears that these values have been there for a very long time, underlyingly guiding the company but during the company merger the company decided to emphasize and highlight these values more than ever before. Therefore, the company values, which are part of the brand core identity, have not changed during the process, as they should not (Aaker, 2002). The values are nowadays used as a solid base for every decision made in the company and as a clear guideline for the customer service.

The employees' feelings towards the brand extension were mainly positive. Most of the interviewees were certain that the merger and the changes it has occurred are a positive thing, some saw some negative reflections in it but in the end thought that the change was been a good thing. Between the lines, it could be understood that there have been negative feelings as well.

It seems that in both merging companies, the brand extension has caused several changes, including new company name and new products and services. Also, the cooperation between the

another company has been active and found positive by the employees. However, from the case company of this study point of view, the changes were minor compared to the another merging company, which adopted the logo and visual brand images from the case company. Therefore, the employees of the case company did not feel that the change has affected to their everyday work as much as one would think it had. From the employee point of view, it is the clarity and clearness which affects the most: one company and its products, and no need think which service belongs the case company and which belongs to another company. A positive phenomenon is that the end-customers have been active and come to store to ask about the change.

To answer to the main research question according to the answers to the previous sub-research questions, we have to once again remind ourselves how the brand identity consists. Aaker (2002) divides brand identity into *brand essence*, *core identity* and *extended identity*, where the brand essence is the deepest part of the brand (sometimes consisting only a simple word or sentence) and core brand fulfills it by taking also for example company values under consideration.

As Aaker (2002) highlights, the brand essence and core identity should remain mostly the same even if the company goes through major changes like brand extension, merger or starts operating in a totally new business area it has never operated before. The extended identity is formed when all the other aspects related to the brand (e.g. visualization and symbols) are connected to the core identity, it should give a well-outlined and clear overall picture of the brand also define the aspects which the company tries to avoid (Anttonen & Hirvi 2008).

In this study, the case company had had its values for a time and they are deeply connected to the brand. Therefore, the values belong somewhere to the brand essence – core identity -axis and they are not nor should be changed during the process. The purpose of the change was not to change or demolish them but emphasize and strengthen them amongst all the stakeholders who are connected to the brand. The changes which affected to the case company were mainly visual and clarified the cooperation with the merged company. This is also supported by Barney (1986) who discusses that while company's culture is not always a source for sustainable competitive advantage, companies still should nurture them instead of trying to change or modify them. This was result was also partly underlined by Chan, Shaffer & Snape (2004), who's study highlighted that several organizational culture dimensions were highly related to competitive advantage.

As a conclusion, the main research question was, how the company merger has affected to company's brand identity. According to these facts, merger has affected to company's extended identity by the changes in visualization, new products and clarification in cooperation with the another merging company. The core identity and brand essences have, as they should, remained the same during the process.

### **5.3 Research limitations**

There are a few limitations which need to be addressed. Firstly, this research was executed by a few researchers in different times and situations and therefore, there has been different kind professionalism, specializations and interests towards the studied suspect among the researchers. Also, because the data was gathered by different researchers, analyzing it alone requires a lot more effort because as a researcher, I have not been in all of the situations myself. Therefore, I have not had the possibility to analyze the feelings, emotions and attitudes through non-verbal language, facial expressions etc.

Secondly, this study was executed as a single case study, analyzing the effects of a company merger to the company's brand identity only through one case company. Having two or more companies, which have been recently faced a similar, major organizational change, would have provided even more in-depth data and add a chance for a comparison of the cases.

Thirdly, this study focuses a lot on values. In order to respect to anonymity of the case company, the company values must be transcribed with additional names, so that the company cannot be recognized. Therefore, it is difficult to compare the similarity of the company values and the employee values, when the company values are not be mentioned in the study.

Finally, there are certain limitations as my abilities and inexperience as a researcher. My inexperience conducting a qualitative case study may have effects and reduce the validity of this study. The research question, the sub-questions and the interview frame were designed carefully in order to obtain the desired kind of data and sent and approved by the supervising professor, but my inexperience as a researcher may have affected the quality of gathered data. However, since some parts of the research material were gathered by a lot more experiences researchers than me, it increases the validity of the data.

#### **5.4 Future study and managerial implications**

The purpose of this research was to study brand identity and give new in-depth information about it, because when comparing brand identity and brand image, the first has been studied much less. In literature, brand image has been studied by many different researchers, but fewer researches have studied brand identity. From the well-known researchers, only Aaker has studied brand identity profoundly, so the theory behind brand identity strongly bases to his works (Anttonen & Hirvi 2008).

As mentioned in the beginning of the study, the purpose of this study was not to form a clear pattern why and how, if, the brand identity should be changed under a brand extension in order to gain competitive advantage. Instead, the purpose was to gain a deeper understanding about the phenomenon which has not been studied in this context. Therefore, this study leaves a plenty of fruitful opportunities for future research and the information gathered in this study can be exploited and applied in future to more in-depth researches.

This study focused on one of the companies taking part of the company merger. As found out from the research data, the merger did not affect the case company as much as the employees felt it affected to the another company. Therefore, a similar research could be executed to the another company's former employees, how now work under a new company name and brand and have encountered more major changes.

Future studies could also focus on the financial effects of the merger. The merger already happened approximately a year ago, so there should be data available about the company revenue, contribution margins, yields etc. before and after the merger. By executing a research like this, the study could highlight the actual benefits of a company merger.

Instead of financial affects, future studies could also focus on satisfaction, both customer and employee. If the customer satisfaction and employee satisfaction have been measured in both of the companies before the merger happened, the affections of the merger to customer satisfaction and employee satisfaction could be analyzed and compared how, if, the merger has affected to them.

The future studies could also focus on strategic brand management process and give a real-life example how the process has been executed in the company and in this kind of context. According to Keller (2013), strategic brand management can be divided into four main steps:

1. Identifying and developing brand plans
2. Designing and implementing brand management programs
3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity

Therefore, the future studies could focus on which steps and key concepts according to them have been taken under the consideration during the company merger. For example, according to Keller (2013), the first step includes key concepts like mental maps, competitive frame of reference, and core brand associations, while second step includes mixing and matching the brand elements, integrating brand marketing activities and leveraging secondary associations. Third step takes for example brand value chain, brand tracking and brand equity management system under consideration, and finally at the fourth step, growing and sustaining brand equity can be ensured by, for example, brand portfolios and hierarchies, brand expansion strategies and brand reinforcement and revitalization.

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## **7 APPENDIX**

### **Appendix 1. Interview frame (transcribed to English)**

Basic information: Age, sex, education, work career, work tasks

What are your values as a person and as an employee? What do you value?

How does your values appear in your work?

What are your company's values and how do they link with your values?

How does the values of the company appear in everyday work among the working society?

Describe the merger between company A and company B and your feelings towards them.

How does change appear in everyday work of the employees?

How have your values changed during the process?