

Building
Corporate Branding Theory
in a Coopetitive Market

Robert Küng

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I Declaration

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of this thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institute in the United Kingdom or overseas.

Any views expressed in this thesis are those of the author and in no way represent those of the University.

Götzis, December 2nd, 2014

Robert Küng

II Abstract

Research objective

The primary objective of the research was to develop a theory of corporate branding that could be applied in a 'coopetitive' market context. The context was that of Sanitary Ware, Heating and Plumbing (SHAP) industry in Central Europe (CE). As a professional distribution channel with channel member interdependencies that and multiple brands, coopetition is created. This channel is also subject to legislation that limits the actions of its members – adding restrictions and complexity to the creation of a corporate brand.

Methodology

Pragmatic philosophy underlies this thesis, in which an exploratory, qualitative and inductive approach is adopted. The SHAP wholesale industry is used as a case study. It may provide an analogue for other service organizations in comparable environments. Representatives of SHAP wholesale organizations participated in unstructured interviews while members of other individual stakeholder groups contributed through focus group discussions.

The research follows Van de Ven's 'engaged diamond scholarship model' giving it a structured but iterative approach. The outcomes represent my understanding of a corporate branding concept for SHAP wholesalers in a 'coopetitive' supply chain.

Research findings

The Central Europe SHAP industry is characterized by superficial task sharing at the wholesale and retailing interface. The established specification of the relationship between wholesalers and plumbers as a simple customer–supplier relationship is not entirely appropriate. The particular kind of task sharing can best be explained as 'coopetition'.

Wholesalers' and plumbers' common 'customers' consist of different subgroups with completely different price, assortment and service requirements, resulting in an extremely complex business model and contradicting interests within the supply chain. This situation is complicated by the presence of multiple stakeholders, which makes wholesalers' market positioning and corporate branding activities more intricate. As such, the issue of communicational consequences is further highlighted, as the relationship complexities in the

supply chain are foregrounded. In the coopetitive environment of this study, mutual task sharing is not clearly specified, wholesalers as service organizations are not free to choose their respective partner and furthermore, lack direct control of the marketing message targeted at many of their stakeholders.

The research shows that the SHAP wholesaler's corporate branding model which results from the channel's interdependencies, demands that the wholesaler accepts that they do not entirely influence all the parameters in the model, which are based on specific 'coopetitive' task sharing.

This research demonstrates that the employment of such a corporate branding model for service-based wholesalers is both defensible and valuable for those organizations that follow differentiation strategy. Thus, as a corporate brand is a key source of differentiation it hence only makes sense for firms following a strategy of differentiation. Resulting from this, the study documents the important role of employees as a key source of differentiation (Berry, 2000; Gray, 2006) for service organizations in a coopetitive environment.

Ingredient branding as subsidiary concept is also integrated into this research. The possibilities and the power of ingredient branding to reduce the limitations resulting from the 'coopetitive' aspects are demonstrated within this research.

The specified concept of ingredient branding for service organizations in a coopetitive supply chain differs from the established models. Thus, as the importance of supporting the end-solution through the content of valuable ingredients (the services of SHAP wholesalers) is only of secondary significance to the 'coopetitive' plumbers.

Of primary importance is, that an ingredient branding model in such an environment offers the opportunity to 'bypass' the 'coopetitive' partner and to directly communicate corporate values, employees input, services and the corporate brand messages to 'downstream' stakeholders. The expanded concept includes multi-level marketing and classic push/pull (B2B2C) activities, as well as the communication of corporate values toward the individual stakeholder groups.

Contribution to knowledge

There is a well-known and well-specified form of coopetition (Brandenburg and Nalebuff, 1996; Lado, Boyd and Hanlon, 1997; Teece, 1992; Uzzi, 1997) existing between suppliers and carefully selected customers. However, in the SHAP market there is a different, and possibly unique, form of coopetitive task sharing. This uniqueness is based in the mutual absence of

choice in relation to partner and in the lack of clearly defined rules for task sharing. The research findings show the existence of a unique (or at least previously unidentified) form of coopetition and represent a contribution to knowledge.

An adapted corporate branding model for service organizations in this type of 'coopetitive' environment is presented.

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VII Abbreviations

B2B	Business to Business
B2C	Business to Customer
CE	Central Europe
CEO	Chief Executive Officer
CRM	Customer Relationship Management
DIY	Do it Yourself
EBITDA	Earning before Interest, Tax, Depreciation and Amortization
ETC	Etcetera
IT	Information Technology
MCE	Maximum Credible Accident
ROE	Return on Equity
SBU	Strategic Business Unit
SHAP	Sanitary, Heating and Plumbing
SME	Small and Medium sized Enterprises

1 The Research Problem

“The world we want to explore is a largely unknown entity!”

(Feyerabend, 1975, p. 20)

Feyerabend (1975) explains that it is important to “*keep our options open...*” and to choose the best way to explore the deep-lying secrets of any selected topic. Detaching ourselves from the turmoil and isolating ourselves from the world, reading and interpreting only what well-established philosophers and authorities have written, elevates science to divine status, but it does not necessarily develop knowledge (Gummesson, 2000). Instead, it is vital for academic researchers to have personal experience. Ideally, researchers will have been in a position in which they were responsible for making and implementing decisions (Gummesson, 2000). In the current environment decision makers within organizations are asked for excellent, up-to-date knowledge within their field of responsibility. Consequently they need to take ‘science’ personally and search and re-search continuously.

Based on my very personal experiences with and my responsibility for, making and implementing decisions, I full concur with Gummesson’s arguments. The resulting responsibility for employees who are substantially affected, as well as for the overall performance of my firm, strongly concerns me as a person and as an industry executive. I do (such as any responsible executive) have to react to the increasing demands and to expand my knowledge. Writing a thesis and trying to reflect on important issues within the supply chain, as well as developing a model that could contribute to the future success of the firm, is my personal way of reacting to this responsibility.

Doing a PhD alongside full-time employment as an industry executive is nevertheless not to be underestimated. It leads to an additional workload, as well as substantial personal stress. However, compared to a fulltime student, I can profit from personal experience and knowledge, as well as from access to industry knowledge and individual organizations. In addition, the research allows me to gain much, both professionally and in terms of self-development and personal learning. Resulting from this initial position, this research thesis is an intimately personal document, one that may be perceived to be unusual. Such a personal approach is truly ‘scientific’. It entails the inherent search for understanding and meaning and

prevents the detachment and isolation of the researcher from the real world (Gummesson, 2000).

Being personally interested and professionally connected to the Central European sanitary, heating and plumbing (SHAP) industry, I have to be aware of the dangers of my personal paradigm, selective perception, and my own personal defence mechanism. I have to remain mature, open, and honest at all times (Gummesson, 2000). In this context Van de Ven (2007, p. 14) explains that

“...there is a real world out there, but our attempts to understand it are severely limited and can only be approximated”

Nevertheless, Tashakkori and Teddlie (1998, p. 30) motivate researches to do their studies in fields of interest they are personally connected to and say that

“...you should study what interests you and is of value to you, study in the different ways in which you deem appropriate, and use the results in ways that can bring about positive consequences within your value system”.

Consequently, based on my personal value system and my fundamental belief, I will follow this recommendation. It is extremely important to be clear about my personal philosophy, as it ensures the credibility of the findings, even though it has to be accepted that each model and perspective is full of value (Van de Ven, 2007, p. 14).

What would I like to express with this statement? At the time of writing this section I am at the end of an unexpected, long journey in which I had to solve the tension between my personality and the most appropriate approach on one hand, and the knowledge of established models and learning from earlier studies on the other.

At the very beginning of my research journey, I tried to follow a strongly ‘scientific’ approach with established models and an extremely coded structure. I soon had to accept that I had great difficulties to combine such a ‘coded’ approach with my intended research objectives and most of all with my personality and beliefs. Such an approach would correspond to a positivist’s view of the world as they define the world to be structured and organized which, consequently, can be seen to be such a code. In fields with scientific laws and biological rules with generic codes, a positivistic philosophy may clearly be appropriate. As is obvious from the examples given this would be mostly true in the natural sciences.

In the two paragraphs above I refer to the tension that arose between my personality and a ‘coded’ approach. It is important to understand why this position occurred. My childhood and

my education on the whole were modelled by my father who placed great value on my independent personality and strongly encouraged me to follow my personal beliefs. He taught me to be authentic, honest, open minded, and respectful toward other religions, opinions, and personalities. Additionally, I learned from him that each individual has to adhere to rules and has to be committed to the interests of society as a whole. In short, life is not about cherry-picking but about the responsibility to see individual strength as a gift and an obligation at the same time. Or, referring to the Austrian Psychotherapist Viktor Frankl (1992), to take into account that the advantages of personal individuality and freedom always, and without exception, contain a responsibility to the community.

“Freedom however is not the last word. Freedom is only part of the story and half of the truth. Freedom is but the negative aspect of the whole phenomenon whose positive aspect is responsibility. In fact, freedom is in danger of degeneration into mere a bit raciness, unless it is lived in terms of responsibility.”

(Frankl, 1992)

Consequently my search for, and the journey to, an appropriate structure for this research ended in a very intimate approach which, nevertheless, respects the necessity of a transparent and comprehensible structure, as well as well-founded selections, decisions, and conclusions. In this context would I like to stress that such a personal approach is suitable to qualitative study as seen in the initial paragraphs of this chapter (Gummesson, 2000). Following Tashakkori and Teddlie (1998) I will study in the way I deem to be appropriate, and use the results in ways that can bring about positive consequences within my value system.

I strongly support the view that organizations, as well as individuals, primarily seek purpose, content, and success (Van de Ven, 2007). Based on my professional experience I also support Saunders, Lewis and Thornhill (2007) when they argue that the business world is in an on-going process of change and all organizations are unique. I am further convinced that every person is unique and has different approaches to solve a problem or do a task. Hence, there exists a ‘soft’ and individual world. Based on this, the reduction of a person or a company to a fundamental code in a research would not be valid from my philosophical point of view.

At this point I would like to refer to phenomenological philosophy, representing the other end of the philosophical continuum to positivism. The main emphasis of a phenomenological philosophy is the exploration of meaning. This is done by looking at a situation as a whole in order to try and compare values and behaviours, and understand cultures (Schein, 1995). This

approach does not end up in an absolute 'right' or absolute 'truth' code because there are multiple possibilities when interpreting and understanding the results. The researcher is part of the process and hence influences the results. According to Maylor and Blackmon (2005) the approach is more flexible and the underlying motivations of the researcher are extremely important because of the influence this has on responses.

The phenomenological philosophy is much more appealing for me than the positivist one and corresponds to my personality quite well. Nevertheless, am I negatively affected by the demand to specify philosophy in such a binary way – either you are coded or not. This decision contradicts my personal belief that there are better and worse ways of 'doing' and suggests that there are right and wrong approaches which I do not believe.

Pragmatism is an approach that argues that it is possible to work within both positivist and interpretivist positions in a *practical* way and by integrating different perspectives to collect and interpret data (Saunders et al., 2007). According to pragmatists, one approach may be better or worse than another but there is no right or wrong.

Rescher (2000) specifies pragmatism as a philosophical system that holds 'success' as epistemic for effective prediction, control, and explanation. Rescher (2000) goes on by arguing that pragmatism has to be objective and independent of personal references, a specification that is in strong contrast to Schein's (1995) definition that there are multiple possibilities to interpret and understand the results in a pragmatist's world. Schein (1995) further argues for the influencing researcher who is "... *part of the process*".

Based on my personal beliefs I do not support an approach that specifies that research findings are objective and free of personal references. I do not believe in a 'distanced' researcher and thus do not accept Rescher's suggestion. I much more support an approach in which the researcher is strongly embedded in the research. Consequently, I have to be aware that subjectivity results from this inclusion of the researcher. However I am also convinced that I, like any other researcher, am obliged to be as objective as possible (though I may never achieve this) and that I have to ensure a structured and comprehensible approach. I also agree with Misak (2001), as well as with Schein (1995), when they explain that there are no true or false, but better or worse, instruments for prediction in the pragmatist philosophy.

Tashakkori and Teddlie (1998, cited in Saunders et al., 2007) point to

"...the intuitively appealing character of pragmatism largely because it avoids the researcher engaging in such pointless debates about such concepts as truth and reality."

After having analysed some of the tenants of individual research philosophies and finding myself strongly agreeing with the core principles of pragmatism, this approach best describes the values underlying this research. This position is based on my personal beliefs and philosophy and the intimately personal approach this research takes.

This research is exploratory and respects Flick's (2007) specification that most of all the chosen research journey and design are fundamental to the quality of the resulting outcomes. A literature review was completed in chapter 4 and interviews were conducted with established SHAP wholesaler leaders. A broader view of the topic as a whole was only gained after the interviews had been analysed and these processes had been completed. This allowed me to focus on the most promising area of my research in subsequent chapters of this thesis and expand these through a second round of data generation.

While the research topic and the research questions are normally specified at the very beginning of the research process, I only did so after the above steps were completed. By following this sequential approach I remained open and honest to the most relevant issues as recommended by Gummesson (2000). However, to facilitate the reader's understanding of the research, I shall specify the research goals in this initial chapter.

The research structure and design are also introduced in this chapter. However, much like the research topic, they were not chosen until consideration of the issues detailed in chapter 3 had been completed. Based on the design and structure I produced a methodology for the initial part of the research. The approach applied to focus group interviews used in a second data generation phase was based on the findings discussed in chapter 3 (industry specifics) and chapter 4 (literature review), and was only created after the initial corporate branding model for the wholesaler had been specified and their resulting strategic choices had been defined (chapter 5).

In order to answer the research questions two types of interviews were used. While the initial interviews were conducted with a small number of selected top managers in the wholesale industry, focus group interviews were used to supplement and complete these findings by questioning a number of different stakeholders in the industry. The overall design of the thesis is summarized in figure 1.5, p. 28.

Concluding the research process, it could be said that my research does not follow a standardized theoretical model but is the result of, and tells the story of, my sequential and iterative research journey. I would like to tell the reader of this journey as I am convinced that

it was the very best way to achieve the aim of the research and to answer the research questions.

1.1 Definition of the Research Topic

Saunders et al. (2007) give the most important attribute of a research topic as meeting the examining body's requirements and, in particular, to be at the correct level. Additionally, they explain that high personal interest to the researcher is essential in producing valuable work. They go on by specifying that the research topic must be 'doable' and excite the researcher's personal imagination.

This research is personal, as it is based on the outcome of my Master's thesis, as well as on my personal interests and professional connection to the SHAP industry. These experiences stimulated my intellectual curiosity. My MBA dissertation investigated the correlation between generic strategy (Porter, 1980) and financial performance of organizations within the SHAP wholesale industry. That research raised a number of issues that I was not able to address because of the constraints of time and the permitted volume of output.

Standing alone, the issues raised in my Master's thesis would not justify the employment of research at doctoral level. However, the results of my Master's show that the weak performance of the wholesale industry seemed to be based more on a structural conflict than on managerial or strategic aspects. Upon finishing my Master's thesis, this view was founded primarily on my gut feeling and I was unable to defend it or argue against it. I was not even able to describe the uniqueness of the industry, and the idea of 'coopetition' had never come to my attention until I embarked on hands-on research. I found the concept mentioned repeatedly while searching for existing research in the field of corporate branding for service organizations and possible connections to generic strategies. As can be seen later in the section on the CE SHAP industry, which describes the details of the concept and connects it to the specifics of the CE SHAP industry, this powerful concept is capable of describing a broad range of the distinguishing features of the industry. Most of the tensions between wholesalers and plumbers within the professional distribution channel could be explained and/or led back to this structural uniqueness. This demonstrates the power of this model. This recognition, combined with the limited available research regarding corporate branding for service organizations, quickly led to the specification of novel and demanding research within the field of corporate branding and specifically focused on service-based wholesalers operating within a coopetitive supply chain.

To help understand the results that led to the research discussed here, the primary outcomes of my Master's thesis are briefly described in the following paragraphs.

In the last decade the European SHAP wholesale industry has changed from a conservative and static market to a dynamic one due to several significant developments. As is valid in many markets, the combination of the forces of globalization, technology, and IT destabilized the previous market rules (Clarke-Hill, 2007).

The globalization and liberalization of the market based on the founding of the EU and the resulting 'borderless' European market supported the takeover of a large number of family owned firms by international 'group' companies (König, 2010). In addition, the impact of technology on the purchasing process has increased (Moser, 2010), and the market opened up to internet-providers and DIY retailers with IT-supported, optimized supply chains (König, 2010).

The financial performance of the SHAP wholesale industry is driven by the elements in figure 1.1, as well as by extremely important non-strategic elements, such as organizational and leadership skills.

Porter's (1980) model of generic strategy is extensively used by industry wholesalers as evidenced in my Master's thesis (2008). Group based companies mostly follow a cost leadership strategy based on low input of resources and competences, while targeting growth and market share. These wholesalers do not employ business-to-consumer (B2C) marketing (or if so, only in very limited terms). In contrast, the wholesalers with a strategy of differentiation (mainly family owned SMEs) have a substantially higher input of resources and competences and partly employ B2C marketing in a different expression. Consequently, most of the wholesalers with a strategy of differentiation have a higher cost position.

The Master's thesis further showed that none of the generic strategies seem to have an advantage over the other (in relation to the financial performance of the wholesalers). In fact, the research showed that '*consistency*' between the chosen generic strategy and the established competences and employed resources are a key driver of the financial performance of an organization within this industry. Given generally poor average financial performance, and the dramatically small number of sustainable successful wholesalers, the thesis found that only a few firms seem to act consistently with their chosen strategy. Moreover, daily business decisions seem to be primarily based on the opportunistic behaviour of managers at all levels.

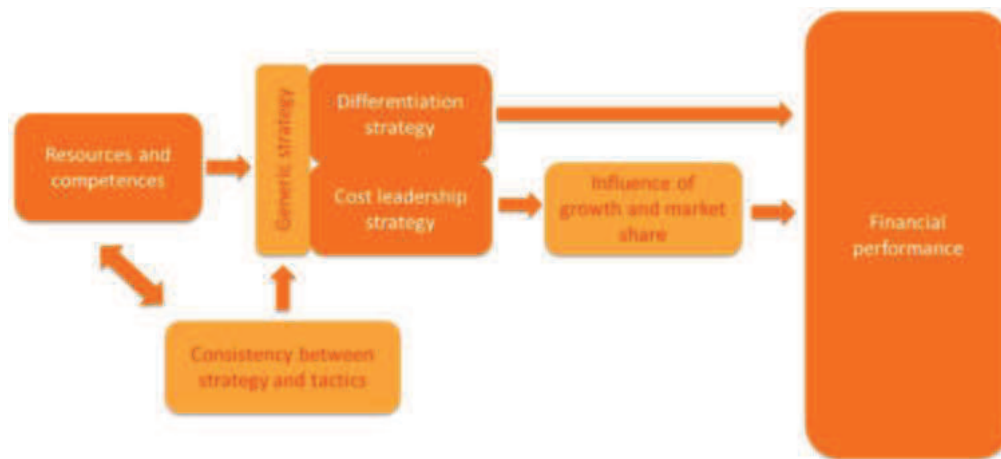


Figure 1.1: Influence Structure of Strategy on Performance
Küng (2008)

Mintzberg's and Lampel's (1999) position that the individual fundamental schools of strategy formation do not represent different processes of strategy but different parts of the same process, is discerned to be appropriate for this industry. Based on my professional experience, I can say that there are many types of dependency with generally very limited transparency and efficiency that affect all organizations concerned and, ultimately, the end consumers. As a consequence of this situation, the members of the industry have to meet twin strategic challenges: to continuously reinvent themselves and their industry (Hamel, 2000).

One area within this generic strategic framework is the topic of marketing in general, and of corporate branding in particular. Marketing processes are central drivers of company value and marketing activities therefore, have to focus on the creation of value (Bruhn and Georgi, 2006). The marketing strategies of the European SHAP industry are largely unexplored. In spite of this, the key success factors and their sustainability are fiercely discussed and interpreted by the boards and management teams of the affected companies at all levels of the professional distribution channel. This was uncovered in interviews with wholesalers' CEOs. The lack of benchmarking data is surprising, given that branding is a main element of successful services marketing (Berry, 2000; Gray, 2006).

As Kotler (2000) said, and within the researched industry it is also true, that some organizations base their competitive advantage on physical assets such as infrastructure, employees, or their distribution network. Others attain this advantage from intangible assets such as their reputation (Keller, 1993) and, consequently, their corporate branding, which is a key source of differentiation, success, and competitiveness, as explained by Berry (2000) and Gray (2006).

My Master's thesis further showed a structural conflict between plumbers (customer) and wholesalers (supplier) in relation to pricing and marketing positioning. There is a deep mutual dependency between individual organizations but no available research regarding this finding. The generic market structure (figure 1.2, p. 21) has to be reviewed and evidenced within this thesis to ensure those assumptions are appropriate and to provide an effective foundation for this research.

When compared to their competitors without B2C marketing, the pull activities of wholesalers with B2C-marketing (shown in figure 1.2) create increased demand for bathroom assortments from end consumers, as well as generating a price disadvantage for the plumbers. These effects are increased due to the complexity of the market structure. Furthermore it is necessary, but at the same time very difficult, for wholesalers with B2C marketing to communicate pricing and marketing positioning to the end consumer without negatively affecting the partnership with the plumber as another form of buying customers.



Figure 1.2: SHAP - Market Structure
Küng (2008)

My intention in providing this brief summary of the industry key issues is to create a frame for the choice of research topic. The individual issues are cited in a rather fragmented way and are neither defended nor argued at this point. They represent my industry knowledge and the findings of my Master's thesis and will be examined in detail when I will come back, explain and explore this issue in more details as part of chapter 3, p. 56.

At this point I would also like to consider briefly the issues of corporate branding for service organizations.

There is much research and literature available regarding goods branding. This cannot be said for the service area in which branding is mainly associated with the firm-level (Bruhn and Georgi, 2006). It will not be possible to answer all resulting questions within the scope of this study, let alone answer them in an appropriate framework, but no one ever has the answers, you just have to be happy to have evoked some of the questions (Mintzberg, 2005). This research explores how corporate branding strategy might be developed for a service-based wholesaler to communicate bathroom experiences and sensations to end consumers in a coopetitive environment which is characterized by an unclear buying decision process. The topic has practical, as well as theoretical use.

The fundamental research topic is visualized in the following figure and explained in detail below.



Figure 1.3: Research Topic

Adapted from (Bruhn and Georgi, 2006)

While the 'input' dimensions of branding contain a number of areas still to be researched, particularly where service organizations such as wholesalers are concerned, the management and control of brands, as well as the significance of service differentiation on corporate branding and positioning, are well investigated (Bruhn and Georgi, 2006). Consequently

existing theoretical models regarding the 'input' dimensions will have to be transferred and adapted to the unique conditions of the supply chain within this research. This particularly gives rise to the necessity to consider the unusual and unique retail conflict present in the channel. Research that only addressed the 'input' dimensions would not fulfil the claim for new and additional theoretical knowledge.

The effects of corporate branding on organizations are quite well investigated (Bruhn and Georgi, 2006). Given this, as well as the limitations of a dissertation regarding time and content, I will not consider this as part of this research. I have excluded it from the areas affected by my work represented in figure 1.3, p. 22 and this whilst acknowledged it is not broken down or detail provided.

On the 'output' side of the process, the corporate branding of wholesalers within the SHAP industry can be seen from the B2C or the B2B aspect. As previously mentioned, the supply chain researched is governed by a unique retail conflict. The contradictory consequences of corporate branding activities on the positioning of wholesalers regarding its two target 'customer' groups, offers a unique research opportunity. Since existing research does not consider this unique market structure, it is not directly applicable but rather has to be adapted.

1.2 Research Limitations

There is hardly any research available about the SHAP industry despite the significance of an industry with a Euro 45 billion turnover (figure IX.3.3, p. 331). The industry has some unique peculiarities which are examined in detail later. This research is focused on the changing role and market position of wholesalers and the resulting possible influence of corporate branding. The role of market positioning is key for the future success of the industry as a whole. In this context Clarke-Hill (2007) argues:

"...unless the war of position is won, the war of manoeuvre will fail. Firms will often follow the war of manoeuvre precisely because they are losing the war of position (exit costs)".

This study is limited to the field of 'bathroom experiences'. Heating and plumbing assortments are not considered within the questions and aims of this study. This because these two assortments require different decision processes and the inclusion of different stakeholder groups. Additionally, the existence of new entrants, such as internet and DIY suppliers, delivering to all groups of customers, is limited primarily to the field of bathroom equipment.

The non-buying external influencers as well as the end users (non buying customers of the wholesaler) intended in figure 1.2 are participants to sale of 'bathroom experiences', while they have no influence and are perhaps even not interested in the sales process of heating and plumbing equipment which accounts for two third of the industry's' purchasing volume (as shown in following figure 1.4).

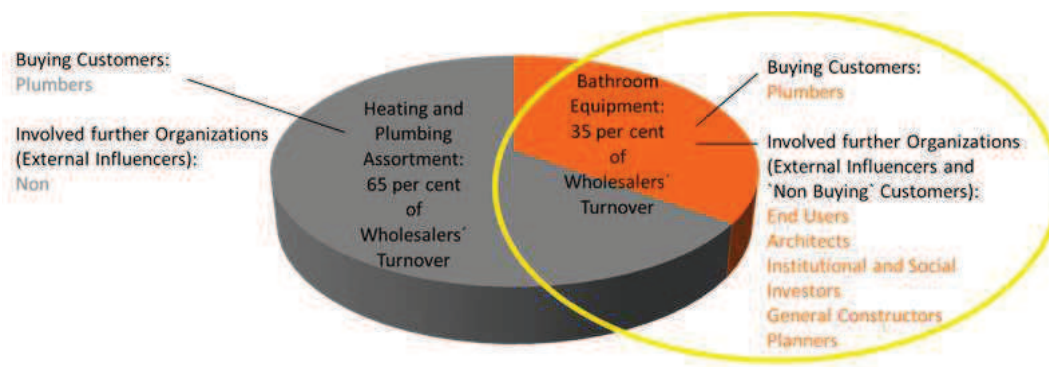


Figure 1.4: Research Limitation to Bathroom Equipment

Based on their strong purchasing power in the latter assortments, plumbers demand for the ultimative purchasing decision for the whole assortment and independently from the common stakeholders' demands and the explained differences regarding the assortments. Even the largest wholesale organizations in the CE-SHAP market failed to weaken the plumber's market power in favour of the other stakeholders in the field of bathroom equipment because of the documented enormous purchasing volume of them in the field of plumbing and heating assortment.

Because of this unique market structure, both heating and plumbing as well as bathroom equipment and the respective environmental aspects are included within the macro and micro environmental analysis to explain the complexity and dependencies of the professional distribution channel, as well as their influence on managerial and strategic aspects within the wholesale industry as a whole.

The previously cited non buying stakeholders (external influencers and end users) of wholesalers are according to this established market rules not allowed to purchase the bathroom equipment directly from wholesalers, who will have provided showrooms and are likely to have undertaken the initial planning of the bathrooms. This issue is amplified as wholesalers have no influence on this selection of the plumber who will install the equipment – and most importantly – is the purchaser of the bathroom equipment from the wholesaler. This, the installing plumber becomes to wholesalers customer and cooperative partner.

Only by understanding this complex initial situation and by respecting the established distribution structure, does a significant and reliable assessment of possibilities for the communication of bathroom experiences and the development of a corporate brand for service-based wholesalers in this domain become possible. Therefore, an in-depth understanding of the supply chain's structure is of particular importance for the study's outcome and the resulting value of the concepts delivered.

The corporate branding theory developed has to address the necessity of differentiated positioning towards B2B and B2C customers, as well as the contradicting demands of these two groups. This study tries to establish a corporate branding model that is able to reflect to the supply chain's unique structure. It is limited in its initial extent by these strategic and environmental issues.

The research questions and the research objectives, are focused on the field of bathroom experiences with multiple stakeholders (B2B and B2C). Any such research has to adequately respect the (partially) contradicting positional demands of the B2B and the B2B customers. Done appropriately, it almost automatically includes the much simpler positional issues of the heating and plumbing assortments, which are concentrated on plumbers as its unique customer group. The study focuses on 'bathroom experiences' and examines the corporate branding choices for wholesalers in relation to the installing plumbers (B2B) who are responsible for actual purchase as well as towards the common stakeholders (B2C - such as end users and not B2C such as associated influencers [general constructors, institutional and social investors, planners, architects and so on]). In this process, the effect of corporate branding for customers in both groups (non-buying B2C stakeholders and buying B2B plumbers), as well as the resulting payback outcomes have to be balanced and represented in the research questions and objectives.

The research is geographically limited to the German speaking part of Central Europe (CE) – namely Austria, Germany and Switzerland, which have a wholesale turnover of Euro 12 billion. This limitation is based on the similarities in the distribution structure and the nearly identical cultural factors within this area. The importance of cultural factors in influencing buyer behaviour has been stressed by a number of marketing and positioning oriented studies, alongside social, personal, and psychological factors (Wilson and Gilligan, 2005). The three selected countries, Germany, Austria and Switzerland, have been connected for hundreds of years. Their cultural aspects were largely developed simultaneously and are based on similar values. In addition, the quota and exchange of citizens is extremely high. The mutual language supports this strong connection and the countries can be summarized into one congruent

overlaying culture. This, consequently, makes it a suitable setting for the geographical restrictions of this research.

Due to the limitations on content, as well as the time frame of this study, managerial, as well as generic strategic aspects are not dealt with here. These aspects will have to be addressed in further studies dealing with the industry and may be based on the results of this work. The area of positioning is limited to the marketing positioning at the level of corporate branding and does not deal with any aspects of strategic positioning for organizations.

1.3 Research Question

The most important step within the research process, according to Saunders et al. (2007), is the clear definition of a research question at the very beginning. Flick (2007) supplements this by saying that good research design is an iterative, not a linear process. According to this statement, the on-going adaption of the study as a whole is appropriate and, hence, allowed. My Master's research, in combination with my professional connection to the industry, awakened my curiosity regarding the corporate branding activities of the industry. When I compared the market structure to other industries, I was certain that I was dealing with a complex topic. Even after having finished my Master's thesis I was not able to define the uniqueness of the market structure. This issue corresponds to Van de Ven's (2007) statement that it is often difficult to see the problem. After completing the macro and micro-environmental analysis, I could specify this uniqueness. It is based on the coopetition between the wholesalers and the plumbers in the field of bathroom retailing as can be gleaned in chapter 3 – industry specifics. Diverting from Saunders et al. (2007) I followed Flock's (2007) specification of an iterative research design and was able to specify the final research question only after a generic analysis. The following research question represents the outcome of this iterative process:

- What kind of 'useful' corporate branding theory might be developed to serve wholesalers in the coopetitive central European sanitary ware, heating and plumbing (SHAP) market?

To operationalize this question the following objectives have been developed.

1.4 Research Objectives

- To explore the professional distribution channel and its dependencies in the SHAP industry in Central Europe.
- To build a corporate branding theory for service-based wholesalers in the cooperative central European SHAP market.
- To examine critically the perceived output consequences for service-based wholesalers of the developed corporate branding theory.

1.5 Design and Structure of the Thesis

Van de Ven (2007) explains that research activities can be performed with any starting point and in any sequence. Flick (2007, p. 50) further argues that

“...a good research design makes the research manageable in resources and time and is clear in decisions about sampling and why particularly methods are used.”

Given the uniqueness of the research topic, the structure and methodology in this project are not a linear process. They are the result of on-going findings and recognitions, and only at the end of the research process was I able to summarize and visualize it. This approach corresponds to Flick's (2007) observation that a good research design is not a linear process.

The design and fundamental structure of the study and thesis are shown here to support reading and understanding of the study, even though it was the result of an iterative research process. The defence of this process and the thesis design at hand, as well as the methodological specifications and method details, are developed in detail in chapter 2.

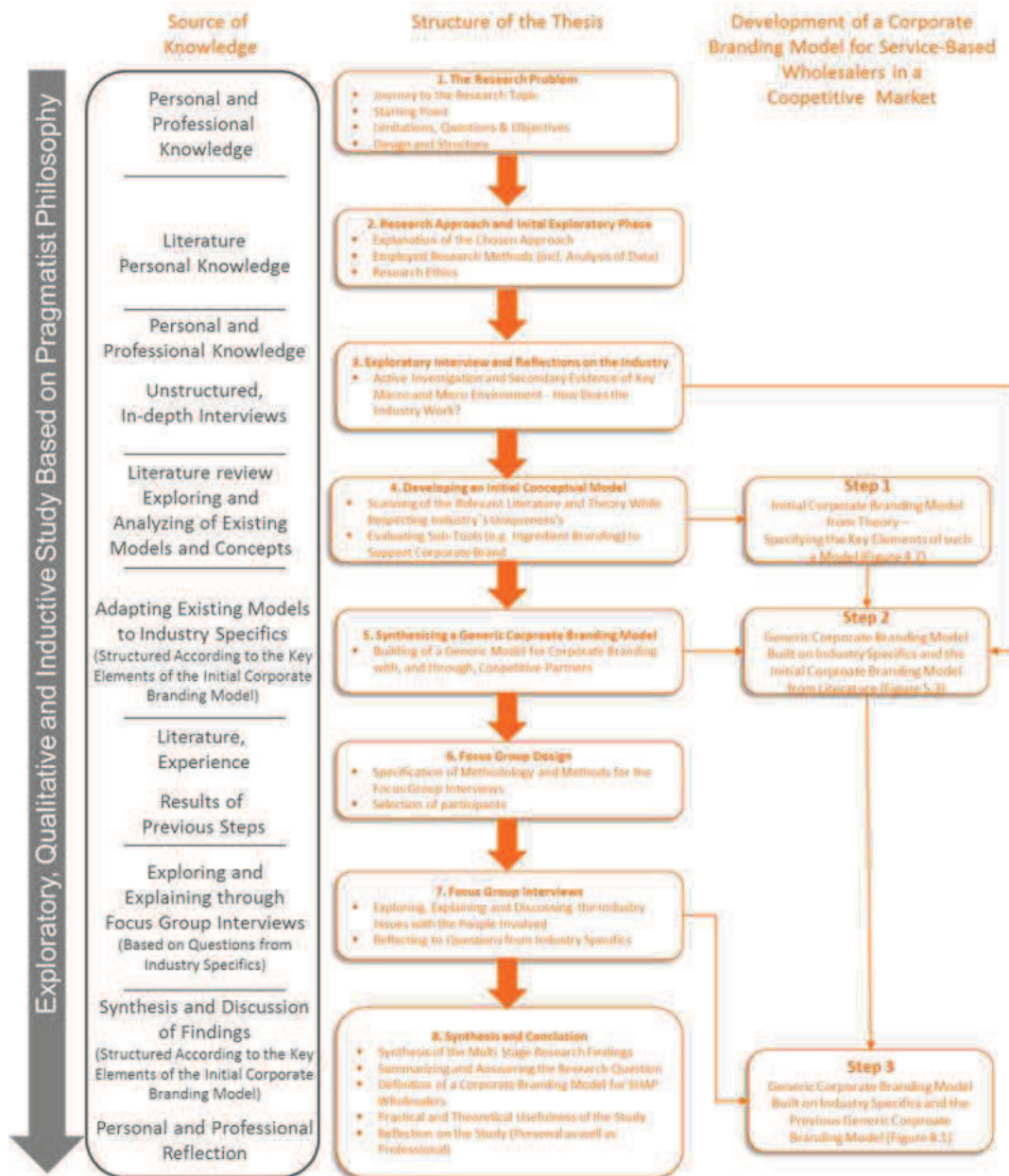
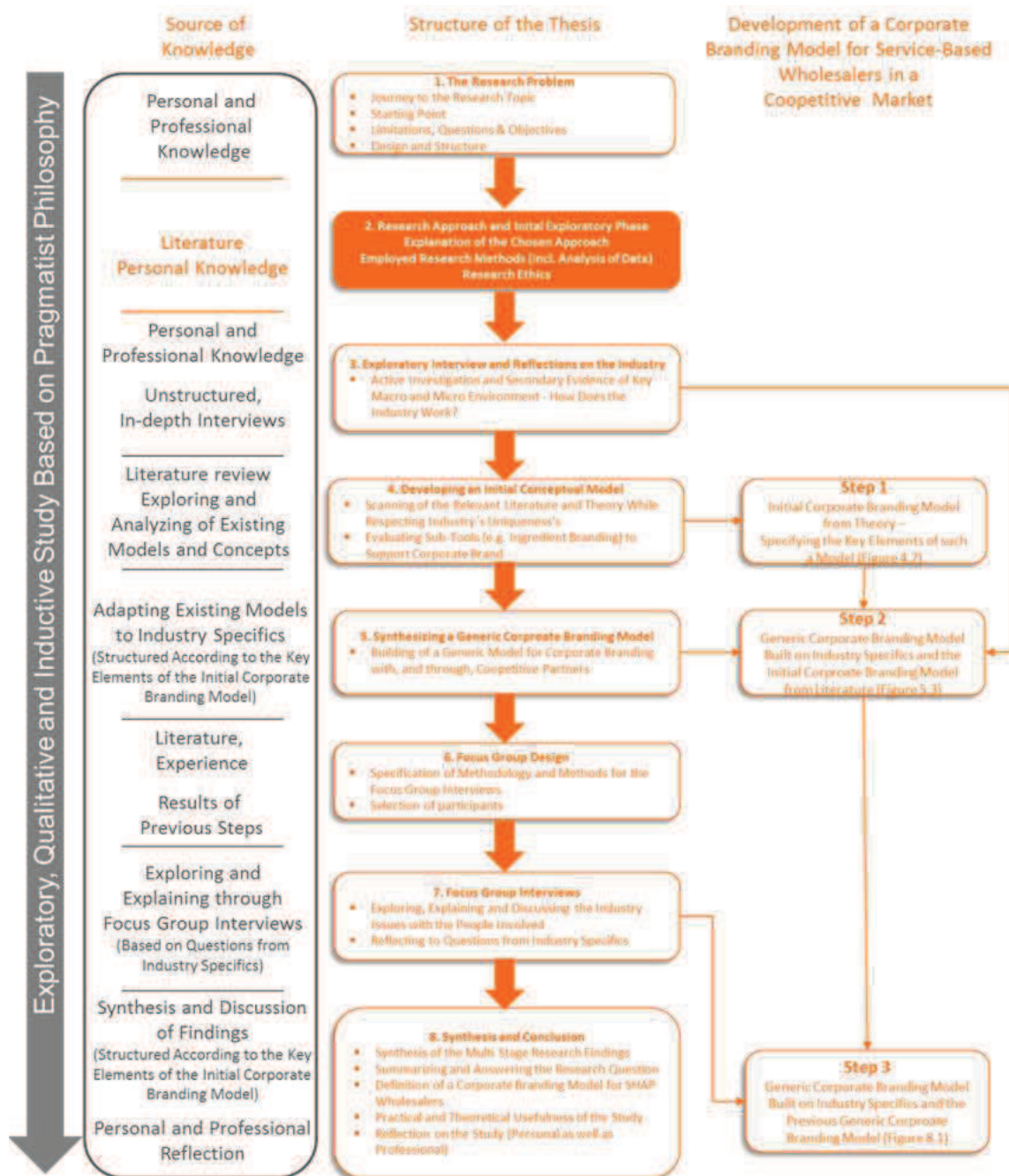


Figure 1.5: Thesis Structure

2 Research Approach and Initial Exploratory Phase



“Problems do not exist objectively ‘out there’ - they are uniquely perceived and framed by different people!”

(Van de Ven, 2007, p. 73)

This study is based on my personal and professional interests and it is important to ensure that the problem formulation is dealt with appropriately. It follows a pragmatist approach as specified and argued within chapter 1. A world in which I, as observer, am part of the observed. I focus particularly on meaning and try to understand what is happening. As will be explained later on, this research is inductive. All listed factors are part of a phenomenological research philosophy in contrast to the positivists’ world of objectivity, facts, and causalities.

The research topic is embed in an environment with multiple and very complex dependencies. Even though I am part of the industry, it is extremely difficult to describe and specify the SHAP market and to define its inherent problems. Van de Ven (2007) explains that often we do not see the problem and have even less of an idea of the solution. We further have limited capabilities when dealing with complexity. This is certainly true for me.

Habermas (1996) explains that emancipation from personal paradigm is the most important task of a social scientist. ‘Paradigm’ is the researcher’s perception of what and how one should be doing it (Gummesson, 2000). He further states that any research is interpretive. Therefore, following Myrdal’s (1970) advice, by being aware of my paradigm it is desirable that I discuss it at the outset of my work as an academic researcher. This is also confirmed in the following statement:

“...the greater the researcher’s awareness of his own paradigm, the better the research that he can carry out!”

(Töurnebohm, 1976, p. 37)

Following this recommendation I had to ensure I was not invisibly being taken over (Arbnor, Borglund and Liljedahl, 1981), which would have resulted in the loss of the actual process itself (Polanyi, 1962).

The research deals with a largely philosophical topic and therefore from my perspective cannot be researched through statistical methods. Meaning and interpretation are required and these are fundamentally qualitative matters (Van Maanen, 2000). Academic research is not just a matter of intellectual ‘understanding’, it is a matter of personal maturity, judgment, common sense, and emotional balance (Gummesson, 2000).

Following these statements, I will conduct this research based on a strongly qualitative framework and try to

“...fine tune myself as research instrument....”

as recommended by Gummesson (2000, p. xi). Going one step further, he defines scientists who just apply ‘approved’ and established mainstream methods without being aware of the subjective foundation of their activities, as ‘technicians’. Van de Ven (2007) in this context mentions that a researcher has to step outside of him/herself to be open to the problem domain in a ‘buzzing, blooming and confusing’ reality. The basic structure of the research has to respect this plural approach to problem formulation by coordinating the perspectives of all stakeholders (Van de Ven, 2007) and is described in figure 1.5, p. 28. In an initial step, emphasis is given to the analysis and description of a complex market and its structure.

Independent from the chosen approach (qualitative or quantitative), it is particularly important that the design and conduct of the study apply scientific standards and methods to produce a truthful solution (Van de Ven, 2007). I completely agree with Van de Ven’s indication of the importance of the design and conduct of the study according to scientific standards, but would diverge from the second part of the statement. I do not see the world in a positivist’s view and hence the goal of a study cannot generally be specified to be the production of truthful solutions. The outcomes of any social research are, independent from the scientific base of its design, influenced by me as researcher and hence subjective (Misak, 2001; Flick, 2007). The very best design can, as an optimum, only ensure the highest possible applicability but never a ‘truthful’ solution. This is consistent with a pragmatic approach.

Currently, quantitative research dominates (Van Maanen, 2000). Carlson (2008) defines ‘quantitative’ as empirical research in the positivist tradition. Such quantitative methods, based on the mechanics of statistical techniques, do not offer the exclusive highway to the advancement of knowledge and science (Gummesson, 2000). Within chapter 1 have I already stated that I do not (and explained why I do not) see the world from a positivist tradition.

In contrast, ‘qualitative’ research, according to Carlson (2008), describes primarily interpretive research that can include introspection. Qualitative research was the primary means by which virtually all social study was conducted up to about the middle of the 20th century (Gummesson, 2000). Such approaches currently tend to again be used more and more in academic research.

Qualitative research methods offer various opportunities (Gummesson, 2000). The costs for these methods are considerably lower, while the results may be very interesting and useful for

many fields of study (Zaharia, Dainora and Alin, 2008). Additionally, qualitative studies often involve deeper data richness and unique insights. Unstructured approaches like these are excellent for increasing creativity (Maylor and Blackmon, 2005). Iacono, Brown and Holtman (2009) suggest that the sharpest distinction between quantitative and qualitative studies can be seen in the approach taken at the analysis stage. They argue that a clear distinction can be made between data collection and data analysis in quantitative research, while collection, analysis, interpretation, and reporting are often carried out simultaneously when following a qualitative approach. Finally, the results of one activity when doing qualitative research can, or will, alter the directions of the others (Iacono, Brown and Holtman, 2009). The design of this study fits my personality, as well as the research topic and its goals as the industry is largely unexplored and therefore there is less assured information available. Consequently, an iterative research design in which one step alters the direction of the others (Flick, 2007) suites very well.

I have already mentioned, and will specify and evidence in depth later, that the uniqueness of the industry is based on the unusual task sharing between wholesalers and plumbers in relation to the retail function and the resulting mutual liabilities on one hand and the inexplicit orientation toward the end consumers on the other. Existing marketing and branding theory is mainly based on consumer goods branding with transparent market structures and has to be tested within this unique environment. Additionally, the modelling of a specified approach for the industry seems to be appropriate and necessary given the research and broadly exploratory aim.

The study at hand will therefore be a qualitative one. Although qualitative methods are often opposed by universities and viewed by business schools to be second-rate, no rating is necessary or possible. Indeed, the methods should be used where appropriate (Gummesson, 2000). In this context Carlson (2008) points to the needless and useless debates regarding qualitative versus quantitative research traditions.

Following my pragmatist conception of the world, there are no right and wrong but rather better and worse concepts and solutions. Both methods would deliver reliable and useful results if employed adequately and, in contrast, will produce poor outcomes if employed inappropriately or for inappropriate topics. While I am convinced that a qualitative method is the only usable method to best achieve my specified research goals, I see the debate of which is 'best' in general terms to indeed be senseless and useless.

The methodology and methods employed in the previous, as well as in the following, chapters of this research will be listed and explained below. Methods refer to techniques and

procedures used to obtain and analyse data while methodology refers to the theory on how to undertake research (Saunders et al., 2007).

As the initial position of the wholesale industry would offer more than one field for research (e.g. strategic, managerial or marketing), this study had to be limited to the most promising area (Gummesson, 2000). I did this by defining the research topic and objectives according to my professional and personal interests and based on my knowledge and experiences regarding the dependencies and logics of the SHAP-wholesale industry. The ultimate specification was the result of an iterative process and a demanding journey that extended over a period of more than six months. The design of an appropriate 'road map' to these goals is essential for the quality of the study. Such a research plan has to include the considered constraints and the inherent ethical issues. The data sources used have to be specified as well. Saunders et al., (2007) classify the purpose of research to be exploratory, descriptive, or explanatory. Based on the circumstance that the research questions can be descriptive and explanatory at the same time, the research may have more than one purpose and this purpose may change over the time (Robson, 2002).

The complex initial position and the lack of research regarding the industry, lead to research objectives and questions that go beyond description and require analysis (Saunders et al., 2007). The study will be an exploratory one which means, that the aim of the work is to seek new insights into phenomenon, to ask questions, and to access the phenomena in a new light (Saunders et al., 2007). It looks for explanations, relationships, generalization, and theories (Phillips and Pugh, 2005). To ensure the highest possible quality of the outcomes of this study I will need to use specific analysis techniques. By reducing qualitative data to quantitative, categorical data I would risk losing much of the data's richness and any unique insights (Iacono et al., 2009). Consequently I have chosen not to reduce results from discussions and observation to quantitative data, as the rationale for conducting qualitative data stems from the observation that the human capacity is largely lost when textual data are quantified (Iacono et al., 2009).

This study is undertaken in an unstructured framework that nevertheless fits the chosen research design and that matches the data I am collecting. Additionally, my study has to achieve the two fundamental aims of all research that are specified by Van de Ven (2007), secondarily to be practically useful and primarily to establish a theoretical contribution. I will respond to this demand at the very end of the study by arguing the contributions to practice, as well as to theory.

Given the limited information about the industry and the complexity of the problem, a great level of engagement (Van de Ven, 2007) and the combination of personal and external experience and knowledge is required from me as the researcher (Gummesson, 2000). In addition to this, it is exceedingly difficult to say anything meaningful about the real world without starting in the real world (Dubin, 1976). Respecting this, I will in a first step employ an in-depth analysis of the industry's specifics by combining my professional and personal experience and knowledge to that of established leaders of SHAP wholesalers.

2.1 The Research Approach

Because of the diverse nature of qualitative analysis, there is no standardized approach and there are many qualitative research traditions (Saunders et al., 2007). Tesch (1990) groups them into four main categories:

- understanding the characteristics of language
- discovering regularities
- comprehending the meaning of text
- acting and reflection

He considers the first two (understanding characteristics and discovering regularities) to be more deductive and the second two (comprehending meaning and action / reflection) to be more inductive approaches without predetermining or directing the analysis a priori (Saunders et al., 2007).

In my research the main focus is given to the discovery of regularities and the comprehension of meaning. According to Tesch's suggestions the first focus might be assigned to the deductive and the latter to the inductive approach. Nevertheless, according to the definition above, this generic assignment is without predetermination and hence I am free to employ one of the two approaches without preferential treatment.

As there is no theory available regarding the specific research area of investigation, I have to establish a theoretical background myself from which I can employ an inductive approach. This approach can only be taken with knowledge of the subject area (Saunders et al., 2007). I gained the necessary knowledge based on my personal and professional experience. Nevertheless, I am aware that this knowledge and experience only covers a part of a complex phenomenon.

Different research strategies may be employed to conduct research and each of them can be used for qualitative and exploratory research (Yin, 2003). However, he explains that a strategy needs to enable you to identify the main variables, components, themes and issues in the field of interest, as well as the predicted or presumed relationships between them.

Most important is whether the approach will address the research question(s) and to meet the objectives in the most appropriate way. The decision is hence guided by the nature of the question and objectives, existing knowledge, the amount of time and other resources available and the researcher's philosophical underpinnings (Saunders et al., 2007; Flick, 2007).

Saunders et al (2007) assign some of the strategies to the deductive and others to the inductive approach, but explain that often the allocation of the strategies to one approach or the other is unduly simplistic. They further state that none of them is inherently superior or inferior and that these strategies are not mutual exclusive.

The fundamentally available research strategies are (according to Saunders et al. (2007)): experiment, case study, survey, action research, grounded theory, ethnography and archival research.

- Experiment strategy has its roots in natural science labour-based research and is only infrequently used in management research (Saunders et al., 2007). This strategy mainly studies causal links – whether a change in one independent variable produces a change in another dependent variable (Hakim, 2000 cited in Saunders et al., 2007). I can exclude such a strategy without further discussion as such a positivist approach would contradict my philosophical position (as already explained) and the exploration of the variables is a main objective of this study.
- Survey strategy is a popular and common approach in business and management research and might be usually assigned to the deductive. It is mostly used to answer who, what, where, how much and how many questions (Saunders et al., 2007). This strategy, hence does not offer a suitable approach to fulfil the aims of this study.
- A case study is

“... a strategy for doing research which involves an empirical investigation of a particularly contemporary phenomenon within its real life context using multiple sources of evidence.”

(Robson, 2002, p. 178)

Within a case study, the boundaries between the phenomenon being studied and the context within which it is being studied are not clearly evident (Yin, 2003 cited in Saunders et al., 2007). The strategy is especially appropriate in research, aiming for a rich understanding of context and the processes being enacted (Morris and Wood, 1991) and is likely to be used in exploratory, as well as in explanatory, research (Saunders et al., 2007). Such a strategy would fit the objectives of this research.

- Action research fundamentally differs from other strategies because of its explicit focus on action and the promotion of change within organizations. This strategy can be excluded without further discussion as this study does not have as a goal the introduction of change.
- In their specification of the fundamental concept, Strauss and Corbin (1998) argue grounded theory as a structured and systematic strategy which pays systematic and rigorous attention to the nature of the procedures, followed. To achieve this aim it has, according to them, to follow fairly precise procedures.

Grounded theory was developed by them to build explanations or to generate a theory around the core or central theme that emerges from data collected (Saunders et al., 2007). As grounded theory might be approached as a strategy, as much as a set of procedures, it might be conducted in a less formalized and proceduralized way in the process of analysis while still maintaining a systematic and rigorous approach to arrive at a grounded explanation or theory (Saunders et al., 2007).

Strauss and Corbin (1998) subdivide the strategy into three main activities 'calling' them coding. The disaggregation of data into units is called '*open coding*', the process of recognizing relationships between categories '*axial coding*' and the integration of categories to produce a theory is labelled '*selective coding*'. Selection of cases is purposive (labelled by them as '*theoretical sampling*'),

"... where critical cases are chosen to further development of concepts and categories and to explore relationships between these to develop a theory"

(Saunders et al., 2007, p. 499).

Theoretical sampling continues according to this concept until a situation of '*theoretical saturation*' is reached. Strauss and Corbin (1990) specify that this status is reached when no new relevant data are explored, when categories have become well

developed and understood and when relationships between categories have been sufficiently verified.

Grounded theory is specified by Flick (2007) as an example of a bottom-up perspective (from phenomena and practices to theory and explanation). The other end of the spectrum is labelled '*social presentation theory*' (from theoretical concepts and scientific models to everyday practices). The perspective starting from mid-level is called by Flick 'biographical research'. Such research could according to him go either way: to develop a theory from analyzing biographical experiences and accounts or to look into which kinds of knowledge people use for coping with an event and how they differ in their utilization. In this context Flick (2007) defends the necessity of building on existing theories and results from empirical research in qualitative research.

Saunders et al. (2007) argue that the constant reference to the data to develop and test developed theory leads Collis and Hussey (2003) to the statement that grounded theory is a mixed inductive-deductive approach. The approach is very time, resource and cost intensive (Flick, 2007; Saunders et al., 2007) but would fundamentally fulfil the demands of my study to a high degree.

- Ethnography involves extended participant observation and is hence very time consuming over an extended period, as the researcher needs to immerse herself or himself in the social world researched as completely as possible (Saunders et al., 2007). It is according to them a strategy, firmly rooted in the inductive approach. However, as a naturalistic approach it might be associated with positivism.
- Archival research uses administrative records and documents as a principle source of data (Saunders et al., 2007) and can hence be excluded as employable strategy for this study without further explanation and discussion.

Given the aims of the research, as well as the supply chain specifics, case study and grounded theory strategy seem to be the most promising strategies. Qualitative research can be employed from different research perspectives (Flick, 2007) and case study as well as grounded theory according to Flick (2007) are examples of a bottom-up perspective (from phenomena and practices to theory and explanation), which is the approach taken in this research.

I might, referring to Flick's (2007) specification of grounded theory as a 'bottom-up' approach, further argue that my study much more reflects a mid-level approach which combines existing theoretical concepts with the supply chain's everyday practice. Consequently the concept of

grounded theory would not completely meet the given aims of the study in regard to this aspect.

I am undertaking this study as a practitioner researcher and research within the supply chain in which my organization operates. This situation offers exiting research opportunities and the advantages of industry knowledge and access. As a part-time student my resources in general, but in time in particular, are very limited. I repeatedly have referred to the demanding task of doing such a study in parallel to daily business. However, grounded theory provides a useful first step in developing some basic concepts and ideas from raw data (Van de Ven, 2007).

While grounded theory, as well as a case study strategy would fulfil the fundamental demands of this research to a very high degree, case study strategy fits better to the overall situation because of the limitations of resources. The employment of a grounded theory strategy within this research might not be feasible, even if it might be a very promising approach, because of the issue of limited resources in time.

Consequently, I will use a case study strategy. The fundamental and detailed concept, underlying such a case study strategy, is explained in the next section.

I will use Van de Ven's (2007) 'engaged scholarship diamond model' to increase the likelihood of advancing fundamental knowledge of the complex phenomenon. According to his model I have to engage a broad range of stakeholders whose perspectives are relevant to each of the activities below.

- Problem formulation – situate, ground, diagnose, and research problems
- Theory building – create, elaborate, and justify theory
- Research design – develop a process model
- Problem solving – communicate, interpret and apply the findings

Van de Ven (2007, p. 11) discusses these four research activities

"... in a problem solving sequence beginning with problem formulation, then searching for theories relevant to the problem, testing them, and applying the findings".

Nevertheless he adds that there are many other possible starting points and sequences.

I will structure my study based on the stated sequence. Consequently, I start my research process by formulating the problem. Van de Ven (2007) specifies that this requires meeting and talking to people who experience and know the problem, as well as reviewing the

literature to analyse the boundary conditions of the problem. I will follow his recommendation by conducting interviews with industry leaders and by supplementing the outcomes with my personal knowledge of the problem (expressed in chapter 3). Later I will connect this analysis of industry specifics with the relevant literature (see chapter 4). Based on these findings, I then will synthesize a generic corporate branding model (figure 5.3, p. 172) which establishes the framework for the problem solving parameter discussed above.

After the analysis of the industry specifics and the reading of literature, it will then be much easier to formulate the problem and to specify the structure, as well as the employed methodology of the research, in the next step. I have already described the resulting structure and design of the research in section 1.5 and how attempt to elaborate it further.

Van de Ven (2007) recommends communicating, interpreting, and negotiating the findings of the initial step 'problem formulating' with the relevant stakeholders in a further step he calls 'problem solving'. I will do so in chapter 6, by discussing the initial findings of the research with a broad range of stakeholders. By employing the described model towards all important stakeholders in the chosen sequence it ensures that the resulting solution(s) are not solely based on the egoistical or otherwise limited demands of one group of stakeholders. The concept further leads to as many solutions as there are stakeholder groups included (chapter 7). These different, and perhaps contradicting, solutions will then be merged with the findings of the previous steps of the study (chapter 3 and chapter 4 – summarized in chapter 5). In chapter 8 (p. 248) will I synthesize and discuss the individual findings. At this point, the fourth step of Van de Ven's (2007) model will be achieved and a final concept will be built.

The prominently described and argued, overall research design is visualized in figure 1.5, p. 28. The methods employed for each step of the research are specified in the following section.

2.2 Research Methods

This research is exploratory. The goal of this research is to establish fundamental knowledge of the industry, to define fields for further research within this industry, to give a view inside a currently unexplored distribution structure, and to create awareness and curiosity for, until now, a rarely investigated industry.

The specification of the basic design of qualitative research is very important. Such a basic design can be related to two axes:

“Along the dimension of time (from retrospective to snapshot and longitudinal study) and along the dimension of case versus comparative studies.”

(Flick, 2007, p. 46)

He calls studies with a focus on extremely limited time frame or even on a single point of time ‘snapshot’ rather than cross-sectional thus distinguishing it from more time-oriented studies. A study, done in a cross-sectional way in regard to the dimension of time, compares a number of cases mostly on one occasion or within a limited time frame (Flick, 2007). Following Flick’s (2007) specification this research might be assigned to the snapshot approach.

The basic designs of qualitative research can also be distinguished as case studies or comparative studies (Flick, 2007). He points to the importance of defining the case for the former while for the latter the most important issue is the specification of the dimension of comparison. My research questions cannot be answered by comparing and hence may not be assigned to a pure comparative approach. In contrast a case study approach might offer opportunities.

Case studies are:

“...cases of something – and the thing under study is interesting, relevant, or ‘in focus’ because of a larger theoretical concern or a specific research design.”

(Moses and Knutsen, 2007, p. 132)

Cross-disciplinary variety of definitions and applications has resulted in a large literature regarding case study typologies (Moses and Knutsen, 2007). Most of them mainly represent deductive types. They explain that it is nevertheless possible to use case studies in more inductive ways than is commonly done. According to Stake (1978) case studies have been tried and found to be a direct and satisfying way of adding to experience and improving understanding. Consequently they can be used to generate hypothesis or - on more ambitious occasions – give room for the building of theory (Moses and Knutsen, 2007).

Moses and Knutsen (2007, p. 139) argue that hypotheses are tentative statements with the purpose of being tested and that

“...there is nothing to prevent a scholar from including a general proposition on the basis of deep familiarity with a single case, and run the risk of his statement being proven false.”

My study corresponds to this position, as it is exploratory and inductive which demands in a first step basic findings and specifications that then can be elaborated in further research steps. Consequently the employment of a case study approach is appropriate.

Coming back to Flick's (2007) basic design of qualitative research I have decided to follow design of a snapshot case study. Resulting from the research question the general case might be defined as the coopetitive SHAP wholesale industry. At its very best it will not only be possible to specify a generic corporate branding model for the case but for service organizations in a coopetitive environment in general.

The procedure described would not meet the whole spectrum of issues (from a positivist's point of view) in quantitative research in terms of validity, reliability, credibility, and generalizability (Saunders et al., 2007). But as already stated this study is qualitative and, even more importantly, I do not follow the positivist tradition. I am aware that this study is influenced by me as researcher and hence subjective (Misak, 2001). Flick (2007, p. 42) supports this point of view by arguing regarding the criteria of validity, reliability and objectivity that in

"...qualitative research, neither these criteria nor standardization are issues treated with consensus or even as standards in research planning. Nevertheless issues of control and a limited standardization can become important, also."

Achieving the highest possible level of quality is a relevant issue for the research at hand. Flick (2007) points to the importance of constant methods that will increase the similarity of the research situations in which the data are produced. Flick (2007, p. 43) argues this by stating:

"Differences in the data can more likely be drawn back to differences in the interviewees (their attitudes towards something, for example) rather than to the differences in the situation of data collection. In such a case, the design includes a relatively high degree of control and standardization."

Miles and Huberman (1994) argue that a high degree of control and standardization represent a tighter design in qualitative research. A tight design corresponds to narrow research questions, as well as to more determined sampling and data generation conditions. In contrast to this, according to them, the three features (research question, sampling and data collection) are more openly and flexible handled in a looser design (Flick, 2007). Consequently, a looser research design results in less control, less standardization and possibly lower quality.

Pointing to the very same aspect, Flick (2007) suggests a flexible, iterative and continuous research design in which you (for example) adapt the selection of interviewees, the setting or even some questions to the progress of the study and to what you find as accessible and interesting in the field. This approach better fits my personality and the pragmatist point of view. Consequently, I follow Flick's (2007) iterative suggestion and will adapt the method during the research where necessary. In these situations will I document and argue the adaptations in detail. The steps taken, as well as the methods employed are explained and discussed below.

2.2.1. Initial Qualitative Data Generation

As specified in the previous section, this qualitative study includes a deep and broad analysis of the market and the relationships between the affected members of the supply chain that is based on my professional experience and the experience and knowledge of a few, but key, leaders of the wholesale industry. This section details the generation of data with these wholesale leaders.

There are various types of instruments used to generate such data for qualitative research. Among these, interviews are the most commonly used and dominant ones (Flick, 2007). Interviews are in most cases done as individual participant interviews, limited to meeting the interviewee once and based on an interview guide, which includes the topics to be addressed (Flick, 2007). Zaharia et al. (2008) expand this statement by adding that focus groups and in-depth interviews are also commonly used in qualitative research. Beyond this we nevertheless can find special forms like expert interviews, to specify just one specific variant (Flick, 2007). Fundamentally, all types of interviews use predetermined questions, although only in-depth interviews use unstructured questions to probe further into issues (Littig, 2008).

The structured interview is the most common technique. Using this approach the same questions are asked in the same order to every interviewee (Maylor and Blackmon, 2005). Saunders et al. (2007) call structured interviews 'quantitative research' interviews. The limitations of structured interviews and questionnaires are that the researcher only gets answers to questions asked (Maylor and Blackmon, 2005). This form of interview would not meet the demands of this inductive research and hence such an approach is not seen as useful. The same is true for qualitative research via the internet, even though online surveys are becoming increasingly popular (Brüggen and Willems, 2009). Brüggen and Willems (2009) support this specification by referring to the negative impact on the quality and depth of the data caused by the lack of non-verbal communication and reactions between respondents and

discussion leader. In order to let meanings and themes emerge from the data, such research requires an unstructured method and analysis format (Maylor and Blackmon, 2005). Based on this generic definition, Maylor and Blackmon (2005) specify the following different types of interviews in each of the main research categories.

	Exploratory	Descriptive	Explanatory
Structured		X	0
Semi – structured	0		X
Unstructured	X		

X = most frequent 0 = less frequent

Table 2.1: Use of different Types of Interview in each of the Research Categories

Maylor and Blackmon (2005), p. 314

It is very important to emphasize that, according to Maylor and Blackmon (2005), every research topic consists of new and different problems and circumstances and that the design of an interview cannot be entirely taught from books. As this study is exploratory this is further underscored and the interview used must help

“... to find out what is happening and to seek new insights”

(Robson, 2002, p. 59)

In order to achieve the required richness of information and uniqueness of insights (Maylor and Blackmon, 2005), while also keeping the limitations of the study in mind, I decided to select unstructured interviews. This step ends with the selection of an unstructured interview in an exploratory research design.

As already mentioned above, in-depth interviews are the only ones which use unstructured questions. The use of such questions with wholesale leaders appears appropriate. The in-depth interview is a technique designed to elicit a vivid picture of the participants' perspective on the research topic (Zaharia et al., 2008). Zaharia et al. (2008) further refer to the changing role of interviewer and interviewee by explaining that during an in-depth interview the interviewee is considered the expert and the interviewer the student. Following this approach the interview techniques of the researcher

“...are motivated by the desire to learn everything the participant can share about the research topic.”

(Zaharia et al., 2008, p. 1279)

Following this approach, it is possible to gain insight into the interviewees' view of the world and possible causal explanations. By combining my personal and professional experience with the outcomes of in-depth interviews with established industry members, an overall picture of the market, as well as its dependences and regularities, will be produced.

■ Pre-Session Information

An important aspect of the interviewee's participation is the level of information offered regarding the content of the study and the use of the generated data (Saunders et al., 2007). Agreeing to participate in a particular data generation method does not, according to Saunders et al. (2007), necessarily imply consent about the subsequent use of the data provided. Clarifying the nature of the content to the participants includes removing any form of deception, not implying consent by taking part, and ensuring participants give their informed consent. To avoid any ethical issues I have provided an information letter, which addresses the relevant aspects, objectives, and content of my research, and informs the invited participants of their right to withdraw (section IX.6, p. 352).

I additionally present the aims of the research to the individual interviewees as an initial step in each interview session.

At the end of each interview I invite the participant to confirm or withdraw their acceptance and to indicate this by signing a form to this effect. Only findings from participants who confirm acceptance will be included in the study. The signed forms of all three interviewees are available in my personal research documents. To ensure the promised confidentiality of the interviewees the forms are not included in the appendices.

■ Selection of the Interviewees

Sampling in qualitative research can follow different logics (Flick, 2007). Miles and Huberman (1994) expand this generic statement by explaining that sampling is crucial for later analysis. Maylor and Blackmon (2005) note that a good informant has the knowledge and experience the researcher requires, is able to reflect and articulate, and is willing to participate in the study. In the same context Flick (2007) argues that:

"...sampling is about finding the right people – those who have made the experience relevant for the study. Sampling in most cases is purposeful; random or formal sampling is rather the exception."

Consequently the specification of a sample in qualitative research is in most cases not oriented on formal (e.g. random) selection of a part of an existing or assumed population (Flick, 2007). He goes on by arguing that it rather

“...is conceived as a way of setting up a collection of deliberately selected cases, materials or events for constructing a corpus of empirical examples for studying the phenomenon of interest in the most instructive way.”

(Flick, 2007, p. 27)

Taking sampling in qualitative research seriously is hence a way of managing diversity and ensuring that variation and variety can be captured as far as possible in the phenomenon under study (Flick, 2007).

The task of this research step is to fundamentally describe the supply chain from the point of view of wholesalers. Respecting this, I have to select representatives of organizations in which failure and success are particularly typical for the average or the majority of the wholesalers. To ensure the demanded diversity, interviews with one participant from each of the researched three countries seem to be appropriate. The chosen sample is arguable as variation and variety of failure and success within the SHAP wholesale industry are very small and that I consequently am able to select appropriate interviewees based on my professional experience and knowledge.

Miles and Huberman (1994, p. 28) support this approach by explaining that one goal of selection is to find typical case(s) in the phenomenon under study and that researchers

“...often look for people with a long experience with the issue we want to interview them about or those who are really in the position to apply the professional practice we are interested in.”

It might be argued that researchers are interested in people who are ‘really’ concerned and experienced with the issue under study (Flick, 2007).

To understand the role of the wholesalers, it is necessary to understand the business environment, practices, and culture. The interviewee should hence be able to reflect about their experience and to verbalize this reflection (Flick, 2007). By working to these specifications (and as access is no issue) I will invite one CEO or senior sales manager of SHAP wholesalers within each of the three countries (Germany, Austria, Switzerland) to participate.

A bigger sample is unnecessary because the purpose of the study at this point is to explore the initial position, dependencies, and regularities of the industry. Open and honest interviews are much more important to ensure the targeted insights and explanations of the largely unexplored industry (Maylor and Blackmon, 2005). Because of this, the personal relationship between interviewer and interviewee is crucial and matters more than the number of interviews. In this sense, the selection of the interview partners could be partly defined to be opportunistic.

This approach to selection might be seen to be subjective and I at least partially have to agree. But I can state with good conscience that I have selected participants based on the concern for their understanding and involvement with the industry and the experience of each interviewee. Consequently the approach seeks to ensure a much higher level of 'representativeness' (as seen as breadth of coverage) than if a convenience approach was followed (one of the other alternatives suggested by Patton, 2002).

I selected two successful and well established CEO's and one very experienced and well respected senior sales manager. I have a professional relationship to all three of them as we have been colleagues in one common purchasing organization for several years. Although we are in the same common purchasing organization, we represent different markets which results in very different points of views, as well as very different kinds of personalities and management strategies. All three of them fulfil Flick's specification that an interviewee should be able to reflect about their experience and to verbalize this reflection.

A short description of each interviewed executives is available in appendix IX.5, p. 346. The interviews were conducted in an unstructured way as specified. They were in German as this is the native language of the interviewees and therefore ensures the highest possible level of depth. The content of the interviews includes generic market insights, their professional experiences, as well as their personal understanding of corporate branding. The questions used and topics explored are specified within the next paragraphs.

To reduce possible limitations, a second data collection step, based on the combined outcomes of the in-depth interviews and the literature review, and employing focus group interviews, will be erected later. This multi-phased approach, as well as the methods employed, correspond to Flick's (2007) statement that in-depth interviews are often used to build the base for the following research steps.

■ Interview Setting

The interviews were done face to face, as a telephone or an internet interview could not deliver the desired quality and depth of information (Saunders et al, 2007). The interviews were conducted in a relaxed ambience and according to the wishes of the interviewees to ensure highest possible comfort for them (Saunders et al., 2007).

The interview with interviewee 1 was conducted in his office at his company' headquarters. Interviewee 2 delivered his expertise in a small restaurant near Dietikon - Switzerland. And the interview with participant 3 was held in a quiet niche of a restaurant in the Hotel Maritim at Dusseldorf airport (Germany). Consequently no participant had to travel to the meeting and hence had no additional financial or time effort.

As scheduled the interviews lasted for about two hours each. They started with an intimate and friendly opening phase (as I have known the interviewees personally and professionally for many years) and then I moved on to the purpose of the study and of the interview. The interviewees were given a participant agreement letter (to ensure the participants anonymity, signed versions are available in my personal research documents and not appended to this research) and informed about their rights to withdraw from participation or the answering of individual questions.

I thanked the three interviewees at the end of the session. As they are very interested in the findings of the study we agreed that I will deliver a copy of the finished work to each of them. No other form of compensation was delivered.

■ Interview Topics and Questions

The key themes for the first interview were based on my professional experience. In the course of the research these themes were expanded and adapted to the outcomes of the proceeding interview. Based on this I focused on the following key topics and questions:

- How might you describe the general market structure and the current situation of the industry as a whole and could you explain the reasons and background for this?
- Are there any special issues regarding the relationship between wholesalers and plumbers, as well as towards their common customers?
- How would you describe the generic strategies, marketing and branding approaches of the wholesalers and are any common rules detectable?
- Would you specify the industry rules to be up-to-date and sustainably competitive – what kind of necessary adaption would you specify?

By focusing on these key issues I intended to ensure that the interviewee states and explains to a considerable extent his notions of

“...what he (she) regards as relevant, instead of relying upon the investigator’s notions of relevance”

(Dexter, 2006; p. 18)

The process and the structure of all three interviews fundamentally respect Dexter’s (2006, p. 115) specification that:

“...whether investigators wish it or not, interviewing is a social relationship and the interviewer is part of the relationship.”

Flick (2007) states regarding the very same issue that researchers should be aware of their influence on the field or on the subjects of their research. He expands this argument by explaining that this issue is mainly to be seen from the perspective of the interview partner and not so much in the sense of bias.

■ Data Generation

To ensure that no data is lost Saunders et al. (2007) point to the importance of audio-recording and note taking, as well as to that of transcribing these records. In this instance, only selected important statements of the interviews were transcribed. This was done by employing a foot operated start-play-stop-play machine. According to Saunders et al. (2007) such selective transcription is appropriate for in-depth interviews.

The transcription was done in German as soon as possible after the interviews were conducted. Important findings were then highlighted with a text-marker, translated into English. Example transcripts are available in appendix IX.5. People’s intentions and agencies were respected and the data analysed carefully and reread continuously to avoid misinterpretations and to remain fair (Flick, 2007). He further argues that a researcher has to keep the ‘deviant’ cases in mind when developing patterns, types and other forms of generalization (and this was done).

Pointing to a different aspect, Flick (2007) explains the importance of respecting anonymity and privacy of the research’s participants. I have ensured this by specifying them as interviewee 1 to 3 and only superficially describing them in appendix IX.5, p. 346.

The interview design (selection of interviewee and setting of interviews) fundamentally ensures the quality of findings. The important issues of control and a limited extent of

standardization (Flick, 2007) are respected by following a structured framework. Nevertheless, every step of the process is influenced by me as researcher to a lesser or greater extent. This includes the selection of the interviewees, the questions asked and topics discussed, selection of relevant findings from the interview and last, but not least, their interpretation.

2.2.2. Evidencing and Comparison to Theory – Literature Review

In parallel to these interviews it is important to show how the ideas of the study relate to the research that has already been undertaken in the field of corporate branding for service organizations and in the field of coopetitive environments (Saunders et al., 2007).

Undertaking a review of the literature is an important part of any research project. Literature has become a key tool to manage the diversity of knowledge for a specific academic inquiry, but it has also become progressively harder for practitioners to make sense of a mass of often contradictory evidence (Tranfield, Denyer and Smart, 2003).

This step is done without referring to the specifics of the industry. Consequently the findings from this step represent the established theoretical models, concepts and key elements. A summarized initial corporate branding model will be the result of this step. This model, as well as the inherent individual parameters, builds the base for the step that follows in the next section.

2.2.3. Generic Corporate Branding Model Resulting from the Initial Steps

Literature and theories will be combined in this stage of the study with the outcomes from the interviews to connect the newly acquired information with existing studies from other industries and the theoretical background of the research topic. This will be done in an iterative analysis process in combination with my professional experience and knowledge to ensure the highest possible openness and objectivity of the researcher, as is recommended by Saunders et al. (2007).

I will do this by assigning the findings of the two sources of knowledge (interviews/ professional knowledge; literature review) and synthesizing them in a second step. This will be done as an iterative and simultaneous process. The key elements of the initial corporate branding model resulting from the literature review (above section 2.2.2), provide the structure for the process of assigning the findings.

With the results gained from this step, it will then be possible to specify the strategic choices for wholesalers in terms of corporate branding. It will further be possible to build an initial

model of corporate branding and to formulate the key questions for the focus group interviews that follow.

2.2.4. Stressing and Evidencing the Generic Model by Employing Focus Groups

Focus group interviews are a relatively inexpensive, data-rich, flexible, and stimulating method of generating qualitative research information (Fontana and Frey, 1994, Trebbi, 2003, cited in Hartman, 2004, p. 408). A focus group is a group interview with a small number of participants, facilitated by a moderator. The moderator works with clearly and precisely defined topics which enable and assist in the recording of interactive discussion between participants (Saunders et al., 2007).

Goldman (1962, quoted in Hartman, 2004, p. 403) refers to focus groups as

“...group depth interviews.”

He explains that the elements of the definition illuminate the approach and states that a *group* is a number of people who interact and have common interests, *depth* refers to the level of detail generated, and *focus* implies a limit to the issues discussed.

Kairutz, Crump and O’Brian (2007) supplement this definition by explaining that such group discussions are done to identify perceptions, thoughts, and impressions of the group as a whole and of its individual members. Hartman (2004) defines focus groups as a structured approach for eliciting unstructured discussions and says that the safety provided in a group often allows gathering extremely deep information and insights into a topic.

By including a broad range of stakeholder groups into the discussion process, information is generated at the broadest possible level, which follows Kotler and Keller’s (2006) recommendation. According to them, marketers can learn about the ‘optimal’ buying process by employing one or more of the following four approaches:

- Introspective method: thinking about how they themselves would act.
- Retrospective method: to interview a small number of recent purchasers, asking them to recall the events leading to their purchase.
- Prospective method: customers are asked to think out loud about going through the buying process.
- Prescriptive method: consumers are asked to describe the ideal way of purchasing.

As the goal of the study is to learn how the customers of the SHAP wholesalers would describe the established model of task sharing with the cooperative partner, how they might assign the

services delivered to them, how they perceive identity, image and reputation of the supply chain and at its best to define a model for corporate branding of wholesalers, the 'optimal' purchase structure, positioning and the resulting necessary communication according to the customers has to be uncovered. Given the specification of the approaches, this is done best by employing the combination of the prospective method (asking customers to think about going through the buying process) and the prescriptive method (allowing the customers to describe 'their' optimized market structure and hence specifying an optimal corporate brand positioning for wholesalers).

The definition of the topics, as well as the putting together of the individual interview groups will be done based on the outcomes of the previous specification of strategic choices and a generic corporate branding model for SHAP wholesalers resulting from the combined findings of interviews and literature review. The key questions from the previous research step (section 2.2.3) will be used as structural 'headlines' for the synthesizing and summary of the findings from the individual focus group discussions.

The very same fundamental rules and specifications as for the individual interviews will be used. The details of the design and methodology will be discussed in section 6.

2.2.5. Redefinition of the Initial Model: from Strategy to Corporate Branding

The findings from the focus group sessions will be melded with the outcomes from the previous steps. Following this, the issues will be discussed in depth with the ultimate goal to answer the research question and achieve the research objectives.

The overall outcomes will then result in a redefined model for corporate branding. This uses the generic corporate branding model (resulting from synthesizing the initial corporate branding model from theory with the findings from the industry specifics) and combining them with the outcomes from the focus group discussions.

The specification of the contributions to praxis and, more importantly, to theory will be possible. The explanation of the study's limitations and the fields for further research should also be clearer.

To support insight into the multistage data generation process and to document the iterative and sequential steps, the approach is visualized in figure 2.1, p. 54.

2.3 Data Analysis

The aim of this study is to seek new insights into the phenomenon of corporate branding, to ask questions, and to access this phenomenon in a new light. The analysis approach used will follow qualitative methods as the depth of the earned knowledge gained from qualitative data would only be reduced by employing quantitative methods (Van de Ven (2007). Referring to the same aspect, Gummesson (2000) argues that you might choose to collect qualitative data, using for example in-depth interviews and analyse these data using non-numerical (qualitative) procedures. Such a qualitative technique in combination with a qualitative data analysis procedure consequently generates non-numerical data.

Methods with respect to quantitative studies are well advanced, while the same is not true for qualitative studies since these methods are still in the early stages of development (McDermott, Graham and Hamilton; 2004). McDermott, Graham and Hamilton (2004) argue that this under-development results partially from the fact that qualitative research has only recently been legitimized within an evidence-based research community. Nevertheless, and independent of the chosen approach, I do have to point to the included bias of subjectivity and influence based on my participation as researcher (Misak, 2001; Flick, 2007). The discussion of the appropriateness of a qualitative research has already been dealt with at the beginning of chapter 2 and will not be repeated here.

2.4 Research Ethics

In the context of writing the research, ethical issues have to be respected. Maylor and Blackmon (2005) define the most important issues to be the maintaining of privacy, representation and misrepresentation of data, and the taking of responsibility for the findings.

The study will be done following the guidelines of the University of Gloucestershire's Handbook of Research Ethics. Only adults will be included in the unstructured in-depth interviews and the focus groups.

Robson (2002) points to the importance of not attempting to pressurize intended participants into granting access. My role as CEO of an affected wholesaler gives me access to members of all groups of stakeholders, but there is a risk that people feel unable to reject my demands for access. It is very important to stress this aspect in the invitation and to accept any refusals (Robson, 2002).

Saunders et al. (2007) specify three important aspects to ensure an appropriate process of invitation:

- to make sure that no inducements such as financial payments are offered.
- to ensure the risks for the involved participants are likely to be acceptable.
- to ensure participants are aware that they are allowed to withdraw from the study at any time.

The privacy and voluntariness of research participants is fully respected within this study. A declaration of consent will be signed by all participants. They will further receive full knowledge of the motivations of the study, as well as the role of the researcher within his organization prior to participation. They will be informed about the aims of the study, their contribution, and their rights according to the guidelines. The transcriptions of the digitally recorded interviews (in-depth interviews, as well as focus group interviews) will be presented to and confirmed by interviewees before they are integrated into the study. Finally, the outcomes of the study will be delivered to participants if so desired.

The supervisory board of my company has been informed about the content of the research and my personal engagement. The members of the board support the research and allowed the use of company resources, even though this research is done at my own expense. In particular, I am allowed to include all available personal and company knowledge into this research, which is why I consider this research to be free from confidential restrictions in this aspect.

The outcomes of this study build the basis for the strategic development of my company and hence the future performance and success of the company and hence of myself. Consequently the research question is not purely of academic interest, but is also of practical value to my organization and me. Therefore, emphasis was put on the quality of the collected data and the analysis process. I did this by focusing on the important issues of control and the limited level of standardization (Flick, 2007). As a result, I accept responsibility for the findings.

2.5 Summary of Methodology

The research methodology is based on a pragmatist philosophy as I am personally convinced by this philosophy and see the world from this point of view. The methodology can be summarized as follows:

Little to no research is available regarding corporate branding for service organizations in a cooperative environment, this study is exploratory and inductive. The research is done using qualitative methods and tries to explore a currently underspecified industry with unusually complex relationships and dependencies between the individual members of the distribution channel. To ensure the richness of the gathered information, the analysis will also be qualitative.

The specifics of the SHAP supply chain are based on my personal and professional experience and knowledge. The thesis is structured according to Van de Ven's (2007) 'engaged scholarship diamond model'. To help the reader understanding the iterative and multi-step process, the individual steps, are shown in the following figure:

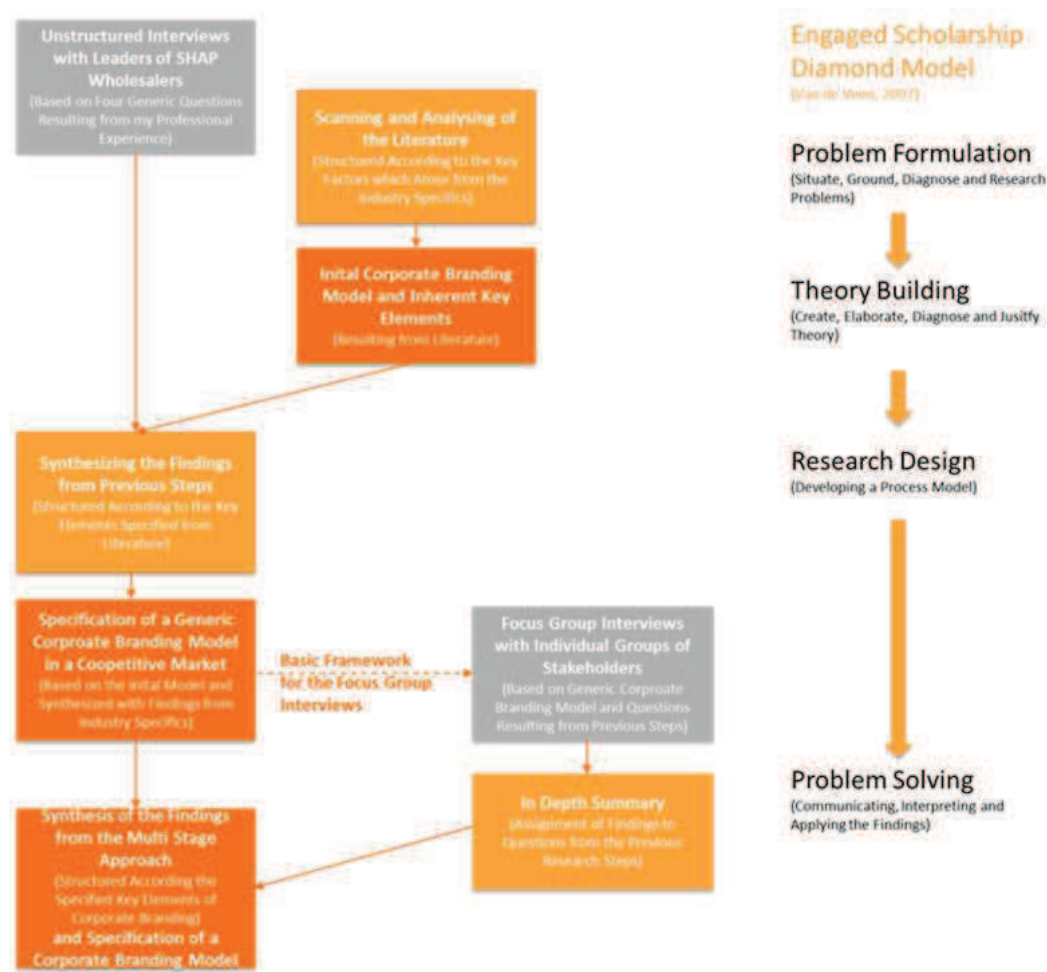


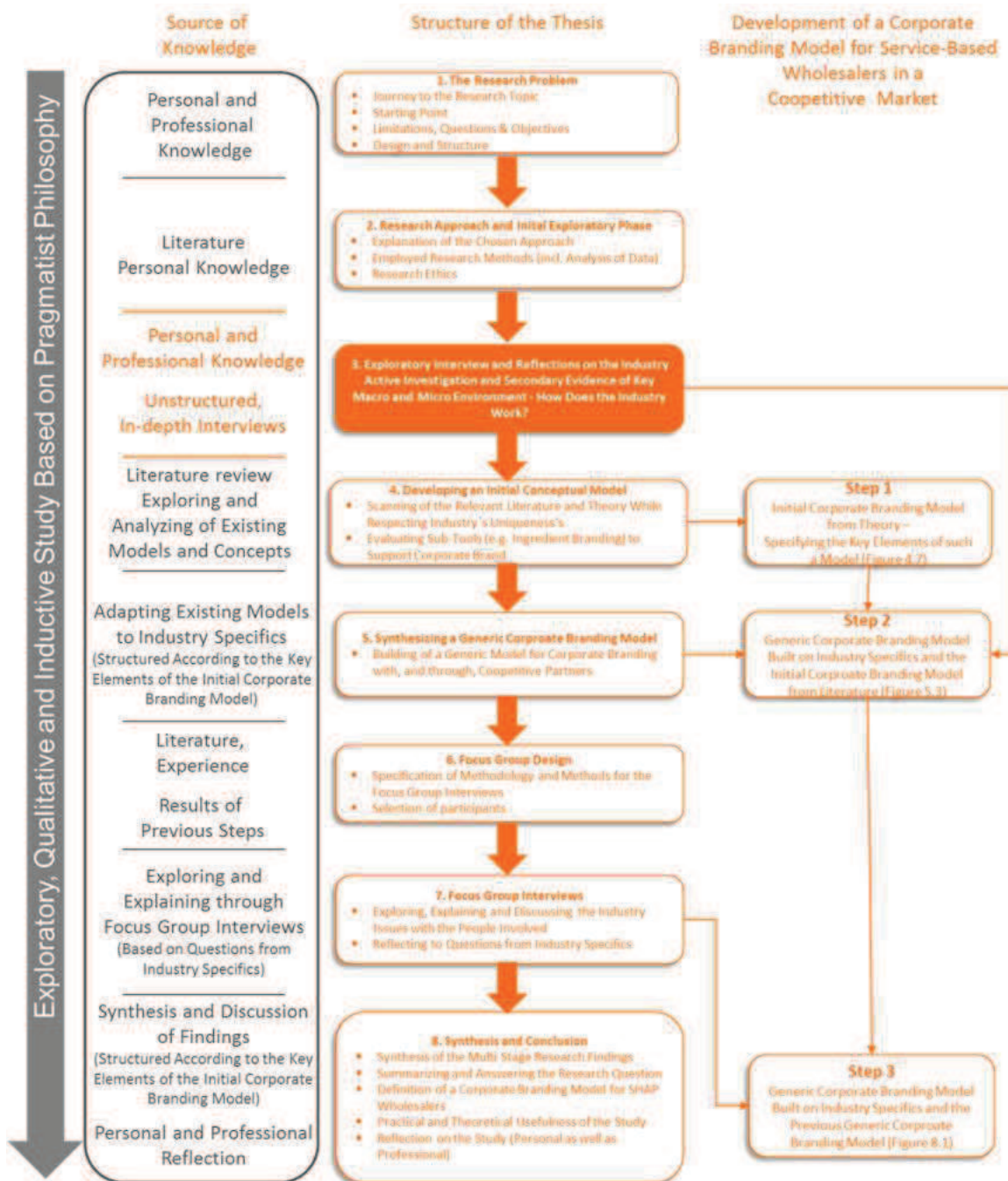
Figure 2.1: Structure for qualitative analyses of qualitative data

Exploratory in-depth interviews will be employed to confirm (or not) this intimate and personal point of view. Purposively selected cases are chosen to collect and analyse data in an iterative process (in-depth interviews and focus groups) which then will be synthesized in a multi-step approach to answer the research question and to achieve the research objectives.

The specification of the in detail methodology and design for the ultimate data generation phase (focus groups) will be done later after analysing the results of the previous research steps.

The study is conducted following the University of Gloucestershire's Handbook of Research Ethics.

3 Exploratory Interviews and Reflection on the Industry



Competition is no longer advancing between companies but between optimized value-added chains with different structures and skills (Moser, 2010). In the struggle for turnover and margins, new information technologies promote direct sales and ask consumers and customers to avoid using the apparently expensive professional sales channel (Heinze, 2009).

“If there is a single issue or theme which now links all types and sizes of organization, it is that of the far faster pace of environmental change and the consequently greater degree of environmental uncertainty than was typically the case even a few years ago!”

(Wilson and Gilligan, 2005, p. 119)

Strategic management is concerned with recognizing these environmental changes and hence the direction in which the industry is developing to maintain a healthy fit to the environment (De Wit and Meyer, 2004).

Any organization is limited in its scope of strategic behaviour by the industry rules (Hamel, 1996) which arise from the structure of the industry (Porter, 1980). All of Porter’s five forces (figure IX.1.2, p. 326) can impinge on an organization’s freedom of action (De Wit and Meyer, 2004). In this context De Wit and Meyer (2004) further point to the importance of the identification of substantial changes in the industry’s distribution structure and of the competing interactions.

To analyse and structure these changes, as well as to work out key influence factors and, consequently, the resulting profit potential (Porter, 1980), a basic analysis of the environment and the industry itself is necessary to increase knowledge of the operating environment (Welford and Prescott, 1996). Porter (1980) supports this approach by pointing to the importance of in-depth knowledge of an organization and, hence, industry’s current position, as well as its relation to the environment. He states that knowledge of the internal and external factors (figure IX.1.1, p. 326) is crucial for the sustainable competitiveness of a firm. Grant (1998) explains that an organization’s business environment consists of all the external influences (macro and micro environmental factors) that impact on decisions and performance. Grant summarizes this statement in the following figure 3.1 where individual factors are explained further.



Figure 3.1: The Business Environment

Grant (1998), in Mazzucato (2006), p. 79

To achieve effective environmental analysis, it is crucial to distinguish the vital aspects from those which are merely important (Grant, 1998, De Wit and Meyer, 2004, Wilson and Gilligan, 2005). Grant (1998) explains that a firm must create value for customers, has to acquire goods and services from suppliers, and generate profitability from value-creating activities in an intensely competitive environment. Consequently, the core of the environment is formed by the relationship with customers, suppliers, and competitors, who make up the firm's industry environment (Grant, 1998) or, as defined by Wilson and Gilligan (2005), the significant micro-environment actors that will be analysed in section 3.2, p. 69.

3.1 Key Macro Environmental Developments

To provide a context for this study, the business environment was analysed following Grant's (1998) suggestions. The environmental factors considered are mostly forces surrounding an organization that cannot be influenced by the organization itself, but which are nevertheless extremely important for the sustainable and substantial success of a firm (Kotler and Keller, 2006). The analysis was done as specified in chapter 2 by combining my personal and

professional knowledge with the outcomes of the unstructured in-depth interviews with three CEOs of wholesale companies from the SHAP industry.

The chosen research region, Austria, Switzerland, and Germany, consists of influential, small states connected by a federal system. The national democratic systems of these countries are very stable in the global context (table IX.2.2, p. 329).

National and International Economy

In a global view the region is economically stable (The Economist Intelligence Unit Ltd., 2002) although CE could not escape the consequences of the global financial crisis of the years 2008 and 2009 (Trichet, 2010). Additionally, the countries suffered, and continue to suffer from, the weakness of the Euro and the financial issues of certain (especially southern) member states of the European Union. Nevertheless, the region's construction industry benefited from the transfer of substantial funds from the suddenly uncertain stock market to the approved, more stable and, in CE, not overheated real estate market. The region's governments invested enormous financial resources into the labour market within the construction industry (Trichet, 2010).

The targeted region is economically best characterized by the terms: extremely strong and stable, internationally successful, detail and highly quality orientated, and innovative (The Economist Intelligence Unit Ltd. 2008, Datamonitor plc, 2007, Pollak & Puntschner Riekmann, 2007). The three economies maintain their national borders but are, nonetheless, highly connected and mutually dependent on one another (Leitl, 2010). The countries' GDP (Eurostat, 2010 see table IX.2.1, p. 328) ranges from € 29,000.-- (Germany) to € 31,000.-- (Austria) to € 35,300.-- (Switzerland). According to Eurostat (2010) the GDP decreased in 2009 in Austria (- 1.8 per cent) and even more substantially in Germany (-2.4 per cent), while Switzerland stood stable at its 2008 level.

The rate of unemployment in all three countries is increasing, though at different levels. The countries' inflation rate was 0.2 per cent (after 2.8 per cent) in Germany, 0.4 per cent (after 3.2 per cent) in Austria and – 0.7 per cent (after 2.3 per cent) in Switzerland (Eurostat, 2010).

This economic environment leads to relatively high prosperity and, consequently, to a stable real estate market. According to the last available figures of the FEST (2007), the consumption of plumbing and heating equipment is highly correlated (84 per cent) to GDP within Europe and CE.

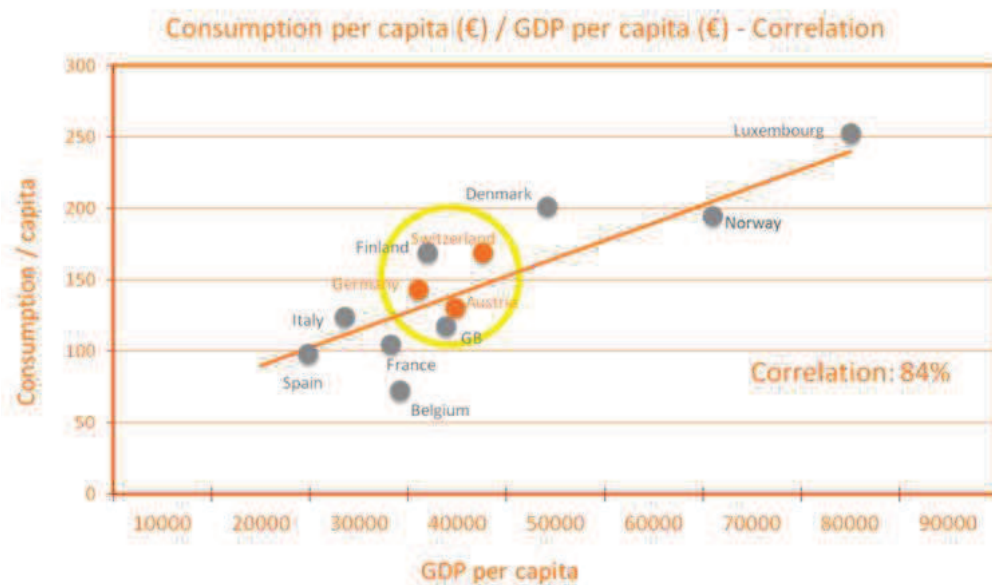


Figure 3.2: GDP and Industry Consumption per Capita

FEST (2007)

In addition to this, tourism in CE was stable during 2009. The reasons for this cannot be settled within this research but this is itself very important. Hotels are one of the main drivers of sales within the SHAP sector because of their volume. Consequently, the success of this field has a direct influence on the success of the SHAP sector.

The market can be split into two generic segments: new buildings and redevelopment of buildings. The demands for assortments and products differ very strongly depending on the kind of building activity (Interviewee 1). In most cases there is a huge difference between new buildings and the field of house and apartment redevelopment. During the construction of new apartments and buildings, most affected customer groups have an extremely limited budget and try to reduce the investment to an absolute minimum while, as stated by Interviewee 1:

“The qualitative aspects nevertheless have an increasing influence and positional value in the field of redevelopment”.

This contrast leads to a completely different price level of the used assortments, independent of whether the field of application is on the pure technological/environmental (e.g. heating systems) or on the more emotional (e.g. bath) side.

“This means that the ability, as well as the readiness to invest more money in a trend-setting, sustainable and environmentally harmless

heating system or an oasis of emotions and wellness, strongly depends on these generic circumstances.”

(Interviewee 3)

Marketing and corporate branding activities have to attend to these outcomes.

The Natural Environment

The requirement for energy efficient and water saving systems in CE is based on the dramatic changes of global climate with an increase in temperature of 0.8 °C in only 40 years (Gross, 2010) on the one hand, and the increasing political instability of the global supply regions (Middle East and former Soviet Union) on the other. All three countries invested huge amounts of money and know-how into the field of ‘green and renewable energy’. The resulting development contains innovative technological solutions such as solar systems, heat pumps, biomass boilers and others in the area of heating solutions, as well as a rising demand for innovative systems, that support the saving of water (Torgelle, 2010).

The individual person’s dismay towards the ecological changes is rational (economic) rather than emotional. Karmasin (2008) explains this issue in more detail based on the findings of a study done in behalf of the Austrian Department for Traffic and Energy:

“The motivation to set activities against global warming is 20 per cent emotional and 80 per cent rational while it should be in reverse!”

(Karmasin, 2008)

Going one step further, she explains that people are reacting to ‘green’ issues mainly because of economic and only subordinately because of ecological reasons. The global issue does not emotionally reach the individual in CE in general (Karmasin, 2008).

Governmental Aspects

The permission to build new buildings is legally linked to an optimized energy demand (Gross, 2010). In addition to that, the redevelopment of old buildings with a resulting low energy demand is supported by intensive governmental promotional programmes.

As in most economies in the world, the region discussed here suffered from the occurrences of 2008/2009 and the worldwide financial crisis (Leitl, 2010). While industrial and commercial investments declined, the volume of residential buildings (new and redeveloped) was stable largely due to two entirely different reasons.

The first reason was strong governmental investment into the residential building sector with an additional amount of Euro 3 billion in Germany for 2009 (Federal Government of Germany, 2008). One billion of this promotional programme was dedicated to the field of building redevelopment, respecting the circumstance that one Euro invested by the government into this field released more than eight Euros of private investment (Federal Government of Germany, 2008). The second and no less important reason was the transfer of substantial funds from the suddenly uncertain stock market to the stable and, in CE, not overheated real estate market (Schwarz, 2009). This effect was amplified by enormous funds that were invested into the building business by people who were afraid of a possible hyperinflation and, consequently, the total loss of value of their money (Frömmel, 2010).

Due to these factors, the construction industry and the related industries were not as strongly affected by the financial crisis as were most other industries. This statement is true at least at the time of this research.

“The market volume of the CE - SHAP wholesale industry was stable during the year 2012 and even surpassed the average of 2008 to 2011”

(Interviewee 3)

Pointing to a current key issue, the interviewees agree that the industry is significantly affected by European and national anti-trust law prohibitions. These laws aggravate the cooperation (vertical and horizontal) between the affected organizations in a substantial way. The coopetitive task sharing with established forms of vertical coordination between the individual members of the professional distribution channel is questioned more and more by these laws. In the field of pricing, any coordination between the strongly connected and mutually dependent distribution levels is forbidden.

International diplomacy and security policies are another important governmental issue. The countries of origin of conventional energy (oil, gas) are a substantial threat to the researched region because of their unstable political situation (mainly the Middle East and the states of the former Soviet Union) and the resulting global sourcing problem and dependency (Pollak and Puntischer Riekman, 2007). The worsening of this situation led to the demand for the definition of new legal basic conditions, as well as the financial support of all concerned industries and people by the government. The political parties in all three nations reacted very late to this development, but when they did they reacted in a surprisingly consistent and purposeful way. They established strong environmental laws with exemplary specifications of

building and heating standards as well as substantial financial resources to support their implementation.

German speaking CE is extremely stable politically (The Economist Intelligence Unit Ltd., 2002). Fifty-five years after the end of the Nazi-regime, the merged Germany has well established political parties and a functioning democratic system, which can best be seen as an attempt

“...to overcome history and to avoid a repetition of the events during the Nazi regime in the 1930s and 1940s!”

(The Economist Intelligence Unit Ltd., 2002, p. 4)

Since 1960 the nation has maintained its position as the third largest economy of the world, and is a proud and influential founder member of the European Union. The small country of Austria is also an established member of the EU. As a nation with constitutionally fixed neutrality, Austria is included in many United Nation activities. Switzerland, which was not involved in World War II, is regarded to be the prime global example of federalist democracy in the whole world (Going Global Inc., 2002).

All three nations share a structure of influential, small regions. The national democratic system is built on an institutional design of federalism. Germany consists of 16 states, Austria of 9 states and Switzerland of 26 cantons (states). Consequently, the influence and integration of the people in the political system is relatively strong (Germany Defence & Security Report Q2, 2010; The Economist Intelligence Unit Ltd., 2008; Datamonitor plc, 2007). In all three countries there are political parties ranging from the left to right end of the spectrum, mixed with liberal and green positions. Legislation, judiciary, and execution are well defined, established and in balance. There is considerable consensus over the core principles of policy and the institutional structure of the political system (The Economist Intelligence Unit Ltd., 2002, The Economist Intelligence Unit Ltd. 2008).

The changes in the global climate with accompanying dramatic influence on worldwide conditions are strongly based on the behaviour of an affluent society and the established political rules, as well as the industrial nations' laws and the extensive energy consumption within these countries. The German speaking part of CE is one of the leading economic regions of the world with high energy consumption and has a substantial negative influence on the global climate.

The permission to build a new residential or industrial building is legally linked to an energy use of a maximum of 38 kilowatt hours per square metre per year in all three countries (Moser, 2010). Most new buildings within this area fall under this limiting value because of

accompanying government programmes. In the case of redevelopment and old buildings a law to provide an upper limiting value would not be executable. By establishing such a law, the legislator would cut almost all efforts to reduce the energy use for heating systems in existing buildings (Gross, 2010; Torgelle, 2010). Consequently, governments focus on promotional programmes and support the extensive reduction of energy consumption of old buildings as well as the use of renewable energy through the input of financial subsidies. The heating industry's professional distribution channel (producer, wholesaler, plumber) takes substantial profit from these changes and developments in the legal and political environment. The above aspects have a sustainable input on the performance of these companies (König, 2010).

In addition to these items of political stability, one further legal aspect substantially affects the industry. As mentioned in the initial chapter, the industry acts in an extremely coopetitive fashion. From the strategic point of view this approach is comprehensible. However, coopetition is becoming more and more difficult from a legal perspective. The current and consistently transposed European and national (Germany, Austria and Swiss) anti-trust law prohibits most kinds of coordination (horizontal as well as vertical) between companies. It becomes more difficult to calculate the advantages of the cooperation for the affected customers. This means that this legal aspect makes it more difficult to establish intensive process optimization of the professional distribution channel, even if it would lead to the establishment of an increased service quality.

Summarizing the prominent issues, Interviewee 3 argues:

“Conclusively, it can be stated that the political and legal environment offers a highly sustainable stability for the acting organizations and companies”.

This builds the base for a clear and differentiated positioning and secures the positive influence of marketing and branding activities on the industry's sustainable overall performance.

Technological Aspects

Renewable heating solutions based on completely different physical and chemical technologies such as thermic solar panels, photovoltaic equipment, heating pumps and biomass have been developed to marketable performance and competitive price performance payoff. This is a change to the established, but carbon dioxide intense, energy systems (oil and gas) of the previous decade (Öttinger, 2010). Together with the development and establishment of low and even zero energy buildings, the technologies currently available in

the building area offer attractive solutions, both economically and ecologically. They are in high demand in the researched geographical area. The implementation of these innovative technologies is, at least partially, supported by highly educated planners and architects. Nevertheless, the government and the industry need to invest further in this field (Torgelle, 2010; Gross, 2009).

Within this region water saving equipment such as shower attachments, as well as water treatment systems and grey water solutions, are available but not established. This is due to the almost unlimited quantity and low price of spring water in the area. Interviewee 1 expands this finding by stating

“This negative aspect is further amplified by local townships’ interest to finance their very expensive water piping and wastewater systems by selling as much water as possible.”

Increasing numbers of people populate the earth. Prosperity rises particularly in the established ‘old nations’ of the northern hemisphere, demand increases in the population rich nations of Asia, South America and Africa and, consequently, demand, as a whole, increases dramatically (Frömmel, 2010). As is true for the whole world, daily life in CE is affected directly or indirectly by global warming, greenhouse gases and the melting of the poles (Karmasin, 2008). In addition to the supply situation for oil and gas there is complexity in the policies of supply and rising problems in a time of wars for oil and political instability in the Middle East and the northern part of Africa (p. 327).

While this terminology is well established (Karmasin, 2008), these terms describe only the results. The cause is mainly based on production of food, on traffic and on the heating and cooling of living and office spaces as well as on industrial production. While people are willing to connect global warming with traffic, industry and global aspects, they refuse to accept the responsibility of the individual (Karmasin, 2008). The missing ability to imagine the resulting scenario, as well as the relatively comfortable status of CE, leads to people who are not willing to take personal responsibility (Karmasin, 2008).

In addition to the above described development, the overall situation of the different energy forms is changing. The available amount of oil rapidly decreases (Gross, 2009). Additionally, oil is extremely detrimental because a high level of carbon dioxide is produced in the burning process (Torgelle, 2010). Gas, in contrast, is less harmful and a higher amount is still available worldwide, but the transportation of gas to CE contains a lot of threats because of the dependency on a small number of pipelines. More than once CE was affected by political

conflicts in, or between, either the producing or the transit nation, especially in the states of former Soviet Union (Öttinger, 2010). Further on, the capacity of the pipelines is limited and the ones planned have a long period of completion (OMV, 2010). For example, the biggest current pipeline project 'Nabucco' which reaches from Asia to CE was started in 2009. Gas will not flow until 2015 (OMV, 2010).

In parts of Germany coal is available extensively. It has a long tradition as energy source within CE but it has lost its market share during the last two decades. This is due to its bad environmental image caused by high soot formation and the low comfort for the user (Öttinger, 2010).

Within Germany and Switzerland nuclear power was well established in the 1980s. In Austria, on the other hand, the government lost a plebiscite and was further committed to abstain from the use of nuclear based power systems. Under Chancellor Gerhard Schröder the socialist and green German government followed this approach at the very beginning of the third millennium. Both countries argued their decisions using the substantial risks of nuclear power and the unsolved issue of permanent storage (Schröder, 2007). In contrast to this decision, the Swiss government still supported nuclear power as a source for the country's energy requirement.

Moreover, the current German government under Chancellor Merkel withdrew Schröder's decision arguing that the carbon free energy production and hence 'green source' of nuclear power would increase the governmental financial earnings from this source and enable amplified investment into renewable energy (Merkel, 2010). Threats of radioactivity and the unsolved problem of waste storage were dismissed (Öttinger, 2010). The decision was strengthened by a substantial financial fee (nuclear tax) on energy supply companies, which was welcomed by the government in times of the financial crises to reduce Germany's household deficit (Merkel, 2010).

The nuclear super-MCA in a Japanese power plant, resulting from a Tsunami, changed this situation completely and led to Switzerland, as well as Germany, deciding to abandon nuclear energy.

Based on the emerging intensification of the global energy situation, Germany has invested huge amounts of money and know-how into the field of 'green energy' during the last two decades (Öttinger, 2010). The same is true for Austria (Leitl, 2010) and Switzerland (Leuthard, 2009).

The global changes in the energy situation were seen as an opportunity for innovative energy technologies with a promising future. To combine the energy systems' ecologically necessary adjustment (including heating systems), with the remodelling of the highly detailed but very traditionally orientated engineering industry brought a huge opportunity for the whole German nation (Kemfert, 2010). Germany has established technological leadership in sustainable and renewable energy systems (thermo solar, photovoltaic, wind power, storage of renewable power, etc.) worldwide (Kemfert, 2010). This development has had an extremely positive influence on the bottom line of firms and the labour market. This development demonstrates the possibility of combining environment and economy, as it encouraged the government, as well as firms, to amplify investments in this growing field.

The products and assortments required depend on the type of building. Residential buildings and apartments have a different demand of assortment and services than office and production buildings, warehouses or governmental buildings such as schools, sports halls and so on. These different demands are founded on the diameters on the one hand, and in the technological and legal demands (based on more detailed regulations and requirements for public buildings) on the other. The pipes and consequently fitting dimensions of a private apartment are much smaller than that of a factory or an office building because of the smaller demand for water, energy or air in the physically much smaller spaces.

The necessity of 'green' building systems is accepted by the CE population, as well as the resulting changes in energy usage and the influence on their daily lives (Gross, 2010). 'Green' companies are no longer 'green dreamers' and niche players. Based on this development, 'green energy and building' has become valuable, and the same is true for companies delivering that kind of lifestyle (Karmasin, 2008). In this context Interviewee 1 refers to the fact that

"...market focused organizations use this positional opportunity with accompanying strong corporate branding activities".

Social and Demographic Aspects

Based on the environmental developments mentioned, alongside the generic change in the status of 'green energy systems', innovative and renewable heating solutions have recorded a dramatic increase of positional value for the owner (Karmasin, 2002). Consequently, the heating industry offers enormous opportunities for all firms concerned.

“The status aspect of ecological and sustainable heating systems increases rapidly for users, driven by the described environmental changes. Sustainable heating systems with renewable energy are no longer hidden in the building’s cellar with little positioning value for the owner. Instead they add substantial value to a building and, consequently, to the owner.”

(Interviewee 1)

Nevertheless, the influence of environmental aspects on the demand for positioning and branding of wholesalers can neither be evidenced nor denied. These aspects have to be expanded with the industry specifics to determine an overall picture and to evidence such a demand.

Alongside the changes driven by technology and the environment, the status of ‘the bathroom’ in residential buildings has changed dramatically in the past decade. While the bathroom in the 1970s and 1980s was a room to clean oneself, it is now a room to represent financial and social status, (Grohe, 2007).

This development was supported by suppliers’ increased branding and advertising activities and the inclusion of world famous designers (Schinle, 2011) into the design processes. Marketing concepts strongly supported this development. The importance of balance between brands and price increased as part of this expression (Niehaus, 2010). This development was on one hand driven and on the other hand accompanied by increasing advertising and branding activities of the producers (Grohe, 2007). This brand oriented development increased continuously over the past ten or twenty years and is now accompanied by a phase of intense competition of innovative leadership (Wulf, 2010).

The ability and hence the readiness to invest more money than necessary for trend setting, sustainable heating solutions, and an emotional bath and wellness oasis, largely depend on one generic situation:

“While the available budget in most cases is strongly limited in the period of constructing or buying new apartments and buildings, the qualitative aspects as well as the positional value and invested amount of money increases in the period of redevelopment.”

(Interviewee 1)

A further demographical aspect influencing the area of heating and bathing can be seen in the required number of homes. The demand for additional apartments and buildings increases

based on two aspects. On one hand, the total population increases independently of the dropping birth rate, due to higher life expectancy and high immigration rates in the CE area (Leitl, 2010). On the other hand, there is a tendency to establish households with fewer residents (single households) in comparison to the extended families that were usual in the region in the past (Germany Defence and Security Report Q2, 2010).

This development contains two further qualitative aspects.

“Based on the increasing age of the users, this means that more residences suited to the needs of the disabled and aged people are required.”

(Interviewee 1)

The positioning and status aspect therefore increases alongside the declining number of residents per apartment (Karmasin, 2002). According to Karmasin (2002) this development is mainly based on owners, as well as renters, of single households being strongly focused on the ‘representational’ aspects of their home and less on functional ones. She further states that families, in contrast, concentrate on functional aspects.

From the branding point of view, the outcomes of the demographic and socio-cultural trends lead to an increasing demand for strong brands, not only on the product side, but also in the corporate and hence more service oriented side. To evidence this conclusion, these aspects will be treated in depth within the analysis of the literature on corporate branding.

3.2 Industry Specifics – Micro Environmental Aspects and Developments

While the macro-environmental aspects could be partially based on available statements and pre-existing research, the same is not possible for the analysis of the industry specifics (micro environment). The Central Europe SHAP industry is largely unexplored, particularly in the area of marketing. Little research is available. Not even the market volume can be found, let alone more detailed information such as market structure, industry members, or connections and dependencies between individual organizations and the distribution channel as a whole.

I started my research with a broad and deep analysis of these generic micro environmental aspects and developments. As specified within the methodology, this was done by combining the available data and my professional experience and knowledge with the findings of the unstructured in-depth interviews with CEO’s of three established market members. The outcomes are summarized below. A supplementary specification of the micro environment is available in appendix IX.3, p. 330.

Distribution Structure

At the time of the research, 69 per cent of the market is delivered by wholesalers through the professional distribution channel (Van Vroonhofen, 2007). The rest is done by DIY store retailers and over the Internet. The established brand awareness among consumers acts as an entry barrier to new suppliers of heating and bath assortments. Additionally, this development is influenced by the risk-averse nature of this distribution channel and the fixed costs associated with carrying additional products (Grant 1998). This development slows down the gaining of market share for new entrants, but their market share is increasing nevertheless (Heinze, 2009).

Accompanied by these environmental changes, more and more end users are leaving the traditional professional channel to purchase bath and heating equipment directly from DIY and internet suppliers. The reason for this is the apparently significant price disadvantage of the professional channel and an inscrutable sales process. The results of the interviews suggest that most members of the professional distribution channel (especially wholesalers and plumbers) ignore four of Porter's (1980) five forces (figure IX.1.2, p. 326) and concentrate on the aspect of rivalry.

Because of the focus on the rivalry between producer – producer, wholesaler – wholesaler, and plumber – plumber, the wholesalers are unwilling to accept the changes in the industry and their influence on the market. This is even more astonishing since a successful customer focus with a resulting sustainable competitive advantage would require marketing strategists to understand and accept trends in the market. They would further need to be able to forecast future changes in their market place accurately and take these changes into account in their marketing plans and strategies (Trim and Lee, 2003).

In this environment, the influence and attractiveness of new entrants such as internet and DIY retailers, as well as the bargaining power of the end consumer increases dramatically. This leads to a dramatic decrease of the financial performance of the industry as a whole and endangers its sustainable survivability (Küng, 2008). Nevertheless, according to the statements of the interviewees, some wholesalers in the industry have been able to think of innovative ways to regain competitiveness. This shows that it is not the industry, but firm strategy that matters (Baden-Fuller and Stopford, 1994). This development supports Porter's (1996) statement that a business can be successful even in an industry that is not 'attractive' as a whole. The statement is valid for wholesalers in the SHAP industry.

Competition is mainly focused on succeeding within each level of the professional distribution channel, while a kind of collective helplessness regarding the buying decision process leads to ignorance of the ascending new entrants. In this environment the producers are in a comfortable situation, while wholesalers and plumbers fall under increasing pressure (figure 3.3, p. 88).

Specification of the Individual Customer Groups

The individual customer groups (buying and non-buying) of SHAP wholesalers operating in the professional supply chain are described next.

- End User

The analysis has shown that the role of the end user is fundamentally changing in the selected region. In the past they had little choice of assortment and of purchasing channel. This was true independently of the purpose of the building, whether residential or industrial use, and consequently whether the consumer was a private individual or an industrial or commercial company. Furthermore, the end users were used to the circumstance that they had to 'trust' their plumber to buy the suggested SHAP equipment for them if they wanted the products to be installed.

Interviewee 1 confirms by stating

"The end user chose the equipment according to the plumber's recommendation and bought it to the set price. Consequently, the decision was mainly one of selecting a plumber to trust and not of the assortment and design by request and preference."

This statement is mainly applicable for Germany and Austria (less so for Switzerland) and supported by Interviewee 3. There was little to no consultation influence from the wholesalers. The buying decision process was, in some cases, accompanied by external influencers such as architects, planners and others. This was particularly so for Switzerland. Interviewee 2 points to the fact that

"The role of the external influencers and hence their importance is extremely strong in Switzerland. "

The analysis further shows that various innovative and advantageous purchasing channels are currently attacking this established procedure. The end user is nowadays used to purchasing products based on their own and very personal preference and at the time

and place of their choice. They are no longer willing to accept the professional channel's old-fashioned distribution structure (Heinze, 2009). This development is supported by the circumstance that specialized plumbers seem to be overtaxed due to the increasing demand for administrative, financial, sales and marketing competences (Fässler, 2010).

Most importantly the interviewees explain that wholesalers, independently of the nation of operation, are mainly focused on the highest possible competition between one another ('rivalry'). They concentrate on cost cutting programmes that are advantageous to the plumber and on the cost of consulting and advising the end users. This type of generic strategy is the most established in the industry. Furthermore, wholesalers also seem to ignore the substantial changes within the market and of the end users' demands.

The interviewees unconditionally support the notion that the end user is 'forced' to purchase the products and assortments from alternative distribution channels, such as the internet and DIY stores, if end users want to achieve a competitive price (Heinze, 2009). This is true in spite of the effort that has been put into changing this situation by plumbers and wholesalers, based on the excellent consumer consultation and advice provided by the employees of their organizations.

Within the segment of 'social housing' (government owned co-operative societies or housing associations) in Austria and Germany, the tenant as end user has absolutely no influence on the decision process and the selection itself (Interviewee 1 & 3). Interviewee 3 explains

"Social housing, built up by co-operative societies, which are mainly government owned, represents a substantial part of the new build as well as of the redeveloped buildings in Germany and are hence extremely important for the success of the wholesalers. As the influence of the individual user does not exist, these buildings offer the advantage of a clear decision power of the investing co-operative societies. In contrast and resulting from this clearly manifested power and the enormous amount of building, pricing is the most important factor within this section."

According to Interviewee 2 such a segment does not (largely) exist in Switzerland. The resulting effort directed towards this consumer group is, according to the interviews, extremely low and no showroom or branding is necessary.

In contrast to the decision process within the field of social housing (in Germany and Austria), interviews show that the influence of the end user is substantial within the

segment of profit orientated investors. This is due to these wealthy customers' higher requirements and the fact that they either pay a lot of money to rent their apartment or residence or intend to own it eventually. Brand positioning consequently has a substantial influence on operational success and on the bottom line of the affected wholesalers and plumbers.

■ Institutional Investors

Institutional investors within German speaking CE can be split into two fundamental groups which are profit orientated companies and 'social' non-profit orientated organizations. According to the interviews, both groups share a demand for a reliable and successful partner with a positive image.

"This fact is mainly based on the circumstance that their own positional value as suppliers of sustainable buildings and apartments depends on the quality of their sub-contractors and partners."

(Interviewee 1)

Personal experience, however, shows that they highlight and exaggerate the importance of the price aspect in the negotiations with their suppliers.

Social housing is largely governmentally owned co-operative societies (housing associations) focused on residential buildings. The decision regarding the bathroom equipment is made by these social investors. They are not profit-orientated and were established to build apartments for people with lower spending power and less available net income. The clients commonly rent the apartments. The marketing activities of all suppliers are consequently focused on these societies; the invested effort is relatively low and the fight for a corresponding share of these huge segments comparatively hard. Interviewee 2 argues that

"The bathroom has a relatively low positioning value within this segment and the mainstream assortments are of poor quality and design values."

This was confirmed by both other interviewees.

In contrast to the residential focus of housing associations, profit orientated companies (developers) operate in the field of residential as well as in the field of commercial and industrial buildings (offices, warehouses, shopping centres, production buildings and so on). These companies are mainly owned by general contractors acting as institutional

investors, as well as by life insurance companies, banks and foundations. They have no special focus. They are able to negotiate the very lowest price without the need for consideration of the interest of clients, obliged companies and consumers.

The analysis has shown that developers offer apartments for wealthy customers with above average requirements and commercial buildings for different purposes. These buildings are either let by the institutional investors or sold after completion of the project. Based on the targeted high positional value of the projects, the bathroom assortments are focus within this segment. This mainly concerns the bath assortments resulting in a demand for strong labels and high end assortments but to the lowest price. This means that low investment costs and high profits are possible at the same time.

■ General Contractors

All three interviewees agree that the general contractors play an increasing role in CE's building industry.

"The role of general contractors developed during the last three decades and is now a dominant one. In comparison, the influence of the general contractors on price and assortment has increased based on the huge handled volume of residences and hence bathroom equipment."

(Interviewee 1)

This statement is strongly supported by the other two interviewees. They further agree that the attention and interest of plumbers and wholesalers are partitioned resulting from this development. In this context Interviewee 2 argues:

"The inclusion of the general contractor in the industry's decision process further aggravates the wholesalers' corporate branding and as results increases the complexity of any respective concept."

To this generic specification, the interviewees in unison add a very fundamental statement that is best represented in the following comments from Interviewee 3:

"It can be taken as given that the main objective of any general contractor is the building up of any kind of real estate with highest possible positional value at the lowest possible price and with resulting highest profit for them!"

The description above shows that the general contractors' interest fundamentally differs from the groups of investors and customers. Resulting from this, it aggravates the building of one specific brand content but demands for two different contents and messages. At the same time it increases the resulting branding costs.

■ External Influencers

The market participants described are supported and influenced by the labour market and the decisions of architects and planners, as well as by governmental sponsorship, authorities, and the press. Resulting from the analysis it can be stated that the particular group's magnitude of influence depends on the targeted segment and assortment.

Institutional investors mainly leave the selection of the solutions and assortments to the architects and planners. This is true for heating systems as well as for plumbing equipment. Sometimes this activity may be partitioned between architects and planners on one hand and a general contractor on the other. According to the outcomes of the interviews, it can be stated that in all events the institutional investors tend to focus on the financial aspects of the decision process. Consequently, the role of the external influencers is extremely strong. They are very important for the supply chain's providers (plumbers as well as wholesalers). This finding is supported by the following statement from Interviewee 1:

"The external influencers have strong influence on the selection of the plumber, the wholesaler and the assortment of SHAP solutions in Austria."

Swiss Interviewee 2 confirms that this statement is also true in terms of the decision process in his country, while the German representative, Interviewee 3 explains that he is not as sure of the importance of this group of stakeholders. In contrast to this slightly differentiated point of view, the interviewees unconditionally agree that governmental sponsorship authorities have less or even no influence on the choice of bath equipment. Interviewee 1 adds to this by commenting:

"While the governmental authorities have almost no influence on the choice of bathroom equipment in general they do have substantial one in the range of solutions which have to be suitable for handicapped people."

The final group of external influencers is the press. Bathroom design is a lifestyle topic, consequently influencing sales and profit. Producers' and wholesalers' corporate branding activities support the positional value in the group of external influencers and of

journalists. Within CE, journalists still connect 'positive' editorial contributions with advertising spend, as explained by all three interviewees.

Consequently, active marketing in general and corporate branding activity of wholesalers in particular, support 'good news' editorial for the individual organization.

Market Segmentation

The market can be split up into market segments with different needs and behaviours that require channel members to take various generic approaches. This segmentation is explained below and summarized in table 3.1, p. 78. The segmentation of the market into the development of new buildings on the one hand and the redevelopment of old buildings on the other is appropriate and necessary. This is due to some specific details within the process of planning and realization. In addition to that, the available amount of money is, in most cases, significantly higher during redevelopment (this is especially true for residential properties).

In a second - and from the marketing aspect, much more significant - step the market could be segmented based on the usage of the buildings. This division can be done based on whether the building is used for residential or for commercial purposes. The positional value of the buildings and the SHAP systems, as well as the value of the bathroom equipment differ depending on the kind of usage. Individual property buildings (mainly houses and luxurious apartments) offer a wide range of high end solutions. Interviewee 1 states that

"...end consumers search for high quality services as well as for strong designer labels and want the turnover of such products to increase!"

This statement is not only confirmed by my own experience, but also supported by the other interviewees. These demands are supported by intensive branding activities in assortment as well as on corporate level of the production industry as a whole, as well as of some individual wholesalers. In contrast to this, the institutional investors, as well as the general contractors employed, try to build and maintain mass property buildings (mainly standardized apartments) with as little financial effort as possible. This leads to a low level of investment in all such assortments. Consequently, the positioning aspects are less developed and branding does not have a substantial positive influence on this segment.

Confirmed by both other interviewees, interviewee 2 further argues:

"Surprisingly, the third kind of residential buildings, social mass buildings, record an increasing amount of technologically high end products. This is

especially true in the field of heating and water, as a high level of environmental specification is required by the governments in CE.”

This high end orientation is limited to the technological aspects and not true for plumbing and bath equipment. Consequently, the main focus is on product and service quality, resulting in a demand for high position and, therefore, branded organizations (wholesalers and plumbers, as well as producers). Within this target group the price level is decreasing constantly, due to the simplicity of the requirement created by the high number of identical apartments with the same floor plan within a project, and the resulting economies of scale on all levels of the distribution channel.

All interviewees agreed that there is no overall generic definition possible within the sector of industrial buildings. Nevertheless, it can be said that the main focus is on price and profitability of the capital employed. This can be seen from the assortments utilized (see table 3.1, p. 78). This position differs depending on the ecological and economic values of the institutional investor or the investing company. In this context, the interviews refer to the influence of the different generic marketing positioning of the investors. Companies delivering ecological products, for example, cannot accept an energy wasting heating system, while up-scale companies may place great emphasis on products with a designer label in the bathroom. In consequence, this situation uses highly different approaches and no single rule is applicable. Resulting from this assessment, no general influence on the branding aspect of a wholesaler can be confirmed or imposed.

The individual aspects and outcomes of the analysis are summarized in the hereinafter table. Additionally, the connection between the kind of building, the affected assortment and the targeted ‘customer’ is shown. The market can be segmented into an adequate and comprehensible structure, based on the responses of the interviewees.

“The specified market segments are advised through the single organizations from all levels of the distribution channel of the industry in a very broad and extremely variable way.”

(Interviewee 3)

Customer:			Assortment								
			heating			plumbing			bath		
			high end (renewable)	mainstream (conventional)	discount (no name)	high end	mainstream	discount	high end (strong brands)	mainstream (standard)	discount (no name)
residential buildings	individual property buildings (apartments & houses)	new	□	□			□	□	□	□	□
		redevelopment	□	□		□	□		□	□	
	standard sized property buildings	new		○	○		○	○		○	○
		redevelopment		○	○		○	○		○	
	standardized rental buildings	new	△	△○	○		△○	△○		△○	△○
		redevelopment	△	△○	○		△○	△○		△○	△○
industrial buildings	office, retail and production buildings of institutional investors	new		○	○		○	○		○	○
		redevelopment		○	○		○	○		○	
	company owned office, retail and production buildings	new	□	□	□		□	□		□	□
		redevelopment		□	□		□	□	□	□	□

Table 3.1: Summarized Market Segmentation

The intensity and weighting of delivered services and advice depend upon the chosen generic strategy, as well as on the targeted positioning and service level. A detailed assessment of the resulting activities and service levels of some example companies within the three distribution levels is available in section IX.3, p. 330.

Members of the SHAP Supply Chain

While the market structure and the suggested segmentation show many different groups of direct and indirect customers for the SHAP industry as a whole, there is only one group the new entrants sell their assortments to, the end consumer. This was confirmed by the outcomes of the interviews as well as my professional experience. In contrast to this, all other customer groups are (uniquely) served by the members of the professional distribution channel, in a resulting complex and hence expensive process, which is specified later. All the different 'customer' groups were analysed independently and described from the marketing point of view. The structure as a whole was drawn up only after this description had been completed. Through the interviews it became evident that there are small differences within

the individual nations. These differences were considered in the summarized specifications of the individual customer groups.

The Professional Distribution Channel

The professional distribution channel can be split into a three-stage distribution structure (see figure 1.2, p. 21). The interviewees explained that this structure has been established within the industry in CE since the end of World War II and can be described as follows:

- Producers who are mostly concerned with product development and branding, and product positioning independent of the chosen distribution channel.
- Wholesalers providing the logistic as part of the value chain (wholesale function) as well as some consultation and service activities to plumbers and end users (retail function).
- Plumbers selling the products (retail function) and delivering the installation part of the process to the end user (end consumer).

This structure and the distribution of tasks within the professional distribution channel of the SHAP branch are changing. In this context Interviewee 3 explains that:

“...the size of individual units increases and independent firms are displaced by chains and / or taken over by groups on all three levels of the distribution channel”.

The evolving structure of distribution channels has an extremely strong influence on competition and the overall development of an industry (Grant, 1998). This concentration at one stage of the value chain may encourage increased concentration in other parts, as firms seek countervailing power (Galbraith, 1952). These developments can be evidenced within the industry.

- **Producers / Suppliers**

The producers provide the market with product innovations and influence customers' behaviour by introducing new designs, and by strong corporate and product branding. Consequently, the wholesalers' contribution margin is defined and influenced by the suppliers. The outcomes of the interviews confirm that dealers are reduced to the role of a logistic company. They finance the plumbers' purchase, which has a negative effect on the dealers' balance sheet as well as on the gross margin. Interviewees 3 further states that:

“...this problem is increased by the fact that the suppliers are focused on the need to increase their sales and market share and, hence, are open to deliver to all available distribution channels including new entrants!”

This statement is confirmed by the two other interviewees. The issues of new entrants are discussed later within this section.

In agreement with his colleagues from the two other countries, interviewee 1 explains:

“The producers’ marketing and branding behaviour is driven by the decreasing importance of wholesalers as direct customers and by the increased decision power of the remaining stakeholders”.

According to the interviewees, the producers focus on the marketing and service mix within the end user market, as well as on the external influencers such as architects, planners, and others. The same is true for the pricing systems applied. Going one step further, interviewees state that the plumbers’ importance decreases with the wholesalers’ positional value. Meanwhile, the door to new distribution channels such as the internet and DIY retail is wide open, even though this development is slowed down by the weaknesses of internet and DIY channel. These weaknesses can be summarized in the lack of trust of end users, the non-existing advice competence and their uniquely focus on price competition.

Following this approach, the producers take profit from the sales no matter which distribution channel and which organization survives the ‘war for turnover’. Looking at the interviews, it becomes clear that producers accelerate this process with regard to their current customers by ignoring and undermining all efforts to establish new and innovative market regulation for the professional distribution channel. This behaviour is based on the channel’s negative cost / profit situation. Most wholesalers’ cost leadership strategy ends in negative input on the value chain’s competitiveness (increasing costs alongside increasing complexity and no added value for the end consumer). The interviewees represent the point of view of wholesalers. The very same is true regarding my statements. The interviewees’ and my own serious concerns have thus to be confirmed by a broader range of stakeholders to ensure the inclusion of the point of view of all affected groups of stakeholders.

Producers concentrate on their key tasks of developing innovative products and assortments. They further focus on high levels of service for all possible customer groups by providing superior corporate and product branding. Interviews confirmed this. On top

of this, the branding activities on the corporate level are largely based on positioning and image aspects, while the product branding is more and more based on the connection of high quality with the image of world famous designers such as Philippe Starck, Massaud, Alessi, Porsche Design, and others.

The industry's use of price positioning is extreme in in this marketing environment. Technologically nearly identical products by the same producer are dramatically different in price to the designer brands. According to the interviewee 3:

"Price positioning largely focuses on the end consumers and to an increasing level neglects the wholesalers' needs, which leads to poor levels of profit."

This statement is strongly supported by both other interviewees. They further add that this situation drops the motivation to add value and leverage. As stated by interviewee 1:

"Consequently these high end producer brands are sold through the wholesalers like mainstream assortments at much too low a price level."

Simultaneously, the pressure on suppliers to produce me-too products (private labels) with the ability of wholesalers to set their own prices and position their services as they desire has increased dramatically.

■ Wholesalers

From solar systems, heat pumps and under floor central heating, to pipes and the bathroom appliances as a whole, all necessary parts of SHAP equipment are delivered from wholesaler to their professional customers (mainly plumbers).

The CE wholesale industry is characterized by stagnant market volume with shifting turnovers from the professional channel to DIY and internet, as well as decreasing gross margins and, therefore, poor financial performances with a maximum EbitdA margin of 6 per cent (Sector IX.4, p. 342). In this environment, consolidation is taking place and more and more SMEs are sold to powerful groups (König, 2010).

To reduce this dependency on suppliers and, hence, on the designer brands, most wholesalers have developed private labels. A few have even tried to establish a strong marketing strategy and brand (product as well as corporate brand) of their own. In consequence, the suppliers' bargaining power (Porter, 1980) strongly depends on the individual wholesaler's chosen marketing (assortment and branding) strategy. Some wholesalers consistently pursue the development of their own labelled products and

independence from suppliers, while others concentrate on their traditional role. This aspect will be discussed in depth in the context of the wholesalers' generic strategy.

The end user, who is most interested in friendly, highly competent, and innovative advice, is shown a wide and up-to-date variety of products and solutions in the wholesalers' showrooms. At this stage a break occurs in the customer's decision chain. After getting the advice, the end user leaves the showroom and is free to change the distribution channel (e.g. to the internet,...) or to change the retailer or plumber.

"In contrast to all known other sales structures, the end consumers are not allowed to buy from the advising organization. This leads to substantial tensions and lack of understanding for those end consumers willing to buy."

(Interviewee 1)

Having all the costs and risks of advising the end user (including the very expensive showroom), the retailer is not authorized to take the order. This leads to the plumber gaining enormous bargaining power (Porter, 1980) on one hand, and end consumers growing dissatisfaction on the other.

In most cases, the final purchasing decision in this distribution structure is made by plumbers or the advising architect, while end users only have an emotional influence in favour of the consulting wholesaler. Normally, plumbers and end consumers accept a small premium of 1-3 per cent for the added value of quality and service (consequently stressing the wholesalers' bottom line).

"To make matters worse, individual wholesalers as well as most plumbers purchase products from the new entrants or, alternatively, sell products and assortments to them, disregarding the resulting negative long term effect on their own strategic position."

(Interviewee 3)

This extremely serious situation can be confirmed by 20 years of personal experience in the industry and has been supported by all interviewees.

■ Plumbers

Plumbers mainly fulfil the task of installing and assembling the SHAP equipment, as well as the necessary supply and disposal systems for air, water, and heat (Fässler, 2010). Supplementary to this main task, they act as retailers, planners, and as networkers

between the market partners. The interviewees agree that plumbers in the German speaking CE meet the highest quality characteristics and that this in consequence corresponds to the region's basic quality assessment.

The retailing part (done in coopetition with wholesalers) consists of the preparation of offers (based on the advice given by wholesalers in their showrooms), the purchasing of products and assortments, and the invoicing of the delivered goods (figure 3.3, p. 88). The latter process takes into consideration that the goods are stored, brought together, and delivered mainly by wholesalers. In this context interviewee 2 states:

"Plumbers only have a small number of goods for short term demands in their own stock."

In most cases, the plumbers' marketing and sales competence is poorly developed (Niehaus, 2010). Almost all plumbers focus on their installing competences and disregard the need for selling their services, as well as the support of an appropriate positioning (Fässler, 2010). This results in poor positioning and brand value for plumbers within the region.

Regarding their role as planners, plumbers are limited to small and simple projects and to installation planning. The basic design task is undertaken by professional planners. This limitation is based on existing laws in CE which assign the task of planning only to licensed planners. Where realization planning is concerned, smaller organizations (in particular) strongly depend on the wholesalers' support.

"Plumbers are mostly focused on their role as plumbers and undervalue this important and influential ability, which results in reduced financial performance. This is true in spite of the fact that plumbers make up the main beneficiary of the outstanding gross margins. This can be explained by inefficiency, too high cost positions, miscalculation, and inadequately specified labour prices."

(Interviewee 1)

According to Fässler (2010), the plumbers' average net profit is below 3 per cent on the level of EbitdA. This poor average performance of plumbers as a whole determines the performance of the individual firms (plumbers as well as the indirectly affected wholesalers) even when, according to the definition of Baden-Fuller and Stopford (1994) and Porter (1980), a firm's strategy and positioning matters more than the industry.

In the field of bath equipment, plumbers are used to establishing a position through deeply discounted labour costs and by raising product and assortment prices. This results in non-competitive product prices (Fässler, 2010). All interviewees confirmed this. Nevertheless, the issue needs to be examined more closely in the focus group interviews.

“To make matters worse, plumbers install the equipment provided by new entrants but at the same time demand that wholesalers only distribute through them and only sell to them.”

(Interviewee 2)

This statement was confirmed by both other interviewees when asked to describe the market behaviour in their home country. Plumbers violate the basic ‘traditional rules’ of the partnership with wholesalers by working to their own advantage. The interviewees agree that by doing so, plumbers undermine the joint supply chain. This point of view was expressed by interviewee 1 as follows:

“Plumbers give new entrants access to the distribution channel and, consequently, contradict the market positioning of all the channel’s members.”

This results from the fact that access to the existing distribution channels is a fundamental entry barrier for new entrants (Porter, 1996).

Additionally, the cross financing of the plumbers’ insufficient labour prices neglects the wholesalers’ push activities and undermines their effect!”

(Interviewee 3)

This finding was also confirmed by the remaining interviewees.

The interviews have shown that the scope of work hardly explains the plumbers’ strong influence on the end users’ purchasing decision and the required high margins on the delivered assortments. Pointing to this serious issue, interviewee 1 further comments:

“Nowadays the plumbers’ role as retailers is questioned by all other affected partners within the supply chain as a whole.”

By focusing on a long and successful history and ignoring this current development, plumbers are influenced by extremely conservative and traditional behaviour (Fässler, 2010). Fässler (2010) continues by stating that plumbers are largely focused on competition with other plumbers and ignore the on-going changes and the increasing importance of new entrants.

Alongside the marketing and price positioning aspect within the bath range, plumbers have lost their technological leadership within the field of renewable energy systems (Fässler, 2010; Gross, 2010). Currently, there is a fundamental change to heating technology based on ecological and economic developments. These changes demand the education of the affected plumbers, something which has not been established in the necessary way, due to lack of time and because of lack of interest and appreciation (Fässler, 2010). In consequence, innovative, renewable energy systems are marketed and sold more and more frequently by independent niche players and new entrants who take on the sales process as a whole and ignore the plumbers' profit requirements (Fässler, 2010).

With the help of the interviews conducted, it can be summarized that all the wholesalers' pull (and consequently all corporate branding) activities, whether they are oriented to the planners, the investors, or the end users, are in vain. By accepting this development, plumbers not only reduce their own market position but also weaken the positioning of other partners (mainly wholesalers). Additionally, the majority of plumbers have, according to their own representatives (Fässler, 2010), no strategic focus and, therefore, the disadvantage of a fuzzy image (De Wit and Meyer, 2004). This weakens the positioning and image of the industry as a whole.

Within the field of bath equipment, wholesalers as suppliers and plumbers as customers share the tasks of advertising, product presentation, advising, pricing, and selling in a unique way.

The kind of relationship developed can be explained by the idea of coopetition. The subject itself was first mentioned in 1996 by Brandenburger and Nalebuff and although organizations of different industries have been involved in such coopetitive relationships for a considerable time, the concept has only relatively recently found increased favour in academic literature (Walley, 2007).

According to Uzzi (1997), the coordination of activities, joint problem solving, and transaction of specific investments are enhanced by cooperation, while competition is important for the effectiveness of the relationship (Bengtson and Kock, 1999). The challenge for members of the professional distribution channel is to find the right balance between this competition and their cooperation (Teece, 1992). This balanced optimum is called coopetition (Brandenburger and Nalebuff, 1996), deriving from the actors' simultaneous cooperative and competitive behaviours (Eriksson, 2008).

Both elements as well as the resulting optimal balance are vital to innovation (Teece, 1992) and the sustainable success of individual firms (Lado, Boyd and Hanlon, 1997). As individual organizations try to maximize their own interest (Bengtson and Kock, 2000) by following a coopetitive approach, tensions and conflicts increase when interests differ between actors (Eriksson, 2008).

My personal industry experience suggests such tensions and conflicts also occur within the professional distribution channel of the SHAP industry's buyer – seller relationship, which is based on the rules of the past century. Disregarding the circumstance that the governance form defines how the exchange parties cooperate and compete (Williamson, 1996), these rules were never adapted to contemporary economic, technological, and legal changes within the industry's direct environment.

The situation described leads to an unclear and largely undefined buying decision process, as well as to contradictory price and service positioning within the industry's three-tier distribution channel. Only when service interactions, processes, and relationships are clearly defined and managed, can a sustainable competitive advantage, revenues, and corporate value (Bruhn and Georgi, 2006) be created.

In an inversion of this argument, the professional SHAP industry is currently confronted with declining competitiveness of all its individual members and of the channel as a whole. Cooperation has become the objective rather than a suitable medium for achieving the overriding goal of improved business performance (Cox and Thompson, 1997).

New Entrants

The interviewees agree that there is a heavy rivalry between the established suppliers of the professional SHAP industry and new entrants.

“While the new entrants largely focus on aggressive price positioning towards end consumers, the professional distribution channel's established firms focus on retaliation.”

(Interviewee 1)

This retaliation includes promotional price cuts and advertising, as well as a variety of 'dirty tricks' such as attacking new entrants' reputation and questioning these organizations' competence and reliability (Grant, 1998).

All previous providers share a high attractiveness for the end user and an attractive price for simple to handle key products. Their positional value is mainly based on their price image and a very simple and easy to transmit key message to the end user: “we offer established brand products with highest quality at the very best price – what else do you need?”

This message does not convey the whole truth as the consumer needs additional assortments, advice, and planning. This is due to a key issue of warranty if products are delivered and installed from different firms and because the installation becomes more expensive as plumbers’ are unable to cross-sell products and assembly.

The resulting opportunities and threats for the positioning of differentiation through corporate branding and the possibility, as well as the feasibility, to deliver such a complex message to the professional distribution channel’s end users are the main fields of this research.

3.3 Adapted Market Structure

The framework for the individual organizations within the micro-environment is summarized in the figure 3.3.

This figure respects the peculiarities and dependences uncovered by the interviews and the literature consulted. Diverging from the market structure initially specified (figure 1.2, p. 21), this revised structure offers very different key messages.

The analysis of the industry specifics showed that wholesalers not only differ in their generic strategy, but that the chosen generic strategy seems to have substantial influence on their relationship with plumbers as their professional customers.

The interviews showed that cost leadership oriented wholesalers that focused on plumbers as direct customers have the advantage of a much simpler relationship to this targeted group. By focusing on the plumbers’ demands they reduce costs and complexity by ignoring the demands of the common customers (of wholesalers and plumbers). Resulting from this, they have the disadvantage of limited access to more demanding projects, architects, and end users.

Differentiated wholesalers who act as competitors have the disadvantage of contrasting demands between their respective customers and require a very complex business model with many dependencies. The literature consulted revealed that this situation can be best explained with the ‘coopetition’ model.

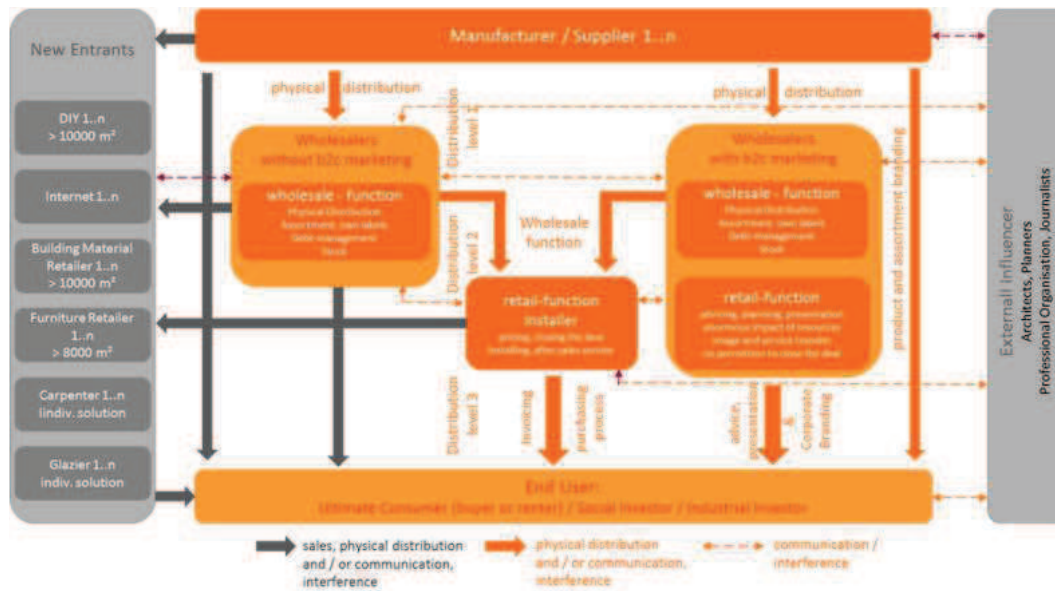


Figure 3.3: Adapted Market Structure of CE - SHAP Industry

Coopetition as a business model is used in areas and products with capital intensive research or production. The model is not mentioned within the literature regarding service areas such as the SHAP wholesale industry. Nevertheless, the model adequately explains the uniqueness of the distribution channel of interest. The existence of coopetition between differentiated wholesalers and plumbers and their customers in terms of retailing is the main difference between the initial market model of the professional distribution channel and the adapted one (displayed above). The business model has - independent from its complexity or, perhaps, because of it - the advantage of a strong network for all relevant stakeholders and, as a result, excellent access to all types of SHAP projects.

Communicating a corporate brand to different groups of stakeholders in such an environment contains many risks. The main risk is the delivery of a brand message to different stakeholders, knowing that this message can be strongly influenced (positively and negatively) by the coopetitive partners. In the context of corporate branding for service organizations in such a complex environment, the question of supporting sub-branding tools arises. This issue will be dealt with within the literature review. The outcomes will further be tested in the discussion of the focus group interviews with the different stakeholder groups.

As explained earlier, this exploratory study follows an iterative process. The research adapts to the findings so far uncovered. Before continuing, the seriousness of the results uncovered so far needs to be stressed, as it has substantial influence on the positioning of wholesalers and on the appropriateness and usefulness of their corporate branding.

Based on the interviews, it can further be said that, the end customers can be split into a number of segments with partially differing needs for, and requirements of, plumbers and wholesalers and the assortment of goods.

3.4 Decision Power and Market Behaviour

In the context of the SHAP industry, the issue of price positioning is a relevant one in which the interest differences of the individual groups of direct and indirect customers surface. It is important to clarify the buying decision process and the decision power involved. An in-depth knowledge of the decision process is fundamental to understanding how customers make buying decisions and who forms and affects this decision (Kotler and Keller, 2006). Going one step further, Kotler and Keller (2006) assert that, in order to make the right decisions, a marketer has to understand the customer's behaviour at each stage. The process of trying to understand this behaviour has been called mapping the customer's consumption system (Harper and Levy, 1963), consumer activity cycle (Vandermerwe, 1999), or customer scenario (Seybold, 2001).

Buying Decision Process

The three interviewees strongly support the evidence from my professional experience, that there is no visible single buying decision process, or clearly definable purchasing power of one customer group. Rather, purchasing power differs based on the segment and is different in each of the three countries. The process has to be observed and analysed in detail for each country to ensure an appropriate and clear picture of the buying decision.

It has already been mentioned (figure 1.1, p. 20) that wholesaler in Germany can be partitioned based on their chosen generic strategy. The outcomes of another research showed that the group companies which dominate the market employ a cost leadership strategy. Such a uniform assignment is impossible for the primarily family-owned SMEs. Further, the market is strongly influenced by most wholesalers' cost leadership oriented strategy which leads:

"...to an, on average, a poor standard of their showrooms and a focus on price competition towards the plumber".

(interviewee 1)

In this environment the purchasing power in the German market is mainly in the hands of plumbers, according to interviewee 3. This is especially true for all kinds of owner-occupied

apartments and houses. Supported by the statements of the other two interviewees, interviewee 3 specifies that:

“...in this context it is primarily plumbers who decide in which showroom and, hence, by which wholesaler the end user is advised.”

Most wholesalers focus on their net sales price to the plumbers. At the same time, most plumbers focus heavily on their best purchasing price, which is almost their only means to differentiate between their supplying wholesalers. Service differentiation is limited to distribution aspects and not employed towards the end consumer. Further, the wholesalers' advisory services for end consumers are strongly standardized and contain no sustainable competitive advantages.

The assortment's (producer brands as well as own labels) gross price positioning is mainly controlled by manufacturers. This circumstance assures their maximum influence on the products sold, an issue all interviewees agree on.

“General contractors as well as architects and all kinds of investors are directly influenced by the representatives of the production industry, which tries to position its brands and products. Wholesalers welcome and accept this procedure and their resulting decreasing influence. This behaviour is based on the resulting positive influence on their cost position and the compatibility to their cost leadership strategy. In consequence, they focus beating each other's prices.”

(Interviewee 3)

Interviewee 2 points to the two fundamental differences in the decision process and power within the Swiss market. In this context, he first specifies that the architect is, by law, tied into the whole planning process of a house in Switzerland, no matter whether it concerns a new building or the redevelopment of an old one. Based on this, architects have established an extremely strong position, with the power to choose the wholesaler by which the end consumer is advised. Interviewee 2 concludes that, as a direct result from this,

“...architects in Switzerland strongly influence and, in some cases, even select the installing plumber”.

Secondly, Swiss bath equipment wholesalers only sell end user focused assortments, while Austrian and German wholesalers also sell SHAP equipment. In contrast to the end user focus

of the bath equipment, the buying decision power of the SHAP assortments is in the hand of plumbers. Interviewee 2 summarizes this issue:

“The exclusion of the resulting interest conflict in the Swiss distribution model seems to be a key driver of the above average financial performance within the bath equipment wholesale market.”

In contrast to the German market, there is practically no visible marketing activity and, hence, no influence of the production industry on the selection of the assortments. Resulting from this behaviour, the influence of the production industry is very limited. Additionally, the gross price positioning of bath equipment is dealt with by wholesalers as interviewee 2 explained. He further stated that Swiss consumers, in the European context, are ready to invest an above average amount of money in high quality and strong labels but they remain price conscious at the same time. The interviewees suspect that the combination of the two aspects is further driven by the considerably higher financial performance of Swiss wholesalers.

The Austrian market can be considered to employ almost identical decision processes and power as the German market, with one exception. This difference concerns the definition of the gross price. While this specification is dealt with by wholesalers in Germany, the gross prices in Austria are defined by the production industry. Interviewee 1 explains:

“In combination with the already specified market activities of the production industry towards architects, general contractors, and investors, the factor of gross pricing enables the production industry to control the market and, consequently, limit the role of wholesalers to that of distributor.”

Much like German wholesalers, cost leadership and growth oriented Austrian wholesalers accept and support this process because of their resulting limited cost structure. Only a few differentiated and smaller wholesalers try to escape the restrictions and focus on own labels and marketing activities aimed at the end consumer. This aspect will be dealt with in depth later.

The clarification of the buying decision process was necessary to define the targets for corporate branding activities and contents. It is a substantial component of this study. The appropriateness and value of the interviews' corresponding statements, as well as the summarized outcomes will be reviewed in the focus group interviews at a later point.

Market Behaviour - Market Positioning and Marketing Strategies

While most wholesalers concentrate on a cost leadership strategy (Porter, 1980), some focus on a differentiation strategy with a high service level for their customers, the plumbers (Küng, 2008). The outcomes of the interviews support that in doing so, some individual wholesalers are also involved in a kind of 'consumer goods marketing' for the end users (figure 3.3, p. 88). They, consequently, build up a 'corporate brand image' for this target group by reinvesting the earned profit and leveraging competitive advantage. This is visualized in the following figure by Wilson and Gilligan (2005). In short, these wholesalers invest in highest brand recognition and value for the B2B as well as for the B2C market.

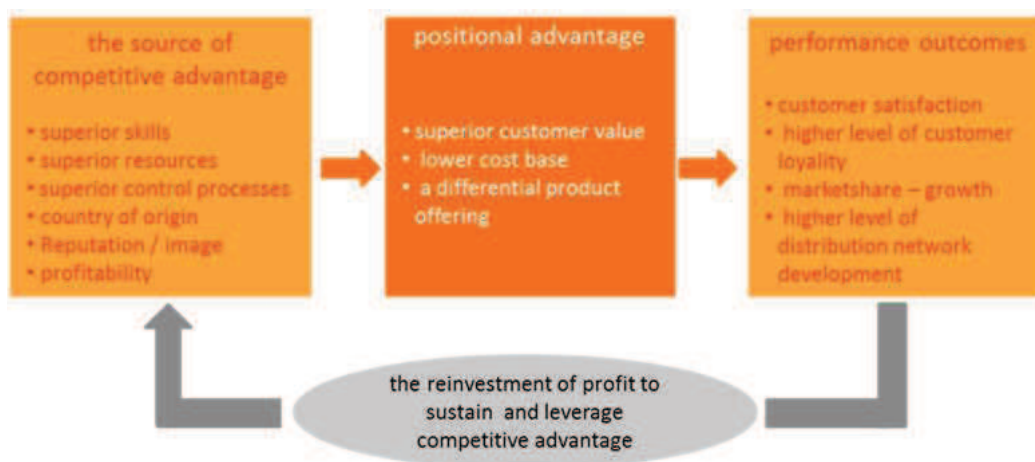


Figure 3.4: Competitive Advantage and Business Performance

Wilson and Gilligan (2005), p. 399, adapted from Garvens (1996), p. 36,

This procedure leads to differently positioned value chains. On the one hand, there are cost optimized wholesalers who are influenced by the producers' pull activities and driven to sell mainstream products. On the other hand, there are differentiated wholesalers with high independence and their own corporate branding, which are based on end user oriented pull activities.

The second approach leads to higher costs because of the underlying service level, but, if done well, it offers the opportunity to increase the gross margin and the net total. Summarized this means that

".... while the cost orientated organizations mainly sell products, the differentiated wholesalers can be seen as service companies which end up in a completely different position".

(Interviewee 1)

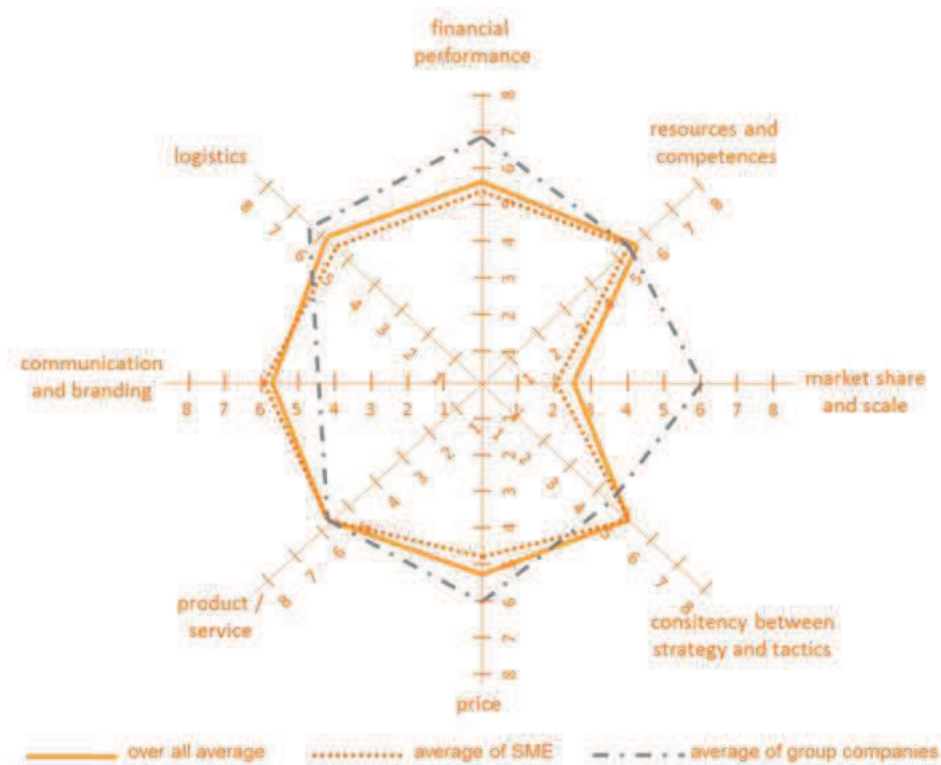


Figure 3.5: Positioning of Wholesalers

Küng (2008)

The figure above depicts the summarized results of wholesalers' key positioning aspects. With the help of the current research, it is possible to demonstrate an explicit difference in the overall positioning between SMEs and larger group companies. Additionally, a substantial difference between the resulting performances of the organizations was traceable.

The strong cost orientation and the consequent use of the group companies' available resources result in high market shares and powerful purchasing and sales scale. Nevertheless, the resulting economies of scale are not enough to be transmitted into substantial financial performance differences (section IX.4, p. 342). This is due to an insufficient service level and customer orientation overall, as well as an inconsistent translation of the strategy into tactics, and poor communication of the chosen price positioning. Additionally, the wholesale industry shows no strong economies of scale effect and performance does not depend on scale and market share.

Conversely, the SMEs are unable or, due to the additional expenses of advertising and public relation, unwilling to communicate their differentiated quality positioning in an adequate way. They also do not convert their overall higher service level into tangible financial performance. SMEs strongly depend on resources and competences. They are mostly unable to cover the

resulting higher costs as well as the higher level of capital required by the premium achieved on sales prices and/or by communicating the efforts within the purchasing process. Hence their services cannot appropriately be converted into price advantages.

Some wholesalers in this market are involved in push/pull marketing and compete with their suppliers' push/pull marketing and their professional customers' push marketing. This leads to a very complex market structure that includes the uniqueness of coopetition and a number of divergent dependences and conflicts between the organizations and customers involved.

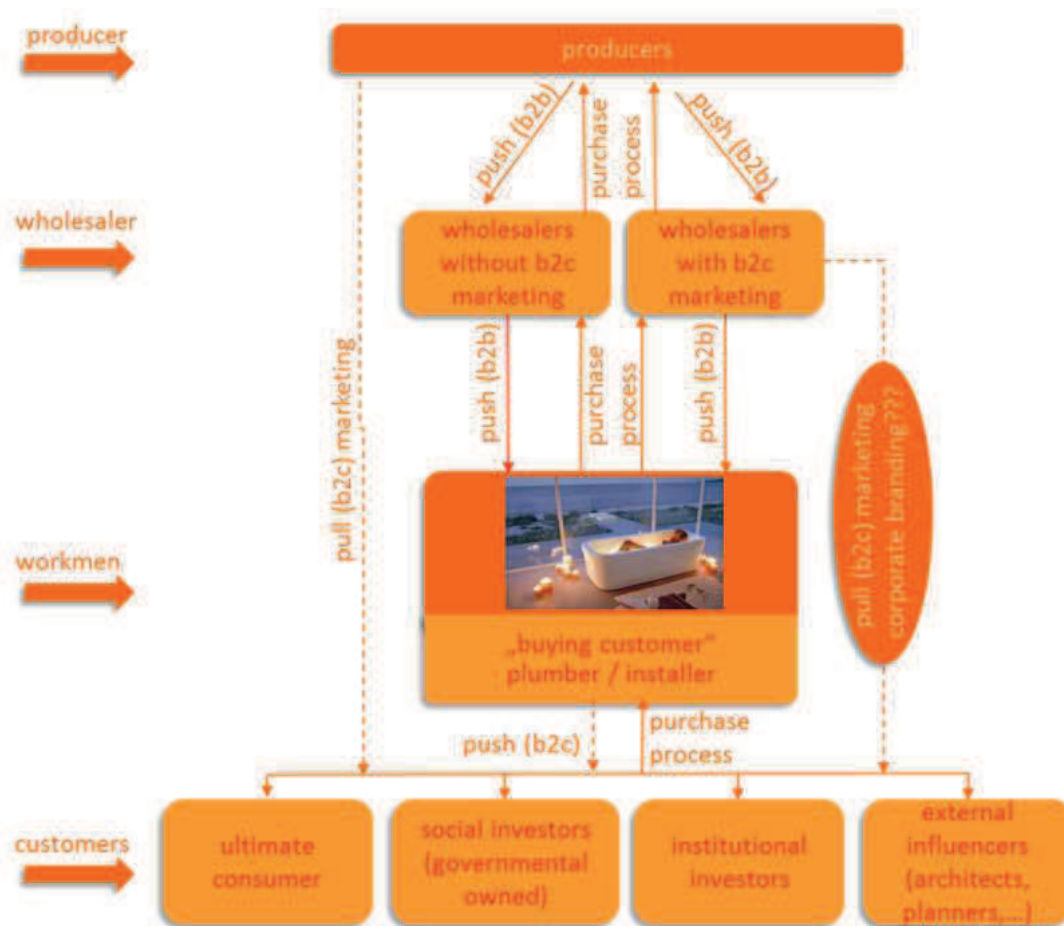


Figure 3.6: Professional Marketing and Branding Structure in CE

The resulting marketing and branding structure of the professional distribution channel explains the existence of two very different approaches regarding marketing strategy and the employment of corporate branding (with and without pull activities and corporate branding). Differentiation contains more complexity with regards to the conversion of strategy into tactics and, consequently, into financial performance. This is also true for adequate communication and corporate branding.

Price Positioning

The interviewees agreed that, in this complex market structure, the price positioning of the various suppliers is a substantial part of their overall positioning and market success. I have analysed the gross prices and the discounts given in the field of bath equipment by comparing the weighted average values of the articles which build the top 10 per cent of turnover. The results can be seen in the following figure (For details please check table IX.3.1, p. 330).

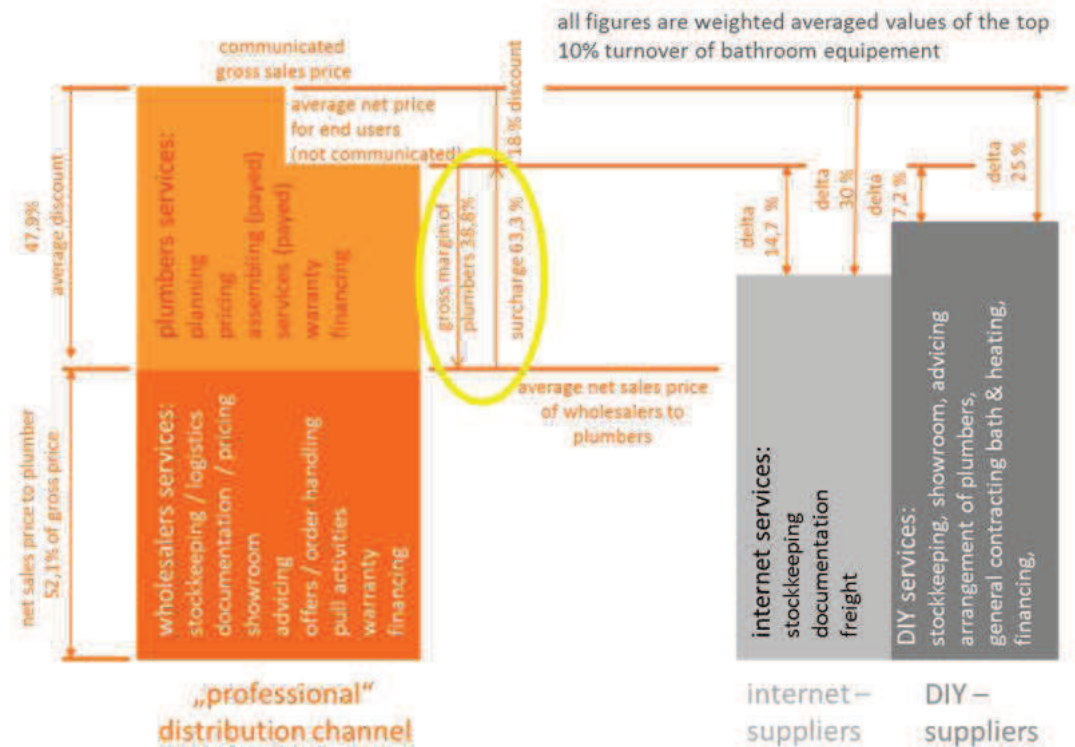


Figure 3.7: Price Positioning of Distribution Channels

Inhaus (2010)

The resulting price difference between the Internet and the DIY retailers reaches as much as 30 per cent. The interviewees agree that the professional distribution channel suffers from this development. More and more bath equipment is sold and delivered by new entrants.

Interviewees explain that individual partners within the distribution channel are unable to change this situation on their own. They depend on the readiness of all partners to solve the problem mutually. This is based on the circumstance that two thirds of the turnover between wholesalers and plumbers are technologically based (heating- and installation systems) with a high mutual dependency that leads to little willingness to solve the common structural distribution problems within the bath equipment sector.

Wholesalers' Currently Employed Branding Concepts

Confirmed by both other interviewees, interviewee 3 states:

"The wholesalers' branding sensibility and concepts are poorly developed. Companies are mainly focused on price competition and logistics tasks."

As has already been mentioned, there are some visible differences between the three countries regarding the decision power and process. Disregarding the differences in the targeted customer group, the few employed branding concepts seem to be nearly identical in their content and focus on B2B. Only some isolated B2C activities were found by interviewees.

"Neither my company nor any competitor I know of employs corporate branding or has a B2C marketing concept. Almost all marketing activities focus on the professional customer."

(Interviewee 1)

Less than 10 per cent of interviewee 1's marketing budget is spent on the end consumer, although the company is known for its high quality positioning. Going one step further Interviewee 1 explains:

"Our B2B image is mainly based on our logistics excellence and only subordinately connects to marketing and branding competences."

Given the positioning as cost leader of most competing Austrian and German wholesalers, he defines his company to be the benchmark and the innovation leader in the Austrian market. Consequently, the statement that the Austrian wholesalers only subordinately employ B2C marketing and corporate branding seems to be appropriate. Interviewee 1 states that he is convinced

"... that the vast majority of the Austrian end users would not be able to list only one of the acting wholesalers without support".

Interviewee 3 agrees that this is also true for the German market. According to him, only a minority of SME wholesalers spend even a small part of their marketing expenses on end consumers. This behaviour results in the same issues as explained by interviewee 1.

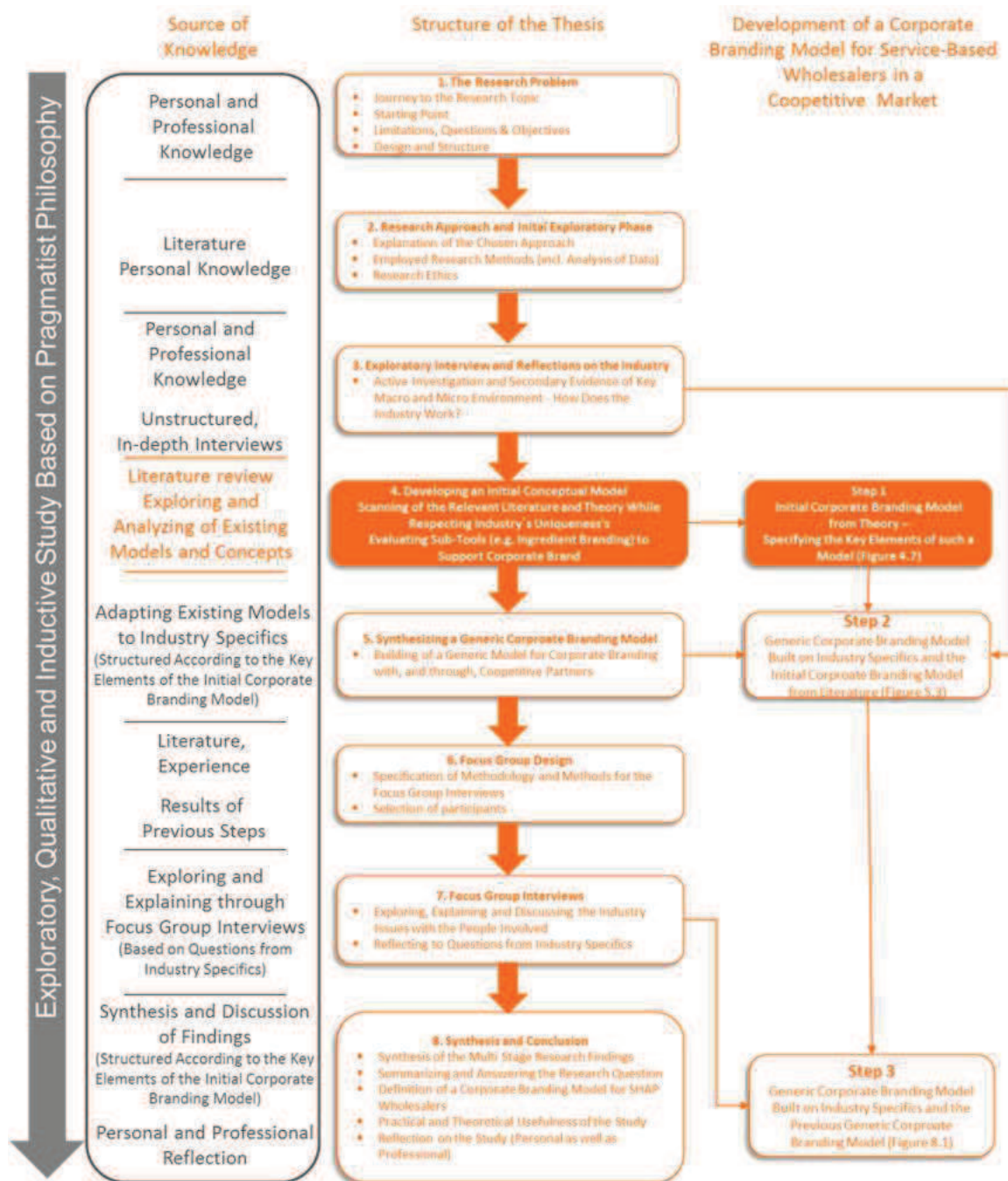
"The two dominant Swiss wholesalers Sanitas Troesch and Richner have established powerful end user brand awareness!"

(Interviewee 2)

This situation strongly differs from the situation in Austria and Germany. He explains that this is not based on a B2C branding policy but on both companies' exceptionally dominant market share, which is as much as 40 per cent.

The appropriateness as well as the relevance, of these statements can only be determined after reviewing the literature and after then assigning and discussing the relevant topics in the focus group interviews.

4 Developing an Initial Conceptual Model



“A brand is a promise of satisfaction. It is a sign, a metaphor operating as an unwritten contract between a manufacturer and a consumer, a seller and a buyer, a performer and an audience, an environment and those who inhabit it, an event and those who experience it. Most buying behaviour is driven by storytelling and emotions, which are exploited by brands.”

(Healey, 2010, p. 6)

Healey cites Karl Marx who stated that people make their own decisions about who to be, how to live and what to buy, but under circumstances shaped by brands, advertising, marketing, and publicity. A brand is a reminder of past performance and a guarantee of future satisfaction. Consequently, integrity is the key to branding (Bernstein, 1989). Keller and Lehmann (2006) state that brands simplify choices, promise a particular quality level, reduce risk and/or engender trust for customers.

Vaid (2008) amplifies this statement by explaining that branding is about ‘emotional bonding’ with a target group of customers. To do so, brands need to tell a story because people ‘love’ great stories and because the competing products and services become more alike in their design and basic functions (Healey, 2010). Keller and Lehmann (2006) state that, brands are made, not born. In consequence, brands become a value based system of meaning rather than an object constructed by brand specialists (Leitch and Motion, 2007). According to both explanations, branding is a two-way process that defines the inherent brand promise in which each side plays a different, but vital, role. This job is done poorly by many companies, which are often driven by technology, distribution, profit margins, or efficiency (Healey, 2010).

But where does the word ‘brand’ come from? According to Healey (2010), it originates from the German word ‘Brand’ meaning ‘burn’. It is used literally when we talk about branding an animal with a sign or symbol. When talking about branding within the context of marketing, the word is used figuratively. We use it to express all the attributes of a product, a service, or indeed a cooperation that makes a lasting impression in a customer’s mind. According to the American Marketing Association (AMA), a brand is a “name, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors” (Dubey and Babu, 2012). They expand this rather focused specification by explaining that a brand is the intellectual and emotional associations that people make with a company, product or person.

Balmer and Greyser argue that brands are used as a navigational tool by a variety of stakeholders for a number of purposes. For organizations as a whole, brands provide a

distinctiveness that is not easily replicated. As is obvious from this specification, a logo, a name, a design, a visual identity, or an advertising jingle is not a brand. They are tangible aspects of a complex sign system whose goal is to put the far more important and powerful 'brand idea' into the customers' minds (Healey, 2010). Brands as a whole can transcend the boundaries of time and space, while a clever design, at its best, can only leverage the intrinsic value of this brand (Balmer and Greyser, 2003).

Well established brands are one of the most valuable intangible assets of a firm (Keller and Lehmann, 2006),

"...if the established key brand associations support differentiation and establish competitive superiority."

(Keller, Sternthal and Tybout, 2002)

Well-respected brands (corporate or otherwise) have the ability to generate goodwill, but many businesses are still reluctant to acknowledge the financial worth of brands – particularly corporate brands – on their balance sheet (Balmer and Greyser, 2003). However, in the region studied, the national accounting standards would not allow such a generation of goodwill to be represented on the balance sheet.

Branding of Services Corporations

When looking at branding for services, it could be stated that this is mainly based on people. The partnerships between suppliers and customers are extremely complex because of the human interactions involved and hence services are hard to brand, (Healey, 2010).

Given the propositions presented thus far, branding can be seen as a key source of differentiation and people, as key assets of services branding, are the key source of differentiation for service organizations, such as the wholesalers discussed in this research (Berry, 2000; Gray, 2006).

Branding in the service area is mainly associated with the firm level (corporate branding) in which less research is available (Bruhn and Georgi, 2006). This study is about branding of service corporations and the literature review will focus on aspects of corporate branding and identity, and thus not on the branding of products and services. According to Gray (2006), branding researchers in the UK have argued that branding for the services sector needs to be adjusted and that a tailored model of services branding is required. My research tries to take a small step towards answering these requirements by exploring a possible model for corporate

branding of service organizations in a coopetitive environment and by discussing implications for theory and practice.

To ensure a clear and understandable structure for the literature review, I have decided to split the broad field of corporate branding into different areas and build corresponding sections. These sections in turn are split in sub-sections to structure the area adequately and to make the understanding for the reader easier. The choice of these areas is based on the outcomes of the initial research which identified four key issues.

- The concept of corporate branding
- Generic strategy and corporate brands
- Corporate branding and dealing with multiple stakeholders
- Corporate branding in a coopetitive environment

I will start with the definition of the concept of corporate branding, describe the link between the strategy of differentiation and corporate brand (including sub-concepts of branding in general and of the idea of ingredient branding in detail), explore the possible contributions of corporate branding to dealing with multiple stakeholders before switching to corporate branding in a coopetitive industry and summarizing the findings of the literature review in a generic corporate branding model in a coopetitive environment.

In the following sections, only established theoretical knowledge and findings from the literature review are used, SHAP wholesale industry data is not used here.

4.1 Corporate Branding

The whole idea of branding at the service level and at the corporate level is comparatively new and there is no well-established body of academic findings or practical knowledge. This is interesting, given that the company brand is the main discriminator in the industry (King, 1991). The concept of corporate brand is held in particular esteem. However, corporate brands are not a prerequisite, nor is it necessarily desirable for every organization to have a corporate brand (Balmer and Greyser, 2003). Argenti and Druckenmiller (2004) stress the positive aspects of corporate branding and state that its power is evidenced in several studies. This power results from a corporation's ability to deliver product and/or service offerings and the corporate social responsibility expressed in the character of the company, the treatment of employees, and its impact on the environment (Brown and Dacin, 1997). A successful corporate brand enables customers to select between product and service offerings (Aaker,

1997), to communicate special features and advantages, and to simplify the buying decision process (Pinar and Trapp, 2008; Kotler and Pfoertsch, 2010). To achieve the demanding goal of keeping customers loyal in today's competitive environment, brands need to offer authenticity and credibility (Khan-Gordon, 2007). Vaid (2008) argues that achieving authenticity and credibility is every marketer's dream as it would mean that they no longer have to invest time and money to convince consumers to try, or buy, their products or services. Brands help customers and stakeholders to identify and differentiate a company's offerings (Keller and Lehmann, 2006) and are able to sustain these added values in the face of competition (McDonald and de Chernatony, 1992). Keller and Aaker (1998) specify corporate credibility as the extent to which consumers believe that a company is willing and able to deliver products and services that satisfy customer needs and wants in the long term. In this context Marquardt (2013) explored that sellers should place more focus on developing quality relationships with buyers than they should in focusing on the non-relational attributes of their corporate brands.

Balmer and Greyser (2003) refer to the representation of practitioners, as well as of scholars, in the field of corporate branding and argue that both sides have fundamentally contributed to the development of these concepts. Unfortunately, a number of competing and conflicting assumptions regarding corporate level concepts such as corporate identity, image, communication, reputation, and branding, also have also emerged due to the differing opinions of practitioners and scholars, the existence of disciplinary silos, and the divisions caused by geography, language, and culture (Balmer and Greyser, 2003).

The role of branding for organizations and their stakeholders has changed considerably throughout its history (Abbing and van Gessel, 2008). Moore and Reid (2008), as well as Eckhardt and Bengtson (2010) explain that 'brand' was first applied as a figurative use for 'makers' mark' in the early 19th century. Before that time, the notion of brand existed (for a very long time) but was not labelled as a 'brand' - perhaps because a 'brand' had more connections to the marking of slaves, livestock and animals (Healey, 2010). This is 'branding' associated with ownership which is very different from the figurative use. Urde (2009) adds core values as the backbone of an organization's brand track record to these figurative aspects. Kiriakidou and Millward (2000) point to the same even, though they use the idea of 'culture' as a synonym and argue that these values are held by staff and management and find their concrete manifestation in symbolism and behaviour.

The phenomenon of branding involves the value added to an offering by consumers' perceptions of, and associations with, a particular brand name (Healey, 2010). Positioning is simply the rational and emotional benefits people associate with a brand (McKee, 2007). To

this generic specification McKee (2007) adds that a company has to consider the primary benefits its brand provides. Thjomoe (2008) argues that a brand has no objective existence at all. It is simply a collection of perceptions held in the mind of the customers and, hence, has a very emotional focus. While this statement is supported by many scholars and practitioners for B2C customer based branding, Jensen and Klasturp (2008) oppose the correctness of this specification in the B2B based branding which has according to them a more rational focus.

Independently from these minor interpretative differences between emotional and rational focus, the importance of branding for the differentiation of organizations is not questioned by these statements. Referring to this importance and founded on different literature Mishra and Mohanty (2013, p. 28) explained that

“...a corporate brand aids in differentiation from competitors (Balmer, 2001; Harris and De Chernatony, 2001), enhances investors and employee confidence (Balmer and Gray, 1999) and enhances firm’s visibility, recognition and reputation (Xie and Boggs, 2006)!”

Brown and Dacin (1997) define the core of corporate branding concepts to consist of two concepts which are corporate identity and corporate associations. The first refers to associations that strategists want to implant in the minds of their internal and external constituencies (Mishra and Mohanty, 2013) while the latter refers to believes and feelings that a stakeholder has for an organization (Keller and Richey, 2006).

4.1.1. Corporate Brands versus Product Brands

At the broadest level it is possible to distinguish between corporate and product brands. King (1991) observed that corporate brands strongly differ from product brands. While product brands may need to appeal to a limited group of stakeholders (mostly consumers) the corporate brands may need to appeal to a number of disparate groups such as employees, suppliers and customers (Davies and Ruper, 2007).

Aaker (2004) explains this difference in terms of the wide range of associations a corporate brand generates related to heritage, assets and capabilities, people, values and priorities, a local or global frame of reference, citizenship programs and a performance record.

“A corporate brand is perceived as a set of personality traits that is more diversified in comparison to the set of personality traits for each of the product brand owned by the company.”

Mishra and Mohanty (2013, p. 29).

Or in other words - in product advertising organizations try to keep product identities constant and differentiate their products' brands from others (Bernstein, 1989). Bernstein (1989) adds that even if the physical differences between products may be minimal, the totality of the package that constitutes the brand (the ingredients, performance, advertising and so on) will be significantly different and make that product a 'brand'. Conversely Bernstein (1989) specifies that corporate advertising takes a company of diverse human beings and diverse activities in diverse locations and even diverse products and markets, which, according to him more often than not, succeeds in summing it up in a phrase of numbing ordinariness and proclaiming a virtue to which all businesses lay claim. He summarizes this explanation (Bernstein, 1989 reprinted in Leitch and Motion, 2007, p. 159) by stating:

"Product Advertising takes minor differences and maximizes them

whereas

Corporate Advertising takes major differences and minimizes them."

He expands this statement by saying that if a company has something to be consistent with and knows its fundamentals such as philosophy or tone of voice and hence the statements of belief are based on integrity and truth, this organization is an exception to the predominant 'rule', and will be able to establish a successful and sustainable corporate brand.

Aaker and Joachimsthaler (2000) point to the same aspect when they specify that organizational associations tend to be most relevant for service brands where the organization behind the brand has a visible link with the customer. Every part of an organization needs to reflect the business strategy to support the resulting brand. In this context, Aaker and Joachimsthaler (2000, p. 53) underline the complexity of this aspect and stress the importance of unconditional consistency between strategy and branding. They state:

"Strategy and branding are about making choices and trade-offs"

In order to take account of the findings of Bernstein (1989) and Aaker and Joachimsthaler (2000), a model for corporate branding in a complex has to be carefully adjusted and be creative. Creativity is, however, not a substitute for the truth, philosophy, and a corporate personality – it is a means of illuminating it (Bernstein, 1989).

4.1.2. Corporate Brands Responding to Environment

In their book '*Revealing the Corporation*', Balmer and Greyser (2003) point to the increasing importance of corporate brands to respond to new environmental pressures on businesses with regards to topics of identity, image, and reputation. They state that this pressure includes

ten sub-topics which are acceleration of product life cycles, deregulation, privatization programme, increased competition in the public and not-for-profit sectors, globalization, merger and acquisitions, divestment, the establishment of free trade areas, shortage of high-calibre personnel, public expectations for corporate social responsiveness', increased salience to organizations of external stakeholders and increasing competition in the service sector.

Balmer and Gray (1999), when talking about these sub topics, explain:

"Some firms have been affected by many of them whereas others by only a few. It would be difficult, however to identify any companies that have not been touched significantly by at least one of them!"

Balmer and Greyser (2003) define corporate brands as corporate level constructs related to that of identity, reputation, and communication. It is a way of comprehending and revealing the organization. They argue that corporate brands have come into their own and are a fashionable concept, especially in eras

"...when corporate boundaries have become less distinct and margins blur".

King (1991) argues that nothing short of a radical reappraisal needs to take place when applying the branding concept to corporations. Corporate brands are more complicated and of greater strategic impact than their product brand counterparts. King (1991) cited in Balmer and Greyser (2003) points to the importance of personnel and the human resources department when building and maintaining of corporate brands.

In parallel to highlighting the need for a multidisciplinary approach and about 24 years ago, King (1991) specifies the need for a radical reappraisal of the marketing mix and philosophy to respond to the increased level of market pressure.

"It is always easy to drift on with the old ways of doing things, simply because social and economic movements are gradual and it never seems the right day to make the change. A new decade (and we can still just think about the 1990s as that) can at least prod us to look again at our marketing methods and maybe revise the textbooks. I think we need to."

As early as 1991, King explored that in times of increasing pressure and as a result of rapid changes, companies have to ensure that they retain and build their customer base and margins if they want to succeed in building any enduring link with their consumers. 25 years later and in a time of dramatic competition and even more rapid changes, this statement may still be considered to be appropriate.

King (1991) explained that, under such circumstances, brand building is the only way to build a stable, long-term demand, add the values that will entice customers and consumers, hold decent margins, provide a base for expansion, add service, and transform an organization into a company that is attractive to work for or do business with. So, Parsons and Yap (2013) confirm these specifications as they explored that corporate brand efforts have a role in building customer emotional attachment and loyalty. Service quality and corporate brands further have an effect on switching behaviour via customer satisfaction and repurchase intention (Srivastava and Sharma, 2013). They explored that delivering high quality service and a credible corporate image results in high customer satisfaction, which in turn leads to high repurchase intention and less switching behaviour.

One of King's (1991) six key elements cited above is the noticeable shortage of skills. In this context Leitch and Motion (2007) state, that the possible roles of strong corporate brands include the ability to attract and retain good employees, to use economies of scale for the introduction of associated brands, to focus on long term strategy, and to add value to the corporate entity's balance sheet by the brand itself (this aspect has already been discussed at the very begin of this section). Balmer (2002) supports this statement and argues that corporate brands play a key driver role for customers as well as for employees, would-be employees, stockholders, and other stakeholder groups.

Barich and Kotler (1991) conclude that corporate brands are more likely to evoke associations to people and relationships, as well as programmes and values. Balmer and Greyser (2003) more generally define corporate brands as an important link that can exist between organizations and their stakeholders. In real life, we all have an identity that we do not consciously create, although we may manipulate and project it regularly (Olins, 1989).

The individual personality is the total of the characteristics that make a person *that* person and a company *that* company (Bernstein, 1989) but there cannot be one corporate personality because of a company's different stakeholders (Martineau, 1958).

Leitch and Motion (2007) supplement this assumption and state that even if an organization chooses not to have a corporate brand, this organization

"...has a corporate identity but no conscious distillation of this identity into a corporate brand."

Keller and Aaker (1998) add that corporate branding increases corporate credibility in three possible dimensions. These are the extension of corporate expertise (the extent to which a company is thought to be able to competently make and sell its products and services),

trustworthiness (the extent to which a company is thought to be honest, dependable, and sensitive to consumers' needs) and likability (the extent to which a company is thought likable, prestigious, and interesting). The possibility to address these dimensions of corporate credibility in the given coopetitive environment will have to be evaluated through this research.

4.1.3. Corporate Brands and their Link to Identity

Pointing to a completely different aspect Balmer and Greyser (2003) state that brands often appear to be indistinguishable from corporate identities, but that a corporate brand is distinct from identity. They argue that the identity concept is applicable to all entities, while the corporate branding concept is not. If an organization desires to acquire a corporate brand, the corporate identity elements need to be in alignment with the promises that are intrinsic to the corporate brand covenant (Balmer and Greyser, 2003). Thus, a corporate brand becomes the template by which an organization's identity is evaluated. Hatch and Schulz (2003) support this specification by arguing that corporate branding is implemented by an organization to transmit vision, beliefs, values and organizational norms to employees, thus transforming employee cognitions. Organizations hence cause employees to experience psychological ownership (Harris and De Chernatony, 2001).

Balmer and Greyser (2003) specify other differences between corporate brands and identity like longer gestation, external focus and high profile, support by enhanced corporate communication and by strong visual and verbal identifiers, portability, and the resulting financial goodwill. They also point to the similarities between corporate identity and the corporate brand by specifying the importance of personnel, subculture groups, the need for on-going senior management and CEO support, and the multidisciplinary roots of both corporate identity and corporate branding.

They summarize (2003, p. 247) that

"....corporate brands augment the identity of the organization through added uniqueness in terms of values, style, or experiences."

Referring to these multiple identities, Balmer and Soenen (1999) specify the five identities that are present in any corporate entity. These identities are the actual identity (shaped by ownership, management style, business activities, performance, quality of products and services, etc.), the communicated identity (revealed through 'controllable' corporate communication), the conceived identity (refers to the perceptual concepts – corporate image,

reputation and branding), the ideal identity (optimum positioning of the firm in its market), and the desired identity (lives in the hearts and minds of corporate leaders – it is their vision for the organization). Balmer and Soenen (1999) summarize these identities in their AC²ID Test (TM).

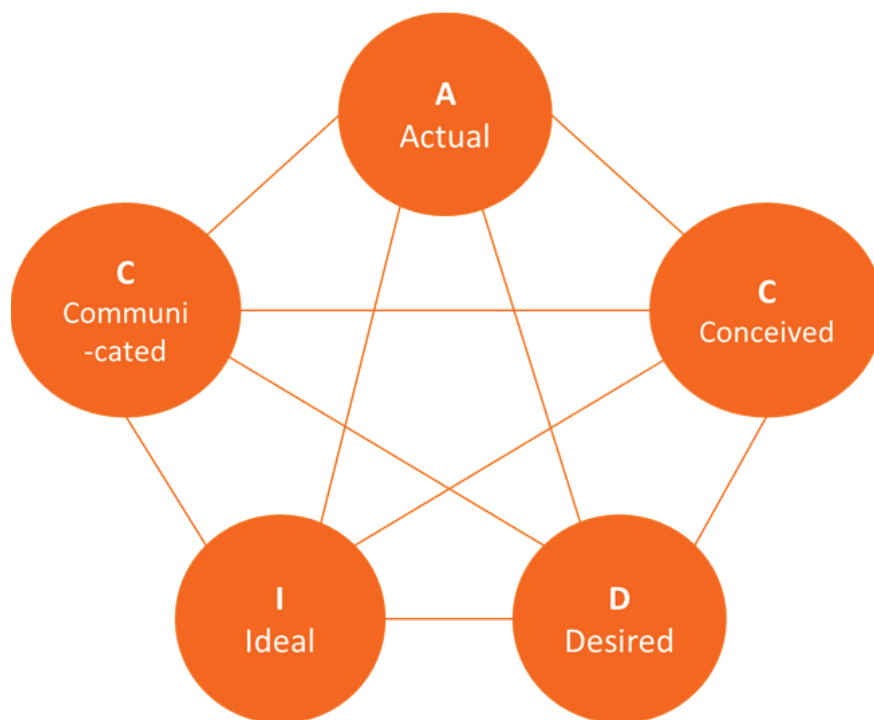


Figure 4.1: The five Identities of the AC²ID Test

Balmer and Greyser (2003), p. 17

All five identity types are linked to the concept of corporate branding (Balmer and Greyser, 2003).

Based on Keller and Aaker's (1998) work, they explain this statement given that branding is

"...derived from an organization's identity and encapsulated in a branding position statement which delineates the tangible and intangible attributes of the brand. Brand reputation serves as a company's covenant with key stakeholders."

(Balmer and Greyser, 2003, p. 19)

According to them, such multiple identities can co-exist comfortably within a company even if they are somewhat inconsistent. Different identity types tend to inhabit different time frames. The 'Conceived Identity' may lag behind the 'Actual Identity' because stakeholder groups often take time to recognize incremental changes. This can have serious effects in the context

of the wholesale industry examined in this research, as the time aspect may be extended through the coopetitive environment. The aspect of different time frames will have to be considered later on.

Balmer and Greyser (2003) further explain that the corporate life cycle is dynamic, not static, and is greatly affected by changes in the external environment. They argue that this identity management is concerned with the conception, development, and communication of an organization's mission, philosophy, and ethos, and, hence, with strategic elements based on a company's values, cultures, and behaviours. The resulting potentially large number of identities calls for harmonization. It is the task of the corporate leadership group to manage these multiple identities so that they are broadly consonant with each other (Balmer and Greyser, 2003). The corporate brand in this context is a cornerstone, a centripetal force that informs and guides the organization and underpins an organization's core philosophy and culture (Balmer, 2013).

Bravo, de Chernatony, Matute and Pina (2013) point to possible differences in communicating corporate brand identities and explored that there can be differences in main corporate brand dimensions such as visual identity, corporate communications, organizational culture, behaviour, strategy and structure. The necessity and appropriateness of such differences is argued by them with adaption to cultural demands.

Referring to a far-reaching aspect King (1991) specifies that corporate brands represent a common culture – common aims, standards, language, approaches and style. There is a common personality, rather than a book of rules. In addition to this common culture, the name, logos, and symbols are brand elements which, according to Keller and Lehmann (2006), have to fulfil the criteria of memorability, meaningfulness, aesthetic appeal, transferability (e.g. across geographical and cultural boundaries or market segments), adaptability and flexibility over time, and legal and competitive protectability and defensibility. Hence if done appropriately, the corporate brand, comprises two aspects, namely the corporate expression and the stakeholder's images of the organization's identity (Abratt and Kleyn 2012).

Homburg, Klarmann and Schmidt (2010) support this statement by arguing that recent branding studies show how corporate brand awareness positively affects brand and in consequence firm market performance.

4.1.4. Corporate Brands - Marketing and Design

Another important issue to achieve the desired brand positioning and build brand equity is according to Keller and Lehmann (2006) the adjustment of marketing and branding activities. Keller and Lehmann (2006) point to the fact that the resulting ultimate success and a positive synergistic result depend on how well marketing and branding activities work on their own, but also how they work in combination.

The authors specify three subareas, the brand-building contribution of brand elements, the impact of coordinated communication and channel strategies on brand equity, and the interaction of company controlled and external events. The first two aspects will be handled as part of the discussion of corporate concepts in general and of marketing as a multi-level approach (Balmer and Greyser, 2003), while the latter will be discussed within the section on coopetition.

In terms of the integration of marketing channels and communications Keller and Lehmann (2006) point to the various forms of advertising (broadcast, print, interactive, and so on) and the multiple ways of going to the market (via retailers, company owned stores, internet, mail, etc.) chooseable.

According to available research, such an integrated approach can lead to beneficial results (Keller and Lehmann, 2006). Vaid (2008) specifies the elements of an integrated corporate branding approach to be:

- experiential: how should the buyer feel and how can this be communicated in the design?
- functional: what benefit does the brand provide and how can this be communicated in the design?
- emotional: how would we like the customer to feel about owning this brand and how does he/she feel, given our chosen design?
- rational: will this brand appeal to the logical side of our buyer and how can it be communicated in the design?
- cultural: is there a culture of buying this brand and why and does the culture of buying it reflect the brand?
- visual: what should this brand look like and why? This includes colour, typography, logo, etc. The visual identity is a symbol of the brand and its associations for us.

An important element of communicational issues of corporate brands is that one of design (visual aspect). When considering this design aspects of a brand's identity Balmer and Greyser (2003) state that the graphic design lens is specified by many to be the dominant viewpoint within marketing. However, they contradict this explanation by explaining that this narrow sense of the graphic design perspective is not what informs their understanding of corporate identity. Independent from this generic discussion, Vaid (2008) argues that a clear design strategy influences people's positive perception of a brand in a competitive environment and brings the brand's values to life.

Designs (or in Vaid's, 2008 specification visual) are one of the key elements of corporate branding. A design is used to create meaning and project a corporate image and personality (Raffelt, Schmitt and Meyer, 2013). However, what is more important is the uniformity in the message that customers get about the quality and superiority of the product or service from the name, the symbol and the tune (Dubey and Babu, 2012). It is not just the uniform name, logo or signature tune.

4.1.5. Corporate Branding as Top Management's Responsibility

Healey, 2010, Keller and Lehmann, 2006 specify that the real owners of brands cannot be marketing or communications directors or vice presidents in charge of sales. This responsibility rests with the head of the entire organization, the chairman, or the CEO (Healey, 2010; Keller and Lehmann, 2006). Bernstein (1989) supports this specification by assigning the responsibility for the corporate brand to, or near the desk of, the CEO.

"Managing and communicating about corporate brands, building corporate identity and protecting corporate reputation are vital issues in the boardrooms of entities global and local, large and small, corporate and non-profit!"

(Quelch, 2003, preface)

Corporate brands create awareness and recognition via a name or logo. However they need to articulate its accord with key stakeholders by demonstrating unceasingly and over time that it has kept its corporate branding pledge (Balmer and Greyser, 2003). More than ten years earlier King (1991) argued that in a competitive situation, getting the company brand right is the most important managerial job, but that few companies have organized their management structure with that in mind. He explained that branding decisions tend to be made too tactically, too low down in the organization and with too little guidance from the top.

Top management is responsible for choosing brand versus product and price thinking. Positioning is an end result of top managements' preferences and beliefs as to the superiority and profitability of either mind set (Blichfeldt, 2005).

Vallaster and de Chernatony (2006) in this context argue that corporate branding is about brand-centred leadership. For example managers might help employees to develop a sense of identification with the corporate brand by providing recognition to individuals who contribute to the value of the corporate brand (Chiang et al., 2013). Joyce Stuart (2013) explored that the type of leadership required is brand specific transformational leadership. Thus the leader is involved much more deeply in articulating the sustainable brand vision and in acting as a role model for the sustainable corporate brand promise. The importance of the organizational leader, typically the CEO, in the development and maintenance of a sustainable corporate brand once more is highlighted (Joyce Stuart, 2013).

Wheeler (2009) expands this statement by specifying that beside this top down mandate a bottom up understanding of why it is important is required. According to his approach, the building, provision, and enhancement of the brand are based on desire and a disciplined approach which demands an engaged community of brand advocates (Cayabyab, 2009).

In the same context Healey (2010) specifies that brands are intrinsic to the products or services offered and need to be supported by all operations as they are more than just labels. Wood (2000, cited in Balmer and Grey, 2003, p. 43) expands this point of view by adding the time and iterative aspect of branding regarding the issues of corporate identity. He states:

"Identity is not something generic, safe, and secure. It is shaped by history and culture: it is about group feeling; allegiance to the state: it is, too, a common sense of culture, custom and language, to be sure, but in an open society that can be wide and inclusive. It is always in the making and never made."

An important reason for the necessity to assign corporate branding to top management is that of possible backlash of successful corporate brands on the corporation. Thus, as in contrast to the often told stories of success, such a backlash of corporate brands becomes more and more visible today (Palazzo and Basu, 2006). Palazzo and Basu (2006) found that firms with strong corporate brand power and success of corporate branding strategies in particular are often confronted with the rise of anti-corporate rhetoric and activism. This scenario often involves two different sets of actors: brand believers and anti-brand activists (Palazzo and Basu, 2006).

Berry (2000) explains that there is a link between the corporate brand and the promise that a company's behaviour can be measured against brand values. Every activity of a firm and its employees is compared against brand promises and values. The more successful the brand, the heavier the disappointment of loyal customers and the more serious the reputational damage in the case of corporate misconduct (Palazzo and Basu, 2006). As a result of this, it makes it increasingly difficult to achieve those increased expectations that are based on such a successful corporate brand and a communicated high quality positioning of an organization.

Additionally, it has to be remembered that an organization does not have a single reputation at any point of time (Abratt and Kleyn, 2012). It has more a number of reputations depending on the individual stakeholders concerned. The inherent values and the robustness of a corporate brand are hence not only necessary when dealing with the individual customer, but are much more of importance for the whole supply chain behind the brand (Roberts and Dowling, 2002). Referring to the similar issue, Spar and LaMure (2003) address the reputational risk awaiting those who merely simulate such corporate reputation with the 'window-dressing' of brands.

Palazzo and Basu (2006) argue that the secret to successful brand management lies in the balance of design and implementation. This balance has to be able to resolve the conflict between brand success and anti-brand activism. They point to the importance of reviewing whether corporate branding works in a specific industry. Trim and Lee (2003, p. 214) add to this problem of successful service brands that it is

"...worth noting that when customers experience a good customer service their expectations rise".

Following these outcomes, the value-based aspects of a corporate brand for a wholesaler, as well as the demanded balance to revolve the possible conflicts with the members of the different stakeholder groups will be discussed as part of the focus group interviews.

4.1.6. Sub-Concepts (such as Ingredient Branding) Supporting the Corporate Brand

Co-branding is one of the most common methods used in order to support the corporate brand, to take profit from brand potentials as well as to reduce the previously explained conflicts with members of different stakeholder groups. Although ingredient branding fits under this umbrella term, it has to be kept in mind that ingredient branding and co-branding are not the same thing and need to be differentiated (Kotler and Pfoertsch, 2010). Co-branding means that two or more branded products or services are joined to form a separate and

unique product or service (Vaid, 2008). Ingredient branding is a special form of co-branding and is based on the positioning of the corporate brand(s) (Kotler and Pfoertsch, 2010).

Kotler and Pfoertsch (2010) define ingredient branding as a complex branding concept involving multi-level marketing and an instrument for suppliers of components to escape the anonymity and substitutability of supplying a part or component. Technically, 'ingredient branding' is the term for a marketing strategy that takes the product, originally a B2B product, to the consumer market with the goal of gaining recognition as specified in figure 4.2.

Ingredient branding as a marketing concept has existed since the first half of the 20th century but has according to Kotler and Pfoertsch (2010) only recently started taken off. They explain this statement with early examples of ingredient branding in the chemical industry where DuPont was very successful in the 1960s with 'Teflon' as an independent brand to the buyer in the next stage of the value chain. Regarding product integration, the 'Intel Inside' campaign in the 80s is perhaps the most famous and successful one (Vaid, 2008; Healey, 2010). The concept of ingredient branding supports the gaining of greater marketplace exposure, as well as the sharing of high promotional costs with a partner. It also fends off the threat for private label brands (Vaid, 2008) while combining and amplifying the joint brand values (Kotler and Pfoertsch, 2010). According to Kotler and Pfoertsch (2010), Intel modified its branding concept in 2006 from the classical ingredient branding to a concept driven to a master brand, letting the product brands become the pulled ingredient.

Vaid (2008) adds that this strategy is popular when introducing new consumer goods. There are many different types of co-branding, for example, joint promotions, joint advertising, 'tie-ins', or physical product integration. While she defines joint promotion as one or both brands' attempt to secure corporate endorsements that improve their respective market positions (such as McDonald's and Disney), joint advertising is a technique to promote the complementary use of joint products and is a popular choice among companies.

Vaid (2008) specifies 'tie-ins' as a very successful type of cooperative marketing in which experiences are extended for example beyond the original book, film or music to products such as sweets, drinks or toys.



Figure 4.2: Ingredient branding framework

Kotler and Pfoertsch (2010), p. 29

Kotler and Pfoertsch (2010) explain that alongside product improvements and innovations, the offering of additional and unique services is a further source of differentiation for such an ingredient branding. They state that ingredient branding offers a potential for successful brand management and increased profits for companies, as well as the product and service offerings that create added value for the consumers. This statement is based on the fact that if a customer knows and understands the functions, features, and benefits of an ingredient (product and / or service), he or she will pay more attention to these offerings, which will lead to a loyal and profitable customer relationship (Desai and Keller, 2002).

Meyers (2010) in a foreword within Kotler and Pfoertsch's (2010) book 'Ingredient Branding' adds that the employment of an ingredient brand is not going to be the right strategy for every business at all times. According to Kotler and Pfoertsch (2010), small and medium-sized businesses should not miss the chance to differentiate and market themselves with a consistent and coherent brand especially when positioning in the business-to-business-to-consumer (B2B2C) markets.

Kotler and Pfoertsch (2010) points to a different role of ingredient branding by naming it a 'translation key'. According to this definition, ingredient branding is used to communicate a service or product's special features and advantages, which simplifies the decision making process for the customers of individual stakeholder groups.

Kotler and Pfoertsch (2010) further point to the fact that customers in the B2C industry might be willing to pay more for a branded product or service. Desai and Keller (2002) support this statement by referring to the variety of studies that have demonstrated that educated customers in particular appreciate products with branded ingredients. They argue that a successful ingredient brand can create consumer demand (pull effect) and that in order to achieve this goal most effectively, a manufacturer of ingredients should use a coordinated

push and pull programme as shown in the following figure. However, the potential of applying such a strategy heavily depends on the respective supplier's resources and products / services.

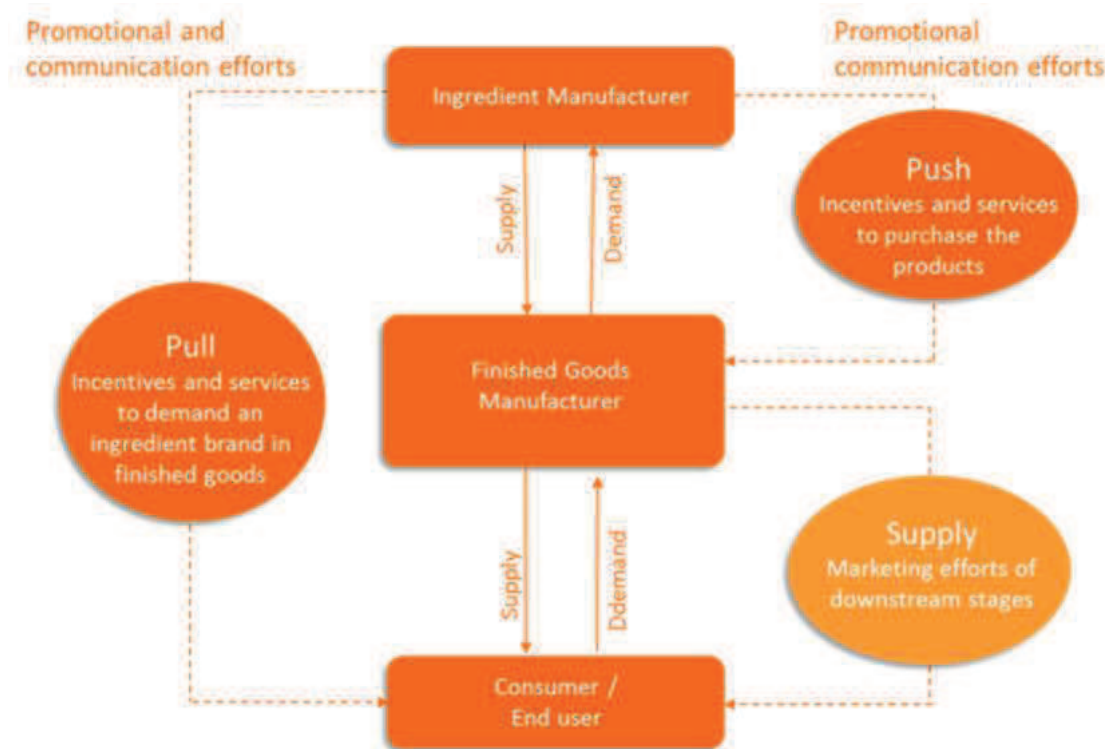


Figure 4.3: Push- and pull-principle of ingredient branding

Kotler and Pfoertsch (2010), p. 27

Kotler and Pfoertsch (2010) explain that by establishing an enhanced end-user/supplier relationship, ingredient branding rebalances the power between suppliers (in my case wholesalers as producers of differentiated and unique services) and OEM (in my case plumbers doing the installing) in favour of the suppliers.

Kotler and Pfoertsch (2010) state that the various conditions required for an ingredient branding concept include the following five aspects:

- The ingredient has to be highly differentiated and must create sustainable value for the customer.
- The ingredient is central to the functional performance of the final product.
- The downstream company supports the ingredient branding efforts made by the deliverer of the ingredient (product or service).
- The final product itself seeks a high-branded value and can differentiate the offering.
- The final products are complex, assembled from components supplied by multiple firms, who may sell the ingredients separately.

They further explain that these conditions are not set in stone and are continuously changing. The employment of ingredient branding will only be identified when Kotler and Pfoertsch's (2010) conditions are found within a supply chain and when they are of interest to the stakeholders.

Alongside the listed positive opportunities of ingredient branding, the concept might also be defined as a potential threat for the partners. Kotler and Pfoertsch (2010) address this threat, when they explore the wasted effort and investment in high competitive industries in which price-cutting dominates over innovation and quality improvements, making ingredient branding a risky undertaking. They say:

"To cut through multiple layers of the value chain and fight off lower prices can be a difficult endeavour."

(Kotler and Pfoertsch, 2010, p. 41)

4.1.7. Summary of Section 4.1

Corporate branding for service-based organizations is mainly based on people. It is extremely complex because of these human interactions involved and hence hard to 'brand' (Healey, 2010). However, branding is a key source of differentiation and people, as key assets of services branding, are the key source of differentiation for service organizations, such as the wholesalers discussed in this research (Berry, 2000; Gray, 2006). This implies a tension between 'branding' in service firms, and people as differentiators.

Corporate brands are not a prerequisite, nor is it necessarily desirable for every organization to have one (Balmer and Greyser, 2003), even though the positive aspects of corporate branding are evidenced in several studies (Argenti and Druckenmiller, 2004). Successful corporate branding enables customers to select between product and service offerings (Aaker, 1997), permits firms to communicate special features and advantages, and helps to simplify the buying decision process (Pinar and Trapp, 2008; Kotler and Pfoertsch, 2010).

- **Key findings explored from current knowledge:**

- *Branding is a key source of differentiation.*
- *People are the key source of differentiation for service-based organizations.*

King (1991) observed that corporate brands strongly differ from product brands. Corporate brands are more complicated and of greater strategic impact than their product brand counterparts (King, 1991). They need to appeal to a number of disparate groups such as employees, suppliers and customers (Davies and Ruper, 2007).

According to Aaker and Joachimsthaler (2000) every part of an organization needs to reflect the business strategy to support the resulting brand. Aaker and Joachimsthaler (2000) underline the complexity of this aspect and stress the importance of unconditional consistency between strategy and branding. According to them, strategy and branding are about making choices and trade-offs.

In 1991, King found that in times of increasing pressure, and as a result of rapid changes, companies have to ensure that they retain and build their customer base and margins if they want to succeed in building any enduring link with their consumers. King (1991) also explained that, under such circumstances, brand building is the only way to build a stable, long-term demand, add the values that will entice customers and consumers, hold decent margins, provide a base for expansion, add service, and transform an organization into a company that is attractive to work for or do business with.

Balmer and Greyser (2003) support this and point to the increasing importance of corporate brands to respond to new environmental pressures on businesses, especially when corporate boundaries have become less distinct and margins blur. Balmer (2002) argues that corporate brands play a key role for customers as well as for employees, would-be employees, stockholders, and other stakeholder groups. Leitch and Motion (2007) add that the possible roles of strong corporate brands include the ability to attract and retain good employees, to use economies of scale, to focus on long term strategy, and to add value to the corporate entity's balance sheet by the brand itself.

- **Key findings explored from current knowledge:**
 - *Branding is about making choices and corporate branding only suits organizations aiming for differentiation – at long last branding is about strategy.*
 - *Corporate branding has to appeal to a number of different stakeholder groups with potentially different demands and interests.*

Pointing to a completely different aspect, Balmer and Greyser (2003) state that brands often appear to be indistinguishable from corporate identities, but that a corporate brand is distinct from identity. They argue that the identity concept is applicable to all entities, while the corporate branding concept is not. Hatch and Schulz (2003) support this by arguing that corporate branding is implemented by an organization to transmit vision, beliefs, values and organizational norms to employees, thus transforming employee cognitions. Organizations hence cause employees to experience psychological ownership (Harris and De Chernatony, 2001).

Balmer and Soenen (1999) specify five identities that are present in any corporate entity. These identities are the actual identity (shaped by ownership, management style, business activities, performance, quality of products and services, etc.), the communicated identity (revealed through 'controllable' corporate communication), the conceived identity (refers to the perceptual concepts – corporate image, reputation and branding), the ideal identity (optimum positioning of the firm in its market), and the desired identity (lives in the hearts and minds of corporate leaders – it is their vision for the organization). All five identity types are linked to the concept of corporate branding (Balmer and Greyser, 2003) and can co-exist comfortably within a company even if they are somewhat inconsistent. Different identity types tend to inhabit different time frames.

Building on such notions King (1991) specifies that corporate brands represent a common culture – common aims, standards, language, approaches and style. There is a common personality, rather than a book of rules.

■ **Key findings explored from current knowledge:**

- *Corporate branding is founded on cultural and behavioural aspects and represents common aims, standards, language, approaches and style.*
- *A corporation's identity is an important part of a corporate brand.*

Another important issue to achieve the desired brand positioning and build brand equity is, according to Keller and Lehmann (2006), the adjustment of marketing and branding activities. The ultimate success and a positive synergistic result depend on how well marketing and branding activities work on their own, but also how they work in combination.

Considering the design aspects of a brand's identity Balmer and Greyser (2003) state that the graphic design lens is specified by many to be the dominant viewpoint within marketing. Vaid (2008) argues that a clear design strategy influences people's positive perception of a brand in a competitive environment and brings the brand's values to life and is hence one of the key elements of corporate branding. However, what is more important is the uniformity in the message that customers perceive (Dubey and Babu, 2012).

■ **Key findings explored from current knowledge:**

- *Marketing activities (the marketing mix as a whole) is an important part of, and fundamental to, a corporate brand.*
- *Design is crucial to adequately position a brand.*

The responsibility for corporate brands rests with the head of the entire organization, the chairman, or the CEO (Healey, 2010; Keller and Lehmann, 2006; Bernstein, 1989). Thus, as every activity of a firm and its employees is compared against brand promises and values, the more successful the brand, the heavier the disappointment of loyal customers and the more serious the reputational damage in the case of corporate misconduct (Palazzo and Basu, 2006).

- **Key findings explored from current knowledge:**

- *Corporate brands have to be assigned to top managers' responsibility.*

An important method to support the corporate brand is co-branding. This is done by taking profit from brand potentials, as well as by reducing the conflicts with members of different stakeholder groups. Although ingredient branding fits under this umbrella term, it has to be kept in mind that ingredient branding and co-branding are not the same thing and need to be differentiated (Kotler and Pfoertsch, 2010). Ingredient branding is a special form of co-branding and is based on the positioning of the corporate brand(s) (Kotler and Pfoertsch, 2010). As a marketing concept it has existed since the first half of the 20th century, but has according to Kotler and Pfoertsch (2010) only recently started to gain ground.

Kotler and Pfoertsch (2010) define ingredient branding as a complex branding concept involving multi-level marketing and an instrument for suppliers of components to escape the anonymity and substitutability of supplying a part or component. Technically, 'ingredient branding' is the term for a marketing strategy that takes the product, originally a B2B product, to the consumer market with the goal of gaining recognition, thus fending off the threat of private label brands (Vaid, 2008) while combining and amplifying joint brand values (Kotler and Pfoertsch, 2010).

Kotler and Pfoertsch (2010) explain that alongside product improvements and innovations, the offering of additional and unique services is a further source of differentiation for such ingredient branding. They state that ingredient branding offers a potential for successful brand management and increased profits for companies, as well as the product and service offerings that create added value for the consumers.

Meyers (2010) argues that the employment of an ingredient brand is not going to be the right strategy for every business at all times. However, according to Kotler and Pfoertsch (2010), small and medium-sized businesses should not miss the chance to differentiate and market themselves with a consistent and coherent brand especially when positioning in the business-to-business-to-consumer (B2B2C) markets.

Kotler and Pfoertsch (2010) point to a different role of ingredient branding by naming it a 'translation key'. According to this definition, ingredient branding is used to communicate a service or product's special features and advantages, which simplifies the decision making process for the customers of individual stakeholder groups. They further point to the fact that customers in the B2C industry might be willing to pay more for a branded product or service.

Kotler and Pfoertsch (2010) explain that by establishing an enhanced end-user/supplier relationship, ingredient branding rebalances the power between suppliers (in this case wholesalers as producers of differentiated and unique services) and OEM (in this case the plumbers doing the installing) in favour of the suppliers.

Alongside the listed positive opportunities of ingredient branding, the concept might also be defined as a potential threat for the partners. Kotler and Pfoertsch (2010) address this threat, when they explore the wasted effort and investment in high competitive industries in which price-cutting dominates over innovation and quality improvements, making ingredient branding a risky undertaking.

■ **Key findings explored from current knowledge:**

- *Ingredient branding is an appropriate tool to communicate a service or product's special features and advantages to customers and individual stakeholder groups.*
- *Ingredient branding establishes an enhanced end-user/supplier relationship and rebalances the power between suppliers and OEM customers in favour of the suppliers.*
- *SME might take advantage from employing ingredient branding to support differentiation (especially when acting in a B2B2C supply chain).*
- *Unique services and features support an ingredient brand.*
- *Ingredient branding might be a threat in industries in which price-cutting dominates over innovation and quality improvements.*

4.2 Generic Strategies and Corporate Branding

Brands help customers and stakeholders to identify and differentiate a company's offerings (Keller and Lehmann, 2006) and are able to sustain these added values in the face of competition (McDonald and de Chernatony, 1992).

If branding is about differentiating the company's offerings from that of the competitors or the company itself from them, the company has inevitable to be different itself or at least to be perceived by the stakeholders to be different. In particular this might be argued in the field

of service organizations aiming for differentiation while delivering exchangeable assortments (such as the researched supply chain).

Consequently a section, handling strategic aspects into a literature review is defendable to explore the appropriateness of such a link between strategy and corporate branding.

4.2.1. Investment in Sources of Competitive Advantages

As an industry's organizations are confronted with an increasing level of competition, they must try to sharpen their own profile by emphasizing their core competence(s) (Swatman, Krueger and van der Beck, 2006). This could be one way of creating 'differentiation' and competitive advantage.

Investment as well as reinvestment in sources of competitive advantage (such as people, infrastructure, knowledge, services) should lead to positional advantages in the marketplace (visualized in the following figure) and, in consequence, to performance advantages (Day and Wensley, 1988). Porter (1996) supports this point of view by identifying differentiation as a viable strategy for earning above-average returns as it creates such a sustainable competitive advantage.

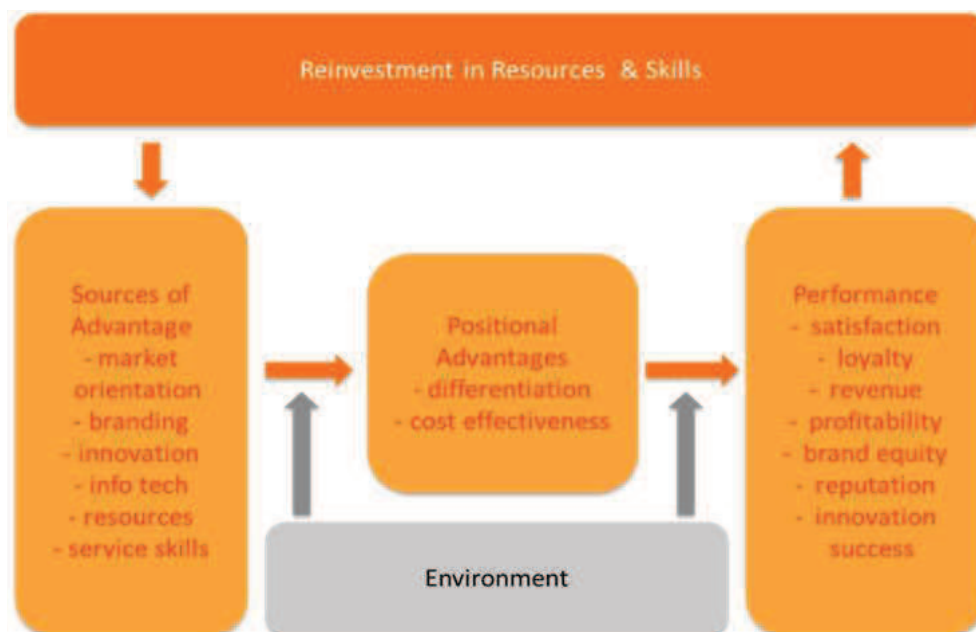


Figure 4.4: Services Competitiveness Research Model

Day and Wensley (1988)

Roberts and Dowling (2002) also explain that a good corporate reputation and a strong corporate brand make replication of positioning by competitors more difficult. Fetscherin and

Usunier (2012) add to this statement that as result a positive relationship between reputation and financial performance exists.

Homburg, Klarmamm and Schmitt (2010, stated in Biong and Silkoset, 2014, p. 179) explored that

“...investments in corporate brand name awareness are in line with the dominating B2B brand-building strategy toward building corporate brand preference, because buyers generally prefer well-known sellers.”

Biong and Silkoset (2014) conclude from these findings that well-known and reputable sellers should therefore capture larger market shares and be relatively more profitable than competitors who lack a reputation for such qualitative aspects.

In the same context, the level and congruence of social responsibility of a firm is quite an important aspect. Thus, as social responsibility encompasses the economic, legal, ethical and discretionary expectations that society (stakeholders) has of organizations at a given point of time (Carroll, 1979). Porter and Kramer (2006) argue that

“...if corporations were to analyse their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that corporate social responsibility can be much more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation and competitive advantage.”

In the same context, Gray (2006) found fairly strong relationships between the degree of investment in branding and corporate reputation and overall organizational performance.

4.2.2. Competitive Strategies and Differentiation

It is nearly impossible to talk about strategy without talking about competition – competitive strategy, competitive benchmarking, competitive advantages, and outperforming the competition (Kim and Mauborgne, 1999). The competitive advantage of a company depends on its ability to use the opportunities of the business' external environment (industry), its strategy, and its internal characteristics (Hellman, 2006). To reflect to the opportunities in an appropriate way it might hence be argue that it is important to know the company's internal strengths and weaknesses as well as the external opportunities and threats.

As early as in 1955, Ducker specified that a failure to understand the company's business is a deadly sin, a statement to which he added that it is almost always a difficult question which

“...can be answered only after hard thinking and studying and to which the right answer is anything but obvious”. (p. 46)

From the strategic point of view, Porter (1996) focuses strongly on the external factors and their sustainable influence on the competitive advantages of a company within an industry. According to him, competitive strategy is about being different, which means a company will deliberately choose a different set of activities to deliver a unique mix of value. Mazzucato (2006) explains that a firm's competitive advantage potential depends on the values, rareness, and immutability of its resources and capabilities as well as on the organizational competence to exploit its resources and capabilities. Berry (1995, cited in Raich and Crepaz, 2009), states that, with regards to the service aspect, it is necessary to deliver excellent service stand out from one's competitors, to build strong relationships with customers, and to compete on value without competing on price.

In consequence, the competitive success of a company flows from the quality and intensity of strategizing and economizing (Mazzucato, 2006). In this context Kotler and Keller (2006) insist:

“It is one thing to find attractive opportunities and another to be able to take advantage of them.”

Nedergaard and Gyrd-Jones (2013) explain that innovation is such a key driver of brand growth and explored that corporate brands can contribute to both, guiding and driving important processes such as innovation.

Pointing to an additional issue, namely that one of sustainability of competitive advantage, Wilson and Gilligan (2005), p. 399 explain:

“The problem faced by many companies, therefore, is not how to gain a competitive advantage, but how to sustain it for any length of time. Most marketers are, for example, fully aware of the profit potential associated with a strategy based on, say, premium quality or technological leadership. The difficulty that is all too often faced in practice, however, is how to guard against predators and capitalize on these benefits over the long term.”

Balmer (2001) supports that statement, but adds that strategic planners realize the powerfulness of a strong and favourable corporate brand in a company's armoury. Referring to the same context Balmer (2011, p. 1330) states:

“In practitioner and in industry contexts, there appears to be a growing realization that organizations per se are of growing importance in the

field of marketing as a means of differentiation and competitive advantage.”

According to his explanation the statement is based on the growing importance of corporate reputation, corporate communication and corporate branding as well as to corporate identity and identifications.

Wilson and Gilligan (2005) point to the importance of leveraging resources (transfer of money and knowledge) over aligning positions (sharing common brands and establishing comparable reputation). This makes it possible to integrate activities (sharing and linking value-adding activities such as production, distribution, real estate, finance, back office) within the common brand of different strategic business units.

As explored by Kotler (2000), some organizations base their competitive advantage on physical assets such as infrastructure, their employees, or their distribution network. Others base their advantage on intangible assets such as their reputation (Keller, 1993) and their corporate branding, which Berry (2000) and Gray (2006) consider a key source of differentiation, success, and competitiveness especially within services (Gray, 2006). Leitch and Motion (2007) cite the model of advertising agency Young and Rubicam which defines four measures of brand equity: differentiation, relevance, esteem, and knowledge.

Aaker (1996, p. 306) supports the importance of differentiation for a successful corporate brand by stating that a corporate branding model has to start with differentiation because:

“[a] new brand with ambitions to become strong must start by developing a real point of differentiation. Conversely, a loss in differentiation is usually the first sign that a strong brand is fading. Differentiation leads.”

Gray (2006) found a strong correlation between market orientations, investment of service firms in branding, investment in personnel skills training, higher customer skills level and the resulting outperformance of firms. Angel and Johnston (2008) point to the same when they explain that a firm has to know why their services are different from everyone else's offerings as a 'me too' brand position would not generate superior revenue per professional staff member in a competitive market.

Challenging this view of the significance of differentiation, Leitch and Motion (2007) argue that the interplay between normalization and differentiation is at the heart of the creation of corporate brand value. Moreover, they explain that organizations that fail to pay attention to the inherent tension between the two concepts of normalization and differentiation are unlikely to have strong brands.

To understand this statement the two ideas have to be explained first: 'Normality/Normalization' could be defined as 'to stay within established rules'. These might for example be legal, ethical or market rules. Differentiation, in contrast, could be specified as not 'conforming' to the rules. The boundaries between these two ideas are fluid and extremely difficult to convert from a concept into daily business. Only corporate brands that operate within discourse norms will be accepted as 'truth', establish differentiation and, hence create equity (Leitch and Motion, 2007).

Resulting from this might be argued that an appropriately differentiated company should be outside the boundaries of normal and established levels of quality and services but at the same time has to accept established rules in regard to legal, ethical and market rules. A successful corporate branding model should follow this specification of Leitch and Motion (2007).

By respecting the arguments of Leitch and Motion (2007) it might be argued that the models of Young and Rubicam as well as Aaker, Balmer, Berry, Gray and Keller seem to support my statement at the beginning of this section, which specified differentiation as key in leading to a sustainably successful corporate brand.

4.2.3. Importance of Consistency between Strategy and Tactics

There is a close relationship between the corporate brand and the firm it represents (Leitch and Motion, 2007). The firm's role in answering the two main questions of corporate identity, 'who are we?' and 'what are we?' is substantial for a successful corporate branding concept. As a company it is important to start with the basics, the answer to who you are, as it is not good to tell people what you are and what you believe in, if they have no idea who you are (Bernstein, 1989).

Bernstein (1989) further states that there is no use in employing corporate communication to correct a company's image. He compares this endeavour to believing that painting the lavatory door will cure the plumbing. Evidencing this statement, Bernstein (1989) cites Boorstin who contrasted the employment of advertising with clarifying the fundamental question as the decision to change the face rather than the heart. Bernstein (1989) also cites Fitch who specifies that a new logo is no substitute for a new board of directors, a statement that correlates to the already defined importance of brand ownership. Corporate advertising is about the heart of the company and has to be based on true values. A company has to wear its heart on its sleeve (Bernstein, 1989). Bernstein (1989) defines integrity as the key to branding.

At the beginning of this section I already cited his definition of branding as a reminder of past performance and a guarantee of future satisfaction. Both facts implement a sustainable vote of stakeholders' confidence based on an established reliability and integrity of the corporate brand. Leitch and Motion (2007) argue that there is by far less room for an advertising hype than there is with product and service brands, exactly because of this tight link between the corporate brand and the firm it represents. Bickerton (2000) defines the starting point for corporate branding to be customer value (bottom-up strategic marketing approach). Nevertheless, this approach has to be guided by an appropriate vision and strategy which represent a top-down approach (Gray, 2006). By combining these different points of view, corporate branding could be defined as an idea founded on customer value and driven by the vision and strategy of a corporation which reflects to this customer values.

It is very important that a firm has a clear idea about itself, what its priorities are, how it wants to conduct itself, and what its business is (Olins, 1979). Miller and Merrilees' (2013) research explored a brand association between customers' perceptions of retailer sustainability practices and their brand attitudes towards the retailer corporate brand.

Balmer and Gray (1999) explain that, in essence, corporate identity is the reality and uniqueness of an organization which is integrally related to its internal and external image and reputation through corporate communication. This statement supports the connection between the sustainable competitive advantage of a firm and the well-defined and established corporate brands which add value to a firms' products and services and reduce uncertainty in the minds of their customers (Balmer and Gray, 1999).

Additionally, Balmer and Gray (1999) refer to the key of today's knowledge organizations which is to stay competitive and able to attract and retain skilled and motivated employees. Gray (2006) found that having strong brands and motivated and skilled staff are the two most important sources of competitive advantage. He points to the link between strong brands and investment in marketing, improvement of customer awareness, understanding corporate brand values, contribution to the wider community to improve corporate reputation, internal communications to improve front line and professional staff, which enables staff to help customers better, and improving service quality to improve market positioning.

Davies, Chun, Da Silva and Roper (2003) suggest that customer satisfaction drives performance and, in turn, is driven by image. Both factors are driven by employee satisfaction. I will come back to the very important role of employees as part of section 4.3, p. 132. Davies et al. (2003) summarize their model in the corporate reputation chain:

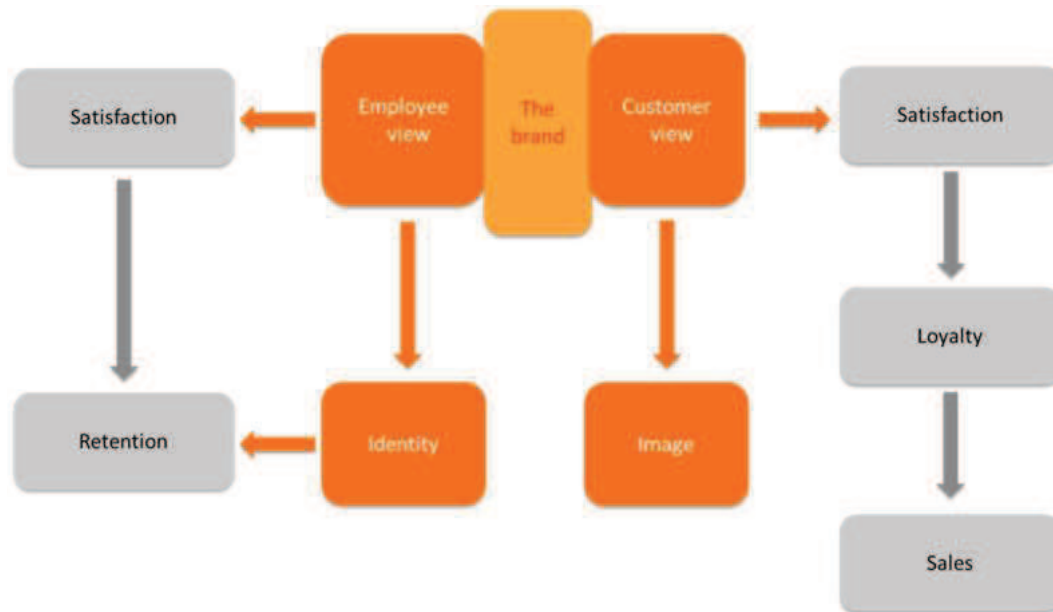


Figure 4.5: Corporate Reputation Chain

Davies et al., 2003, p. 76

Bergstorm, Blumenthal and Crothers (2002) refer to the close relationship between corporate brands and corporate reputation. They suggest that both are fundamentally intangible, helping companies to achieve sustainable competitive advantage, contributing to a higher propensity among customers to buy from a particular source, and provide opportunities for generating a significant future income stream.

Only a few firms can state that virtually everyone within the organization is aware of certain obligatory standards in products, service, pricing, human relations, and quality (Olins, 1978) and, consequently, also of Gray's (2006) main practices. In general and with no refer to the SHAP industry, Olins (1978) explains that only such outstanding groups of firms have a powerful idiosyncratic and well understood resulting identity, as well as a well-established competitive advantage and, based on this fact, achieve above average overall performance.

According to Olins (1978), most organizations fall into two quite different groups. First, those whose culture, behaviour pattern, and way of life form such a strong part of the industry in which they operate that it is practically impossible to tell any of them apart. Many of the regional owner lead SME's are trying to survive by copying their competitors and are part of this group.

Second, there are those organizations that have grown through mergers, acquisitions, joint ventures, and swallowing rivals, suppliers, and customers. They often have great difficulty in knowing who and what they are and, hence, in maintaining clear and consistent standards. In

this group, individual units often maintain their identity which is influenced by their history, and the personalities who once dominated those units (Olins, 1978). The multinational group companies can be assigned to this group.

Much more, inconsistency between strategy and tactics may be interpreted at least partially by the firms' members' insufficient level of clarity regarding the corporate identity and, consequently, the lack of a sufficient corporate brand (Olins, 1978). Olins (1978) further explains that this gap is often amplified by top management's effort to solve the issue by

"...putting fresh bright signs on a squalid and decaying edifice"

Consequently such an effort indicates that management has the wrong priorities as there would much more be the need for more research on customers' perceptions of value to determine the value service reputation and branding activities provide and whether positive perceptions improve the service experience (Gray, 2006).

In addition to the two described groups of strategic errors, the effect of an insufficient common identity is often based and amplified by the employment of diversified structures in which the different divisions are only vaguely interested in the overall organizational mission and a strong common identity (Stuart, 1999). In this context, Mintzberg (1989) specifies that divisional managers' attention on the famous bottom line causes a focus

"...on the carrot just in front instead of the field of vegetables beyond".

Stuart (1999) supports this statement by referring to the fact that in most of these organizations the overall company values, such as integrity and quality, are sacrificed to competition and short term success.

I might summarize that the section showed an existing context between the inconsistency of strategy and tactics and the lack of a well-established common corporate identity. The readiness of organizations as well as of their leaders to adapt every-days decisions and behaviour to the strategy, as well as to the targeted positioning, might be questioned, based on these findings.

4.2.4. Summary of Section 4.2

It is nearly impossible to talk about strategy without talking about competition – competitive strategy, competitive benchmarking, competitive advantages, and outperforming the competition (Kim and Mauborgne, 1999). Consequently organizations must try to sharpen

their own profile by emphasizing their core competence(s) (Swatman, Krueger and van der Beck, 2006).

Investment, as well as reinvestment, in sources of competitive advantage (such as people, infrastructure, knowledge, services) should lead to positional advantages in the marketplace and, in consequence, to performance advantages (Day and Wensley, 1988). Porter (1996) supports this point of view by identifying differentiation as a viable strategy for earning above-average returns, as it creates such a sustainable competitive advantage. Berry (1995, cited in Raich and Crepaz, 2009), states that, with regards to the service aspect, it is necessary to deliver excellent service to stand out from one's competitors, to build strong relationships with customers, and to compete on value without competing on price.

As explored by Kotler (2000), some organizations base their competitive advantage on physical assets such as infrastructure, their employees, or their distribution network. Others base their advantage on intangible assets such as their reputation (Keller, 1993) and their corporate branding, which Berry (2000) and Gray (2006) consider a key source of differentiation, success, and competitiveness especially within services. Gray (2006) found fairly strong relationships between the degree of investment in branding and corporate reputation and overall organizational performance, as well as a strong correlation between market orientation, investment of service firms in branding, investment in personnel skills training, higher customer skills level and the resulting outperformance of competitor firms.

Aaker (1996, p. 306) supports the importance of differentiation for a successful corporate brand by stating that corporate branding has to start by developing a real point of differentiation and conversely, a loss in differentiation is usually the first sign that a strong brand is fading.

▪ **Key findings explored from current knowledge:**

- *Corporate branding is about differentiating a company from competitors and hence the organization itself has inevitably to be different.*
- *Corporate branding is a powerful key source of differentiation, success, and sustainable competitiveness especially within services. Thus, a corporate brand is difficult for a competitor to imitate. Consequently corporate branding drives organizational performance.*
- *Investment in corporate reputation and corporate brands in B2C markets supports an organization's positioning and profitability, as customers are likely to buy from well-known companies.*

- *It is necessary to deliver excellent service, standing out from one's competitors, to build strong relationships with customers and to establish a sustainable successful corporate brand*

There is a close relationship between the corporate brand and the firm it represents (Letch and Motion, 2007). The firm's role in answering the two main questions of corporate identity, 'who are we?' and 'what are we?' is a substantial one in corporate branding. As a company it is important to start with the basics, the answer to who you are, as it is not good to tell people what you are and what you believe in, if they have no idea who you are (Bernstein, 1989).

Bergstorm, Blumenthal and Crothers (2002) refer to the close relationship between corporate brands and corporate reputation. They suggest that both are fundamentally intangible, helping companies to achieve sustainable competitive advantage, contributing to a higher propensity among customers to buy from a particular source, and provide opportunities for generating a significant future income stream.

Only a few firms can state that virtually everyone within the organization is aware of certain obligatory standards in products, service, pricing, human relations, and quality (Olins, 1978). He explains that only such outstanding groups of firms have a powerful idiosyncratic and well understood resulting identity, as well as a well-established competitive advantage and, based on this fact, achieve above average overall performance.

Davies, Chun, Da Silva and Roper (2003) suggest that customer satisfaction drives performance and, in turn, is driven by image. Both factors are driven by employee satisfaction. Brands help customers and stakeholders to identify and differentiate a company's offerings (Keller and Lehmann, 2006) and are able to sustain these added values in the face of competition (McDonald and de Chernatony, 1992).

▪ **Key findings explored from current knowledge:**

- *If branding is about differentiating the company's offerings from that of the competitors or the company itself from them, the company has inevitably to be different itself, or at least to be perceived by the stakeholders to be different.*
- *In particular, this might be argued in the field of service organizations aiming for differentiation while delivering interchangeable assortments. It might hence be specified that differentiation is key in leading to a sustainably successful corporate brand.*
- *Everyone in an organization has to be aware of the obligatory standards in products, service, pricing, human relations, and quality.*

4.3 Corporate Branding: Dealing with Multiple Stakeholders

Using Freeman's (1984, p. 25) well-accepted definition, stakeholders can be specified as

"any group or individual who can affect or is affected by the achievement of an organization's purpose."

(Fiedler and Kirchgeorg, 2007, p. 178)

Fiedler and Kirchgeorg (2007) analysed if customers, employees, and shareholders are truly distinguishable target groups for corporate branding strategies when looking at them as important stakeholders. They criticize attributes such as priorities, opinions, values and others, as they regard them as assumptions that do not reflect the stakeholder group. The outcomes of their study seem to show that there are, indeed, stakeholder specific attributes, although they found that many of these attributes were generic.

Based on the outcomes of their research they suggest that marketing strategies can specifically target individual stakeholder groups so that a corporate brand can be positioned accordingly. Nevertheless, they conclude that some attributes are valuable for the differentiation of the corporate profile among groups, while others are helpful for implementing generic associations. Different target groups of a corporate brand can be addressed by 'micro' associations while 'meta' associations are congruent over all groups. To specify these aspects in more detail, they explain that:

- Different stakeholder groups can be approached individually and according to their priorities.
- Generic positions should be pursued affectively while specifics can be delivered via knowledge building advertisement.
- Each stakeholder group can be addressed via distinct communication channels according to differences in media exposure.

It might be argued that the findings of Fiedler and Kirchgeorg (2007) are of fundamental importance for the specification and implementation of a successful corporate branding concept for an organization, dealing with multiple stakeholders. Thus as the findings show the appropriateness and necessity to respond to the individual stakeholder groups as well as to adapt associations to these groups. Their findings further support the existence of multiple stakeholder's differing perceptions of a company.

In the context of communicating to stakeholders, Spear and Roper (2013) point to the increasing importance of 'story telling' in order to differentiate the corporate brand. Further

on they refer to the necessity of including benefits for stakeholders, emotions and aspects of the corporate strategy in stories. Spear and Roper (2013) explain that in contrast to these demands, organizations frequently neglect these aspects and instead focus mainly on their accomplishments.

4.3.1. Multiple Stakeholder's Differing Perceptions of a Company

"Consumers' perception as a whole and its role in society can significantly affect a brand's strength and equity"

Hoeffler and Keller (2002)

Balmer and Greyser (2003) argue that corporate brands are found in organizational bodies of every category and boundary, span organizations, and represent an explicit covenant between organizations and their stakeholder groups. Leitch and Motion (2007) explain that corporate brands are vulnerable to the attribution of meanings that are beyond the control of their creators. While these attributions may be damaging, they are not artefacts of the corporate marketing practice but are caught up in the systems of thought and the discourses within which they have become objects (Leitch and Motion, 2007).

Alongside the discourse contexts created by the firm through promotional and / or advertising campaigns, stakeholders may experience the brand within those discourse contexts that are not of the organization's choosing and control and may, at least in some regards, be damaging to the brand (Leitch and Davenport, 2007).

Expanding the context of multiple identities Balmer and Greyser (2003) explain that different stakeholder groups and different market segments may have different perceptions of a company as multiple identities can co-exist comfortably within a company even if they are slightly different. This statement corresponds to the conclusively findings of Fiedler and Kirchgeorg (2007) that there are stakeholder specific attributes (cited at the very beginning of this section).

Balmer and Greyser (2003) define corporate identity as inhabiting a tripartite world: a triquadri orbis, 'visual', 'organizational', and 'corporate' identification. The visual identity brings communication and reality into alignment via visual means.

If done well, an organization's identity at long last results in loyalty from its multiple stakeholders and positively affects organizational performance (Balmer and Greyser, 2003).

4.3.2. Interaction of Employees with Multiple Stakeholders

Pointing to an important sub-area within the context of multiple stakeholder's differing perceptions of an organization, Schultz and de Chernatony (2002) specify that corporate branding is about the interaction of the organization's employees with multiple stakeholders and that its success largely relies on employees' attitudes and behaviours in delivering the brand promise to external stakeholders (Khan, 2009). Balmer and Greyser (2003) argue that corporate brand values are not contrived but need to be credible. The role of personnel and of 'culture' in establishing, maintaining and understanding corporate brand values are of the essence. Organizations ought to convert social responsibilities into economic opportunities (Ducker, 1984). The higher the consistency of the processes and strategies, the higher might be the chance of the brand getting stronger (Khan, 2009). Khan (2009) in this context explains, that each interface with the customer is a 'moment of truth' in which the brand promise has to be fulfilled adequately.

Alternatively, a customer interface may lead to increased valuation of the brand's superiority and, in consequence, increase customer loyalty. Pierce, Kostova and Dirks (2001) argue that the employees' related questions are who am I, what do I believe in, do I feel the organization is mine, and will I stay? According to them employees need to be willing and able to 'be the brand' every day they come to work. Khan (2009) explains that this is possible if there is a strong, shared understanding of the brand throughout the company but that all advertising efforts are wasted if that is not the case. Chiang, Chang, Han and McConville (2013) point to the positive affect of the cognitive-affective sentiments of employees, resulting from a corporate brand, adequately transmitting the brand vision, culture and image, supporting the interaction with multiple stakeholders, facilitating a pro-brand departmental coordination, as well as human resource practices and communication. The positive attitude and altruistic behaviour with respect to the organization is explained by scholars of organizational theory by the cognitive-affective construct of psychological ownership (Pierce, Jussila and Cummings, 2009). Chiang et al. (2013) explored a positive relationship between organizational level brand and customer satisfaction.

According to Khan (2009), 'being the brand' does not mean being generically nice. It requires the whole organization to work together in pursuit of shared goals that leads to brand harmony. He explains that it is critical that employees believe in and consistently deliver on the corporate brand promise as it helps building up barriers to competition. Alongside the brand supporting and productivity maximizing aspects of hiring and retaining such employees, the cutting of costs for mistakes, lost time, and retraining are substantial.

In turn, making a measurable contribution to the bottom line is the strongest hedge for employees against being cut (Khan, 2009). Organizations tend to retain the best people. This facilitates superior performance if the right employees are kept satisfied (Khan, 2009). This confirms the importance of the employee as a stakeholder group to the sustainable success of the corporate brand.

4.3.3. Homogenously Combining B2B and B2C Activities

In the context of dealing with multiple stakeholders it is appropriate and necessary to differentiate between business customers and consumers. Thus, much more in an industry with a coopetitive environment and a complex buying decision structure with multiple dependencies. According to Jensen and Klastrup (2008) many distinguished scholars commented on the issue that B2B customer based branding is at least as important as B2C branding.

The described integral approach of corporate branding as well as the specified brand elements (see the section on corporate branding) builds the basis for both customer groups (business as well as consumer) whether they are consumers or business customers. Different brand personalities affect different types of people in different consumption settings (Aaker, 1997). Beyond loyalty and / or commitment, Fournier (1998) specifies the brand relationship quality in this context as multi-faceted. It consists of six dimensions which are self-concept connection, commitment or nostalgic attachment, behavioural interdependence, love/passion, intimacy, and brand-partner quality (Keller and Lehmann, 2006). These issues have a serious effect within the given market environment and for the multiple stakeholders of wholesalers as service organizations.

Investment in corporate branding to enhance the quality reputation is according to the literature ambiguous (Biong and Silkoset, 2014). While B2B brand management suggests an increased suppliers' ability to charge price premiums (Persson, 2010), studies in the B2C contexts show that buyers would pay lower or no price premium to suppliers with a credible corporate quality reputation (Biong, 2013, Andrews and Benzing, 2007).

Nevertheless it has to be kept in mind that price premiums are conceptually different from premium prices. Biong and Silkoset (2014) argue that a high-quality supplier charging a high price that only compensates for the higher production cost with the same profit as a low-quality product (service) would receive a price premium.

Marketing literature shows a contention that gaps between corporate and (multiple) key stakeholders' perspectives have unfavourable implications for corporate brand performance (Anisimova and Mavondo, 2014). Their finding supports the previously specified issues of homogeneously combining and coordinating multiple stakeholders' demands and perceptions. Anisimova's and Mavondo's (2014) research ended in robust results that supported the hypothesis of negative performance impact of manufacturer-dealer misalignment on the suppliers' corporate brand.

4.3.4. Summary of Section 4.3

Stakeholders can be specified as any group or individual who can affect or is affected by the achievement of an organization's purpose (Freeman, 1984; Fiedler and Kirchgeorg, 2007).

In the context of dealing with multiple stakeholders it is appropriate and necessary to differentiate between business customers and consumers. This is much more so in an industry with a coopetitive environment and a complex buying decision structure with multiple dependencies. According to Jensen and Klastrup (2008) many distinguished scholars commented on the issue that B2B customer based branding is at least as important as B2C branding.

Investment in corporate branding to enhance the quality reputation in such an environment is ambiguous (Biong and Silkset, 2014). While B2B brand management suggests an increased suppliers' ability to charge price premiums (Persson, 2010), studies in B2C contexts show that buyers would pay lower or no price premium to suppliers with a credible corporate quality reputation (Biong, 2013, Andrews and Benzing, 2007). Biong and Silkset (2014) argue that a high-quality supplier charging a high price that only compensates for the higher production cost with the same profit as a low-quality product (service) would receive a price premium.

Different brand personalities affect different types of people in different consumption settings (Aaker, 1997). Balmer and Greyser (2003) explain that different stakeholder groups and different market segments may have different perceptions of a company as multiple identities can co-exist comfortably within a company even if they are slightly different. According to them, inherent corporate brand values are not contrived, but need to be credible. The role of personnel and of 'culture' in establishing, maintaining and understanding corporate brand values are of the essence.

Balmer and Greyser (2003) argue that corporate brands are found in organizational bodies of every category and boundary, span organizations, and represent an explicit covenant between organizations and their stakeholder groups. Leitch and Motion (2007) explain that corporate

brands are vulnerable to the attribution of meanings that are beyond the control of their creators. While these attributions may be damaging, they are not artefacts of corporate marketing practice, but are caught up in the systems of thought and the discourses within which they have become objects (Leitch and Motion, 2007).

▪ **Key findings explored from current knowledge:**

- *Corporate branding, while dealing with B2B and B2C customers, is ambiguous and complex. Different stakeholder groups and different market segments may have different perceptions of a company.*
- *The underlying corporate brand values need to be credible and the culture of a firm has to establish and maintain the corporate brand values.*

Pointing to an important sub-area within the context of multiple stakeholder's differing perceptions of an organization, Schultz and de Chernatony (2002) specify that corporate branding is about the interaction of the organization's employees with multiple stakeholders and that its success largely relies on employees' attitudes and behaviours in delivering the brand promise to individual external stakeholders (Khan, 2009).

Consequently, employees need to be willing and able to 'be the brand' every day they come to work (Pierce, Kostova and Dirks, 2001). According to Khan (2009), 'being the brand' does not mean being generically nice. It requires the whole organization to work together in pursuit of shared goals that leads to brand harmony. He explains that it is critical that employees believe in, and consistently deliver on, the corporate brand promise, as it helps building up barriers to competition. This confirms the importance of the employee as a stakeholder group to the sustainable success of the corporate brand.

The literature recently shows a contention that gaps between corporate and (multiple) key stakeholders' perspectives have unfavourable implications for corporate brand performance (Anisimova and Mavondo, 2014).

▪ **Key findings explored from current knowledge:**

- *Employees need to be willing to be the brand and hence have to know the underlying values and brand attributes.*
- *Current knowledge supports the need to homogeneously combine and coordinate multiple stakeholders' demands and perceptions.*

4.4 Corporate Branding in a Coopetitive Industry

One of the reasons which stimulated this work was the need to extend the conceptual domain to coopetition. The majority of the literature deals with coopetition between firms. However, coopetition is possible even between firms and their customers (Walley, 2007) as explored in the specific case of the SHAP industry between wholesalers and plumbers.

Competition is engaged in by two or more individuals, groups, or organizations to attain a certain objective. A firm strengthens its own competitiveness in order to survive (Porter, 1980) and create higher values. Organizations try to acquire and use scarce resources more efficiently than other competitors (Chien and Peng, 2005). The idea behind competition is built on the assumption that individuals act to increase their own interests (Bengtson and Kock, 2000) leading to tensions and conflicts where interests differ between actors (Eriksson, 2008). Cooperation, in contrast, is based on trust and mutuality, resulting in a harmonious relationship (Bengtson and Kock, 2000). They, hence define cooperation as opponent behaviour to competition because the interactive process generated from relationships is based on acquiring common interest among individuals, groups, and organizations. The importance of such cooperative concepts has often been pointed out by scholars (Chien and Peng, 2005). Hamel (1996) additionally points to the firm's ability to strengthen its core competitiveness through the employment of strategic alliances.

These two specifications show a view of competition and cooperation at opposite ends of a spectrum (Lado, Boyd and Hanlon, 1997). In practice, firms have concurrently applied a syncretized model of competition and cooperation. Less attention has been paid to these coopetitive concepts as prior studies have focused only on competitive or cooperative strategies and concepts, respectively (Chien and Peng, 2005). Swatman, Krueger and van der Beck (2006) further specify that the possibilities to link companies and technologies in a variety of ways as cooperative/competitive (coopetitive) networks have increased significantly over the past few years. According to Chien and Peng (2005), the issue of coopetition has been noticed by some scholars in the field of strategic management (such as Brandenburg and Nalebuff, 1996; Lado, Boyd and Hanlon, 1997; Teece, 1992; Uzzi, 1997) but there is almost no research available in the field of corporate branding.

Chien and Peng (2005) explain coopetition as a cooperative and competitive model adopted by a firm for developing market or reducing cost to improve the firm's competitiveness and acquire a market leading position. Emerging from firms' partial congruence of interest, Brandenburg and Nalebuff (1996) define coopetition as the simultaneous occurrence of

cooperative and competitive behaviour. Coopetition is the balance between these two elements in a buyer – supplier relationship (Eriksson (2008). Coopetition may represent ‘cooperation and competition’ as well as ‘cooperation with competitors’. With regards to the latter the best partner for a firm in a strategic alliance is often the strong competitor and thus cooperation can enhance a firm’s competitiveness (Chien and Peng, 2005).

Eriksson (2008) emphasizes the importance of balancing cooperation and competition in the purchasing framework and shows that actions taken during the different stages of the buying process affect coopetition in buyer – supplier relationships. As his research deals with the neo-classical competitive and cooperative focus, the work gives no answer regarding the effects of lack of balance on the common end consumer.

Stump (1995) points to the fact that purchased goods and services typically exceed other costs in most companies and that purchasing and transaction governance heavily affect the competitive advantage (Noordewier, John and Nevin, 1990).

Nevertheless, according to Noordewier, John and Nevin (1990), transaction cost economics is a suitable framework for purchasing decisions but has a competitive focus and neglects the importance of cooperation, trust, and the social context of the transaction (Ghosal and Moran, 1996) to support the organization’s development and sustainable success.

Coopetition is vital to innovation (Teece, 1992) and the sustainable success of individual firms (Lado, Boyd and Hanlon, 1997). Eriksson (2008) summarizes that in the mix of cooperative and competitive elements, cooperation enhances coordination of activities, joint problem solving, and transaction specific investments (Uzzi, 1997). Competition is important for the effectiveness of the relationship (Bengtson and Kock, 1999). As the governance form defines how the exchange parties cooperate and compete (Williamson, 1996), the challenge is to establish the right balance and the appropriate governance from where competition and cooperation can take place (Teece, 1992). Eriksson (2008) specifies that a complete focus on competition would be suitable for governance of occasional standardized transactions with short durations and low uncertainty, as this aspect is closely related to price-based markets. However, if complexity and customization increases, informal and incomplete contracts should be used as they enhance adaption to changed circumstances (Macneil, 1978). These aspects are closely related to trust-based bilateral governance and a complete focus on cooperation is suitable for such transactions with high frequency and high uncertainty (Eriksson, 2008). In reality, transaction characteristics do not often reach the extremely high or low level that requires pure cooperation or competitive strategies. Instead most transactions are located

somewhere in between the extremities of the continuum, making some kind of coopetition suitable even if this is not an exactly symmetrical coopetition (Eriksson, 2008).

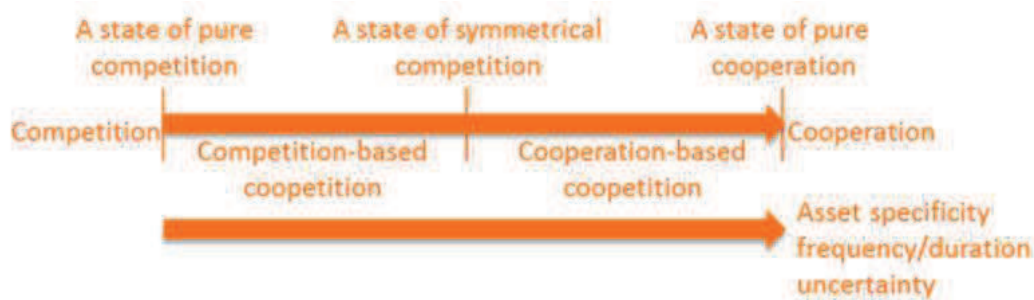


Figure 4.6: The Competition - Cooperation Continuum

Eriksson (2008), p. 431

In such a cooperative relationship between supplier and customer formal safeguards can be constituted by informal socialization (Wathne and Heide, 2000), solidarity norms (Rokkan, Heide and Wathne, 2003), and joint action (Heide and John, 1990).

Eisenhardt (1985) as well as Aulakh, Kotabe and Sahay, (1996) points to the importance of building a common organizational culture that encourages self-control and minimizes the divergence of preferences among the parties. Das and Teng (1998) and Rokkan, Heide and Wathne (2003) add that through joint activities the parties utilize shared norms and values, which develop solidarity and mutual understanding, and encourage desirable behaviour. This leads to a higher level of behavioural predictability.

According to Das and Teng (1998), this process facilitates trust and commitment and is the most appropriate form of control in trust-based network relationships, focusing on cooperation (Eriksson, 2008). Chen and Klimoski (2003) explain that high-quality social exchanges are based on high level of mutual trust, as well as on loyalty and respect.

Eriksson (2008) cites Parkhe (1998) and Adler (2001) stating that trust is the most important mechanism and leads to an emphasis on cooperation. Das and Teng (2001) define trust as positive expectations regarding the other in a risky situation, while Eriksson distinguishes between calculative and social trust. While calculative trust is based on rationality and affected by safeguards and incentives (Williamson, 1993), social trust is non-calculative and based on the social context in which the relationship occurs.

The aspects of 'trust' do not only occur within this short sequence but are content of many of the cited concepts and specifications. Heide and John (1990) argue in the context of

coopetition that joint activities involve socialization of the partner, which leads to decreased opportunism and facilitates trust and cooperation (Das and Teng, 1998).

Within the same field, Noordewier, John and Nevin (1990) found that communication and information exchange is crucial for the success of this kind of cooperation as it enhances trust (Das and Teng, 1998).

In the broader context of branding in general, Keller and Lehmann (2006) state that brands simplify choices, promise a particular quality level, reduce risk and/or engender trust for customers. And Bengtson and Kock (2000) explain that any form of cooperation is based on trust and mutuality, resulting in a harmonious relationship.

4.4.1. Balancing Decision Power and Pricing between Coopetitive Partners

The actual general production takes place within the buying process (Eriksson, 2008). As the supplier and the buyer have to interact to create the product, joint activities (Heide and John, 1990) or collaborative tools are appropriate in order to facilitate flexibility, integration, and collaboration (Eriksson, 2008).

Heide and John (1990) argue that such joint activities involve socialization of the partner, which leads to decreased opportunism and facilitates trust and cooperation (Das and Teng, 1998). Eriksson (2008) adds that these activities also indirectly decrease the emphasis on price and competition through the creation of human asset specificity, which leads to switching costs and increased competitiveness.

If organizations act to increase their own interest (Bengtson and Kock, 2000) in competition to their cooperative partners and with an unclear, not up-to-date or even not defined governance, this leads to an imbalance and to tensions and conflicts between the partners (Eriksson, 2008).

Any kind of price related mechanism through the market's 'invisible hand' (Gencturk and Aulakh, 1995) is most appropriate in market relationships, which focus on competition (Eriksson, 2008). Eriksson (2008) argues that an adequate kind of compensation in opposition is a key source for success for firms acting in coopetition. He explains this statement by referring to earlier research: Gencturk and Aulakh (1995) found that output based compensation such as fixed price entails output control and leads to emphasis on price and competition, whereas reimbursement compensation entails process control, which leads to emphasis on authority. Das and Teng (1998) specify that profit-sharing together with joint objectives that indicate social control are vital to decrease opportunism and increases

cooperation in relational contracting (Spekman and Carraway, 2006). Combining these extreme forms of compensation leads to coopetition. Coopetition, then, may result partly from a fixed price and partly from reimbursement and profit sharing (Eriksson, 2008).

At this point might be argued that pricing perhaps is one of the least glamorous elements but nevertheless most important regarding branding and positioning aspect. It is nevertheless one of the most crucial elements as are design and advertising (Healey, 2010). Customers in most cases focus on the price when the product is a commodity. If they make their buying decision because of other reasons like design, quality, service features, glamour, pleasant associations, recommendation, positive memories, or the acting people then the focus is on the brand as explored by Healey, 2010. Healey (2010) adds that the economic value of a brand (product or corporate) is stronger the more a seller can charge and that pricing, therefore, is an integral part of a successful brand strategy. Contradicting this pure economic point of view, Biong (2013) states that a high price is generally negative for suppliers' preference even it can also serve quality information purpose.

However, buyers may have difficulties in evaluating suppliers and assigning the value of their services. Biong (2013) explained that

"...poor plumbing may not be discovered before a building suffers from serious damage from leakage!"

Biong and Silkoset (2014) argue that high quality sellers need to credibly inform and assure their customers about their qualifications and performance and that such quality-assuring mechanisms for example are brand investments, price premiums and warranties. In this context Biong and Silkoset (2014) explored that supplier's price premiums increase with the customers' quality sensitiveness and the provision of warranties.

4.4.2. Customer Focus and Coopetitive Task Sharing

Regarding the required focus on customers, Aaker (1997) argues that the customers' requirements should determine the nature of inter-firm relationships and inform the decision about when to establish or terminate a cooperative relationship.

Citing Meyer (1998) as well as Park and Russo (1996), arguments for this statement, according to Walley (2007), may include one party not getting enough of a return, different objectives and intentions over time, leakage of confidential information, general distrust, and even the tendency for competition to take precedence over cooperation.

Alden, Steenkamp and Batra (1999) argue that global brands are seen to be more prestigious and modern than local alternatives since they can reflect a cosmopolitan, up-to-date lifestyle – an association which is highly desirable for many customer segments.

Contrasting with this statement, they found that such global brands were also characterized as 'too commercial', 'over-standardized', 'fake', and 'inauthentic'. Consequently, consumers may view mass-market brands as inauthentic when compared to local alternatives, which are understood as distinctive expression of local cultures (Thompson, Rindfleisch and Arsel, 2006).

Bauer, Exler and Bronk (2007) found a clear indication that the product category is the most important determinant for customers' preference of either local or global brands. According to them, global brands were most often favoured for electronics, automobiles, and beauty products, whereas local brands were preferred for food products, especially fresh food such as dairy, meat, vegetables, and fruits.

4.4.3. Summary of Section 4.4

The idea behind competition is built on the assumption that individuals act to increase their own interests (Bengtson and Kock, 2000) leading to tensions and conflicts where interests differ between actors (Eriksson, 2008). Cooperation, in contrast, is based on trust and mutuality, resulting in a harmonious relationship (Bengtson and Kock, 2000). These two specifications show a view of competition and cooperation at opposite ends of a spectrum (Lado, Boyd and Hanlon, 1997).

Brandenburg and Nalebuff (1996) define coopetition as the simultaneous occurrence of cooperative and competitive behaviour. Coopetition is hence the balance between these two elements in a buyer – supplier relationship (Eriksson (2008).

According to Chien and Peng (2005), the issue of coopetition has been noticed by some scholars in the field of strategic management (such as Brandenburg and Nalebuff, 1996; Lado, Boyd and Hanlon, 1997; Teece, 1992; Uzzi, 1997) but there is almost no research available in the field of corporate branding.

- **Key findings explored from current knowledge:**
 - *Competition and cooperation represent ends of a spectrum.*
 - *Coopetition is the simultaneous occurrence of these two elements and the balance between them. The importance of a fair balancing during the different stages of the buying and purchasing process, as well as the respective influence of this issue on the relationship is highlighted.*
 - *Coopetition may further represent cooperation with competitors.*

Coopetition is vital to innovation (Teece, 1992) and the sustainable success of individual firms (Lado, Boyd and Hanlon, 1997). Eriksson (2008) summarizes that in the mix of cooperative and competitive elements, cooperation enhances coordination of activities, joint problem solving, and transaction specific investments (Uzzi, 1997).

Further competition is important for the effectiveness of the relationship (Bengtson and Kock, 1999). As the governance form defines how the exchange parties cooperate and compete (Williamson, 1996), the challenge is to establish the right balance and the appropriate governance form where competition and cooperation can take place (Teece, 1992). However, if complexity and customization increases, informal and incomplete contracts should be used as they enhance adaption to changed circumstances (Macneil, 1978). These aspects are closely related to trust-based bilateral governance (Eriksson, 2008).

▪ **Key findings explored from current knowledge:**

- *Coopetition is vital to innovation and important for the effectiveness of the relationship*
- *Cost orientation in the purchasing framework has a competitive focus and neglects the importance of cooperation, trust, and the social context of the transaction.*
- *An appropriate governance, defining competition and cooperation between the exchange parties is key for the success of coopetition.*
- *In fields of increased complexity and customizing, informal contracts might be employed. Doing this, trust-based bilateral governance and a focus on cooperations is suitable.*

Eisenhardt (1985) and Aulakh, Kotabe and Sahay, (1996) point to the importance of building a common organizational culture that encourages self-control and minimizes the divergence of preferences among the parties. According to Das and Teng (1998), this process facilitates trust and commitment and is the most appropriate form of control in trust-based network relationships, focusing on cooperation (Eriksson, 2008).

In the broader context of branding in general, Bengtson and Kock (2000) explain that any form of cooperation is based on trust and mutuality, resulting in a harmonious relationship. If organizations act to increase their own interest (Bengtson and Kock, 2000) in competition to their cooperative partners and with unclear, not up-to-date or even undefined governance, this leads to an imbalance and to tensions and conflicts between the partners (Eriksson, 2008).

▪ **Key findings explored from current knowledge:**

- *Trust and a common culture are important contents of the coopetitive concept.*

- *Communication and information exchange are crucial for the success of this kind of cooperation as it enhances trust.*

Any kind of price-related mechanism operating through the market's 'invisible hand' (Gencturk and Aulakh, 1995) is most appropriate in market relationships, which focus on competition (Eriksson, 2008). Eriksson (2008) argues that an adequate kind of compensation in opposition is a key source for success for firms acting in coopetition. In this context Das and Teng (1998) specify that profit-sharing together with joint objectives that indicate social control are vital to decrease opportunism and increases cooperation in relational contracting (Spekman and Carraway, 2006). Combining these extreme forms of compensation leads to coopetition. Coopetition, then, may result partly from a fixed price and partly from reimbursement and profit sharing (Eriksson, 2008).

However, buyers may have difficulties in evaluating suppliers and assigning the value of their services. Biong (2013), found that poor plumbing may not be discovered before a building suffers from serious damage from leakage. Consequently Biong and Silkoset (2014) argue that high quality sellers need to credibly inform and assure their customers about their qualifications and performance and that such quality-assuring mechanisms for example are brand investments, price premiums and warranties.

As corporate brands of service organizations may also represent differences between regional organizations and multinational companies, the literature review also compares the respective positioning and value of the coopetitive networks. Alden, Steenkamp and Batra (1999) argue that global brands are seen to be more prestigious and modern than local alternatives, since they can reflect a cosmopolitan, up-to-date lifestyle.

Contrasting with this statement, they found that such global brands were also characterized as 'too commercial', 'over-standardized', 'fake', and 'inauthentic' while local alternatives are understood as distinctive expression of local cultures (Thompson, Rindfleisch and Arsel, 2006).

Regarding the required focus on customers, Aaker (1997) argues that the customers' requirements should determine the nature of inter-firm relationships and inform the decision about when to establish or terminate a cooperative relationship.

- **Key findings explored from current knowledge:**
 - *Buyers may have difficulties in assigning the value of service delivered to the respective partner within a coopetitive framework.*
 - *The choice of a fitting partner with an appropriate culture, joint objectives and quality orientation is fundamental to the success of coopetition.*

- *Adequate communication of delivered quality and task sharing is appropriate and necessary.*
- *Adequate compensation for both partners is key for the sustainable success of a coopetitive framework.*
- *Regional and global frameworks represent different strength and weaknesses in the mind of the common customers. Judging the 'better' way is, according to current knowledge, not possible.*
- *Customer focus should determine the nature of inter-firm relationship and inform all relevant decisions.*

4.5 Corporate Branding Model from Literature Review

Within the previous sections I discussed theory concerning a broad range of topics related to the corporate branding of service organizations with multiple stakeholders and in a coopetitive environment. At this point a summary of the outcomes is appropriate.

The following summary reflects my personal interpretation of existing theoretical concepts and current knowledge. It combines and connects this explored current knowledge to a general framework of corporate branding for service-based organizations.

This 'chains' together the key elements of corporate branding arising from the literature review and specified in the key findings identified within the previous sections. In sum, it shows the multi-level marketing aspects of corporate branding and its strong connection to employees, culture, strategy, and tactics.

As already specified within section 1.2, p. 23 'Research Limitation', the strategic and tactical aspects and input dimensions are not dealt with in this research. It is, nevertheless, necessary to point to the strong influence of these aspects on a successful corporate brand in general and on the industry at hand in particular.

The model proposed corresponds to the fact that an organization has multiple reputations (Argenti and Druckemiller, 2004) and identities (He and Balmer, 2007) depending on the stakeholders concerned (Abratt and Kleyn, 2012).

As the literature review and the proposed model show, corporate branding is a multi-level marketing approach (Balmer and Greyser, 2003). A company's identity is built on strong and clearly defined corporate values with a focus on the highest possible employee satisfaction. The corporate values are evidence through the existence of a corporate culture and expressed in the company's brand essence.

If converted appropriately, the company's tactics consistently follow the defined strategy, ending in understandable, clear, and strong philosophies and beliefs. Understandably, such consistent corporate values have a specific and substantial influence on employee satisfaction. When combined, these two main factors result in a corporate identity that is perceived by the organization's stakeholders.

Resulting from this, the corporate brand is the mechanism that allows for alignment between the desired identity and how stakeholders 'see' that identity (Abratt and Kleyn, 2012).

The examination of the literature showed an extremely broad range of parameters and issues, influencing the corporate brand. The partially contradicting findings, as well as the highlighted differences in the direction and focus of corporate brand models gives rise to inherent tensions, alongside particular strengths and insights. It was a demanding task to elaborate the most relevant of them for the particular context of a coopetitive supply chain, given the aim to build a corporate brand toward B2B and B2C customers in parallel.

In sum I would argue that the harmonious and consistent implementation of the parameters emphasized, that influence the corporate brand, is more important than the extent and quality of one individual parameter.

In detail would I like to specify the most relevant of the elements:

The findings document that corporate branding for service organizations only is appropriate for differentiated organizations. They further show the necessity of consistence within the fields of the corporate values (corporate culture, strategy, philosophy and believes, and so on – summarized in the brand essence) and the importance of employees' inputs. The importance of pricing and its strong influence on a service organizations reputation and image are also be highlighted, based on the findings from the literature.

The influence of the coopetitive partner on a service organization's reputation, image and identity could also be detected in the literature.

The concept developed here documents the parameters, as well as their connections from the literature. The figure rests on established theory and the respective range of explored concepts and directions. References employed in the following figure are of an indicative nature, and are used to represent the theoretical investigation.

The chapter as a whole represents the theory found in the scanned literature.

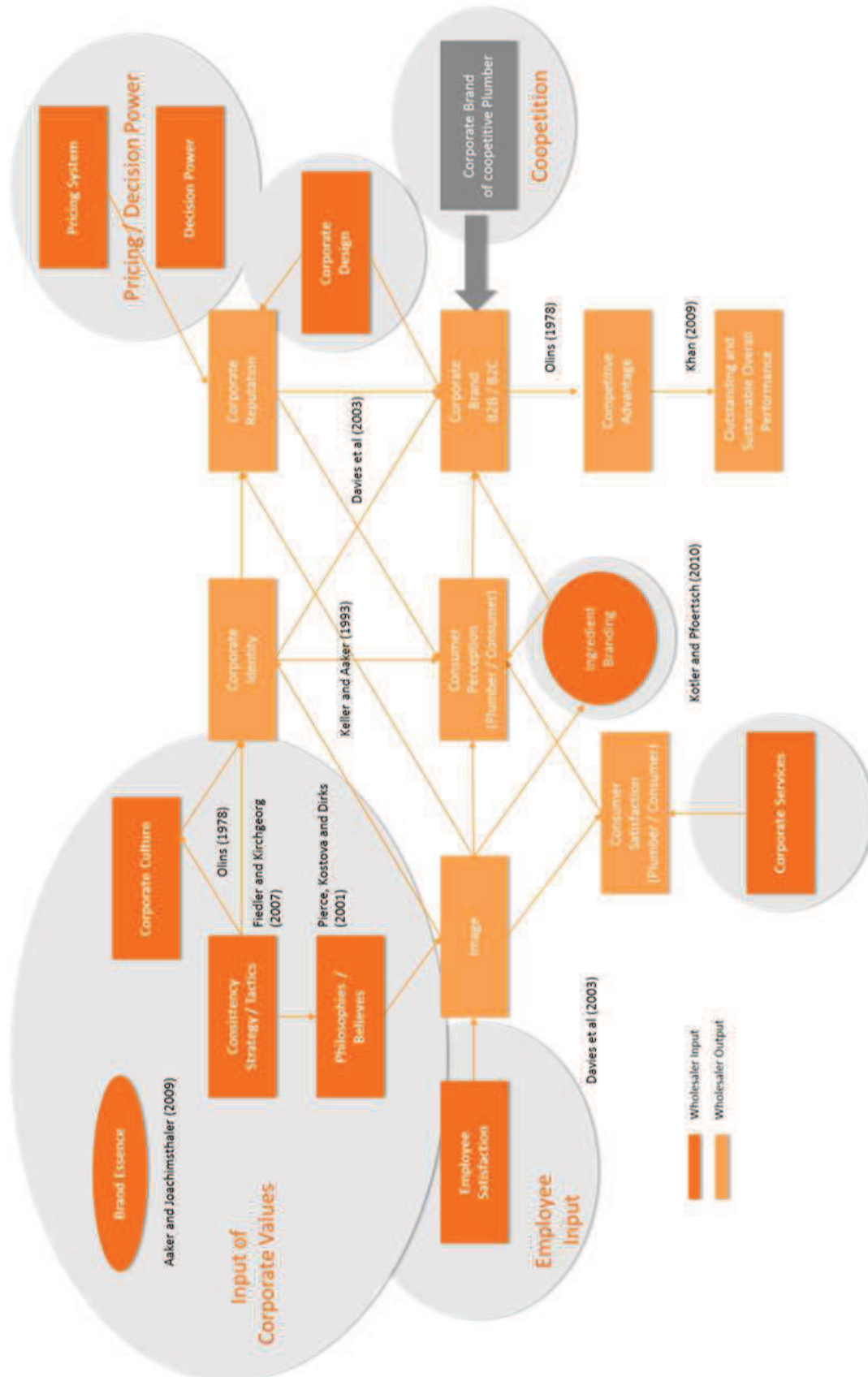
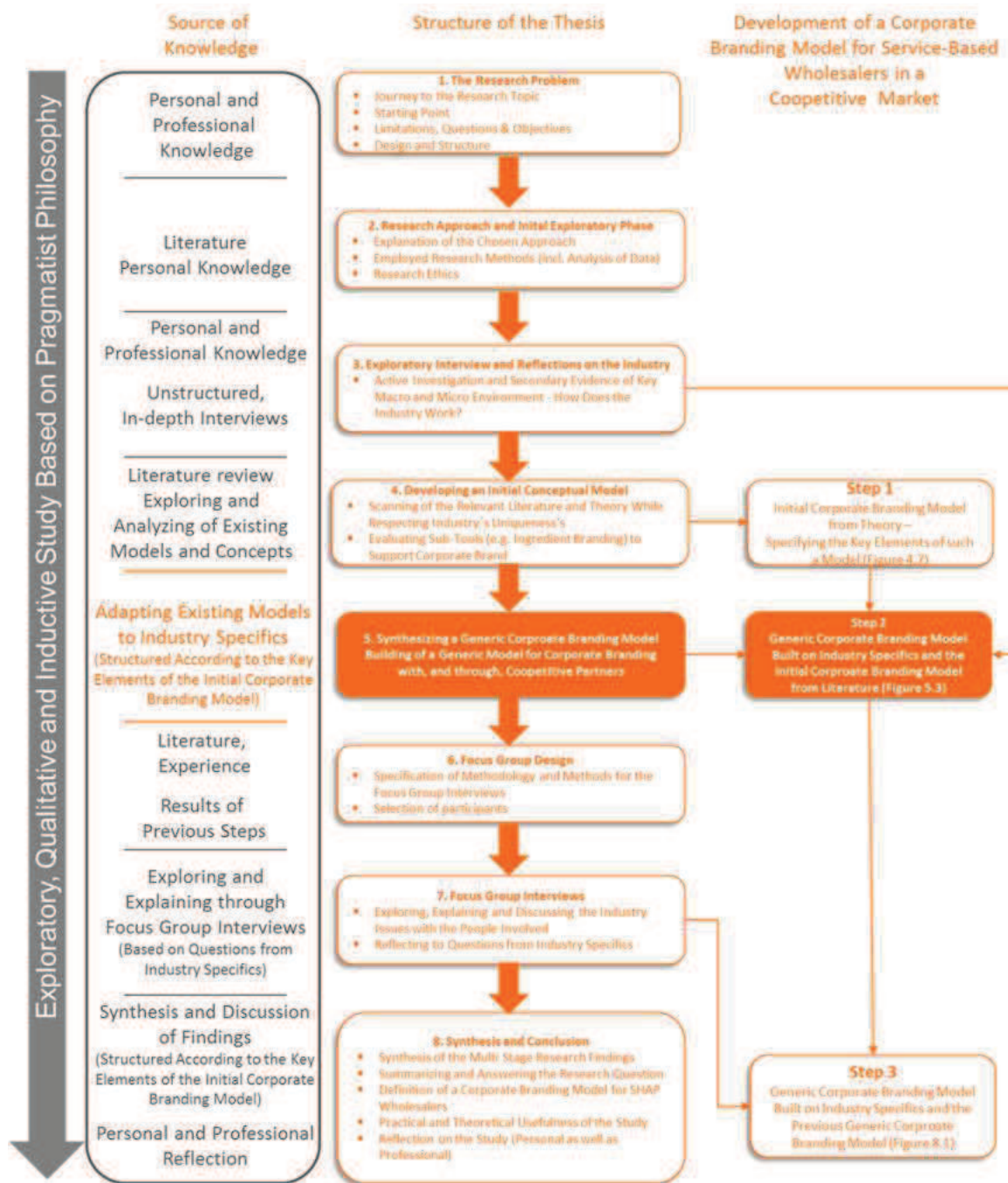


Figure 4.7: Key elements of corporate branding based on the literature review

In the next step of the research I will synthesize these key elements from the literature review with the industry specifics. This will allow me to adapt and expand existing theory to reflect the coopetitive SHAP industry and expand the initial corporate branding model and aligning it to the research context.

5 Synthesizing a Generic Corporate Branding Model



As stated at the very beginning of this thesis, this research focuses on the changing role and resulting positional aspects of wholesalers, as well as the possible influences of corporate branding. It does not deal with any strategic or managerial aspects because of the limitations placed by the context, as well as the time frame of the research (section 1.2, p. 23).

At the beginning of the literature review I argued that I believed that a strategy of differentiation is fundamental for a sustainably successful corporate brand, particularly for services organizations. At this point I would like to repeat this and to express that I believe that:

“Differentiation as a basis for corporate branding is a fundamental argument of this research and a particular feature in the SHAP wholesale industry.”

The SHAP industry’s wholesalers employ the generic strategies (Porter, 1980) of cost (price) leadership and differentiation in a pure extent and can hence be assigned to them rather easily. It is mostly the industry’s group owned and large wholesalers that use a cost leadership strategy. Most family-owned SME wholesalers in contrast, employ other kinds of differentiation strategy. While the first group does not employ B2C activities, the latter employs them even when the differences in the invested resources are enormous. Most of the differentiated wholesalers have, as a result, a higher cost position and depend on a higher margin to achieve acceptable financial results.

This research focuses on wholesalers who attain their competitive advantage from intangible assets such as their reputation (Keller, 1993) and, consequently, on their corporate branding which is a key source of differentiation, success and competitiveness (Berry, 2000 and Gray, 2006). All other possible sources of differentiation are not dealt with within this research although this is not to suggest that these would not add to the positive performance of wholesalers.

The research questions do not ask whether, but rather *how* wholesalers should invest when dealing with plumbers and end consumers in parallel. This can be done by the employment of extensive corporate B2C branding and by accepting the resulting increased complexity and cost position.

The market structure as well as the dependences uncovered and the unique coopetitive task sharing of wholesalers and plumbers in relation to their common customers are strongly supported by the interviewees, as well as by the literature. The summarized findings of the initial industry analysis (supported by statements of established leaders of the wholesale industry) and the literature review are summarized in section 5.1, p. 152.

The previous elements of this research (chapter 3, p. 56, but also the outcomes of chapter 4, p. 98) appear to show the appropriateness and sustainability of the employment of corporate branding strategy for wholesalers of the SHAP industry. This is still the case when considering the multiple stakeholders involved and the complex coopetitive environment with its connections and dependencies, and its demands for value-laden and high positioned corporate brands. It also became clear that within the SHAP industry these requirements are extremely difficult to satisfy.

The question arises whether it would not be easier and more promising for wholesalers to 'fly low', abandon a corporate brand, and follow a strategy of cost leadership (as most of the wholesalers in the industry do). However, the outcomes of chapter 3 have shown the satisfactory success of differentiated organizations. Such differentiated organizations would instead have to concentrate on a clear, sustainable, and value driven positioning towards all stakeholders and prevent anti-brand activism as much as possible. This topic will be discussed with the affected stakeholders in focus group interviews to examine this statement in depth.

Following Flick's (2007) specification of an iterative research design, I will next build an initial corporate branding model for SHAP wholesalers within a coopetitive environment.

5.1 Summarized Outcomes of Industry Specifics and Literature Review

The literature review showed that while there is considerable research available on goods branding, there is only little research done in the service area. This study's topic offers interesting and partially surprising new insights in the corporate branding activities of the organizations within this supply chain.

The industry analysis reveals a unique situation of a systematic and visible conflict between the partners of the professional distribution channel that has a long history. While these conflicts were side issues in the stable and easily comprehensible environment of the past, they, in a time of extremely strong, new entrants, jeopardize many companies' existence.

The corporate branding model resulting from the literature review (figure 4.7, p. 148), respects the corporate brand of a service organization as the summarized outcome of the corporate values (A) described in the brand essence and the corporate culture, the employees input (B), the delivered corporate services (C), the employed pricing system (D), the corporate design (E), employed sub forms of branding such as ingredient branding (F) as well as the possible influence of coopetitive partners (G).

Given the importance of the cited elements and to ensure a comprehensible approach, I will use these seven key elements (expanded by one of corporate branding - H) as structuring headlines for the synthesizing of the outcomes from the individual research steps (assigning findings from industry specifics and literature review in this section and synthesizing the outcomes with the findings from the focus group interviews in chapter 8).

The combined key outcomes of the industry analysis and the literature review can be summarized and stated now. They build the framework and the context for the following research steps and will not be commented on or discussed at this point, but rather are purely stated as follows to provide structure:

A. Corporate Values: Corporate Culture / Brand Essence

▪ Lack of Differentiation and Positioning

Until now, the members of the SHAP wholesale industry have not developed sufficiently integrated strategy and corporate branding models that allows them to differentiate between the individual members and compete with new entrants like internet and DIY suppliers. Aaker (1997) explains that a corporate brand enables customers to select between product and service offerings. Balmer and Greyser (2003) point to the importance of corporate branding as a corporate level construct related to identity, reputation, and communication. As they argued, branding is a popular concept especially in eras where corporate boundaries have become less distinct and where margins are visibly blurred.

The industry discussed in this research has trouble in achieving such a demanding position and, until now, has not sufficiently developed an integrated strategy and branding concepts. Instead such brands are steadily decreasing and form a smaller part of consumers' expenditure than we have been used to (King, 1991).

The SHAP supply chain, as discussed demonstrates the lack of differentiation between individual wholesalers and hence a lack of a clear market positioning, the wave of mergers, as well as the noticeable shortage of skills. It also highlights the increased readiness of consumers to leave the established supply chain and the shift of power within the supply chain. The importance of an adequate positioning and hence of corporate concepts might be derived from this.

Both observations appear to be true for the SHAP wholesale industry, as wholesalers try to copy their competitors, are forced to sell producer brands and hence nearly identical assortments, with resulting pressure on the margins and poor financial performance. Consequently, it might be argued that the general concept of corporate branding fundamentally suits the given situation and problem definition.

■ Importance of Trust

The current economic value of wholesalers' corporate brands in terms of plumbers and end consumers is poor and could be much stronger. This is based on strong competition between wholesalers, and given that plumbers receive more and more services from service oriented wholesalers but ultimately buy the products from the cheapest one. It contradicts the obvious need for cooperation in the professional SHAP industry. The importance of trust as a basis for cooperative task sharing is consequently undermined by the plumbers' behaviour (see chapter 3).

Trust seems to be a key issue for the building of a successful and sustainable corporate brand in the cooperative SHAP industry as the cooperation is founded on an informal and changing processes. Open and honest communication, in combination with a mutual commitment, might provide an alternative to written contracts that is based on trust.

■ Different Identities

The five different identities (actual, conceived, desired, ideal and communicated) that according to Balmer and Greyser (2003) are present in any corporate entity can comfortably co-exist and tend to inhabit different time frames. When in a complex market structure, this time aspect can be extended. As the corporate brand acts as the company's covenant with key stakeholders, and because the organization's identity delineates the tangible and intangible attributes of the brand (Keller and Aaker, 1998), the identities' different time frames have to be kept in mind. This is because that an organization's identity should result in loyalty from its multiple stakeholders and positively affects organizational performance (Balmer and Greyser, 2003). From this, Healey's (2010) statement that brands are never finished, but that they are ever in process, might be confirmed.

- Differentiation is Fundamental for a Corporate Brand

SHAP wholesalers can be clearly assigned to the two generic strategies of cost leadership and of differentiation. They do not only differ in terms of this generic strategy, but it can be seen that the chosen generic strategy has a substantial influence on their relationship with plumbers as their professional customers, as visualized in the following figure.

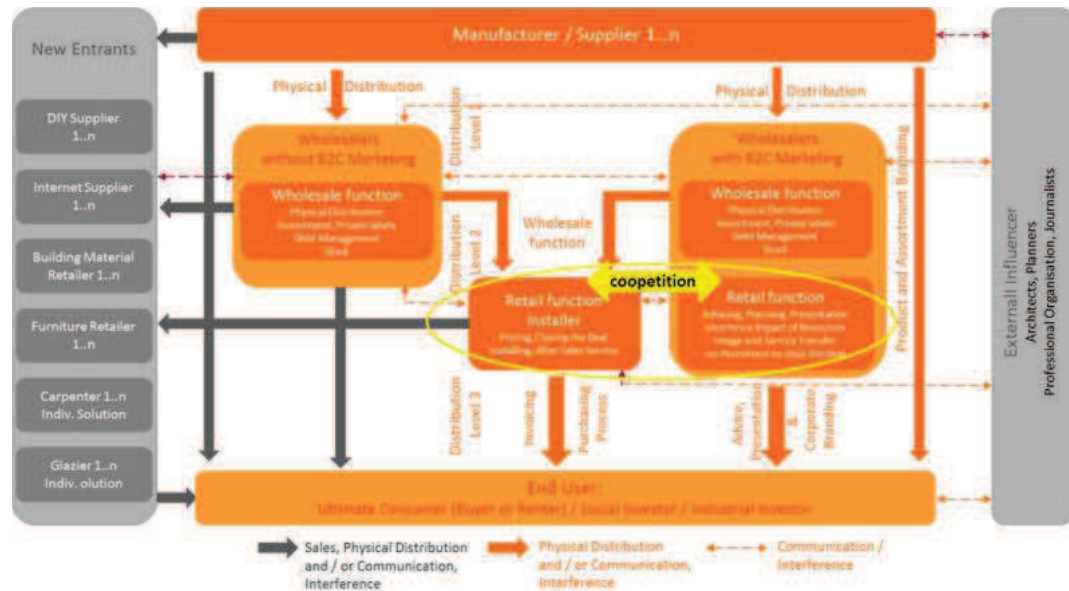


Figure 5.1: Market structure and Resulting Corporate Branding Conflicts

The cost leadership oriented wholesaler focused on plumbers as direct customers has the advantage of a much simpler relationship to this targeted group. By focusing on the plumbers' demands they reduce costs and complexity by ignoring the demands of the customers, which they serve in cooperation with the plumbers. In contrast to these positive aspects, they have the disadvantage of limited access to more sophisticated projects, architects, and end users. This limitation can mainly be assigned to the lack of services to the joint stakeholders of the coopetitive partners as can be seen from the statement of Interviewee 1:

".... while the cost orientated organizations mainly sell products, the differentiated wholesalers can be seen as service companies which end up in a completely different position".

Differentiated wholesalers in contrast have established a task sharing pattern of activity with the plumbers as their buying customers in the field of retailing. The assigned tasks contain expensive and demanding services such as the creation of design oriented

showrooms, advising and planning, while pricing and installation is assigned to the plumbers. Thus those wholesalers that do not seek to establish a B2C brand and focus on the plumbers as their business partners find that:

“Our B2B image is mainly based on our logistics excellence and only subordinately connects to marketing and branding competences.”

(Interviewee 1)

Based on the described task sharing in the field of retailing and resulting from the partially differing organizational interests of these wholesalers and the plumbers as buying customers, such wholesalers are hence kind of competitors of the plumbers in the field of retailing.

Consequently, differentiated wholesalers have the disadvantage of trying to meet the contradicting demands of their customer groups, and have to accept a very complex business model with many dependencies. This situation can be best explained with the coopetition model. The model is not mentioned within the literature on service areas, such as the SHAP wholesale industry. Nevertheless, the model adequately explains the uniqueness of the researched distribution channels.

The existence of coopetition between differentiated wholesalers and plumbers as their customers at the retail level can be seen as a key finding of the previous research step. The described business model has - independent of its complexity or, perhaps, because of it - the advantage of a strong network for all relevant stakeholders and, as a result, excellent access to all types of projects that make up market activity.

Comparing coopetitive distribution structures within the professional distribution channel, the resulting ‘tension field’ regarding market price issues, and the corporate positioning of the individual members, the opportunity for wholesalers to establish a congruent and protectable corporate brand, has to be questioned. Nevertheless, the establishment of an adequately positioned corporate brand offers potentially huge and sustainable competitive advantages and opportunities for differentiated organizations.

■ Corporate Identity Outside Existing Boundaries

Based on my professional experience, as well as on the outcomes of the initial interviews, summarized in chapter 3, the SHAP industry’s wholesalers, independent of the generic strategy chosen, have within the industry extremely an undeveloped profile

and poorly developed corporate brands. This outcome is supported by the following statement:

“Neither my company nor any competitor I know of employs corporate branding or has a B2C marketing concept. Almost all marketing activities focus on the professional customer.”

(Interviewee 1)

Leitch and Motion (2007) argue that firms have to be inside the boundaries of normality to be accepted as ‘truth’, establish differentiation and, hence create equity. Consequently, a firm trying to establish a strong corporate brand in the SHAP industry would automatically run the risk of going beyond the existing boundaries and would, according to Leitch and Motion’s (2007) be unable to establish a strong brand.

While I agree with the importance of normality and hence staying within legal, ethical and market rules, I also think that by unquestioningly ‘fitting in’ into the established rules, the possibilities of differentiation would automatically be limited. I believe that there is a close relationship between corporate brand and the organizational entity it represents, and that the balance of power and knowledge is an important part of any corporate brand concept. Nevertheless, such a specification is not a contradiction to the concept of differentiation but a complement to it.

■ Consistency between Strategy and Tactics

Consistency between strategy and tactics is one of the key issues in the SHAP wholesale industry. Aaker and Joachimsthaler (2000) underline the importance of unconditional consistency between these aspects, as well as the necessary readiness of leaders and organizations to make choices and trade-offs.

As demonstrated in chapter 3, only a few firms within the wholesale industry can state that virtually everyone within the organization is aware of obligatory standards in products, service, pricing, human relations, and quality (Olins, 1978) and, consequently, also of Gray’s (2006) main practices.

Many members of the SHAP wholesale industry can definitely be assigned to the organizations (those who are practically impossible to tell apart and those who have grown through mergers and acquisitions) for which it is difficult to establish a well understood identity (Olins, 1978). It can be stated that the assignment to one of the two groups of strategic error at long last is of no importance as the disadvantageous result

remains to be the same. Equally, inconsistency between strategy and tactics may be interpreted at least partially by the firms' members' insufficient level of clarity in relation to the corporate identity and, consequently, the lack of a sufficient corporate brand (Olins, 1978).

Stuart (1999) argues that there is a lack of organizational standardization (consistency between strategy and tactics) which acts as a barrier to effective corporate identity programmes. There is further a lack of philosophies and beliefs. She points to a study by Keller and Aaker (1993) that found that innovative corporate identities had a positive effect on consumers' perceptions of the company and the corporate brand.

A statement that can be adapted regarding the shown inconsistency between strategy and tactics by specifying that in such companies the actual identity (Balmer, 1999) is not sufficiently and truly based and connected to the chosen strategy, resulting in a negative effect and in consumers' inadequate perception of the company and the corporate brand.

B. Employee Input

■ Employees and their Influence on Corporate Identity

Corporate branding enables firms to attract and retain good employees (Leitch and Motion, 2007). Corporate identity is strongly connected to the corporate brand and

"...refers broadly to what members (employees) perceive, feel and think about their organization. It is assumed to be a collective commonly shared understanding of the organization's distinctive values and characteristics."

(Hatch and Schulz, 2003, p. 357)

It also has a key driver role for would-be employees, stockholders and other stakeholder groups, which results in the explicit covenant that can exist between organizations and their stakeholders (Balmer and Greyser, 2003).

This specification is a particular feature of the SHAP supply chain. Employees of SHAP wholesalers are key in reacting to the demands of the multiple stakeholders, in delivering competent and friendly advice to them and resulting from this, 'being' the corporate brand. Consequently the attractiveness of the corporate brand is not only

important for the organization's external stakeholders but is at least as important toward the employees and would-be employees of SHAP wholesalers.

- **Employee are Key Assets of Services Branding**

The costs of employees are as much as 50 per cent of the total costs of differentiated wholesalers, while they are only at about 40 per cent for cost leaderships oriented wholesalers. This was confirmed by all interviewees and supports the statement that people are a key source and driver of differentiation for service organizations (in terms of the focus of the offer rather than simply the sector) and, hence, a key asset of services-branding (Berry, 2000; Gray, 2006).

Berry (2000) explains that every activity of an organization and its employees is compared against the brand promises and values. Further, the greater the disappointment of loyal customers, the more serious the reputational damage arises in the case of corporate misconduct (Palazzo and Basu, 2006).

C. Corporate Services

- **Services as a Tool for Differentiation**

The services offered to the common consumers are reduced to rational aspects like product quality and price when the partners focus on competitive aspects. As found earlier in this research, the products are exchangeable and competitive prices in combination with a simple business model are the new entrants' main advantages, particularly in the case of internet suppliers.

Differentiation for wholesalers, plumbers and their joint offerings within the professional distribution channel are only achievable based on unique services, joint efficient processes and emotions, and an optimal joined approach with a strong focus on customer demands. The analysis of consumers' definitive respective demands as well as wholesalers' and plumbers' joint answers will have to be done in the next research step.

D. Pricing / Decision Power

■ Pricing Influences Corporate Reputation and Brand

Plumbers dominate the final price to market and receive a substantial part of the sales margins, while at the same time assigning the responsibilities, as well as the resulting negative image to wholesalers.

However, pricing cannot only be reduced to the wholesalers' point of view and interest but is an important issue of trust building and cooperation between wholesalers and plumbers. Only if employed appropriately, can pricing positively influence wholesalers' corporate brand towards the plumber (B2B), as well as towards the end customers (B2C).

The influence of an appropriate joint pricing approach as an instrument to enhance cooperative aspects of task sharing between wholesalers and plumbers (B2B), as well as the influence of the wholesalers' branding and positioning (B2B and B2C) cannot be valued enough. The question arises how an 'appropriate' joint pricing approach can be specified and sustained. The issue of price as a whole and the resulting positioning will be one of the main topics in the next research stage and will be discussed with all involved stakeholder groups.

■ Pricing in a Coopetitive Environment

In the given coopetitive environment, pricing is one of the most crucial aspects for branding and positioning in a market with an oversupply of products and commodities, even though it is one of the least glamorous elements of branding (Healey, 2010). The importance of pricing within the SHAP supply chain is amplified by the fact that after getting advice, the end user leaves the showroom and is free to change the distribution channel (e.g. internet,...) or to change the retailer or plumber.

"In contrast to all known other sales structures, the end consumers are not allowed to buy from the advising organization. This leads to substantial tensions and lack of understanding for those end consumers willing to buy."

(Interviewee 1)

A brand, and in this case an industry with exchangeable products and products available from various suppliers, works if people are allowed to make the buying decision because

of other reasons such as service features, pleasant associations, recommendations, or positive memories (Healey, 2010).

Healey (2010) adds that as the economic value is stronger, the more a seller can charge, and the more buyers are attracted. Given the poor financial performance of the industry, the economic value of the established corporate brands is relatively poor.

■ Decision Power – a Matter of Control

Alongside pricing, the buying decision process which operates within a complex task sharing framework between the coopetitive actors, is another important issue in relation to wholesalers' corporate branding. Responsibility, liability, and competences towards end consumers do not currently balance and aspects of emotional sales in particular are ignored by this process. Based on the lack of the necessary trust between the two coopetitive partners, the main focus of the process is in the field of control (Eriksson, 2008) between the partners instead of the transfer and communication of the joint services delivered to the common customers.

Coopetition between wholesalers and plumbers is largely based on calculative trust and only in some individual cases on social trust. The latter only appears in deep and long-term partnerships between innovative plumbers and regionally acting, differentiated wholesalers. This statement is based on my professional experience, which has convinced me that personal friendship and the resulting personal trust can be the basis for a deep and trusting cooperation between suppliers and customers, even in an otherwise extremely competitive environment. Nevertheless, it has to be stressed that this form of cooperation is more and more rare. This development is supported by cost leadership oriented wholesalers' very aggressive price politics (see chapter 3).

■ Decision Power and Financial Performance

In the SHAP industry the tension based on maximizing individual interests of plumbers and wholesalers mainly occurs in the field of price positioning towards the consumers due to the visible, amplified pressure of new entrants (such as internet suppliers and DIY suppliers) and because the balance between investment, services, and margin of wholesalers and plumbers is not given anymore (figure 3.7, p. 95).

Plumbers, mainly educated as manual workers, often lack the competences to evaluate and weigh the organization specific transaction costs and, consequently, are less

focused on this important issue. This leads to a focus on price in the purchasing process. Suppliers' services are often ignored at this stage of the process, this is further underscored by the price leadership oriented wholesalers actions. Interviewee 1 states:

"Plumbers are mostly focused on their role as plumbers and undervalue this important and influential ability, which results in reduced financial performance. This is true in spite of the fact that plumbers make up the main beneficiary of the outstanding gross margins. This can be explained by inefficiency, too high cost positions, miscalculation, and inadequately specified labour prices."

Resulting from these issues, plumbers' financial performance is relatively strong, as they profit from earnings due to charging for their work as well as due to the high margins on the products sold. This surcharge, in most cases, is not justified through corresponding advanced performances in the field of advising, planning, and other domains. In contrast to the plumbers' situation, wholesalers' financial performance and the gross margins are relatively poor no matter the chosen generic strategy. This was confirmed by interviews.

The joint partners' efforts do not focus strongly enough on the necessity to increase the common services offered and the common profitability. Instead it concentrates on the distribution of decreasing market power, image, and earnings (section 3.2, p. 69).

This statement confirms the observed situation in the SHAP industry where coopetitive rules are still based on ancient market structures and not adapted to today's consumer behaviour and demands. The current visible success of new entrants is, at least partially, based on the described market imperfections (Hellman, 2006), which result from an imbalance in the coopetition between wholesalers and plumbers.

■ Contradicting Interest between B2B and B2C Branding

The unique position of joint, as well as shared and, consequently, undefined decision power between wholesalers and their business customers (plumbers), as well as the coopetitive relationship between them, lead to different benefits and issues which a successful corporate brand has to address. McKee (2007) points to the fact that positioning is simply the rational and emotional benefits people associate with a brand and that, therefore, the primary benefits the brand provides need to be considered. Thjomoe (2008) argues that a brand is simply a collection of perceptions held in the mind of B2C customers, while B2B based branding has a more rational focus (Jensen and

Klastrup, 2008). This differentiation has to be taken into account in a corporate branding model for wholesalers, particularly when considering the multi-level approach (push – pull).

The supply chain described, act as background to the literature review, as well as the study as a whole. Aspects of the influence power of the non-buying customer group in particular are very important in the complex coopetitive situation between wholesalers and the 'buying' business customers (plumbers).

E. Corporate Design

▪ Lack of Positioning through Design

As found from literature, in most industries the graphic design lens is a too dominant viewpoint (Balmer and Greyser, 2003) even when a clear design strategy influences people's positive perception of a corporate brand in a competitive environment and brings the brand's values to life (Vaid, 2008). As most SHAP wholesalers do not have a clear strategic positioning the same is true for a clear design concept and, in consequence, the organizations' lack a unique strategic and visual profile in relation to their stakeholders. In most cases even the showrooms do not have a unique design and positioning. The same is true for the services offered by the individual wholesaler, as they often differ from region to region and are mainly adapted to regional competitive aspects than to a consequently employed corporate positioning.

The interviewed SHAP wholesalers underlined this finding when they expressed that most wholesalers do not employ marketing tools such as advertising or public relations.

F. Ingredient Branding

▪ End Product and Solution as Sum of Ingredients

Ingredient branding as a whole as well as its push- and-pull principle (Kotler and Pfoertsch, 2010) offers appropriate opportunities to support a successful and sustainable mutual corporate branding concept. Thus, particularly for differentiated SME wholesalers in a supply chain with poorly and not consequently sufficient developed positioning. According to Kotler and Pfoertsch (2010) the role of ingredient branding as 'translation key', communicating an organizations', a services' or a

products' special feature and simplifying the decision making process, should be considered.

Kotler and Pfoertsch (2010) argue that the successful and valuable end product is the sum of its ingredients – in the case of the SHAP industry this is the sum of the individual (branded or unbranded) products, of the added services like planning, advising, logistics, and of the quality of installation.

■ Bypassing Coopetitive Partners

All three supply chain partners (producer, wholesalers, and plumbers) are tied into the process of delivering a qualitative end product (an emotional and functional bathroom) to consumers or investors as buying customers. Particularly businesses, employing strong brand management need to be prepared to adapt to ever-changing competitive conditions (it has already been said that new entrants like internet and DIY are heavily questioning the market structure of the industry) and to build up a common brand structure for its performance, products and services in customers' minds (Kotler and Pfoertsch, 2010).

Given the largely unspecified buying decision process, ingredient branding as a 'translation key' (Kotler and Pfoertsch, 2010) might offer a solution to weaken the possible negative influence of the coopetitive plumber on the wholesaler's corporate brand and so will be an issue explored in the next research phase.

■ Breaking the Market Power of Plumbers

By promoting powerful and intelligent shoppers with the power to demand quality ingredients, wholesalers are able to establish their own services as valuable ingredients and enhance their customer – supplier relationship to their indirect customer (Kotler and Pfoertsch, 2010). The successful and customer orientated solution is the sum of its ingredients, namely the producers' products, the wholesalers' planning and advice, and the plumbers' installing competence. Further, the plumbers' one-sided power in the buying decision process within the professional distribution channel would, with this concept, be balanced with wholesalers. This is because ingredient branding is one of the major opportunities for suppliers (differentiated and service orientated wholesalers) to break the market power of OEM (in this case – the plumber) as specified by Kotler and Pfoertsch (2010).

Given this it seems acceptable to stress this concept in the local environment of the SHAP industry. This could be done by employing ingredient branding to transfer invisible benefits to customers and to support the wholesalers' within the SHAP supply chain.

■ Push and Pull Principle of Ingredient Branding

The push- and pull principle of ingredient branding (figure 4.3, p. 116) specified by Kotler and Pfoertsch (2010) fits well to the marketing concepts of differentiated wholesalers in the SHAP industry (see figure 3.6, p. 94). This result supports the appropriateness of 'ingredient branding' as potentially part of the mutual corporate branding strategy for differentiated wholesalers and is one of the key findings of previous considerations.

To explain the details as well as the specifics of ingredient branding within the SHAP industry I have expanded Kotler and Pfoertsch's (2010) principle to this industry as follows (main aspects marked in yellow colour):

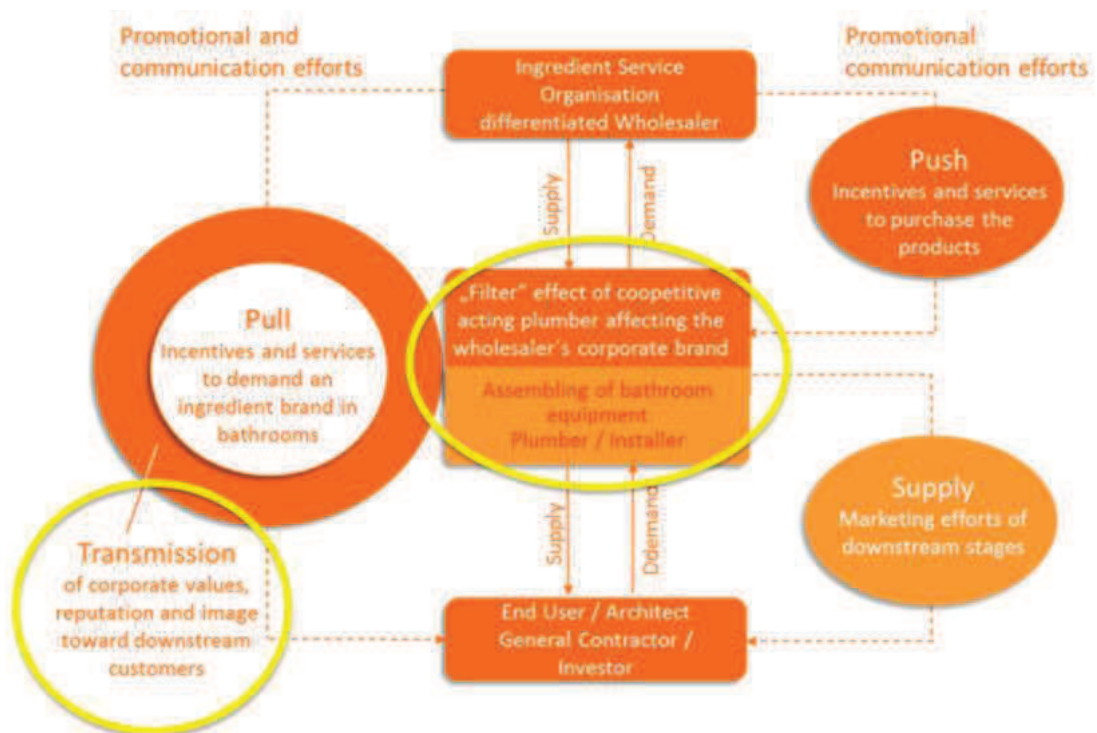


Figure 5.2: Push- and pull-principle of ingredient branding

Adapted from Kotler and Pfoertsch (2010), p. 27

Current consumers have become more confident and would profit from additional information and hence power, resulting from the appropriate implementation of the visualized push-pull concept. To become a more powerful and intelligent shopper,

consumers and customers would do well to establish the power to demand quality ingredients in the products bought (Kotler and Pfoertsch, 2010). This, in turn, offers a chance for differentiated wholesalers to position their services as valuable ingredients to the consumers in the field of bathroom solutions. It also helps them to establish an enhanced customer-supplier relationship to an indirect customer as briefly and concisely defined by Intel's use of the approach 'Promotion of a brand within a brand to the end user'.

It further decreases the limitations and dangers of a one-sided customer-supplier relationship. In this context Kotler and Pfoertsch (2010) point to a SHAP industry example, where Microban (as producer) provides manufacturers of spas and whirlpools such as Kohler and Toto (strong manufacturer brands in the industry) with an additional basis for differentiation. As a result, ingredient branding encourages the development of long-term business relations between suppliers and their organizational customers characterized by customized performances (Kotler and Pfoertsch, 2010). This customization is a strongly established aspect of the current cooperation between plumbers and differentiated wholesalers as their suppliers.

■ Threats Resulting from Implementation of Ingredient Branding

Kotler and Pfoertsch (2010) address the possible threats of ingredient branding, when they explore the wasted effort and investment in high competitive industries in which price-cutting dominates over innovation and quality improvements, making ingredient branding a risky undertaking.

The industry specifics of the SHAP supply chain show the existence of heavy competition and price-cutting activities on all levels of the supply chain. I have discussed this issues in the context of corporate branding in general as any form of expanded costs at first glance seems to be (or to be seen) as a threat within the supply chain. Given the opportunities of sustainably competitive advantages for service organizations (such as the SHAP wholesalers) through the establishment of a successfully positioned corporate brand I could argue the appropriateness of corporate branding. Resulting from this, the employment of a sub-tool like ingredient branding is a logically following step.

The potentially negative aspects of ingredient branding have to be kept in mind during the focus group discussions, as well as when developing the corporate branding concept. The inclusion of ingredient branding will only be appropriate if cooperative partners support the approach. The individual stakeholder groups should at least

recognize and value services of the differentiated wholesalers. At best, the plumbers should be willing to positively influence the buying decision of the common customers. If these conditions are not met, the employment of ingredient branding will only increase costs and complexity and hence negatively influence the market position and performance of wholesalers.

G. Coopetition

■ Coopetition and Ingredient Branding

Coopetition in the supply chain is not only visible between wholesalers and their buying customers (plumbers), but also between the wholesalers and their suppliers. As results from chapter 3 the suppliers' delivered global branded products and assortments compete with their delivered OEM products which are marketed and sold as wholesalers' local private labels.

The fundamental issues resulting from this have to be stressed and need to be worked out in detail. Leitch and Davenport (2007) point to the non-chooseable and non-controllable aspects, influencing the stakeholders' experience of the brand and the even damaging to the brand. The coopetitive situation between the SHAP industry's wholesalers and plumbers regarding the common retail tasks is accompanied by such non-chooseable and non-controllable aspects.

As the supplier (wholesaler) and the buyer (plumber) have to interact to create the product (bathroom solution), joint activities (Heide and John, 1990) or collaborative tools are appropriate in order to facilitate flexibility, integration, and collaboration (Eriksson, 2008).

The already explained strength of ingredient branding offer opportunities to communicate the kind and level of task sharing as well as the individual contribution of the partners to the common customers.

■ Coopetition and Customer Orientation

Both partners focus on the processes' rational aspects towards one another and ignore the common customers' increasing needs (rational and emotional). Price level, amount of services for free, debt management, decision power, even 'ownership of customers' (who is allowed to do what? – independent from the consumer's demands) are the resulting issues. The coopetitive partners overlook that the times of 'owning' customers

are long gone and instead blame each other for the loss of customers. They dismiss the necessity of trust building (Eriksson, 2008) as the basis for a successful establishment of services in coopetition with their partner.

Walley's (2007) finding that the customer demands are often ignored in practice by the coopetitive parties and that relationships often continue or are terminated for reasons that are not customer related, support the findings within the SHAP industry. Following a pragmatic approach, the coopetitive partners largely ignore common strategic problems and instead focus on daily business by arguing that that process, at least, still works sufficiently well, and that any fundamental change would increase uncertainty and could lead to an even worse situation. In this context 'sufficient' is not good enough to sustain the necessary above average level of the joint services and the services' effect on appropriate effectiveness and overall performance (Day and Wensley, 1998). The coopetitive partners' poor financial performance supports these findings (section IX.4., p. 342). As a result of this development, the focus of the coopetitive partners shifts, as specified in chapter 3, from cooperation to competition. It does so independently from the demands and requirements of their common customers.

European and national anti-trust legislation also tends to encourage competitive activities by constraining cooperative activities (Walley, 2007), which further limits the possibilities to increase common services that might be offered.

H. Corporate Branding

■ Telling Organizations Apart

Many of the owner-led SMEs in the SHAP industry try to copy their competitors, because of this it is practically impossible to tell them apart (Olins, 1978). Contrasted with this approach are those organizations that have grown through mergers, acquisitions, and joint ventures, and who now struggle to know who and what they are and, hence, in maintaining clear and consistent standards in terms of corporate identity, image and reputation. Interviewee 3 specifies this finding from the literature to be given in the SHAP industry by explaining that:

"...the size of individual units increases and independent firms are displaced by chains and / or taken over by groups on all three levels of the distribution channel".

Within this competitive environment there might be an opportunity for an organization that is able to establish a clear positioning and corporate brand to its employees and other groups of stakeholders.

■ Multi-level Marketing Approach Representing Strategy and Culture

Corporate branding is a multi-level marketing approach (Balmer and Greyser, 2003) and demands strong strategic support. Nevertheless, corporate branding decisions tend to be made too tactically, too low down in the organizations and with too little guidance from the top (King, 1991). The real owners of corporate brands should be the heads of the entire organization (Healey, 2010; Keller and Lehmann, 2006). At its best, corporate brands represent the common culture and generic strategy of an organization, a common personality (King, 1991). CEOs and the Chairman can no more delegate this responsibility than they can delegate earnings per share (Bernstein, 1989). Alongside it, a bottom-up understanding of the corporate brand's importance is required (Wheeler, 2009) as that brand is intrinsic to the services offered by the firm's employees (Healey, 2010).

Contrasting with these outcomes from the literature review, the studied wholesale industry's top management ignores the strategic opportunities of corporate branding. Their companies do not end up as cost leaders nor are they truly differentiated from their competitors within the professional distribution channel. They are not clearly positioned against new entrants. This is also true for the 'out brand' (the external stakeholders) as well as the 'in brand' (the internal stakeholders – the employees).

■ Corporate Brands as Principal Assets

Corporate brands are a corporation's principal asset (Balmer, 2001) and their success, even their survival, may depend on the desirability, durability, dynamism, and intrinsic worth of its corporate brand. This offers the industry's service organizations a number of opportunities. Corporate brand elements have to be adaptable and flexible over time and as well as legal and competitive, protectable and defendable (Keller and Lehmann, 2006). Following this approach of a unique positioning, corporate brands act as a key source for differentiation and sustainable competitive advantage (Berry, 2000; Gray, 2006) if the established brand associations support this differentiation and establish competitive superiority (Keller, Sternthal and Tybout, 2002). To keep customers loyal brands need to offer authenticity and credibility (Khan-Gordon, 2007).

Differentiated SHAP wholesalers have to fulfil all the previously summarized fundamental demands to ensure that their corporate brands might function as a sustainable asset for the organization and to act as a key source for differentiation and positioning.

■ Local Corporate Brands versus Global Brands

According to Bauer, Exler and Bronk's (2007) customers would prefer global product brands. Their research outcomes question the potentially successful implementation of local private labels for assortments of regional organizations but do not mention the SHAP industry explicitly. The topic hence offers a wide field for research regarding the opportunities and threats of private labels within the SHAP industry.

However, as the research and the idea of corporate branding only secondarily refer to the affected assortments and products but primarily focuses on the wholesalers' services, image, reputation and identity, no correlation between the outcomes of Bauer, Exler and Bronk's (2007) study.

In a market with strong global brands (product as well as producers' corporate brands) the question arises whether it is even possible to establish local corporate brands for an SME. While global brands are seen to be more prestigious and modern, their weakness is that they can be characterized as 'too commercial', 'over standardized', and 'inauthentic' (Thompson, Rindfleisch and Arsel, 2006). Local brands in contrast are according to them understood as distinctive expression of local cultures.

Resulting from these findings, the SHAP industry seems to provide opportunities for successful local corporate branding. In spite of this, this interesting aspect will be included in the focus group discussion with end consumers.

■ Environmental Influences on Corporate Brands

Balmer and Greyser (2003) explain the demands of establishing a corporate brand to respond to increasing environmental pressures. In this context, they specify ten important sub-topics (cited in section 4.1, p. 101). For the SHAP industry the strong influence of the last four of these ten aspects has been documented and thus these factors resonate. Their importance for corporate branding cannot be denied. Nevertheless, this is an area that will have to be explored further in the next research step.

Balmer and Greyser (2003) define corporate branding as a fashionable concept especially when corporate boundaries become less distinct and margins blur. The existence of both aspects was shown in chapter 3 which highlights the importance of corporate branding within the SHAP industry.

Resulting from this section 5.1 which summarizes and discusses the outcomes of the industry specifics and the literature review, I am able to appropriately define the framework for the focus group design. Thus, as in contrast to the beginning of the study, the fundamental market structure, the affected stakeholder groups as well as the respective structures and dependences and the underlying theoretical concepts are now worked out appropriately and in depth. The very same is true for the key questions of the focus group interviews. I am further able to derive a generic corporate branding model for SHAP wholesalers (figure 5.3, p. 152).

5.2 Corporate Branding Model for SHAP-Wholesalers

The corporate branding model for SHAP – wholesalers presented is based on the main findings of the literature review, represented in the model of key elements of corporate branding (figure 4.7, p. 148) and expanded by the specifics of the researched professional SHAP industry (chapter 3). I deliberately did this in a very detailed manner to show the complexity of a corporate branding model within the demanding SHAP environment which includes the cooperative partners' additional, non-controllable and non-influenceable, input factors.

The model represents my understanding of corporate branding for differentiated wholesalers in the SHAP supply chain. It includes the possible support of the corporate brand by the sub branding concept of ingredient branding, however the usefulness of this concept needs to be considered in the following research round. After explaining the adapted model for wholesalers in a cooperative environment, I will try to create a more easily to understood and more transparent corporate branding model. This simplified model will form the basis for the focus group interviews with the different groups of stakeholders.

The uniqueness of cooperation between task sharing partners of the supply chain is, at this point, included in the generic model. The wholesalers' respective B2B-partners' philosophies and beliefs, as well as the satisfaction of their employees and their corporate image influence, overlap, and conflict with those of the wholesalers' organization. This leads to the end consumer receiving a joint image, identity, and reputation of the two organizations as well as

a bleared corporate brand of the wholesaler and at long last in shared customer perception (Kotler and Pfoertsch, 2010).

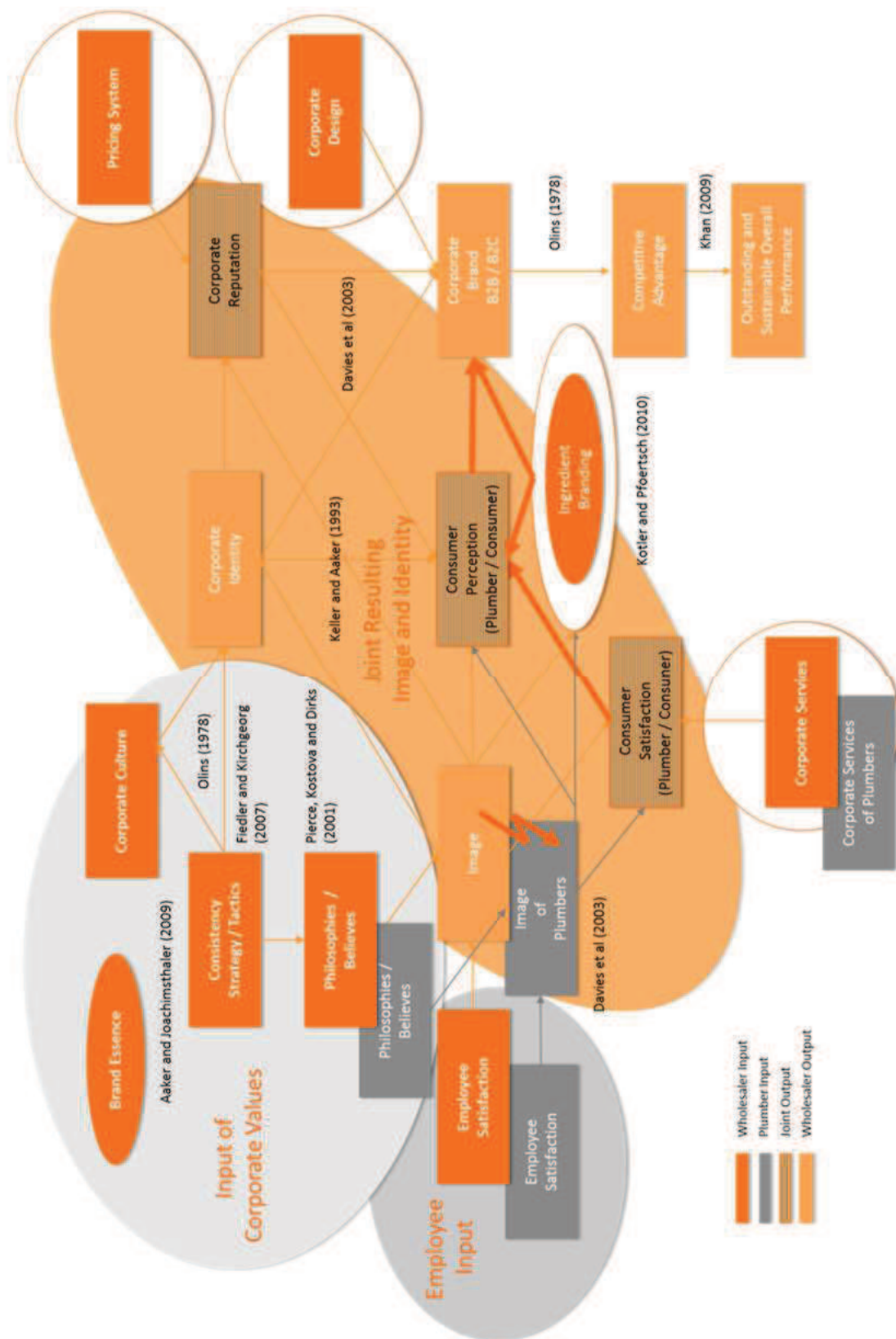


Figure 5.3: Generic Corporate Branding Model

In consequence, the wholesaler's corporate B2C brand (Aaker and Joachimsthaler, 2002) is influenced by, and partially depends on, the image and reputation of the coopetitive partner, whereas only the corporate brand towards the B2B customer depends directly and uniquely on the organization's image and reputation.

The resulting positive and negative aspects of this situation and their influence on the wholesaler's corporate brand are clearly visible. This task sharing leads to companies being only partially capable of specifying and living the desired corporate values, the brand essence, and the corporate identity and reputation. Customer satisfaction and perception, as well as the companies' corporate reputation are a result of this joint image.

To avoid negative influence as much as possible, organizations have to ensure the highest possible quality and, hence, coopetitive partners' image and reputation (Kotler and Pfoertsch, 2010). Consequently, they would have to distribute only through well-chosen partners – an approach which is currently unimaginable in an industry in which everyone sells to every possible partner and in which selective distribution seems inconceivable.

This, as wholesalers in a complex market structure as described in figure 3.3, p. 88 cannot prevent a customer, giving the contract for a project, which was created with a particular wholesaler, to a firm which is not a selected partner of that particular wholesaler or has a reputation for bad quality. A remaining risk of the negative influence of the partner's quality, image, and reputation on the wholesaler's cannot be avoided even if the wholesaler used a selective sales strategy. These two factors have to be supported by a corresponding corporate design to result in high quality of services and, ultimately, high customer satisfaction and perception.

Ingredient branding seems to offer one possible way to reduce the tension between the coopetitive partners, as well as reducing the partner's possible negative influence on the wholesalers to a minimum. Kotler and Pfoertsch (2010) specify this model for high tech components, and it has only recently been used in the service area. Hence, there is little research available and a possible positive influence on the industry at hand has to be explored in the next research step.

Apart from the employment of ingredient branding as one sub-branding model in a coopetitive supply chain, the possibility of establishing a corporate brand toward all stakeholders in such a complex and depending environment will have to be explored. The communicability of corporate values through the filter of a non-influenceable partner has to be questioned.

The questions for the individual groups of stakeholders could be specified from the outcomes of the previous research by respecting the main statements of this model. This is done as part of the next chapter which considers the design of the focus group sessions, as well as the specification of the questions posed on the basis of the strategic choices of differentiated wholesalers. As a result from the generic corporate branding model for wholesalers as visualized and described in figure 5.3, p. 152, I was able to derive a simplified model (see section IX.6, p. 352). I did this by summarizing the corporate branding model's individual elements into overarching categories with the aim to specify an easier to understand model as base for the focus-group discussions.

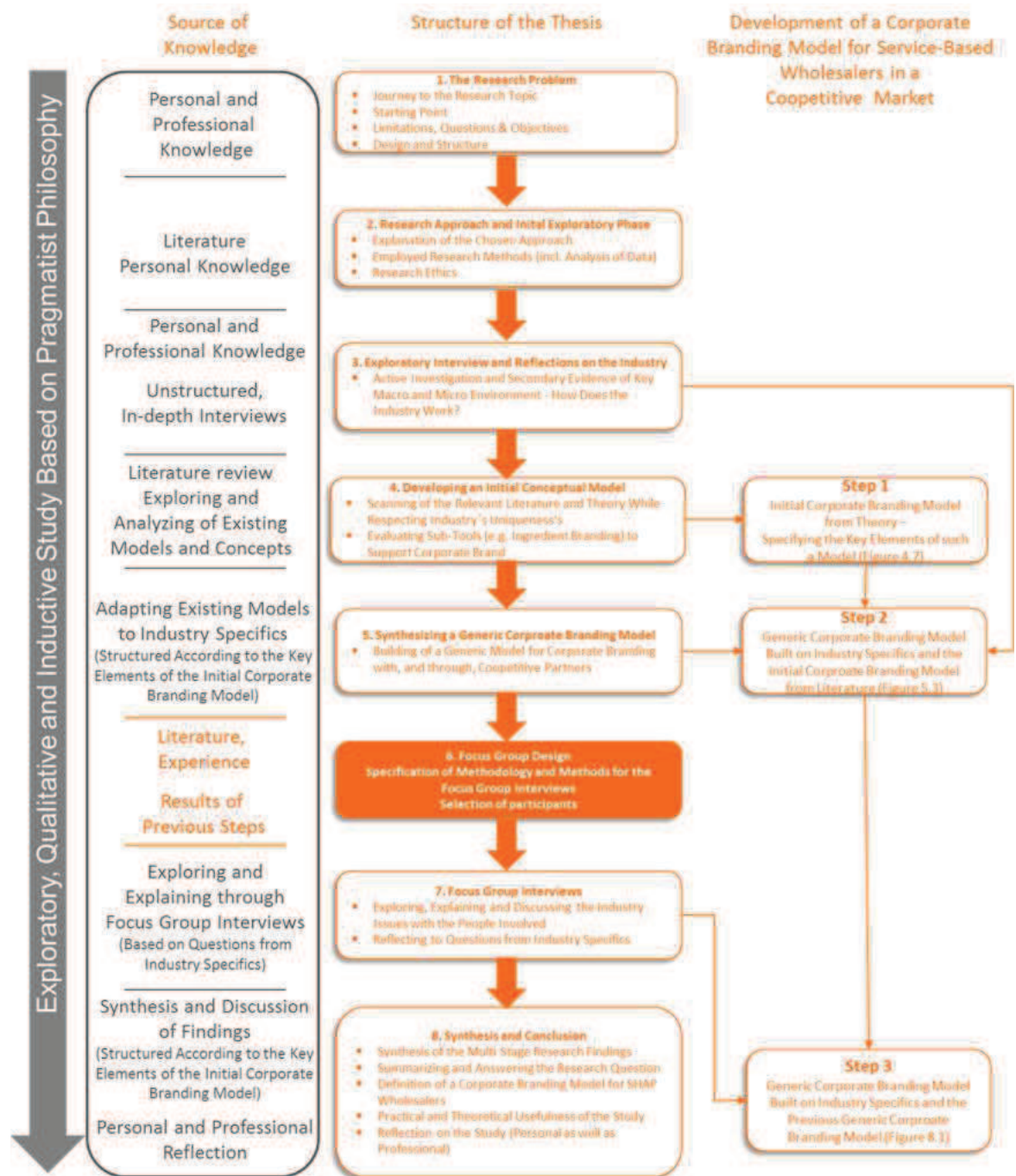
The main message of the simplified model is unchanged when compared to the initial one: in contrast to the soundly established generic corporate branding models, the specified supply chain contains the respective coopetitive partner's influence on the wholesaler's corporate image, reputation, and identity.

The model takes into account the influence of the coopetitive partner as the corporate brand is not solely influenced by the wholesaler. Once more it has to be stressed that the coopetitive partner changes from case to case and that the wholesaler, as affected organization, has no influence on the selection of this partner. A possible reduction of the influence of this coopetitive partner's values and employees on the resulting corporate brand of the wholesaler through the employment of ingredient branding still remains questionable at this stage of the research.

The model still contains the remaining important influence factors in order to build a corporate brand for differentiated wholesalers that should assist in securing a unique and sustainable competitive advantage such as the expression, quality and consistency of established corporate values, the employees' quality and satisfaction, and the corporate design employed.

It will be used to inform the participants of the focus group sessions about the content and the fundamental framework of this research.

6 Focus Group Design



After analysing the combined outcomes of the literature review and the industry specifics, which are based on in-depth interviews and my professional industry knowledge, it is now necessary to specify the details of the focus group interview. This is done in line with the iterative research approach chosen for this study. Only after reacting to the initial findings can the individual groups be designed and the interviews' detailed content and discussion be appropriately adapted to the extent of the research questions.

The following specification of the focus group design is based on the overall approach and considerations discussed in chapter 2 – Research Approach, p. 29 and it should be remembered that:

“Probably no market research methodology is employed as regularly by practitioners with as little understanding as focus groups!”

(Lautman, 2001, p. 52)

A focus group interview is an in-depth group interview with two or more participants. The interview consists of specific topical target subjects, structured processes, specially selected respondents, and trained moderators. Further, the interaction involved in the group process is considered critical as it offers more depth and clarity of responses (Baumgartel, 1988). Baumgartel (1988) adds that in absence of hard evidence, the focus group method can only be evaluated intuitively or impressionistically and that the method can provide researchers and clients with useful descriptions of consumer preferences and attitudes. Hartman (2004) defines a focus group to be a qualitative group interview that is composed of a small number of interacting participants with a common interest and in which the topic is defined clearly and precisely. She specifies that there has to be a focus on enabling and recording interactive discussion between participants in non-standardized interviews, conducted by a 'moderator'. In effect, focus groups are

“... a structured approach for eliciting unstructured discussion”

(Hartman, 2004, p. 403)

Baumgartel (1988) additionally explains that when market researchers wants to learn about people's feelings and perceptions, focus groups have great potential and are helpful to generate hypotheses and fundamental knowledge.

Before undertaking a focus group interview, it is very important to determine its purpose, that is, what do you want to learn and from whom do you want to learn it (Hartman, 2004)? Both issues will based on the previous findings be considered and answered as part of this chapter.

I will start with the latter question (from whom I want to learn) and then answer the initial question (what I want to learn).

Access to Participants

Saunders et al. (2005) point to the difficulties of being able to create sufficient scope to fully answer the research question and to meet the research objectives. They explain that *access* is likely to be problematic. On the one hand, it will be difficult to gain access to a representative sample. On the other hand, gaining permission for physical access and maintaining that access will cause potential problems. They cite Johnson (1975) who explained that the reality of undertaking a research project may be to consider where you are likely to be able to gain access.

Saunders et al. (2005) further point to the fact that the nature of these problems of access will vary in relation to the status of the researcher as either a full-time or a part-time student. A full-time student will be seeking to operate in the role of an external researcher with the need to negotiate access at each level. A part-time student may operate as an internal or a participant researcher. This does not eliminate access problems as the internal researcher may need to obtain approval to undertake the research project in his 'own' company.

As mentioned in the section regarding research ethics, the supervisory board of my organization knows about my research project and has given the approval to use all necessary company data and resources to achieve the research objectives and answer the research questions. This is based on my role as CEO of the company and the underlying trust gained through that position. It is further based on the fact that the targeted outcomes are of enormous strategic significance for the future success of the company. Consequently, no access problems are anticipated in this study.

My professional environment further allows me to access not only company data but also data of all affected stakeholder groups. Regarding these groups, Hartman (2004) explains that for practitioners of all included stakeholder groups this may be a welcome opportunity to discuss their own analysis and course of action related to such an issue in a non-threatening, non-judgemental environment. She points to the important aspect of giving value to the affected organizations and interviewees by allowing them to think through an issue and to reflect on the action that they have adopted to manage it.

Selection of Participants

In focus groups often the groups are seen as 'the case' and not the individual 'participant' (Flick, 2007). The cases should include people who have a specific relation to what is studied and, the right mixture of people, opinions and attitudes (Flick, 2007). He argues that it is hence important to have groups that are different enough to cover a range of experiences with or attitudes towards the issue. This definition corresponds to my study in which the individual stakeholder groups (cases) represents very different and partially even contradicting external interests, while particularly being even similar in terms of issues that are seen as important to the group. Differences within the individual groups (cases) will however hopefully be sufficiently represented by the individual participants.

Only groups of stakeholders (cases), representing the respective segments of the downstream supply chain will be included in the group sessions. Other, also extremely important groups of stakeholders such as employees, shareholders and suppliers are not included in this research. Their point of view, as well as their influence on the building of corporate brands will hence remain unanswered and offer fields for further research. The leaders of the wholesalers, included into the unstructured in-depth interviews, represented this stakeholder group extensively, and are hence also not considered as a group 'case' in this stage.

The invitation and selection of the participants will be done in various ways by respecting the variability of individual stakeholder groups. These approaches are described next.

End users / consumers of the professional SHAP supply chain can be assigned to different market segments. In chapter 3 the individual market segments of the industry as a whole have been specified and analysed, resulting in table 3.1, p. 78. The study is limited to the aspects of bathroom experiences and the group interviews will hence focus on relevant market segments.

The analysis showed that this market can be split into segments with different needs and behaviours based on two key aspects of differentiation: the price and quality level of the assortment, and the different kinds of buildings. It further revealed that industrial buildings offer only small opportunities for positional aspects of bathroom equipment, while the positional value of bathroom equipment in residential buildings is extremely high. Residential buildings can be segmented into property and rental buildings and into new buildings and redevelopments.

Each individual segment has a slightly specialized decision process and demand for products and services with different positional value. The differences mainly concern process and

product issues and hence are of minor influence on the expectations regarding a corporate brand of wholesaler. The end users market segments have highly consistent and coherent demands. Consequently I will treat end users as one 'case' to prevent further complexity.

During a period of one month I will invite all end consumers, visiting one of my company's three showrooms, to participate in the group interview of their stakeholder case. If the number of registrations exceeds the targeted eight people I will use a simple random method (draw) to select eight. All visiting and applying end users hence have the same probability of participating in the focus group.

The end users are advised by different stakeholders within the professional SHAP distribution channel. These different groups are my employers' buying customers (plumbers), the general contractors, institutional and social investors, planners and architects. The selections of the participants in these stakeholder groups will be done by the sales function of my company. I will engage them to pre-select twenty members of each group of stakeholders. Following Flick's (2007) suggestion of pre-selection within each stakeholder group, this will be done with the aim of integrating members of the respective group (the case) who are typical of the 'majority' of that stakeholder type. This allows for different experiences and expectations to be included in the findings.

Invitation will be done by letter, a copy of which is available in section IX.6, p. 352. The pre-selected, possible participants will be invited to focus groups according to their assignment to a particular stakeholder group.

Focus Groups (Resulting from segmentation)	Rental buildings		Property buildings	
	new	redevelopment	new	redevelopment
End user	0		1	
Social and institutional investor	1			
Architects, Planners,	1			
General Contractors	1			
Plumbers	2			
Total	6			

Table 6.1: Specified Focus Groups

Based on the overall developments and outcomes of these group interviews with individual group of stakeholders (buying plumbers and non-buying end-users, architects, general

contractors and investors), a follow-up group interview will be held with a second group of plumbers. Thus as this stakeholder group represents the coopetitive partner of wholesalers and as explained influences the wholesalers' corporate brand. Consequently it might be important to discuss the outcomes of the focus group discussions with them.

The selection process will be done the same way as described for the other stakeholder groups.

Number of Participants

Following Lautman's (2001) recommendation the number of participants in each group will be no more than eight. This ensures the required quality and depth of the discussion and the resulting outcomes. Asquith (1994) supports the recommendation of no more than eight participants. She explains that eight-member groups generate significantly more ideas than smaller groups and supports her findings with the number of unique ideas generated per individual. Additionally, she found that the success of a group is positively influenced by the degree to which respondents feel involved in the group process. If more than eight volunteers are available, a second group may be put together. The sequence of the interviews will be done according to the availability of the interview groups as there is no specific preference detectable.

Pre-Session Information

This issue is fundamentally described as part of the very same aspect in the context of the initial data collection (in-depth interview).

Divergent to that stage I will be able to present not only the fundamental aims of the research but in addition the simplified corporate branding model to the participants. I will do this at the very beginning of each group discussion. The PowerPoint presentation used to do this is available in section IX.6, p. 352. At the end of each group discussion I will invite the participants to confirm or withdraw their acceptance regarding four key issues of consent this and to finally sign a form indicating they have given their informed accept to participate and in terms of the data generated. The signed forms of all participants are available as part of my personal research documents but are not enclosed to this study as the anonymity of the participants could not then be ensured.

Setting of the Focus Group Sessions

The location and the setting for the focus group interviews will have to be considered. Lautman (2001) recommends conducting the interview in a setting where the participants feel relaxed and where no likelihood of interruption is given. He explains that the seating could be arranged in circular fashion, using a living room arrangement as consumers tend to have living rooms and not conference tables in their homes. In this arrangement everyone will face inwards with an equal distance from the central point of this circle. Vicsek (2011) points to the importance of natural settings for market focus group interviews and considers that a good setting is one that resembles the setting where the consumer encounters the given product or advertising. She refers to Steel (1998) who organized focus group research for Isuzu Auto in car show rooms.

These recommendations will be followed in the focus group interviews conducted for this research. Interviews will be held in my company's bath showrooms to ensure a "natural setting". The interviews will have to be conducted outside the showroom's regular opening times to ensure the interview process will not be disturbed by noise or other customers, which might disrupt successful group discussion.

As the interviews will be a time-consuming process, lasting at least two hours each, they may have an adverse impact on the number and representativeness of participants (Saunders et al., 2007). Interviewees will need to consider how much of their time they are willing to devote to such activities. It is crucial for the researcher to establish credibility with and to engender the interest of the potential interviewees as specified by Hartman (2004). Saunders et al. (2007) also point to the importance of not undertaking more than one interview a day to lower the danger of losing or, even worse, confusing data.

Vicsek (2011) explains that the results of interviews are further influenced by whether the questions are asked in an individual or a group setting. The differences are mainly based on the fact that participants 'adjust' their replies in the focus groups, bringing them closer to the expressed views of the group majority (Vicsek, 2011).

*"A good moderator has hence to create an open and permissive atmosphere
in which each person feels free to share his or her point of view!"*

(Morgan and Krueger, 1993, pp. 7-8 cited in Vicsek, 2011, p.3)

A market research consultant will conduct the group discussion process. This offers the opportunity to use professional expertise to maximize the potential for creating an open and appropriate environment to gain freely given views. As already mentioned, I as researcher am

part of the research and hence strongly influencing the process and direction of the discussion, even if inadvertently. Thus drawing on an experienced professional market researcher removes this and draws on their expertise in what is a complete and taxing role – that of moderator.

Following a pragmatist approach, I am convinced that everything is subjective. I, like any other researcher, am nevertheless obliged to be as objective as possible and have to ensure a structured and comprehensible approach. Given that the findings are inevitably subjective, this approach offers the opportunity for me to reduce my influence at least within data generation and to increase the level of objectivity as far as possible.

Within chapter 1 I explained that I concur with Misak (2001), as well as Schein (1995) who explain that there are no true or false, but rather better or worse, instruments for prediction.

Strategic Choices and Resulting Questions

The necessary decisions for SHAP - wholesalers regarding a successful corporate branding approach results from the formulated generic model. By specifying the appropriate choices and selecting the very best options based on the outcomes of the focus group interviews, I will be able to elaborate further and provide a focused corporate branding model for service organizations in this unique coopetitive environment. Ideally, I will also be able to answer the research questions and achieve the research goals.

Resulting from the previous outcomes a key option for wholesalers concerns their identity in relation to their two different customer groups, the B2B customers (plumbers) and the B2C customers (end consumers, investors, as well as the intermediary – planner and architects). Aaker and Joachimsthaler (2002) specify brand identity as a set of deep and rich brand associations that the brand strategist aspires to create or maintain. They argue that brand identity should help to establish a relationship between the brand and the customers by generating a value proposition that potentially involves functional, emotional or self-expressive benefits and by providing credibility to the organization. In a coopetitive environment like the SHAP industry, the question remains how such identities should be established and consistently built on a successful brand essence.

Aaker and Joachimsthaler (2002) argue that brand essence is a single thought that captures the soul of the brand. Such an essence can be viewed as the glue holding the core identity elements together. According to this specification, a differentiated identity towards different

customer groups seems to be possible. But the question *how* this should be done remains and opens important strategic alternatives for the affected wholesalers which are:

- Should wholesalers support their corporate brand by employing a differentiated *maybe even contradictory image towards plumbers (more rationally oriented) and consumers (more emotionally oriented) or by one homogenous and consistent one?*
- *How might such adapted images be built on a sustainable and reliable brand essence and what might be such a unique corporate brand essence?*

One other important choice for the wholesalers is based on the research context which focuses on wholesalers within the professional three stage distribution channel with a generic strategy of differentiation. The resulting first decision is whether to ...

- *Focus on the end consumer (B2C) and dismiss the buying customers (B2B - the plumbers) considering that the latter, as coopetitive partners, have a powerful and hard to control influence on the wholesalers' image and reputation; or - as the other option - the employment of a push-pull approach for corporate branding of SHAP-wholesalers with a resulting influence on complexity and cost position?*

Ingredient branding as an extremely powerful tool for supporting corporate branding activities in the high-tech industry (Kotler and Pfoertsch, 2010) and can be successfully adapted to the service industry if handled and implemented carefully and if it is sufficiently understood by the chosen partners.

The employment of ingredient branding includes opportunities, as well as threats, for the SHAP-wholesalers, as is evident from the previous outcomes and the complexity of the industry as a whole. Organizational associations tend to be most relevant for those service brands where the organization behind the brand has a visible link with the customer (Aaker and Joachimsthaler, 2002). Ingredient branding with its' influenceable and non-influenceable aspects can amplify the wholesalers' organizational strength and weaknesses, as well as transfer that of their partners onto them.

Consequently, an important strategic decision for wholesalers acting in coopetition with their B2B customers regarding corporate branding is:

- *How might a SHAP wholesaler as service organization with a generic strategy of differentiation and acting in coopetition with their business customers integrate ingredient branding in its corporate branding concept?*

By discussing the questions defined within the focus group interviews with different customer groups, it should be possible to find the basis for an integrated corporate branding model for SHAP-wholesalers.

To refine and support these strategic choices with additional detailed aspects, other unanswered questions resulting from the specified strategic options will be brought to the focus groups. These additional and more detailed questions for the focus group interviews can be created from the previous research steps and concern aspects of corporate branding. They mainly reflect on Aaker and Joachimsthaler's (2002) findings and also concern aspects of ingredient branding based on Kotler and Pfoertsch's (2010) work. These questions can be framed as:

- How do different stakeholder groups support and defend currently employed processes and structures?
- How would the supply chain stakeholders describe the task sharing within the professional distribution channel of the SHAP industry?
- What do the stakeholders understand to be the advantages of the three stage distribution structure?
- What are the key expectations of the different stakeholder groups, where do they fit, and what are the potentials for conflict?
- How could the wholesaler's image be separated from that of the coopetitive partner?
- How could it be avoided that the wholesaler's image is negatively influenced by the partner's image?
- Can two differentiated but, nevertheless, congruent and consistent sub-images of SHAP wholesalers be established towards the two targeted customer groups (B2B and B2C) with manageable costs?
- How might such a corporate brand message be differentiated between the individual stakeholders?
- What are the brand perceptions of the individual stakeholder groups towards the SHAP wholesalers?
- Are plumbers and wholesalers willing and/or able to follow a joint and, as described, very demanding positional approach?
- What are the reasons for the described tensions between SHAP wholesalers and plumbers given their long and successful task sharing?
- Why do wholesalers and plumbers not react to the specified market developments in a joint effort?

- Are wholesalers' services and competences seen as important and valuable ingredients to plumber's solutions by the different customer groups?
- Are important stakeholder groups like end consumers, general contractors, and industrial investors really willing to accept the task sharing and are they ready to buy the products from the plumber?
- Does the wholesalers' commitment towards plumbers cause negative atmosphere within other stakeholder groups? If yes – how might that be prevented?
- Is pricing really as important for the corporate branding of the SHAP-wholesalers as it seems based on the interviewees' statements.
- Are the inherent costs of activities of the partners assignable and is a fair share of profit calculable?
- Is a joint but nevertheless competitive pricing model possible? How might this be developed?
- Would ingredient branding offer opportunities to support the corporate brand of wholesalers and are the cooperative partners willing to implement it?
- Are the other issues important for the stakeholders?

The questions only build a generic frame for the focus group interviews. Not all questions will be offered to all stakeholder groups – the selection will be made depending on the situation. Interviews with one customer group may draw attention to other aspects – some already discussed, others new. These can then be followed up during that interview, but also with interviews with other customer groups.

Assignment of Topics to the Focus Group Sessions

Earlier in this chapter I referred to Hartman's (2004) specification that it is necessary for focus group interviews to know what you want to learn and from whom you want to learn it. While I have already specified the questions assignment to the individual interview groups as now discussed.

The assigned questions will not be asked explicitly. Instead it is the aim of the focus group interviews to gain answers to these questions from the discussion among participants. It will demand a lot of sensitivity from the moderator to achieve this goal by leading the discussion into directions that support the treatment of these topics without influencing the outcomes and without ignoring other possibly important issues raised by the individual stakeholder groups.

Questions	Plumber	End Consumer	Social and Institutional Investor	Architects, Planners, General Contractors
Do the different stakeholder groups support and defend the currently employed processes and structures?	x	x	x	x
How would the stakeholders of the supply chain describe the task sharing within the professional distribution channel of the SHAP industry?	x	x	x	x
Do the stakeholders understand the advantages of the three stage distribution structure at all?	x	x	x	x
What are the key expectations of the different stakeholder groups, where do they fit and where are risks of conflict?	x	x	x	x
How could the wholesaler's image be separated from that of the cooperative partner?		x	x	x
Can two differentiated but nevertheless congruent and consistent sub-images of SHAP wholesalers be established towards the two aimed groups of customers (B2B and B2C) with manageable costs?	x	x	x	x
How might such a corporate brand message be differentiated between the individual stakeholders?	x	x	x	x
What are the brand perceptions of the individual stakeholder groups towards the SHAP wholesalers?	x	x	x	x
Are the plumbers and the wholesalers willing and/or able to follow a joint and very demanding positional approach?	x			
What is the reason for the described tensions between SHAP wholesalers and plumbers even while respecting their long and successful task sharing?	x			
Why do wholesalers and plumbers not react to the specified market developments in a joint effort?	x			
Are wholesalers' services and competences seen as important and valuable ingredients to plumber's solutions by the different customer groups?		x	x	x
Does the wholesalers' commitment towards plumbers create negative atmosphere to other groups of stakeholders, if yes – how might that be prevented?		x	x	x

Questions	Plumber	End Consumer	Social and Institutional Investor	Architects, Planners, General Contractors
Is pricing really as important for the corporate branding of the SHAP - wholesalers as it seems based on the statements of the initial interviews.	x	x	X	x
Are the partners' inherent costs of activities assignable and is a fair share of profit calculable?	x			
Is a joint and nevertheless competitive pricing model possible? What would it look like?	x			

Table 6.2: Assignment of questions toward focus groups

The group discussions with individual interview groups will hopefully offer deep insight into the perceptions of respective stakeholders and members of the market segments.

After analysing and summarizing the outcomes of these focus group interviews, one additional group session with plumbers will be employed. This session will consider the list of questions, but will also include discussion on the outcomes and findings of the initial round of group interview. The final group interviews is done to reflect to the summarized outcomes of the previous sessions and hence to reduce the number of conflicting statements and to establish a common point of view between wholesalers and plumbers that respects individual interests and results in a common solution and concept. This step will demand that content and questions are adapted to include the results of the original interviews. This approach is supported by Van de Ven's (2007) definition that data collection, data analysis, and the development and verification of relationships and conclusions are an interrelated and interactive process.

The chosen participant selection techniques will result in at least six focus groups which will allow for a broad insight into the research at hand. The resulting mix of findings should ensure high quality outcomes and reduce the risk of overvaluing the responses of one group, as well as a selective arguing of the researcher. In addition to the targeted quality of outcomes, this approach corresponds to my available resources in terms of time and money.

Data Generating Method

The focus group process as a whole will be extremely demanding as the questions, in combination with the necessary neutrality of the moderator, contain contradiction and

complexity at the same time. This additional effort in time and costs is defensible as the group interviews are extremely important to answering the research questions in a reliable and substantial way.

This exploratory and inductive qualitative research attempts to adapt existing corporate branding models and concepts to the distinct market structure of the SHAP wholesale industry with its specific cooperative task sharing between their B2B customers. This is done by confronting the industry's stakeholders with an initial model and with generic questions in the frame of focus group interviews. By following this approach it is hoped to get ideas, inputs, and substantial criticism of this initial corporate branding model. The analysis of the resulting qualitative data is very sensitive and important for the depth and quality of the findings.

The process of data generation through focus group interviews, the analysis of the resulting data, and the development and verification of relationships and conclusions will be done as an interrelated and interactive process. As Gummesson (2000) points out, this approach will allow the recognition of important themes, patterns, and relationships and eliminate the risk of being biased by personal and professional experiences and opinions.

Tranfield et al. (2003) state that the analysis of qualitative data can be complex and open ended. They argue that it may not be possible to advise on the best way to analyse the data until it has been collected, and that the data collected may be different from what was expected. This means that it is not possible to know how much time and energy will have to be spent analysing the collected data at this stage of the research process. According to Tranfield et al. (2003) this is the strength of qualitative data analysis as it is able to evolve during the process of analysis.

In the following paragraphs will I describe the chosen multi stage approach to structure, assign and analyse the received broad range of statements.

I will start with the documentation of the individual focus group sessions. The presence of the external moderator allows me to observe the participants and to notice their statements in depth. As the moderator will also produce notes, we will have the opportunity to assign and discuss our individual memorandums at the end of each group session. Consequently have I chosen not to record the interviews, even though I am aware that this is recommended (Saunders et al., 2007).

From each individual group interview the joint, expanded and discussed notes from the external moderator and from my observation will be converted in summarized key

statements. In this step I will simultaneously assign an abbreviation to each stakeholder group and a sub number to each documented main topic.

This will allow me to refer to these in detailed explanations when I assign the findings of the individual stakeholder group interviews to the questions resulting from the initial research steps and summarized in table 6.2, p. 187. By doing this I will build up meaning units and receive a joint point of view with a range of uniform, as well as contradicting, answers to the respective questions.

I will then 'confront' the second group of cooperative plumbers with the summarized outcomes and statements. These findings represent the opinions of the plumbers' and wholesalers' common stakeholders and will be supplemented and relativized by the statements of the ultimate group discussion with the plumbers.

For the last step of data generation, namely the ultimate synthesis, analysis and summary of combined findings, I have to ensure a structured foundation. I will do this by employing an established theoretical framework from chapter 4. The definitive selection will be done and argued at the beginning of chapter 8.

Ethical Issues

The overall ethical issues were already discussed in chapter 2.4, p. 52. Consequently, I will only mention some very specific ethical aspects related to focus group interviews. Barbour and Kitzinger (1999) suggest guidelines for the ethical conduct of group research methods when discussing 'sensitive topics'. Renzetti and Lee (1994) specify such sensitive topics as those that deal with behaviour that is intimate, discreditable, or incriminating. They explain that virtually any topic of research is sensitive in some fashion. They list secrecy, financial matters, sexuality, forms of deviation, discrimination and/or stigmatization in particular as topics requiring special consideration. As neither personally nor generally sensitive topics are dealt with within this research, the conception of such guidelines can be regarded as less relevant. I, nevertheless, have to be aware of my responsibility as researcher. The targets of the group sessions, as well as my professional connection to a wholesaler have to be communicated openly and honestly.

Pointing to an aspect already discussed (section 2.4, p. 52), Saunders et al. (2007) indicate that objectivity during data collection and analysis has to be complete. Subjective selectivity during the recording stage has to be avoided. I will do this by assigning the task of interviewing to an independent and external interviewer. I will take on the role of an observer at this point in the research process.

In spite of the necessity for objectivity Saunders et al. (2007), p. 188 explain that

“...in research the resulting personal contact, scope to use non-standardized questions or to observe on a ‘face-to-face’ basis, and capacity to develop your knowledge on an incremental basis mean that you will be able to exercise a greater level of control.”

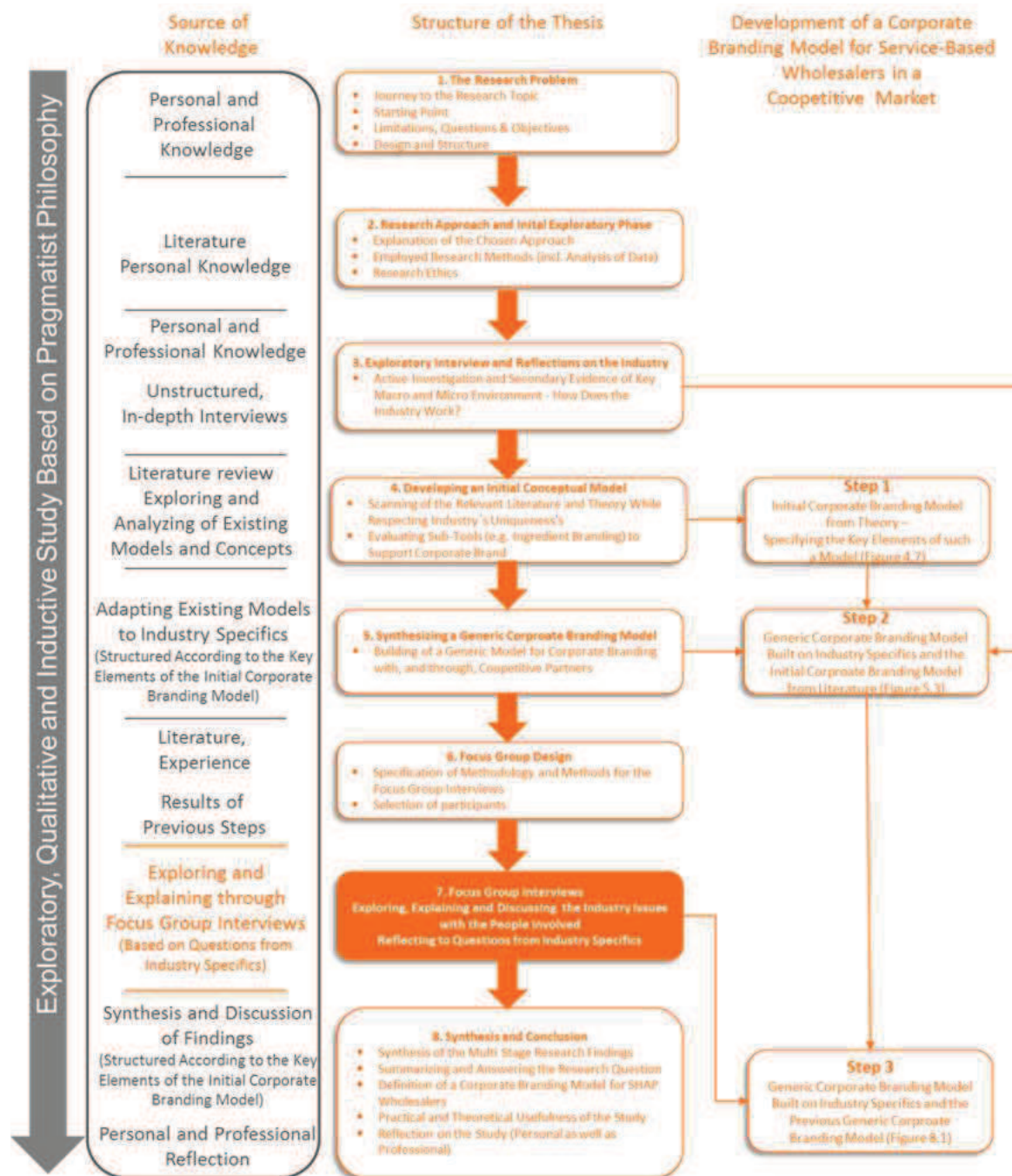
Conclusion

During the analysis stage it will be vital not to misinterpret the data generated. This is particularly important as I am not experienced in conducting focus-group interviews and analysing them. Vicsek (2011) points to the importance of expertise in moderating and analysing the group discussion. This highlights the importance of the consultant. The chosen consultant has previously been involved in projects within the field of residential buildings and the SHAP industry in particular. He is experienced in the fields of market research and interview techniques and has conducted many focus group sessions in the past. Professional and personal details of the consultant are available in section IX.6, p. 352.

By following the described approach, I hope to ensure as far as possible that the outcomes represent ‘objectivity’ to the ‘best’ possible extent. This will further assure that my conclusions and that the resulting actions that appear to stem from my work will not be distorted (Saunders et al. 2007).

The employed process strongly corresponds to these specifications. This is true regarding the process itself, as well as in terms of surprisingly various findings. Reflecting to the first aspect could I state that the chosen multi stage approach offered the possibility to me to adapt and in detail explain the individual steps by following the already explained iterative process (Gummesson, 2000). Regarding the latter aspect could I specify that we more than once had to refocus on the key topic of branding aspects as the statements of the participants would have also offered numerous strategic and tactical aspects. But as specified at the very beginning of the research I had to exclude these nevertheless very important and substantial areas and to limit the research to the dimension of branding. Otherwise would it not be possible to achieve reliable and valid results from this qualitative research because of the high number of variables.

7 Focus Group Interviews



The members of the individual stakeholder groups were invited to the appropriate focus group interviews. The generic information regarding topic, aim and course of the group discussions were cited within the invitation letter (see appendix IX.6, p. 352). The process of the preparation, as well as the execution of the focus group interviews was enacted according to the specifications defined in the previous chapter.

At the beginning of each session I delivered a short summary of the aim and the context of the research and answered specific questions from the participants. By following this approach I was able to focus the topic of the group discussion to the research questions and goals which resulted from the initial stages of the research. After my introduction the moderator took over, invited the participants to introduce themselves and then started the group discussion by pointing to some generic fields and questions concerning the specific group of stakeholders.

Supplementary to these aspects, I would like to mention that I distributed a small present to each participant at the end of the individual group discussions. I did this on the recommendation of the consultant who lead the discussions. The purpose was to thank the participants for their knowledge and ideas, as well as for the time invested.

7.1 Findings of the Individual Focus Group Interviews

I can state with good conscience, that all group discussions were held in a very relaxed and uncomplicated mood and that all participants seemed to enjoy the open and honest statements, as well as the partially contradictory discussions. The interest of the individual groups of stakeholders in the topic was surprisingly high, the outcomes meaningful and hence the contribution to my study satisfactory. Of course there are minor differences regarding the expression of these aspects, which will be mentioned at the relevant points. I will refer to the single aspects, as well as to the behaviour patterns in detail within the following summary of the individual discussions.

The individual group sessions were done with members of all three nations of German speaking Central Europe. The discussions offered no assignable differences between the single nations and hence did I not assign the respective answers to the nation of origin of the participant. The names of the participants, as well as other important details of the individual group discussions like, place, date and time are documented within my personal documentation and notes. To ensure the promised confidentiality, this information is not disclosed and the individual statements are not assigned to an individual interviewee. Instead I assigned serial numbers to the individual participants (for example: plumber 1, plumber 2,

and so on) of each stakeholder group. All of the statements were coordinated with the external moderator of the focus group discussions in content, as well as regarding their significance.

In the first group discussion, conducted with the direct customers of wholesalers, the plumbers, I was able to welcome five participants. This lower than ideal participation was potentially influenced by the interview being held in a week of public holidays in Austria and Switzerland and consequently many of our customers were not available.

While I was firstly very dissatisfied by this number, I then learned that this small number motivated the participants to a very open and honest discussion what enriched the content outcomes of the focus group interview, as well as its depth. I consequently decided to react to this lesson learned and be positive in terms of smaller numbers of participants for the remaining focus groups and to set quality over quantity.

Resulting from the lessons learned during the process of the initial focus group discussion with the plumbers, the hired consultant and I agreed to a feedback meeting in which we made some minor adaptations regarding the sequence of the discussion, as well as the improved the task sharing within, and documentation of the groups.

In detail this concerned one single but important area of the focus group interviews namely the level of structure and influence which had to be at the lowest possible level (Hartman, 2004). The moderator did his best to ensure an open and unstructured approach within the first round but repeatedly had problems to hold the discussions on track while at the same time not influencing the discussion with too detailed questions or comments.

We consequently decided to employ a minor adapted approach while at the same time ensuring the highest possible 'fix' on the relevant topics. This was done by delivering more detailed information regarding the generic aim of the study and then by specifying five key topics which we pinned on five flip charts, inviting the participants to repeatedly come back to one of these topics when delivering a contribution.

Later we decided not to assign the individual contributions to the flip charts and consequently allowed the moderator to focus on the discussion. I undertook the task of documentation in all following sessions as observer and hence from then on followed the initial specification of the focus group methodology (Vicsek, 2011).

The previously documented changes and deviations to the initial specifications of the focus group methodology show once more how seriously I followed an iterative approach to ensure the highest possible depth in generating the findings. Independent from these minor, but

nevertheless important changes, the focus group interviews of course strictly correspond to the generic specifications of the respective methodology and the statements of chapter 6, p. 175.

I first highlighted the important findings of my notes. I then asked the moderator to check the completeness and correctness of the specified statements from his point of view. As the findings of the individual focus group interviews offer important information and hence the basis for the building of the corporate branding model, as well as the answering of the research, questions I will cite the issues as follows in a detailed way.

As 'headlines' for the findings of each focus group, the name of the group is used (plumbers, end users, architects, general contractors, investors). As two group sessions went with plumbers, I used the letters A for the first and B for the second group to differentiate between them. The group names are later on used in abbreviations (plumber group 1 = PA, plumber group 2 = PB, end users = EU, architects = A, general contractors = GC and investors = I) to assign the individual statements of the groups when synthesizing the findings in the next step.

To ensure the highest possible appropriateness of the summarized outcomes from the interviews the employed moderator has checked the following section, as well as the inherent findings and conclusions in depth once more. As an experienced moderator and consultant he is able to judge the appropriateness, as well as the completeness of this summary. His 'validating certificate' is available in section IX.6, p. 352.

I have been involved in the SHAP industry for more than 20 years as salesman, senior sales manager and CEO of a wholesaler and have conducted my master thesis on the topic of generic strategy within this industry. I consequently can refer to a broad range of practical experience and theoretical knowledge. Nevertheless, I was truly surprised by some of the statements and the serious outcomes of the focus groups.

7.1.1. Plumbers Group A (PA)

- The plumbers explained that the specified and described structure of the SHAP supply chain (figure 3.3, p. 88) differs from present specifications. Plumber 5 expressed his surprise by stating:

"The approach as a whole strongly differs from the established specification of the market structure and is more complex than expected. However, it seems to be appropriate and generally corresponds to my personal position".

Plumber 2 limited this agreement by explaining that:

“The competitive issue within the retail tasks is very small and not really important from my point of view.”

He argued this statement with the established and approved supplier – customer relationship of wholesalers and plumbers.

- The issue of price and market positioning is according to this group uniquely one of the plumbers and hence has to be accepted by the affected wholesalers. In this context they argued:

“The task of wholesalers has to stay limited to a reliable and supportive service partner of the plumbers regarding advising, sales and pricing. All additional services of wholesalers are nice to have but not decisive for us”.

Resulting from this judgement it appears plumbers do not really differentiate between cost oriented and service oriented wholesalers. Plumber 3 added to this issue:

“I much more see an advantage for me in the intensive competition between these differently positioned organizations as it allows me to purchase assortments from service oriented firms at the price of price leaders. Further on the wholesalers in general earn too much money”.

The plumbers have difficulties in understanding different gross prices of wholesalers for identical designer labels and state that they would like to have identical gross prices even when they know that this is impossible in times of anti-trust laws. Nevertheless are they reasonably sure that European wide identical gross prices would be an advantage for their stakeholder group and that this would at long last lead to improved revenues and earnings for them.

With agreement of all colleagues present, plumber 2 stated:

“Our stakeholder group is put at a disadvantage based on the current pricing system and such an approach would substantially contribute to solving our problems in competing with the new entrants. “

He argued this point based on a view that the gross prices, as well as possible resulting negative images, are the problems of the other stakeholders and most of all of their suppliers, the wholesalers. At the request of the moderator to explain this quite contradictory and rather one-sided statement, the plumbers were not able (or not willing) to do so. Plumber 4 supplemented:

"We do not see any real problem with the task sharing currently employed and are satisfied by it. The new entrants are in time and in extend very limited issue!"

- The plumbers explained that they would rather have cost oriented wholesalers to ensure the best possible purchasing price and that they are not able to pay an additional fee for the services offered (included in the purchasing price). He added to this that

"...most plumbers of course purchase the equipment from the wholesalers who gave the advice in his showroom but only at a price which has to be as close as possible to the price of the cost-leadership oriented wholesalers".

The ultimate consequence of this statement would indicate that a service orientated wholesaler would not be able to achieve the necessary price and in consequence a sustainable profit. However, the plumbers all pointed to the importance of financial stability and sustainability of their suppliers. This was mainly connected to their high dependency in case of substantial customer claims and consequential damages, independent of whether these are based on product or advising issues.

- The advantages of the task sharing currently employed are seen by them in the very innovative and design oriented showrooms and the possible technical, as well as sales oriented competences of the wholesalers' employees. Additionally plumber 2 explained

"...to esteem the logistical competences of wholesaler, as well as the resulting bridging finance of stock and ordered assortments."

- Regarding the advantages of the supply chain the plumbers, in addition, pointed to the higher possible margins resulting from the private labels of the wholesalers. In the same context they explained that the demand for higher competences and knowledge regarding these assortments in terms of quality and pricing are on the other hand key disadvantages of them.

Participant 5, supported by all present colleagues argued:

"The interruption of the business transaction and the confusion of the end users, based on the unclear pricing and process responsibility is the key disadvantage of the employed task sharing and only the problem of the wholesalers."

The end users are according to the statements of the participants not even able to differentiate between the displayed gross prices in the showroom and the valid net prices of the plumbers. This situation is explained by plumber 2:

“The rational (price) issue is not explained to the end users in an appropriate way and hence do they not understand the underlying pricing concept. At the same time the positive emotional aspects of the showrooms and of the consultancy process are not exploited adequately.”

Surprisingly the plumbers went on to explain that this issue are only one for the affected wholesalers and certainly not one for them but as stated by plumber 2:

“It is only in our competence to decide the prices and assortments offered, as well as the closing of the deal.”

They, in full agreement, added that the described issues have to be handled by the wholesalers to the best advantage of the plumbers. As will be available from the outcomes of the focus group discussions with the other groups of stakeholders all of them are aware of this rather difficult generic behaviour of the plumbers and would expect an adequate adaption of the approach.

- As important in this context is the fact that the end users do, according to the plumbers, not understand the structure and the task sharing of the coopetitive partners. More consumers seem to be uncertain regarding the responsibilities and task sharing between the wholesalers and the plumbers, consequently ending in mistrust.

In this context the plumbers agreed, as expressed by plumber 1:

“The loss of power on the interfaces between wholesalers and us, as well as the weaknesses regarding the closing of the deal is mainly based on unclear task definitions and twin-tracks, leading to in-transparency and miss-trust. These interface-based weaknesses should and could be eliminated by a clearly specified and commonly agreed process for plumbers and wholesalers.”

To this very constructive statement they add that such a specification should surely be led by plumbers and has to be done according to their demands.

- The plumbers in this group as stated by participant 4 are convinced that:

“The competition of new entrants like internet and DIY is very limited in its extent, will not be sustainable because of the very simple business model and hence is no relevant issue for us!”

Plumber 3 argued this point of view by specifying:

“The only advantage of the new entrants seems to be price and, in contrast, the advantages of the professional distribution channel are very broad. The difficulty to communicate these advantages in the coopetitive and complex partnership between plumbers and wholesalers is a disadvantage which has to be accepted.”

Further, they admitted to the necessity of being more loyal toward the coopetitive partner, especially regarding their commitment toward the supply chain and hence the respective wholesale partners. In this context they referred to the specified approach of plumbers to lower the sales prices of differentiated wholesalers by threatening them with prices of price oriented ones. Plumber 2 defended this procedure by specifying:

“The plumbers only pass on the pressure which they get from the competition with other plumbers and/or from general contractors.”

- An advantage of the regional coopetitive partners towards end users was seen by the plumbers in language, place, accessibility and sustainability. In contrast to this, they pointed to the established mistrust and the pressure between the individual and oblique partners of the complex supply chain.

In this context plumber 5 additionally stated:

“The coopetitive professional supply chain as a whole has the generic disadvantage of the need to explain the complex interfaces, as well as the unique strength to the common customers.”

In sum, it could be stated that the advantages of task sharing, described by plumbers, affects themselves, while the disadvantages are mainly assigned to the end users. More clearly plumber 3 expressed:

“We are definitely satisfied with the current situation and not directly affected by (nor interested in) possible disadvantages for the end users as common customers of the coopetitive partnership with the wholesalers. The

professional distribution structure offers a broad range of advantages to us and we are clearly not willing to adapt this to our disadvantage.”

- In the final round of the group discussion the plumbers again mentioned this issue when plumber 1 explained:

“I have problems to even see the necessity to change our generic behaviour. We are generally very satisfied with the current situation and hence see no reason to adapt the task sharing of the supply chain even in one single sequence and especially not regarding their influence on the sales prices.”

All participants agreed to this statement. On a call-back of the moderator he added:

“The currently employed process fits best to the very individual demands of our stakeholder group and further on is well established for generations”.

The threat of the new entrants like DIY and internet suppliers was dismissed by them as they are assigning only insignificant problems to them. They, summarized by plumber 5 explained:

“We are ‘pretty sure’ that these organizations only have limited market potential and that the currently poor profit margins of the plumbers can much more easily and sustainably be developed by a reduction of competition between the individual plumbers and, even more important, by an additional shifting of the pricing competences from the wholesalers toward them. The problems of the wholesalers to finance the expensive showrooms and advice teams are not seen by us as part of the partnership and hence not as a common issue.”

Independently and even contradicting this very serious desire for a unique influence on the price, all five of the plumbers explained that a competitive pricing system is seen by them as task of the wholesalers.

- Regarding the possible support of the corporate branding activities of wholesalers a common generic position of the plumbers could be stated. In line with the previous remarks by the plumbers, plumber 1 explained:

“We see no need to change the content and intensity of the communication. We really do not understand the need of the wholesalers to communicate to the end users and would, in general, prefer a reduction of the influence and hence communication of wholesalers toward end users.”

Positioning is fundamentally not seen by them (as workmen) to be an important approach. They are fixed on their daily business and uniformly explained that

“...we never were confronted with positional or image aspects in regard of quality or amount of services. Our only tool for differentiation is pricing”.

In this context plumber 2 specified:

“The very same is true if we compare the market behaviour of our supplying wholesalers. While we see the advantages of individually services offered by wholesalers we do not really value such services in regard to our personal interest. Much more important for us is the cost of services toward our organization and hence the billed price. I do not see the necessity for any joint positioning approach toward the end users and consequently would not value one.”

Nevertheless, all five of the plumbers showed readiness to support limited, and for them acceptable, efforts by wholesalers directed toward the end users. Plumber 4 additionally explained:

“I am not willing to combine my company’s logo with that of a wholesaler, but I would support any other form of ingredient branding, such as citing the wholesalers brand in my offers toward end users, or the distribution of image brochures.”

All the plumbers explained that they have problems to see the general necessity and usefulness of this step. They only would be ready to support such a concept with a small number of specifically cooperative wholesalers, with which a long lasting and deep partnership could be established.

7.1.2. End User (EU)

- The end users explained as stated by participant 3:

“The decision on the best bathroom is extremely demanding and complex. I felt uncomfortable and overtaxed and while I did an initial scanning of the offered solutions in print media and on various internet platforms, I was very thankful to have the possibility to make the ultimate decisions in the showrooms of the wholesalers!”

In this context all end users praised the advisory services of the showroom employees of the wholesalers. One interviewee specified:

“Wholesalers are like an anchor or a reference point in an otherwise extremely non-transparent situation!”

End users 3 explained that she

“...esteems the services of regional wholesalers which employ native people and hence contribute to the local economic prosperity.”

The remaining participants relativize this common positive statement, when they agree to the statement of participant 1:

“An increasing number of consumers get their information and buy a broad range of products from the internet suppliers. These consumers might mainly be assigned to the young generation.”

Resulting from these statements (which were supported by all the present end users), the importance and relevance of these experiences on the corporate brands of the respective wholesalers could be specified to be very significant.

- The end users altogether felt comfortable and taken seriously while consulted by the wholesalers. End user 4 (supported by all present end users) added:

“In contrast to this positive aspect the structure, state of interest and connection, as well as the responsibility for the results and the respective share of costs of the process are not recognizable for us customers.”

- Beside these general findings, it soon came out from the discussion that the end users could be split into two fundamental groups. The individual residential customers who are completely free to choose the supplier of the bathroom equipment on one hand and the buyers of residential apartments built by general contractors on the other one. A representative of the first group (end user 1) explained:

“I started the process by scanning literature and internet, then visited a showroom and only in a last step chose a plumber.”

Describing a different process, end user 3 as representative for the latter group specified:

“We took over a fixed project from the general contractor with a defined wholesaler and plumber. We had no alternative to influence the choice of the wholesaler and the plumbers.”

This finding has substantial influence on the possible and necessary market positioning and branding activities of the wholesalers.

- The end users are not able to specify the process they use, but explained that

“...they would like to understand the complex approach as well as the task sharing between the coopetitive acting partners”.

It is not clear to them why the wholesalers fulfil almost the whole task of consulting and planning while they then do not take advantage of the resulting emotional connection with the end users. They do not have any influence on the pricing and the closing of the deal.

- Prices are seen by the end users as a key issue and defined uniquely by the wholesalers. End user 3 explained this point of view by referring to

“...the displayed prices in the showrooms and catalogues of the wholesalers. Resulting from this, I am sure that it is correct to assign the ‘price competence’ to wholesalers. A very substantial issue in regard to the prices are the non-transparent pricing system of the supply chain, the extremely high differences from the prices of internet suppliers and the resulting feeling of being overcharged by the channel. Price differences of thirty per cent are not understandable, nor acceptable, even given the substantial differences in the amount and quality of services included.”

All present representatives of the stakeholder group agreed to this specification. They said that, price differences between the offers of the professional supply chain including services, and the single product offers of new entrants should have 10 to a maximum of 15 per cent to be defensible. End user 2 in this context explained:

“I was not aware of the fact that I received an offer based on non-binding gross prices in the showroom while the effective (and about 15 per cent lower) purchasing prices are on a net basis, which I got from the plumber weeks later.”

The interviewees additionally pointed to the in-transparent process and the poor quality of explanation in regard to the pricing system by stating:

“The fact that the wholesalers communicate a gross price for the assortments, while the plumbers send an otherwise identical offer with different prices on a net basis to the customers is confusing. This aspect was amplified when I compared the wholesaler prices with the prices of the

internet suppliers. I did this, not being aware that the prices of the wholesalers are gross prices which can be negotiated and which include a range of services (showroom, logistics, guarantee, financing during the construction work and after sale service, etc.) while the prices of the internet suppliers are net prices without any services and (normally) not including delivery charges.”

This issue was supported by all other participants. Another important issue in the same field according to end user 5 is the fact that:

“The differences of the prices for almost the same products between the basic offers, which are part of the contract with the general contractor, and the special requests based on the visit in the showrooms of the wholesalers are annoying, not reasonable and as high as 20 to 30 per cent.”

The respective customers do not differ between the plumbers and the wholesalers regarding the responsibility for their negative gut feeling. Nevertheless has to be kept in mind that this aspect is only valuable for buyers of units which are built by general contractors.

- An additional issue was cited regarding the quality of showroom services. End user 3 referred to this issue by stating:

“A really boring aspect is the time frame between the consultation in the showroom and the receipt of the offer which is more than unsatisfying. I made the experience that this frame was as long as six weeks.”

- The end users explained (as expressed by end user 5):

“I would expect that plumbers buy the equipment from the wholesaler which did the consultation, but I did not definitively give this wish to the plumber. Thus, as I had no idea that the plumbers would not buy this assortment from the particular wholesaler.”

- Regarding the question whether the end users are interested in the connections and structure of the supply chain they argue that

“...we are honestly interested, but in final analysis the results are important for us, and not the possible dependencies and connections”.

In addition, the further expansion of planning and design competences of the wholesalers would be very welcomed by the end users. They all explain that the respective offers of the

wholesalers are quite appealing, but that the expectations are far higher than the currently delivered level of services. This expectation was summarized by end user 1:

"I would like to get the offers with explanatory pictures and visualized suggestions for the bathroom arrangement and not only with a simple plan. As I have difficulties to really understand a ground plan, I would prefer a three dimensional reality view of the bathroom."

Product brands within the offers are welcomed by the end users, as these specific products have, according to the interviewees, a positioning of quality and, further, allow them to compare the prices with that of competing member of the professional supply chain, but also with that of new entrants like internet suppliers. In contrast end user 4 stated:

"Private labels are cheap alternatives and not as quality. Additionally, wholesaler's private labels are not as representative as industry's designer brands."

- Adding to this assortment based aspect, the participating end users specify that the wholesalers regard the service aspects as very professional, while the plumbers handle this topic rather unprofessionally and naively. In this context, one interviewee supported by the other participants, explains:

"You have to be careful with workmen as they remain workmen and the results of their work cannot be seen after the finishing of the work."

The end users represented by participant 2 argued:

"I would prefer the cooperation of wholesalers with selected plumbers and it would be helpful if wholesalers would recommend these partners to us end users."

- Asked about a possible optimized solution, the end user 4 in the name of all present representatives explained:

"We would prefer a system in which one partner would be responsible for the whole process. That requested partner should be the wholesaler. At best, we would prefer a solution in which the wholesaler would act as a kind of general contractor for bathroom solutions."

This statement suggests a higher level of trust toward the wholesalers and their higher level of competence, assigned to the wholesalers by end users. The plumbers generically are seen as 'workmen'. Respondents explain plumbers should focus on their installation

competence, and are neither able to adequately consult the end users, nor to take over the responsibility for the price positioning and the sales process as a whole.

Wholesalers are not free to select their cooperating plumbers in the field of bathroom equipment as the technical assortments (heating and plumbing) are purchased by the plumbers based on completely different motives and as these assortments are responsible for two thirds of the wholesaler's turnover.

- Summarized by end user 1, all participants said:

"We do not like the current purchasing process, because of the limitation regarding the free buying decision. We, as customers, are not allowed to negotiate the prices and buy the equipment from the supplier which they prefer (wholesaler or plumber). We partially understand the circumstances leading to this limitation, but there is no other assortment handled and limited in the same way nowadays. This uniqueness leads to the negative 'gut feel' and missing the obviously necessary trust toward the supply chain as a whole."

The end users summarize their feelings with a simple question:

"What the hell is going on here – am I really overcharged in such a substantial way – whom can I trust any longer?"

The process and the kind of task sharing in the field of pricing and sales do not fit into their understanding of a modern and up to date supply chain, even when they understand the need to split the task in the remaining fields. End user 4 added to the previous statements:

"An adequate, open and detailed communication of these more rational aspects toward their stakeholder group would be much welcomed by me."

- In addition to 'hard facts', the end users identify

"...the importance of kindness and competence of employees, as well as of transparency, the resulting fairness of prices and conditions of the offers. "

They argue that the image and reputation of the showrooms and in consequence of the wholesalers as a whole are strongly influenced by these emotional and soft factors.

- Referring to another aspect end user 5 in a last statement explains:

"Wholesalers would currently not be defined by me as 'brands'."

The participants of the group interview supported this statement and argued this by the rather poor and defensive level of information regarding the services and tasks of a wholesaler within the process of building a bathroom. This finding corresponds to the additional statements of the group and shows the importance for wholesalers to more clearly and actively communicate their share on the whole task, as well as their respective services.

7.1.3. Architects (A)

- The architects in general welcome the current processes within the supply chain. Architect 1 argued this approval with the following statement:

“We profit from the services and showrooms of the wholesalers, which we use during the stage of specifying the equipment and planning the bathroom. We are currently allowed to use these expensive and valuable services without any economic or moral commitment and completely free of charge.”

And architect 4 added:

“The established task sharing enables us architects to specify the bathroom equipment together with the wholesaler very early in the planning process and further on to get a standard price for their customers (end users, general contractors or investors) at this early stage without the necessity of knowing the plumber who will realize the project.”

- According to the architects this step could be optimized once more by the wholesalers if they

“.... would not only specify a gross price but an obligatory net price for the assortments for the architects.”

All architects agreed to this statement, even knowing that it would contradict to the legal specifications of the anti-trust-rules (National and European ones) and hence contain serious problems as explained by architect 2.

Architects specified that they, after selecting the products by using the competences and infrastructure of the wholesaler, use the resulting specification to write out the project and to get the best prices from the plumbers tendering. Architect 2 explained this procedure with the unclear and badly specified interface between the cooperative interests of

wholesalers and plumbers which allows them to do so without any kind of liability and, further, without bad conscience.

- They further explained (represented by the participant 3):

“We prefer to select the assortments in the first step together with design oriented and innovative wholesalers because of the quality of their showrooms and their competences in planning and consultation. Wholesalers which offer no such qualitative showrooms and competent consultants are excluded by us from the process in this initial stage.”

At the same time, architects admitted that the high profile wholesalers lose their competitive advantage when it comes to the ultimate offer for the project in the second stage. Tendering plumbers are according to their experience completely free to choose the wholesaler on which offer they base their own offering, and from which they finally purchase the equipment.

- In contrast to the positive statement regarding the advantages which the architects gain from differentiated wholesalers they argue that

“...the plumbers are poor salesmen and consultants. Being advised by, and buying a bathroom from a plumber, is like buying a luxury car from a mechanic in the garage!”

Only in the second stage when the residences or houses are sold and the individual demands of future users have to be taken into account, should the plumbers (according to the architects) be integrated into the process. This is mainly argued by them to be true because of technical reasons and definitely not because of structural ones.

- The stakeholder group explained to be comfortable with the generic task sharing of the supply chain. However, the architects stated (possibly precisely because of this satisfaction):

“We are not really interested in the kind and level of task sharing between the cooperative partners. Thus, as we are focused on the advantages to the exclusion of difficulties and see no need to change the situation. Nevertheless are we at least partially aware of our dependences regarding the showrooms and competences of the wholesalers.”

The architects in this context state that this awareness could and should be expanded by a higher level of communication from the wholesalers toward them. Architect 3 says:

"We currently profit from the advantages without being forced to any kind of commitment, but would of course support the sustainable success of the showrooms to ensure this service in their own and deepest interest."

- The end users have, according to the architects, a limited understanding of the structural dependences and task sharing while the investors are completely uninterested. According to architect 5

"... the investors are uniquely interested in their return on investment and hence could be completely excluded from the communication of any service aspects. The only transferable advantage for the investors would be the deepest possible price cut for high quality brand products."

Architect 1 pointed to the necessary communication of the positive aspects of the current approach toward the end users to optimize the positioning of differentiated wholesalers and explains:

"The communication of this complex process would be very difficult to understand by the end users".

- Designer brands are preferred in the selection of bathroom equipment by the architects. Architect 3 argued this preference when he specifies:

"Private labels of wholesalers are cheap and not as valuable, even if produced by established brand manufacturers. Further, I remain limited in planning the project, as well as in the choice of the plumbers, if I use assortments of individual wholesalers."

The architects in a joint statement added that they would not see a private label as a tool to improve the image of wholesalers.

- Without hesitation the architects assigned the task of price positioning, as well as the resulting responsibility regarding the lack of transparency, to the wholesalers. They never would have had the idea that the plumbers could be responsible for pricing. For the interviewed representatives of this interest group the SHAP supply chain as a whole has an image of being too expensive and of overcharging the individual stakeholder groups. The architects consequently stated (expressed by architect 4):

"The correction of the current and rather undeserved very poor image of differentiated wholesalers should as soon as possible be addressed by the affected firms."

Architects added to the previous specification:

“The defensive communication policy of the cooperative partners could be responsible for this situation and an appropriately executed communication approach could correct our negative argument.”

- Finally, architect 1 specified:

“The consulting employees of the wholesalers, as well as the showroom itself, have to impress and fill with enthusiasm the individual stakeholder groups. All other service aspects of the wholesalers are, from my point of view, only of secondary significance and hence not as important.”

They all supported this explanation and in unison stated that the differences in the level of services of wholesalers are enormous, and that they are really happy to have and depend on high profile suppliers in an otherwise very low level market. For individual private property residences they need to have such partners in general and showrooms in particular.

- Regarding corporate branding efforts of wholesalers, architect 2 specified:

“I strongly disagreed with the need to currently be aware of wholesalers as corporate brands, but I would understand and support such an approach.”

The current private label assortments are seen as ‘discount’ or at best as ‘mainstream’ ones, and do not support the ‘high end’ positioning of differentiated wholesalers. Consequently architect 4 argued:

“This product brands are a kind of liability neither then a supporter of the targeted corporate brands. In contrast to this, adequate private labels, positioned as high end assortments, could be supportive to the building up and establishing of a corporate brand.”

This statement was supported by all present representatives of the stakeholder group.

7.1.4. General Contractors (GC)

- General contractor2 specified in regard to positional issues:

“Bathroom equipment has high influence on the positional value of the respective individual apartment or residence as a whole.”

At the same time, they explain the differences between projects in which they react to an invitation to bid, and projects in which they at the same time act as investor or developer of residential development. In the first case, the net purchasing price independently from the offered product quality, is specified as the ultimate factor. In contrast the price - quality relation is most important in the latter one. Contractor 1 in the name of all present stakeholders defined:

“This leads to the demand for assortments with highest possible quality and gross prices with, at the same time, cuts to the deepest net purchasing price.”

- While this definition seems to be at a first view rather contradictory, it represents a daily business habit in the supply chain as argued by contractor 3. She went on by explaining:

“Because of the conflicting demands of the stakeholders, the end users who decide to replace the original bathroom equipment of an apartment personally (in the wholesaler’s showroom) from the selected assortment are confronted with enormous (and difficult to explain) price differences. The plumber offers at the demanded cheap net prices to the general contractor in order to obtain the job and the project. In a next step, the plumbers try to compensate the losses resulting from their deal with the general contractor through highest defendable sales prices for the special requests toward the end users.”

In this process, the plumbers understandably enough, credit only the net price of the general contractor to the end users, and by doing this they produce a substantial price difference as explained by contractor 5.

Contractor 1 added to these specifications that:

“Integrated within this more rational process, the plumbers further annoy us general contractors, as the end users becomes aware of the net prices and hence transparency regarding the low value of the bathroom equipment which they really purchased from them.”

He went on to describe the next steps of the sales process and stated:

“The offers are made by the wholesalers and in their showrooms. This ends in the fact that the end users assign the responsibility incorrectly to the wholesaler. In general it could at this point be said that the end user feels

strongly overtaxed by all affected organizations and is not willing or able to assign the responsibility correctly.”

In this context contractor 2 admitted that the chosen approach invites the plumbers to a kind of price speculation. This is at least partially contractors’ fault because of the cheap net prices for the basic equipment that are to their individual advantage.

The general contractors explain that this financial advantage is substantial for them, they are not willing to give it up, but that they would rather accept the negative influences on their reputation and image. Apart from admitting that they profit from the approach, they assign unique responsibility for the price differences to the plumbers and to the wholesalers.

- According to the participating members of the stakeholder group, the sole responsibility for solving this issue lies with the coopetitive partners. In this context contractor 4 recommended:

“...the reduction of the gross prices for bathroom equipment!”

- As is true for almost all the research topics, this specific issue seems to be one of communication and to be very substantial for the generic positioning of wholesalers and hence for establishing a successful corporate brand.
- One additional key aspect regarding the price positioning in the complex environment of the SHAP supply chain is that of transparency. During the focus group discussion the general contractors pointed to the importance of highest possible transparency in terms of pricing, as well as in terms of responsibility for the individual tasks and the relevant interfaces.
- Currently the common customers are not really clear who is responsible for which task – a finding that corresponds to the results of all other focus group discussions. Referring to this context contractor 1 stated:

“Based on my broad range of experience, I am ‘pretty sure’ that the end users would be very interested to understand the approach indeed. Further, the end users would like to be able to assign the different tasks to the respective responsible organization. “

While the communication and the resulting understanding of the approach during the stage of consultation in the wholesaler’s showroom is seen by contractors to be on an

acceptable level, this positive judgement is not true for the following steps of the process as defined by contractor 4:

“End users are let alone in this stage by both of the coopetitive partners. This statement contains aspects of calculation, as well as of timing. It often occurs that end users have to wait six to eight weeks till they get a net price offer for the selected items which also include the costs for the assembling. In combination with already mentioned gross price offer of the wholesaler this fact ends in a complete confusion of the end users.”

- Amplifying this problem is according to contractor 1 the fact that the end user most often modifies the selection of bathroom equipment and demands a second consultation after getting the first gross price offer from the wholesaler. He explained this issue:

“This procedure results from the unclear pricing responsibility and price positioning of the partners. This unnecessary additional effort also burdens us, has a negative impact on our reputation and hence is not welcomed by us.”

- The highest possible satisfaction of the end users is, according to contractor 2, the most relevant aspect for his stakeholder group. Contractor 3 added to this specification:

“We transmit the responsibility for this satisfaction to our supplying partners (wholesalers and plumbers) without financially compensating them. In this context, we have to admit that the currently delivered quality of the coopetitive partner in general could be specified to be really good and that the only negative issue could be assigned to be the lack of a transparent and fair pricing system.”

- General contractors would prefer a system in which the end user leaves the showroom with a transparent and clearly specified offer on a net price base, which also includes the assembling costs. They go on by stating that only the optimal result at the lowest possible cost is important for them, and not whom the task is assigned to.

While this fact was highlighted by all present representatives, contractor 2 added:

“I would prefer if the wholesalers would take over the responsibility for the whole process, as they have a much higher sales and design competence than the plumbers, which I see as workmen.”

In unison they relativized this wish for optimum by arguing that the plumbers are in the strongest position of all affected stakeholders. According to contractor 3

“...there is no way past the plumbers and they are in a position to influence the whole process in a way which fits best to their very individual demands. Whether this influence is based on rational facts, such as technical issues, or on more emotional ones like the very positive representation of their individual competences, does not matter in this context. Plumbers strong position is based on being closest to the end users, allowing them to act as the ‘filter’ for messages.”

General contractor 5 summarizes the discussion of this issue by stating:

“It is only of minor significance who, of the cooperative partners, fulfils the task, and it is practically of no importance who is responsible for faults within this complex approach. The process as a whole is ultimately judged by the end users and by us, with all the resulting positive or negative influence on the image and reputation of the affected wholesalers and plumbers. It is very important for wholesalers to ensure the highest possible quality of the process as a whole and to intensively communicate directly to all affected groups of stakeholders.”

- Regarding such an establishment of a corporate brand for differentiated wholesalers, one member of the group discussion stated:

“At a first thought I would never have defined a wholesaler to be a corporate brand. But by rethinking this issue in this context, such an approach could be really interesting.”

The other participants of the group discussion supported this statement and expanded it by specifying that the visible part of the wholesaler’s services, namely the showroom itself, the consultation, as well as the extent and quality of the resulting offer, should be integrated in such a corporate branding model for SHAP wholesalers. They in unison defined the other services of wholesalers (such as logistics, debit of purchasing and so on) to be irrelevant for them, as well as for the end users as their customers.

7.1.5. Social and institutional Investors (I)

- There is no real difference between the two sub-groups as explained by representatives of both stakeholder groups. This finding substantially contradicts the wholesalers interviewed

(see section 3.4, p. 89) who argued that the institutional investors are interested in assortments which allow a kind of differentiation, while the social investors were said to be only interested in purchasing the cheapest possible products to equip the bathrooms of their projects.

Investor 1 in regard to this issue specified that:

“...the established approach of specifying, selecting, offering and purchasing bathroom equipment allows the investors to get both and obviously contradicting requirements satisfied at the same time. Differentiated wholesalers are upgrading the offered assortments for a project in the stage of pre-selection to achieve a competitive advantage toward other competing wholesalers. This upgrade combines the highest possible value regarding gross prices with up to date designer brands.”

Investor 3 went on explaining the process by referring to the second stage in which the pre-selected assortment is written out by architects or general contractors and the fight for the order is done a second time. He specified in regard to this stage:

“The war for the order is done on the level of plumbers, as well as of wholesalers and is strongly focused on the price. At long last the investors get, independently whether they are social or institutional ones, the very best net price for the most attractive and valuable assortments.”

It hence seems to be appropriate from this finding to dismiss the differentiation the two groups and handle them in a unified analysis.

- The investors specify that individual bathroom solutions are a welcome instrument of differentiation for them, but that at the same time the necessary effort continuously increases. Investor 4 (supported by all other investors) in this context explained:

“I would prefer bathroom projects with highest possible standardization and with as less individual solutions as absolutely necessary”.

This statement was expanded by Investor 2 who stated:

“I am aware that the currently very comfortable situation with high quality showrooms and only less liability for us could in the long run be at risk. These as problems could occur because of the resulting lost revenues of the wholesalers, which currently operate up to date and high profile showrooms to our advantage.”

- Like the architects, the stakeholder group of the investors takes substantial profit from the approach of task sharing and from the resulting competitive interests of the individual partners of the supply chain. Further it can be stated that the investors are currently not aware of the advantages which they gain, or could gain, from differentiated wholesalers and their services. Investor 2 stated:

“The services of such wholesalers substantially support our positioning by improving the level of the bathroom equipment and hence the satisfaction of our customers (buyers or renters).”

At the end of the focus group session, investor 4 summarized the point of view of his stakeholder group:

“Wholesalers should communicate its unique corporate services toward the investors as their indirect customers by establishing a corporate brand to communicate the competitive advantages of the delivered services.”

7.1.6. Plumbers Group B (PB)

In sum it could be specified that the previous findings show a rather surprising and unexpected distinctive difference in the point of view of the plumbers on one side and their customers (all relevant stakeholders) on the other one. While all other group discussions contained the serious demand for an up to date task sharing with clearly specified interfaces and even more important for transparent and fair pricing system, the group discussion with the plumbers did not.

The plumbers (PA) in contrast explained that they would prefer an unchanged procedure and that the current one is established for generations. They almost uniquely assigned their current problems in the market to the heavy competition within their stakeholder group and some plumbers who are not able or willing to adequately calculate. New entrants were specified to be a limited issue in term of relevance and of time.

Given these very serious contrasts, I decided in coordination with the external moderator, to adapt the procedure of the second group discussion with the plumbers. I did this by confronting the group of plumbers with the findings of the completed group discussions and the inherent contradictions in the point of views at the very beginning of the meeting (summarized by the moderator and available in section IX.6, p. 352).

Only after finishing the presentation, given by the moderator, we started the focus group discussion. The employment of such a procedure is supported by Van de Ven (2007) who

specified that data collection, data analysis, and the development and verification of relationships and conclusions are an interrelated and interactive process.

This was a major shift from the process outlined in chapter 6.

- The stakeholders present reacted in an unexpectedly shocked way. One of them, accompanied by an agreeing nodding of the heads of the colleagues, explained

"I am speechless and very concerned by the statements presented from the individual stakeholders".

One plumber assigned the rather negative image of the plumbers to the market behaviour of the general contractors, and argued this accusation stemmed from the demand of this group for an immense high level of quality of products and services at a less than cost-covering price from plumbers.

- At a first view this reaction seemed to fit to the experience of the summarized first focus group session with plumbers, which ended in the assigning of the responsibility to all other affected groups, but not to their own one. But then a very surprising development arose: plumber 1 obviously affected by the findings presented, explained:

"These unexpected and enormous embarrassing results have to be accepted as the picture seems to exist in the minds of all our individual groups of customers! Independently whether the general contractor is the trigger of this situation or not do we have to analyse how we could correct this extremely negative image. I think that the whole issue is mainly a question of honesty and dishonesty!"

The plumbers present agreed to this statement and expanded that their readiness to contribute to a solution exists and that a joint effort of plumbers and wholesalers will be necessary to correct negative reputation. Only plumber 3 objected to this development and argued:

"I do not accept a responsibility of plumbers for the presented findings and the resulting currently negative image and reputation of wholesalers and plumbers."

However, after a short but intensive group discussion and rethinking the presented arguments he showed readiness to take responsibility, at least partially.

- Regarding the relevant key issues, plumbers agreed to the statement of plumber 1 that:

“...substantial amounts of costs are passed to the equipment instead of clearing them through the earnings which result from services. In this context I refer to service aspects such as general support, offerings, planning, building site supervision, assembling by high qualified employees and so on.”

Plumbers specified that the consciousness regarding the amount and importance of these services of the professional SHAP supply chain is missing in all affected stakeholder groups.

Plumber 4 consequently defined:

“Handling this topic due to active communication and resulting increased transparency of the process might be a favourable solution. By doing this, the currently very low positional value of nevertheless high level services could be increased.”

- On a call back of the moderator, the plumbers discussed the reasons which could (based on their knowledge) be made responsible for this low valuation of workmanship. They agreed that it could be stated that this is a general valid problem of workman as they ‘only’ assemble products. Plumber 2 summarized their point of view:

“Nowadays the positional value of other industries is seen by us to be much higher, and this independently of the amount and level of quality of the services. The majority of the plumbers, as well as of our employees offer quite good performance and are much better than the overall inadequate reputation of the industry. We are confronted with the necessity to actively change our behaviour.”

- In the context of services quality, plumber 5 specified:

“The customer, independently of which group of stakeholder he she could be assigned to, has to decide what level of services he or she would like to get and what price he or she is willing to pay.”

His colleagues contradicted this statement and explained that while it could be basically defined to be true, the reality of the supply chain is different, namely, that the customer will always find a plumber who offers an additional service for free and that this on-going development destroys the financial and hence the positional value of such services.

- Handling another topic, the plumbers agreed that

“...nowadays customers want to buy at the moment they want and from whomever they want. Such an adapted process would end in substantially reduced costs and might hence offer an increased competitiveness and profitability for us!”

This statement strongly corresponds to the respective specifications of end users (see focus group 2 – end users) who defined that such a demand not only reflects to aspects of power but even as much important to the issues of transparency and resulting trust, image and reputation.

- According to all present plumbers and expressed by the statement of plumber 1:

“The positional aspect as a whole only could and should be solved in a joint effort of wholesalers and plumbers and by starting with the change of the system as a whole.”

In this context they all pointed to the importance of:

- increased competitiveness of gross prices in comparison to internet and DIY suppliers
- transparency of scope of work, as well as of costs and prices
- shortened response time during the phase of consultation, planning and offering
- closing of the deal by the consulting employee of the wholesaler and hence using of the emotional aspects of the showrooms
- proactive communication of the values of the corporations as well as of the produced and included services

The plumbers in unison agreed that the cited issues are only conditionally rational ones, but much more emotional ones. Plumber 4 summarized this fundamental statement:

“Consequently, the efforts and costs could be drastically reduced by a joint communicational effort of the cooperative partners, addressing these emotional aspects. We plumbers are willing and ready to accept the necessity of changes in the supply chain, as well as the importance of a joint and coordinated approach with wholesalers as partners”.

The, within the first group discussion stated readiness of the plumbers to support a wholesalers' corporate brand and to communicate to the stakeholders who delivered the equipment of the bathroom, is supported by this finding.

The possibility, as well as the appropriateness for wholesalers to successfully implement ingredient branding activities into their corporate branding model could be derived and defended.

7.2 Overall findings of the Focus Group Interviews

In order to summarize the findings of the individual focus group interviews in a structured way, as indicated in chapter 6, I will assign findings to the questions which arose from the specification of the industry specifics and the literature review. All remaining relevant but non-assignable statements from these interviews will be given afterwards. The statements and findings of the individual focus group interviews will relate to the particular stakeholder group.

I follow an approach of qualitative analyses of the generated data. By reducing qualitative data to quantitative, categorical data I would risk losing much of the data's richness and any unique insights (Iacono et al., 2009). By following a qualitative approach I dismiss the ideas of the external moderator who wanted to convert the outcomes into numerical information.

His suggestion is based on his professional experience as a consultant and he argues this approach by referring to the resulting 'scientific correctness' and 'mathematical precision' of such a process. Nevertheless this procedure would reduce the extremely broad range of complex findings to simplified numbers. Further, it would not suit my personality and my pragmatic view of the world. Following Tashakkori and Teddlie (1998) I will go on in the way I deem to be appropriate, and use the results in ways that can bring about positive consequences within my value system.

Following the multi stage approach allows me to provide detailed and well-founded answers to the research questions. The previous findings from the individual focus group discussions deal mainly with task sharing between the cooperative partners and the resulting quality and services for the common stakeholders. It also includes the transparency of the process as felt by the respective stakeholders, and the honesty of wholesalers and plumbers. From these findings, based on affected stakeholders' replies, the current, as well as the desired 'optimal' image and reputation of the cooperative partners should become visible.

I start the process by answering the original questions which resulted from the combined findings of the industry specifics and the literature review. I do this by citing the individual

statements of the focus group sessions (assigned to the focus group and the topic number) and summarize them as 'final' answers to each question (each question, as well as the summary headline is printed in orange colour).

- **Do the different stakeholder groups support and defend the currently employed processes and structures?**

The current task sharing and responsibility at the interfaces of the supply chain and the resulting processes operates to the very best advantage of the plumbers (PA). The interruption of the business transaction and the resulting confusion for end users based on an unclearly defined process responsibility could be specified as a key disadvantage for the affected stakeholders (PA).

The possible resulting loss of individual power at the interfaces between the cooperative wholesalers and plumbers, causes the plumbers to decline the improvement of the unclearly defined process, which includes unclear task definitions and twin-tracks towards end users. Any process adaption needs leadership and has to be done according to the plumbers' demands. Demands made by the cooperative wholesalers and their employees are not considered important. Plumbers state that the demands made by end users are completely irrelevant in this context (PA) while the end users explain that they are not able to specify the employed process but that:

"... they would like to understand the complex approach as well as the task sharing between the various partners".

End users, as well as general contractors and architects, do not understand the structure of the professional SHAP supply chain or the task sharing of the cooperative partners (PA, GC, EU). Architects support this finding, when they state that end users are not able to understand the complex process and that the communicational effort to solve this problem would be enormous. Nevertheless, the resulting quality and the level of services are more important than the assignment of tasks and responsibilities at the interfaces as detectable from the following statement of end users:

"...we are honestly interested but in the final analysis the results are important for us and not the possible dependencies and connections".

Plumbers (PA) assign the responsibility for this complex and unsatisfactory issue as a whole to wholesalers. The participants of the group discussion with the plumbers (PA) argued that:

“...the interruption of the business transaction and the confusion of the end users, based on the unclear pricing and process responsibility is the key disadvantage of the employed task sharing and only the problem of the wholesalers.”

However, they are not willing to accept any optimizing changes within this procedure. This opinion does not change whether such an adaption would assign a broader share of the task and hence profit to them or whether it would mean more decision power for wholesalers (PA).

Members of the same stakeholder group (in the second group discussion – PB) contradict this point of view by specifying that the issue of negative image and reputation might only be solved in a joint effort of wholesalers and plumbers and by changing the system as a whole. This group of plumbers (PB) highlights the necessity of a competitive and transparent pricing system, transparency of scope of work, optimized sales processes, and proactive communication of values and services in particular.

Summarized answers and statements to the question:

The current approach to task sharing is supported by all affected stakeholder groups. Based on a high level of individual advantages the plumbers' commitment is unlimited. An improvement of the interfaces and reduction of parallel structures might be accepted by the plumbers if their share on influence and profit is not negatively affected.

End users do not even know and understand the complex sales approach or the sharing of tasks and responsibilities between wholesalers and the cooperative plumbers.

All non-buying stakeholder groups of the wholesalers would prefer an ameliorated solution with an increased level of information and resulting transparency, a fairer pricing system, and an upgraded decision power for themselves.

Nevertheless, they are satisfied with the currently employed approach of task sharing to a surprisingly high extent. A broader range of information and active communication would be preferred by all non-buying customers of wholesalers along with a clearly documented assignment of the resulting responsibilities for quality and level of services.

- How would the stakeholders of the supply chain describe the task sharing within the professional distribution channel of the SHAP industry?

The answers to these questions are mostly included in the previous paragraphs as they deal with connected and related issues.

All affected stakeholders of the coopetitive partners seem to be uncertain regarding the assigned tasks and responsibilities in terms of quality, services, and prices which results in a negative gut-feeling based on the personally experienced lack of transparency and mistrust (PA, GC).

By employing an adequate level of communication, this issue might be ameliorated as the end users (in unison) explain interest in the connections and structures of the supply chain. The plumbers however (PA) show no readiness to react to this demand of the joint customers and state:

“...the currently employed process fits best to the very individual demands of our stakeholder group and, further, is well established for generations”.

Plumbers define themselves to be uniquely legitimated to adapt or change the currently employed approach. They assign the responsibility to ensure a sustainable competitive supply chain to their supplying wholesalers (PA). While the initial group session with plumbers (PA) strongly defended the current approach, the second group (PB) specified the necessity for a joint effort of wholesalers and plumbers to improve and adapt.

Summarized answers and statements to the question:

With the exception of plumbers who are directly tied into task sharing and specification of interfaces, no stakeholder group is able to assign the tasks to the respective coopetitive partner. Any kind of transparency regarding these issues is missing. The assignment of the resulting positive or negative aspects on the wholesalers' image and reputation is impossible for all indirect customers of wholesalers, based on the low level of communication. The same is true regarding the positioning of the individual wholesaler.

The task sharing, as well as the resulting interfaces should be ameliorated and be specified in more detail between the coopetitive partners in a joint effort, respecting the individual key competences and demands. It might be argued that such an improvement is fundamental for the successful establishment of a corporate brand.

- Do the stakeholders understand the advantages of the three stage distribution structure?

Plumbers specify the task of wholesalers to be primarily that of a reliable and supportive service partner and supplier of their stage of the supply chain. All additional services of wholesalers are 'nice to have' but not decisive for them. Alongside their individual operational advantage based on these valuable but cost free services, they are 'pretty sure' that wholesalers earn too much money.

They see a possibility to increase their share of this gain by profiting from the competition of differentiated and cost leadership oriented wholesalers (PA). In this context they argue:

"The task of wholesalers has to stay limited to a reliable and supportive service partner of the plumbers regarding advising, sales and pricing. All additional services of wholesalers are nice to have, but not decisive for us".

According to them, this is possible by using the services of differentiated wholesalers while purchasing the respective assortment from (or at the price of) a price leadership one.

The innovative, design oriented showrooms, as well as the sales competences of the respective employees of the wholesalers are delivered to all stakeholders at no charge. They are seen by plumbers (PA) as key advantages of the current task sharing. This statement is confirmed by end users, when they explain that the decision for the best personal bathroom is extremely demanding and complex and that wholesalers, as well as their employees, are like an 'anchor' or a 'reference point' in an otherwise rather non-transparent situation as stated by one participant:

"Wholesalers are like an anchor or a reference point in an otherwise extremely non-transparent situation!"

Architects also value these services, but confirm that wholesaler communication to them could and should be expanded, as they are only vaguely aware of the complete extent of services delivered by the wholesalers. They currently profit from expensive and valuable services and showrooms without being forced to any kind of moral commitment and completely free of charge.

The architects argue that they are aware that the sustainable success of high profile showrooms would be in their best interest.

The approach to task sharing enables them to specify the bathroom equipment together with the wholesaler very early in the planning process of a building and to get a standard gross price for their ordering party without choosing a plumber.

Designer and manufacturer brands offered by the supply chain are valued by the end users, as they communicate wealth and image and are positioned as high quality assortments. The later aspect is true with regards to internet suppliers, as well as for the comparison between offers from the professional distribution channel (plumbers and wholesalers).

The plumbers (PA) in addition take profit from the higher possible margins of wholesalers' private labels. These assortments demand a higher level of knowledge and hence increase their costs. In regard to this aspect, end users explain:

"...we are honestly interested, but in the final analysis, the results are important for us and not the possible dependencies and connections".

The interruption of the business transaction in the stage of advising and the resulting confusion of the end users are seen as a key disadvantage of coopetitive task sharing within the SHAP-industry. In this context the plumbers (PA) identify the unclear process responsibility and lack of process specification to be the cause.

End users explain to esteem and prefer the services of regional wholesalers who employ native people and hence contribute to local economic prosperity. In contrast to this, the complex approach of the supply chain which is full of mutual dependencies and pressure between the partners has the disadvantage of the need to communicate and explain the interfaces, as well as the unique strength of it to the individual stakeholders (PA).

The plumbers (PA) explain that the advantages of the current task sharing could be mainly assigned to their group. They are not willing to change this situation to the advantage of the end users because of new entrants.

Summarized answers and statements to the question:

All groups of stakeholders specify the innovative and design oriented showrooms, as well as the sales competences of the wholesaler employees to be a key advantage of the supply chain. All the other services of the wholesaler are more important for plumbers, but are largely ignored by other stakeholders.

End users value aspects such as honesty, commitment to the regional economy, common language, and the employment of native people most of all.

The complex approach is full of mutual dependencies and pressure on all groups of stakeholders. The interruption of the business transaction and the resulting confusion of the end users are seen as key disadvantage of the task sharing. These negative aspects are amplified by the lack of adequate communication and the non-transparent pricing system.

The advantages of wholesalers' private labels can currently mainly be assigned to plumbers, because of the possibility of increasing margins. Plumbers argue that these assortments are extremely demanding with regards to technical and sales competences. The non-buying stakeholder groups specify the private label assortments of wholesalers to be of low quality and, hence, the private labels have no positional value. These assortments further limit the process of purchasing from wholesalers and reduce the possibilities to negotiate the final price.

Designer produced labels are preferred by all stakeholder groups as they are easy to handle, of high positional value, and offer the possibility to compare and negotiate the net purchasing price within the SHAP supply chain, as well as in relation to internet suppliers.

- What are the key expectations of the different stakeholder groups, where do they fit, and what are the potential conflicts for them?

While the plumbers (PA) state they are very satisfied with the current task sharing in general and hence see no need to change it, the end users specify that the plumbers act rather unprofessionally and naively regarding the service aspects. In contrast, they highlight the satisfactory level of services delivered by the wholesalers. Resulting from these differences the end users would prefer a cooperation of wholesalers with selected high quality plumbers and the active communication of such an approach.

The end users would prefer an approach in which one of the two coopetitive partners would be responsible for the whole process. They are not happy with the current task sharing. They assign leadership to the wholesalers and argued this decision with a higher level of trust and competence. The plumbers are seen as workmen. This is negatively connected in their mind, a point of view which is confirmed by plumbers (PB).

End users specify that the adding to the planning and design services of wholesalers have to include explanatory pictures, visualized suggestions for the arrangement of the bathroom and so on would be very welcomed by them.

The task sharing between the partners regarding pricing and selling does not fit into the end user's understanding of a modern and up to date supply chain. Combined with the fact that they are not free to purchase the bathroom equipment from whom and when they want, there is a negative feeling towards the supply chain. The necessary trust towards the supply chain as a whole is missing. The current situation is best described by the summarizing statement of the end users which expresses their feelings with a simple question:

"What the hell is going on here – am I really overcharged in such a substantial way – whom can I trust any longer?"

Adequate, honest and detailed communication of the rational aspects towards end users would be very welcomed by them and would contribute to a positive image of the coopetitive partners.

Summarized answers and statements to the question:

Plumbers show at least partial readiness to adapt the current approach to the wishes of the stakeholders. Ideally, they demand that such an adaption should neither affect their current price nor their profit position.

In contrast to this, the stakeholders demand for 'optimized' approach with a pricing and selling system that fits into their understanding of a modern and up to date supply chain. At least they would expect wholesalers and plumbers to take responsibility for the process as a whole to be one of them. They specify that this should be the wholesaler, as they assign a higher level of competences to them.

Additionally, end users suggest the expansion of the planning and advice competences in the showrooms in fields such as bathroom planning and the visualization of it. Adequate, honest and detailed communication of the most relevant (rational) aspects, such as price system and services towards end users would support their readiness to trust the supply chain as a whole.

- How can the wholesaler's image not be negatively influenced by the partner's image?

The answer to this question is presented jointly with the following.

- How could the wholesaler's image be separated from that of the cooperative partner?

Architects state that, in contrast to the high profile and valuable services of differentiated wholesalers, the plumbers are poor salesman and consultants. Wholesalers are well advised to specify and communicate the task sharing, responsibility, and interfaces regarding their cooperative partners to all affected groups of stakeholders.

End users are left alone after being advised in the showroom of the wholesaler (GC, EU). This is true for pricing, as well as timing and technical aspects. They have to wait as long as six to eight weeks to get a net price offer, which includes the costs for the assembly from the plumber. This time frame, in combination with the mentioned gross and net price issues, results in a feeling of being overtaxed and in a negative reputation for both the plumbers and the wholesalers.

Active communication of the task sharing, the process as a whole and an adequate gross price offer in the showroom which should include the costs of the assembly, would optimize the approach and positively influence the image of all affected partners. The expansion of the services of the showroom in this direction, in combination with an active communication of the excellent services, could improve the image of the cooperative partners and, most importantly, of the wholesaler (GC, PB).

The influence of plumbers, who are currently in the strongest position, is specified by general contractors as a filter between all messages from wholesalers to end users. The establishment of the highest possible quality in all services, in combination with an intensive and direct communication towards all affected stakeholder groups, is seen by the general contractors as very important for differentiated wholesalers to position a sustainably successful corporate brand.

The positioning of a differentiated wholesaler on the corporate level as a service brand is seen as an interesting approach by the general contractors. General Contractor 1 expressed this point of view by stating:

“At a first thought I would never have defined a wholesaler to be a corporate brand. But by rethinking this issue in the context, such an approach could be really interesting.”

Such an effort could be supported by a reformed joint approach of plumbers and wholesalers with an adapted share of the tasks and the possibility for end users to buy the equipment from whom and when they want (PB).

Summarized answers and statements to the question:

The most important thing wholesalers have to accept is the uniqueness of coopetition as a fundamental base for their business model. Resulting from this, it arises that an active and, towards the plumbers, clear positioning for differentiated wholesalers is absolutely necessary.

The valuable, high profile services of differentiated wholesalers which are delivered to all groups of stakeholders without charge have to be actively communicated in regard to their amount, their quality, and the resulting expense. Currently, these services are not adequately assigned to the wholesaler by the stakeholders of wholesalers and plumbers. Such an assignment of services and responsibilities would be necessary to keep the image of the coopetitive partners apart.

The establishment of an on-going communication approach regarding the task sharing, as well as the assignment of services towards non-buying customers would reduce the possible filter effect of the coopetitive plumber on the wholesaler's image and reputation.

Such an approach could be supported by the establishment of a transparent and understandable gross pricing system with a defensible cost/services relationship in relation to new entrants.

The shortening of the time frame in regard to the offering process would further support the positional aspects of the wholesaler. By taking over a broader range of responsibility towards the end user, the wholesaler could document their contribution to the service and quality which is delivered.

- Can two differentiated but, nevertheless, congruent and consistent sub-images of SHAP wholesalers be established towards the two targeted customer groups (B2B and B2C) with manageable costs?

Design oriented and innovative wholesalers have the competitive advantage of differentiated showrooms and competences in planning and consultation. This obvious advantage towards the individual stakeholders is lost in the next steps of the process. Private labels offer according to architects the possibility to sustain this competitive advantage in the next step of the project.

Designer brands are currently preferred by the architects, as they view the private labels of wholesalers to be cheap and of lower quality, even if produced by established manufacturers. The resulting limited level of freedom to change the supplier, once fixed on such a private label, is one additional and supplementary issue for them. Architects are unwilling to connect a possible positive image of private label assortments to the corporate brand of a wholesaler.

Jointly solving the documented issues of the professional distribution channel, regarding image and reputation with the plumbers, could be a substantial contribution of differentiated wholesalers to the building of a positive image to the respective plumbers. This could be done by increasing the competitiveness of the supply chain, the transparency of scope of services, shortened response times and active communication towards the common stakeholders. In parallel to these efforts, a proactive communication of the corporation's values, as well as of the delivered services would support the building of a successful and sustainable corporate brand for wholesalers, not only towards the targeted stakeholders, but also towards the plumbers as the directly buying customers (PB).

It seems to be a matter of competitiveness and profit for differentiated wholesalers to establish an adequate positive sub-image towards the 'non-buying' customers. By following this approach, an active and positive influence of the respective stakeholders towards the plumbers would be ensured (PB). These wholesalers simply cannot accept the loss of the project in the second step of the sales process, as they already had the substantial financial effort during the initial step of consultation and planning in the showroom.

Summarized answers and statements to the question:

The positional demands of the two main groups of stakeholders (the buying plumbers and the non-buying end user, architects, investors, and general contractors) do not contradict substantially. The most relevant positional aspect are built on largely identical generic values but are weighted differently between the two groups.

The plumbers understandably enough mainly focus on the highest possible decision power, on substantial influence on the gross prices, and on the lowest possible purchasing prices for the highest level of services received. This means that the wholesalers have to focus on a positioning of sustainable and fair partnership towards the plumbers.

The demands of the non-buying customers mean that the wholesalers have to establish a positioning of fairness, transparency, competences, kindness, and regional commitment towards these groups of stakeholder.

The effort required to establish both different positions at the same time is very high. But by reducing parallel structures, improving interfaces, and employing a joint communication approach from the coopetitive partners, the efforts and costs of the common supply chain could be drastically reduced. The concept of 'ingredient branding' seems to be an appropriate one to support such an approach and to reduce the resulting costs and efforts. This strengthens the mutual commitment of the coopetitive partners on the one side, and the common positioning towards the remaining groups of stakeholders on the other.

In consequence it might be possible to compensate the additional costs of the intended differentiated but nevertheless congruent B2B and B2C positioning.

■ How might a corporate brand message be differentiated between the individual stakeholders?

Plumbers, as an individual stakeholder group, demand a specific corporate brand message. The individual focus group sessions show that the demands and point of views of the other stakeholders of wholesalers are largely congruent with another. Consequently, corporate brand messages towards end users, architects, general contractors, and investors do not necessarily have to be separate but could be bundled into one. By doing this, complexity is reduced to the lowest possible level and branding

activities can be targeted to the resulting two different groups, the direct (plumbers) and the indirect (end users, architects, general contractors, and investors) customers.

End users feel quite comfortable and taken seriously while consulting in the showroom, but they remain unaware of their influence on the level of services that follows, as well as on the resulting costs (and, hence, profits) of the wholesalers, as these aspects are not recognizable to users. The process to select and buy the bathroom equipment is, as a whole, very complex, overtaxes the end users, and has to be communicated in depth. End users are not able to specify the employed task sharing, but are ready to allow the respective firms to participate in the delivered services. Taking advantage of the emotional connections which result from the very personal step of planning and selecting the best fitting bathroom equipment seems to be a logical step for end users.

The necessity to communicate corporate values and services, to establish a transparent gross price system, and thus increase the level of trust of end users is specified by the plumbers (PB). Further, the differentiation advantage of wholesalers that employ native people and, hence, contribute to the local economic prosperity, is highlighted by the end users.

Plumbers, in contrast, point to the importance of the amount and quality of logistic and sales services, after sales services, a competitive net purchase price (PB) and, last but not least, the financial sustainability of the supplying wholesalers (PA).

Summarized answers and statements to the question:

The positional aspects of wholesalers towards plumbers as their buying customers mainly contains rational aspects, such as level of logistic services, commitment of supply, services delivered within the showrooms and so on. Plumbers (PA) specify that, at best, these services should be delivered by differentiated wholesalers to the plumbers at the net purchasing price of cost leadership oriented wholesalers with a much lower amount and quality of the respective services. Financial sustainability to ensure long term guarantees and the financing of debts is specified as a key demand of plumbers.

While the issue of showroom quality is also important for all other groups of stakeholder, they dismiss the importance of the remaining aspects cited by plumbers. These non-buying customers are more interested in emotional aspects such as the commitment to regional factors. In detail they specify the employment of native people and the investment in local infrastructure, as well as the importance of corporate values

of the wholesalers, such as financial and ecological sustainability, positional value of people and so on. They further highlight the importance of kindness of employees and the relevance of a transparent and fair pricing system for their decision. All stakeholders assign both issues to the wholesalers.

- **What are the brand perceptions of the individual stakeholder groups towards the SHAP wholesalers?**

End users specify the importance of the wholesalers' employees' kindness and competence. They argue that additional emotional factors, such as fair prices and a high level of transparency of the process, strongly influence the wholesalers' image and reputation.

The currently rather poor and defensive level of information regarding wholesalers' services and tasks results in the fact that end users do not see a wholesaler as a brand. The wholesalers' part in building a bathroom should be implemented into the communication with customers more clearly and actively (GC, A, EU). As a result the image and reputation could be positively corrected or even improved (EU).

Summarized answers and statements to the question:

The differences in the positional focus of the two relevant groups of the wholesalers' stakeholders and consequently the resulting brand perceptions were considerable.

A corporate brand for plumbers should fulfil the perceptions of a sustainably reliable partner with a strong commitment towards them as buying stakeholder (PA). It should dismiss short term turnover resulting from doing businesses with other groups of stakeholders (PA, PB). In addition, the corporate brand should be built upon the highest level and quality of services and on a competitive cost/price relationship (EU, A, GC, I).

The corporate brand with all non-buying stakeholders might consist of a rational part regarding the amount and quality of delivered services and price positioning and an emotional part containing values like the importance of employees and customers, regional aspects, sustainability, honesty, trust, and customer orientation.

- **Are plumbers and wholesalers willing and/or able to follow a joint and, as described, very demanding positional approach?**

Positioning is currently considered an important tool only by a minority of differentiated wholesalers and plumbers. The only real positioning within the professional SHAP -

supply chain is that of cost leadership orientated organizations which position themselves as price leaders. This positioning is comparatively easy to explain, unlike the more complicated positioning of differentiated wholesalers and high profile plumbers (PA, PB, GC, I, EU, A).

The wholesalers' demand to communicate directly to the affected stakeholders is not considered by plumbers. Nevertheless, they show readiness to support limited and, for them acceptable, efforts by wholesalers. While plumbers (PA) are not willing to cite the wholesalers' logo in their advertising or even their business correspondence, they would support other forms of ingredient branding like citing the wholesalers' brand in their offers to end users and general contractors. Further, the distribution of wholesalers' image brochures and other similar joint activities are imaginable to them. This readiness is expanded by the second focus group of plumbers (PB), which stressed the importance of a combined and in-depth communication effort of wholesalers and plumbers. Within the latter group session (PB), the necessity for a joint effort to ameliorate image and reputation of both coopetitive acting partners towards their common groups of customers (buying or non-buying) is specified. In this context the importance of transparent communication and of honesty is highlighted.

Plumbers nevertheless limit this generic statement and acceptance to wholesalers of their individual trust. It should not be generalized. Further they explain that they still have problems seeing and accepting the necessity of implementing such a tool (PA 10) as is clear from the following statement of the plumbers:

"...we never were confronted with positional or image aspects in regard of quality or amount of services. Our only tool for differentiation is pricing".

The significance of a clearly specified positioning could be derived from the fact that end users building individual residential houses are completely free to choose the wholesaler, as well as the plumber of trust (EU). This finding is substantial for both differentiated wholesalers and high profile plumbers, who depend on a positive image and reputation and are not willing to reduce their offer to the lowest possible price.

Summarized answers and statements to the question:

Plumbers seem to be willing to support a common positioning and in consequence joint positional activities with their selected wholesaler of trust. A general readiness could not be derived from the two group sessions with plumbers.

To establish a combined positioning, its content has to be worked out. This task has to be fulfilled by the wholesalers, as the plumbers do not really accept the advantages of positioning or its usefulness.

They nevertheless agree to selective joint activities and the employment of ingredient branding to support the expansion of the common positioning of differentiated wholesalers and themselves as coopetitive acting partners. This selection contains the wholesalers they individually trust, as well as the content of such activities.

The importance of a positive image and reputation and, hence, the necessity of an in depth and honest communication effort for the partners of the supply chain could be intimated from the statements of the group sessions with the common stakeholders. This finding, of itself, could be considered very serious, as the importance of joint knowledge and acceptance of market developments to change the established behaviour and approach might be derived from it.

The plumbers' willingness to follow a deeply connected joint positioning approach, in contrast, could only be derived from the findings of the group discussion to a limited extent.

- **What are the reasons for the tensions between SHAP wholesalers and plumbers considering their long and successful history of task sharing?**

The competitive issue regarding task sharing within the retail tasks is confirmed by the plumbers (PA), even though they consider it to be rather small and not as important as wholesalers claim it to be. They focus on the fact that the employed task sharing is to their individual advantage and that these positive arguments predominate in the coopetitive partnership with the wholesalers.

In contrast to these statements of members of the initial group session with plumbers, the second group of plumbers (PB), after receiving the results from the group sessions with all other stakeholders, stated that such an adapted process might result in substantially reduced costs and hence increased competitiveness for them. In particular, they highlighted the demand of today's customers to buy at the moment they want to and from whom they want to. Such a demand not only reflects aspects of power but even more important aspects of transparency, trust, image, and reputation (GC, A, I, EU).

At the moment, plumbers distinguish between cost-leadership orientated wholesalers and wholesalers with a much higher level of services and quality. The services of the latter are very welcome, but only at a price as close as possible to that of the cost-leadership oriented wholesalers, as explained within the focus group session:

“...most plumbers of course purchase the equipment from the wholesalers who did the advice in his showroom but only at a price which has to be as close as possible to the price of the cost-leadership oriented wholesalers”.

Plumbers (PA) justify this unfair procedure based on the extreme competition between the plumbers and on the feeling that wholesalers earn too much money. They further justify this behaviour by stating that they only try to avoid the pressure they get from general contractors.

One surprising finding of the group session was that the plumbers are not aware that these tensions strongly influence their competitiveness with their customers in a negative way. After receiving the respective feedback plumbers (PB) showed readiness to react to this fact and to start a joint effort together with the wholesalers as cooperative partner to solve shared issues.

Summarized answers and statements to the question:

The plumbers are afraid to lose their repeatedly cited and documented individual advantages resulting from the current task sharing and, hence, try to prevent any changes. The differentiated wholesalers, on the other hand, are negatively affected from the resulting issues in cooperation with the common stakeholders and in competitiveness with new entrants. The wholesalers heavily depend on the selling of the bathroom equipment because of their high investments in showrooms and substantial fixed costs of advice and planning. In contrast, the plumbers have nearly no costs at this stage of the sales process.

This imbalance seems to be the main reason for the confirmed tensions. This situation is amplified by the fact that many plumbers take additional advantage of the task sharing by consuming the much higher level of services of differentiated wholesalers and then purchasing the equipment as close as possible to the price of the cost leader.

Alongside these rational aspects, additional and more emotional issue were noticeable, namely the plumbers' fear of losing decision power and influence towards the supplying wholesalers.

- Why do wholesalers and plumbers not react to the specified market developments in a joint effort?

Because of a high share assortments are sold directly to plumbers in the fields of heating and plumbing, wholesalers strongly depend on their goodwill. Within these assortments, the plumbers are nearly free in their decision, and all common stakeholders of the supply chain have no influence on the decisions. This contrasts strongly with the mutual dependencies in the field of bathroom equipment which results in the specification of the professional SHAP supply chain as being 'coopetitive'.

The competitive aspect on the retail stage is limited by the fact that plumbers (PA) as a group do not consider new entrants to be relevant in this context. Plumbers (PA, PB) explain that competition within their group is based on bad economic knowledge and the stupidity of each competing colleague. Surprisingly enough, the group seems to have developed instruments to survive within this unfriendly environment, by earning more than average margins on bathroom equipment and by leveraging their gains of profit due to excessively high earnings on special requests of end users. The negative impact on their image is ignored in this context and/or, even worse, assigned to the wholesalers based on the high prices in the showrooms and their offers. New entrants are defined by the buying customers of wholesalers, the plumbers (PA), as a very limited issue as stated by one of them:

"... the competition of new entrants like internet and DIY is very limited in its extent, will not be sustainable because of the very simple business model and hence is no relevant issue for us!"

This surprising statement was confirmed by all participants present.

This point of view strongly contradicts the statements of all the other affected groups of stakeholders.

Only after receiving the strongly contradicting feedback of investors, end users, architects, and general contractors, were plumbers willing to rethink their current position and reputation. The plumbers (PB) reacted in a shocked and, for me, unexpectedly emotional but nevertheless very constructive way to this feedback. In contrast to their standardized reaction, they agreed to the necessity to analyse how a correction of this extremely negative image could be managed. In particular, they (PB) specify that such an adaption would mainly be a question of increased honesty and transparency. In this context they highlighted the building up of in depth knowledge

regarding service aspects such as general support, offerings, planning, building site supervision, assembling through high qualified employees and after sales services and so on.

Summarized answers and statements to the question:

Based on interviews with leaders of wholesale organizations, as well as from the first group session with plumbers, I could derive that the value of corporate branding is only poorly accepted within the professional SHAP supply chain. Furthermore, the unclear interfaces and responsibilities of the cooperative partners and the mutual dependencies prevent an adequate reaction to the on-going market developments, as well as the necessary correction of the established common image and reputation.

I can further argue that the reason for the slow and unsatisfying reaction seems to be largely based on a differentiated level of information regarding the joint image and reputation, as well as the current market developments.

A regular, pro-active, and honest communication of these issues could contribute to an ameliorated cooperation and a lower level of competition between the cooperative partners. Resulting from this, the competitiveness of the professional supply chain as a whole, as well as the joint image and reputation, might be positively influenced.

■ Are wholesalers' services and competences seen as important and valuable ingredients to plumbers' solutions by the different customer groups?

The relevance of the services and showrooms of high profile wholesalers especially regarding private property residences is confirmed by architects, general contractors, end users, and investors. Showrooms and employees who impress and fill the individual stakeholders with enthusiasm are of primary interest to architects while all other offered services are of secondary significance. End users additionally describe the employees of wholesalers' showrooms as reference points and anchors.

This positive aspect of differentiation is contradicted by the fact that the effort for all affected organizations steadily increases. Resulting from this negative development, investors would prefer projects with as high a level of standardization as possible. This standardization was wished for, even though investors are fully aware that as a result of it, high quality showrooms that provide a broad range of services for free would be at risk. The problems could occur because of the differentiated wholesalers' discounted revenues which currently operate the showrooms at break-even level at best.

Investors are not currently aware of the amount and quality of services which they gain or could gain, from differentiated wholesalers for free. Consequently, they incorrectly assign a broad range of tasks to plumbers. These services substantially support the positioning of investors by improving the level of bathroom equipment installed and the services provided, as this is a fundamental driver of value of residences, as well as of customer satisfaction.

The supplementary employment of ingredient branding could be considered a tool to communicate the level of task sharing between the cooperative acting plumbers and wholesalers (PB). Not only would this sub-form of corporate branding multiply the respective communicational efforts of wholesalers towards end users, but it would also support the positioning of the affected plumbers and, consequently, contribute to the relationship between the cooperative partners. This would further result in an amplified corporate brand of the wholesaler with the plumbers.

The private label assortments currently offered by wholesalers are considered a liability for their corporate brand, as they have an image of poor quality and cheapness. Hence, the proactive adaption of this issue would be a substantial contribution to the positive establishment of the respective corporate brand of wholesalers (A).

Summarized answers and statements to the question:

All affected groups of stakeholders of the cooperative plumbers and wholesalers value the services and competences regarding planning and advice within the cost intensive showrooms. Filling customers with enthusiasm and impressing them are primary tasks of showrooms and employees. They are also the main interests of stakeholders. The non-buying stakeholders (end users, architects, general contractors, and investors) are not aware of the services they get and what costs are connected to these tasks. Consequently, they incorrectly assign a broad range of services to plumbers. Because of this, they do not value the full amount of positive aspects which they receive from the differentiated wholesalers and, hence, do not build up a positive perception and image.

All other services taken on by wholesalers such as logistics, financing of debt and so on are not relevant to them. This point of view is reinforced by the fact that they buy a bathroom expecting a high quality of process, while remaining uninterested in details. Ingredient branding as a supplementary instrument to communicate the level of tasks delivered by wholesalers to the joint process with the cooperative plumbers could nevertheless be defended.

Private label products of wholesalers are currently considered to be cheap and not valuable. Based on this, it could be argued that private labels are currently more a liability for the corporate brand of the wholesalers than a possible supporter. A clear positioning of these as high value products would be necessary to ensure support for the corporate brand of the wholesaler in an appropriate way.

- Are important stakeholder groups such as end consumers, general contractors, and industrial investors really willing to accept the task sharing, and are they ready to buy the products from the plumber?

End users do not really understand why the wholesalers fulfil almost the whole task of consulting and planning, but do not take advantage of the resulting emotional connection with the end users and so do not have influence on the pricing, as well as on closing the deal. In this context, end users state that they definitely (and without exception) expect that plumbers buy the respective equipment from the wholesaler which did the consultation. They argue that they have not stated this wish to the plumber, as they would never have had the idea that the plumber would not buy the assortment from that wholesaler. The end users explain that:

“...they expect that the plumbers buy the equipment from the wholesaler which did the consultation but that they do not definitely set this wish to the plumber.”

This point of view of the end users is explained by them to be a matter of ethics and morality.

The gross price, communicated to the end users by the wholesalers, does not contribute to improved transparency, but instead leads to confusion and uncertainty. This is due to the fact that plumbers send an otherwise identical offer with different prices on a net base to the end users some weeks later. This mix of a twin-track in the communicated offers and differences in the respective content and prices results in the uncertainty and, eventually, mistrust. This aspect is amplified by the fact that the end users are not aware that they receive non-binding and negotiable (indicative maximum) gross prices from the wholesaler. As a result, they often compare these prices, which include a broad range of services, with the net prices of internet suppliers which include no kind of service. The price differences can be very high and the reputation of the supply chain is damaged based on misinterpretation and lack of knowledge (EU). By employing joint

and adequate communication instruments, and specifying an appropriate gross price, the cooperative partners could solve this issue at the interface very easily.

All affected stakeholders (end users, architects, general contractors, and investors) have the advantage of getting an approximate price for the chosen bathroom equipment in a very early stage of the project. Nevertheless, they would profit more if they would not receive a non-binding gross price, but instead a fixed net price for the chosen assortment.

Investors and general contractors get the very best net price for the most attractive and valuable assortments consisting of up to date designer brands. These obviously contradicting requirements are satisfied simultaneously because of the extensive competition on the level of the wholesalers, as well as of the plumbers.

Summarized answers and statements to the question:

Stakeholders in unison explain that they are ready to buy the equipment from the assembling plumbers, but that they expect that the assortment is purchased from the wholesaler who did the planning and the advice in the showroom and hence had the expenses.

Stakeholders further demand an increased transparency and fairness of the pricing system and specify that they are ready to pay for the received additional services and the level of quality of the professional SHAP supply chain. However, they are not willing to accept the high gross prices and the differences in prices of standard assortments and special requests for bathroom equipment of residential buildings. Such a transparent and fair pricing system should also include the possibility to take profit from fixed net prices instead of the non-binding gross prices in an early stage of projects. While demanding for increased fairness of the respective pricing system of wholesalers and plumbers, the investors and contractors dismiss to be ready to make a contribution themselves.

Taking over of leadership and responsibility of the wholesalers during the whole approach would be preferred by all stakeholder groups.

- Does the wholesalers' commitment to plumbers cause negative atmosphere within other groups of stakeholders? If yes – how might that be prevented?

Common stakeholders do not fully understand the extent or the reasons for the high level of task sharing within the SHAP supply chain. Neither are they able to correctly

assign the individual tasks and responsibilities. End users therefore do not understand why the wholesalers fulfil a substantial amount of the task of consulting and planning, but do not take advantage of the resulting emotional connection with the end users by reducing offered gross prices. As they do not understand the complex dependencies within the coopetitive supply chain, as well as the resulting advantages for themselves, they assign the wholesalers' passivity to an all-in-all corrupt and non-transparent system.

The wholesalers' commitment towards the SHAP supply chain results in a negative image of being too expensive and of overtaxing their customers (A, EU).

Summarized answers and statements to the question:

All common stakeholders of the coopetitive partners and hence the wholesalers' non-buying customers do not understand the dependencies of the respective wholesalers on the plumbers in the non-viewable assortments of heating and plumbing systems. Further, they are not really aware of the coopetitive approach, as well as of the resulting task sharing and assignment of responsibilities on the interface. The affected common stakeholders have a negative feeling and feel uncomfortable because of this.

Resulting from this situation, wholesalers are repeatedly negatively affected from their commitment to the plumbers as buying customers.

A pro-active, honest, and in-depth communication of the level of task sharing, as well as the implementation of a transparent pricing system would reduce this negative influence on the wholesalers' image and reputation.

- Is pricing really as important for the corporate branding of the SHAP - wholesalers as it seems, based on the interviewees' statements.

Prices are specified by end users as a key issue for bathroom equipment. Based on the marked up prices in the showrooms, the end users assign the task and responsibility for the prices to the wholesalers. The current pricing system of the professional SHAP supply chain is perceived by them to be non-transparent and to be showing extremely high differences, compared to prices of internet supplier. They express this by stating:

"Price differences of thirty per cent are not understandable, nor acceptable, even given the substantial differences in the amount and quality of included services."

From our point of view, price differences between the offers of the professional supply chain with the included services and the single product offers of new entrants should have 10 to a maximum of 15 per cent to be defensible.”

The current situation results in a negative feeling for the end users and a bad reputation for the supply chain. End users in this context explain that they are not aware of the fact that they receive an offer based on non-binding gross prices in the showroom while their effective purchasing prices are on a net base which they get from the plumber later on. This issue is valid for all described segments of end users (table 3.1, p. 78).

This amplifies the resulting negative image of the supply chain, through the differences between the prices of standard and individually chosen equipment for residential buildings built by general contractors. The end users do not differ between plumbers and wholesalers regarding the assignment of the negative reputation and image.

Plumbers (PA, PB) state that they see the price positioning uniquely as their task and responsibility and argue this with a well-established and in the past successful approach. They ignore the negative emotional aspect of the resulting high gross prices on the wholesalers' heavily affected showrooms.

Architects are currently not interested in the demands of the supply chain regarding profit as they get all the services for free. There is no liability established because of the badly specified interface between the cooperative partners. Neither costs nor services of the showrooms are communicated adequately and in a transparent way to the architects. The architects impressively point to the fact that:

“...the plumbers are poor salesmen and consultants. Being advised by and buying a bathroom from a plumber is like buying a luxury car from a mechanic in the garage!”

From their point of view this lack of competences is responsible for the non-transparent process and the badly communicated share of tasks.

Summarized answers and statements to the question:

Pricing might be argued to be a key issue regarding the image and reputation of the supply chain as a whole and of the wholesaler in particular.

The pricing system results in prices labelled as 'too high' and as 'non-transparent'. The level of services is not visible to the individual stakeholders. Additionally, non-binding

gross prices of the professional supply chain are in competition to net prices of identical product offers from new entrants such as internet suppliers. This fact explains the negative image of the sales prices. The reason for these continuing high gross prices is found in the satisfaction of the plumbers with the current system, and the resulting unwillingness to change.

Surprisingly, the emotional aspect of the currently employed system seems to be more dominant than the rational one. The wholesalers' non-buying stakeholders refer to the non-binding and hence rather irrelevant gross prices when they argue that high and unfair prices are the reason for their negative judgement.

While the system is mainly to the plumbers' advantage as they subsidize their low incomes on workmanship, the negative responsibility for the described situation is assigned to the wholesalers by all affected stakeholder groups.

The influence of these issues on the wholesalers' corporate brand is substantially negative and the price aspect has to be solved urgently as part of a corporate branding concept.

- Are the inherent costs of activities of the partners assignable and is a fair share of profit calculable?

Increased transparency regarding prices, the assignment of the responsibility for the individual process steps and the respective interfaces is specified to be an important goal for an active and successful communication of wholesalers (GC, A).

The enormous level of competition on the wholesalers', as well as on the plumbers' level, is considered the main problem when charging the necessary costs of the services. Customers will always find a supplier who delivers the services for free. This issue is amplified by the low positional value of workmanship (PB).

By changing the current behaviour and the assignment of the effective costs and profits to the respective cost positions, the competitiveness of workmanship, as well as of the handled equipment would increase. Further, the costs of services and activities could be assigned on a transparent base and, as a result, a fair share of profit could be achieved (PB).

Summarized answers and statements to the question:

The inherent costs of activities are assignable and a 'fair' share of profit could be achieved, if the coopetitive partners would jointly specify, implement, and support a

common pricing system without the currently established cross subsidization between services and products. The detailed specification of interfaces, as well as the assignment of tasks and responsibilities, has to be done between the coopetitive acting wholesalers and plumbers, to build up the base for such a fair and transparent assignment of costs and profits.

Such a specification has to respect anti-trust laws on the European, as well as on the national level.

- Is a joint and, nevertheless, competitive pricing model possible? What could it look like?

The gross and net price-to-quality relation is most important for general contractors if they act as investor or developer of residential buildings, while only the cheapest net price is demanded for projects in which they offer based on an invitation to bid. High gross prices are an important indicator for high quality. At the very least, this would lead to the demand for assortments with highest possible quality and gross prices at the deepest net purchasing price especially for the first kind of projects (GC, I). Such a wish contradicts the cost aspects of both the plumbers (PA, PB) and the wholesalers.

Plumbers try to compensate the resulting losses from their deal with the general contractors through the charging of highest sales prices for special requests and by crediting only the poor net prices of the general contractors towards the end users. As a result, end users are faced with a substantial and inexplicable price difference.

This behaviour eventually leads to the specified negative image and reputation of both coopetitive partners as the end users feel overtaxed by them. General contractors admit that the price differences are at least partially their fault and that the cheap net prices are to their individual advantage. Nevertheless, the general contractors are not ready to take responsibility, as the financial advantage is more important to them than the partially negative influence on their image and reputation. This statement is understandable considering that most of these negative aspects are assigned by the end users to plumbers and wholesalers (GC).

In addition to this price issue regarding the assortments, plumbers (PA) have substantial problems in achieving an adequate price for their assembly job and, hence, strongly depend on high margins on the sale of bathroom equipment. According to them, a European-wide identical gross sales price would support the improvement of their

revenues and profits. In this context, they are not willing to discuss a possible negative influence on their competitiveness towards new entrants and argue instead that identical prices would limit the currently established regional purchasing advantages of new entrants.

The interviewed architects contradict the plumbers' wish and explain that the communication of a pricing system on an obligatory net base instead of a non-binding gross price in the wholesalers' showrooms would increase transparency and, over time, competitiveness of the offers (A, GC). They assign the task, as well as the responsibility for the pricing system, to the wholesalers and do not distinguish between gross- and net-prices.

The lack of transparency resulting from this price system, as well as the negative image is assigned to the wholesalers as end users do not consider plumbers responsible for pricing. This assumption is strengthened by the fact that offers are made in the wholesalers' showrooms and are therefore considered their responsibility (EU, I, A, GC). The reduction of the gross prices would be an acceptable compromise for the general contractors.

Summarized answers and statements to the question:

Fundamental for the specification, as well as the successful implementation of a competitive pricing system within the SHAP supply chain is a joint understanding of the problem by the cooperative partners. Such a system has to respect the share of costs and investments of the respective partner, as well as the demands of the common customers.

An ameliorated and competitive pricing system would not automatically reduce the profit of the joint partners. Instead the communication of the effective net sales prices in the showroom towards the common customers could solve the current issue and contribute to a positive image and reputation of the distribution channel.

The pricing system would further result in increased transparency.

- Would ingredient branding offer opportunities to support the corporate brand of wholesalers and are the cooperative partners willing to implement it?

Kotler and Pfoertsch (2010) specify five conditions required for successful ingredient branding (section 4.1, p. 101). The joint findings of the unstructured in-depth interviews

and the focus group interviews enable me to clarify whether these conditions are met or not.

- *The ingredient has to be highly differentiated and must create sustainable value for the customer*

Delivering a unique service (presentation of the assortment in uniquely high end showrooms, integral bathroom solutions, advising and planning competences of friendly employees) creates a unique experience and hence sustainable value for the customers

- *The ingredient is central to the functional performance of the final product*

The described services are central for the creation of a unique bathroom experience for end users

- *The downstream company supports the ingredient branding efforts made by the deliverer of the ingredient (product or service)*

The plumbers as downstream organizations specified their agreement to support the ingredient brand of selected differentiated wholesalers. They are ready to refer to the services of the wholesalers within their offers to end users. They are further willing to communicate and explain the contribution of the wholesaler to the common customers

- *The final product itself seeks a high branded value and can differentiate their offering*

High end bathroom solutions specified by differentiated wholesalers and assembled by high quality plumbers definitely fulfil this demand and strongly differentiate to the average market

- *The final products are complex, assembled from components supplied by multiple firms, who may sell the ingredients separately*

High end bathroom solutions based on the joint services of the cooperative partners are at long last an extremely complex 'product' while the individual components are sold separately

The answers show that the required conditions for the successful implementation of ingredient branding are present within the SHAP supply chain. Consequently the employment of this sub-form of co-branding into a corporate branding model is appropriate and defensible.

- Are any other issues important for the stakeholders?

The individual group sessions additionally mentioned and resulted in the following issues:

In contrast to the results from the interviews with wholesalers, there is no real difference between institutional and social investors as seen by the affected stakeholders. This has to be corrected and differentiation has to be dismissed between the two groups and they should be handled in a unified analysis.

While the two sub groups confirm the existence of minor differences regarding the demanded assortments and prices, they state that the heavy competition between the plumbers as well as wholesalers allows them to achieve both contradicting goals at once.

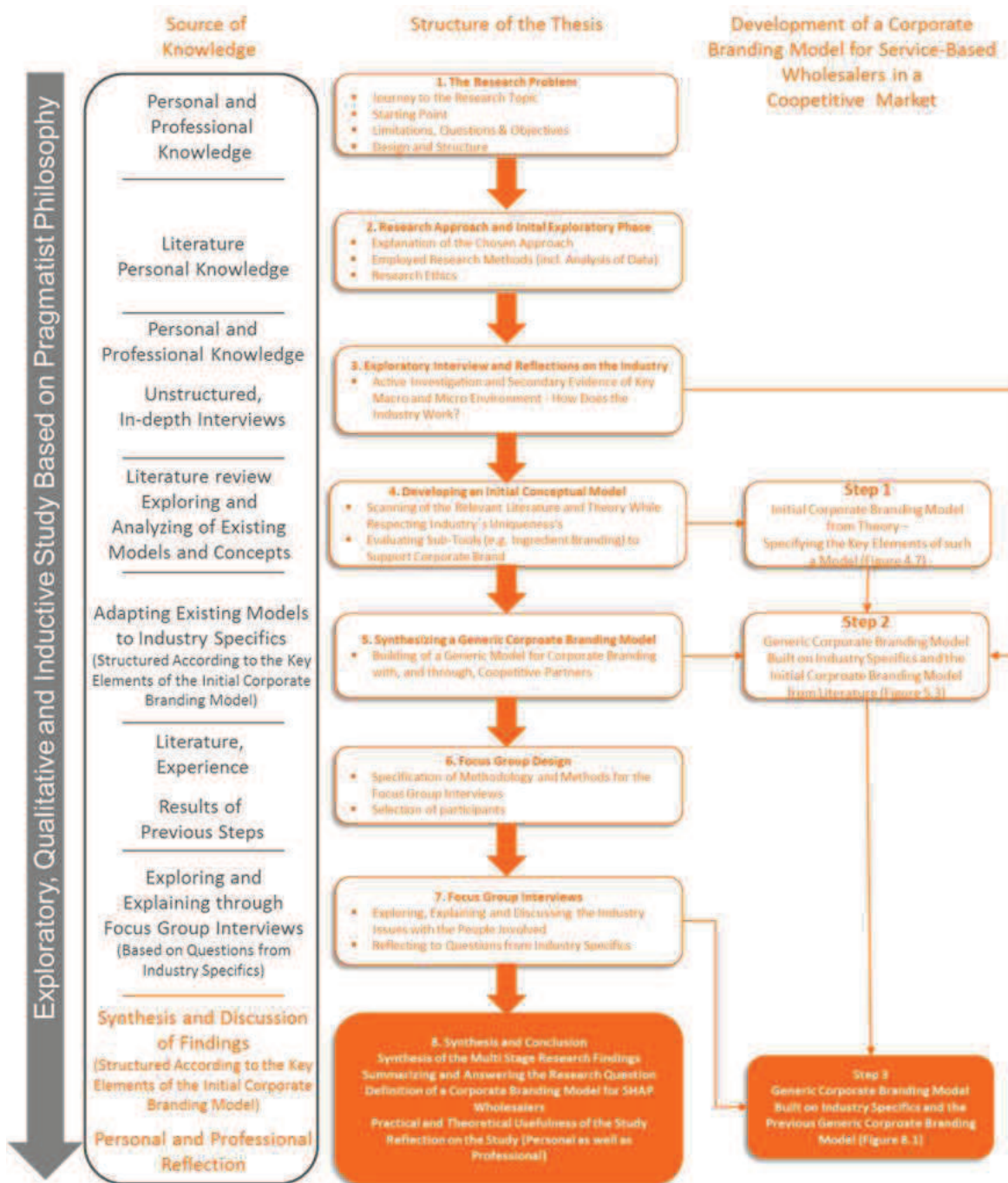
The summarized findings of the focus group discussion help to specify a generic model of corporate branding for service organizations in the cooperative SHAP supply chain.

Tranfield et al. (2003) explain that the analysis of the collected qualitative data can be complex and open ended. They argue that it may not be possible to advise on the best way to analyse the data until it has been collected, and that the data collected may be different from what was expected. According to Tranfield et al. (2003), this is the strength of qualitative data analysis as it is able to evolve during the process of analysis.

I will do the analysis of the qualitative data by combining them with the specifications of the initial interviews with leaders of SHAP wholesalers and with the outcomes from the literature. This approach should ensure the highest possible quality and transferability of the findings.

I, nevertheless, have to keep in mind that the resulting generic model I hope to uncover, as well as the answers to the research questions from this multi stage qualitative approach and analysis, are influenced by me as 'embedded' researcher as I am part of the whole process. This approach does not want and nor can it end up in an absolutely 'right' code or absolute 'truth', because there are multiple possibilities when interpreting and understanding the statements and results (Schein, 1995).

8 Synthesis and Conclusion



All the research steps revealed systematic and visible conflicts between the partners of the professional distribution channel, which itself has a long history and can be assigned to the theoretical model of 'coopetition' (Brandenburg and Nalebuff, 1996; Lado, Boyd and Hanlon, 1997; Teece, 1992; Uzzi, 1997). According to the initial interviews with wholesalers' leaders, these conflicts are mainly based on interfaces that have not been clearly specified, along with substantial differences in the partners' individual interests in relation to the assignment of power and tasks. This jeopardizes many companies' financial performance, or even existence, at a time when there are aggressive new entrants (section 3.2, p. 69).

The acknowledgement of the financial worth of a successfully established corporate brand is not possible within the national accounting standards of the region in which the research was undertaken. Here the legal frameworks do not allow the generating of company value on the balance sheet, nor do they provide the ability to generate value to the customer.

Well established corporate brands are one of the most important intangible assets of a firm (Keller and Lehmann, 2006) if they support differentiation and competitive superiority (Keller, Sternthal and Tybout, 2002).

8.1 Synthesis of Findings from Multi Stage Approach

I will use the key issues of the initial research steps (from interviews with leaders of SHAP wholesalers combined with the literature review), as a structure to synthesize the findings of the research.

By using broad issues as an underlying structure for the synthesis of the findings from independent research steps and by uniting the available qualitative data that result from the iterative and multi-stage research approach, I ensure coverage of the broadest possible range of relevant issues for a corporate branding concept. The resulting combined findings should allow me to answer the question whether corporate branding offers a worthy full model for the SHAP industry, given the issues in relation to sustaining a competitive advantage and, hence, financial performance for wholesalers. Based on these outcomes the necessary in-depth specifications of such a model should then be possible.

The assignment of issues to groups cannot be done using a 'black or white' logic, as many of the findings could be assigned to more than one of the groups. I assigned the findings subjectively in what seemed to me the most appropriate manner, namely to the seven key elements of the SHAP industry's corporate branding model that I defined, based on the

literature review. These key elements of the specified generic corporate branding model (figure 4.7, p. 148) are:

A. Brand Essence / Corporate Values

B. Employee Input

C. Corporate Services

D. Pricing System / Decision Power

E. Corporate Design

F. Ingredient Branding

G. Coopetition

H. Corporate Branding

The very same seven aspects were used as structuring headlines for the synthesis of the findings from the exploratory interviews and the reflections on the industry with the outcomes of the literature review.

The use of an identical structure improves transparency and understandability of the process, as well as of the findings. In contrast to the initial synthesis (section 5.1, p. 152) I dismissed sub-headlines at this point. Detailed structure was very important in the first step to ensure no significant element was overlooked, while now a more general view is appropriate. In this context I would like to state that it is much more important to ensure that all aspects are dealt with appropriately and that the individual elements should only be seen as a guideline.

A. Brand Essence / Corporate Values

The relation between the chosen generic strategy of differentiation and the successful implementation of a corporate brand as key source of such a differentiation is confirmed by the group discussion. Brand messages have to be reflected in the delivered services, as well as in the corporate values. The importance of consistency between the chosen strategy and the daily business, as well as the behaviour of management and employees has to be highlighted. Given this, top-management has to make choices and accept trade-offs.

Differentiated wholesalers have established a task sharing with the plumbers in the field of retailing. The tasks for the wholesaler contain expensive and demanding services such as the disposal of design oriented showrooms, advising and planning, while pricing and installation is assigned to the plumbers. Plumbers are the only stakeholder group of the

wholesalers who are at least partially aware of the currently employed task sharing because the delivered services and the net sales prices are transparent and comparable for them. Based on this task sharing and resulting from the partially differing organizational interests of wholesalers and plumbers as buying customers, wholesalers are hence kind of competitors of the plumbers in the field of retailing.

Even these differentiated wholesalers are forced to copy the prices of their price / cost oriented competitors. Consequently the current economic value of wholesalers' corporate brands towards plumbers and stakeholders seems to be rather poor.

The importance of positional aspects for the development of a corporate branding model is highlighted by all groups of stakeholders. Important aspects such as contribution to regional economic prosperity, sustainability (economic and ecological), employment of native people, value of people (employee and customers), and the competence and friendliness of the advisory staff in the showrooms are cited in this context. The industry discussed in this research has trouble in achieving this demanding position and, until now, has not sufficiently developed integral strategy and branding concepts.

The missing transparency of the pricing system, as well as the extremely limited influence of stakeholders on the buying decision with the resulting confusion of end users are seen as key disadvantages of task sharing. These issues are key drivers of wholesalers' currently negative reputation and image. However wholesalers are described by the stakeholders as 'anchors' or 'reference points' in an otherwise extremely non-transparent situation.

Image, identity and reputation, as well as the resulting corporate brand of SHAP wholesalers, are negatively influenced and manipulated by the coopetitive plumbers. The common stakeholders miss-trust the supply chain as a whole. This is mainly based on the expressed negative image of plumbers ('bad salesman', 'you have to be carefully when working with them',...) and on the emotional aspects of the current non-transparent pricing system, which leaves the stakeholders in the belief that they are 'overtaxed'.

The positional demands of the buying plumbers and the non-buying stakeholders (end users, architects, investors, and general contractors) do not contradict substantially. The most relevant positional aspects are built on largely identical generic values but are weighted differently between the two groups.

The desired 'covenant' of the wholesalers to the different key stakeholders is not adequately built up in terms of the employed resources.

B. Employee Input

Service organizations such as SHAP wholesalers cannot differentiate their offerings through assortments, but mainly through competences and process-reliability delivered by well-educated, motivated and friendly staff. Employees are 'the' sources of sustainable differentiation of wholesalers as service organizations. Their importance on the services and the buying decision, as well as on the corporate reputation, image and identity ('being the brand') are highlighted by all stakeholders.

The stakeholders of differentiated wholesalers would demand an increased level of advice and planning. Such an expansion could contain a broader range of offerings in relation to room concepts, colours, lighting concepts and so on. Employees of SHAP wholesalers are 'key' in reflecting these demands of the multiple stakeholders, in establishing competent and friendly advice for them and resulting from this, have 'to be' the corporate brand.

Corporate branding enables firms to attract and retain such good employees (Leitch and Motion, 2007). It also has a key driver role for would-be employees, stockholders and other stakeholder groups which results in the explicit covenant that can exist between organizations and their stakeholders (Balmer and Greyser, 2003).

Differentiated wholesalers (given the connection between generic strategy of differentiation and a corporate brand as key source of such a differentiation) offer attractive working conditions as their infrastructure reflects their positioning, their stakeholders demand for a high level of individual services and competences of the employees and as the positional value of well-educated and motivated employees is substantially higher than in cost leadership oriented organizations.

The handling of this very important aspect of the corporate branding concept for SHAP wholesalers would exceed the resources, of this research. I have already excluded this element from the research topic. Given its importance, I will assign the aspect of employees in services branding to the field of further research.

C. Corporate Services

The services delivered by wholesalers toward the B2C and B2B customers fundamentally differ and in addition are recognizable for these two groups of customers in a completely different way. While services' communication of the wholesalers toward the cooperative plumbers (B2B) is 'daily business' and mainly driven by their employees, the communication of assigned services and responsibilities toward all other stakeholders is

practically non-existent. Consequently the services and the size of assigned tasks of wholesalers and hence the responsibility for the delivered solution is not visible to the non-buying stakeholders (end users, architects, general contractors, and investors) and they are not aware of the services they get and what costs are connected to these tasks. They nevertheless value the services and competences regarding planning and advice from the expensive showrooms.

Given the poor share of the gross margin, the amount and quality of services of differentiated wholesalers toward both customer groups is currently very high and the resulting input on reputation, image and hence, on the corporate brand, relatively poor. In this context stakeholders argue that plumbers act rather unprofessionally and naively in terms of the service aspects. This bad reputation negatively influences the satisfaction in regard to the supply chain as a whole and hence, also that one of the wholesalers.

Ongoing B2B communication activities in combination with an adequately employed B2C marketing as part of a corporate branding concept might ensure the communication of important services to the plumbers, as well as to the other stakeholder groups. Filling customers with enthusiasm and impressing them are primary tasks of wholesaler's showrooms and employees.

Thus as differentiation for wholesalers, plumbers and their joint offerings within the supply chain are only achievable based on unique services, joint efficient processes and emotions, and a joint approach with a strong focus on customer demands.

The valuable, high profile services of differentiated wholesalers which are delivered to all groups of stakeholders at no cost have to be actively communicated in regard to their extent, the high level of quality, and the resulting expenses. By taking over a broader range of responsibility towards the end user, the wholesaler could additionally document their contribution to the service level and quality which is delivered.

D. Corporate Design

A logo, a name, a design, a visual identity, or advertising only can be tangible aspects of a complex sign system whose goal is to put the far more important and powerful 'brand idea' into the customers' minds (Healey, 2010). As most wholesalers do not have a clear strategic positioning, the same is true for a clear design concept and, in consequence, the organizations' lack unique strategic and graphical profiles for their stakeholders.

However, the significance of a consequent implemented graphic design concept for a successful corporate brand is unquestioned. Given an industry with a focus on design, room concepts and emotional input in consumer's life, the importance of consistency of the employed graphic design concept and the chosen corporate brand are obviously.

Interviewed stakeholders do not mention graphic design aspects. This might be interpreted to show a little importance of this aspect and a higher positional value of issues such as corporate values, reputation, services and employees. However, the frame of the unstructured focus group discussion does not allow such an absolute interpretation. The participant might be so focused on topics discussed that the simply 'forgot' to handle this issue or that it was not as important as the other ones.

E. Pricing and Decision Power

The improvement of the current approach resulting in expanded transparency, a fair pricing system and an upgraded decision power would be preferred by the common customers of the wholesalers and plumbers who act cooperative. The process to select and buy bathroom equipment is as a whole too complex, lacking transparency, and overtaxes the stakeholders. A brand, and in this case an industry with interchangeable products and products (commodities) available from various suppliers, works if people make the buying decision because of other reasons such as service features, pleasant associations, recommendations, or positive memories (Healey, 2010).

However, the influence of the currently employed pricing system on the wholesalers' corporate brand is substantially negative. Thus, as the plumbers dominate the pricing and receive a substantial part of the sales margins while at the same time assigning the respective responsibility, as well as the resulting negative image to the wholesalers.

Surprisingly the emotional aspect of the currently employed system seems to be more dominant than the rational one. The wholesalers' non-buying stakeholders refer to the non-binding and hence rather irrelevant gross prices when they argue that high and unfair prices are the reason for their negative judgement. It might be argued that the negative image of the pricing system mainly is based on the lack of transparency and of understandability for the stakeholders.

The price aspect has to be solved urgently as part of a corporate branding concept. Taking over of leadership and responsibility of the wholesalers during the whole approach would be preferred by all stakeholder groups.

Given the differences in services and positional aspects (such as employment of local staff, local investment, ...) stakeholders are willing to accept price differences up to 15 per cent compared to the new entrants which corresponds to the currently valid average net sales prices of plumbers while the current difference to the non-binding gross prices communicated in wholesaler's showrooms are up to 30 per cent.

The current net prices of the supply chain are hence absolutely competitive. An improved and competitive pricing system would not automatically reduce the profit of the joint partners. Instead the communication of the effective net sales prices in the showroom could contribute to a positive image and reputation of the supply chain. Such a pricing system would further result in increased transparency for the joint stakeholders.

The inherent costs of activities are assignable and a fair share of profit could be achieved if the coopetitive partners would jointly specify, implement, and support a common pricing system without the currently established cross subsidization between services and products. The detailed specification of interfaces, as well as the assignment of tasks and responsibilities has to be done between the coopetitive acting wholesalers and plumbers. Such a specification has to respect anti-trust laws on the European, as well as on the national level.

Stakeholders are ready to buy the equipment from the assembling plumbers but they expect that the assortment is purchased from the wholesaler who did the planning and the advice in the showroom and hence had the expenses.

F. Ingredient Branding

Ingredient branding as part of a successful and sustainable mutual corporate branding concept strongly correspond to the already, if poorly and not consistently employed, marketing and branding concepts of the differentiated SME-wholesalers. By motivating individual stakeholder groups to demand qualitative ingredients as part of the solution, delivered by the plumbers, wholesalers are able to establish their services as valuable ingredients and enhance their customer – supplier relationship to these indirect customers (Kotler and Pfoertsch, 2010).

A successful and customer orientated solution is the sum of its ingredients (Kotler and Pfoertsch, 2010), namely the producers' products, the wholesalers' planning and advice, and the plumbers' installing competence. The push/pull concept of ingredient branding strengthens the mutual commitment of the coopetitive partners on the one side and allows

wholesaler's direct and non-influenced positioning towards the remaining groups of stakeholders on the other.

The coopetitive plumbers agree to selective joint activities and the employment of ingredient branding to support the expansion of the common positioning of differentiated wholesalers and themselves as coopetitive partners. This selection contains the wholesalers they individually trust, as well as the content of such activities.

Representative showrooms, as well as planning and design competences of wholesalers' motivated and friendly showroom employees are defined as such services and valuable ingredients for the plumbers' offerings towards all common stakeholders. These ingredients could be expanded by adding explanatory pictures of the equipment, as well as by introducing visualized room concepts including integral design, material, colour, and lightening aspects.

The respective messages toward the non-buying stakeholders might consist of a rational part regarding the amount and quality of delivered services and price-positioning and an emotional part containing values such as the importance of employees and customers, regional aspects, sustainability, honesty, trust, and customer orientation.

By motivating individual stakeholder groups to demand qualitative ingredients as part of the solution, delivered by the plumbers, wholesalers are able to establish their services as valuable ingredients and enhance their customer – supplier relationship to these indirect (in the next step of the supply chain) customers (Kotler and Pfoertsch, 2010). The plumbers' one-sided power in the buying decision process within the professional distribution channel would, with this concept, be balanced with wholesalers.

In parallel to this, the manipulative influence of plumbers on wholesalers' brand would drastically be reduced by the possibility to 'directly' communicate the 'corporate brand messages' as well as the share of tasks to the stakeholders.

G. Coopetition

The unique kind of task sharing between wholesalers and the plumbers (as their customers) in the field of retail activities is the fundamental argument for the existing tensions between the partners. This kind of task sharing is best described with the model of 'coopetition'. Consequently, wholesalers' strategy, as well as the business-model has to respect the existence of 'coopetition'. The necessity for a different positioning toward the

‘direct’ (plumbers) and the ‘indirect’ (the other stakeholders) customers is documented by the outcomes.

Leitch and Davenport (2007) point to the non-chooseable and non-controllable aspects, influencing the stakeholders’ experience of the brand and the even damaging effects to the brand. A regular, pro-active and honest communication between the coopetitive partners would contribute to an improved cooperation and a lower level of competition. Resulting from this, the competitiveness of the professional supply chain might be positively improved and both partners might profit from the positive image and reputation from such a joint effort.

In parallel, the kind and quality of task sharing, as well as of the resulting interfaces and processes has to be improved and to be specified more detailed. This should be done in a joint effort and by respecting the individual key competences and most important the demand of the joint stakeholders. Thus as the sharing of tasks and the respective interfaces are not clearly specified between wholesalers and plumbers. The same is true for the resulting responsibility towards the common customers. As a side effect of these unclearly defined or undefined processes, interfaces and responsibilities, many tasks are done twice, either identically or in a contradictory manner. The negative influence on the supply chain’s resulting cost position is easily imagined. Such an improvement is fundamental for the successful establishment of a partners’ corporate brand in a coopetitive supply chain.

All common stakeholders of the coopetitive partners and hence the wholesalers’ non-buying customers do not understand the employed coopetitive approach and worse, the tasks and services, fulfilled by the wholesalers. The very same is true for the dependencies of the respective wholesalers on the plumbers in the assortments of heating and plumbing systems. The image and reputation of the wholesalers heavily suffers from this situation.

Nevertheless, all affected stakeholders support, independently from the described weaknesses, the current approach of task sharing. However are an improvement of services, the level of transparency in regard to the pricing system and an honest assignment of tasks and responsibilities heavily demanded by them.

H. Corporate branding

In sum and resulting from the main findings, the SHAP industry offers opportunities for successful local corporate branding. The positive influence of a corporate brand on the sustainable competitive advantage, as well as the necessary profitability of a differentiated

SME wholesaler is confirmed by the findings of the focus group sessions. Most of the key issues mentioned by the individual groups of stakeholders could lead back to the lack of active communication, the manipulating influence of coopetitive plumbers and the fact that common customers were not adequately informed. The resulting lack of transparency leads to a negative 'gut feeling' of the affected stakeholders and a negative image and reputation for the coopetitive partners and, consequently, for the wholesalers.

To adequately employ and establish a successful corporate brand, wholesalers have to 'bypass' the manipulating influence of coopetitive plumbers as well as to ensure top managements unconditional support of consistency between strategy and tactics. This includes the readiness to make choices and to accept 'trade-offs'.

A potentially successful corporate branding concept has to respect the current backlash of an established strong corporate brand as the coopetitive acting plumbers try to sustain their influence on the buying decision, as well as on the pricing system. Based on this do they see a well-established wholesaler with a strong corporate brand as a threat.

In the last decade, wholesalers and plumbers aiming for increased services have successfully implemented substantial structural and financial change. However, thus has not had slightest positive influence on the image and reputation of the individual organizations or indeed the SHAP supply chain as a whole. Moreover, it resulted in increased costs of the expanded services and often in a reduced competitiveness compared to cost leadership oriented wholesalers.

The employment of an intensified, on-going, and pro-active communicational effort in relation to task sharing, corporate values, and services delivered to stakeholder groups would reduce the manipulating effect of the coopetitive partner and strengthen the corporate brand of the respective wholesaler.

These synthesized findings of the multi-stage research approach build the basis for the following section, handling and discussing the summarized research findings. To limit repetition I will not argue the specifications in detail but focus on the key issues, findings and arguments which arose from the research.

8.2 Summarized Research Findings

The analysis of the industry specifics offers the picture of a supply chain with a unique structure and complex, and at least partially, contradicting dependencies and interests. The resulting structure of the distribution channel with its identified uniqueness of coopetition strongly differs from the common descriptions of the SHAP market. However the developed market structure was largely confirmed by the outcomes of this research. The missing insights and in depth knowledge might be based on the rather conservative behaviour of the supply chain as a whole. This rather serious statement is based on the outcomes of the individual interviews with leaders of wholesalers from the three different countries of German speaking CE.

The difficulties in describing the market structure adequately and the complete lack of research data underline the need for market research in the SHAP industry. This statement is even more evident when considering the subtopic of corporate branding for service organizations such as SHAP wholesalers. This supports and defends my decision to choose this real life issue for my PhD research.

The research shows that the industry has a 'special' kind of task sharing in relation to the distribution and service processes as a whole. This uniqueness is evidenced within the advice and sales process toward the common stakeholders of the professional supply chain, where the differentiated wholesaler fulfils almost all of the tasks and has the risk of the investments into showrooms and sales resources. Based on established market rules and plumber's influence on wholesalers behaviour, these stakeholders are not allowed to purchase the bathroom equipment directly from the respective wholesaler. The rules are a result of administrative framework (building a control) and trade registration (plumbers). The 'rules' are well-established and long-standing, going back to the 1950's. The plumbers, as cooperative partners, specify the price, close the order and are, at the same time, free to purchase the products from the wholesaler offering the best price. They show no readiness to adapt the market rules to a contemporary standard. The task sharing and the resulting kind of competition between the distribution partners ends in a specific form of coopetition, which in more than one detail differs from the generic specifications of the literature. These differences will be discussed with reference to the findings of this study below.

As mentioned repeatedly, the research is focused on the positional aspects of wholesalers, as well as a possible influence of corporate branding on this position. The resulting backlash of such an active marketing positioning through the negative influence on the cost position of the

wholesalers is of course also part of this issues examined. In contrast to the cost leadership oriented group of companies, the family owned SME wholesalers mainly employ a generic strategy (Porter, 1980) of differentiation including B2C activities and these results in a high input of resources and higher cost position. They, hence, strongly depend on a higher margin to achieve acceptable financial performance.

The research at hand focuses on the role of corporate branding for differentiated SHAP wholesalers as a possible key source of differentiation, success and competitiveness (Berry, 2000 and Gray, 2006). The research examines *how* differentiated wholesalers should invest in corporate branding and ignores the strategic question of *whether* they should deal with plumbers and end consumers in parallel at all. Such strategic questions are not handled within the research.

Before answering the research question “what kind of useful corporate brand” might be employed in the SHAP wholesale industry, I would like to answer the question ‘whether’ such a corporate brand might offer opportunities to establish a sustainable competitive advantage. I do this by using Balmer and Greyser’s (2003) and King’s (1991) list of relevant aspects. As early as 1991, King explained that it is always easy to drift on with the old ways of doing things because it never seems to be the right day to make the change. In 2013, I have to endorse this statement as it could still be considered to be true for many industries and (or even more) for the researched SHAP-wholesale industry. King (1991) identified six key elements which increase the demand for the implementation of a corporate branding concept. By doing this, he highlights the need for a multidisciplinary approach, as well as a radical reappraisal of the marketing mix and philosophy to apply the branding concepts to corporations.

- Consumers have become more confident, readier to experiment and trust their own judgement.
- People look for high quality, added personal value, variants, as well as style and fashion changes and are willing to pay extra for these subjective requirements and for a clear conscience.
- There is a noticeable shortage of the skills needed. This shortage is mainly based on demographic changes and a weakness in educational and training systems.
- Competition intensifies in almost all fields and the balance of power between manufacturers, wholesalers, and retailers tends towards retailers (in this case the plumbers). Companies are looking outside their traditional boundaries of doing business.

- Product and service life-cycles shorten, data has a greater impact on turnover, stocks, and profit, and the speed of technological developments surpasses all expectations.
- There is a wave of mergers, take-overs, bundling, unbundling, and other radical changes. Many organizations and people start wondering who they are, to whom they owe loyalty, and what their corporate culture is.

Balmer and Greyser (2003), in the same context, argue that the importance of corporate brands increases in relation to identity, image, and reputation if new environmental pressures arise in a competitive market. They specify the following ten sub-topics:

- acceleration of product life cycles
- deregulation
- privatization programme
- increased competition in the public and not-for-profit sectors
- globalization
- merger and acquisitions
- divestment
- the establishment of free trade areas
- shortage of high-calibre personnel
- public expectations for corporate social responsiveness
- increased salience to organizations of external stakeholders
- increasing competition in the service sector

King's (1991) six elements fundamentally correspond to Balmer and Greyser's (2003) ten over all environmental sub-topics which increase pressure on corporations to develop and to establish a corporate branding concept.

Based on the previous findings, as well as on the outcomes of the key macro and micro environmental developments, I can state that a broad range of issues related to King's (1991) and to Balmer and Greyser's key aspects that demand, and necessarily support, the employment of a corporate branding concept could be detected. The individual issues have been discussed in-depth and will not be repeated at this point. The findings additionally offer detailed answers to many specific aspects of such a concept of corporate branding for differentiated wholesalers of the SHAP industry which will be discussed as part of the following steps.

8.2.1. Answers to the research question

Any firm must create value for customers and has to generate profitability from value-creating activities in an intensely competitive environment that is formed by its relationship to stakeholders (Grant, 1998). The positive aspects, as well as the power of corporate branding, are evidenced in several studies (Argenti and Druckenmiller, 2004). The generic dimensional aspects of corporate branding were specified at the very beginning of this study and the effects on organizations were excluded from the research during the next step. This was done by specifying these aspects as given and hence limiting and focusing the research to the key input and output dimensions of corporate branding.

It might further be discussed whether the findings could be transferable to any kind of service organization employing a coopetitive task sharing in whatever field of operation. The resulting active or passive influence of the partner on the service organization's corporate brand might remain exactly the same as in the studied industry. Such a generalization would be inadequate, as this research is limited to the SHAP-supply chain in the region of CE. Consequently further research is necessary to handle this issue adequately and to transfer the outcomes to a broader level of industries and/or regions.

As the generic aim of this research, I will build a corporate branding model for service-based SHAP wholesalers in a coopetitive environment and try to answer the research question in regard to this industry. The concrete research question to answer is:

What kind of 'useful' corporate branding theory might be developed to serve wholesalers in the coopetitive central European sanitary ware, heating and plumbing (SHAP) market?

Based on the outcomes of the qualitative research, the specification of a corporate branding model for wholesalers, and consequently the answering of the research question is possible. The final corporate branding model for service-based wholesalers in a coopetitive environment (figure 8.2, p. 266) is the result of the iterative, sequential multi-stage research design (visualized in figure 2.1, p. 54).

In a first step, the key elements of a corporate branding models resulting from theory were specified. This model then was (in a second step) synthesized with the findings from industry specifics – leading to a generic corporate branding model for SHAP wholesalers. In the final step of this evolutionary process, the generic model was expanded by the outcomes of the focus group discussion, leading to the ultimate corporate branding concept for service-based wholesalers in a coopetitive supply chain. The three stages are shown in the following sequence:

The communication elements of wholesalers toward all affected groups of stakeholders are currently handled rather defensively, while a successful corporate brand would enable customers to select between product and service offerings (Aaker, 1997) and further emotionally bond with a target group of customers (Vaid, 2008). In a service industry such as the SHAP-wholesale one, branding is mainly associated with the firm level (Bruhn and Georgi, 2006), as the brand represents the vision and strategic positioning of an organization in relation to its competitors (Abbing and van Gessel, 2008). Well established brands are one of the most valuable intangible assets of a firm (Keller and Lehmann, 2006). The improvement of these competences and the working out of the relevant messages is hence a very important part of a corporate branding model.

Strategic and cultural aspects of differentiated wholesalers are not discussed in this research and consequently will not be specified in detail in the final corporate branding model. This limitation already was argued in the research limitations. However, these elements are cited as aspects of importance for the establishment of a corporate brand. In the generic corporate branding model, given below, these fields are hence, integrated. By doing this, the model ensures the necessary flexibility for the SHAP wholesalers that base their differentiation on very specific and individual characteristics.

The most serious finding of this research is that the output dimensions of a wholesaler's corporate brand are subordinate to the influence factors of the cooperative acting retailers (in this case – plumbers). The uniqueness of the industry examined could be argued to be that the behaviour and culture of the cooperative plumber functions as an influencing tool between the wholesaler's input-factors and the resulting outputs such as corporate image, identity and reputation.

The research shows that this influence is seen by the affected stakeholders to be opportunistic at best, and manipulative at worst. This description is based on the fact that the cooperative retailers (plumbers) communicate the joint services and responsibilities to the common stakeholder groups to their own very best advantage. They assign responsibilities for price positioning and deficits within the services to the cooperative partner. At the same time they do not communicate the effort employed by the wholesaler. Consequently, they negatively influence corporate image, reputation and, in sum, the corporate brand of the partner to achieve best advantage for themselves.

Consequently, the corporate branding of the service organization (wholesalers) is strongly influenced by the cooperative partner and hence, is at least partially out of control of the wholesaler. This aspect is amplified because not only are these cultural factors of the plumbers

out of their control, but additionally so is the choice of the coopetitive acting plumber. By responding to this finding I was able to specify a generic corporate branding model for service organizations, such as SHAP wholesalers, in an iterative and multi staged approach. The model explains the problems, as well as the complexity, of building a sustainably successful corporate branding concept for SHAP wholesalers acting in a coopetitive environment.

Given the issues of the coopetitive partnership with plumbers, the brand messages of the SHAP wholesalers are currently weakened and de-emotionalized. Consequently, the building up of a sustainable successful corporate brand has to reflect to these issues and an underlying generic corporate branding model has to focus on elements to strengthen and emotionalize these brand messages. The developed corporate branding model for SHAP wholesalers is generically based on the findings of the literature review and adapted to the issues, that result from the coopetitive task sharing established in the industry.

The deep mutual dependency of differentiated service organizations (wholesalers) and coopetitive retailers (plumbers) can be demonstrated. This finding supports the necessity to mutually and in detail specify the kind of the task sharing, as well as the interfaces within the supply chain. Most important in this context is the 'optimization' of communication, the sales process and of the pricing system. Only by following these recommendations will the coopetitive partners be able to stay competitive in relation to the new entrants and to define a future-oriented model to ensure sharing of the incomes.

The kinds of coopetitive task sharing evidenced in this research are very complex, non-transparent and not easily understood by the common stakeholders. Consequently, the approach itself, as well as the responsibility for the resulting quality within the shared process is very difficult to communicate to the affected individual stakeholders.

The defensibility of the input of resources and money is limited by this aspect. Nevertheless, the research did show that the advantages of the coopetitive approach predominates the contradicting disadvantages. Any other approach would weaken the supply chain as a whole because of the complex and very different tasks undertaken. Practically it would be impossible for one single organization to cover the process as a whole and deliver the current levels of quality provided.

The sales procedure with an interruption of the business transaction after the consultation of all the common stakeholders in the wholesaler's showrooms does not adequately take profit from the invested resources (infrastructure, employees, services) and the established

emotional connection between wholesalers' advising showroom employees and the respective customers.

Given that all the stakeholders are not aware of the cooperative task sharing between wholesalers and plumbers, they do not understand the process as a whole nor the assigned tasks and competences. Consequently the approach remains non-transparent and implausible and fundamentally opposes the specified demands of the stakeholders.

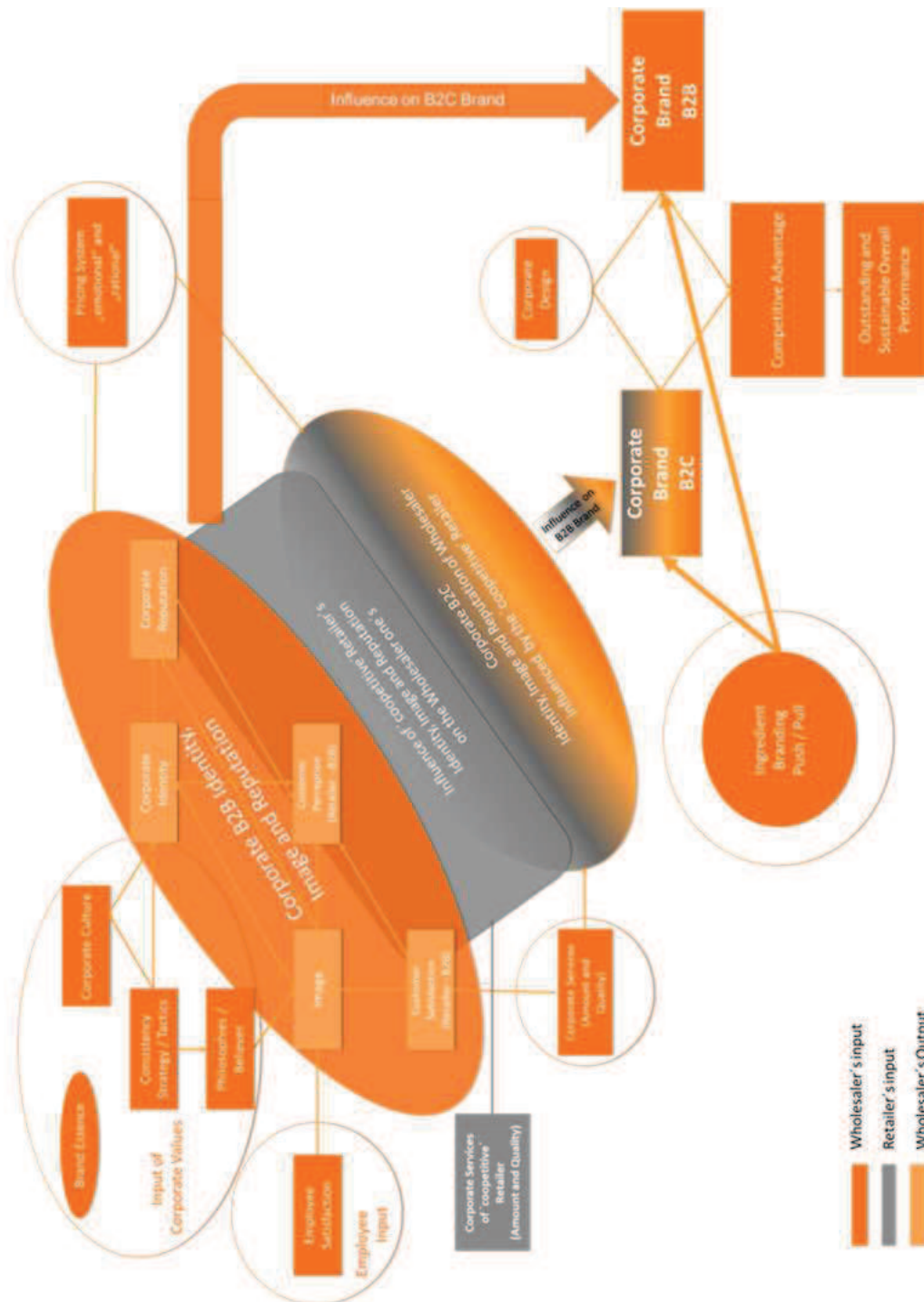


Figure 8.2: Corporate Branding Model for Wholesalers

In this context I might additionally refer to the resulting confusion of end users at this point of the process, which can lead to negative image and reputation of the professional supply chain as a whole and of the wholesaler in particular.

However, the relevance of services and of innovative showrooms of high profile wholesalers in terms of image is confirmed by all stakeholder groups. Alongside expectations regarding planning, advising and offering, customers demand to be impressed and filled with enthusiasm by wholesalers' competent and friendly employees.

The approach has to be improved by replacing this procedure, respecting stakeholders' fundamental demands in regard to transparency and responsibility. To bypass the plumbers and directly sell bathroom equipment to individual, and currently common, stakeholders does not offer a solution as it represents almost the other end of the spectrum of possible approaches.

It might be a much more appealing approach if the wholesalers took over responsibility for advising, planning and the process of offering the bathroom equipment to the common stakeholders.

Such an approach would also correspond to the competition laws and even more importantly to the very best advantages of both cooperative partners, as well as of their common stakeholders. The solution could be specified to be of rational logic for both partners, as well as fulfilling the emotional demands of all affected stakeholders.

In general, brands need to tell a story because people love great stories (Healey, 2010) and brands consequently tend to become a more value based system of meaning rather than an object constructed by brand specialists (Leitch and Motion, 2007).

The research documented the existence of de-emotionalizing aspects such as an in-transparent pricing system, the lack of clearly assigned tasks and responsibilities between wholesalers and plumbers and the lack of a pro-active communication toward the stakeholders, to specify only some of them.

The issues additionally are amplified by the manipulating influence of the cooperative plumbers. They negatively influence image, reputation and identity of the affected wholesalers and fundamentally contradict to the generic tasks and aims of a brand, specified by Healey (2010, p.6) as:

"...a promise of satisfaction. It is a sign, a metaphor operating as an unwritten contract between a manufacturer and a consumer, a seller

and a buyer, a performer and an audience, an environment and those who inhabit it, an event and those who experience it. Most buying behaviour is driven by storytelling and emotions, which are exploited by brands.”

The importance of emotional constructs such as contribution to regional economic prosperity, sustainability (economic and ecological), employment of native people, value of people (employee and customers) and competences and friendliness of the advising staff in the showrooms are confirmed and highlighted by all groups of non-buying stakeholders (architects, general contractors). The corporate brand messages, communicated as part of the ingredient branding concepts' pull activities, has to reflect to these aspects and to address the respective emotions of the targeted stakeholders. The research showed that the communicated messages toward the individual stakeholder groups can be identical as the points of views of the cited stakeholders are mainly congruent.

McDonald and de Chernatony (1992) argue that brands are able to sustain such added values in the face of competition. The in depth communication of the previous values, the corporate culture, as well as of the amount and quality of the service level delivered in the wholesaler's showrooms toward all stakeholder groups is a substantial part of the corporate brand concept (Keller and Lehmann, 2006).

The positional value of differentiated wholesalers' friendly, competent and native employees for such an emotional brand message is one of the issues highlighted above. All stakeholder groups repeatedly mentioned this 'key' role of employees for a services organization. The employees are fundamental for the amount and quality of delivered services. Given this, they act as 'key' source of differentiation for wholesalers as service organizations. This finding corresponds to the specifications of Berry (2000) and Gray (2006) who define people (employees) as key assets of service branding and hence as key source of differentiation for service organizations. The importance of corporate branding to attract and retain such good employees (Leitch and Motion, 2007) is also found to be true for service organizations (such as SHAP wholesalers).

In combination with an employed B2C marketing as part of a corporate branding concept, ongoing B2B communication activities have to ensure the communication of important services to the plumbers. Such brand messages for the plumbers have to contain a completely different range of messages to achieve the targeted positioning. In detail would this be the reliability of partnership, expanded relevant services such as logistics, technical support, documentation, availability of assortment, debt financing and most important, a competitive

net purchasing price to services relationship. Such a B2C communication can also be included as part of an ingredient branding model (push activities), supporting the corporate brand.

In the SHAP industry's coopetitive environment, pricing is one of the most crucial aspects for branding and positioning in a market with an oversupply of products and commodities, even though it is one of the least glamorous elements of branding (Healey, 2010). This statement is confirmed by the research findings which show that the kind and level of the current gross pricing system as well as the assigned lack of transparency are seen as key disadvantage. An adequate gross pricing system has to respond to the current weaknesses and to ensure transparent communication of the price / value relation. It further has to respect the level of input in relation to the share of margin of the coopetitive partners (wholesalers and plumbers). A pricing concept, reflecting to all these issues in an appropriate and acceptable way, is shown as part of the contributions to praxis.

A corporate branding model developed for SHAP wholesalers as service organizations in a coopetitive supply chain, fundamentally has to accept the mutual dependencies of the coopetitive partners, as well as the resulting influences on costs and the corporate brand. As found, the unique kind of task sharing of wholesalers and plumbers (as their buying customers) toward the joint stakeholders in the field of retail activities mainly is responsible for the shown tensions between the coopetitive partners.

The necessity for a different positioning toward the 'direct' (plumbers) and the 'indirect' (the other stakeholders) customers is documented by the outcomes and integrated into the developed corporate branding model for the SHAP industry.

Alternatively, the organizations would have to rethink the sales and distribution strategy, as well as the positioning employed currently and in consequence would need to decrease the dependency on the plumbers with all the resulting opportunities and threats. I have consciously excluded such a scenario from this research at the very beginning and limited my study to the existing strategic framework.

Given this strategic framework and looking for alternative approaches to support and establish a sustainably successful corporate brand a co-branding tool was added to the corporate branding concept.

Co-branding is one of the most common methods to increase brand potential. Ingredient branding fits under this umbrella (Kotler and Pfoertsch, 2010). Ingredient branding, according to them is the marketing strategy that takes the product (the services) to the consumer market with the goal to gain recognition. As the approach offers a potential solution to the

uniqueness of the coopetitive supply chain, I included it in the corporate branding concept and adapted it where necessary.

Kotler and Pfoertsch (2010) have specified five generic conditions that are required for the successful implementation an ingredient branding concept. I have tested the appropriateness of the aspects and their impact on the corporate brand as part of the discussions with all stakeholder groups.

I might summarize that all five conditions are present in the SHAP supply chain and that hence the concept of ingredient branding offers substantial possibilities and advantages. This is due to the communication of unique and valuable services in parallel with the corporate values and messages toward all affected stakeholders at defendable costs. The influence of the coopetitive partner is reduced, the decision power rebalanced and the transparency, as well as the level of information toward all stakeholders increased. These issues will, based on the outcomes of the multi stage research approach, be discussed within the next paragraphs.

In general ingredient branding is a translation key to communicate the special features and advantages of services to end users and to simplify the decision making process for them (Kotler, 2010). By doing this organizations can ensure that customers know and understand the functions, features and benefits of and ingredient service and pay more attention to these offerings. In particular by considering King's (1991) specification that consumers have become more confident, readier to experiment and trust their own judgement the importance of the prominent knowledge and understanding is underlined by the expressed demands and wishes of the stakeholders. Thus, as loyal stakeholders demand for increased influence on the buying decision, a transparent and fair pricing system and honestly communicated assignment of tasks, to count only some of them.

All common stakeholders of the coopetitive partners and hence the wholesalers' non-buying customers currently do not understand the employed coopetitive approach and worse, the tasks and services, fulfilled by the wholesalers. The image and reputation of the wholesalers heavily suffers from this situation. This issue is amplified by negatively manipulative communication of the coopetitive plumbers. However, all affected stakeholders support, independently from the described weaknesses, the current approach of task sharing. At its best, the employment of ingredient branding offers opportunities to increase the level of stakeholders' information, to bypass the manipulating coopetitive partner and hence to support the development of a loyal and profitable customer relationship (Desai and Keller, 2002).

It is also an important instrument for service organizations such as wholesalers to support and improve the effect of parallel corporate branding toward the business customers, as well as the consumers while defending an acceptable cost position. Consequently ingredient branding is the marketing strategy that on the one hand takes the services, as well as the corporate reputation, image and identity of the wholesalers to the consumer market of the cooperative supply chain, with the goal of gaining recognition and positive reputation (Kotler and Pfoertsch, 2010) and hence establishing a sustainable corporate brand.

In parallel it supports the positioning of the differentiated wholesaler in relation to the plumbers as cooperative business partners by establishing and strengthening their image as a reliable and competitive organization. Kotler and Pfoertsch (2010) point to the chance for differentiated SME's, resulting from a consistent and coherent brand and the rebalancing of power between the plumbers (retailer) and wholesalers (suppliers) in favour of the suppliers.

As both research steps (interviews and focus group interviews) showed, the plumbers currently follow a very opportunistic approach, which negatively influences the reputation and image of the supplying wholesalers and tries to strengthen the plumbers influence on price and on the buying decision of the end customer. Consequently, it might be stated that the corporate brand of the wholesalers (as service organizations) toward all affected groups of stakeholders is actively manipulated and negatively influenced by one of the cooperative partners. This possibility is mainly based on plumber's access to the individual stakeholder groups. Ingredient branding offers opportunities to weaken this influence by directly communicating delivered services and the corporate values to the stakeholders and to rebalance power between the cooperative partners. The plumbers have shown readiness to accept such an approach, not in general, but employed by wholesalers of their trust. Consequently an adequate employment of ingredient branding as part of an integral corporate branding approach can be supported.

A successful cooperative framework in contrast should consist of trust, joint marketing activities and at long last of a common communication regarding the amount and quality of services of the professional SHAP supply chain. In detail would this mean that wholesalers and plumbers invest in joint advertising campaigns and in common brochures documenting and arguing the individual services and resulting advantages for the respective stakeholders. The plumbers expressed their readiness to specify such an approach in a joint effort with cooperative wholesalers of their trust. Consequently such a framework does appear likely.

The commitment of the plumbers toward the advising and planning wholesaler is necessary to adequately communicate the value and uniqueness of the jointly constructed services. By

doing this the plumber supports the corporate branding activities of the wholesaler and in parallel profits from the unique positional advantage of the high-end showroom.

While combining and amplifying the joint brand values (Kotler and Pfoertsch, 2010) and gaining greater market exposure, the concept of ingredient branding at the same time offers the advantage of sharing promotional costs with a partner (Vaid, 2008).

Consequently ingredient branding is an important part of an integral corporate branding concept for service organisations in a coopetitive environment.

8.2.2. Achievement of the Research Objectives

In addition to the research question three main objectives were specified at the beginning of the study. These objectives are considered at this point:

- *Exploring the professional distribution channel and its dependencies in the SHAP industry in Central Europe*

An organization's business environment consists of all the external influences (macro and micro environmental factors) that impact on the decisions and performance (Grant, 1998) and the knowledge of these factors in combination with the internal ones are crucial for the sustainable competitiveness of a firm (Porter, 1980). Hamel (1996) further specifies that the rules of an industry substantially limit the scope of strategic behaviour of any organization within it.

The identification of substantial changes in the industry's supply chain and of the competing interactions is hence very important (De Wit and Meyer, 2004). The analysis of the supply chain was based on these definitions and resulted in the specification of a very complex market structure with many dependences and unique coopetitive task sharing behaviour between wholesalers and plumbers in relation to their common customers.

This adapted market structure substantially differs to those used commonly within market description from literature and sources outside the industry itself initially developed. However, the views presented here are strongly supported by the outcomes of the interviews (individual and focus groups).

I lead this difference back on one hand to the depth with which I conducted this analysis and on the other to the lack of availability of structured market research regarding the SHAP supply chain. This is perhaps true because of the inherent complex communication processes with its inherent influence on the corporate branding model.

Additionally, the framework of 'coopetition' has inaugurated completely new aspects regarding the kind of task sharing within the professional SHAP supply chain.

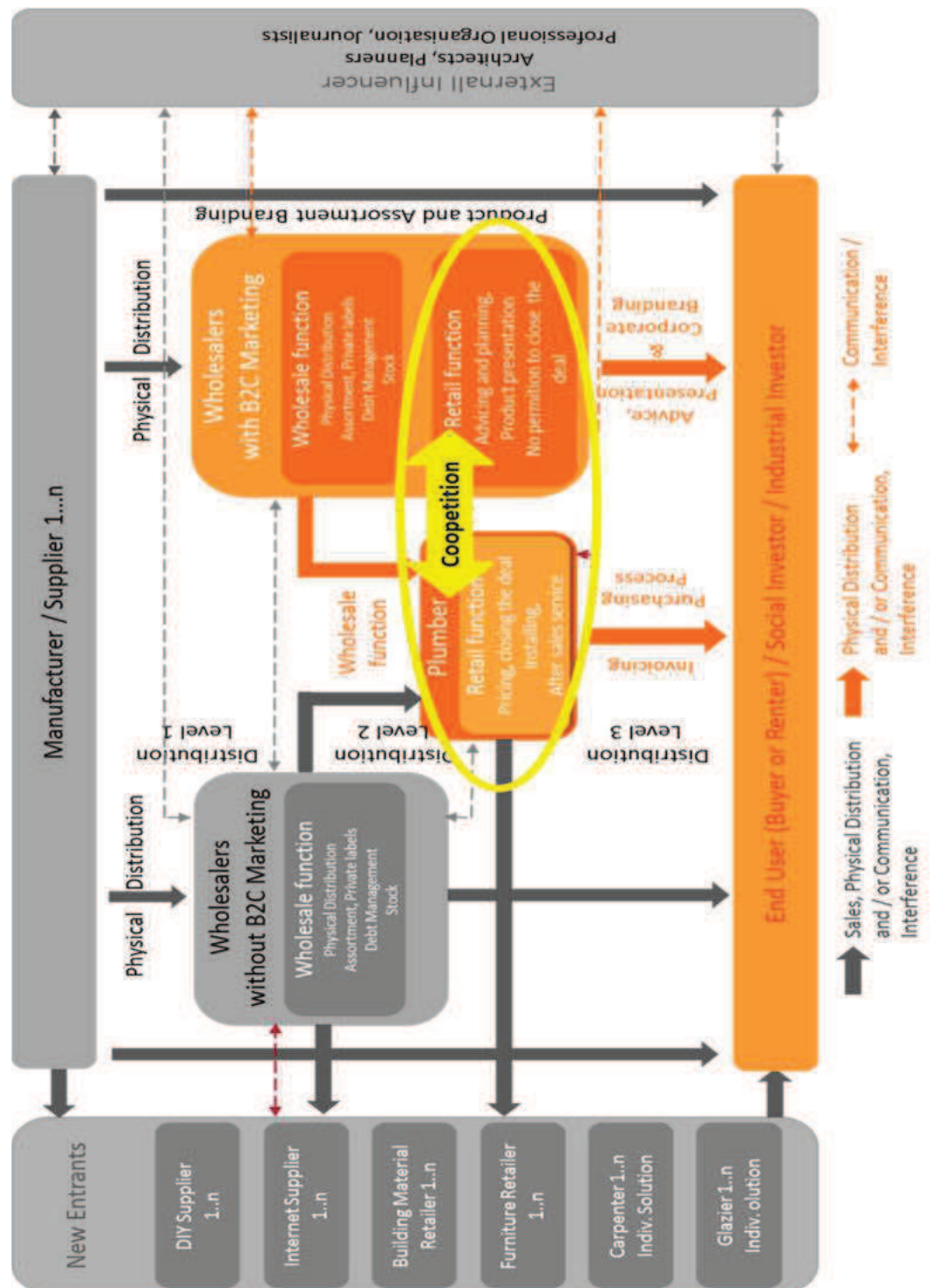


Figure 8.3: Coopetitive task sharing of differentiated wholesalers

This aspect is one of the key findings resulting from this study as it has serious influence on future strategic and marketing decisions of SHAP wholesalers and is hence worth further

attention and research. The, currently established specification of the relationship between wholesalers and plumbers as a 'supplier – customer' relationship has to be limited to the direct sales process of goods and services (mainly in the field of technical assortments). In contrast as a result of the outcomes of this research it might be argued that task sharing in the field of retailing toward end users, investors and external influences is labelled as coopetitive behaviour of the actors. This finding demands a new specification of strategies for both, wholesalers and the plumbers, as well as a detailed definition of such task sharing and interfaces as a next step to reduce the currently ascertainable tensions and problems of the supply chain.

Independent of these problems, the usefulness of the established coopetitive approach from wholesalers and plumbers within the professional SHAP supply chain could be documented in the study. This finding is primarily based on identification that the individual tasks within the whole process are demanding and differ considerably. The capital employed could be limited to a defensible amount by consistently following this approach (working capital such as inventory, as well as fixed assets such as showrooms). Hence it is easier and cheaper to fulfil the process as a whole in a shared and joint effort with a focus on the respective key competences. The sessions with the common stakeholders strongly demonstrated that this unique task sharing, as well as the resulting advantages, should urgently be communicated to customers. The research documents that the approach of coopetition exists in a unique sub form and is well established in the professional SHAP-industry and hence between service organizations of different levels of the respective supply chain. This task sharing has been established within the SHAP industry since the 1960s and hence long before the issue of coopetition has been defined (Brandenburg and Nalebuff, 1996; Lado, Boyd and Hanlon, 1997; Teece, 1992; Uzzi, 1997) as confirmed by the interviewed plumbers in unison.

Service differentiation for wholesalers is such a valuable tool but increases cost position and complexity (Porter, 1980). This statement is amplified in the SHAP industry given the coopetitive task sharing between wholesalers and plumbers, which is characterized by partly specified interfaces and parallel structures, as well as by the resulting negative influence on image and reputation to both parties.

In this context it might be argued that the image and reputation of the respective wholesalers for the plumbers (as their buying customers) is very positive. In contrast could be suggested the image and reputation of the wholesalers for the other groups of stakeholders is negatively affected by the plumbers' influence, the knowledge missing in

relation to task sharing and the price system, currently employed, which is mainly assigned to wholesalers by all stakeholder groups. These facts could be specified to be the current main issues and hence the main target of activities to establish a positive and sustainable corporate brand for wholesalers.

Kotler and Keller (2006) point to the fundamental importance of in-depth knowledge of the decision process to understand how customers make buying decisions and who forms and affects these decisions. In the SHAP supply chain these issues mainly pertain to aspects of price positioning (with contradicting interests), the unclear process how, when and by whom the deal with the end user is closed and the badly coordinated communication process toward all affected stakeholders of the cooperative partners, with a resulting unclear market and service positioning. In sum, it could be stated that the possibility to position SHAP - wholesalers is limited by the influence and service level of the cooperative partner who the wholesaler is not free to choose.

The key issues of unclear interfaces, responsibilities and parallel structures in combination with a non-transparent pricing system, non-existent communication of the services contained within the professional supply chain have to be addressed urgently. A solution might be offered by addressing outcomes to the research question and considering the resulting contributions of the study to theory and praxis.

- *To build a corporate branding theory for wholesalers in the cooperative central European SHAP market*

As documented previously by answering the research question, this objective could mainly be achieved. I could show that the corporate brand of the wholesalers is at least partially out of control of their and was hence able to adapt the common corporate branding theory and models to this. Resulting from this, corporate branding theory in a cooperative supply chain could be developed and described.

The theory is underlined by some key statements:

- Corporate branding in the cooperative SHAP supply chain is a multi-level approach. The concept includes elements in regard to corporate values (if consistently implemented, producing corporate reputation, image and identity), employee's input, input of services, a fair and transparent pricing system, and adequate corporate design (even when not as important) and push/pull marketing as part of an ingredient branding concept (supporting the bypass of the cooperative partner).

All these elements are described in-depth as part of the description of the developed concept.

- The developed corporate branding model for service organizations such as SHAP wholesalers only is valid for firms choosing a generic strategy of differentiation. This is as corporate branding is a key source of differentiation for service organizations (Balmer and Greyser, 2003) and hence only is valuable for firms aiming for differentiation.
- The unique kind of task sharing, best described by the model of coopetition, is the main reason for the tensions between wholesalers (suppliers) and plumbers (customers), explored in the SHAP supply chain.

Consequently the corporate branding concept reflects to this and offers solutions to reduce these tensions. Increased level of communication, detailed specifications of processes, a joint pricing system, joint marketing activities as part of a joint ingredient branding concept are some of them.

The research also pointed to the problems that the end users have in understanding the task sharing between wholesalers and plumbers, as well as the resulting responsibilities for service quality and pricing. These aspects are also included into the model developed.

The possibilities of ingredient branding to support a corporate branding model and to 'bypass' the influence of the coopetitive partner in such a demanding environment were also underscored.

- *To examine critically the perceived output consequences for wholesalers of the developed corporate branding theory*

The positional value of corporate branding demands top management's support and the existence of knowledge and consciousness. Both aspects are currently mainly missing and should urgently be developed.

A philosophy inhabiting organizational-wide cultures implicitly has to be established to achieve the goals of a successful corporate marketing and hence branding concept (Balmer 2011). The findings' of this study suggest this is not currently present in the SHAP wholesale industry. One main issue in this context is the missing consistency of the internal processes and the willingness of the employees to be the brand' (Khan, 2009).

Employees are 'the' sources of sustainable differentiation of wholesalers as service organizations. Their importance on the services, as well as on the corporate reputation,

image, identity ('being the brand') and are highlighted by all stakeholders. This outcome corresponds to Berry's (2000) and Gray's (2006) description that people as key assets of services branding are the key source of differentiation for service organizations. Pointing to an additional aspect in the same field of the importance of employees, Leitch and Motion (2007) explain that corporate branding enables firms to attract and retain such good employees. The developed branding concept reflects to this importance and includes employees as one 'key' element.

One additional fundamental aspect is that the positioning toward the buying plumbers and all remaining, non-buying stakeholders has to be congruent to be credible. They further specify that different stakeholder groups may have different perceptions of a company as multiple identities can co-exist comfortably within a company even if they are slightly different. However, the deep connection of the wholesaler to the coopetitive plumber (and the resulting dependencies) does not allow the lowest form of such a contradictory positioning. At the very same time this finding supports and relieves the argued employment of an ingredient branding concept, as it would allow the wholesaler to directly correspond to the respective and different stakeholders in coordination with the coopetitive plumber. The aims and opportunities of the ingredient branding concept to communicate the corporate values and the targeted positioning of wholesalers are in-depth described as part of the respective paragraphs in the section of answering the research question.

The senior management of wholesalers need to be aware that sometimes firms with strong and successful corporate brands and who have had remarkable success in corporate branding strategies might be confronted with the rise of anti-corporate rhetoric and activism (Palazzo and Basu, 2006). Every activity of a firm and its employees is compared against brand promises and values. The more successful the brand, the heavier the disappointment of loyal customers and the more serious the reputation damage in case of corporate misconduct (Palazzo and Basu, 2006).

Further the coopetitive partners' fears losing influence and, at its worst, control, of the decision process within the supply chain. The joint findings show the appropriateness of the specifications. The plumbers follow a very opportunistic approach that is strongly to their best advantage, at the same time negatively influencing the reputation and image of the supplying wholesalers and trying to reduce their respective influence on price and on the buying decision.

One generic key challenge of any research is the balance between the academic requirements of a work with the practical output that the organization is interested in (Maylor and Blackmon, 2005). More than once I had to go back to the academic requirements when I was almost lost in practical issues. In the following sequence have I summarized and assigned the resulting findings of the study separately to these individual generic aspects.

8.2.3. Contribution to Praxis

- The aspects of 'coopetition' within the professional SHAP supply chain in general, and more specifically the established sub-form, with the resulting unique task sharing, are explained. Details of these aspects are listed and argued in the previous section as part of the answers to the research objective addressing the issue of the professional distribution channel and its dependencies in the SHAP industry in Central Europe. In the same context the findings of the study support the understanding of complexity and interconnections within the SHAP supply chain (see Figure 8.3, p. 273).
- The outcomes of the research show two possible generic scenarios for differentiated wholesalers: one is to accept the coopetitive mutual dependencies towards the plumbers, as well as the resulting influences on costs and corporate brand. The other one is to rethink the sales and distribution strategy, as well as the resulting positioning and in consequence to increase the independency of the partners' with all the resulting opportunities and threats that this would engender.
- Top management has to be aware of the circumstance that corporate branding is at least partially out of the control of their organizations. They have to recognize and accept the mutual dependency between wholesalers and plumbers as their coopetitive partners. This finding has, as shown in this study, serious influence on the output dimensions of the wholesalers, such as their reputation and image and hence on their corporate brand. The resources invested by wholesalers with the resulting influence on their cost position have to correlate to this unique issue. Additionally, the managers have to accept the need for personal in-depth marketing and branding skills and hence the necessary improvement of these.
- Corporate branding as part of service differentiation for SHAP wholesalers is valuable but increases cost position and complexity. Because of the current missing of adequately implemented corporate branding concepts, the stakeholders are not aware of the services delivered and resources provided by these wholesalers. Consequently they do not or not

adequately take advantage from the input of resources and infrastructure. Top-management of the supply chain's wholesalers is not aware of the opportunities of such a concept and the necessary theoretical knowledge is mainly missing.

- The potential usefulness and competitiveness of coopetitive task sharing for differentiated wholesalers is documented. The very same is true for the readiness of the joint stakeholders to accept this framework. However, the differentiation aspect resulting from this nevertheless is limited by the influence of the, from case to case changing and not freely choice able coopetitive partner.
- The importance of a competitive price positioning that takes into account the level of task sharing, as well as the respective service and performance of the coopetitive partners, is shown. By developing an appropriate and arguable price and condition system, the reputation and competitiveness of the whole supply chain, as well as the single organizations are hence positively and can be positively influenced.

The wholesalers invest in high qualitative, expensive showrooms, up-to-date infrastructure and competent employees. In addition they finance almost all the working capital (stock and debts) of the supply chain. These wholesaler's investments and efforts correspond to a generic demand of sustainably successful brands which are according to Keller and Lehmann (2006) made and not born. The employment of unconditional consistency between strategy and branding would additionally amplify these efforts (Aaker and Joachimsthaler (2000).

In contrast the level of wholesaler's investment that of plumbers is limited to assembling infrastructure and employees. The analysis of the financial performance of these two coopetitive partners of the supply chain showed approximately equal but low earnings. This equality is independent of the very different levels of input. Profit within the supply chain is consequently not shared according to the input of services and resources, but seems much more to be based on the purchasing power as well as on control of buying behaviour of the individual partners and stakeholders.

The current, negative image of the pricing system mainly is based on the lack of transparency and of understandability for the stakeholders. The wholesalers' non-buying stakeholders refer to the non-binding and hence rather irrelevant gross sales prices when they argue the negative image of the pricing system.

The revised gross sales prices respect these fundamental issues and the stakeholders' demands for a fair and transparent gross sales price. The currently established average net

sales price of wholesalers to the plumbers, as well as the share of the margins between the cooperative partners, remain unchanged.

However, the communicated gross sales price toward the joint stakeholders is reduced by about 18 per cent and as a result from this impacts on the level of the average net sales price plumbers charge to the stakeholders.

The 'new' gross sales prices differ by about 15 per cent from that of the internet suppliers and hence correspond to a level, that stakeholders suggest, represents the much higher level of service included.

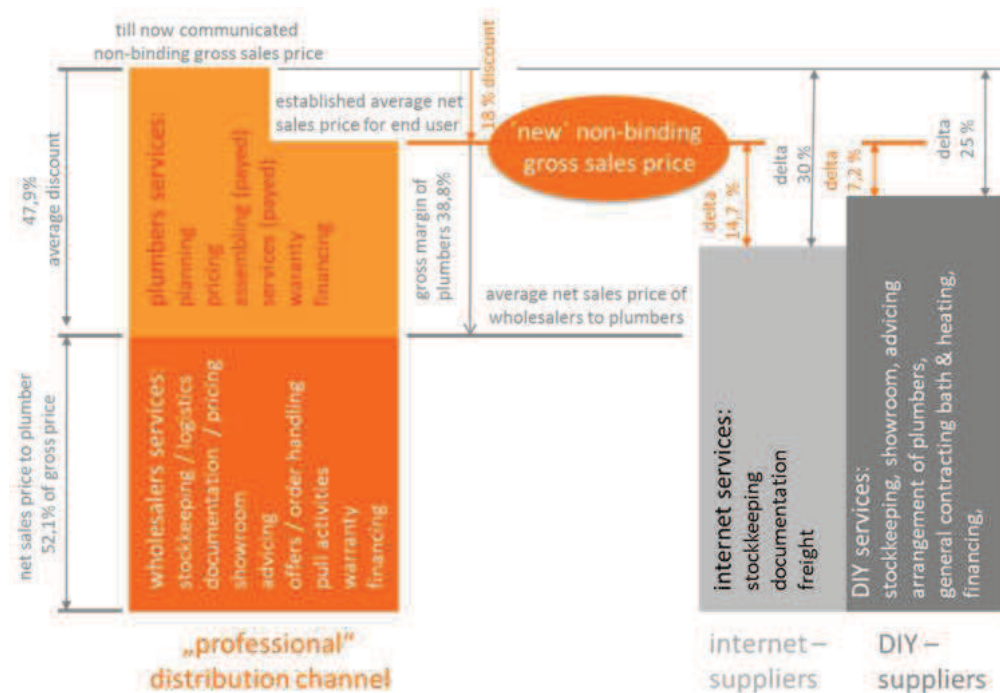


Figure 8.4: Revised Pricing Concept

Consequently, the prices, communicated in wholesalers' showrooms become competitive in relation to the new entrants and the system as a whole documents an increased level of transparency given that the 'new' gross sales prices and the net sales prices are identical.

- The transfer of the ingredient branding model into praxis offers valuable opportunities for the SHAP wholesalers as service organizations in their cooperative task sharing with the plumbers. The reduction of parallel investments into market activities, as well as the grouping of joint forces, strengthen the market positioning of the wholesalers on one hand and reduces the inherent costs on the other. In sum, the cost positions of the differentiated wholesalers and cooperative plumbers are improved and their competitiveness toward new entrants in the market, as well as toward cost leadership oriented wholesalers and plumbers, is substantially improved.

8.2.4. Contribution to Theory

- **Coopetition in the service industry**

The research findings show the existence of sub-forms of coopetition. In contrast to the well-known form of coopetition (Brandenburg and Nalebuff, 1996; Lado, Boyd and Hanlon, 1997; Teece, 1992; Uzzi, 1997) between suppliers and carefully selected customers, the market examined has established a different (and possibly unique) form of cooperative task sharing. This uniqueness is based in the mutual absence of choice in relation to partner and in the lack of clearly defined rules for task sharing. Given these two aspects cooperative task sharing within the SHAP supply chain differs from the established concepts and hence, through its identification, a contribution to theory is made.

Perhaps even as important is that the transition from partner to competitor is not specified but fluid and the wholesalers, as suppliers, are restricted by the market behaviour of the plumbers as cooperative customers and also because they have almost no influence on their positioning. This is further compounded as the corporate image, and hence corporate brand of differentiated wholesalers, is their only positioning tool in relation to their ultimate stakeholders (investors, general contractors and end users), as well as toward external influencers (planners and architects). This existence of a 'fluid transition' is an issue, not identified in the established theoretical concepts of coopetition.

Coopetition exists in this unique sub-form and is well established in the professional SHAP-industry and hence between the service organizations in the different stages of the supply chain. Coopetition in the supply chain is largely based on calculative trust. The sharing of tasks and the interfaces this produces are not clearly specified between wholesalers and plumbers. The same is true for the resulting responsibility towards the common customers. As a side effect of these unclearly defined or undefined processes, interfaces and responsibilities, many tasks are done twice, either identically or in a contradictory manner. The negative influence on the supply chain's resulting cost position can be easily imagined. However, there are positive aspects of this approach as stated by the cooperative partners themselves, as well as by the joint stakeholders.

This unique kind of task sharing between wholesalers and the plumbers (as their customers) in the field of retail activities of service organizations is the fundamental argument for the existing tensions between the partners. It has been an established element of the industry since the 1960^s and hence long before the issue of coopetition (mainly in the field of production of high-tech products) has been noted by scholars in the

field of strategic management (e.g. Brandenburg and Nalebuff, 1996; Lado, Boyd and Hanlon, 1997; Teece, 1992; Uzzi, 1997). Thus, the study adds further to established concepts by expanding the industries considered from manufacturing to services and by documenting the much earlier existence as this form of behaviour than has been previously noted.

As a result of coopetitive task sharing, the output dimensions of a wholesaler's corporate brand are subordinate to the influence factors of the coopetitive retailers (in this case – plumbers). Given the nature of the industry examined, it could be argued that the behaviour and culture of the coopetitive plumber functions as an influencing tool between the wholesaler's input-factors and the resulting outputs, such as the wholesalers' corporate image, identity and reputation.

No development of such an approach is detectable in the supply chain. The assignment of tasks, competences and responsibilities has to be done urgently. The development of such an improved concept demands additional information and resources. Consequently, it offers a field for further research.

- **Corporate branding concept for service organizations in a coopetitive environment**

The corporate brand of a service organization in a coopetitive environment is not only influenced by the firm itself, but depends much more substantially on the 'influencing' effects of the individual partners. These manipulating effects might be positive or negative and are amplified by the number of coopetitive partners. This finding differs to the established concepts of corporate branding, which do not reflect the possible influences of such, not freely selected, coopetitive partners.

This research shows that differentiated service organizations (SHAP wholesalers) need to develop adapted brand messages in relation to the two key groups of stakeholders. One of them is the coopetitive, not freely selected, buying customers (the plumbers) with a focus on highest possible influence and market power. The other group is that of the non-buying influencers and customers (in this case the end users, architects, investors and general contractors) with the demand for highest possible decision power and transparency. The corporate brand has to respond to the resulting, partially contradicting, expectations and brand perceptions, but has nevertheless at the same time to maintain a congruent and consistent message to remain credible.

It might be argued that a corporate brand for a service organization in an environment such as the described cooperative one is extremely difficult to build and to establish, but if done appropriately, offers the same opportunities as specified in the established theory.

A generic corporate branding concept for service organizations in a cooperative environment has been specified. The model reflects the particular specifics of such corporations and their environment and at this point differs to all established theoretical concepts. The corporate branding concept for service organizations takes into account the importance of clearly defined and consistently implemented corporate values (Aaker and Joachimsthaler, 2009; Fiedler and Kirchgeorg, 2007; Pierce, Kostova and Dirks, 2001), of employees' readiness 'to be' the brand (Berry, 2000; Gray, 2006; Pierce, Kostova and Dirks, 2001, Balmer and Greyser, 2003), a transparent and fair pricing system reflecting the demands of all affected stakeholders.

The concept further shows that the amount and quality of delivered services and the corporate design are necessary parts of such a model, but only offer limited opportunities to support the corporate brand in relation to that of competitors. As such, services can be copied within a short time and they do not offer sustainable differentiation. However, competent and friendly employees offer the opportunity to sustainably differentiate the wholesaler's services as valuable ingredients that interact with all stakeholder groups. The wholesaler is then able to adequately communicate the delivered services towards the downstream stakeholders. Doing so, the organization is able to reduce the influence of the cooperative plumbers' image and reputation on its own corporate brand.

An important difference to the established theoretical approaches and hence a substantial contribution to theory results from the expansion of the established models of ingredient branding. Thus, as such an adapted concept of ingredient branding (Kotler and Pfoertsch, 2010) not only improves the reputation and image presented to the buying customers (B2B) but further offers the possibility to transfer the corporate brand, as well as the underlying values, reputation, image and identity, directly toward all affected stakeholders (B2C). Consequently, the possibility for cooperative retailers to negatively manipulate the corporate brand of the service organisation (e.g. wholesaler) can be reduced (figure 8.4, p. 285).

The opportunities to build up sustainable competitive advantage (Olins, 1978; Porter, 1996) based on the corporate brand of the service organization, even in a cooperative environment, could be derived from the study. This competitive advantage leads to an appropriate and sustainable overall performance of the wholesale firm (Khan, 2009).

Consequently the model contributes to theory by combining, expanding and adapting existing concepts into an evolutionary corporate branding approach.

- **Ingredient branding as tool for service differentiation in a coopetitive environment**

Established literature presents ingredient branding technically as a tool to support the marketing activities of a supplier to take the product to the consumer market with the goal of gaining recognition by employing pull activities toward the end users (Kotler and Pfoertsch, 2010). Additionally, it is a successful and established instrument to support the bonding between a supplier and its buying business partners (figure 8.4, p. 285) and hence to reduce a possible backlash of a successfully employed corporate brand (Palazzo and Basu, 2007).

Expanding this definition, and hence contributing to theory, it might be argued that ingredient branding can be a valuable tool for service organizations in a coopetitive environment to bypass the non-controllable influence of the coopetitive partner. By doing so, ingredient branding might be established as a tool to transport a wholesaler's corporate image, reputation and positioning directly toward the non-buying stakeholders and as consequence to support and emotionally embed the resulting corporate brand with these stakeholders.

Consequently ingredient branding, as a sub-form of branding, offers the opportunity to, at least partially, compensate for the disadvantages experienced by service organizations aiming to establish a corporate brand in a coopetitive environment. This argument is based on the possibility to compensate, or at least reduce, the negative influence of the coopetitive partners on image and reputation and hence on the resulting corporate brand of the service organization. By doing this, the communication of the services delivered toward the non-buying customers through ingredient branding is used to positively influence image and reputation and to support the establishment of the desired corporate brand.

The adaption of the ingredient branding concept to the unique demands of SHAP-wholesalers in a coopetitive environment is visualized in the following figure (main expansions edged in yellow circles).

Consequently ingredient branding is used as a mechanism to 'alter' the 'polarity' of image, reputation and hence the corporate brand of the wholesaler by directly communicating not only the delivered services but much more important corporate values to the stakeholders.

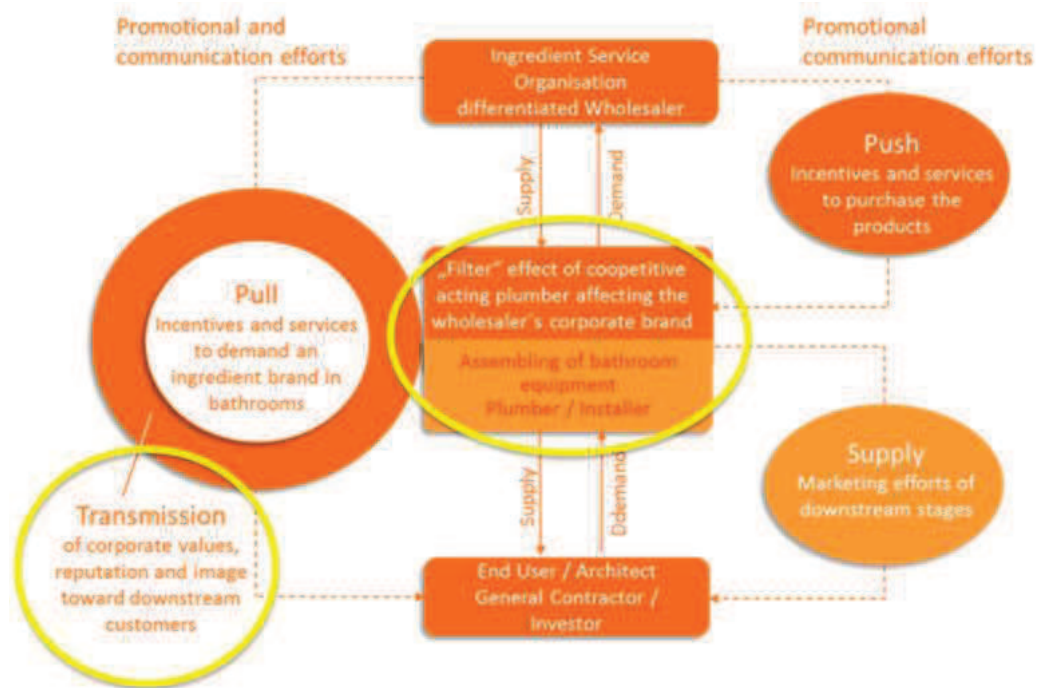


Figure 8.5: Ingredient branding concept for SHAP wholesalers

Adapted from Kotler and Pfoertsch (2010), p. 27

Thus, by using the adapted ingredient branding concept to bring corporate values, reputation and image toward downstream customers, it represents an idea that differs from the established models, which mainly use ingredients to 'upgrade' the product.

8.3 Fields for Further Research

Different aspects have to be taken into account regarding possible and necessary fields for further research. These fields on one hand cover issues arisen from the research and on the other the excluded aspects of the SHAP wholesale industry, such as strategic aspects. I will start with the latter.

- The findings of the individual focus group discussions showed that the communication and hence corporate branding aspects have to be handled more actively than they are currently done. The individual stakeholders expressed that they would like to understand the employed approach and would be willing to value the advantages of the established distribution structure. To be able to do so, the respective aspects would have to be communicated by the differentiated providers appropriately. Based on the current approach this is a demanding and complex task and contains, as shown in the research, much more difficulties than the simpler message of the cost leadership oriented

wholesalers and of the internet suppliers. My study ends in a generic corporate branding model, offering the basics for such a new communication approach while, at the same time, accepting the generic framework of coopetitive task sharing und the underlying strategy as given.

The research is focused on corporate branding issues and ignores the strategic topics. More than once during the research was I nevertheless confronted with aspects regarding strategy. The resulting strategic questions were not only raised by the interviewees but also by me.

Why is the supply chain and the resulting distribution process so complex and why does it contain so many dependencies? Is it appropriate for wholesalers to follow the established conservative approach, even in times of competing and very simple internet business models? Would a revolutionary change of the strategic approach offer more, and better, opportunities than the discussed evolutionary corporate branding approach?

I am very sure that the reader had the same and / or similar thoughts when following my research journey! The research seems to show that the established approach of task sharing and the approved interfaces offers many advantages for the individual stakeholders of the SHAP industry. Consequently further possible research in the fields of strategic aspects arises from this study. Such studies would either help to specify alternative strategic approaches for SHAP wholesalers or give the security that the established task sharing approach, in combination with the suggested corporate branding model, offers sustainable competitive advantages and hence long term financial performance.

- Regarding fields for further studies which arise from the research topic I would like to point to an important managerial aspect. Keller and Lehmann (2006), as well as Healey (2010) specify that the real owners of corporate brands should be the heads of the entire organization. The importance of the assigned task and responsibility is expressed by Abratt and Kleyn (2012, p. 1053) who argue:

“All organizations have a corporate brand, whether they make explicit choices to communicate it to all stakeholder groups or not.”

At its very best, corporate brands represent the common culture and the generic strategy of an organization and hence a corporate personality (King, 1991). Respecting the relevance of these specifications and by confirming and strengthening them, Bernstein (1989) explains that CEOs and Chairman can no more delegate the resulting responsibility for corporate brands as they cannot delegate the responsibility for earnings per share.

However, SHAP wholesaler's top management seem to ignore the strategic opportunities of corporate branding, or worse, seem not to be aware of them. This position is based on the findings of the interviews with established leaders of wholesalers and on their apparent lack of knowledge in terms of corporate branding and its influence on differentiation and hence, financial performance. Given the significant influence of this finding on competitive advantage and, in result, on the overall sustainable and outstanding performance of SHAP wholesalers, I strongly recommend further research into the strategic and branding knowledge of such managers, as well as on approaches to improve and develop it.

Another important field is that one of 'people'. The study repeatedly returned to the topic of employees and their important role as a key source of differentiation for service organizations (Berry, 2000; Gray, 2006). The positive effect of corporate branding on the retaining of good employees (Leitch and Motion, 2007) was also highlighted. Given the positive influence of employees on the corporate brand of a service organization in a cooperative environment, as well as in turn the importance of a corporate brand on the employees, the necessity of work that analyses these aspects in detail might be derived.

One key element of this research is that of 'coopetition'. As found, a unique form of task sharing, best described with the model of 'coopetition' is established in the field of retail activities within the SHAP supply chain. The advantages for all organizations affected and their willingness to go on with the concept was demonstrated, as was the necessity to improve it. This very broad field demands more detailed exploration and hence offers a field for further research.

In a last point I would like to refer to a very important aspect namely that regarding the quality of the findings of this study and the possible need to validate the results in a quantitative way. This qualitative exploratory research has, as already mentioned in chapter 2, focused on highest possible quality and transferability (Flick, 2007). I was not searching for 'truth' but for better answers and solutions.

Consequently there is no need to 'test' the resulting model through a quantitative approach. Trying to quantify the findings gained from qualitative data would only reduce their depth (Van de Ven, 2007). Given the quality of the multi-stage approach to data collection adapted and the in-depth analysis of the results, I was able to develop an appropriate corporate branding model.

8.4 Methodological Research Limitations

The design of the study with the qualitative analysis of the generated data and a small number of participants might be argued to offer a limited quality of findings. However, such a statement would only be fair if this study had aimed for credibility, validity and reliability of 'objectively' generated data and findings, following a quantitative approach and a positivist philosophy. My study with its chosen qualitative design and the underlying pragmatist philosophy could never fulfil such positivistic demands and is hence limited in regard to these issues as seen and understood from that point of view.

The study is designed and was done in the way that seemed most appealing and appropriate for me – this resonates with the advice offered by Gummesson (2000). Zaharia, Dainora and Alin (2008) argue that the costs for such qualitative methods are considerably lower, while the results may be very interesting and useful if used for the right field of study. In this context, I admit that the findings are subjective as they are influenced by me as researcher. This can be perceived by some as a limitation, even by those that consider that a pure objectively study is by definition impossible (based on my pragmatist philosophy of better and worse solutions).

Given the employed iterative and sequential multi stage approach in combination with the interviewees' depth of industry knowledge, experience and skill to express these factors (Gummesson, 2000), the study ended in adequately founded specifications and interesting contributions to praxis for a poorly explored industry and, more importantly, to theory. The quality of these findings would not be increased by reducing qualitative data to quantitative, categorical data as I would risk losing much of the data's richness and any unique insights (Iacono et al., 2009). Consequently can I state with good conscience that no limitations regarding these issues are identified.

The study fundamentally is limited to the coopetitive SHAP supply chain, it's given specifics and the peculiarities of this service industry. It offers an adapted corporate branding model and an expanded ingredient branding push/pull concept for wholesalers, acting in this unique market structure and respecting the issues of the subform of coopetition.

The findings are not only limited to the SHAP supply chain but also to the region of German speaking Central Europe. This region provides the culturally and structurally consistent frame for the study. However, a geographical expansion might be defensible to supply chains with similar prerequisites all over the world. Such a regional expansion would demand careful in depth checks of the similarities and differences.

Transfer of the findings from this industry to other service industries and regions was never an aim of this study. This statement is valid for all individual aspects and issues examined.

However, the study does offer some very interesting concepts whose transferability and adaptability to other industries could, and should, be tested. They are listed and described in section 8.3, p. 285.

8.5 Consequences and Reflection

“...the best piece of research work always address a real life issues and the best thesis is the one which revolves a practical problem!”

Wood-Harper (1995) cited in Iqbal (2007), p. 11

I only can fully confirm this statement. It would not have been possible for me to do a PhD – study alongside my fulltime employment as CEO of a wholesaler if the field of research did not address my daily business, as well as a field of personal interest. After busy and tiring days it was extremely demanding to switch from every days life to the complex research issue with the inherent combination of theory and practice. This was even true for a topic in which I am both personally very interested in the underlying theory and professionally confronted with the issue. The switch to a research topic not so closed to my daily business and hence with the resulting necessity to switch to a completely different field of work, would have overtaxed me emotionally, as well as intellectually. I am quite sure that I would not have had the energy to finish the research and ‘to go the extra mile’ given such circumstances.

Another and completely different personal motivation to start and much more to complete the research is based on my personality and my education. Explaining that I always was euphoric and motivated to go on with the research, to study the underlying theory and to write on sunny weekends would not be the truth. More than once I was close to quitting. In these situations my personality, as well as the advantages of a real life research topic helped me to continue. I have very early in my life learned to be committed to the choices I have made and to finish those things I have entered into. More than once I passed critical and demanding situations only as I was driven by this position. The curiosity to understand the issue more deeply and the interest to solve a very complex market problem were additional motivational factors for me.

I started this research by outlining and supporting my chosen personal research approach. As mentioned at the very beginning I undertook the research by following an intimately personal

approach. Such an approach entails the inherent search for truth and meaning and prevents the detachment and isolation of the researcher from the real world (Gummesson, 2000).

It seems very important for me to come back to the initial chapter and the issues regarding my generic beliefs and my point of view of the world. I have declared that I agree with Schein (1995) and Misak (2001) who argue that there are no right and wrong but only better and worse answers and solutions and consequently that I do not believe in a coded world. The process of the study and the specified findings reinforce this point of view. Consequently, I would never suggest that these findings and outputs are completely 'true' and 'provable'.

Nevertheless, I can state with good conscience that I respected the rules and approaches in relation to methodology and (most importantly for me) ethical issues. The resulting answers to the research questions and to the research objectives, as well as the contribution to theory and praxis, might be specified as being well founded. The findings and the specified corporate branding model cannot be claimed to be generalizable for all service organizations in a cooperative environment, but can be defined as 'transferable' (Silverman, 2000) either in part at best.

At the very end of the research I would like to state that from my personal, as well as from my professional point of view I am surprised by more than one of the findings and outcomes of my research. The found explanation of the established form of task sharing by the 'coopetition' model, the extremely low level of information, expressed by the joint stakeholders in regard to the assigned processes and tasks and the opportunities of and adequate ingredient branding model to support a corporate brand of services organizations in a 'coopetitive' supply chain are the most impressive of them. However, the expressed surprise only confirms Flick's (2007, p. 64) specification of a successful qualitative study:

"... will not be limited to finding and confirming what was expected to be the result, but will produce new insights and ways of seeing the things and persons that have been studied."

I would like to finish this exploratory research with a personally selected summary of the most important conceptual issues. These aspects represent my understanding of a corporate branding concept for SHAP wholesalers as service organizations:

- I could document that the established specification of the relationship between wholesalers and plumbers as a simple customer – supplier relationship is not complete and hence not really correct and that the very special kind of task sharing can be explained best, referring it to the model of 'coopetition'. The complex and demanding approach, as well as the

resulting responsibilities are summarized in a graphical description of the supply chain (figure 8.2, p. 254).

- A SHAP supply chains' corporate branding model demands for the wholesalers' acceptance of the uniqueness of partially not influence able or even damaging parameters which are based on the previous specification of the 'coopetitive' task sharing. This, especially regarding the communication of the brand messages toward the stakeholders (non-buying customers such as end users, architects, general contractors and investors).
- I was able to specify a corporate branding model for service organizations in a 'coopetitive' environment (figure 8.1, p. 266) respecting the given uniqueness of coopetition and which is adapted and expanded as necessary in comparison to the established corporate branding models. Such well established brands are one of the most valuable intangible assets of a firm (Keller and Lehmann, 2006) and hence contribute to sustainable competitive advantage.
- Such a corporate brand is a tool to respond to environmental pressures (Balmer and Greyser, 2003). The employment of such a corporate branding model for wholesalers as service organizations only is defensible and valuable for organizations, following a generic strategy of differentiation. Thus as a corporate brand is a key source of differentiation and hence only makes sense for firms, following such a strategy and targeting for such a positioning.
- The study showed the extremely important role of employees as a key source of differentiation for service organizations (Berry, 2000; Gray, 2006). The positive effect of corporate branding on the retaining of good employees (Leitch and Motion, 2007) was also highlighted.
- The possibilities and the power of ingredient branding to reduce the limitations, resulting from the 'coopetitive' aspects could be also shown within this research. Ingredient branding in such an environment offers the opportunity to 'bypass' the 'coopetitive' partner and to directly communicate corporate values, employees input, services and the corporate brand messages to the 'downstream' stakeholders. The concept is visually summarized in figure 8.4, p. 285. The importance of supporting the end-solution through the content of valuable ingredients (services of SHAP wholesalers) is only of secondary significance (limited to the 'coopetitive' plumbers). Thus, the concept of ingredient branding for service organizations differs from the established models (which aims are to communicate the valuable ingredient to support the attractiveness of the end-product).

This research would not be adequately finished if I would not come back to the issues of my role as researcher once more.

I, as well as the reader, have to keep in mind that the findings from this multi stage qualitative approach and analysis, are influenced by me as 'embedded' researcher as which I am part of the whole process. The explored findings as well as the resulting arguments end in an adequately underlined corporate branding concept which is appropriate and 'fitting' to the uniqueness's of the researched industry. This approach wants not to and, hence, does not end up in an absolutely right code or absolute truth because there are multiple possibilities when interpreting and understanding the statements and results (Schein, 1995).

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IX Appendices

IX.1 Appendix 1 – Generic Methodical Approach

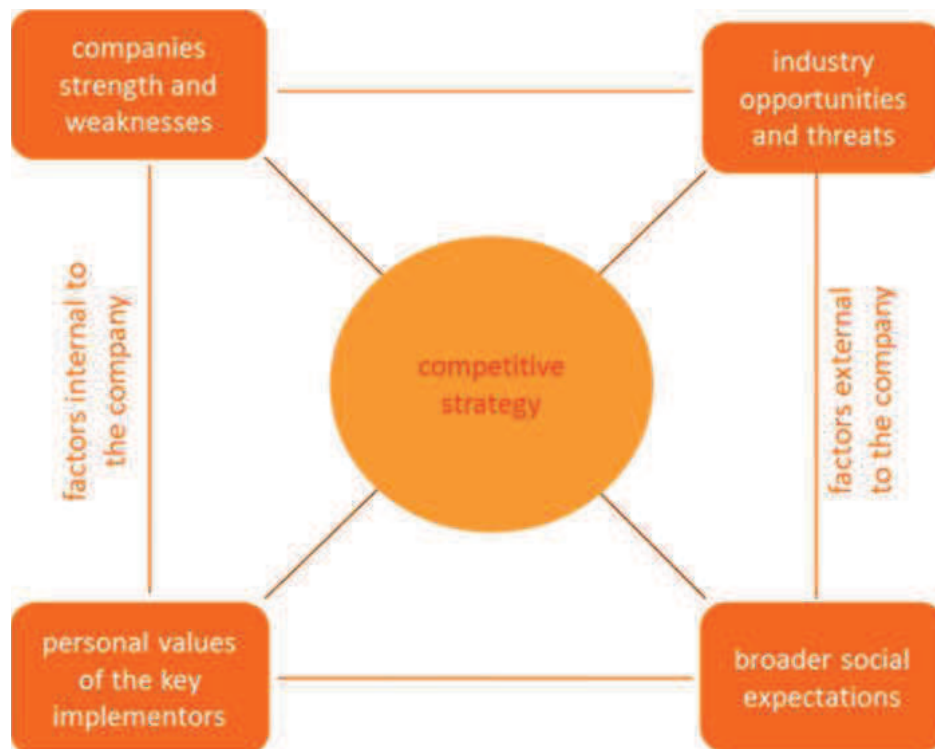


Figure IX.1.1: Context in which Competitive Strategy is formulated

Porter (1980), p. xxvi:



Figure IX.1.2: Five Forces

Porter, M. (1980)

IX.2 Appendix 2 – Macro Environmental Forces

The following descriptions are mostly based on available company data, generic industry knowledge and, sometimes where necessary, on my personal and professional experience as well as on the knowledge of the interviewed CEO's of industry members.

Eurostat - Tables, Graphs and Maps Interface (TGM) table print preview

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Bruttoinlandsprodukt zu Marktpreisen - [tec00001]; Kaufkraftstandard je Einwohner Zu jeweiligen Preisen

geo.	time	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Europäische Union (27 Länder)		19100	19800	20500	20700	21700	22500 (b)	23600	24900	25100	:	:	:
Europäische Union (25 Länder)		20000	20700	21400	21600	22600	23400 (b)	24600	25800	25900	:	:	:
Europäische Union (15 Länder)		22000	22700	23400	23600	24500	25400 (b)	26600	27800	27800	:	:	:
Eurozone (EA11-2000, EA12-2006, EA13-2007, EA15-2008, EA16)		21900	22400	23100	23200	23900	24900 (b)	26100	27400	27300	:	:	:
Euro-Währungsgebiet (16 Länder)		21400	22200	22800	22900	23700	24600 (b)	25800	27200	27200	:	:	:
Euro-Währungsgebiet (15 Länder)		21600	22400	23000	23100	23900	24800 (b)	26000	27400	27300	:	:	:
Belgien		24000	24500	25700	25600	26200	26900 (b)	27800	28800	28900	:	:	:
Bulgarien		5300	5800	6300	6700	7300	7800 (b)	8600	9400	10400	:	:	:
Tschechische Republik		13000	13900	14400	15200	16300	17100 (b)	18200	19900	20200	:	:	:
Dänemark		25100	25300	26300	25700	27200	27800 (b)	28400	30200	30100	:	:	:
Deutschland (einschließlich ex-DDR seit 1991)		22600	23100	23600	24200	25200	26300 (b)	27500	28800	29000	:	:	:
Estland		8600	9200	10200	11300	12400	13800 (b)	15400	17100	16900	:	:	:
Irland		24900	26200	28200	29100	30700	32299 (b)	34300	36800	33900	:	:	:
Griechenland		16000	17100	18500	19200	20400 (p)	20600 (p)	22000 (p)	23100 (p)	23600 (p)	:	:	:
Spanien		18500	19400	20600	20900	21900	22900 (b)	24700	26200	25700	:	:	:
Frankreich		22000	22900	23700	23200	23800	24900 (b)	25700	27000	27100	:	:	:
Italien		22300	23300	22900	22900	23100	23600 (b)	24600	25800	25500	:	:	:
Zypern		16900	18000	18300	18400	19600	20400 (b)	21400	23300	24000	:	:	:
Lettland		7000	7700	8400	9000	9900	10900 (b)	12200	13900	14400	:	:	:
Litauen		7500	8200	9000	10200	10900	11900 (b)	13100	14800	15500	:	:	:
Luxemburg (Grand-Duché)		46400	46300	49200	51300	54700	57200 (b)	64400	68600	69300	:	:	:
Ungarn		10500	11600	12600	13000	13700	14200 (b)	15000	15600	16100	:	:	:
Malta		15900	15400	16300	16200	16700	17500 (b)	18200	19000	19100	:	:	:
Niederlande		25600	26400	27300	26800	28000	29400 (b)	31000	32900	33600	:	:	:
Österreich		25000	24700	25800	26300	27500	28000 (b)	29500	30600	31000	:	:	:
Polen		9200	9400	9900	10100	11000	11500 (b)	12300	13600	14100	:	:	:

<http://cpp.eurostat.ec.europa.eu/tgm/printTable.do?tab=table&plugin=1&language=de...> 18.04.2010

Portugal	14900	15300	15800	15900	16100	17300 (b)	18100	18800	19100	:	:	:
Rumänien	5000	5500	6000	6500	7400	7900 (b)	9100	10400	:	:	:	:
Slowenien	15200	15800	16800	17300	18700	19700 (b)	20700	22100	22800 (b)	:	:	:
Slowakei	9500	10400	11100	11500	12300	13500 (b)	15000	16900	18100	:	:	:
Finnland	22300	22800	23500	23300	25200	25700 (b)	27000	29400	29300	:	:	:
Schweden	24100	24000	24800	25400	27000	27100 (b)	28600	30600	30100	:	:	:
Vereinigtes Königreich	22700	23700	24700	25200	26800	27400 (b)	28400	29100	29100	:	:	:
Kroatien	9400	9900	10700	11200	12100	12700 (b)	13500	15000	15700	:	:	:
Die ehemalige jugoslawische RepublikMazedonien	5100	5000	5200	5300	5800	6400 (b)	6900	7700	:	:	:	:
Türkei	8000	7400	7400	7400	8600	9500 (b)	10500	11100	11400	:	:	:
Island	25100	26200	26600	26000	28400	29300 (b)	29200	30400	30300	:	:	:
Liechtenstein	:	:	:	:	:	:	:	:	:	:	:	:
Norwegen	31400	31900	31700	32400	35600	39600 (b)	43400	44600	47900	:	:	:
Schweiz	27600	27800	28800	28400	29300	30000 (b)	32200	35100	35300 (p)	:	:	:
Vereinigte Staaten	30600	31000	31600	32400	34100	35700	37400	38800	38800	:	:	:
Japan	22300	22500	22900	23300	24500	25400	26600	27900	:	:	:	:

: =Nicht verfügbar b=Reihenunterbrechung p=Vorläufiger Wert f=Prognose

Datenquelle: Eurostat

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Kurzbeschreibung: Das BIP (Bruttoinlandsprodukt) ist ein Indikator für die wirtschaftliche Lage eines Landes. Es entspricht dem Gesamtwert der produzierten Waren und Dienstleistungen abzüglich des Werts der Waren und Dienstleistungen, die bei ihrer Produktion als Vorleistungen verwendet werden. Wird das BIP in KKS (Kaufkraftstandards) ausgedrückt, so werden die Unterschiede der Preisniveaus zwischen den Ländern ausgeschaltet, und Berechnungen auf Pro-Kopf-Basis ermöglichen den Vergleich von Volkswirtschaften von erheblich unterschiedlicher absoluter Größe.

Table IX.2.1: GPD per Capita of the Countries of the European Union
EUROSTAT (2010)

HVPI - Gesamtindex - Inflationsrate des Jahresdurchschnitts - [tsieb060]

Veränderungsrate des Jahresdurchschnitts der Harmonisierten Verbraucherpreisindizes (HVPI)

geo.	time	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Europäische Union		1.3	1.2	1.9	2.2	2.1	2.0	2.0	2.2	2.2	2.3	3.7	1.0
Euro-Währungsgebiet (16 Länder)		1.2	1.2	2.2	2.4	2.3	2.1	2.2	2.2	2.2	2.1	3.3	0.3
Euro-Währungsgebiet (15 Länder)		1.2	1.1	2.2	2.4	2.3	2.1	2.1	2.2	2.2	2.1	3.3	0.3
Belgien		0.9	1.1	2.7	2.4	1.6	1.5	1.9	2.5	2.3	1.8	4.5	0.0
Bulgarien		10.7	2.6	10.3	7.4	5.8	2.3	6.1	6.0	7.4	7.6	12.0	2.5
Tschechische Republik		9.7	1.8	3.9	4.5	1.4	-0.1	2.6	1.6	2.1	3.0	6.3	0.6
Dänemark		1.3	2.1	2.7	2.3	2.4	2.0	0.8	1.7	1.9	1.7	3.6	1.1
Deutschland		0.6	0.6	1.4	1.9	1.4	1.0	1.8	1.9	1.8	2.3	2.8	0.2
Estland		0.6	3.1	3.9	5.6	3.6	1.4	3.0	4.1	4.4	6.7	10.6	0.2
Irland		2.1	2.5	5.3	4.0	4.7	4.0	2.3	2.2	2.7	2.9	3.1	-1.7
Griechenland		4.5	2.1	2.9	3.7	3.9	3.4	3.0	3.5	3.3	3.0	4.2	1.3
Spanien		1.8	2.2	3.5	2.8	3.6	3.1	3.1	3.4	3.6	2.8	4.1	-0.3
Frankreich		0.7	0.6	1.8	1.8	1.9	2.2	2.3	1.9	1.9	1.6	3.2	0.1
Italien		2.0	1.7	2.6	2.3	2.6	2.8	2.3	2.2	2.2	2.0	3.5	0.8
Zypern		2.3	1.1	4.9	2.0	2.8	4.0	1.9	2.0	2.2	2.2	4.4	0.2
Lettland		4.3	2.1	2.6	2.5	2.0	2.9	6.2	6.9	6.6	10.1	15.3	3.3
Litauen		5.4	1.5	1.1	1.6	0.3	-1.1	1.2	2.7	3.8	5.8	11.1	4.2
Luxemburg		1.0	1.0	3.8	2.4	2.1	2.5	3.2	3.8	3.0	2.7	4.1	0.0
Ungarn		14.2 (i)	10.0 (i)	10.0 (i)	9.1 (i)	5.2	4.7	6.8	3.5	4.0	7.9	6.0	4.0
Malta		3.7	2.3	3.0	2.5	2.6	1.9	2.7	2.5	2.6	0.7	4.7	1.8
Niederlande		1.8	2.0	2.3	5.1	3.9	2.3	1.4	1.5	1.7	1.6	2.2	1.0
Österreich		0.8	0.5	2.0	2.3	1.7	1.3	2.0	2.1	1.7	2.2	3.2	0.4
Polen		11.8 (ei)	7.2 (ei)	10.1	5.3	1.9	0.7	3.6	2.2	1.3	2.6	4.2	4.0
Portugal		2.2	2.2	2.8	4.4	3.7	3.3	2.5	2.1	3.0	2.4	2.7	-0.9
Rumänien		59.1 (i)	45.8 (i)	45.7 (i)	34.5 (i)	22.5 (i)	15.3 (i)	11.9 (i)	9.1 (i)	6.6	4.9	7.9	5.6
Slowenien		7.9	6.1	8.9	8.6	7.5	5.7	3.7	2.5	2.5	3.8	5.5	0.9
Slowakei		6.7	10.4	12.2	7.2	3.5	8.4	7.5	2.8	4.3	1.9	3.9	0.9
Finnland		1.3	1.3	2.9	2.7	2.0	1.3	0.1	0.8	1.3	1.6	3.9	1.6
Schweden		1.0	0.5	1.3	2.7	1.9	2.3	1.0	0.8	1.5	1.7	3.3	1.9
Vereinigtes Königreich		1.6	1.3	0.8	1.2	1.3	1.4	1.3	2.1	2.3	2.3	3.6	2.2
Kroatien		:	3.7 (i)	4.5 (i)	4.3 (i)	2.5 (i)	2.4 (i)	2.1 (i)	3.0 (i)	3.3 (i)	2.7 (i)	5.8 (i)	2.2 (i)
Die ehemalige jugoslawische Republik Mazedonien		:	:	:	:	:	:	:	:	:	:	:	:
Türkei		82.1 (i)	61.4 (i)	53.2 (i)	56.8 (i)	47.0 (i)	25.3 (i)	10.1 (i)	8.1 (i)	9.3 (i)	8.8 (i)	10.4 (i)	6.3 (i)
Island		1.3	2.1	4.4	6.6	5.3	1.4	2.3	1.4	4.6	3.6	12.8	16.3
Norwegen		2.0	2.1	3.0	2.7	0.8	2.0	0.6	1.5	2.9	0.7	3.4	2.3
Schweiz		:	:	:	:	:	:	:	:	1.0	0.8	2.3	-0.7
Vereinigte Staaten		1.6	2.2	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.8	3.8	-0.4
Japan		0.6	-0.3	-0.7	-0.7	-0.9	-0.3	0.0	-0.3	0.3	0.0	1.4	-1.4

: nicht verfügbar (i) Siehe Erklärungstext (e) Geschätzter Wert

Datenquelle: Eurostat

Letztes Update: 16.03.2010

Datum der Extraktion: 16 Apr 2010 18:14:16 CEST

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Kurzbeschreibung: Die harmonisierten Verbraucherpreisindizes (HVPI) wurden für den internationalen Vergleich des Anstieges der Verbraucherpreise geschaffen. Die HVPI werden z. B. von der Europäischen Zentralbank für die Überwachung der Inflation in der Wirtschafts- und Währungsunion sowie für die Beurteilung der Konvergenz der Inflation, wie es Artikel 121 des Vertrags von Amsterdam vorsieht, verwendet. Für die Vereinigten Staaten und Japan werden nationale Verbraucherpreisindizes in der Tabelle benutzt.

Table IX.2.2: Inflation of the Countries of the European Union

EUROSTAT (2010)

IX.3 Appendix 3 - Industry Specifics: Micro Environmental Aspects

Geographical and Assortment Market Description

Artikel	Beschreibung	01.01.2009 - 05.01.2010	Umsatz LJ	DB LJ	DB e-faktor	Bruttopreis	Verkaufsmenge	Gewinnssch. Rabatt	Gewinnssch. Nettopreis Inst.	Nettopreis / Vergleichen Endkunde	
Gesamt	Gesamt		13.773.286,02	2.885.064,67	20,75%						
77638	32070-000 Vlieseintechnischer Hängesgrone		90.361,31	27.843,39	30,48%	221,6	725	43,8%	124,6	107,6	-13,7%
81224	32020-000 Vlieseintechnischer Hängesgrone		78.166,31	18.920,74	24,21%	161,4	504	48,0%	83,3	73,36	-4,6%
81990	27884-000 Brausegerätkur Hängesgrone		78.812,81	16.248,36	21,43%	199,4	673	43,8%	112,0	112,0	0,0%
38960	18721-000 Sornel Thermostat Hängesgrone		74.677,94	14.933,03	20,00%	232,4	214	44,9%	249,0	329,33	-6,9%
68873	27474-000 Tefelkopftraute Hängesgrone		66.697,73	16.256,41	24,39%	475,6	246	43,2%	271,0	254,87	-2,4%
38991	27160-000 Kurbelhauskomfortation		66.780,17	11.873,25	17,78%	1130,2	141	60,6%	408,6	617,94	32,5%
13613	27820-000 J-Hänger Hängesgrone-ISO		63.589,07	18.439,40	29,43%	86,7	1243	48,0%	46,7	46,7	-6,9%
70827	2066 0-000 Wand-VC Tefelkopf Laufst. PRO		54.333,43	99,92	0,18%	112	612	40,3%	86,9	73,36	-17,1%
44590	375-1 Bäder ohne Kabinen in SANIFORM PLUS		51.322,93	3.205,72	6,23%	200	967	65,2%	90,5	101,87	12,6%
13449	7068 0-000 Brausegerätkur Laufst.		0,00	2.014,87	3,96%	0	2948	0,0%	0,0		0,0%
18584	20348 0699 Geräte-Komfort-Servier-SCHILL		50.553,17	7.727,77	15,29%	64,6	3613	66,6%	14,0	23,88	80,3%
79624	31060-000 Vlieseintechnischer Hängesgrone		48.356,73	8.844,67	18,29%	156,1	475	49,0%	101,6	106,31	4,6%
44520	2106 0-000 Wand-VC Tefelkopf Laufst.		48.122,22	-4.294,86	-8,92%	126	726	48,2%	86,3	110,4	90,6%
62297	220009-000 Wand-VC Tefelkopf Laufst.		48.006,37	5.136,92	10,70%	216	407	48,4%	116,0	106,83	-7,7%
44512	2213 0-000 Wand-VC Tefelkopf Laufst.		44.826,97	7.177,88	16,01%	212	361	41,7%	124,2	132,4	64,9%
61231	32420-000 Vlieseintechnischer AP Hängesgrone		38.775,03	10.179,85	26,28%	204,2	396	46,7%	108,9	99,06	-8,1%
64190	7603 1041 Wand-VC Tefelkopf VASOMANA		38.407,89	12.138,11	31,60%	136	480	42,0%	90,0	101,87	13,4%
43630	3091 8101 Standventil-Haus NOVIA		29.700,15	2.176,80	7,34%	121,6	429	42,9%	89,4	73,36	-5,6%
72522	33020 05-02 Brausegerätkur AP		29.149,68	7.372,24	25,29%	206,6	222	37,0%	131,3	134,35	2,3%
69670	5674 1041 Wand-VC Tefelkopf VASOMANA		28.597,27	6.404,08	22,39%	182	266	44,3%	100,3	107,61	7,2%
64496	14870-000 Spülmaschine Hängesgrone		28.537,44	4.294,62	15,06%	249	244	63,2%	119,0	137,82	16,6%
17684	2147 0-000 Wand-VC Tefelkopf Laufst.		28.503,53	-3.271,87	-11,48%	440	120	46,0%	227,6	316,6	32,9%
59230	04548-000 Vlieseintechn. Dusch-VERO		28.290,26	4.796,26	16,95%	267	173	43,0%	162,6	146,31	-10,6%
Gesamt:			1.107.566,2			106,4	15.793	48,2%	79,1	80,6	15,0%
						115,0579219					
										Verpackung u. Versand	10%
										Gesamtaufschlag auf Inst. F	20,6%
										Annahme	
										Rabatt Privat	15,0%
										Angebotspreis Privat	116,1
										Aufschlag Installateur	64,1%
										DB Installateur	35,1%

Table IX.3.1: Price and Calculation Comparison of Distribution Channels

Inhaus (2010)



Figure IX.3.1: SHAP Market Perspectives

Van Vroonhoven, T. (2011)

A large Western-European market

CRH

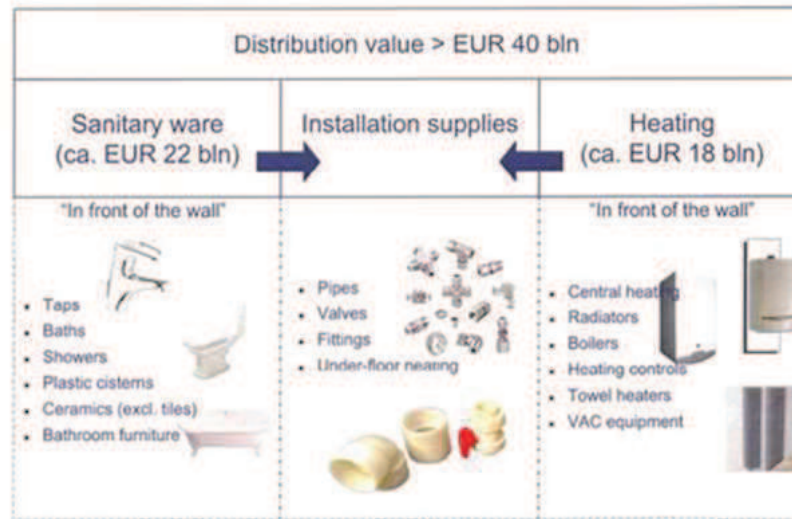


Figure IX.3.2:: Summarized Market Description

Van Vroonhoven, T. (2007)

SHK: a large West European market

CRH

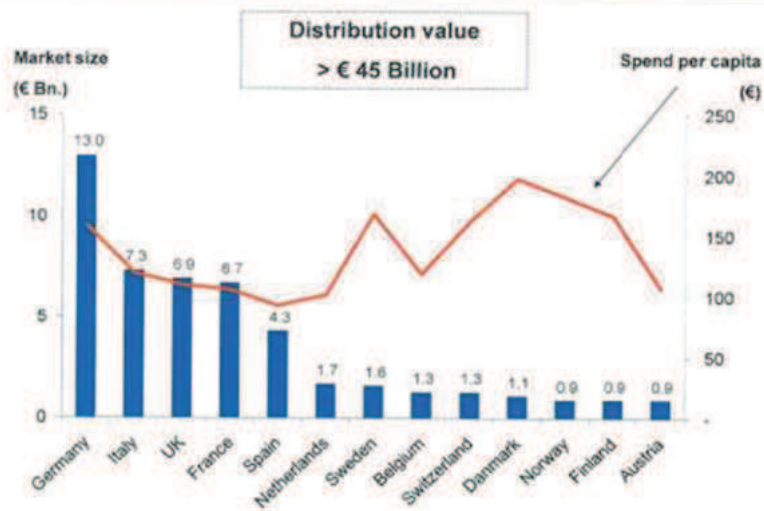


Figure IX.3.3: European SHK Market Volume

Van Vroonhoven, T. (2011)

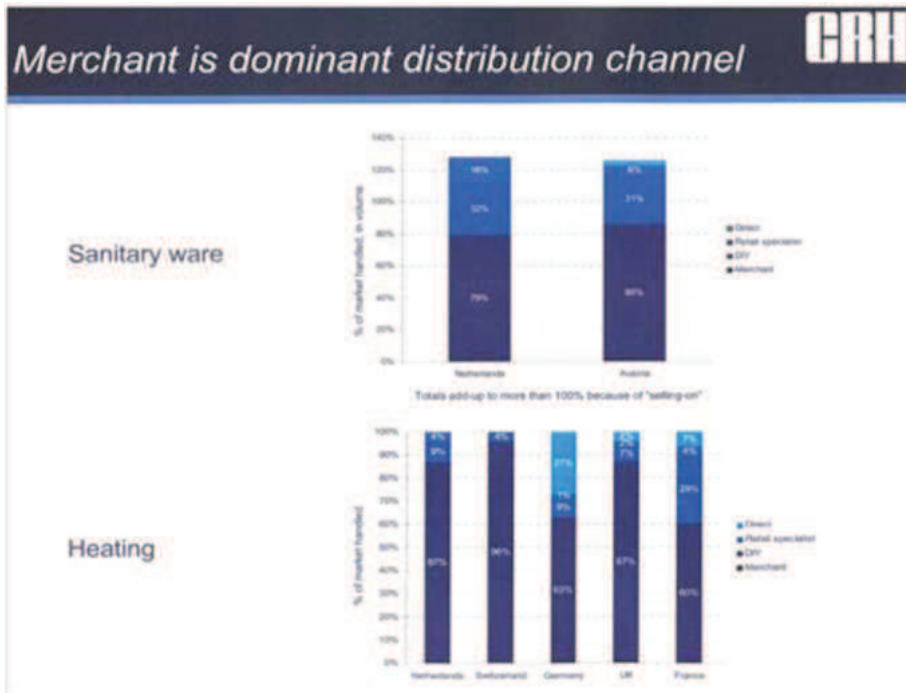


Figure IX.3.4: Merchant is dominant Distribution Channel

Van Vroonhoven, T.(2007)



Figure IX.3.5: The Austrian SHAP Wholesale Market

Van Vroonhoven, T. (2011)

German SHK market has shown steady growth since 2003

CRH

- With a market size of € 13 Bn. largest SHK market of Europe
 - # inhabitants
 - High spend per capita (€ 160/capita compared to West European average of € 125/capita)
- Market experienced steady growth since 2003; average growth in this period amounted to 4.7%
- Noticed hardly anything of financial crisis
- 2011 so far has shown strong growth, especially in West and South

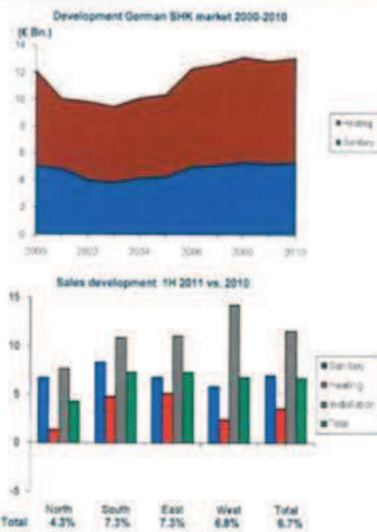


Figure IX.3.6: The German SHAP Wholesale Market

Van Vroonhoven, T. (2011)

With the exception of GC and Richter + Frenzel top 10 mainly regionally oriented players

CRH

- Approximately 175 SHK merchants active (vs. 350 in 2000)
- Top 10 has market share of 43% → market is still relatively fragmented
- GC very dominant position
 - Estimated sales of > € 2.7 Bn. in Germany
 - Only player with country wide coverage
 - Growth oriented; pursuing dual brand strategy with G.U.T.
 - Holds regional markets shares of up to 40%!
- Other larger players have mainly regional focus
 - Several have succession issues (eg. Reisser)
 - Some expected to be open for strategic partnerships (eg. Pfeiffer & May)
- Many purchasing groups active
 - UHT: ~ 65 members with total sales of € 1.5 Bn.
 - ISG: 11 members with total sales of € 1.5 Bn.
 - MAH: 7 members with total sales of € 0.3 Bn.
- Continued market consolidation

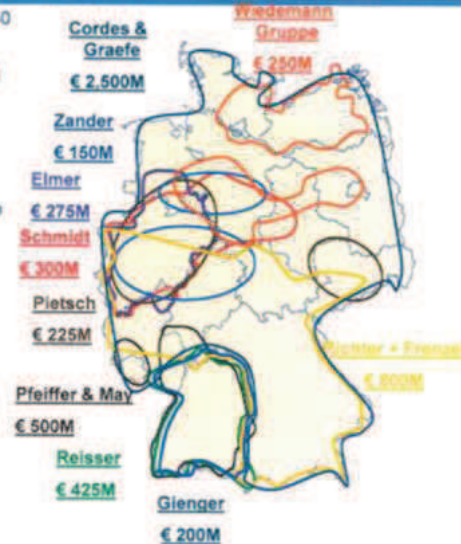


Figure IX.3.7: The 'Big Players' in the German SHAP Wholesale Market

Van Vroonhoven, T. (2011)

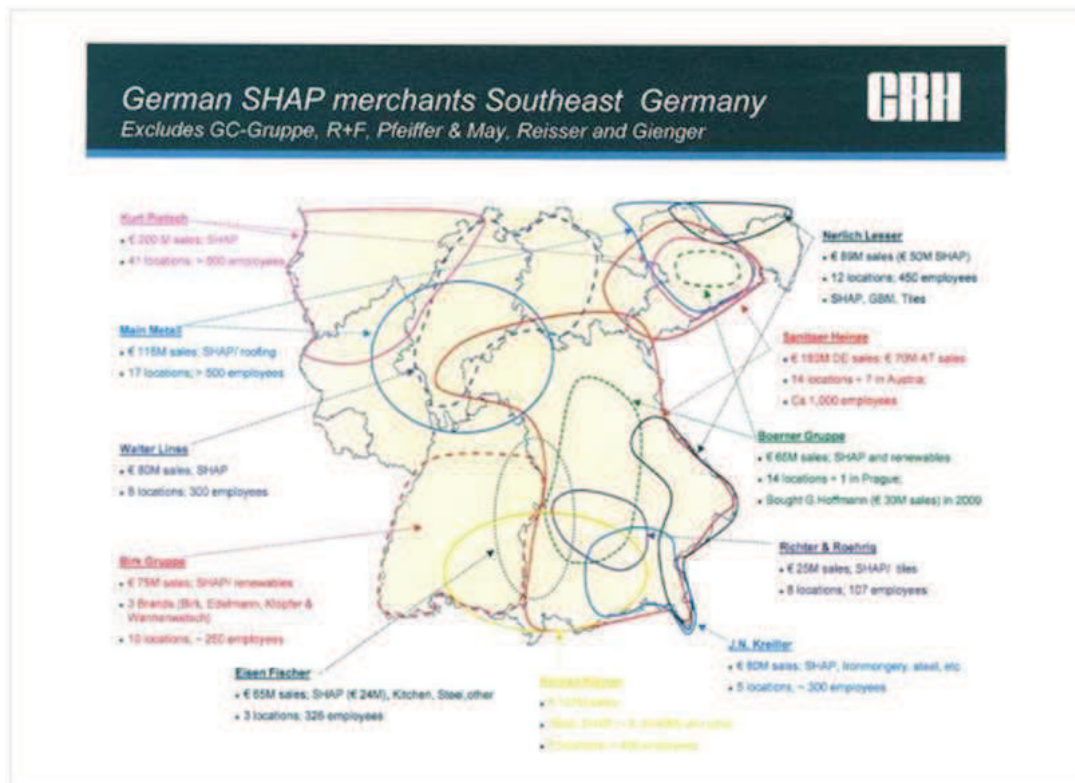


Figure IX.3.8: German SME Wholesalers

Van Vroonhoven, T. (2011)

Positioning of Wholesalers

The below listed description of the marketing and corporate branding strategy is based on downloads from the internet and the outcomes from my Master Thesis (Küng, 2008).

Wolseley - Great Britain

Wolseley is global market leader within the professional SHAP market. The group strategy is based on the establishment of over average shareholder value and in the operative field on distribution competences. Worldwide no pull activities are employed by the group. The branding is focused on the professional customer (plumber).

Statement in the Annual Report 2009

(downloaded January 31th 2010 from www.wolseley.com)



You are here: [Home](#) / [About us](#)

About us

- [What we do](#)
- [Where we operate](#)
- [Group strategy](#)
- [Company history](#)
- [Group structure](#)
- [Key facts](#)
- [FAQs](#)

About us

We are the largest specialist trade distributor of plumbing and products to professional contractors and a leading supplier of materials to the professional market. We operate a number of businesses that hold leading positions in their local markets.

Key facts

No.1	Heating and plumbing distributor to the professional market in the world
25	Operating countries
4,400	branches worldwide
47,000	employees
£14.4bn	sales in the year to 31 July 2009

FTSE 100 company

What we do



The Group is specialist trade and heating contractors and what we do

The history of Wolseley



The Wolseley distribution, 1 leader emerging roots. The cc interactive hi

FAQs

What are the strengths of Wolseley

Key facts

We are the world's number one heating and plumbing distributor to the professional market.

A leading supplier of building materials.

We have operations in **25** countries.

We maintain around **4,400** branches worldwide.

We have around **47,000** employees.

We're in the UK FTSE 100 with a market capitalization of approximately **£3.8** billion.

We had **£14.4** billion of sales in the year to 31 July 2009.

We are listed on the London Stock Exchange.

Our Global headquarters are near Reading, UK.

Group strategy

Wolseley remains well-positioned in the medium to longer term for a number of reasons:

Wolseley operates in a fundamentally attractive business sector and markets.

Wolseley is a market leader in a highly fragmented industry and has a strong customer franchise and strategic positions in its core markets.

Scale advantages such as our distribution network utilisation and sourcing activities are key cost differentiators in the marketplace.

Wolseley has strong local brands and knowledge and a strong business model.

We believe that significant shareholder value can be generated through an even greater level of businesses, which present the best opportunities for return on investment in the longer term.

The Group historically has achieved higher returns where it has consolidated its position, building critical mass which delivers significant cost and scale advantages. This strategy recognises that it prioritises its resources in the current challenging economic environment.

• ÖAG – Austria

End users are not even mentioned as possible partners on the website of the ÖAG group. This circumstance underlines the focus on push activities by targeting for a dominant market position through a generic strategy of cost leadership without any cost driving positioning and value creating market activities. The existing and relevant requirements of the end users are consequently ignored by the management. Advertising activities are only focused on the professional plumbers.

• Tobler AG - Switzerland

In parallel to the whole group and the Austrian sister company, Tobler focuses on the plumber as only important partner. Strong logistics activities as well as an extreme efficiency orientation are in the centre of this strategy. A substantial part of the created added value is generated by the market leadership in the maintaining of heating systems.

This positioning is supported by the circumstance that Tobler, in contrast to her Austrian sister company ÖAG, only sells plumbing and heating assortments and no bath equipment.

Saint Gobain - France

As cited in the hereinafter group statement, the strategy of the Saint Gobain Group follows a strong value orientation and hence is focused on the end user as well as on the plumbers. The group employees strong pull activities toward the end users in parallel to the push activities toward the plumbers. This fundamental statement will be supported by the content of the website of Sanitas Troesch.

• Sanitas Troesch – Switzerland

The Swiss daughter of worldwide acting Saint Gobain Group transposes the group strategy to the excess. The fundamental company statements are orientated to the end users. These pull activities support a positioning of value generating and contain a strong corporate branding. In parallel the needs of the plumbers are satisfied by a well-established logistics competence and intense network activities of the sales team.

Being market leader the out of this strategy resulting tension fields in the price positioning and customer orientation are ignored by the management team of Sanitas Troesch. All concerned groups of customers seem to accept this procedure even if it is to their disadvantage. In this process the company has the advantage not to sell technical (plumbing and heating) equipment and hence not to be depending from the goodwill of the plumbers. Much more the needs of the at long last paying and therefore deciding end users are in the focus of all activities of the organization.

Group strategy

(downloaded from group website www.saintgobain.com):

"Saint-Gobain's ambition: worldwide leadership in construction markets, with innovative solutions to meet the fundamental global challenges of growth, energy and the environment."

Pierre-André de Chalendar, Saint-Gobain Chief Executive Officer

A BALANCED GROWTH STRATEGY

The Group has in recent years implemented the same strategy for steady and profitable growth to:

- develop genuine leadership in all if its businesses
- enhance its technological and sales capacities
- reduce its exposure to cyclical changes and market fluctuations
- increase profitability and free cash flow.

The Group intends to focus its strategy on:

- prioritizing development of construction and housing related businesses, in particular through bolt-on acquisitions in Building Distribution and Construction Products sectors;
- pushing ahead with R&D and innovation initiatives, particularly in High-Performance Materials and Flat Glass sectors;
- stepping up expansion efforts in emerging countries for all businesses

The Group

The future is made of Saint-Gobain

Saint-Gobain, the world leader in the habitat and construction markets, designs, manufactures and distributes building materials, providing innovative solutions to meet growing demand in emerging economies, for energy efficiency and for environmental protection.

A strategic focus on sustainable homes

We are constantly innovating to make homes more comfortable, cost-efficient and sustainable worldwide. Saint-Gobain solutions span from self-cleaning windows and photovoltaic glass to smart insulation systems, water supply systems, solar solutions and building materials distribution.

The market leader in all our businesses, we offer solutions to the major challenges of energy efficiency and environmental protection. No matter what new needs emerge in the habitat and construction markets, the future is made of Saint-Gobain.



An innovation-driven Group



Since 1665, Saint-Gobain has consistently demonstrated its ability to invent products that improve quality of life.

As one of the top 100 industrial groups in the world, Saint-Gobain continues to deploy its technological know-how, often in partnership with the most prestigious universities and laboratories.

To give an idea of our commitment to innovation, 20% of Saint-Gobain products did not exist five years ago.

CRH – Ireland:

The group follows a strong shareholder orientation (focused on performance and growth) and is specialized on the consolidation of fragmented markets. The group owns dominant DIY retailers, building material retailers on one hand and plumbing and heating wholesalers on the other one.

Consequently the strategy of the wholesalers is focused on the needs of the end users and strong pull marketing is employed. The corporate branding is done on the level of the single organizations and not on the holding level.

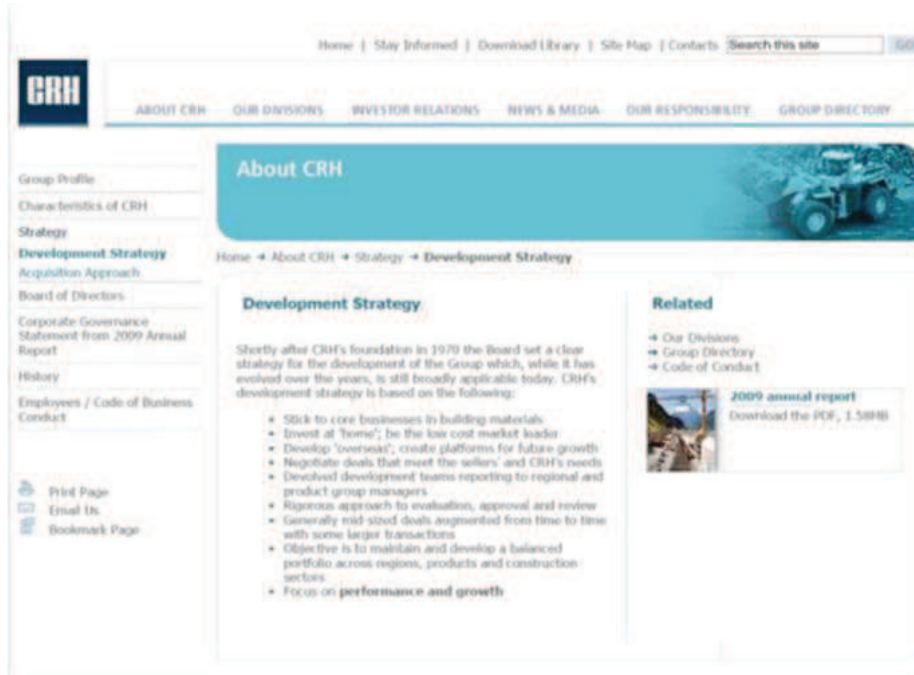
- Richner / Sabez – Switzerland

The Swiss organization Richner/Sabez follows an approach of end user orientation since the ownership of the company changed to CRH in the year 2007. This development is in an early status and hence not very conspicuous in the end user market. But the willing to concentrate on the needs of the end users even on cost of the plumbers is noticeable out of the market

behaviour of the firm. Single advertising activities are more and more replaced by corporate branding campaigns.

- **Paulsen - Germany**

In contrast to their Swiss sister company the German based Paulsen Group is mainly plumbers and hence logistics orientated and is focusing on their push activities. A corporate branding is according to the website not detectable.



Cordes & Graeve – Germany

Cordes & Graeve is the market leader in Germany with a turnover of Euro 4 Billion and since 2008 establishing a business unit in Austria (turnover of Euro 100 Million). As specified on their website the company is following a push strategy based on an extremely strong distribution network and mainly focused on their professional customers (plumbers). Pull activities are not part of the service and marketing concept of the organization.



Mehrwert... von GC – das ist keine Floskel: Mehrnutzen anzubieten ist unsere Philosophie.

Als Zusammenschluss von Familienunternehmen schätzen wir nichts so sehr wie den persönlichen Austausch – das ist der Motor unserer täglichen Praxis und unserer Dienstleistungs-Angebote: Miteinander zu reden.

Mit unserem deutschlandweiten Netz von Niederlassungen haben wir die Voraussetzung für kurze Wege geschaffen – deshalb sehen Sie unsere LKWs auch so selten auf der Autobahn... und deshalb sind wir sofort vor Ort, um für Ihre Fragen da zu sein. Und um unsere Fachhandwerkskunden zu unterstützen.

So groß wir durch den Erfolg unserer Kunden - zu dem Sie als Endnutzer aller Haustechnik am stärksten beitragen! – auch geworden sind: es geht persönlich zu bei uns. Darum setzen wir uns gerne persönlich für Ihre Wünsche ein – auch das ist keine Floskel.

Das können Sie bald feststellen. Herzlich Willkommen bei GC!

ISG – Germany / Austria / Switzerland

The ISG Purchasing Group is an organization of family owned SME's. The members are mainly regional acting and value oriented companies with a strong commitment and relationship to their direct and indirect customers.

A combined push (plumbers) and pull (end users) strategy is employed by almost all members but it has to be mentioned, that corporate branding activities toward the end users are done on a low level. Namely are the activities limited to an intense consultation in the showrooms, while all price competence as well as the advertising towards the end user is left to the plumbers.



The screenshot shows the ISG website with a navigation bar containing links: Startseite, Concept, Optima, EDT, and ext.ZH-Service. The main heading is 'Gemeinsam Impulse geben'. Below this, there are links for Philosophie, Dienstleistungen, and 50 Jahre ISG. The main content area is titled 'Die Philosophie der ISG' and contains the following text:

Die ISG-Großhändler kennen ihren Markt und ihre Marktpartner. Sie wissen um die Besonderheiten ihrer Region. Sie können innerhalb ihrer Marktgemeinschaft beweglich und schnell auf Marktveränderungen reagieren. Deshalb beeinflussen sie Marktentwicklungen maßgeblich.

Synergien, wo sie angebracht sind und für ein effizientes Agieren am Markt sorgen, gepaart mit Pluralismus, der den vielfältigen Gegebenheiten des SHK-Marktes Rechnung trägt.

Einheit demonstrieren, ohne Einformigkeit zu produzieren.
Das hat die ISG zu dem gemacht, was sie heute ist:

Eine starke Gemeinschaft

Gute Ideen geben Marktimpulse: Die ISG ist immer wieder wesentlicher Impulsgeber der Branche. Einige Beispiele:

- In der Geschäftsstelle in Essen bündelt die ISG zentrale Aufgaben. In den Bereichen Einkauf, Marketing und Finanzierung entlastet sie ihre Gesellschafter, die sich somit stärker den regionalen Anforderungen ihres Marktes widmen können.
- Mit den Handelsmarken "Concept" und "Optima" ist die ISG der Pionier der Eigenmarken des Handels in der SHK-Branche.
- Mit einer Vielzahl von großteils webbasierten und daher Plattformübergreifenden Informationssystemen ist die ISG ein Wegbereiter der Branche für digitale Informations- und Kommunikations-Systeme. Hierzu zählen Shop, Intranet und Auskunftssysteme.

Die ISG ist bestrebt, ihren Gesellschaftern kontinuierlich den Wissens- und Innovationsvorsprung zu verschaffen, der es ermöglicht, erfolgreich am Markt zu agieren.

UHT Union Haustechnik – Germany / Austria

The description of the prominent specified ISG Group is also absolutely true for the UHT. No additional statement is necessary to explain the strategy and the position of the members of this organization. The only difference is that the UHT establishes an even stronger end-user marketing and employs an over average positioned own product brand to support the marketing activities of their companies.



IX.4 Appendix 4 – Financial Performance of CE - SHAP Industry

Plumbers

Public accessible and testified performance figures of the plumbers within the SHAP industry are not available. According to different statements of their guilds the average after tax performance of this group is about 1 to 2 per cent, ending up in an EbitdA margin of 2 to 3 per cent. The performance according to the representation of interests does not strongly differ between the single nations and regions.

Wholesalers

Company	EBITDA margin (%)	Turnover 2009 (thousand Euro)	Market share
Woolsley Austria	2,2 %	220.000	20,8%
SHT	5,1 %	250.000	23,6%
Holter	6,3 %	190.000	17,9%
Odörfer	5,7 %	65.000	6,1%
GC Group	3,1 %	90.000	8,5%
Inhaus	7,0 %	60.000	5,7%
div. SME's	5,1 %	185.000	17,5%
Total	4,7 %	1.060.000	100 %

Table IX.4.1: Financial Performance of Austrian Wholesalers

Austrian Chamber of Commerce (2007)

The financial performance of organizations within Austria is available from the trade register and therefore an analysis for this national market is possible. In Switzerland and Germany the companies are not forced to publish their financial figures and hence the in-depth analysis is not possible for the firms of these nations. An approximation value is nevertheless available from the survey done as part of the master thesis of the author. According to the outcomes of this survey the EBITDA margin of German and Swiss wholesalers in the year 2008 reached an amount of 3,5 per cent to 8,0 per cent with an not weighted average 5,5 per cent and therefore substantial higher standard than the Austrian one (4,7 per cent).

Geberit Gruppe - Finanzinformationen per Ende Dezember 2009 und 2008
Konsolidierte Erfolgsrechnung: (a)
 (in Mio. CHF)

	Quartalszahlen		Kumulierte Zahlen	
	1909 - 12/09	1908 - 12/08	01.09 - 12/09	01.08 - 12/08
Umsatz	501.2	495.0	2181.2	2455.1
Kundenboni und Skonti	55.9	51.8	250.2	275.1
Umsatzerlöse	445.3	443.2	1931.0	2179.0
Betriebsaufwand:				
Warenaufwand	129.7	152.9	574.3	738.5
Personalaufwand	114.2	110.3	446.2	460.2
Abschreibungen	21.2	20.6	78.9	78.5
Amortisation von immateriellen Anlagen	1.2	1.8	5.4	7.2
Sonstiger Betriebsaufwand, netto	78.1	85.1	299.5	331.2
Total Betriebsaufwand, netto	344.4	370.7	1404.3	1615.6
Betriebsergebnis (EBIT)	99.9	72.5	526.7	563.4
in % des Umsatzes	19.9%	14.8%	24.1%	22.9%
Finanzergebnis, netto	(4.0)	1.8	(13.5)	5.4
Ergebnis vor Steuern	95.9	74.3	513.2	568.8
Ertragsteuern	14.7	3.5	115.7	102.5
Nettoergebnis aus fortgeführten Aktivitäten	81.2	70.8	397.5	466.3
in % des Umsatzes	16.2%	14.3%	18.2%	19.0%
Gewinn nach Steuern aus Verkauf nicht fortgeführter Aktivitäten	0.0	0.0	0.0	0.0
Nettoergebnis	81.2	70.8	397.5	466.3
in % des Umsatzes	16.2%	14.3%	18.2%	19.0%
Nettoergebnis:				
- Anteil Aktionäre	81.2	70.8	397.5	466.3
EBITDA	122.3	94.9	611.0	649.1
in % des Umsatzes	24.4%	19.2%	28.0%	25.4%
Finanzaufwand	(3.6)	(3.9)	(13.9)	(15.1)
Finanzertrag	1.1	2.8	4.9	10.4
Währungsverlust/-gewinn, netto	(1.5)	2.9	(4.5)	10.1
Finanzergebnis, netto	(4.0)	1.8	(13.5)	5.4
Ergebnis je Aktie (CHF)	2.08	1.82	10.18	11.90
Ergebnis je Aktie verwässert (CHF)	2.07	1.81	10.13	11.86

Zusammengefasste konsolidierte Geldflussrechnung: (a)
 (in Mio. CHF)

	Quartalszahlen		Kumulierte Zahlen	
	1909 - 12/09	1908 - 12/08	01.09 - 12/09	01.08 - 12/08
Nettomittelzufluss aus Geschäftstätigkeit	129.3	171.0	459.2	555.0
Nettomittelzufluss aus/(für) Investitionstätigkeit	(155.2)	(166.1)	(104.5)	(242.3)
Nettomittelzufluss aus/(für) Finanzierungstätigkeit	(40.6)	(14.1)	(253.6)	(531.7)
Umrundungsdifferenzen auf den liquiden Mitteln	(2.4)	(16.6)	2.1	(33.7)
Zunahme/(Abnahme) der liquiden Mittel	(68.9)	(25.8)	103.2	(252.7)

Zusammengefasste konsolidierte Bilanzinformationen: (a)
 (in Mio. CHF)

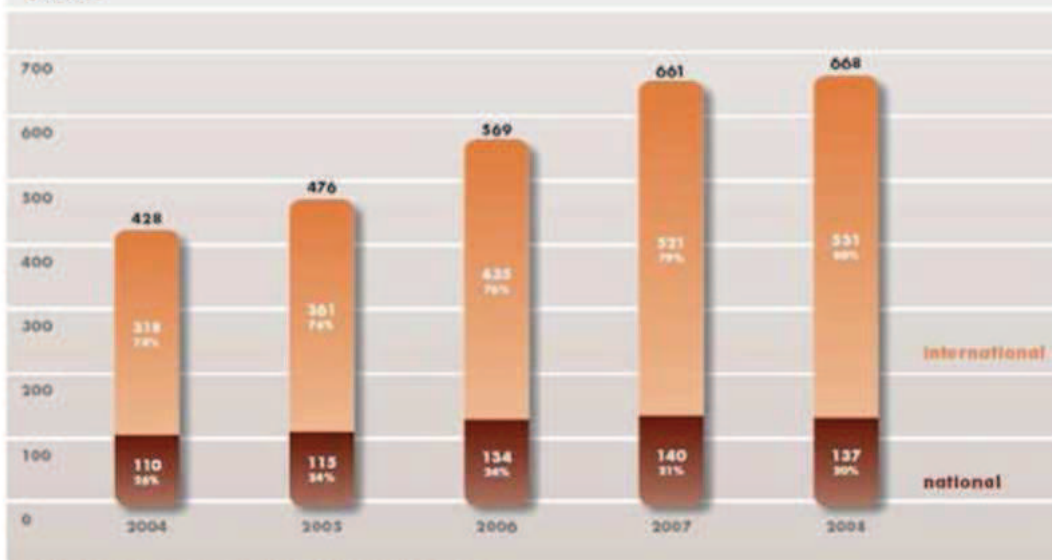
	31.12.2009	31.12.2008
Liquide Mittel	300.6	197.4
Wertschriften	105.9	105.2
Nettoumlaufvermögen (b)	180.9	156.5
Sachanlagen	576.2	555.5
Goodwill und immaterielle Anlagen	753.1	756.2
Total Bilanzsumme	2212.2	2054.1
Total Finanzverbindlichkeiten	110.9	152.3
Netto-Schulden	(296.6)	(150.3)
Total Eigenkapital	1509.2	1311.9
Eigenkapitalquote	68.2%	63.9%

(a) Alle oben erwähnten Finanzinformationen, sowohl die Quartalszahlen der Erfolgsrechnung und der Geldflussrechnung, sind geprüft.
 Die Quartalszahlen wurden nach dem gleichen Rechnungslegungsstandards aufgestellt wie die geprüften Jahresabschlüsse.
 (b) Ohne derivativen Finanzinstrumente.

hansgrohe

Hansgrohe AG

Umsatz



Die konsolidierten Nettoumsätze der Hansgrohe Gruppe

Umsatz

Hansgrohe verzeichnet nach einer Phase überaus dynamischen Wachstums auch 2008 im Vergleich zum Vorjahr bei Umsatz und Ergebnis leichte Zuwächse.

Mit € 668 Mio. liegt der Nettogesamtumsatz um gut ein Prozent – währungsbereinigt um zwei Prozent – über dem Vorjahresumsatz von € 661 Mio., der Pro-Mitarbeiter-Umsatz ist mit € 218 Tsd. ebenso um ein Prozent besser als der Wert in 2007. Dabei entfiel das Gros des Wachstums auf die ersten sechs Monate 2008. Im zweiten Halbjahr haben sich die Folgen der weltweiten Finanzmarktkrise auch auf die Entwicklung der Sanitärbranche ausgewirkt.

Zwischen Wachstum und Krise

Angesichts des Einbruchs der Konjunktur in vielen Teilen der Welt sind im dritten und besonders im vierten Quartal die Auftragseingänge spürbar zurückgegangen. Dies galt vor allem für die Märkte, die wie die USA, Spanien und England bis heute besonders unter der Finanzmarktkrise und einem überhitzten Immobilienmarkt zu leiden haben. Die positive Geschäftsentwicklung in anderen Märkten in Nord- und Osteuropa sowie im Fernen Osten hat dies zwar ausgleichen können. Aber das Wachstumstempo hat ebenso in den so genannten Emerging Markets an Dynamik verloren, selbst wenn die Hansgrohe AG hier erneut zweistellig zulegen konnte.

Wachstumstreiber Export

Dennoch wurde auch 2008 das Umsatzplus vor allem im Auslandsgeschäft erzielt. Während jenseits der deutschen Grenzen der Nettoumsatz um zwei Prozent auf € 531 Mio. (2007: € 521 Mio.) anstieg und damit 80 Prozent zum Gesamtumsatz beitrug (2007: 79 Prozent), stagnierte der Inlandsumsatz mit € 137 Mio. knapp unter dem Vorjahresniveau (2007: € 140 Mio.).

Ergebnisplus

Die Finanzmarktkrise, das gegenüber den Vorjahren verlangsamte Umsatzwachstum und der starke Euro haben dafür gesorgt, dass die Hansgrohe Gruppe zum 31. Dezember 2008 ihr Ergebnis vor Zinsen, Steuern und Abschreibungen nur leicht auf € 131 Mio. verbessern konnte. Dies entspricht einer EBITDA-Marge von 19,7 Prozent (2007: 19,8 Prozent).

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[> Investor Relations > Finanzzahlen > Erfolgsrechnung](#)
[drucken](#)

Erfolgsrechnung

Konsolidierte Erfolgsrechnung

	2009 in TCHF	2009 %	2008 in TCHF	2008 %
Nettoumsätze	1 384 211	100.0	1 570 576	100.0
Andere betriebliche Erträge	17 860	1.3	21 834	1.4
Aktiviertete Eigenleistungen	3 320	0.2	6 095	0.4
Bestandesveränderungen der Halb- und Fertigfabrikate	-30 962	-2.2	-11 535	-0.7
Nettobetriebsleistung	1 374 429	99.3	1 586 970	101.1
Materialaufwand	-610 509	-44.1	-722 766	-46.0
Personalaufwand	-463 634	-33.5	-497 168	-31.7
Übriger Betriebsaufwand	-194 329	-14.0	-213 868	-13.6
EBITDA	105 957	7.7	153 168	9.8
Abschreibungen, Amortisationen	-98 296	-7.1	-66 538	-4.3
EBIT	7 661	0.6	86 630	5.5
Finanzertrag	4 901	0.3	1 692	0.1
Finanzaufwand	-23 378	-1.7	-31 132	-2.0
Ergebnis vor Steuern	-10 816	-0.8	57 190	3.6
Ertragssteuern	-11 687	-0.8	-9 137	-0.5
Konzernergebnis	-22 503	-1.6	48 053	3.1
Davon zurechenbar:				
den Aktionären der AFG Arbonia-Forster-Holding AG	-22 528		48 029	
den nicht beherrschenden Anteilen	25		24	
Konzernergebnis je Aktie				
Konzerngewinn pro Inhaberaktie in CHF	-1.81		24.37	
Konzerngewinn pro Namenaktie in CHF	-0.36		4.87	

Das unverwässerte und das verwässerte Konzernergebnis pro Aktie sind gleich hoch.

EBITDA Betriebsergebnis vor Abschreibungen, Amortisationen, Finanzergebnis und Steuern
EBIT Betriebsergebnis vor Finanzergebnis und Steuern

⇒ Konzernerfolgsrechnung per 31.12.2009 (PDF, 166 KB)

→ Konzernerfolgsrechnung per 31.12.2009 (xls, 30 KB)

⇒ Excel-Datei aller Finanzzahlen (8 KB)

⇒ Finanzbericht AFG Arbonia-Forster-Holding AG 2009 (PDF, 396 KB)

IX.5 Appendix 5 – Interviewees and Key Topics

The Interviewees

The interviewees agreed to the used form and content. Following their request and respecting their personal rights I abstain to specify their names and the names of their organizations. To ensure the targeted confidentiality, I dismiss to describe the interviewees.

All this information is available in my research documentation.

All three interviewees is a deep networking within the SHAP industry common. Each of them represents one of the researched three countries (Germany, Switzerland, Austria).

Participant Agreement Statement

Robert Küng
Inhaus Handels GmbH
Oberes Tobel 19a
A - 6840 Götzis

Februar 5, 2012

Herr
[Name]
[Straße]
[PLZ Ort]

Zustimmungserklärung

Titel der Studienarbeit: Unternehmensbranding in der Heizungs- und Sanitärgrößhandelsbranche
Name des Forschenden: Robert Küng, Geschäftsführer – Inhaus Handels GmbH

Ich bestätige, dass ich die notwendigen Informationen über die obige Forschungsarbeit erhalten und verstanden habe und dass ich die Möglichkeit hatte, diesbezügliche Fragen im gewünschten Umfang zu stellen und die entsprechenden Antworten erhalten habe.

☐

Ich bin informiert darüber, daß meine Teilnahme freiwillig ist und daß es mir vollkommen frei steht, die Teilnahme an der Diskussionsgruppe ohne Angabe von Gründen abzulehnen.

☐

Es ist mir bewusst, daß trotz größtmöglicher Anstrengungen, die Ergebnisse meiner Stellungnahmen und Aussagen vertraulich zu behandeln, dies nur im Rahmen der entsprechenden Gesetze und soweit vom Fragesteller beeinflussbar, möglich ist.

☐

Ich stimme zu, an der Forschungsarbeit teilzunehmen.

☐

Name des Teilnehmers Datum: Unterschrift

Robert Küng (Forscher) Datum: Unterschrift

Transcriptions of the Interviews

In the following the transcriptions of the German interviews are shown in an abridged version to document the process as a whole. The illustration of the whole interviews is not done at this point as it would only repeat the German statements. All relevant of them are translated into English and assigned to the respective topics within the single sections of chapter 3 – industry specifics. The contributions of the interviewees are written in italics. Selected key statements are highlighted in yellow colour.

Interview 1

Protokoll

Interviewer: Robert Küng (rk)

Interviewter 1 (I1): Geschäftsführender Gesellschafter Österreichischer Großhändler

Datum: 15. Dezember, 2010

Zeit: 11:00 bis 13:15 Uhr

rk: „Herzlichen Dank für die Möglichkeit und Bereitschaft zum heutigen Interview. Wie bereits im telefonischen Vorgespräch festgehalten geht es um Informationen zu meiner privaten Forschungsarbeit im Rahmen eines Doktoratsstudiums an der Universität von Cheltenham in England. Ziel dieser Arbeit ist es die Möglichkeiten für Großhändler sich als Unternehmensmarke zu positionieren, zu erforschen. Dazu ist aber vorab die Ausgangslage genau zu definieren und sind die etablierten Marktspielregeln aufzunehmen. Dein Einverständnis vorausgesetzt werde ich dieses Gespräch mit dem Diktiergerät aufzeichnen. Zum Abschluss des Interviews bitte ich dich noch um deine Bestätigung, dass das Interview freiwillig erfolgt ist, dass du über die Ziele und Inhalte informiert bist und dass du der Verarbeitung zustimmst. Ich werde den Namen vertraulich behandeln und nicht bekannt geben. Die Unterschriebene Erklärung wird daher nicht in die Arbeit eingebunden, sondern bei mir vertraulich abgelegt.“

Das Interview soll unstrukturiert sein, das heißt, dass ich wenig Fragen stellen werde und dich bitte einfach frei von der Leber dein Bild des Marktes, der Rolle der einzelnen Partner und der aktuellen Strategien zu erläutern.

Zu Beginn bitte ich dich, die Rollenverteilung innerhalb des professionellen Absatzkanals und die Verhaltensmuster bzw. zugrundeliegenden Strategien zu beschreiben.“

I1: „... das ist gar nicht so einfach (lacht kurz). Du kennst ja die Rollenverteilung selber sehr gut, aber ich werde versuchen meine Sicht einmal halbwegs strukturiert wiederzugeben.“

Grundsätzlich ist der Großhandelsmarkt ein reiner Verdrängungsmarkt – immer billiger, immer weniger Leistungen, immer mehr Volumen sind die Hauptziele.

Interview 1

Die verschiedenen Abhängigkeiten in dem Großhandelsmarkt machen jede Form von Marktbearbeitung und Marketing enorm schwierig. Ausserdem verhielten sich die Machtverhältnisse laufend. Aktuell sind die Generalunternehmer neben den Installateuren in der stärksten Position. Leider haben die Endkunden als die eigentlichen Produktverwender und auch Käufer einen immer geringeren Einfluss und auch Stellenwert in dieser komplexen Marktstruktur. Folglich werden sie auch in der Kommunikation immer weiter ausgeschlossen.

Die Rolle der Generalunternehmer entwickelte sich in den vergangenen drei Jahrzehnten fortlaufend und ist nun sehr dominant. Der Einfluss hat sich vor allem in Bezug auf Preis und Sortimentsniveau auf Grund der abgewinkelten Volumen von Gebäuden und folglich Bodenzimmern enorm erhöht. Das macht dann unser Leben natürlich immer komplizierter. Meine Vorfahren und mein Vater konnten sich einzig auf den Installateur konzentrieren. Alle Leistungen und auch die Preissysteme waren auf diese Zielgruppe ausgerichtet. Heute ist das alles viel komplexer und vor allem widersprüchlicher. Wir sollten höchste Leistungen für jede Kundengruppe vom Installateur bis zum Endkunden erbringen, für alles die Verantwortung übernehmen und dann hätte der Installateur gerne einen hohen Bruttopreis mit hohem Rabatt, der Generalunternehmer einen Anteil an diesem Gewinn und der Endkunde den tiefsten Nettopreis wie im Internet. Das ist unmöglich abzubilden und letztlich stehen wir als Preistreiber und als die Schuldigen an einem mafiosen System da obwohl wir nur einen vertraglichen und für alle aufreinstellenden Mix zu gestalten versuchen. Vor allem die externen Beeinflusser haben einen ungerechtfertigt hohen Einfluss auf die Auswahl von Sortimenten, Installateuren und letztendlich Großhändlern aufgebaut. In dieser Situation können wir uns nur falsch verhalten und mittelmässige Ergebnisse erzielen. Das zeigt sich dann auch in der enorm schlechten Ertragslage der Großhändler unabhängig von den erbrachten Leistungen und den enormen Investitionen.

rk: „Kannst du bitte noch ergänzend etwas zum Thema Energie und dessen Bedeutung für euch sagen?“

11: „Der Stellenwert alternativer und ökologischer Energiesysteme hat zweifellos enorm zugenommen. Die Heizsysteme sind aus der Bedarfspositionskette herausgekommen und haben heute sogar einen enormen Image-Aspekt für die Anwender. Selbst Hausfrauen teilen ihren Freundinnen voller Stolz die neue Wärmepumpe und diskutieren über die Solaranlage. Neben dem Image ist dabei aber auch das wachsende Verantwortungsbewusstsein ein enormer Treiber. Leider sind diese Systeme aber immer noch sehr Förderungsabhängig und bei den aktuellen Energiekosten nicht wirtschaftlich zu betreiben. Dies gilt vor allem im Neubausektor.“

Page 5 of 10

Interview 1

Wir konzentrieren uns dabei hauptsächlich auf die Installateure als unsere kaufenden Kunden. Trotzdem müssen wir verstärkt auf die Endkunden eingehen und bieten auch immer mehr direkt an diese an. Aktive Werbung bei dieser Gruppe machen wir aber nicht.

Die Endkunden verändern aktuell ihr Verhalten und werden folglich aktuell immer wichtiger für uns. In der Vergangenheit haben sie die Entscheidungen auf Basis der Empfehlungen der Installateure und zu einem definierten Preis ausgewählt. Folglich wurde die Entscheidung vom Installateur des Vertrauens getroffen und nicht auf Basis von Sortiment bzw. Design bestimmt.

Unsere Kernkompetenz ist unsere Logistikleistung. Daneben sind wir noch ganz gut im hochwertigen Beratungsgeschäft in den Ausstellungen positioniert. In dem Feld befähigen wir uns vor allem mit anderen Mittelhändlern die Großunternehmer wie Wolsley und GC konzentrieren sich da eher auf den Preis. Wir wollen überproportional wachsen und haben in den letzten Jahren sehr viel investiert. Nur mit der entsprechenden Größe können wir unseren Apparat bezahlen, wettbewerbsfähig einkaufen und am Ende dann auch Geld verdienen. Den Weg gehen aber praktisch alle Großhändler. Das Ganze beruht auf der Grundannahme stetigen Wachstums um die Inflationsbedingten Kostensteigerungen über Mengensteigerungen zu kompensieren. In der Vergangenheit haben wir dabei alle die Ertragsseite etwas vergessen und haben nun schlechte Ergebnisse trotz langanhaltender Hochkonjunktur.

Den Installateuren geht es in diesem Umfeld eigentlich sehr gut. Die leben wie die Mäden im Speck. Leistungen werden gratis erbracht und der Großhandel überbietet sich laufend mit neuen Leistungen die gratis erbracht werden – und das trotz sinkender Deckungsbeiträge im Handel. Vor allem im Sanierungsbereich profitieren die Installateure von diesen gratis Dienstleistungen.

Qualitative Kriterien haben im Sanierungsbereich einen steigenden Einfluss und sind ein wichtiges Differenzierungsmerkmal. Während die verfügbaren Budgets im Neubausektor bzw. im Investitionsbereich eher beschränkt sind, liegt der qualitative Aspekt ebenso wie das Investitionsvolumen im Sanierungsbereich. Gleichzeitig steigt der Bedarf an barrierefreien und behindertengerechten Wohnungen auf Grund des steigenden Alters der Nutzer. Wie gesagt profitiert davon vor allem der Installateur – und dies in wirklich jeder Beziehung. Erträge steigen, das Image wird verbessert und er kann letztendlich auch meistens in Regie abrechnen. Bei uns Händlern werden die höheren Erträge durch die enormen Aufwendungen in diesem Bereich aufgefrisst.

Page 2 of 10

Interview 2

Der Markt wird vor allem von den institutionellen Investoren wie Versicherungen, Pensionskassen und privaten Stiftungen dominiert. Sozialen Wohnbau wie in Deutschland gibt es praktisch nicht. Deshalb konzentrieren wir uns vor allem auf die Vertreter der genannten Kerngruppen und das sind letztlich die Architekten und Projektentwickler als externe Beeinflusser.

Installateure haben praktisch keinen Einfluss mehr auf den Entscheidungsprozess in der Auswahlphase. Die Rolle von externen Beeinflussern ist in der Schweiz folglich enorm hoch. Die Vermarktungsaktivitäten praktisch aller Großhändler sind auf diese Zielgruppe ausgerichtet. Der Aufwand ist zwar in Relation zum möglichen Anteil an diesem riesigen Markt relativ gering dafür ist aber Kampf vor allem bezüglich Preis enorm hart. Das Bidschmmer hat einen relativ unbedeutenden Stellenwert in diesem Segment und Standardsortimente mit geringem Designanspruch und mässiger Qualität werden folglich angeboten. Die zusätzliche Einbeziehung von Generalunternehmer in den Entscheidungsprozess verknappt die Anforderungen an die Positionierung des Großhändlers und folglich erhöht es die Komplexität jedes Marketingkonzeptes. Wesentlich subkontinental ist über der Einfluss von Architekten in den Entscheidungsprozess. Dieser Einfluss beruht grundsätzlich auf der gesellschafts anerkannten Einbindung des Architekten in jede Art von baulicher Tätigkeit.

Glücklicherweise sind die Hersteller in diesem Kontext eher schwach bis gar nicht präsent. Wenn diese, wie in Deutschland auch nach Einfluss zu gewinnen versuchen, wird die Positionierung des Großhandels eindeutig geschwächt. Überhaupt darf vermutet werden, dass die etwas geringeren Einflüsse der einzelnen Absatzpartner auf den Entscheidungsprozess Treiber der eher überdurchschnittlichen Ertragskraft des Schweizer Großhandels sind. Darüber hinaus wird dieser Aspekt sicher auch noch von der Preiskraft des Handels verstärkt.

Bekanntheitsmaß ist die Kaufkraft in der Schweiz relativ hoch und sind die steuerlichen Abzugsmöglichkeiten von Wohnraumkosten und Investitionen in dem System gut ausgebildet. Konsumenten in der Schweiz kalkulieren für sich auf Basis von Steuerbelastung, Zinsen und Einkommen den optimalen Rahmen der Investitionen und geben dann diese Summe auch aus. Folglich ist die Bereitschaft in hochwertige Produkte und Discountermarken zu investieren stärker ausgeprägt als in allen anderen Regionen dieser Welt die ich kenne. Dieser Trend dokumentiert sich auch in den sehr hochwertigen Ausstellungen und den fortlaufenden Expansionen des Großhandels.

Ein intensives Marketing des Großhandels und die Stärkung des Images mit einer klaren Leistungspositionierung ist in diesem Umfeld eher nicht so bedeutsam da die Händler etablierte und respektierte Marktpartner sind und ein preislich aggressiver Wettbewerb eigentlich gar nicht existiert.

Interview 2

Protokoll

Interviewer: Robert Küng (RK)

Interviewter: 2 (I2): Vertriebsleiter Schweizer Sanitär/großhändler

Datum: 20. Jänner, 2011

Zeit: 09:00 bis 11:30 Uhr

RK: „Herzlichen Dank für die Möglichkeit und Bereitschaft zum heutigen Interview. Wie bereits im telefonischen Vorgespräch festgehalten geht es um Informationen zu meiner privaten Forschungsarbeit im Rahmen eines Doktorstudiums and der Universität von Cheltenham in England. Ziel dieser Arbeit ist es die Möglichkeiten für Großhändler sich als Unternehmensmarke zu positionieren, zu erforschen. Dazu ist aber vorab die Ausgangslage genau zu definieren und sind die etablierten Marktspielregeln aufzunehmen. Dein Einverständnis vorausgesetzt werde ich dieses Gespräch mit dem Diktiergerät aufzeichnen. Zum Abschluss des Interviews bitte ich dich noch um deine Bestätigung, dass das Interview freiwillig erfolgt ist, dass du über die Ziele und Inhalte informiert bist und dass du der Verarbeitung zustimmst. Ich werde den Namen vertraulich behandeln und nicht bekannt geben. Die Unterschriebene Erklärung wird daher nicht in die Arbeit eingebunden, sondern bei mir vertraulich abgelagert.“

Das Interview soll unstrukturiert sein, das heißt, dass ich wenig Fragen stellen werde und dich bitte einfach frei von der Leber dein Bild des Marktes, der Rolle der einzelnen Partner und der aktuellen Strategien zu erläutern.

Zu Beginn bitte ich dich, die Rollenverteilung innerhalb des professionellen Absatzkanals und die Verhaltensmuster bzw. zugrundeliegenden Strategien zu beschreiben.“

I1: „... bitte – mach ich doch gerne. Ich wäre aber auch sehr dankbar, wenn du meine Identität wirklich geheim halten könntest. Wir haben enorm strenge Compliance Vorgaben in unserem Unternehmen und ich habe die Zustimmung meines Unternehmens zu diesem Interview nur unter der Bedingung erhalten, dass wir nicht erkennbar sind.“

in der Schweiz ist der Großhandelsmarkt grundsätzlich stark konsolidiert. Trotzdem ist der Wettbewerb doch relativ hart, bietet aber den Vorteil transparenter Fronten und Positionierungen. So

Interview 3

„Letztendlich bedeutet es, dass die Bereitschaft sowohl als auch die Fähigkeit in nachhaltige ökologisch vertretbare und umweltschonende Energiesysteme oder aber auch in emotionale Bad- und Wellnessoasen zu investieren stark von dieser Ausgangslage abhängig sind.“

rk: „Kommen wir zurück zum Badezimmer. Wie würden Sie den Markt beschreiben und segmentieren?“

13: „Grundsätzlich ist der Großhandelsmarkt ein eher verdrängungsmarkt – immer billiger, immer weniger Leistungen, immer mehr Volumen sind die Hauptziele. Dies gilt vor allem für Massenmärkte wie den Mietwohnungsbau allgemein oder den sozialen Wohnungsbau im speziellen.“

Endverbraucher haben verständlicherweise absolut keinen Einfluss auf die Gestaltung und das Sortiment im sozialen Wohnungsbau. Sozialer Wohnungsbau, umgesetzt von Genossenschaften mit mehrheitlich staatlicher Basis, bilden einen substantiellen Bestandteil des Neubaus und vor allem Sanierungsgeschäftes in Deutschland und sind folglich enorm wichtig für den Erfolg von uns Großhändlern. Da in diesem Bereich der Einfluss von Entscheidungsträgern nicht gegeben ist, bieten diese Projekte dem Vorteil von klaren Entscheidungsprozessen und das definierten Einfluss der Genossenschaften im Gegenzug und eigentlich auch resultierend aus dieser klaren Situation und dem extremen Volumen ist die Preisgestaltung in diesem Segment fundamental wichtig.“

rk: „Können Sie bitte noch ergänzend etwas zum Thema Energie und dessen Bedeutung für deutsche Großhandelsunternehmen sagen?“

13: „Die Branche hat substantielle Ertragsprobleme. Ein einziger Faktor zögert aktuell noch einen intensiven Reinigungsprozess hinaus. Das Marktvolumen im deutschsprachigen Sanitär- und Heizungsgroßhandelsmarkt war auch 2012 stabil bzw. sogar leicht steigend gegenüber dem Durchschnittswert von 2008 bis 2011.“

Dasselbe gilt zum Glück auch für die wirtschaftliche Situation im Allgemeinen. Grundsätzlich kann man sagen, dass die weltweite Wirtschafts- und Finanzkrise eher zum Vorteil unserer Branche war als zum Nachteil. Enorme Mittel flossen in den Wohnbau und Kapital flüchtete in Immobilien. Zusammenfassend kann man sagen, dass das politische und rechtliche Umfeld nachhaltig stabile Rahmenbedingungen für die Unternehmen und Organisationen schafft.“

Interview 3

Protokoll

Interviewer: Robert Küng (rk)

Interviewter 3 (13): Geschäftsführer Sanitär- und Heizungseinkaufsgesellschaft, Deutschland

Datum: 14. Februar, 2011

Zeit: 10:00 bis 11:45 Uhr

rk: „Herrlichen Dank für die Möglichkeit und Bereitschaft zum heutigen Interview. Wie bereits im telefonischen Vorgespräch festgehalten geht es um Informationen zu meiner privaten Forschungsarbeit im Rahmen eines Doktorstudiums and der Universität von Cheltenham in England. Ziel dieser Arbeit ist es die Möglichkeiten für Großhändler sich als Unternehmensmarke zu positionieren, zu erforschen. Dazu ist aber vorab die Ausgangslage genau zu definieren und die etablierten Marktspielregeln aufzunehmen. Ihr Einverständnis vorausgesetzt werde ich dieses Gespräch mit dem Diktiergerät aufzeichnen. Zum Abschluss des Interviews bitte ich dich noch um deine Bestätigung, dass das Interview freiwillig erfolgt ist, dass du über die Ziele und Inhalte informiert bist und dass du der Verarbeitung zustimmst. Ich werde den Namen vertraulich behandeln und nicht bekannt geben. Die Unterschriebene Erklärung wird daher nicht in die Arbeit eingebunden, sondern bei mir vertraulich abgelegt.“

Das Interview soll unstrukturiert sein, das heißt, dass ich wenig Fragen stellen werde und dich bitte einfach frei von der Leber den Bild des Marktes, der Rolle der einzelnen Partner und der aktuellen Strategien zu erläutern.

Zu Beginn bitte ich sie, die Rollenverteilung innerhalb des professionellen Absatzkanals und die Verhaltensmuster bzw. zugrundeliegenden Strategien zu beschreiben.“

13: „Ich hoffe, dass ich etwas zu ihrer Arbeit beitragen kann und nehme mir deshalb gerne die Zeit. Außerdem ist es in dem Markt wichtig, Informationen und Erfahrungen auszutauschen, da er ansonsten leider eher intransparent ist und grundsätzlich wenig Informationen vorhanden sind. Selbst über dominante Marktführer wie die Cordes und Grove Gruppe gibt es mehr Spekulationen und Annahmen als Fakten. So sind nicht einmal die Marktanteile und das Gesamtvolumen im Sanitär- und Heizungsgroßhandelsmarkt wirklich fundiert abgesichert.“

Interview 3

rk: „Herzlichen Dank für die umfangreiche und sehr fundierte Beschreibung des Sanitär- und Großhandelsmarktes in Deutschland. Ich werde dieses Interview schriftlich zusammenfassen und Ihnen dann eine Kopie davon zukommen lassen. Falls irgendeine Formulierung nicht korrekt wiedergegeben sein sollte, oder sie nachträglich noch etwas ändern oder ergänzen wollen, melden sie sich dann bitte kurzfristig bei mir. Ich werde dies dann sehr gerne einfließen lassen.“

Können Sie bitte noch die Zustimmung zur Verwendung dieser Informationen schriftlich auf dem Formular zu bestätigen. Diese Zustimmung ist für meine Akten und wird nicht veröffentlicht, da Ihre Person sonst identifizierbar wäre und die Vertraulichkeit nicht gewährleistet wäre.

Abschliessend möchte ich nochmals ganz herzlich für Ihre Zeit und Unterstützung danken. Nur so kann ich meine Arbeit fundiert weiterführen.“

IX.6 Appendix 6 – Focus Group Interview

Presentation of the Moderator for the Group Interviews



Herbert Steiner – der visionäre Macher

Herbert Steiner gründete 1991 die Steiner Unternehmensberatung. Der international erfahrene Spezialist für Marketing, Management und systemische Prozesse ist der visionäre Macher in seinem Team.

Unter seiner Leitung entstehen Konzepte, werden innovative Prozesse in Gang gesetzt und Ziele erreicht. Diese Kompetenz brachte ihm im Land ein Alleinstellungsmerkmal, das ihn und sein Team in der Branche einzigartig macht - Steiner setzt Visionen um.

Geschäftsführer Herbert Steiner, MBA, CMC

Funktionen Berufsgruppensprecher der Unternehmensberater/-innen Vorarlberg, Präsident des Kuratoriums der BAKIP

Gründungsjahr 1991

Zielgruppe Handels-, Handwerks-, Industrie- und Dienstleistungsbetriebe im europäischen Raum, speziell Österreich, Schweiz, Italien und Deutschland

Ergebnis

- Ein Ansprechpartner, der anspruchsvolle Projekte gestaltet und in der Umsetzung begleitet.

Das interdisziplinäre Team der Steiner

Unternehmensberatung hat bereits viel erreicht. Zwei Staatspreise für Marketing sowie zufriedene Kunden bestätigen die sehr gute Arbeit. Damit hat sich die Steiner Unternehmensberatung ausgezeichnet positioniert.

Herbert Steiner und sein Team beraten auch Sie punktgenau und individuell - für mehr Erfolg im Alltag.

Leistungen

- Unternehmensanalyse
- Unternehmensstrategie
- Organisationsentwicklung
- Verkaufs- und Vertriebst raining

Wir unterstützen Sie und Ihr Unternehmen in den verschiedensten Phasen – von der Gründung oder der Unternehmensübernahme über die Entwicklung und Optimierung bis hin zur Unternehmensnachfolge.

Buchautor

„Preisjagd im Verkauf“ – Mit einer systemischen Haltung zu höheren Preisen verkaufen (Akademikerverlag)

Ergebnis

- Internationale Erfahrung und Prozesskonzeption führt zum Erfolg!

Focus Group Participant Information Letter

Robert Küng
Inhaus Handels GmbH
Oberes Tobel 19a
A - 6840 Götzis

Februar 5, 2012

Herr
[Name]
[Straße]
[PLZ Ort]

Zustimmungserklärung

Titel der Studienarbeit: Unternehmensbranding in der Heizungs- und Sanitärgrößandelsbranche

Name des Forschenden: Robert Küng, Geschäftsführer – Inhaus Handels GmbH

Ich bestätige, dass ich die notwendigen Informationen über die obige Forschungsarbeit erhalten und verstanden habe und dass ich die Möglichkeit hatte, diesbezügliche Fragen im gewünschten Umfang zu stellen und die entsprechenden Antworten erhalten habe.

☐

Ich bin informiert darüber, daß meine Teilnahme freiwillig ist und daß es mir vollkommen frei steht, die Teilnahme an der Diskussionsgruppe ohne Angabe von Gründen abzulehnen.

☐

Es ist mir bewusst, daß trotz größtmöglicher Anstrengungen, die Ergebnisse meiner Stellungnahmen und Aussagen vertraulich zu behandeln, dies nur im Rahmen der entsprechenden Gesetze und soweit vom Fragesteller beeinflussbar, möglich ist.

☐

Ich stimme zu, an der Forschungsarbeit teilzunehmen.

☐

Name des Teilnehmers

Datum:

Unterschrift

Robert Küng (Forscher)

Datum:

Unterschrift

Timetable of the Focus Group Sessions

Stakeholder Group	Session Date	Time	Place
Plumber A	Wednesday 6.2.2013	1:30 pm	Bäderpark Hohenems
End User	Tuesday 19.2.2013	4:30 pm	Bäderpark Hohenems
Architects / Planners	Thursday 28.2.2013	12:00 am	Bäderpark Hohenems
Social and Institutional Investor	Thursday 28.2.2013	3:00 pm	Bäderpark Hohenems
General Contractor	Monday 11.3.2013	12:00 am	Bäderpark Hohenems
Plumber B	Friday 19.4.2013	12:00 am	Bäderpark Hohenems

Table IX.6.1: Timetable for Focus Group Interviews



Herzlich Willkommen bei Inhaus.



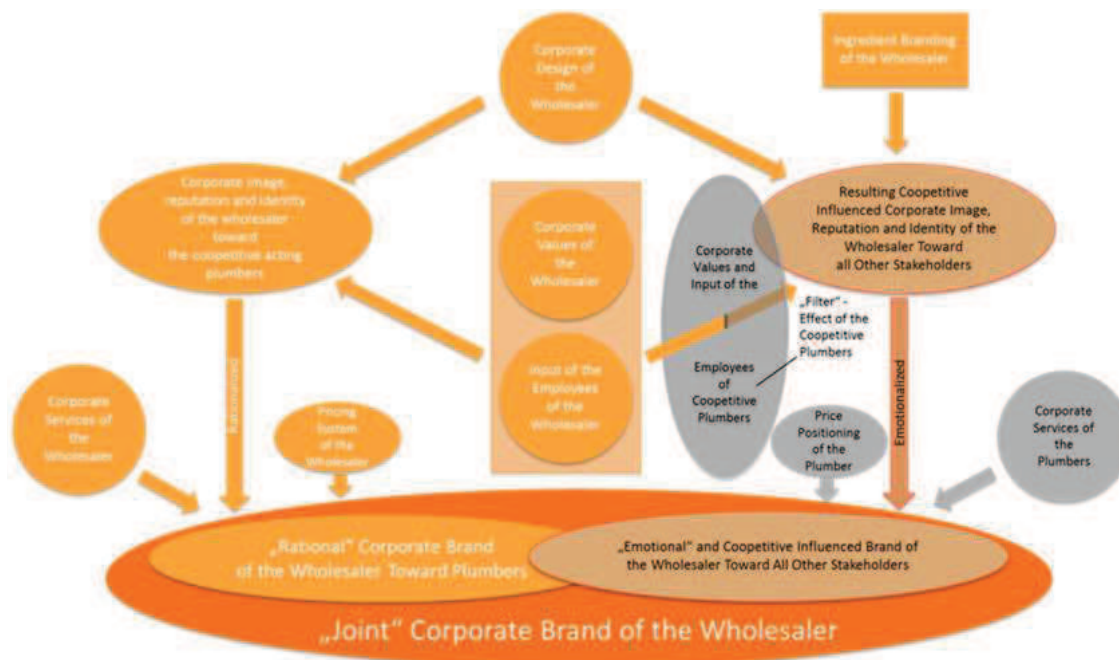
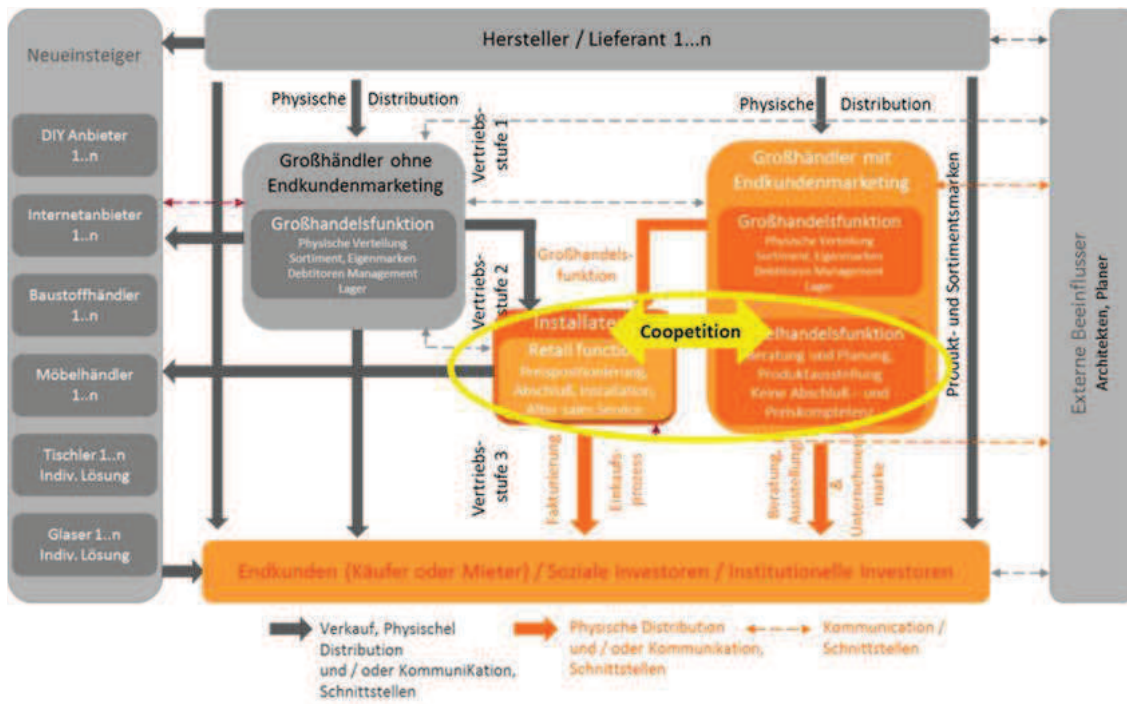
Ziele der Forschungsarbeit.

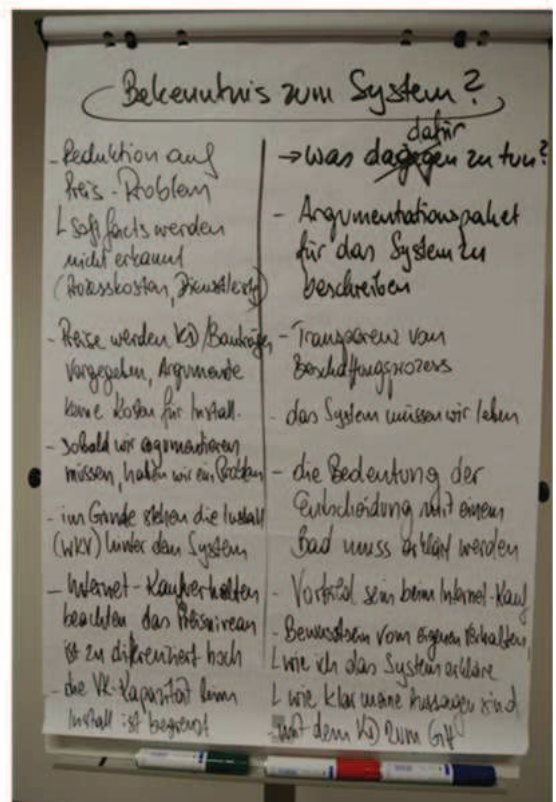
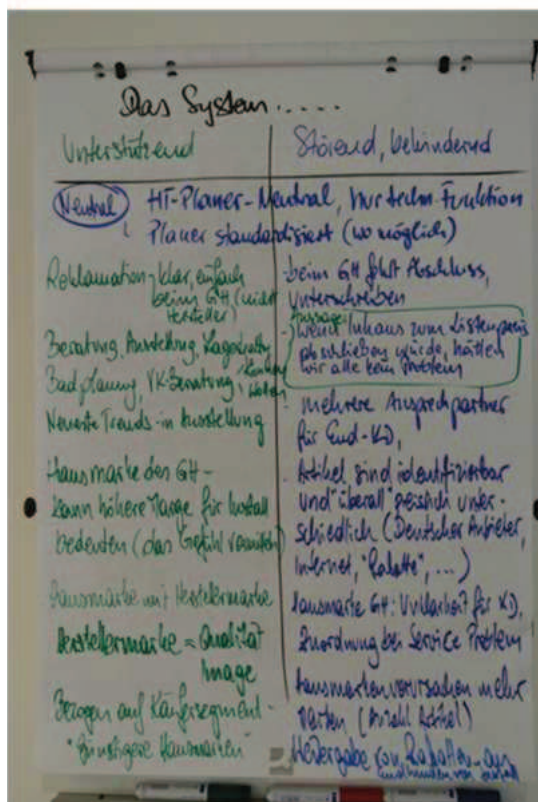
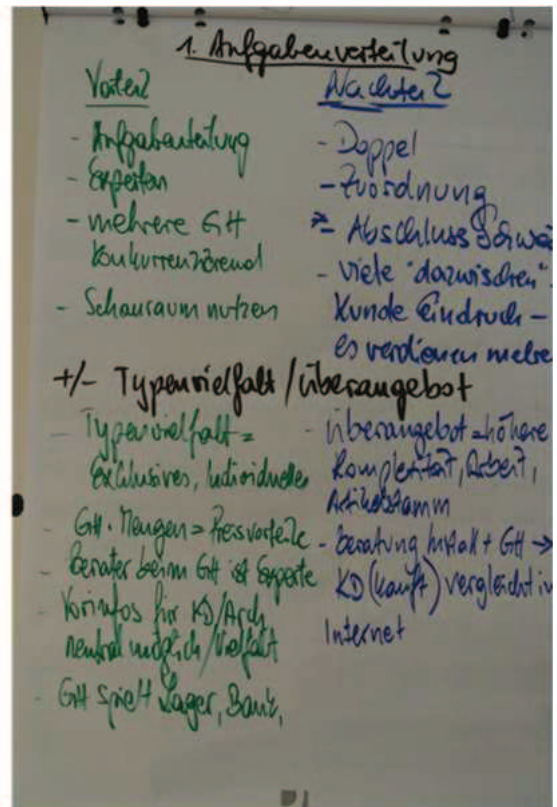
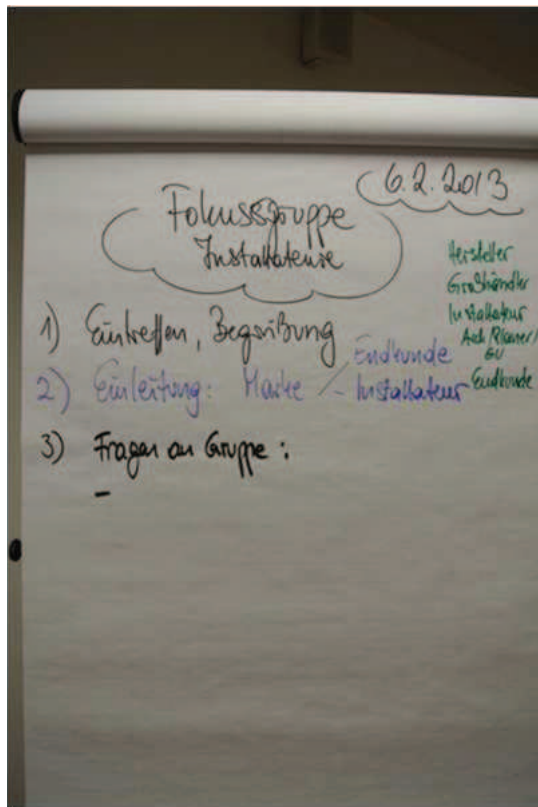
Marketingstrategie:

Erarbeitung eines Modells zum Aufbau und der Etablierung einer Unternehmensmarke gegenüber Endkunden und Installateuren für ein Großhandelsunternehmen unter Berücksichtigung der spezifischen Situation der Branche

Möglichkeiten eine solche Marke zu transportieren und zu stärken

Kein Ziel: Alternative Unternehmens- und Unternehmensstrategien





Versteht der Endkunde das System?

- die Vielfalt, die Größe Schauraum, schafft Verständnis wenn es erklärt wird
- Wissen ja - Verständnis nein
- der Endkunde versteht nicht - fehlendes Wissen (Bsp. GH, FH, ...)
- Verwirrung wie Tetra (alle können hinein)
- mit Funktion vom GH mit Schauraum, Verkauf vermischt sich die Rolle GH FH, ...
- GH - FH negatives Image (früher nur über Kanäle (Bohrmaschine))
- Eingangs- der GH für den Handwerker - Klarheit Botschaft
- KD - Wohnung - Kauf Zandräger Auswahl bei Händler in vielen Bereichen
- Wahlbarkeit - Architektur - zum GH (KD), kann keinen Preis / Angebot erhalten, dann Kladder für KD
- Schauraum GH → "Unsetzer" (Install), für KD

Unterscheidung GH - Install? Image / Qualität für unterschiedliche KD-Gruppen

- KD sieht Leistung vom Install, GH keinen Einfluss auf Qualität bei KD
- Marke-Bekanntheit GH relevant
- Leistungseinheiten werden nicht erkannt
- KD hat keine Infos über Leistungen, außer möglicherweise bei Reklamationen
- gesamte Auftragsabwicklung wird als Leistung nicht erkannt (keine Info zu KD)

Misstrauen trotz langjähriger Zusammenarbeit: Einfluss Risiken - Kosten - Ertrag?

- Risiko beim Install: Schäden, Rohrbruch, Kunde zahlt nicht, (mit kleinsten Aufschlag)
- Drohungen, Zwang in beiden Richtungen möglich (allgemein DACH)
- Frage nicht verstanden, da dieses Misstrauen nicht vorhanden ist; viel zu diskutieren - nicht Misstrauen
- Großer Einfluss vom GH über Vorgaben, Trends, -- GH forciert neue Produkte, Problem für Install
- in Vbg auf Partnerschaft, fehlt in anderen Ländern das Bewusstsein für gemeinsamen Probleme (wenn nur um Verhandlungen geht, entstehen diese Situationen)
- der Druck wird weitergegeben (Bauhäuser)

Bereitschaft GH wird von Install. unterstützt?

- Install offen zum GH (Inhaus) mit Begründung, warum gerade
- Differenzierung ist die Qualität der Beratung und Vielfalt der Ausstattung
- Regionalität: Ort, Sprache, physisch sichtbar, Arbeitsplätze sichtbar, keine Telefonkosten, Erreichbarkeit
- Bsp Ford - Carcol
- Inhaus ist kein Produkt sondern bietet Dienstleistung
- kann wir das noch nicht vorstellen
- Bsp Sanitär - van Inhaus
- nicht vorstellen - Install als Marke, auch Eigenmarke jedoch anlassbezogen vorstellbar
- Bsp auf WC Deckel - Hersteller von Inhaus
- Bereits in Umsetzung (Visitenkarte Install. Name + Inhaus)

Zwischenergebnis der Fokusgruppen Teilgruppe I

Endkunden; Architekten;
Generalunternehmer; Investoren

02. April 2013

Robert Küng
Herbert Steiner

steiner.

Position der Händler

- Händler werden als Anker und Referenzpunkt gesehen
- Regionalität des anbietenden Händlers hat überraschend hohen Stellenwert

steiner.

Entscheidungsprozess

- Auswahl und Entscheidungsprozess wird als sehr komplex und fordernd beschrieben
- Kunden fühlen sich unwohl und überfordert
- Unterstützung der Schaumitarbeiter in dieser Phase wird gelobt
- Problematik den komplexen Prozess zu beschreiben wird von den Kunden verstanden
- Interesse an vertiefter Einbindung und resultierendem höheren Verständnis wäre vorhanden

steiner.

Kaufprozess

- Kunden erwarten, dass das Bad beim beratenden Händler gekauft wird – sie wären niemals auf den Gedanken gekommen, dass dies nicht lückenlos erfolgt und „ohne weitere Preisspiele“ so ist
- Zuordnung der Verantwortung für die Preise wird definitiv beim Großhandel und nicht bei den Installateuren gesehen – Grund: angeschriebene Preise in der Ausstellung und den Katalogen
- Verständnis für das Verhalten des Großhandels fehlt – warum übernimmt der Handel die enormen Kosten und Risiken der Ausstellungen, verzichtet auf die Preishoheit und lässt sich dann noch als Preistreiber hinstellen

steiner.

Preisthematik I

- Brutto- und Nettopreisstruktur führen zu Verwirrung und wird generell nicht verstanden
- Preisdifferenzen zwischen Grundausstattung und Sonderwünschen wird als Betrug des Absatzkanales am Kunden verstanden
- Intransparenz führt zu negativem Bauchgefühl und Wut darüber betrogen zu werden
- Enthaltene Serviceleistungen im Preis gegenüber Internet... werden von den Kunden nicht gesehen – müssten erklärt werden

steiner.

Ausstellung und Beratung

- Ausstellungen des Großhandels werden sehr positiv beurteilt – insgesamt wären aber die Erwartungen an Individualität und gestalterische Unterstützung weit höher

Doppelspurigkeiten

- Schnittstelle in der Aufgabenverteilung Großhandel / Installateur ist nicht optimal geregelt – es gibt zu viele Doppelspurigkeiten und zu lange Wartezeiten auf das Angebot der Installateure bei Sonderwünschen

steiner.

Preisthematik II

- Fehlende Abschluss- und Preiskompetenz der Ausstellungsmitarbeiter wird sehr negativ beurteilt
- Dies wird als Teil einer „mafiosen“ Struktur gesehen – „was zum Teufel passiert hier – werde ich gerade über den Tisch gezogen?“ ist die resultierende Frage bei den Kunden
- Projektentwickler und Investoren würden sich neben dem Bruttopreis ein verbindliches Nettoangebot über Badezimmer Einrichtung in der Projektphase und vor der Entscheidung über den Installateur wünschen

steiner.

Transparenz

- Insgesamt fühlen sich die Kunden im Grund in einem intransparenten System/ „betrogen“
- Installateur wird als schlechter Berater und Verkäufer eingestuft
- Eine optimale Struktur würde auf jeden Fall den direkten Kauf beim Großhändler zulassen
- Kunden würden sich den Großhändler als Badezimmer GU-Wünschen der mit ausgewählten Installateuren zusammenarbeitet
- Grund dafür ist das weit höhere Vertrauen in den Großhandel und die zugeordnete Kompetenz

steiner.

Erwartungen und Image

- Ein Bad beim Installateur beraten zu lassen ist wie wenn man ein Luxusfahrzeug beim Mechaniker in der Werkstatt kaufen würde
- Der Handwerker welcher bis 18:00 Uhr auf der Baustelle arbeitet und dann verschätzt zu einem Beratungsgespräch eilt kann nicht die erforderliche Qualität produzieren

steiner.

Bauträger-Einschätzung

Wohnbauträger sind mit dem derzeitigen Ablauf sehr zufrieden, da sie davon profitieren:

- Es ist ihnen bewusst, dass sie hochwertigste Produkte zu absolut tiefen Preisen erhalten und dass ihr Kunde dann in Form der Sonderwünsche die Rechnung dafür bezahlt
- Daher würden sie das System im Grundausstattungs Bereich am liebsten bis zum Exzess weitertreiben und dann auf Sonderwünsche ganz verzichten
- „Sonderwünsche geben eh nur Arbeit und dann noch Ärger mit Kunden wegen der Preisdifferenzen“

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Kundenanspruch

- Kunden wollen absolute Entscheidungsfreiheit und haben in der heutigen Zeit kein Verständnis dafür zum Kauf bei bestimmten Großhändlern / Installateuren gezwungen zu werden

Kommunikation

- Kommunikation der Partner wird generell als zu defensiv eingestuft
- Begeisterung in der Ausstellung wird nicht für Abschluss genutzt

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Zwischenergebnis der Fokusgruppen Teilgruppe II

Installateure

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Einschätzung der Installateure

- Installateure sind mit dem System an sich zufrieden
- Es gibt wenig Grund etwas zu ändern
- Problem sind die bösen „anderen“ Installateure die nicht kalkulieren können

steiner.

Großhändler

- Aggressive Großhändler mit tiefen Preisen und wenig Leistung sind ebenfalls wichtig, da sie sicherstellen, dass bei Qualitätshändlern die Preise reduziert werden können
- Überhaupt verdienen die Großhändler viel zu viel
- Ausstellungen sind sehr wichtig und werden daher auch gerne genutzt – selbstverständlich kauft der Installateur dann in der Regel beim beratenden Händler aber nur zum Preis des billigsten Großhändlers
- Das wird so als notwendig erachtet – man gibt nur den marktseitigen Druck der unfairen GU's weiter

steiner.

Internet

- Internet... wird als zeitlich und volumensseitig begrenztes Phänomen eingestuft und nicht ernst genommen
- Wenn überhaupt ist das Internet ein Problem des Großhandels

steiner.

Preisthematik

- Die Lösung wären europaweit einheitliche Bruttopreise dann hätte man auch weniger Probleme mit Internet usw.
- Die Preishoheit und Auswahl der Produkte muss eindeutig beim Installateur bleiben – eine kostendeckende Verrechnung der Arbeit ist auf Grund der schlecht kalkulierenden Wettbewerber nicht möglich

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Zusammenfassend

- Offene und ehrliche – wenn auch teilweise sehr kontroverse Diskussionen
- Interesse der einzelnen Kundengruppen war überraschend groß – ebenso die Bereitschaft zur Optimierung beizutragen

steiner.

Schnittstellen

- Schnittstelle zum Großhandel gehört optimiert – dabei müssen aber die Interessen der Installateure im Vordergrund stehen

Einschätzung über Kunden

- Die Kunden hat man sehr gut unter Kontrolle – das war auch immer schon so

Ansatz der Installateure

- Generell wäre es gut, wenn sich der Großhändler auf die Beratung konzentrieren würde und die Bewerbung und Kommunikation zu den Kundengruppen unterlassen würde

steiner.