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SAAB VERSUS INTERNAL MARKETING

**-INTERNAL BRAND ALIGNMENT IN AN MNC OPERATING IN
THE AUTOMOBILE INDUSTRY-**

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ABSTRACT

The alignment of company goals and strategies throughout an organisation calls for well-developed internal marketing processes. Those processes often seem to lack or function unsatisfactorily, judging from the fact that many companies have trouble communicating corporate values and marketing ideas to the final customer. When the customer's actual image of the brand does not match the intended brand identity, the marketing activities will not have the desired effect.

The purpose of this thesis is to address the difficulties in communicating corporate plans throughout the whole organisation and make an attempt to generate new knowledge by developing a new model on internal marketing. We have used Saab Automobile AB as our case company, a Swedish car manufacturer operating in the luxury automobile industry.

The development and maintenance of mutually valuable relationships is vital for effective internal marketing. Effort should be made to try to change the basis for relationships from manipulation to motivation. A greater interdependence between the parties would be likely to reduce uncertainty, and result in a more efficient use of resources. The main obstacle towards the building of relations is the lack of transparency in the development and communication of marketing activities. It is vital to create an environment in which information flows without being distorted. The main factors distorting the ultimate exposure of the brand identity to the customer are related to poor execution and communication of marketing activities. A lot of the problems related to execution and communication can be solved with better education of employees with regard to brand identity and its relation to the overall strategic marketing plan.

Keywords: Internal Marketing, Relationship Marketing, Brand Identity, Brand Image, Brand Strategy, Communication, Saab Automobile AB

‘ Though this be madness, yet there is method in’t.’

William Shakespeare

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Susanne Gillemo

Marieke Rijkse

SAAB VERSUS INTERNAL MARKETING

-Internal Brand Alignment in an MNC Operating in the Automobile Industry-

TABLE OF CONTENTS

1	INTRODUCTION	1
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1.1	BACKGROUND	1
1.1.1	RELATIONSHIP MARKETING	1
1.1.2	INTERNAL MARKETING	2
1.1.3	EXTERNAL AND INTERNAL SYNERGY	3
1.2	RESEARCH PROBLEM	3
1.2.1	INTRODUCTION TO THE RESEARCH PROBLEM	3
1.2.2	THE AUTOMOBILE INDUSTRY	4
1.2.3	THE CASE COMPANY – SAAB AUTOMOBILE AB	6
1.2.4	SAAB’S POSITIONING STRATEGY	8
1.2.5	PROBLEM BACKGROUND	10
1.2.6	PROBLEM DEFINITION	14
1.2.7	RESEARCH MODEL	16
1.3	PURPOSE	16
1.4	DELIMITATIONS	17
1.5	ACRONYMS	18
1.6	OUTLINE OF THE THESIS	19
2	METHODOLOGY	20
<hr/>		
2.1	RESEARCH STRATEGY	20
2.2	THE RESEARCH DESIGN	21
2.3	THE CASE STUDY DESIGN	22
2.4	THE METHOD	24
2.5	DATA COLLECTION	25
2.5.1	PRIMARY DATA	25
2.5.2	SECONDARY DATA	27
2.6	TRIANGULATION	28
2.7	DATA ANALYSIS	28

2.8	QUALITY OF THE RESEARCH	29
2.8.1	VALIDITY	29
2.8.2	TYPES OF POSSIBLE ERRORS	31
2.8.3	RELIABILITY	32
2.9	ETHICS IN RESEARCH	33
3	<u>THEORETICAL FRAMEWORK</u>	34
3.1	PRIMARY THEORIES	34
3.1.1	RELATIONSHIP MARKETING	34
3.1.2	INTERNAL MARKETING	36
3.1.3	CONCEPTUAL MODEL OF SERVICE QUALITY	40
3.1.4	BRAND IDENTITY	42
3.1.5	ADVERTISING	46
3.1.6	COMMUNICATION PROCESS	49
3.1.7	BENCHMARKING	50
3.2	SECONDARY THEORIES	52
3.2.1	DIMENSIONS OF INTER-ORGANISATIONAL RELATIONSHIPS	52
3.2.2	CHANNEL MANAGEMENT	55
3.2.3	AGENCY PROBLEM	61
3.2.4	CENTRALISATION VERSUS DECENTRALISATION	61
4	<u>EMPIRICAL STUDY</u>	63
4.1	SECONDARY DATA	63
4.1.1	DEALERSHIP, SALES AND MARKET SHARE STATISTICS	63
4.1.2	DEALER SATISFACTION INDEX (DSI)	67
4.2	PRIMARY DATA	69
4.2.1	HQ	69
4.2.2	SWEDEN	80
4.2.3	THE NETHERLANDS	87
4.2.4	FRANCE	96
4.2.5	USA	103
5	<u>ANALYSIS OF EMPIRICAL RESULTS</u>	113
5.1	INTRODUCTION	113

5.2	BRAND IDENTITY	117
5.3	IMAP	122
5.4	DEALER ADVERTISING	127
5.5	BUSINESS RELATIONS	132
5.5.1	HQ/IMPORTER	135
5.5.2	IMPORTER/DEALER	137
5.5.3	HQ/DEALER	139
6	<u>CONCLUSIONS</u>	141
6.1	EXECUTION	141
6.2	COMMUNICATION	144
6.3	BUSINESS RELATIONSHIPS	146
7	<u>THEORETICAL IMPLICATIONS</u>	148
8	<u>RECOMMENDATIONS</u>	155
9	<u>AREAS FOR FUTURE RESEARCH</u>	160
10	<u>LIST OF REFERENCES</u>	162
10.1	BOOKS	162
10.2	ARTICLES	163
10.3	WEB SITES	164
10.4	OTHER PUBLICATIONS	165
10.5	GUEST LECTURES	165
10.6	INTERVIEWS	165

TABLE OF FIGURES

FIGURE 1.1: THE RELATIONSHIP MARKETING ORIENTATION: BRINGING TOGETHER CUSTOMER SERVICE, QUALITY AND MARKETING	2
FIGURE 1.2: SAAB ORGANISATIONAL CHART	8
FIGURE 1.3: SAAB POSITIONING MODEL	9
FIGURE 1.4: PRICE/QUALITY MODEL	10
FIGURE 1.5: BRAND PYRAMID MODEL.....	12
FIGURE 1.6: RESEARCH MODEL.....	16
FIGURE 1.7: TABLE OF ACRONYMS	18
FIGURE 1.8: THESIS OUTLINE	19
FIGURE 2.1: CASE STUDY DESIGN.....	23
FIGURE 2.2: ABDUCTIVE REASONING MODEL.....	25
FIGURE 3.1: RELATIONSHIP MARKETING MODEL	36
FIGURE 3.2: CONCEPTUAL MODEL OF SERVICE QUALITY	40
FIGURE 3.3: POSSIBLE IDENTITY AND IMAGE GAPS	43
FIGURE 3.4: THE COMMUNICATION PROCESS	49
FIGURE 3.5: MODEL ON INTER-ORGANISATIONAL RELATIONSHIPS	55
FIGURE 4.1: TABLE OF DEALER CHARACTERISTICS 1999.....	64
FIGURE 4.2: TABLE OF NUMBER OF DEALERS 1999	65
FIGURE 4.3: TABLE OF NEW CAR REGISTRATIONS 1995-1999	67
FIGURE 4.4: TABLE OF MARKET SHARES IN P5 MARKET SEGMENT 1995-1999	67
FIGURE 4.5: HOLISTIC MANAGEMENT	70
FIGURE 4.6: SAAB BRAND ARCHITECTURE	72
FIGURE 4.7: THE IMAP PROCESS	75
FIGURE 4.8: THE INTENDED ADVERTISING CREATION PROCESS	78
FIGURE 5.1: ADAPTED VERSION OF CHRISTOPHER’S SERVICE QUALITY MODEL.....	114
FIGURE 6.1: EXECUTION FLAWS AT DIFFERENT MANAGERIAL LEVELS	143
FIGURE 6.2: COMMUNICATION FLAWS AT DIFFERENT MANAGERIAL LEVELS	146
FIGURE 7.1: DISTINCTION BETWEEN RM, CRM AND INTERNAL MARKETING.....	149
FIGURE 7.2: EFFECTIVE INTERNAL MARKETING.....	152

1 INTRODUCTION

In this first chapter we present the background of this thesis, and give an overview of the research problem and purpose of the case study. We also describe the case company and the automobile industry to present the setting for the case study. The concepts of relationship marketing and internal marketing are introduced as they serve as the foundation for our thoughts. We also discuss our delimitations and give an outline for the whole thesis.

1.1 Background

1.1.1 Relationship marketing

During the last two decades, companies have increasingly noted the importance of customer service. A remarkable study of Peters and Waterman, known under the name of ‘*In search of excellence*’, drew attention to the efforts top performing companies were placing on ‘getting closer to the customer’ (Christopher et al, 2000). Nevertheless, even though the attention for customer service was present, significant results often failed to materialise. Soon academics realised that treating customer service as a separate organisational unit does not bring about the desired results (Gummesson, 1995).

Marketing is concerned with exchange relationships between an organisation and its customers. Marketing, quality and customer service are key linkages in these relationships. These linkages need to be exploited in order to achieve maximum customer satisfaction and long-term relationships. The challenge organisations face is to bring these three critical areas into closer alignment. In the past, these areas have often been treated as separate entities. As a result of this lack of alignment, a new marketing paradigm was developed, *relationship marketing (RM)*, focusing on the overlap of traditional marketing practices and its linkages (see the model below). The central idea is to create valuable long-term relationships, rather than simply ‘getting the customers’ (Christopher et al, 2000). RM is in itself not a new concept, but rather a refocusing of traditional marketing with a great emphasis placed upon creating customer value. Customer value can be described as the sum of all positive effects a supplier has on the customer’s business or, in the case of end-users, their personal satisfaction. (Payne et al, 2000)

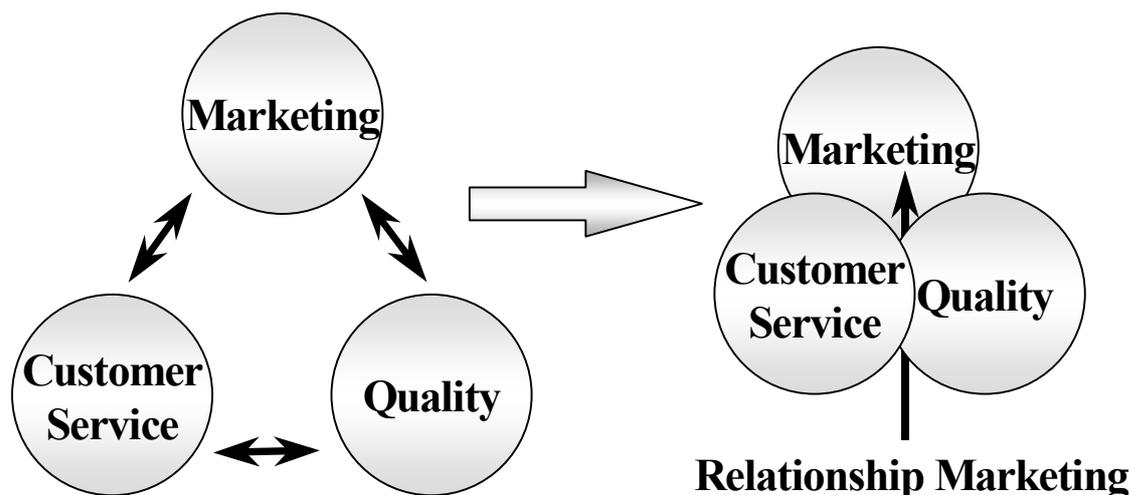


Figure 1.1: The relationship marketing orientation: bringing together customer service, quality and marketing

Source: Christopher et al, 2000

In order to fully benefit from relationship marketing aimed at the customer, the internal structure of the company will have to be aligned to the specific RM requirements. To ensure the communication of corporate values throughout the whole production and selling process, all employees will have to comply with and express the same corporate values. Thus, success in reshaping external markets requires the involvement of marketing in reshaping internal markets (Christopher et al, 2000). The process of networking these internal relationships is called **internal marketing**.

1.1.2 Internal marketing

During the last decades of the 20th century, the term **internal marketing** has emerged in many companies to describe the application of marketing internally within the organisation. All internal marketing theories have in common that the customer is inside the organisation (Berry, 2000).

There are two key aspects to internal marketing (Christopher et al, 2000, p. 29):

- ✓ *Every person working within an organisation has both a supplier and a customer.* Here internal marketing involves getting staff to recognise that

both individuals and departments have customers and then determining what can be done to improve levels of customer service and quality levels within the organisation.

- ✓ *All employees have to work in a manner that is attuned to the company's mission, strategy and goals.* The importance of this has become particularly transparent in service firms where there is a close interaction with the final customer. The idea behind internal marketing, in this context, is to ensure that all employees provide the best representation of the company and successfully handle all interactions with the final customer.

Internal marketing seems to be an area where practice appears ahead of theory. Despite the existence of internal marketing programmes, a limited number of empirical studies and books have addressed this important and emerging area (Christopher et al, 2000).

1.1.3 External and internal synergy

Today, companies are more concerned about external RM as keeping the existing customers becomes increasingly important. The costs for acquiring new customers are normally significantly higher than for retaining the existing ones. However, external RM can only be successful if it is first properly configured internally. The strategies used for external marketing can be applied internally and vice versa. The success of a RM strategy will ultimately depend upon how well the external and internal marketing programmes are aligned (Payne et al, 2000).

1.2 Research problem

1.2.1 Introduction to the research problem

Our attention was drawn to the second aspect of internal marketing. It is our opinion that the alignment of a company's goals and strategies throughout the organisation calls for well-developed internal marketing processes. Those processes often seem to lack or function unsatisfactory, judging from the fact that many companies have trouble communicating corporate values and marketing ideas to the final customer (Gummesson, 1995).

Proper utilisation of internal marketing processes focusing on this aspect is very important for any company in any given industry. Nevertheless, a multinational corporation (MNC) in the luxury automobile industry, characterised by an extensive distribution network, is especially served by a smooth running flow of communication since it is vital for business performance that every part of the distribution chain works towards the same common goal.

Saab Automobile AB places great emphasis on properly executing the Saab branding strategy to the final customer. A strong brand identity is considered a key to success in the luxury automobile industry. Unfortunately, there often appears to be a gap between the official brand identity and the identity ultimately communicated to the target audience. Therefore, we use Saab Automobile AB as the case company in our research and we focus on internal goal alignment. We interview people from both importers and dealers in Sweden, the Netherlands, France and the US as well as relevant people at the Sales & Marketing headquarters (hereafter referred to as HQ) in Gothenburg, Sweden, to gather sufficient evidence for our final conclusions. According to HQ, these countries represent the two extreme ends regarding the level and success of the implementation of official brand identity-related activities.

1.2.2 The automobile industry

The automobile industry was in the mid-twentieth century, what the Lancashire cotton mills were to the early nineteenth century: the industry of industries. This was largely due to the immense scale of the automobile industry, as well as the spin-off effects that it generated through linkages with various other industries. As such, the automobile industry had created vast employment opportunities in the production areas and their vicinities. However, for the last decade, it may seem as though the industry has reached its maturity and lost its propulsive influence on the industrialised economies. Today, especially the luxury car segment of the industry is characterised by over-capacity and fierce competition. This has resulted in a trend of mergers and acquisitions as the companies fight to reduce costs and expand into new markets. Analysts estimate that the carmakers will have a capacity of 70 million cars in 2002 while the demand will only equal 60 million (JSOnline, 2000).

Automobile production is strongly market-driven. Therefore, the changes in the level, the composition and the geography of demand highly affect the performance of the industry. Further, the demand for automobiles is very sensitive to the changes in the level of economic activity. The demand for automobiles in saturated markets like Western Europe and North America is mostly 'replacement' demand, which is generally growing at a slower pace than the demand for new cars and more variable as the purchase of a replacement car can be postponed. The high growth market is therefore in a number of newly emerging countries, which will generate rapid 'new' demands.

Nevertheless, 1999 was an excellent year for the global automobile industry. Almost 38 million passenger cars were sold, representing a growth of 4% compared with 1998. The short-term outlook for passenger cars is good. The current forecast is for 2,2% growth in world car demand. The largest share of this growth can be attributed to the strong recovery of the emerging markets. In mature markets, forecasted sales for 2000 will, at least, match 1999 sales (Standard and Poor, 2000).

Even though prospects for the car industry are positive, some negative, structural, forces affecting the industry need to be taken into account. The lack of new model activity, the possible abolition of leaded petrol and the assumption that further car park growth in some mature markets may be unsustainable, may call for caution in predicting the future of the automobile industry (Standard and Poor, 2000).

1.2.2.1 Sales characteristics of the investigated markets

In 1999, car sales in Sweden totalled 295 000 units, an increase of 16.5% compared to 1998. This increase can be attributed to positive macro-economic signals and a positive replacement demand environment. Further, yet moderate growth is expected for the coming years.

With General Motor's (GM) acquisition of the other 50% of Saab Automobile AB, the company revitalised its presence in the market. However, due to the burden of Saab's past debt, its impact is still unclear. Saab will have to launch a more diverse range of models in the future (possibly including a Sports Utility Vehicle) to successfully fight the strong competition of especially

Volvo. Volvo, backed up by Ford, is expected to push the market by bringing a number of new models onto the market (Standard and Poor, 2000).

In 1999, car sales in the Netherlands rose with 12.6% compared to the previous year to a total of 612 000. The market has been growing continuously for the past 7 years. Analysts predict, however, that a downturn can be expected as sales were pushed forward by an expected increase in pre-tax car prices. Nevertheless, the market will continue to grow mainly due to the below-average level of motorization and the strong economy.

Market segmentation has shown a greater resistance to change than in other countries, which is reflected in a considerable increase in sales of the relatively cheaper models as compared to the luxury classes. Especially Audi, Volvo and BMW are struggling because of this trend (Standard and Poor, 2000).

For France, the level of total car sales in 1999 increased with 10.6% to approximately 2 100 000. If it was not for the rising fuel prices, sales could have been even higher. New cars sales were mainly due to an increasing level of motorization rather than replacement. Despite growing optimism, sales results of the beginning of 2000 were not really better than the established slowing trend and weak replacement of older cars will affect future sales negatively (Standard and Poor, 2000).

Total car sales in the US were approximately 8 500 000, a moderate decrease compared to 1998 (-2.3%). However, the real expected slow-down is still not materialising. Changes in tax rates and oil prices are to be expected. However, judging the timing of this is very difficult, but it seems fair to assume that the boom in sales will slow down in the coming years (Standard and Poor, 2000).

1.2.3 The case company – Saab Automobile AB

Saab Automobile AB (hereafter referred to as Saab) was founded in 1937 as a national manufacturer of military aircraft. After the Second World War the company started to make cars. The expertise acquired from aviation gave Saab a unique position and the company still plays on its connection with aircraft production. With the start of the sales of Saab 99 in 1968, the company

addressed the upper medium-sized car segment. Further, the Saab 9000 entered into the premium car segment when it was launched in 1984 (Dymock, 1997).

In 1969 the passenger car and aircraft production at Saab merged with the truck manufacturer Scania-Vabis AB under the name Saab Scania AB. It grew rapidly abroad during the following decades. In 1987-88, Saab went through a crisis due to declining demand in major markets and faced major losses. During that time, 50 percent of the shares were sold to GM and an independent company, Saab Automobile AB, was created. Today, GM has acquired the rest of the shares from Investor and, as a consequence, now owns 100 percent of Saab. The production is kept in Sweden and extensive reconstruction measures have been commenced under GM's leadership to restore profitability and the company seemed to have turned the tides.

Saab has subsidiaries in Sweden, Norway, Denmark, United Kingdom, Germany, France, Australia, Switzerland, Italy, Korea and US. In other countries independent importers represent Saab. It is quite uncommon for an automobile manufacturer to have independent importers in such large markets (Spain and the Netherlands) as Saab has. There are approximately 1100 dealers world-wide and all except seven are independently owned. Sales in 1999 amounted to approximately 131 000 cars. The plan for year 2000 is to retail 135 000 cars (Saab Automobile AB, 2000). In order to secure a better position among premier brands, Saab is planning to expand its production and sales significantly during the next 5-10 years.

Saab's HQ is located in Sweden. The main production facility is situated in Trollhättan while the marketing activities are run from Gothenburg. Saab is organised along functional lines, which is a common characteristic for a single-business firm (see organisational chart below). The benefits of this functional structure are that they bring together similar activities within which interdependence is high, and by centralising these activities achieving economies of scale, learning and capability building, and designing and deploying standardised control systems. Because the different functions of Saab are rather tightly coupled, to the extent that there is a continuing need for sales, distribution, manufacturing and purchasing to closely integrate the activities, there is limited scope for decentralisation (Grant, 1998).

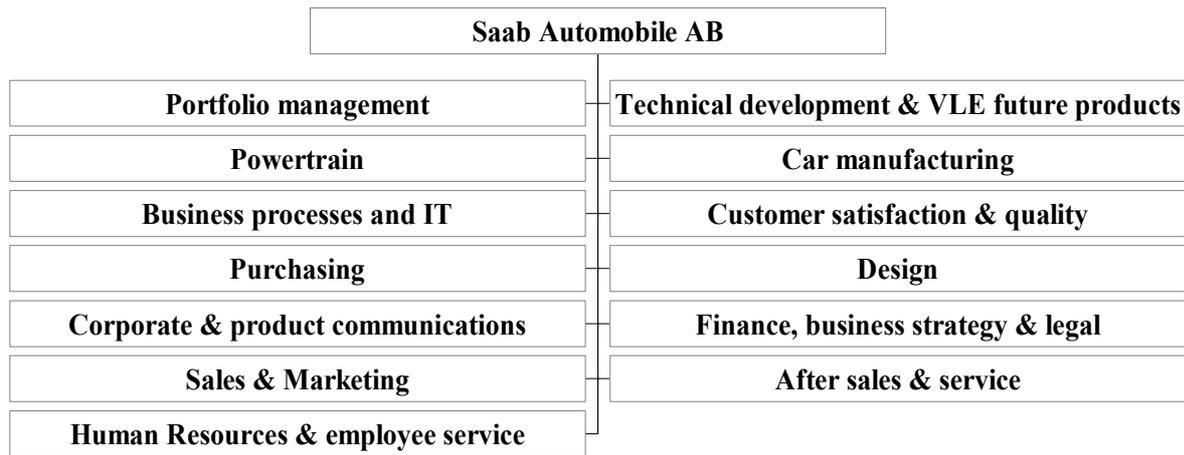


Figure 1.2: Saab organisational chart

Source: Saab Automobile AB, 2000

1.2.4 Saab's positioning strategy

Saab positions itself based on customer needs in terms of car characteristics. The most fundamental division of the premium market is between people that prefer:

- A.** Proven concepts and conservative styling.
- B.** Dynamic cars and sporty styling.

In Europe approximately 60% of the potential customers fall under category A whereas 40% falls under category B. In the US, those percentages are 56% and 44% respectively (Saab Automobile, 2000).

Customers in the luxury automobile market can be sub-divided into three classes, based on life style and affluence:

1. Conservative luxury
2. Modern luxury
3. Post-modern exclusivity

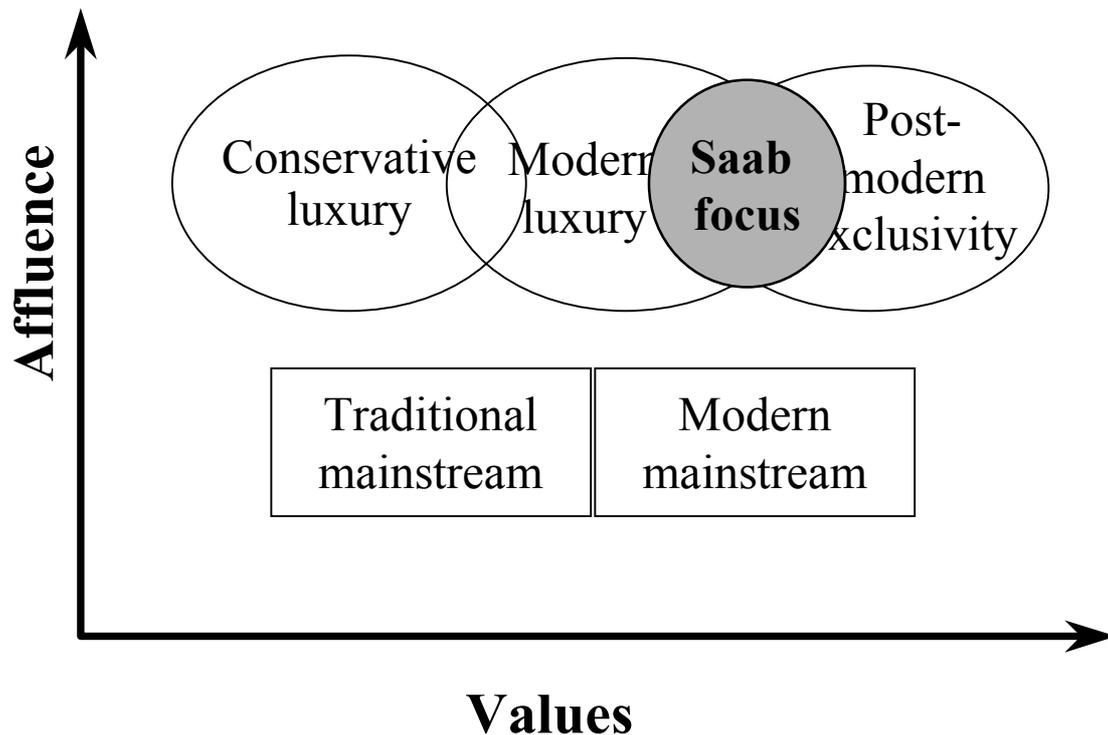


Figure 1.3: Saab positioning model

Source: Saab Automobile AB, 2000

Saab is trying to position itself as a niche-oriented product; targeting individualistic persons who reject mainstream trends and thus the focus is on customers that prefer dynamic cars and sporty styling. The target group is a mixture of the modern luxury and post-modern exclusivity class (Saab Automobile, Brand Book, 2000). The niche strategy is also mirrored in the marketing activities. There is a clear trend towards more targeted activities as more emphasis is placed on the niche marketing strategy (Saab Automobile, 2000)

The customers are generally found among well-educated people who put special emphasis on safety and performance. The product line from Saab consists of Saab 9-5, Saab 9-5 wagon, Saab 9-3 and Saab 9-3 convertible. In the next five years, five to seven new models will be launched among others a replacement to the 9-3. Together with Audi, Mercedes, BMW and Volvo, Saab belongs to a segment they have defined as the Premium 5 (P5), with lower price than Porsche and Ferrari but with higher price and performances than mainstream cars like Fiat and Toyota.

It is quite clear that car quality is higher in upper class brands but the price increases at a faster pace than quality. The differences are intangible, image, heritage and prestige related features. In Saab's case this involves features such as the Scandinavian origin and aircraft heritage.

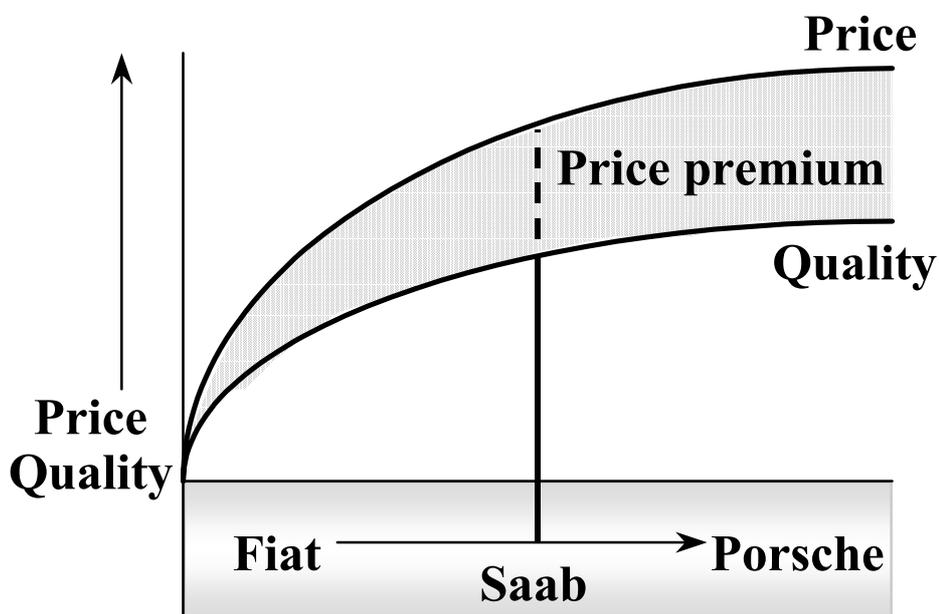


Figure 1.4: Price/quality model

Source: Own, 2000

1.2.5 Problem background

As the automobile industry is characterised by a high level of customer service and extensive dealer networks, a discussion of internal marketing issues and how to execute them is very relevant. In co-operation with Saab we designed a master thesis project, which will provide the company with recommendations as to how to manage their internal communications regarding marketing activities more efficiently. At the same time, it will give us a chance to develop our interest in internal marketing and add to current knowledge by developing a new internal marketing model.

We are interested in investigating and analysing the second aspect of internal marketing, which focuses on aligning a company's goals and strategies throughout the organisation. This is a very current problem as many global organisations have troubles communicating their corporate values and marketing their ideas to the final customers. It seems that in the spider web of

departments, affiliates and dealers, part of the original ideas are getting lost. It would be very useful to find out *where* in the process *what* goes wrong and to develop solutions and recommendations to eliminate those problems as far as possible.

The aspect of internal marketing we are interested in involves the alignment of the employees' goals with the company's mission and strategies. Even though, officially, the independent dealers cannot be regarded as employees of Saab, we feel it is appropriate to refer to them as internal parties due to the level of integration with the company. Especially in Europe, where the automobile industry enjoys block exemption (see for a more detailed explanation chapter 3.2.2.2 on block exemption in the theoretical framework), car dealers are highly dependent on the manufacturer of 'their' brand, as they are not allowed to sell cars of any other make. The level of autonomy is in reality fairly low as the manufacturer can demand that the dealers do certain things or refuse to sell cars to them. Therefore, for the purpose of this thesis, we will extend the definition of internal marketing to involve importers and dealers, regardless of the official level of autonomy.

An MNC with subsidiaries and dealers in a number of countries around the world is likely to encounter various distribution problems, both concerning goods or services meant for customers and also with internal distribution of goods, services and information (Gummesson, 1995). In the brand building effort, there are often gaps between what the management wants the brand to be versus what the staff believes the essence of the business is versus how customers views the company. This thesis will closer examine the internal aspects with regards to why the brand identity communicated by the dealers on several occasions does not match what the headquarters intended to communicate in the beginning. A lack of alignment in communicating the brand becomes an increasingly more serious problem as the importance of the brand grows.

An increasing number of managers are realising that their products are no longer unique. Having a superior product *per se* is no longer a guarantee for success. If the customers do not see the added value of a product, price and availability will determine their choice.

Many industries have seen the development of three trends: decreasing product divergence, increasing media costs and integration of markets. These trends can be seen either as an opportunity or as a threat. A suitable strategy for companies in industries where these phenomenon occur is brand orientation as the opportunities can then be exploited (Urde, 1994).

Considering that the automobile industry is faced with all three challenges, the importance of the brand is evident. Looking at advertising in the automobile industry, it is apparent that much of it is brand-focused. The companies that only have used model-focused commercials have been forced to see their brands losing some of its identity.

The market trends have an influence on the branding strategies in companies. As competition intensifies, the need to completely exploit the full potential of the brand increases. The brand pyramid (see model below) outlines the basic conditions for establishing a brand. The company can control the base of the model, which consists of the product, the trademark and the positioning.

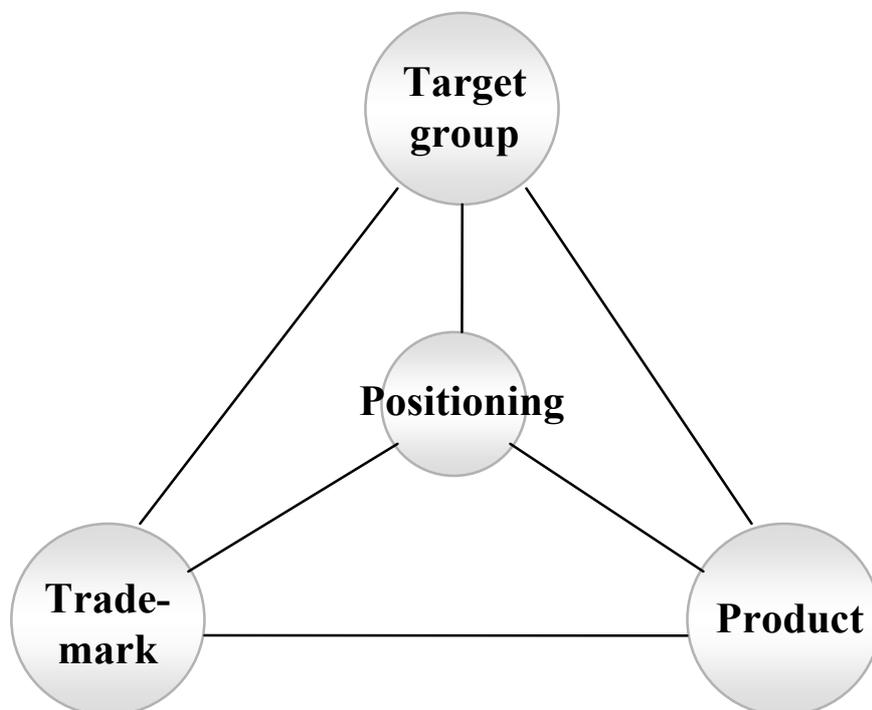


Figure 1.5: Brand pyramid model

Source: Urde, 1994

Especially the trademark plays a crucial role as it identifies the product. It thereby creates the conditions for repurchase and brand loyalty. If the company succeeds with the goal of increasing brand loyalty, it creates a situation of stability and a foundation for the capture of a higher market share. A condition for establishing brand loyalty is the ability to communicate added value. In the brand pyramid, loyalty can be described as increasingly stronger vertical bonds between the target group and the base of the model. Advertising and other marketing activities play decisive roles in strengthening the relationship between product and brand.

Under these conditions, building a brand is not part of the overall strategy, it is the core strategy. A corporate name, corporate identity and a brand vision should be established. To ensure success, the corporate name must be inseparable from the corporate identity. As these two become an integral part of the brand, it is essential that there is co-ordination of communication. The image of a brand-oriented company is a reflection of all actions taken by the organisation. Not only must the different components (the corporate name, the trademark, the corporate identity, the product and the positioning) of the message be in harmony, but the communication from all levels of the organisation must also be synchronised. Otherwise the communication becomes a cacophony of contradicting signals and marketing becomes a cost instead of an investment. This can be difficult to achieve for an MNC operating in a number of countries (Urde, 1994).

According to Urde (1994), there are eight management areas that need to be adequately developed in order to create a brand-oriented company:

1. Make brand issues management issues
2. Develop a brand vision
3. Make an inventory of the company's brands and patents
4. Define the company's added value
5. Formulate a branding strategy
6. Invest in marketing activities which build and enhance the brands
7. Develop competence for successful brand orientation
8. Synchronise the communication

The synchronisation of communication binds everything together and is therefore extremely important for the success of the strategy. During discussions with managers from Saab it became clear that this is the area that causes most problems for Saab. Therefore, the lack of synchronisation of communication forms the basis of our research.

1.2.6 Problem definition

The above reasoning resulted in the following main problem:

Main problem:

How can an MNC, operating in the automobile industry, use internal marketing effectively to align HQ's intended brand identity with the actual identity communicated by the dealers?

Identity is defined as the way the company perceives its brand. It should not be mistaken with image, which is defined as the way the customers view the company. Identity and image is not necessarily consistent with each other.

In order to provide answers and conclusions to the main problem, we investigated three research areas:

Research problem 1:

What does the current marketing activity communication process look like for an MNC operating in the automobile industry?

Research problem 2:

What internal barriers do car manufacturers encounter while communicating marketing activities to local dealers?

Research problem 3:

What are, concerning the gap between HQ's intended brand identity and the actual identity communicated by the dealers, the differences in behaviour of the actors in the communication process in contrasting countries?

The contrasting countries refer to different countries where headquarters perceive that a certain marketing activity is implemented well or poorly. The countries that were chosen for this study were Sweden, the Netherlands, France and USA.

In order to investigate the communication process from internal marketing properly, we decided to focus on one particular activity, dealer advertising, as studying *all* activities was not possible due to time constraints. As we feel advertising is the main vehicle to communicate the brand identity to the customers, we believe that it is the most appropriate process to follow. Our study will follow the internal process from advertisement creation to actual implementation in the local markets in order to identify and locate the barriers to communication. We found it appropriate to investigate some related issues such as the IMAP process since it is the way HQ has chosen to communicate marketing strategies/activities in general and advertising in particular to the importers and dealers. The feelings and opinions about the business relationships within the organisation were also looked into in order to establish a sense for the general attitudes towards the other parties.

1.2.7 Research model

The scheme below graphically presents our problem analysis. By analysing the data, generated by researching the three problem areas, we will provide an answer our main problem.

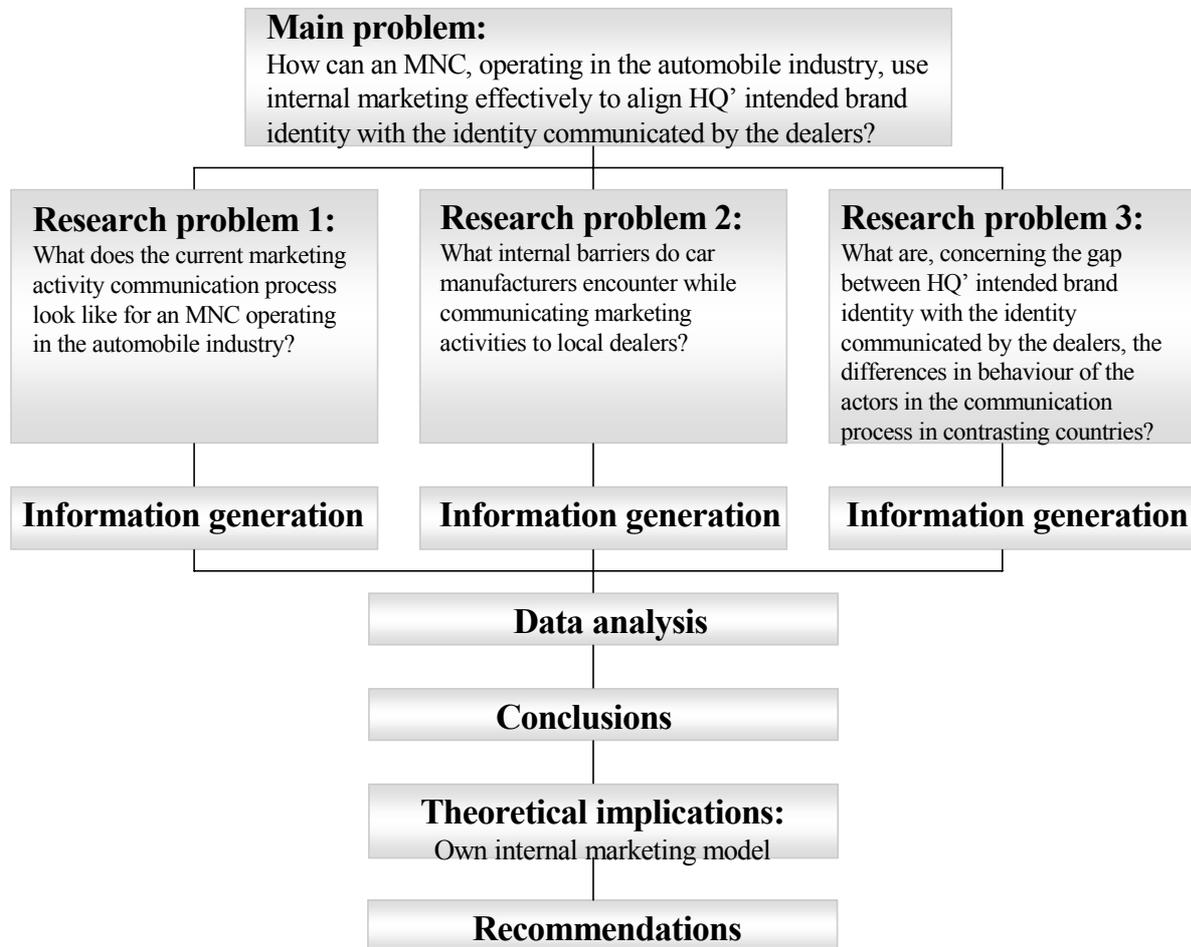


Figure 1.6: Research model

Source: Own, 2000

1.3 Purpose

The purpose of this thesis is to address the difficulties in communicating corporate plans throughout the whole organisation and make an attempt to generate new knowledge by developing a new internal marketing model.

1.4 Delimitations

Within the framework of our thesis, we made the following limitations in our research:

- ✓ The industry we study is the automobile industry. However, we only focused on the luxury segment of the industry only.
- ✓ Our scientific area of interest is internal marketing, within relationship marketing. The two different aspects of internal marketing differ significantly in nature. Therefore, we have decided to only focus on the second aspect of internal marketing - all employees have to work in a manner that is attuned to the company's mission, strategy and goals - as that is a very current and relevant problem in the industry.
- ✓ In order to follow the communication process from HQ to dealers in detail, we decided to concentrate on one isolated marketing activity, dealer advertising. By isolating one marketing activity, we ensure a more coherent picture of the communication process, rather than a bundle of different factors involved in different marketing activities.
- ✓ The problem we investigated concerns the global automobile market. However, as a study concerning all (major) markets is not feasible, we made a selection of countries on the basis of perceived performance (HQ perspective), market size, feasibility to travel to the there and country characteristics.
- ✓ We are not investigating the individual aspects of brand identity. Neither are we looking into whether or why the advertising per se is successful or not. Neither is it an attempt to judge the quality and appropriateness of the advertising.
- ✓ We decided to focus on printed tactical advertising since this process involves all parties included in our analysis (HQ, importers and dealers).
- ✓ Even though we are aware of that there are cultural differences between countries, this aspect is not a central issue in our thesis. As we have investigated the USA and western European countries, we can assume that the management styles are fairly similar and that cultural differences are not the determining factor why the communication of the brand is not aligned.

1.5 Acronyms

The following table presents the acronyms used throughout our thesis.

<i>Acronym</i>	<i>Meaning</i>
<i>A.I.M.</i>	Auto Import Maatschappij, Saab importer in the Netherlands
<i>CRM</i>	Customer Relationship Management
<i>DM</i>	Direct Marketing
<i>GM</i>	General Motors
<i>HQ</i>	Saab headquarters
<i>IMAP</i>	Integrated Marketing Action Plan
<i>IRIS</i>	Satellite system connecting US dealers
<i>MMP</i>	Master Marketing Plan
<i>MNC</i>	Multinational Corporation
<i>P5</i>	Premium 5 – the segment consisting of Saab, Volvo, BMW, Mercedes and Audi.
<i>RM</i>	Relationship Marketing
<i>Saab</i>	Saab Automobile AB, Sweden
<i>Saab-Opel</i>	Saab importer in Sweden
<i>SCUSA</i>	Saab Cars USA

Figure 1.7: Table of acronyms

Source: Own, 2000

1.6 Outline of the thesis

The model below illustrates the outline we will follow in our thesis.

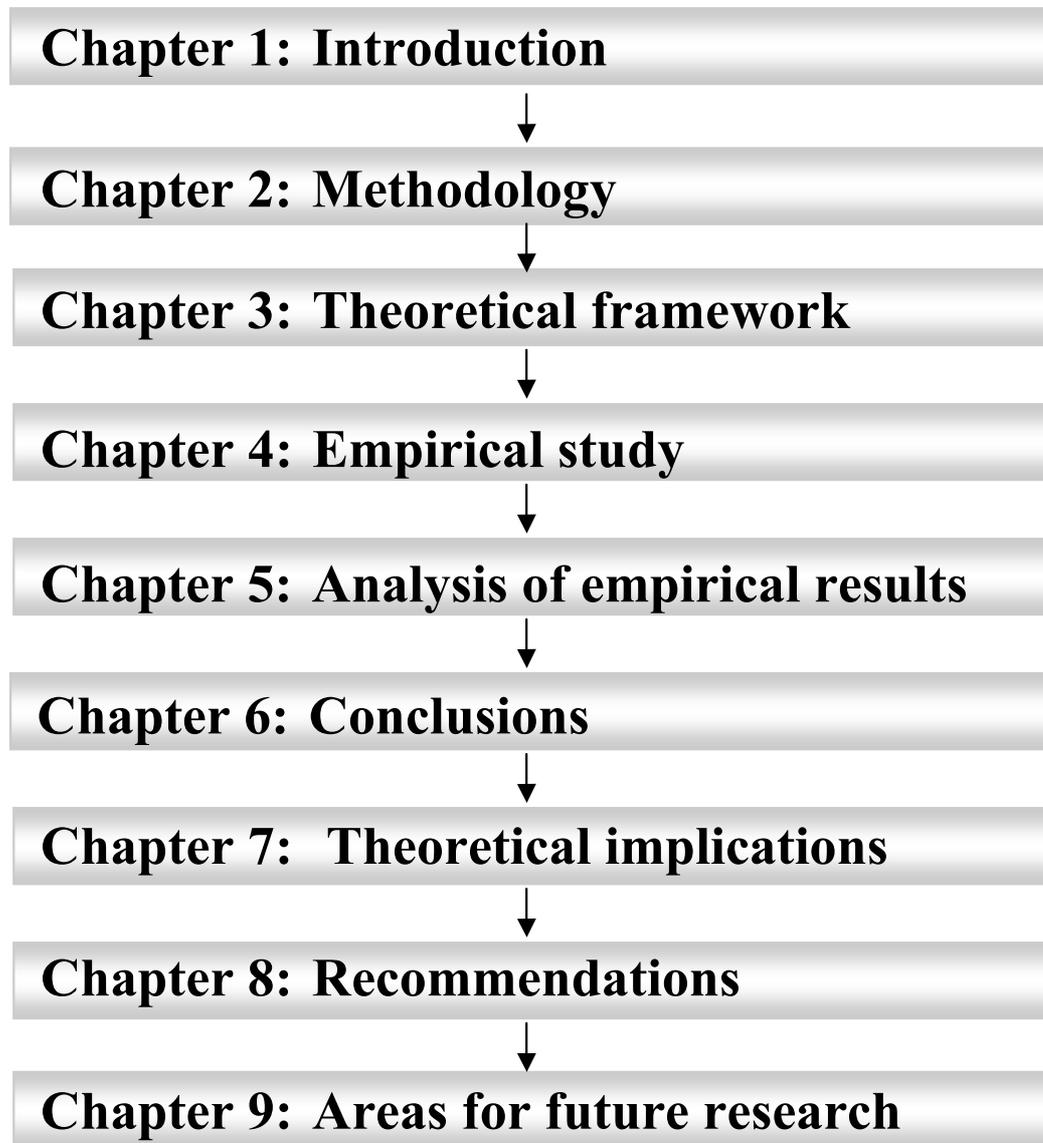


Figure 1.8: Thesis outline

Source: Own, 2000

2 METHODOLOGY

The purpose of the methodology section is to explain and justify the methods and processes we have used in our research. In this chapter we describe our course of action and why we proceeded in that way. Each section begins with a theoretical definition and/or explanation followed by our own methodology. We will start by describing the research strategy, the research design and the method. Thereafter comes a description of the data collection and analysis. Finally, the quality of the research is discussed.

2.1 Research Strategy

According to Yin (1994), there are five different types of research strategies: experiment, survey, archival analysis, history and case study. The choice of strategy depends on several factors, for example, the form of the research question, the need for control over behavioural events and the degree of focus on contemporary versus historical events. Each kind of study has its advantages and disadvantages and depending on what the researcher wants to investigate, the choice of study will differ. For this thesis, we have chosen to undertake a case study in Saab.

Yin (1994) states that “a case study is an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.” Even though the boundaries may be hard to define, it is essential to realise that they exist in case studies. If there are no boundaries, it is not a case study according to Merriam (1998). Examples of boundaries in our case study are that the research is carried out in a single company and there are a limited number of interviews. We have also limited the area of investigation to follow a single process.

One advantage of case studies is that it allows the researcher to retain a holistic view while examining real-life events. The specific approach to data collection is incorporated into the research design making this method a comprehensive research strategy. It also allows the researcher to penetrate deeply into a complex problem. Furthermore, as the setting for a case study is in a real-life context, the results can be applied more effectively.

However, the case study strategy has its critics. Even though it is a distinctive form of research, many investigators hesitate to use it. One of the greatest concerns is the lack of rigor in the research design, implying that a researcher's biased views can influence the findings and conclusions, for example by so selecting certain data, the researcher will be able to prove almost anything. Certain problems regarding bias are not exclusive to case studies, but they are often harder to overcome in case studies than in other forms of research. A second area of criticism is that a single case forms an insufficient base for scientific generalisations. However, as the scientist's goal is to generalise the theories, not the findings themselves, case studies that are performed the correct way can be generalised. The third common complaint is that case studies take too much time. This has been true for case studies done in the past but it does not have to be that way as that is a question of the method for data collection and the writing of the report.

2.2 The research design

The research design serves as the blueprint of the research. However, it is more than a work plan and deals with the logical problems rather than the logistical ones. It is a tool to ensure that the evidence addresses the initial research question and not something else. In summary, it is the logical sequence that connects the empirical evidence with the initial research question and in the end the conclusions (Yin, 1994).

We have chosen to perform a study which aims to investigate and evaluate the communication process for marketing issues between Saab's headquarters, the country subsidiaries and the individual dealers. This is the starting point for the selection of our research design.

According to Yin (1994), there are five components of research design that is particularly important for case studies:

1. the study's question
2. the propositions
3. the unit(s) of analysis
4. the logic linking the data to the propositions
5. the criteria for interpreting the findings

Case studies are suitable to use when answering “how” and “why” questions, when the focus is on a contemporary phenomenon within a real-life context and when the researcher has limited control over that phenomenon. As all three criteria are true in our case, we have chosen to perform a case study.

In our study, there are no propositions since that would imply that the study is deductive in nature. As we have not formulated any theories to be tested in advance, this concept does not apply in our case. Thus, it is also irrelevant to discuss any logic linking the data to the propositions. The third component, the unit of analysis, is linked to the fundamental problem of defining what the case is. Cases can be anything from individual units of analysis to whole systems. Looking at the initial research question can help define the case. Our unit of analysis is an MNC in the automobile industry, including its subsidiaries and dealers. The fifth component refers to the analysis. As we performed a qualitative study the factors are not formulated in such a structured way, as they would have if it had been a quantitative study.

2.3 The case study design

According to Yin (1994), case studies can be designed in four different ways. He makes a distinction between single-case and multiple-case designs and also between single (holistic) and multiple (embedded) units of analysis (see model below). The first distinction concerns how many cases that are analysed, while the second distinction relates to the number of units that are analysed within the studied case.

Single versus Multiple Design

Holistic versus Embedded Design	Single Holistic Design	Multiple Holistic Design
	Single Embedded Design	Multiple Embedded Design

Figure 2.1: Case study design

Source: Yin, 1994

The single case design includes only one case study and it is a useful approach when the case is unique, when the case serves a revelatory purpose or to test an existing theory. We believe a case study is useful in our situation to test the existing theories, improve them and create a new model. We also believe our case is revelatory as Saab views itself as one of the most successful companies in implementing a global approach to marketing and advertising. Saab is probably the car manufacturer that has the most homogenous look and feel of their advertising in different disciplines.

A case study may involve one or several units of analysis. Attention can be given to one or more sub-units. A holistic design takes a global approach and only one unit of analysis is investigated. On the other hand, an embedded case study design involves multiple units of analysis. We will conduct a single embedded case study. Saab is a single company and we will investigate several levels in the organisation: the headquarters, the importers and the local dealers.

2.4 The method

A case study can have the aim to explore, describe or explain a phenomenon. Often a combination of purposes is used as exploratory research often takes place in the beginning of the process and aims to identify, define and structure the problem. The personal interviews we conducted at HQ in the beginning provided us with this kind of information and gave us an overview of the problem. The goal was to develop a hypothesis and propositions for the future. We continued our exploratory research by conducting interviews in the various countries where we gained another perspective of the selected problems.

A descriptive approach is used to describe an observed event, but there is no attempt to generalise the findings into theory. This approach is used when we describe our empirical findings without any attempt to analyse them.

An explanatory method is used when knowledge and theories exist and the study strives to explain the cause-and-effect relationship between different factors. This corresponds to the latter part of our thesis where we analyse the results and try to find solutions for the problems.

A research study can be quantitative, qualitative or a combination of the two methods. A quantitative approach requires that the researcher use standardised measures so the responses can fit into predetermined categories. A qualitative method facilitates the collection of in-depth information that cannot be quantified. An analysis of such data leads to an understanding of how various phenomena are linked together (Patton, 1990). We have used a qualitative approach, as the data collected from the personal interviews cannot be quantified into statistical categories. Furthermore, we argue that the answers will be more revealing with a qualitative approach and thus more useful to solve the problem.

When writing a thesis, the researcher can use inductive, deductive or abductive reasoning. We have opted to use an abductive approach. This is a combination between inductive and deductive reasoning. Throughout the writing of the thesis, we have alternated between theories and empirical work. When we started our thesis writing at Saab, we had various theories in mind. We used deductive reasoning to come up with a problem that could be applied to the company. As the problem developed, our reasoning became inductive as more

theories were added and the main theories were developed. When the questions were constructed with the theories in mind we were deductive in our thinking. Then the empirical research was conducted. After the answers were categorised, we reverted back to the theories to connect the empirical findings with the theories in the analysis. Once again we used inductive reasoning. Finally, we drew the conclusions and the theoretical implementations and practical recommendations were developed. This process was a constant fluctuation between inductive and deductive reasoning. As we base the recommendations on principles from our own internal marketing model, we found it logical to place the theoretical implications before the recommendations.

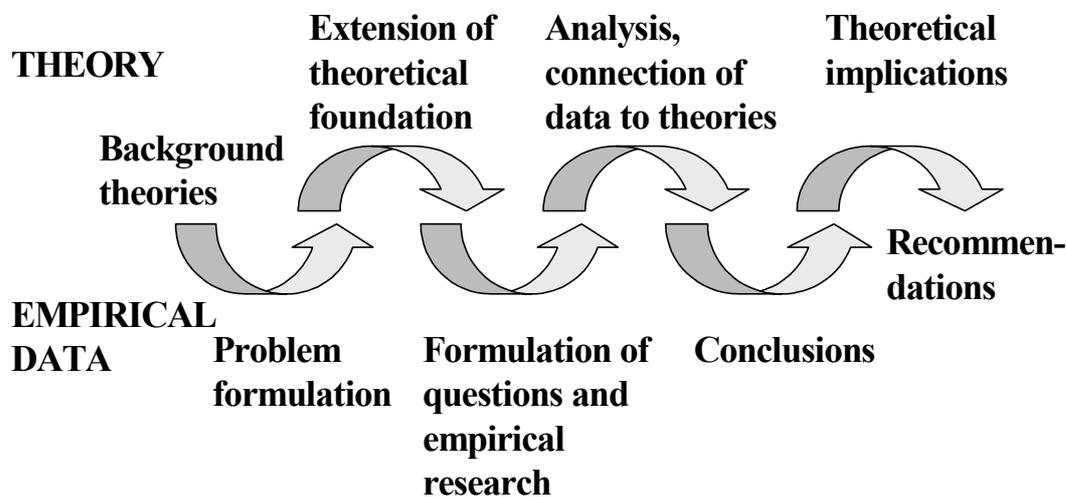


Figure 2.2: Abductive reasoning model

Source: Own, 2000

2.5 Data Collection

There exist basically two forms of data: primary and secondary data. Both kinds of data can be obtained from a number of sources. By using several sources in the data collection, the validity of the data will be higher.

2.5.1 Primary data

Primary data is collected specifically for the research at hand as it does not yet exist. In our case, interviews with various people at the headquarters, the importers and the local dealers are the source of primary data. We chose four countries depending on their perceived performance in a certain marketing

activity, the size and importance of the markets, the feasibility to travel there and the possibility to conduct interviews in English. Two countries where the activity is working well according to HQ were chosen as well as two countries where the launch of the program has been less successful. The countries we investigated were France, the Netherlands, Sweden and the USA. The activity we chose to follow is dealer advertising. There are several reasons behind this choice of subject. Dealer advertising is a global phenomenon that is implemented in all parts of the world. The rules and guidelines from headquarters are also similar for all countries. Furthermore, it has been in use for quite a while in its present format and the degree of implementation can therefore be observed and compared in different markets. As the standardised material is tangible, we can see to what extent it is implemented and to what extent the dealers use their own material. It is also an important activity for Saab considering the fact that the company wants to increase awareness and sales quantity. Furthermore, the advertising obviously plays an important role in conveying the brand and the qualities of the car to the customers. In order to get a good picture of the situation we have also looked into areas such as the IMAP process and the general feeling about the relationships within the organisation. As the IMAP is the way HQ has opted to communicate the marketing activities to the various importers, it is of particular interest to understand that process and the attitudes towards it in the various markets. In the beginning of the process of writing the thesis, we intended only to investigate tactical (dealer) advertising. However, as strategic advertising often came up during the interviews and considering its significant impact on brand identity, we feel it is appropriate and necessary to briefly discuss it at various places in the thesis.

There are some obvious disadvantages using personal interviews as a data collection technique, including time-consumption, high expenses and interviewer bias. However, we feel that the advantages of personal interviewing outweigh the disadvantages for the purpose of our thesis. The advantages and reasons for personal interviewing for our thesis are listed below:

- ✓ Personal interviewing is best suitable for a relatively small sample size (in our case: four countries and approximately 15-20 respondents) and single case study design.
- ✓ The average length of a personal interview is approximately an hour as compared to ten minutes of a telephone interview. The longer duration allows for a more extensive data collection. Our interviews lasted from one hour to two and a half hours.
- ✓ A better alternative for telephone interviewing is video-conferencing. However, it seems unjust to expect that all interviewees will have video-conference facilities. Asking them to travel to the importer's sites (where the appropriate facilities might be present) will place a burden on them and affect the response rate and the quality of the interviews. Also, time difference might become a problem.
- ✓ Personal interviewing allows for supplementary observations. These observations might take into account factors of major relevance for our thesis, including location-specific as well as interviewee-specific variables.
- ✓ Personal interviewing permits for 'show and tell'. As our thesis deals with dealer advertising, a highly graphical marketing activity, this feature of personal interviewing is of great importance to us. We received a number of examples of dealer advertising that we would not have obtained had we not personally met with the dealers.
- ✓ In order to ensure consistency in data collection, it is of vital importance that the exact same interview mode is applied in all cases. Using telephone interviewing for just one country of the pre-selected four markets due to certain reasons seems unjust as it will prevent triangulation of the data and give a skewed picture of reality. We therefore visited all interviewees in person and interviewed approximately the same number of dealers in each country.

2.5.2 Secondary data

Secondary data has previously been collected on another occasion and then published. In the beginning of our research we used an extensive amount of secondary data especially from the company to increase our understanding. Furthermore, we studied literature regarding internal marketing, industrial marketing, relationship marketing, brand management and communication to get a good understanding of existing theories. The material was collected from

a variety of sources; the Internet, books, articles and internally produced documents at Saab.

2.6 Triangulation

The findings and conclusions in a case study are more likely to be accurate and convincing if several sources of information are used. Triangulation is the process of combining findings from different sources to reach a conclusion. Yin (1994) states that there are four kinds of triangulation:

- ✓ Data triangulation
- ✓ Investigator triangulation
- ✓ Theory triangulation
- ✓ Methodological triangulation

We will use data triangulation to ensure accuracy by interviewing several sources in different countries at the various levels in the organisation. Since we choose two countries where the selected activity works well and two where it works poorly, we will decrease the likelihood that the results are country specific and thus increase the validity of the study. Furthermore, we will use several sources of secondary data as foundation for our theories. The fact that there are two of us with different backgrounds will further decrease the possibility of interviewer bias affecting the analysis.

2.7 Data analysis

Merriam (1998) argues that there are several steps involved in the analysis of the data in a case study. The first step is to organise the data in topical or chronological order so it can be presented in a descriptive manner. The next step is to classify the data into categories, themes or types. The final step entails making inferences, developing models or generating a theory.

After we conducted the interviews, we organised the data in topical order and then categorised it. First we classified the data according to country. Information from interviews at the headquarters was treated separately. The procedures and opinions in the different countries were then described separately for each country. Information gathered from the importer was handled separately from the data supplied by the dealers. Under each of the

country headings, the same subheadings for topics were used to ensure consistency in describing the collected data.

For the analysis we performed a cross-case analysis, comparing and contrasting the different countries. The empirical findings were classified according to topic: brand identity, IMAP, dealer advertising and business relationships. Under each heading we tried to highlight general patterns but also country specific features that are important to be aware of. The basis for the whole analysis is the service quality model of Christopher (2000). However, the empirical data is also connected to other theories when it is suitable.

Based on the analysis we draw our conclusions. First, we comment and conclude on the analysis. Then we go into theoretical implications and practical recommendations. In the theoretical part, we try to expand our thinking and bring in ideas from other disciplines like education that can be applied in our case. The recommendations are more company or industry specific but they too can be applied to companies in situations similar to Saab's.

2.8 Quality of the research

In order for scientific research to be useful, it must be of high quality. The most common ways of discussing the quality of a research project is in terms of validity and reliability. We have used a mix between Merriam's (1998) and Yin's (1994) definitions to come up with descriptions that are relevant in our case.

2.8.1 Validity

Validity measures how well the research measures what it is supposed to measure. It can be divided into three categories: internal, external and construct validity.

Internal validity measures how well the findings in an empirical study relate to reality. It is also a measure of whether the researcher has investigated what was supposed to be measured. As we all define reality from our own perceptions, the issue of research bias is central when discussing internal validity. The

researcher has to interpret the material collected and that process is influenced by researcher subjectivity. However, as we are two researchers with different backgrounds conducting this study, the subjectivity in the interpretations has been decreased. According to Merriam (1998), the internal validity can be improved by using multiple sources, asking the respondents to confirm data and interpretations, observe a phenomenon over a period of time rather than at a single occasion, ask colleagues to comment on the findings and clarify the assumptions. For each country we interviewed at least three dealers. As we got consistent answers from multiple sources on many issues, it is our opinion the conclusions are valid. On the importer level, we only interviewed one person in most cases. To ensure that we understood the information correctly, we sent back our interpretation of the interview to each importer to confirm the data. Furthermore, as we have worked in close contact with both the case company and professors at the university, we have received many comments on our findings and the interpretations of them. Therefore, we argue that our thesis is internally valid.

Construct validity is used to ensure that the researcher uses the correct operational measures and objective judgement is used when collecting data. For this study, we have chosen the countries based on the recommendations from the case company. We believe that Saab HQ knew better than we did which markets would be interesting to interview for the purpose of this thesis. We also got the names of the people to interview at the importer level from HQ. The people that were interviewed have been selected based on certain criteria, for example dealership size, position in organisation and geographical location. We believe that we have interviewed the appropriate people. The interview questions were based on the theories so we argue that there is a connection between the theoretical framework and the empirical study. As we discussed the same topics with every respondents, we believe we have gathered material that can be compared and contrasted. Furthermore, we have no personal interest in the study to turn out one way or the other, so we argue that we can treat the material objectively and come up with valid conclusions.

External validity addresses the issue whether or not a study's findings can be generalised beyond the immediate case study. To be externally valid, a case study must first meet the requirements for internal validity. If factors are controlled to a large extent, the findings can only be generalised under the

same kind of artificial situations. Critics argue that a single case cannot serve as the basis for broader generalisation, as certain factors are case specific. However, this depends on what it is that will be generalised. Statistical generalisation cannot take place based on the results from a case study. Case studies are only useful as a source for analytical generalisations. Thus, it is possible to make theoretical generalisations based on a case study (Yin, 1994). We argue that our findings can be generalised to other companies in the automobile industry as the organisational structure looks fairly similar and almost all companies have, to some degree, a global approach to marketing. In the end of the thesis we make theoretical and empirical conclusions. There we will make further generalisations.

2.8.2 Types of possible errors

There are basically two different kinds of errors possible. The first is the systematic error, which is more serious as it means that the researcher has used the wrong method. This directly affects the validity of the research. The other type of error is one of interpretation. Even though the procedures might have been right, the research can be inaccurate due to faulty interpretations. This may be caused by either the respondents not answering accurately or the researchers interpreting the answers in the wrong way. As we did not use a tape recorder in our interviews the possibility for interpretation errors existed. The reason for not using a tape recorder is because of the sensitivity of the issues discussed. We argue that the respondents would not have answered as freely as they did if they would have known that their answers were recorded and the tapes could get into the hands of people at HQ. In order to avoid interpretation errors we both participated in every interview and took notes that were compared afterwards. During the research, we have been aware of the possibility for errors and tried to eliminate them. We feel confident that we have avoided making any systematic errors and that there are no interpretation errors that will significantly affect the analysis or conclusions.

During the personal interviews, we took the opportunity to restate questions if we thought something was unclear. However, there is always a risk that the questions were misunderstood or that we misinterpreted the answers. All the interviews were conducted in English, which is not the first language of either of the researchers nor many of the respondents. In Holland and Sweden, some

questions were asked and answered in Dutch respectively Swedish when either party felt that they could not express themselves clearly enough in English. Despite this, some information can have been misunderstood. However, at the importer level, the findings were sent back to the importer for confirmation.

Another possible error is the bias of the researchers. Even before the interviews we had a certain perception in our minds about the market and how the communication was going. This may affect the interpretations of the answers. However, since there were two of us with different backgrounds and we edited the thesis together, we feel that we have given an accurate interpretation of the data.

One issue that has to be addressed is the truthfulness of the responses. As HQ knew whom we interviewed at the importer level, and the importers for various reasons gave us the names for dealers to interview, it cannot be excluded that the respondents abstained from being too critical for fear of repercussions.

Another issue is the reliability of the secondary sources. The material from Saab might be biased in favour of the company. Furthermore, we cannot know if the other researchers have made the right interpretations of their data. However, as we have used multiple sources that support each other, we feel that the secondary sources are reliable.

2.8.3 Reliability

This concerns the extent to which the findings can be replicated. The question is whether or not another researcher that follows the same procedure will come up with the same results (Yin, 1994). In qualitative research the issue is whether the results are consistent with the collected data (Merriam, 1998).

The reliability of a thesis is tightly connected to any possible errors. If significant systematic or interpretation mistakes were conducted, the results will be less reliable. As we feel that we have taken many precautions and verified the information, we argue that we have not conducted any significant errors that impact the reliability of this thesis.

As people's opinions change and procedures improve, another researcher may not come to exactly the same conclusions if the study we performed is replicated. But if another researcher would have conducted the same study at the same time we did, we feel confident that the results would have been the same. We believe our conclusions are consistent with the collected data and that our study is reliable.

2.9 Ethics in research

Researchers have a responsibility to act according to ethical standards to ensure that they or the information gathered are not brought into disrepute. There are normally three parties involved in marketing research: the researcher, the respondents and the client that sponsors the project. In our case, the clients are Saab and the Graduate Business School at the University of Göteborg. In our case it seems that the most important rights to guards are those of the respondents. All respondents should have the right to privacy, to safety, to know the true purpose of the research, to obtain the research results and to abstain from answering questions (Aaker et al, 1995). We believe that we have taken these rights into consideration and not violated any of them. Thus, we argue that our research is conducted according to high ethical standards.

3 THEORETICAL FRAMEWORK

In this chapter we present the theoretical concepts we have used throughout our study. The theories and models applied structured our thinking process and proved to be of great use when analysing results. We used a general introduction and theory of relationship marketing to provide us with a deeper understanding of the relationship network before studying the more specific issue of internal marketing. The conceptual model of service quality illustrated perfectly the basis of our main problem: the existence of gaps between intent and offer. Other valuable concepts that gave guidance throughout our research were the brand identity concept, advertising theories, the communication process and benchmarking. A number of background theories have been used to gain a deeper understanding of the variables studied in our research.

3.1 Primary theories

We made the distinction between primary and secondary theories. The primary section includes the theories we considered most useful when conducting our study and writing our actual thesis. Both kinds of theories are used as a basis for the analysis and the conclusions, but the secondary theories are used to a lesser extent.

3.1.1 Relationship marketing

'Relationship Marketing is the ongoing process of identifying and creating new value with individual customers and then sharing the benefits from this over a lifetime association. It involves the understanding, focusing and management of ongoing collaboration between suppliers and selected customers for mutual value creation and sharing through interdependence and organisational alignment.' (Gordon, 1998, p.9)

Marketers are increasingly finding out that the traditional way of marketing (according to Kotler's 4 P's) is no longer adequate to fulfil market needs. Companies recognise the value of lasting relationships with customers and suppliers but implementation of Relationship Marketing (RM) programs is, in most cases, still lacking due to limited knowledge of RM. Definitions of RM

are several, adding to the confusion. However, most definitions applied have some, if not all, following features in common:

- ✓ RM targets all business relationships that have the greatest long term value and profitability potential;
- ✓ RM is about developing mutually valuable relationships based on profound customer and supplier knowledge and understanding;
- ✓ RM requires continuous learning and improving in order to strengthen the relationship;
- ✓ RM requires creating a vision, strategy, systems and tools that support the customers' and suppliers' intentions. (Blomqvist, 2000)

Early RM developments used simple promotional rewards in an attempt to build loyalty. Today, the emphasis is shifting towards establishing trust by offering high service levels, reliability and convenience. Also, a clear distinction should be made between *individualisation* and *customisation*. A decade ago, marketers believed that the key to successful RM was simply building a customer or supplier database. However, a database must be regarded as a tool in RM and not as a complete solution. A mass-market database might provide information about trends, which will help to individualise the offer, but customisation is quite different. Customisation involves actually creating products and service offers specific for that individual, rather than analysing buying patterns to produce a 'best-fit' option (Lemoine and Lafayette, 2000).

One should recognise the difference between Relationship Marketing (RM) and Customer Relationship Management (CRM). The latter type of marketing is a sub-type of the former and concerns the management of customer relations only. RM is a broader type of marketing, encompassing relationships with customers, suppliers and intermediaries as well as strategies for the overall picture. Internal marketing can also be regarded as a sub-type of relationship marketing, focusing on the relationships within the company.

We aim to contribute to existing internal marketing theories by developing a new model, which would fit within the framework of relationship marketing. Therefore, our point of departure was the following relationship-marketing model:

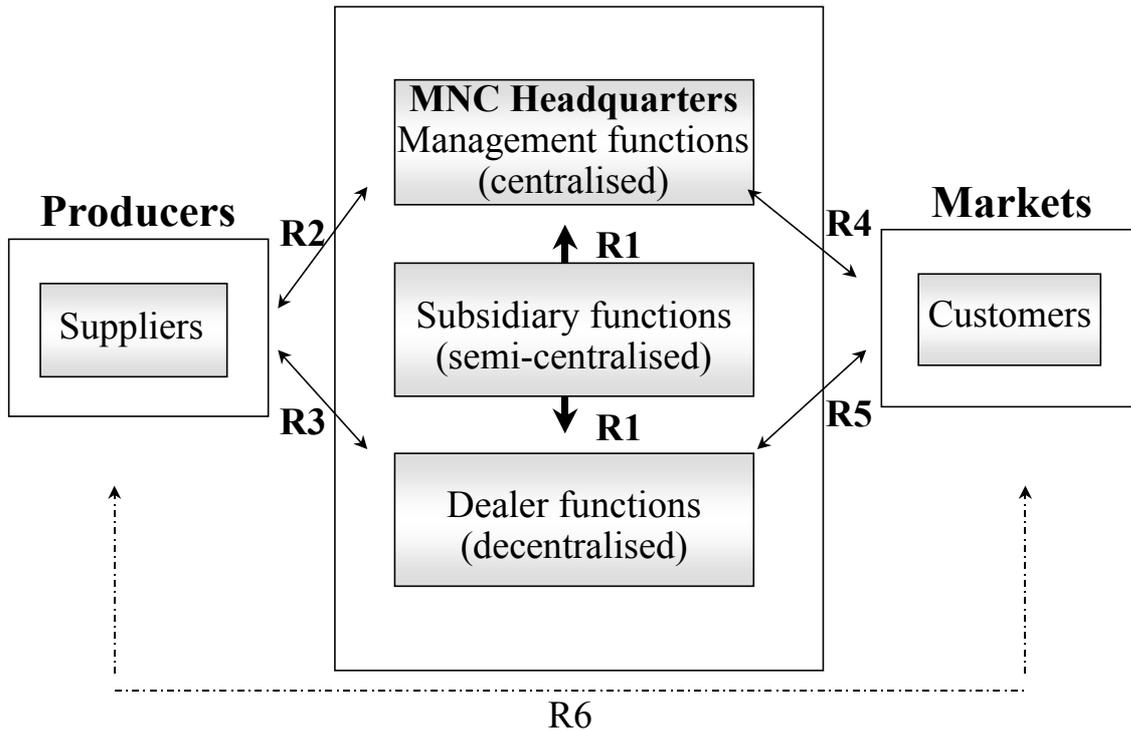


Figure 3.1: Relationship marketing model

Source: Hultén and Ossiansson, 2000 (adapted)

Every firm is involved in a number of relationships. Our study focuses on relationship R1, the interaction between headquarters and dealers. We extended the model to include the interaction with subsidiaries. We argue that a well-functioning R1 relationship is a prerequisite to fully exploit the potential of the relationships with external parties. Our research question evolves completely around this internal relationship. Therefore, we felt it was suitable to use this model as a starting point for our study.

3.1.2 Internal marketing

The history of the development of the internal marketing concept is relatively short. However, some important areas of development and influence have touched upon internal marketing. At least five major streams of thought can be seen as having an influence on its development, including services marketing, human resource management, quality management, organisational theory, and planning and strategy considerations.

Taking the above into consideration, a number of propositions may be said to describe the 'state of the art' in internal marketing. First, it is recognised that internal markets exist within organisations, and that these and the organisation's external markets are often interdependent. Second, many external-marketing approaches may be modified and adapted for use in internal marketing. Different levels of internal marketing can be identified, including strategic and operational levels. Internal marketplaces should be an important focus of attention in strategy formulation, and are critical to achieving effective strategy implementation. In addition, internal marketing has associated costs; explicit internal marketing activity can add significantly to the time and resources consumed in the planning activity (Morgan, 2000).

The emergence of the internal marketing concept can be attributed to the following forces of today's business (Samms, 1998):

- ✓ Many enterprises are continually in some form of transformation-mergers, alliances, downsizing and rightsizing generates the need for constant communication.
- ✓ Some enterprises may rename themselves and this re-branding requires communication to all stakeholders including employees.
- ✓ More companies are empowering staff to increase the focus on customer relationship. This needs full involvement, immersion and training in brand values.
- ✓ There is more contract and less full-time employment. Project staff also needs to understand the brand vision as they are working. This force of change is accentuated with the increasing trend to outsourcing.
- ✓ There is less reciprocal loyalty between employer and employee; the employee's time becomes transactional. The 'internal' brand can be a way to bind the two parties together with shared goals and values.
- ✓ New ways of working require organisations and staff to constantly learn new skills and sometimes these are acquired through alliances. Building a learning company will be an important future consideration. Internal brand values can be an umbrella for this effort.

To motivate staff, it is necessary for communication to flow horizontally and vertically to all staff levels. This process of communication should include the brand mission, philosophy and core values. Many organisations are unable to

harmonise these communications flows to reach all staff levels; some do not achieve even one of these flows (Samms, 1998).

Internal marketing involves creating an organisational climate in general, and job-products in particular, which lead to the right service personnel performing the service in the right way. In consumption, where the performance of people is what is being sold, the marketing task is not only that of encouraging external customers to buy but also that of internal customers to perform. When internal customers perform (in this thesis: the importers and dealers), the likelihood of external customers continuing to buy is increased (Payne et al, 2000).

As mentioned earlier in this thesis, there are two key aspects to internal marketing (Christopher et al, 2000):

- ✓ *Every person working within an organisation has both a supplier and a customer.* Here internal marketing involves getting staff to recognise that both individuals and departments have customers, and then determining what can be done to improve levels of customer service and quality levels within the organisation.

This internal marketing concept holds that the employees of an organisation comprise the first market of a company. The main objective of the internal marketing function is to obtain motivated and customer-conscious personnel at all levels. The thinking behind the internal marketing concept is that employees are viewed as internal customers and their jobs as internal products. Jobs must attract, develop and motivate people thereby satisfying the needs and wants of these internal customers while addressing the overall objective of the organisation (Ewing et al, 1998).

- ✓ *All employees have to work in a manner that is attuned to the company's mission, strategy and goals.* The importance of this has become particularly transparent in service firms where there is a close interaction with the final customer. The idea behind internal marketing, in this context, is to ensure that all employees provide the best representation of the company and successfully handle all interactions with the final customer.

By ensuring that all members of staff are aware of the corporate vision, it becomes clearer what the organisational goals and priorities are, thus helping to avoid conflict within the organisation. A focus on development can help the employees to develop the skills and the knowledge that they need (Samms, 1998).

The corporate image of a company begins with each and every employee and is reflected in his or her attitude about the company. Many times, companies may have a clear idea about the corporate identity and look outward to establish or change an image by means of a strong identity, but image begins with the employees. Internal marketing is a concept that has emerged over the past decades. Today, it is considered a prerequisite for external marketing (Payne et al, 2000).

It is not unreasonable to assume that a country's culture may also have an impact on the way internal marketing evolves and is practised. At the centre of cultural patterns is a general system of transferable core values which are broad preferences for one state of affairs over others. Organisational value systems are affected by the national value system. The company's home country culture will influence the prevalent value system that is adopted. Employees in various countries will be affected by their country culture. Culture may affect internal communications, integration, co-operation and negotiations (Barnes and Morris, 2000).

Obviously, promoting the corporate identity internally alone is not enough. Without efficient and effective operations supporting the departments of an organisation with which the customer deals directly with, internal marketing will only provide a surface-skimming support for a company's brand position (Brewis-Levie, 1999).

Internal quality management is driven by technology, organizational structure, systems and internal goals and values. Different sized firms may show variations in the scale and complexity of their internal operations. As the structure of various firms differ, the strategies will also vary. The quality perceived by customers is likely to differ depending on what strategy the firm is pursuing (Barnes and Morris, 2000).

3.1.3 Conceptual model of service quality

It is essential that any brand and business building effort for service and creative organisations starts by identifying the gaps between what the staff believes the essence of the business is, versus what management wants it to be, versus how clients and customers presently see the organisation (Samms, 1998). Therefore, we extended our point of departure with the conceptual model of service quality. This model provides us with more detail and gives us a more precise and detailed point of departure.

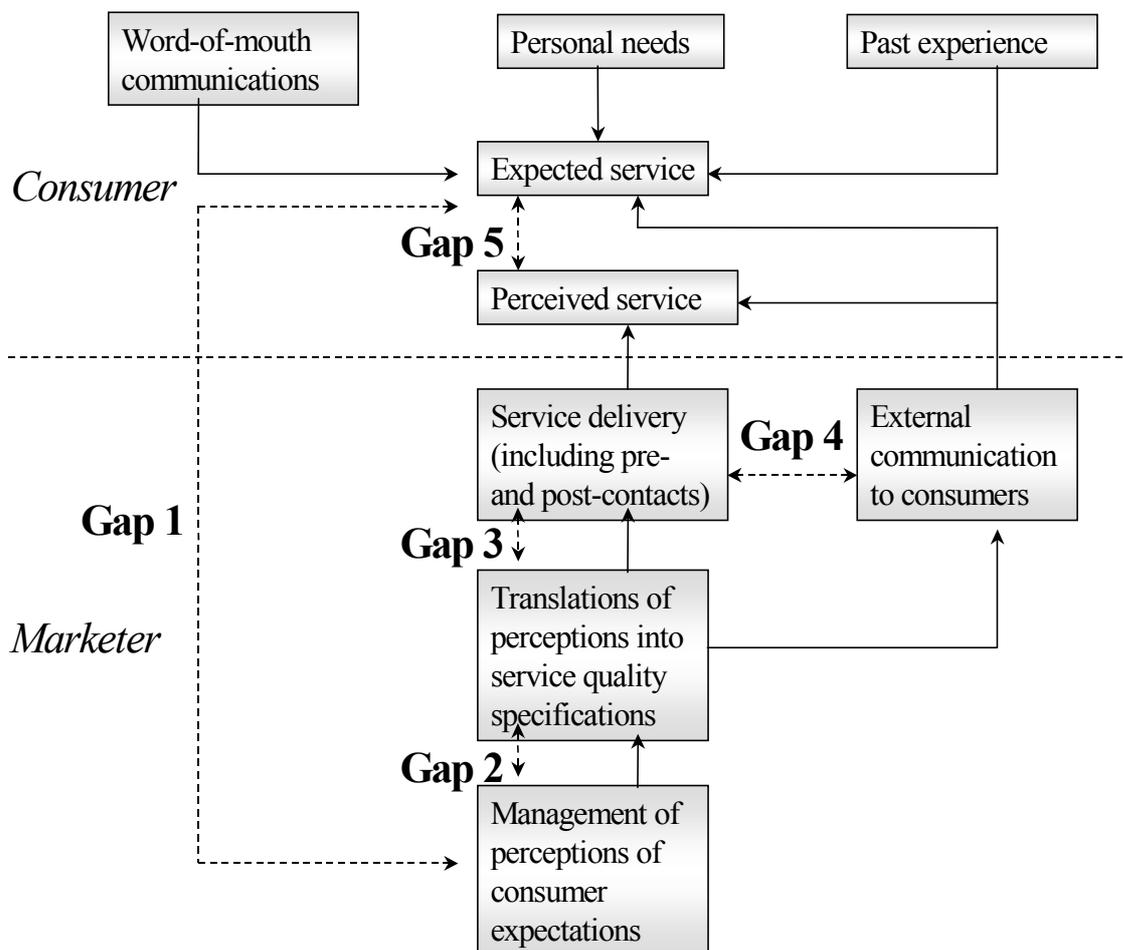


Figure 3.2: Conceptual model of service quality

Source: Christopher et al, 2000

The basic concept of quality is simply the match between what customers expect and what they experience (perceived quality). Any mismatch between these two is a 'quality gap'. As perceived quality is always a judgement by the customer, what the customer thinks is reality, is reality. However, word-of-

mouth information, past experiences, advertising and promotion all affect the acceptability of the organisations final offer, by influencing the customers' expectations. We keep these customer perceptions in mind but we do not investigate them in greater detail as consumer behaviour falls outside the scope of this thesis (Christopher et al, 2000).

Defining quality according to the above-mentioned guidelines is most likely not enough to base marketing plans on due to the following two operational problem areas:

1. 'Expectations' must be understood to mean what the customer thinks 'should' happen, rather than what the customer thinks 'will' happen.
2. The quality concept is not a single variable in itself but merely a function of both customer perception and the firm's resources and activities.

The final result of problems in one of the two areas is the same, a gap between expected and perceived quality (**gap 5**). Quality gaps can be conceptualised into four areas of potential breaks in the relationship linkages (Christopher et al, 2000):

- ✓ **Gap 1** occurs when managers do not know what customers expect. Customers develop certain expectations of the service to be received on the basis of word-of-mouth communications, personal needs and past experiences. Gap 1 illustrates the mismatch between what managers *think* the customers expect and the *actual* expectations.
- ✓ **Gap 2** is an absence of managerial commitment. Regardless of the presence of gap 1, the management of a company might be incapable or insufficiently motivated to translate the customers' service expectations into suitable marketing plans.
- ✓ **Gap 3** is variability in the performance of what customers expect. Even if the company works out suitable marketing plans based on the actual customer expectations, the execution might be poor. This gap might arise due to a variety of reasons such as lack of understanding of the plans or a decreased level of motivation by operational personnel.

- ✓ **Gap 4** occurs when external communications about the offering increase the customers' expectation and consequently decrease perceived quality. The customer is drawn to the point of sale because of the promises in the communication material. When those promises fail to materialise there is a gap between external communication and service delivery.

These four gaps lead to a fifth gap, which is an aggregate of them all, i.e. the gap between expected quality and perceived quality.

Assumptions and limitations of the conceptual model of service quality for the purpose of this thesis:

- ✓ We assume that gap 1 is minimal. HQ invests a significant sum in consumer research and should have a fairly good idea of customer expectations. Obviously, the gap will never be zero due to limitations in market research and individuality of customers.
- ✓ Gap 2 and 3 are the areas to be investigated, translated into the three research problems.
- ✓ The supposed existence of gap 4 will be used as the foundation of our thesis and basis of our main problem.
- ✓ We do not analyse the factors resulting into gap 5 as consumer behaviour is outside the scope of this thesis.

3.1.4 Brand identity

The difference between brand identity and brand image must be clarified before going into the specific theories related to brand identity. **Identity** is defined as the way the company perceives its brand. There can be a gap between the identity the company *intends* to communicate and the identity that is *actually* communicated. This gap can occur for several reasons. There can be internal gaps at the HQ level when there is a mismatch between the identity created by the brand strategists and the one communicated in the external communication. Furthermore, there can also be a disparity between the identity created by HQ and the actual identity as communicated by the dealers through the physical attributes of the dealerships and their individual tactical advertising. **Image** is the way the customers view the company. Again we can distinguish between intentions and reality. The company wants the customers to perceive the brand a certain way. This is defined as *intended* image. *Actual*

image is defined as how the customers actually perceive the brand. In the ideal world there should be no difference between identity and image, intended or actual. In reality, however, certain gaps exist for numerous reasons. The figure below illustrates the interplay between identity and image and the possible gaps. The arrows show the possible gaps. Several gaps can be present simultaneously and any such gap leads to the brand not being perceived correctly by the customers. The gaps can be the result of both internal and external communication and marketing problems.

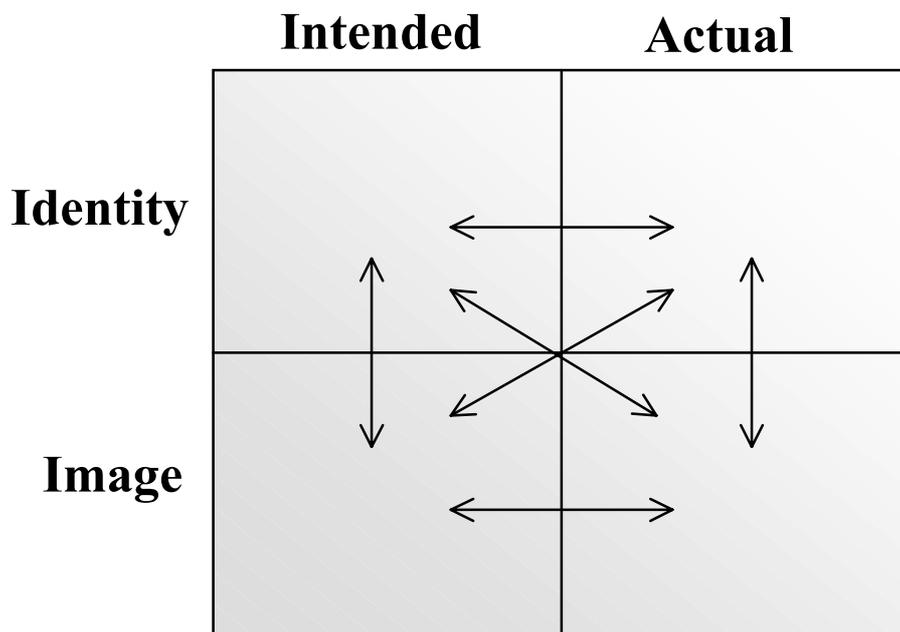


Figure 3.3: Possible identity and image gaps

Source: Own, 2000

Brand identity is a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for, and imply a promise to the customers from the company. It serves to provide direction, purpose and meaning for the brand. The identity should establish a relationship between the brand and the customer providing the customer with a specific sense of value attached to the brand (Aaker, 1996).

A distinction should be made between a product brand and a corporate brand. A product brand refers to the specific characteristics of the product it represents whereas the corporate brand refers more to organisational elements of the company. Sometimes the boundaries between the two types can be

blurred. The corporate brand Saab serves as product brand and it represents the values that can be found in the cars it produces.

In the competitive market economy that exists in most parts of the world, it is increasingly harder for a company to differentiate itself. As car manufacturers have a good knowledge about each other's products and understand the technology at their disposal, differentiation has to come from other areas than technological features and engine sizes. Today, the competitive battlefield is design, service, financial packages and image. As a result, companies have to rethink what is really valuable (Nordström & Ridderstråle, 2000). This has led to branding becoming very important in the luxury automobile industry as a competitive advantage is gained primarily by image related features. Most European competitors use their corporate brand as product brand whereas in the United States individual product brands seem to be more important e.g. the products brands under the umbrella of GM.

Building a strong brand becomes increasingly more important in order to compete in the global arena. Value can be achieved by expanding the concept of the brand. To achieve maximum brand strength, the scope of the brand identity should be broad rather than narrow, the focus should be strategic rather than tactical and there should be both an internal as well as an external focus on brand creation. According to Aaker (1996) there are four traps that can limit the effectiveness of the brand strategy.

In the *brand image trap* the brand image becomes the brand identity rather than just input to be considered. In this situation, the customers dictates what the company is, i.e. it is customer orientation gone amok. The brand image and the brand identity do not always match. If compared, brand image is usually more passive and backward looking than brand identity, which should be active and reflect the associations that are aspired for in the brand.

The brand positioning guides the current communication programmes as it dictates what part of the brand identity and the value proposition to be actively communicated to the target audience. Brand position can be changed without changing the identity or the value propositions. By focusing on different parts of the brand identity, the communication and thus the positioning will change, but the identity as a whole will remain the same. The *brand position trap*

occurs when the search for a brand identity becomes a search for a brand position. The goal then becomes creating an advertising tagline rather than developing a brand identity. The risk is that the concept of the brand becomes too narrow, as the tendency is to focus on product attributes while the brand personality, organisational associations and brand symbols are neglected.

The *external perspective trap* occurs when the orientation of the brand strategists are entirely external and the firm fails to realise the role the brand identity can play in helping the organisation understand its basic values and purpose. An effective identity can serve as a vehicle to internally communicate what the brand is about. How can employees be expected to make a vision happen if they do not understand and buy into that vision? If the employees do not know what the brand stands for and are not committed to the brand identity, the company should not expect the same employees to successfully communicate the brand values externally.

The most common trap is the *product-attribute fixation trap* where the strategic and tactical management of the brand is solely focused on product attributes. This trap is partly created by the management's failure to recognise that the brand is more than the product. It usually leads to less than optimal strategies as it is based on the assumption that only product attributes are a relevant basis for customer decisions and competitive dynamics. However, product attributes are unsuitable for differentiation if all competing brands are perceived as having adequate product quality. Furthermore, product-attribute-based identities have limitations because physical attributes are easy to copy, customers do not always adhere to rational decision-making, extension strategies become limited and the strategic flexibility is reduced.

Naturally, the product itself is an important part of the brand, but the brand can also be attributed to an organisation, have a personality and be associated with a symbol. Especially visual symbols can be memorable and thus powerful. A symbol can be many things like a famous user that stars in the commercials, a well-known manager or owner, or the company's logo. Symbols are more meaningful if they involve a metaphor or are connected to the heritage of the brand (Aaker, 1996).

A confined and ineffective brand identity is often the result of an inappropriate focus where too much emphasis is put on existing brand images, brand position and the brand's external role. A key to developing a strong brand identity is to broaden the brand concept to include other dimensions and perspectives (Aaker, 1996).

3.1.5 Advertising

The internal marketing activity we have chosen to observe in this thesis is dealer advertising. Even though this thesis is not about advertising as such, we feel it is important to understand the basic principles in order to make a proper analysis of the communication process regarding dealer advertising.

'Advertising...attempts to inform and persuade a large number of people with a single communication.'

(K.A. Longman, Advertising, Harcourt Brace Jovanovich Inc., 1971)

Advertising comes in so many forms and carries out so many different tasks that the common factors may not be obvious. However, it is possible to make very simple distinctions from other forms of promotional activities (Wilmhurst and Mackay, 1999):

✓ **Advertising presents a totally controllable message.**

Since the advertiser pays for the space in printed media or time in non-printed media in which the advertisement appears, he has the right to insist on his message appearing exactly as he wants it to appear.

✓ **Advertising delivers messages to large numbers of people at low cost per 'contact'.**

Seeking personal contact with a potential customer is very expensive and the total cost pool increases when a larger customer base is contacted. Costs for advertisements per potential customer, in contrast, decrease when the number of viewers increases.

✓ **Advertising is a fast method of communicating with many people at the same time.**

Contacting all potential customers on an individual basis takes a lot of time, which can be avoided by using advertisements.

Even though advertising can be a very powerful way to reach a large number of potential customers, it has its limitations (Wilhmurst and Mackay, 1999). The purpose of advertising is to bring a message across. It depends on the nature of the message whether or not an advertisement is successful. If that message is poor, so will the ultimate result be. Also, consumers are increasingly sophisticated and critical. These days, in which customers are exposed to an enormous amount of promotional material, it is hard to manipulate viewers. Generally, they will only respond to those advertisements that appeal to them intellectually or emotionally. Gaining a share of the customers' minds is difficult since the amount of advertising communicated through various media is enormous today. Also, because advertising addresses many people at once, it cannot adjust to individual needs that might be pivotal for a purchase. Advertisements that are received with great enthusiasm by one might come across as boring or annoying to others.

3.1.5.1 Is standardisation of advertising possible?

It seems that complete standardisation of advertising of all aspects of a campaign is virtually impossible. Language difficulties alone would often make such an approach impractical. Other aspects, including differences in culture and buying behaviour, may cause even greater difficulties in standardisation. Therefore, when a company claims to have standardised their advertising efforts it probably means that no identical campaigns are implemented but rather the existence of a common advertising strategy, a common creative idea and message, and, as far as possible, similar media. Most international marketing strategies, however, incorporate certain compromises. Studies reveal that campaigns that were most successful were those where a balance was attempted between complete internationalisation and complete localisation (Wilhmurst and Mackay, 1999).

In general, companies have five strategic options to choose from when designing their advertising campaign (Wilmhurst and Mackay, 1999):

1. Same product – Same message

This approach is particularly useful when a company begins to move into foreign markets since it involves relatively little extra costs.

2. Same product – Different communications

This approach is justified when the product fills a different need or is used under different circumstances. Only adaptations in communications are required to create a suitable advertising campaign.

3. Different products – Same communications

This approach encompasses implementing the communication strategy without change, but adapting the home product to local conditions. This strategy assumes that the product will serve the same function in foreign markets under different use conditions.

4. Dual adaptation

As a result of different market conditions and different product usage, this approach combines strategies two and three.

5. Product invention

This approach is applied when customer needs and marketing conditions are dissimilar to such an extent that a new product needs to be developed.

3.1.6 Communication process

The quality of communication between the various parties within an MNC's organisational structure is a decisive factor for the effectiveness of internal marketing programmes; therefore we used the communication process model as a main theory.

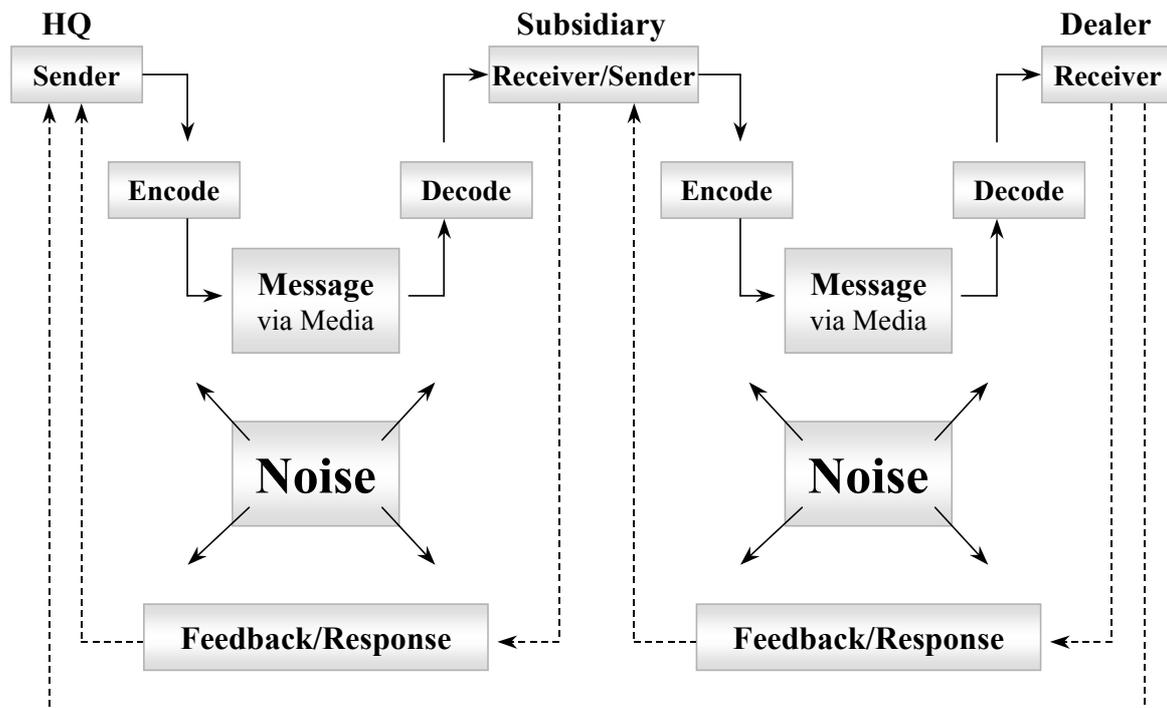


Figure 3.4: The communication process

Source: Fachhochschule Osnabrück, 2000 (Adapted)

Communication can be defined as the process of transmitting a message from a sender to a receiver through a channel with the interference of noise. As a process, it is an ongoing, non-static activity. The channel is the medium through which the message is sent. The medium varies depending on the purpose of the message and the share of verbal and non-verbal content. The sender wants a certain intended meaning conveyed to the receiver. The receiver will interpret the message and based on what the receiver perceives, he will form a concept of the meaning of the message. Even though we are dealing with organisations, human beings send and receive the actual messages. The receiver and sender seldom have the same perception of reality,

causing the perceived meaning to differ from the intended meaning (Funch, 1995).

Noise is anything that distorts or interferes with the message and can be divided into three types: physical, psychological and semantic. The first type of noise interferes with the physical transmission of the message. For example, the connection between two phones can be bad, leading to unclear message being transmitted through the phone line. Psychological noise can include biases and prejudices that lead to distortion of the information. Examples of psychological noise are contrary interpretations because of cultural differences. Semantic noise occurs when the receiver fails to grasp the sender's intended meanings. This could be a result of jargon or technical and complex terms (Slater, 2000).

3.1.7 Benchmarking

In order to adequately study the differences in behaviour of the actors in the communication process in contrasting countries, leading to the gap between HQ's intent and the dealers' offer, we used (an adapted version of) the concept of benchmarking. Benchmarking has emerged as an important tool for appraising and developing organisational capability (in our case: the effective internal communication of the brand identity and the implementation of standardised dealer advertising) through detailed comparisons with other firms and organisations (in our case: importers and dealers in four case markets) (Grant, 1998).

Benchmarking involves five stages:

<i>Grant's stages</i>	<i>Adapted stages for the purpose of this thesis</i>
1. Identify an activity within the firm where there seems to be potential for improvement.	Identification of activity within Saab where there seems to be room for improvement: <i>Communication of the brand identity by means of dealer advertising</i>
2. Identify a firm, not necessarily a competitor, that is a (world) leader in this activity.	Identification of 4 contrasting key markets: <i>Sweden</i> and <i>the Netherlands</i> vs. <i>USA</i> and <i>France</i>
3. Undertake performance comparisons with the benchmarked company through exchange of performance data.	Undertake performance comparisons with the benchmarked company through comparison of primary (<i>interviews</i>) and secondary data (<i>company material</i>).
4. Analyse the reasons for differentials.	Analyse the reasons for differentials.
5. Use the new learning to redefine goals, redesign processes, and change expectations regarding one's own functions and activities.	Use the new learning to redefine goals, redesign processes, and change expectations regarding one's own functions and activities <i>by means of developing a new internal marketing model.</i>

The concept of benchmarking appeared to be particularly useful when analysing the differences in the communication process leading towards dealer advertising implementation between the various importers and dealers studied.

3.2 Secondary theories

The following section contains a number of theories we considered relevant secondary material for our thesis. They are used for analysing purposes but to a lesser extent than the primary theories. We felt that being aware of, and understanding these theories were essential in order to carry out a successful study.

3.2.1 Dimensions of inter-organisational relationships

Even though the concept of relationship marketing and hence, internal marketing is relatively new, research concerning the nature of business relationships has been conducted for several decades. Marret (in Ford and Rosson, 1997) proposed four dimensions for the analysis of inter-organisational relationships based on field studies.

(Please note that, even though for the purpose of the internal marketing concept we regard dealers as an integral part of Saab's business activities, the actual organisations differ in nature in such a way that we can look upon the relationships as inter-organisational.)

Each of these four dimensions is presented below, together with an indication of the relevance of the dimension in the context of this thesis.

1. Formalisation

Formalisation refers to the extent to which the relationship is agreed upon and made explicit. In the automobile industry, the relationship comes into existence when the car manufacturer and importer (and consequently dealers) agree to work with each other. Such an agreement may, in principle, vary with regard to explicitness and importance. However, in the automobile industry all business relationships will involve a legal contract.

The importer in a foreign market can be fully or partly owned by the car manufacturer or can operate as an independent company. A dealership might take three specific forms: exclusive (sells one make only), dual-franchise (sells two makes) or multi-franchise (sells more than two makes).

2. Intensity

This is the level of contact and resource exchange between the parties. Intensity can be measured by two different variables: exchange of goods and services or the number of inter-organisational contacts. For the purpose of this thesis, the latter is more important as we are studying factors distorting the communication process. However, as we are investigating the communication process of marketing activities (the IMAP and dealer advertising), it is important to take notice of the physical intensity of the relationship as well.

3. Reciprocity

Reciprocity refers to the extent to which the parties concerned are *all* involved in decision-making, despite the traditional domains of each. The formation of an inter-organisational relationship implies that a certain division of labour will occur. Depending on the formal nature of the relationship and the area concerned, decision-making will be more centralised or decentralised. For example, the car manufacturer will take decisions concerning product design whereas deployment of the sales force is merely a dealer issue. However, certain decisions might require joint efforts. If all parties are involved in decision-making and if the involvement is of a constructive and selfless kind, it is called *reciprocal*. In contrast, joint involvement may be less balanced than implied above, for decision-making provides an arena for the exercise of power. Lack of reciprocity might be an important reason why HQ's goals and intent are not aligned with the dealers' offers. Therefore, this dimension of inter-organisational relationships is a very valuable tool for our analysis.

4. Standardisation

Standardisation refers to the extent to which established roles and routines of the relationship are adhered to, for example, on the basis of a manufacturer's standard procedure. Continuing transactions in these relationships require that the roles of each party are understood and that routines are established that permit effective operations.

Our main problem focuses on the lack of effective operations as the, by HQ, standardised internal marketing activities are not always implemented the way they were designed. We aim to find out if the level of standardisation, as set by HQ, is too high or if the lack of implementation of standardised procedures stems from a deficiency in relationship commitment.

Marret (in Ford and Rosson, 1997) provides a static approach to inter-organisational relationships. As research concerning these issues developed, it became obvious that a more dynamic approach might be better suitable. Ford (1997) proposes five stages in relationship development:

1. Pre-relationship
2. Early stages
3. Development stages
4. Long-term stages
5. Final stages

He also extended the original four dimensions of Marret with additional dimensions, adding extra insight into inter-organisational relationships. Ford's revised relationship dimensions look as follows:

1. Commitment:
 - Formalisation
 - Contact intensity
 - Resource intensity
2. Adaptation:
 - Standardisation
 - Reciprocity
3. Conflict
4. Distance

Ford sub-divided Marret's original dimensions into two main dimensions, commitment and adaptation, making a distinction between contact and resource intensity. *Commitment* is a measure of the importance of the relationship to a company in terms of the investments it is willing to undertake. This commitment includes both investments in capital and in human resources. Such investments mark major *adaptations* for the companies undertaking them. These adaptations can be both formal due to contractual requirements and informal to facilitate co-operation. The dimensions conflict and distance were added to better illustrate the nature of inter-organisational relationships. Especially the inclusion of the dimension *conflict* has proven to be valuable as most inter-organisational relationships are of a mixed-motive kind. Also, an analysis of the dimension *distance* is of great value for our thesis as distance is

defined as ‘the sum of factors preventing flows of information between different organisations’. It includes elements of geographical, cultural and social distance (Ford and Rosson, 1997).

Ford and Rosson (1997) present a model integrating all above-mentioned aspects, and adding participants dimensions. The participants in an inter-organisational relationship can be classified according to stake, experience and uncertainty. The behaviour of the organisations is likely to be shaped by knowledge (or experience) that the organisations have of each other as well as their uncertainty about the future. Stake is defined as ‘what a party (or parties) stands to lose if the relationship is terminated’.

Ford and Rosson’s model is very helpful to analyse the relationships HQ have with their importers and the relationships between importers and dealers as all dimensions above are of relevance for our thesis.

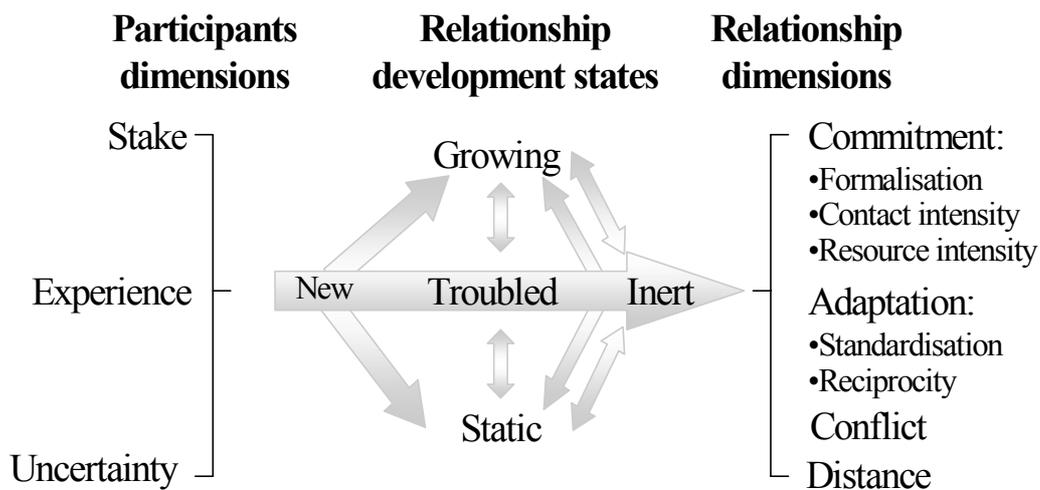


Figure 3.5: Model on inter-organisational relationships

Source: Ford and Rosson, 1997

3.2.2 Channel management

As mentioned before, we regard the relationships car manufacturers have with their importers and dealers as an internal marketing issue. However, making use of external marketing concepts can provide more insight into internal matters. Especially since internal and external marketing policies increasingly

converge and marketers more and more recognise the fact that instruments of both types can be used interchangeably (Payne, 2000).

Rolnicki (1997) created guidelines for successful channel partnership. He stresses the importance of relationships and recognises the need for proper intra-channel relationships before the sales process can be carried out successfully. According to him, sustainable relationships are the result of careful tending and communication, aspects we intend to study in this thesis. His *golden rules* concerning channel management (external parties) can very well be applied on internal parties, which is useful for the purpose of our thesis. The most useful *golden rules* are given below:

- ✓ Be honest and accurate.
- ✓ Communicate with every level of personnel to ensure the most complete and accurate transmission of your channel information flow.
- ✓ Consider the needs of your channel before you implement new policies.

Our study results should reveal whether or not the HQ and importers of our case company live up to the above-mentioned guidelines.

Not all channel management theories are especially useful when analysing the automobile industry. Therefore, we only discuss those issues we feel are relevant for the automobile industry.

A marketing channel is the path a product or service takes as it moves from the manufacturer to its end user or consumer (Rolnicki, 1998). The manufacturer has to choose between using either a direct or an indirect channel. Car manufacturers use, in most cases, an indirect marketing channel to sell their products. The advantages include the fact that the company can devote more resources into issues other than the actual selling, such as R&D and marketing, more geographical areas can be covered and to save money.

Customers might prefer to buy from indirect channels for a variety of reasons of which not all of them are applicable to the automobile industry. The main reasons why customers do use indirect channels to buy their car include (Rolnicki, 1998):

✓ Customer service and technical support

Indirect channels can provide service and technical support promptly and locally. This kind of rapid, competent, and nearby technical support is often highly desired and demanded by the customer.

✓ Ease of doing business

Consumers can rely on indirect channels to conduct tasks that manufacturers do not, cannot, or are not interested in performing locally. In the automobile industry dealers can offer a potential customer a test drive, a service you, most likely, cannot get at the manufacturers site.

3.2.2.1 Exclusive distribution

There are three basic ways to approach a market through indirect channels (Rolnicki, 1998):

1. Intensive distribution

Using this type of distribution a company authorises several distributors to sell products in a given geographical area or market segment.

2. Selective distribution

When a company uses selective distribution channels, it selects only those distributors that meet certain channel selection criteria to sell products in a given market.

3. Exclusive distribution

Exclusive distribution means authorising only one distributor per geographical area or market segment to sell products.

An organisation could decide to deploy a combination of channel distribution types. In the automobile industry a combination between selective and exclusive distribution can often be seen. Most dealerships work on an exclusive basis. How exclusive those agreements are depends on the context of the relationship between the principal and the representative.

There are essentially two types of exclusive agreements (Valentine, 1999):

1. The exclusive right to sell.

This entails that the representative is to be credited with and receive commission on all sales. It includes a prohibition on the principal treating any customers covered by the agreement as house accounts. Dealer agreements in the automobile industry fall under the scope of this type of exclusive agreements.

2. An agreement not to use any other independent sales agents.

This agreement, however, does not prohibit the principal from selling directly to customers to avoid paying a commission. Car manufacturers do use various independent sales agents. Therefore, this type of agreement seems not to apply in the industry.

The creation of exclusive distribution contracts in the European automobile industry is relatively easy as those contracts are backed by the so-called block exemption which allows exclusive distribution networks in the industry. The specific details concerning this exemption from European Union competition law are governed in the following section.

3.2.2.2 Block exemption

The car industry enjoys a block exemption within the framework of European Community Law. This means that car manufacturers are allowed to by-pass competition law and are able to establish vertical agreements, translated in exclusive distribution. The relevant sections can be found in article 81 (former 85) on competition policy in the Treaty on European Union:

1. *The following shall be prohibited as incompatible with the common market: all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market (...)*
2. (...)
3. *The provisions of paragraph 1 may, however, be declared inapplicable in the case of:*

- (...);
- (...);
- *any concerted practice or category of concerted practices, which contributes to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit (...).*

The European commission ruled that the complexity and sophistication of new articles makes it increasingly, rather than decreasingly, important that motorists should be assured of the high quality and highly specialised expertise. This can most effectively be provided by a franchised dealership and selective distribution network, linking garages directly and closely to the various car manufacturers (Federation Internationale l'Automobile, 1995). Therefore, Regulation (EC) n° 1475/95 exempts car manufacturers from obedience to competition law concerning vertical agreements, provided that they comply with the rules set out by the Regulation:

(...) The experience gained in dealing with many motor vehicle distribution and servicing agreements allows a category of agreement to be defined which can generally be regarded as satisfying the conditions laid down in Article 85 (3). These are agreements, for a definite or an indefinite period, by which the supplying party entrusts to the reselling party the task of promoting the distribution and servicing of certain products of the motor vehicle industry in a defined area and by which the supplier undertakes to supply contract goods for resale only to the dealer, or only to a limited number of undertakings within the distribution network besides the dealer, within the contract territory (...)

The Regulation applies to the distribution of motor vehicles which are new and intended for use on public roads and have three or more road wheels.

The block exemption increases the bargaining power of the car manufacturer since the importer and the dealer are highly dependent on the supply of cars. They are, by law, not allowed to sell cars of other makes (unless these other makes belong to the same mother company) and are, therefore, very vulnerable. This might create an unequal balance of power and reduce the reciprocity of the relationship.

Furthermore, the block exemption limits geographical competition. The market is divided into certain regions and each dealer can only compete actively in his region. The dealer is not allowed to actively recruit customers from outside his region.

As the block exemption is a temporary solution, the car companies are already thinking about how to tackle the increased competition. The EU Commission is expected to give its proposal by the end of 2000 and the new rules are likely to be in effect from 2002. When the block exemption is lifted, other companies than car dealers will be able to buy a car from the manufacturer at the same price and conditions as the dealers do. This will, in the long term, change the whole dynamic of the distribution system. (Saab Automobile, 2000). Furthermore, there is the concern that service quality will decrease, as the manufacturer cannot control who retails the car.

3.2.2.3 Bargaining power

Bargaining power depends ultimately on the willingness to deal with the other party. The key factor is the relative costs that each party suffers as a result of the transaction not being executed (Grant, 1998). According to Grant, several factors influence bargaining power:

✓ **Size and concentration of buyers (sellers) relative to the seller (buyer).**

The smaller the number of buyers and the bigger their purchases, the greater the cost of losing one, and vice versa. In the automobile industry, the number of car manufacturers is relatively low, compared to the number of dealers and importers, which increases the bargaining power of the manufacturer.

✓ **Information**

The better informed the buyers are about the car manufacturers, their prices and costs, the better they are able to bargain. Price transparency in the industry is relatively high. Therefore, efforts of car manufactures to increase bargaining power while relying on imperfect information are scarce.

✓ **Ability to vertically integrate**

In refusing to do business with the other party, the alternative to finding another buyer/supplier is to vertically integrate and perform the business processes in-house. In the case of the automobile industry, it is highly unlikely

that dealers will start manufacturing cars themselves due to the high costs. The manufacturers on the other hand, are able to vertically integrate which is illustrated in the fact that most of them do own a certain number of importers and dealers.

The discussion above, combined with the presentation of EC law regarding competition policy, illustrates that the car manufacturers have relatively large bargaining power capabilities in comparison with importers and dealers.

3.2.3 Agency problem

Our main problem focuses on the gap between HQ's intent and the dealers' offer and how to align the activities of all parties involved in the business process in order to work towards a common goal. The problem of goal alignment is referred to in the economic literature as the *agency problem*. An agency relationship exists when one party (the principal) contracts with another party (the agent) to act on behalf of the principal (Grant, 1998).

The problem concerning relationships as the one described above is to ensure that the agent acts on behalf of the principal. In the automobile industry this means an agency problem occurs when that importers and dealers operate with a different perspective on their businesses than HQ. Obviously, ultimate goals for all parties is making a profit, however, dealers and to lesser extent importers are likely to be less concerned with strategic marketing issues e.g. how to convey the right image to the final consumers. These different views can result in an agency problem, as the parties may pursue different interests.

3.2.4 Centralisation versus decentralisation

As we test Saab's organisational design, we have taken notice of the arguments for and against centralisation.

Arguments for centralisation:

- ✓ Co-ordination is more straightforward if there are clearly recognised points for decisions.
- ✓ Senior management has a broader perspective on developments within the organisation and maintains conformity with established policies.

- ✓ Centralisation of control and procedures provides a way of assisting the various functional areas in the organisation (production, personnel etc.) to maintain an appropriate balance - due to centralised decisions on resource allocation etc.
- ✓ Centralisation can allow rationalisation of managerial overheads.
- ✓ Top managers are seen to have proved themselves by the time they reach senior positions.
- ✓ Crises often require strong leadership, which is facilitated if power is concentrated i.e. at the centre.

Arguments for decentralisation:

- ✓ Delegation can reduce the amount of stress and overload experienced by senior management. When overload happens, control is diminished.
- ✓ Many believe that the motivation of employees will increase with a higher degree of discretion and control that they can apply to their work. In these situations it is also more likely that there will be a matching of personal goals with those of the organisation.
- ✓ Delegation widens the on-the-job skills - developing future senior managers.
- ✓ Delegation generally allows for greater flexibility. Decisions do not have to be referred.
- ✓ With relatively independent sub-units delegation can improve controls and performance measurements - accountability can be identified.

4 EMPIRICAL STUDY

In this chapter we present the empirical findings, primary as well as secondary, from our case study. In our opinion, basing our analysis and conclusions solely on primary data i.e. in our case the results of the personal interviews, would bring about incomplete results. Therefore, we collected relevant secondary data to increase our knowledge of the subject matter before going out to the markets to conduct our interviews.

4.1 Secondary data

In order to gain a deeper understanding of the aspects relevant for our thesis, we conducted desk research to gather secondary data. The sources of the secondary data were mainly internal publications provided by Saab HQ. This data is used in conjunction with the primary data, which is generated by means of personal interviews, for the analysis of the empirical findings.

4.1.1 Dealership, sales and market share statistics

After some years of disappointing sales figures, Saab showed a steady increase in total sales over the five years leading up to 1999 (33%). This growth in business performance may partly be attributed to a more efficient dealer network. The total number of dealers decreased slightly from 1162 to 1081, whereas the average sales per main dealer increased from 82 to 118. The number of exclusive dealers remained almost the same (-1). In total, Saab dealers sell 66 other brands globally and the average number of other brands per non-exclusive dealers is 1,9.

In the table below, a breakdown of dealer characteristics for the countries studied for the year 1999 is given.

	<i>Sales 1999</i>	<i>Number of main dealers</i>	<i>...thereof exclusive Saab dealers</i>	<i>Sales per main dealer</i>
<i>Sweden</i>	24 636	61	0	404
<i>The Netherlands</i>	4 565	36	31	127
<i>France</i>	3 350	57	32	59
<i>USA</i>	39 366	201	78	196
<i>Global</i>	131 240	1 081	398	118

Figure 4.1: Table of dealer characteristics 1999

Source: Saab Automobile AB, 2000

Even though dealer performance obviously increased (as illustrated in the increased average sales per main dealer), Saab still has contracts with many dealerships that sell less than forty cars per year (see table below). In Sweden the number of dealers decreased significantly, contributing to a better annual performance per dealer. In the Netherlands, total Saab sales showed an upward trend, which affected all dealers positively. The fact that in Sweden and the Netherlands the number of larger dealers is higher can also be attributed to the fact that most dealers in these countries are exclusive dealers or a dual-franchise (combined with Saab-partner Opel). Dealers in these countries selling less than 19 Saab cars per year in total will face severe financial difficulties and, most likely, cease to exist.

In France and the USA, Saab is often seen as a second brand of the dealership. Emphasis is often placed on selling cars of another make resulting in the existence of many dealerships selling a limited number of Saab cars. The high number of smaller dealers in the other countries can pose problems not only in terms of business performance but also in terms of appropriateness of the marketing policies and brand identity and the effectiveness in the communication of these policies.

<i>Number of dealers by annual sales 1999</i>	<i>Sweden</i>	<i>The Netherlands</i>	<i>France</i>	<i>USA</i>	<i>Global</i>
<i>100 cars or more</i>	51	18	9	112	339
<i>40-99 cars</i>	9	15	17	55	312
<i>20-39 cars</i>	1	2	16	19	219
<i>19 cars or less</i>	0	1	15	15	211

Figure 4.2: Table of number of dealers 1999

Source: Saab Automobile AB, 2000

In the following sections, the four countries we included in our studied are briefly highlighted in terms of annual sales, market share and dealer characteristics.

In Sweden, Saab showed a steady increase in sales between 1995-1999 (40% total increase). The number of dealers was drastically reduced with one third while sales per main dealer doubled. The importer is a Saab subsidiary but it is a combined office with Opel, resulting in the fact that there are no exclusive dealers in Sweden as they all sell Opel as well. Thirty-five dealers also sell Chevrolet.

Saab's market share in Sweden has traditionally been large compared to other markets due to the fact that it is the home market. However, Saab's share in the total market (8,9%) has shown a slightly decreasing trend over the past five years. This decrease is most likely caused by an increase in sales of lower-priced cars as Saab's share of more than 22% in the P5 market segment remained relatively stable.

Saab entered the Dutch market in 1960. The sales increase with almost 90% between 1995 and 1999. The number of dealers remained almost the same (-2). Nevertheless, sales per main dealer doubled. Most dealerships in the Netherlands are exclusive. Five dealers, however, sell Saab in combination with one of the following brands: Chrysler, Jaguar, Lancia, Skoda and Seat.

Saab's market share in the Netherlands has shown a positive trend over the past few years (1995-1999). Even though the market presence in the total market remained relatively stable (moderate increase from 0,5 to 0,7%), Saab's share in the luxury market has significantly increased from 4,7 to 6,8%.

Saab entered the French market in 1965. The increase in sales since 1995 is 74%. As opposed to the other three countries investigated, France showed an increase in the number of dealers (+10). During the same time period, the average sales per main dealer increased slightly from 41 to 59. The number of exclusive dealers expanded with six while twenty-five dealers sell a variety of cars of other makes.

In France, the market share is showing an upward yet moderate trend. Saab still plays a minor role on the market with a market share in the total market of 0,2% and in the P5 market of 3%. However, it should be mentioned that in the luxury petrol segment, which is fairly small as the French market is heavily dominated by diesel cars, the Saab 9-5 close to a 30% market share.

Saab established a market presence in the US in 1957. The increase in sales between 1995 and 1999 is 55%. The number of main dealers decreased significantly (-70) during the same time period. This increase may have caused the increase in efficiency of the dealer network as the average sales per remaining main dealer almost tripled (from 78 to 196). The number of exclusive dealers increased with 17, a fact that also may have contributed to the increase of sales per dealer. Nevertheless, the majority of dealers sell cars of other manufacturers including main competitors.

In the US, Saab's market share is still limited. However, this is the market where Saab themselves considers the brand to have the largest growth potential. The luxury market is characterised by fierce competition. Even though total sales significantly increased and Saab's share in the total market increased (from 0,3 to 0,5%) between 1995 and 1999, the market share in the luxury market dropped from 8,8 to 7,7%. However, it must be mentioned that the US market is not a homogenous market. Saab's market share varies considerably between different geographical locations. In the areas where Saab is strong like the Pacific Northwest and the Northeast, the brand has a larger market share than 10 percent.

The table below presents the number of new Saab car registrations in the period 1995-1999 for the investigated countries (Saab Automobile AB, 2000).

	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
<i>Sweden</i>	18 423	15 528	16 783	19 556	26 303
<i>The Netherlands</i>	2 355	2 183	2 471	3 553	4 286
<i>France</i>	1 976	2 471	2 595	3 913	3 629
<i>USA</i>	25 946	28 190	28 028	30 596	38 797
<i>Total of 34 biggest markets</i>	94 021	93 091	94 622	114 151	127 412

Figure 4.3: Table of new car registrations 1995-1999

Source: Saab Automobile AB, 2000

The table below presents the developments of the Saab market share in the P5 market segment for the period 1995-1999 for the countries included in our study. Please note that market shares in the total automobile are significantly smaller with market shares less than 1% in the Netherlands, France and the US. Saab enjoys a market share of approximately 9% of the total market in Sweden (Saab Automobile AB, 2000).

	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
<i>Sweden</i>	22,5%	20,6%	18,9%	20,3%	22,8%
<i>The Netherlands</i>	4,7%	4,1%	4,5%	5,8%	6,8%
<i>France</i>	2,4%	2,7%	3,0%	3,5%	3,0%
<i>USA</i>	8,8%	8,4%	7,4%	7,3%	7,7%

Figure 4.4: Table of market shares in P5 market segment 1995-1999

Source: Saab Automobile AB, 2000

4.1.2 Dealer Satisfaction Index (DSI)

Every year, HQ conducts a global research in order to investigate dealer satisfaction. The dealers are given the opportunity to grade Saab policies and express their rate of satisfaction (Dealer Satisfaction Index). This study involves a questionnaire, which is sent to all dealers world-wide. The response rate is about 40%. The questionnaire addresses a number of issues ranging

from production-related aspects to policies concerning second-hand cars. For the purpose of our study we focus on two aspects only, marketing and communications. It is very interesting to see if our qualitative results are consistent with the quantitative results generated by the DSI survey.

When looking at the marketing and communication results (DSI 1999) of the four countries included in our analysis, a general pattern can be detected. The dealers in the four countries included in our analysis showed a surprisingly united view on these particular aspects. The respondents were above-average pleased with the current way of communication. The dealers generally did not question the accuracy and honesty of the information and showed only mild concern about information consistency and timeliness of responses and information. On the contrary, there was a general feeling of dissatisfaction regarding marketing material. Especially the items addressing the effectiveness to promote genuine parts and used cars, which are main areas of dealer profitability, were badly rated. An area more of immediate relevance for our thesis that is in need of improvement is the assistance in developing marketing plans. It seems that the dealers are worried about the implementation of globally developed plans in their local market.

It is interesting to note that HQ and dealers have opposite views regarding the quality of marketing and communication throughout the organisation. Our research is based on HQ's perception that there are barriers to communication in the process of conveying the brand identity to the final customer. On the other hand, according to the DSI survey, the dealers regard communication as being effective but merely blame marketing material to be the cause of problems.

The validity of the DSI study results has to be slightly questioned as only a limited number of dealers respond, and they do not have the possibility to express their opinions anonymously. Also, there are no open-ended questions, eliminating the possibility for deviating from the set subject matter. The subjects addressed by the questionnaire created by HQ might not always touch upon issues that the dealers would like to express their opinion about. The questions are fairly general in nature, especially regarding communication. A dealer can be satisfied with one part of the communication (for ex. regarding products) while dissatisfied with other parts (like information about marketing

activities). This cannot be detected by the DSI. The ultimate results of our study should allow us to make more qualitative conclusions regarding the two aspects marketing and communication.

4.2 Primary data

In order to investigate the communication flow of marketing activities within Saab Automobile AB, we conducted personal interviews at HQ, the national sales companies and various dealerships. We studied four markets: France, the Netherlands, Sweden and USA. In each market, a marketing manager at the importer and three to four managers or owners of dealerships were interviewed. All interviews were conducted in person and in English. No tape recorder was used as we thought this could limit the responses.

4.2.1 HQ

As mentioned before, the Saab Sales & Marketing HQ is in Göteborg, Sweden. The organisation is adjusted in such a way that it fits the Saab Unlimited concept. This entails a division of employees according to marketing activity whilst all working together according to the integrated marketing theme as set by the IMAP (more details on the IMAP can be found in further sections).

We interviewed various persons within Brand Management in order to gather the information we deemed necessary. As we worked daily at Saab HQ, we were able to absorb the internal atmosphere and collect informal data, besides the information we gathered during formal interviews and meetings. Also, we got access to all marketing and sales material we needed.

Saab has an integrated approach to its whole business (see figure below). At the centre is the brand, which is taken into consideration when activities in the other areas are developed. Saab has in its own mind succeeded well in integrating the brand in the marketing activities and the product development. Plans have been developed to attack the other two areas. The organisation is structured after the Saab Unlimited concept to match this integrated approach to business.



Figure 4.5: Holistic management

Source: Saab Automobile AB, 2000

4.2.1.1 Brand identity

Saab recognises that the automobile industry is experiencing a convergence in quality. Research tells every manufacturer the same things about what customers need and want. All manufacturers are putting their resources to the task of answering those needs. Because of these factors, it becomes increasingly important for Saab to know who they are, where they come from and what values they stand for, and to be single-minded, confident, consistent and creative about the way those aspects are translated into actions and solutions. Also, the world is shrinking. People travel more, become more cosmopolitan in their media consumption, awareness and values, and are developing more similarities between themselves across borders. This holds especially for premium car buyers. (Saab Automobile AB, Brand Book, 2000)

Reacting on the above, Saab developed a global strategy towards branding and brand identity. As Saab assumes that their customers around the world possesses common traits, the company felt they could not show one face in one country and a different face in another. Therefore the company tries to create and manage a global brand with the same expressions and meaning across borders. Saab claims to be one of the car manufacturers that to the greatest extent apply a global branding strategy. Saab's foremost business goal is to maintain a globally consistent, relevant and distinctive premium brand.

In the luxury automobile industry four branding aspects are of particular importance:

1. Individuality
2. Performance
3. Safety and security
4. Intelligent technology

The key to success is to position the brand in such a way what it is recognisable for the public and the brand identity is clear. All four elements should be present in a luxury car brand. Saab stresses individuality in terms of 'independent thinking'. Saab is inherently individual and outside the mainstream. Especially its Scandinavian origin and the aircraft heritage are emphasised in this branding element. The second element, performance, is translated into 'driving pleasure', stressing the performance elements and early rally victories of the car. The third element, safety and security, expresses the 'concern for the people and the environment'. True to the Scandinavian origin and values, Saab has always had high safety standards. This concern for people has been matched by the concern for the environment. The last element Saab uses to refer to the strong track record of being at the forefront in adopting new technologies and solutions, implementing them in new, surprising ways that dramatically improve usability. Currently, Saab positions themselves as a superior mixture between the performance and safety features.

The elements above formed the basis of the design of the target audience. Saab is for well-educated and affluent people (about 5-10% of all households). Saab is also meant for a larger number of people who aspire to buy a premium car. The company does not target traditional people who prefer proven concepts

and conservative styling. Instead, the car is for modern and an increasing number of post-modern people, who prefer dynamic cars, progressive designs and insightful solutions. As a conclusion, Saab is for youthful people in every life stage. (Saab Automobile AB, 2000)

Saab has found that the number of people that have to be targeted world-wide during a three-year period is 10 million. That equals the number in the target group that will buy a car in that three-year period. In order to reach this group better, Saab is changing its strategy towards a more niche-oriented strategy in all markets except Sweden. This involves decreasing advertising and increasing the number of targeted activities.

The company breaks the Saab brand down into six components, all emotionally or rationally relevant to the target audience (Saab Automobile AB, 2000):

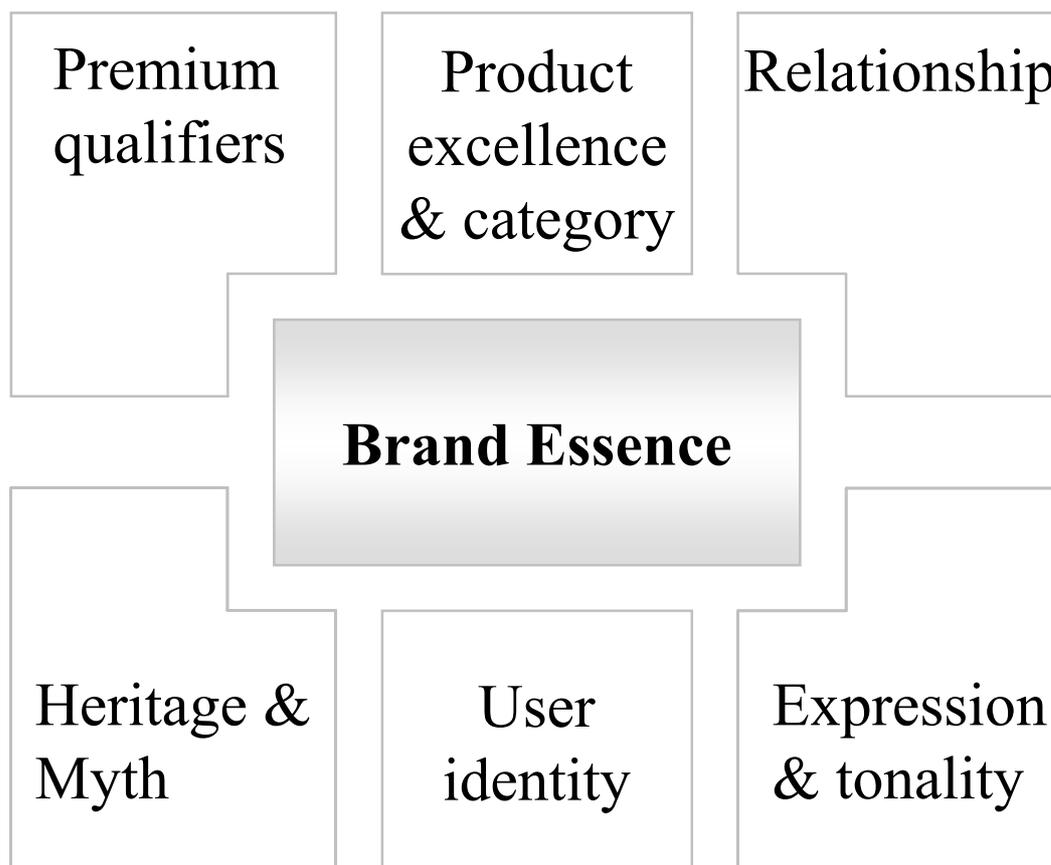


Figure 4.6: Saab brand architecture

Source: Saab Automobile AB, 2000

1. Premium qualifiers

The Saab brand stands for superior quality, integrity and concern for the environment.

2. Product excellence and category

This branding component is utilised to stress Saabs performance and safety features, the ease of control and the superior product design.

3. Relationship

The Saab brand provides for intelligent and efficient interactions that increase customer satisfaction and strengthens the emotional ties with the brand.

4. Heritage and myth

Saab makes use of the European and Scandinavian origin and its aircraft heritage to express the individuality of the brand.

5. User identity

The Saab brand aims to identify itself with affluent, intelligent and independent drivers with modern, cosmopolitan and adventurous mindset.

6. Tonality and expression

This last branding component is used by Saab to position the brand as progressive, intriguing and inspired by Scandinavian aesthetics, high technology and science.

HQ based the current brand identity and target group on the results of studies, which combine demographics with current customer profiles. Saab is convinced that the current brand identity attracts and maintains enough customers to secure the future.

The brand is communicated internally through the Brand Book. The employees have also received training about the brand identity. However, this is not a continuous process. Furthermore, it is worth noticing that the connection between the Saab logo with the griffin and the Saab brand is not made anywhere in the Brand Book. The griffin is a legendary creature, originating in the ancient Middle East. It represents strength, vigilance, rapidity of execution, courage and perseverance. With a lion's body and an eagle's head, it is said to

dominate both the earth and the sky. When asked, employees at HQ knew what the logo was but were not familiar with the symbolism and could not make the connection to the brand identity.

4.2.1.2 IMAP

The advertising strategy of Saab is part of the overall marketing strategy, a strategy which is revised and developed further three times a year. The integrated approach with a holistic view of the brand has led to the development of an Integrated Marketing Action Plan (IMAP). The IMAP is a printed 'go to war plan', which describes an integrated marketing approach of all coming actions in all media and disciplines for the next four months according to set themes. HQ views this plan as extremely important because:

- ✓ It gives a consistent message to prospects and customers world-wide
- ✓ Saab can communicate the brand with less resources as economies of scale can be utilised
- ✓ It ensures commitment for the following quarter's planned activities from dealers and internal markets
- ✓ It gives the dealer the possibility to co-ordinate own activities with central ones

The focus of the development of marketing activities is on integration, meaning that all marketing activities are intertwined and evolve around the same, chosen theme. A project group within brand management sets this theme after careful discussions with the relevant managers within HQ and the marketing managers of key markets around the world. Appropriate themes can include safety, design or performance, depending on relevant issues in that period.

After the marketing theme has been set, the marketing managers develop strategies for their particular area of responsibility and add their 'chapter' to the overall IMAP. Then the IMAP is distributed to the importers where the relevant people translate and adapt the global IMAP according to the country-specific features of their particular market. After that, they will distribute the national IMAP and inform the dealers about the specifics of the plan.

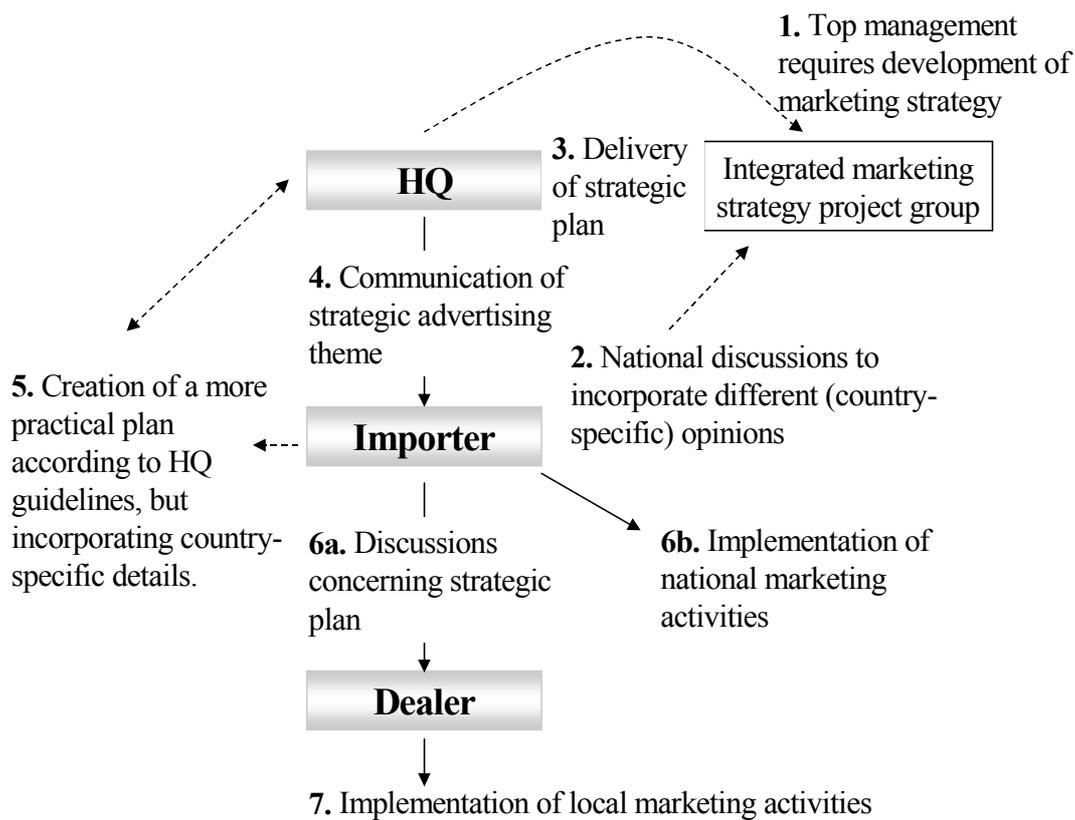


Figure 4.7: The IMAP process

Source: Own, 2000

The IMAP is communicated to the importers by the upper levels of brand management. The individual marketing managers of the different disciplines have no direct contact with the importers regarding the overall content of the strategies to be pursued. They provide their input to upper management in meetings but the actual results are distributed on top management level. As a result of this, the advertising manager has no interaction with the markets regarding the advertising strategy per se. However, the manager does communicate the strategy when dealing with more operational issues such as approving advertisements to be placed in media on the various markets.

4.2.1.3 Dealer advertising

Dealer advertising encompasses strategic and tactical advertising, and is centrally controlled by HQ. Strategic advertising concentrates on conveying the brand only e.g. the Saab versus... campaign, whereas tactical advertising also emphasises product features and includes the price. We decided to mainly

focus on tactical advertising, as only importers execute strategic advertising and not the dealers. Both importers and dealers, on the other hand, deal with tactical advertising. Therefore, it is more suitable for our theoretical foundation of internal marketing to analyse the communication process concerning tactical ads as all levels of the organisation are involved.

Saab uses a global approach to its marketing activities, including advertising, because the company feels customers world-wide should have a similar view of what the Saab brand stands for. Another important consideration for choosing a global marketing approach is the expenses that are involved in advertising in the car industry. Car advertising has a famously low brand recall among consumers. Therefore, car manufacturers spend a large percentage of their marketing budget on advertising. Saab's advertising accounts for approximately 50% of the total marketing budget. Developing and producing advertisements on an individual basis would be too much of a burden on the individual importers and dealers.

In general Saab uses the same product – same message approach. In certain cases, however, it has been necessary to use the dual adaptation approach. In the US for example, the product specifications differ slightly from the European market and also the message the ads convey has to be slightly altered for the American consumers. Saab prefers the global same product - same message approach but recognises that in some markets dual adaptation of advertising is more appropriate.

It is the responsibility of the managers of the various marketing areas to give guidance to the implementation of the features of the IMAP. The advertising manager in HQ orders the advertising agency to develop advertisements on the basis of the strategic marketing plan. It would be too costly, however, to develop advertisements for each marketing plan so most of the ads are used for several years. Gradually, during the year, new advertisements are added to the current portfolio. Besides deciding on the creative nature of dealer advertising the advertising manager is supposed to control the implementation in the various markets.

Saab HQ developed an intra-web site called Brand Support. This site is used, among other things, to supply the markets with advertisements. The site is

meant to be an interface between HQ and importers. The importers have access to the existing ads that are arranged in an orderly fashion, according to the theme of the IMAP and by product. They have the opportunity to preview the ads before deciding which ones to purchase. The original plan was to use only one advertising agency and its daughter companies in the various markets for developing and producing the material. However, as it was impractical in reality, Saab is deviating from the policy in a number of markets. There is an on-line link from the brand support site to the agency, which enables the importers to directly purchase the agency's products on-line. In the past, only advertising was displayed on the Brand Support site but in the fall of 2000, the entire IMAP was put on the Brand Support site. Other than IMAP, the importers and dealers receive no marketing documents tailor-made for advertising.

The importers have the responsibility to inform the dealers about the advertising possibilities created by HQ. Dealers should place their requests for advertisements to their national importer who, in turn, orders the advertisements at the advertising agency.

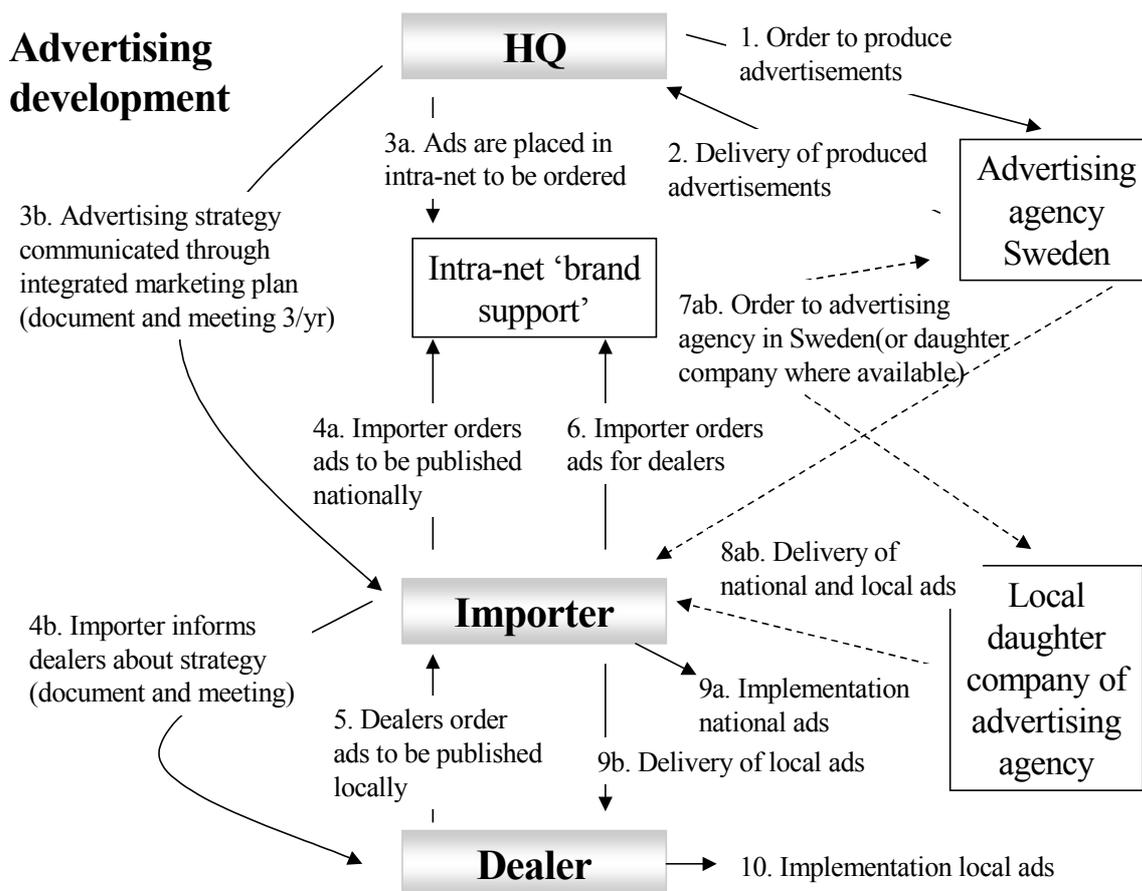


Figure 4.8: The intended advertising creation process

Source: Own, 2000

Importers and dealers are supposed to use the standardised dealer advertising tools as developed by HQ. Observably, HQ leaves room for local adaptations such as language and country-specific elements. However, the markets are not allowed to develop their own advertisements. The desire for creating own strategic brand advertising in the local markets is much less of an issue as compared to tactical advertising. There seem to be two reasons for this:

1. Creating strategic brand advertisements on an individual basis is very costly.
2. The implementation of strategic advertising by importers has to be endorsed by HQ. In the case of tactical advertising, however, the importers in reality have a final say in the implementation process, which makes it harder for HQ to control the actual implementation of the tactical advertising strategy.

Independent importers, such as the one in the Netherlands, are more difficult to control as Saab officially has no authority over their operations.

4.2.1.4 Relations with importers

The relations with the importers are considered to be good. However, the process works better with some markets than others depending on distance, frequency of interactions, personal relations and size of the market. When developing the IMAP, HQ invites importers of the main markets to provide input. However, the group of importers that are invited consist of Saab subsidiary employees only. In principle, every IMAP launch involves a global MMP (Master Marketing Plan) meeting when all importers are invited to receive an update on the coming IMAP period.

4.2.1.5 Relations with dealers

HQ has very limited direct contact with the dealers concerning marketing-related issues. The organisational structure is not set up for frequent interactions. HQ trusts the importers with the task to communicate their message properly to the dealers. Occasionally, the dealers are invited to visit HQ's premises but these visits are, in general, more production-oriented.

4.2.1.6 Main findings in HQ

Saab HQ feels they have a fairly good understanding about how the brand identity should be properly communicated. Great emphasis is placed on the development of the brand and communicating it to the importers. It seems, however, that there is not enough control over the actual implementation of HQ policies. At the moment, Saab deploys a fairly centralised organisation. Limited authority is given out to importers and all marketing strategies are developed on HQ level. Decisions on the level of centralisation are complex and need to be reviewed as circumstances change. HQ developed procedures to push internal marketing policies down the chain of importers and dealers but procedures to receive reactions of the markets back again seem to be lacking. Nevertheless, the relations with the importers are considered to be good.

4.2.2 Sweden

In Sweden, four personal interviews were carried out, one with the importer and three with dealers in various geographical locations. During the dealer interviews we spoke with the owner or the general manager. The dealers were selected based on size, geographical spread and willingness to express opinions. All dealers are fairly large in size and also successful if the parameters are market share and total sales. We also included one Saab Ana dealer, which is one of seven dealerships that Saab still owns world-wide.

4.2.2.1 Importer

Saab-Opel, which is the national sales company in Sweden, is located in Stockholm. It is a logical location, bearing in mind the size and importance of the Stockholm market and the communication facilities.

In the early years of the 1990s, there was severe financial pressure on both the Saab and the Opel organisations in Sweden. Neither of the companies was profitable and as GM had stake in both firms, the organisations were merged. Therefore, all Saab dealers in Sweden also sell Opel and the importers share the same office. Even though they are two separate companies, Saab and Opel share some staff to keep the organisations lean and increase efficiency.

The Swedish market is special in many ways, mainly because it is the home market. Awareness is very high and Sweden also is the only market where Saab is a volume brand. With a close to 10% market share, Saab is the second largest brand in the market. Around 70% of the sales come from company cars, which is a high number compared to other countries. Because of these special circumstances, Saab-Opel has to approach the market differently compared to importers in countries where Saab is a niche brand.

4.2.2.1.1 Brand identity

Saab enjoys 80-90% brand awareness in Sweden. As it is the home market, people have a certain bond to the brand. Saab has been a part of people's lives for a long time, first as an aircraft manufacturer and now also as a car manufacturer. According to the importer, it is very different to communicate a brand with 90% awareness compared to one with 1% awareness.

The primary target group in Sweden corresponds to the world-wide target as defined by HQ. However, in Sweden, there is also a large secondary target group that has to be reached in order for the volume to be kept up. In Sweden, Saab is a volume brand as opposed to the rest of the world where it is a niche brand. To reach the larger target audience more and different activities have to be used.

Even though Saab enjoys high awareness in Sweden, Saab-Opel feels that a significant amount of money should be invested in strategic advertising, especially as Saab is in the process of changing the brand image. It is the importer's perception that this change is coming along at all levels of the organisation but at different speeds. In order for the brand to be communicated clearly, all levels of the organisation have to communicate the same message. But HQ changes faster as the ideas originate there and they only have to deal with strategic issues. At the importer level, things change more slowly as they have to deal with both strategic and tactical issues. It takes the longest time for the dealers to change. This is partly due to the fact that some dealers want to develop while others want to stay the same, but also because it takes longer to make investments and adjust practical matters. However, the dealers understand and buy into the official brand identity according to the importer.

4.2.2.1.2 IMAP

Saab-Opel finds the IMAP useful and the themes work well in Sweden. The importer adapts the global IMAP to the Swedish market and then distributes it in the same format as HQ use. Saab-Opel receives the global IMAP approximately two months before it is to be put into practice. This leaves the importer very limited time to adapt the material, as the dealers need the national IMAP one month before the start date. Furthermore, Sweden requires quite extensive adaptations due to its special circumstances. Saab-Opel needs to develop material for the company cars and also for other special needs like the promotion of a certain product. Furthermore, a lot of work has to be put into making the IMAP practical and useful for the dealers.

The dealers do not only receive a printed copy of the IMAP but also have a dealer toolbox on the Saab-Opel Intranet. It has resemblance to the brand support site that HQ has developed for the importers. Saab-Opel developed the toolbox to facilitate communication with the dealers and give them easy access

to the material. In the toolbox, the dealers can find the ads they can chose from and other information. It is HQ's perception that the dealers like and use the toolbox.

4.2.2.1.3 Dealer advertising

Saab-Opel places both strategic and tactical ads. The tactical ads are both in colour and black/white. The importer works with all disciplines but lately the main media has been TV.

The dealers can see the ads in the IMAP but also in the toolbox. There the dealers can go in and pick what ads they want. Furthermore, the dealers can give the password to the toolbox to the newspapers and then the newspaper can retrieve the ads straight from the Intranet. This way the placing of the ads runs smoothly. The dealers are not supposed to change the layout of the ads. They are allowed to ad their tag at the bottom and make minor changes in the text. If the dealers use the standardised ads, they get a financial refund. The dealers send the invoice to Saab-Opel and get 50% back on the net price if the ads conform to the standards.

4.2.2.1.4 Relations with HQ

Saab-Opel says that the relationship with HQ is good. As the geographical distance between the HQ and the importer in this case is very small, there are frequent interactions between the parties. The relationship is characterised by a good atmosphere and people at HQ are seen as very willing to help. The two parties have a close dialogue and work very well together. Saab-Opel senses that the IMAP process has made the whole company work better together in one direction and take a more long-term perspective. However, when there is a problem, HQ lacks the resources to come up with solutions quickly enough. Nevertheless, the information that arrives is clear. Although the information from HQ is good, Saab-Opel thinks that the most useful meetings take place with other markets. The smaller meetings where the markets have an opportunity to exchange experiences with each other are of more use than the MMP meetings where the management simply presents what will happen.

4.2.2.1.5 *Relations with dealers*

The relations with the dealers are perceived as quite good. The key to good relationships with the dealers is, according to Saab-Opel, to invest a considerable amount of time and be available for the dealers. The dealers also have the opportunity to get their voice heard through 'Marknadsrådet'. This marketing council meets regularly (every six weeks) and serves as the place to present various objectives. Packages and tactical offers are discussed and the dealers can give input and thus, have influence over what will happen in the future.

4.2.2.2 **Dealers**

4.2.2.2.1 *Brand identity*

In order for Saab to be a volume brand with over 10% of the market in Sweden, other customers than those in the primary target group must be reached. Only the dealer interviewed in the Stockholm area said that the target audience was appropriate and that there were enough potential customers in that group. The dealer in the Stockholm area had seen a significant change in the customers from mainly technologically interested and somewhat weird people to more modern and mainstream. The stubborn pursuit of the new brand from HQ has in his opinion succeeded. All other dealers stated that there were not enough target customers and that they did not sell many cars to HQ's primary target audience. Their opinion was that the strategy should be adopted and the target made wider in order to reach other people, which is necessary in order to reach the volume goals.

One issue that was frequently mentioned was the significance of the company brand of the individual dealerships. The dealers stressed the importance of establishing and keeping relations with the customers. The personal relations the dealers establish with the customers play significant roles for both current and future business. Therefore, the company brand of the dealership is seen as even more important than the Saab brand.

The Swedish dealers are aware of the importance of consistency in communicating the Saab brand to the customers. It was frequently mentioned that the actions of one dealer affect other dealers. Therefore, everyone must have a certain standard in the advertising, the dealerships and the service.

Another factor the dealers viewed important for the brand image is quality of the car. If the quality is not good, then the brand image will be damaged no matter what marketing activities are undertaken. The dealers therefore view the first 9-3, where quality standards were clearly lacking, as bad for the brand. There were no remarks about quality problems at the moment.

4.2.2.2.2 *IMAP*

The Swedish dealers receive the IMAP approximately one month before it is actually to be implemented. The format is the same that HQ uses for the global IMAP. The dealers then have time to align the dealerships' activities with the national ones. There is also time to communicate the IMAP to the sales people, something that a majority of the dealers did.

In general, the dealers are positive to the IMAP. The most useful thing is that the IMAP shows future activities and has a fairly long-term focus. The dealers find the total picture the most important. They all think the IMAP covers almost everything, and perhaps a little bit too much as it is hard to understand everything and explain it to everyone in the dealership. The dealers do not miss any specific information but would like to see more practical suggestions. Critical comments were that the IMAP was not action-oriented enough. Even though it is very stylish, the pictures were seen as boring as the cars are portrayed the same way the whole time.

All dealers said they like the toolbox on the Intranet and consider it to be very useful. It is perceived as a good way to get access to the advertising and other information.

4.2.2.2.3 *Dealer advertising*

One dealer remarked that the current advertising has worked well over the last couple of years. It has helped establish the new brand identity in Sweden. The ads work well for people that identify themselves with the car that they drive. However, the dealer was concerned about the suitability of the current ads for the future. The car market is doing well at the moment, but what will happen when the tide turns? The dealer felt that more aggressive advertising will then be needed.

Most Swedish dealers call for more creativity in the advertising. One way many dealers suggest is to allow for more freedom for the dealers in the creation of the ads. None of the interviewed dealers want total freedom. They all remarked that it is important to have rules to assure consistency in the advertising and prevent the brand image from being damaged. However, a majority of the dealers feel that having a general framework would be more appropriate as this would allow them to change directions quicker, something that is important in today's competitive environment. Individual solutions could better cater to each dealer's individual needs. Then the dealers would be able to personalise the ads and promote their own dealerships too, something they all view as extremely important.

Even though the dealers are supposed to use the standardised advertising they remarked that they can in fact do as they want. There is only a financial consequence for not following the rules and guidelines, meaning that the dealer does not get reimbursed the 50% of the net price if the ads do not conform. However, even the dealers that do not like the official Saab ads still use them due to the financial incentive. Even though the Saab ads are seen as fairly expensive, the price becomes reasonable with the reimbursement.

Many dealers felt that too much emphasis was placed on strategic ads. They want to see more tactical ads in general and also ads that are targeted towards certain events or groups. One issue that was raised was the timing of the advertisements. One dealer questioned why there was a heavy focus on the 9-3 Aero when that car cannot be produced at the necessary speed. At the same time, there are models that can be instantly delivered but those models do not get the same attention. Also, the several dealers felt that the advertising and other marketing activities were male-oriented and that there was more work to do on attracting women.

4.2.2.2.4 Relations with importer

The general perception is that Saab-Opel functions well and listens to the dealers. However, the speed of the response may not always be as fast as the dealers like it to be. There are a sufficient number of interactions with the field reps but the dealers would like to see more discussions with managers from Saab-Opel. One dealer remarked that it is often the dealer that has to take the initiative to contact the importer. It is perceived that it would be beneficial if

the management level at Saab-Opel also took the initiative and actively contacted the dealers and visited them more frequently to gain knowledge about the individual markets. When meetings take place, there is also a need for better follow-up to assure that things get moving in the right direction. Even though the dealers are fairly satisfied with the number of meetings with people from Saab-Opel, some would also like to see more organised interactions with other dealers to exchange experiences.

A number of dealers are part of 'Marknadsrådet', which is a marketing council that facilitates the communication between the national sales company and the dealers. One dealer that is part of the marketing council thought that the influence of the dealers is declining. The dealers are listened to but the perception is that the decisions have already been taken at a higher level.

4.2.2.2.5 Relations with HQ

The dealers that have been in business for a while remarked that the relationship with the HQ has changed for the better over the last couple of years. This highlights the importance of having the right people in the right places. However, it is also the perception among the dealers that HQ is very hierarchical. The leadership is very strong and some dealers questioned if, in some aspects, it was not too strong.

Many Swedish dealers feel that HQ is too focused on global matters. The Swedish market requires another language. The dealers feel that HQ needs a different strategy for Sweden, as it is an important market for keeping up the volume. There needs to be special strategies for dealing with problems local to the Swedish market such as the effects of actions from Volvo. Furthermore, some dealers feel pushed into certain areas, such as IT, without understanding what the actual benefit is.

4.2.2.3 Main findings in Sweden

The IMAP process works very well in Sweden. The dealers receive a national IMAP and most of them communicate the content to the employees. The importer has developed an Intranet site that the dealers find very useful. The relationships between the parties are good and there are frequent interactions. The dealers have a good understanding of the brand and recognise the need to

communicate a consistent message to the customers. However, they would like to have more freedom in adopting the tactical ads to local conditions. Furthermore, both the importer and the dealers feel that HQ should better recognise the special situation in the Swedish market and develop more material to support their needs.

4.2.3 The Netherlands

We spent three days in the Netherlands interviewing the importer and four, relatively larger, dealers. The dealers all sell more cars than the national average. One dealer sold another brand than Saab while the rest were exclusive. All dealers were located in The Randstad, which might limit the validity of our research, as the business conditions of the more rural parts of the countries are different. However, as distances in the Netherlands are relatively small, we regard the chance of differences in outcomes due to regional differences negligible.

4.2.3.1 Importer

The Saab importer in the Netherlands, BV Auto Import Maatschappij (A.I.M.) consists of 38 employees and operates independently from Saab HQ. A.I.M. is an independent importer and the organisation is a daughter company of a larger holding company, which encompasses more automotive organisations as well as companies operating in other industries. The direct implication of this organisational structure is that A.I.M. has to comply with rules of two different organisations, those of the holding company and those of Saab. In practice, Saab has more influence over the daily operations than the holding company since Saab deals with the whole business program as opposed to the holding company which is, besides an obvious professional interest in daily operations, primarily concerned about profit. Nevertheless, hardly any difficulties occur, as the policies of the two organisations are, generally, not conflicting.

The mission of A.I.M. is to provide optimal service to the manufacturer, dealers and consumers by adding value to the product stream from manufacturer to consumer. At all times, optimal customer service should be born in mind. They intend to consistently apply a niche strategy in order to build on the premium values that distinguish Saab in the market. The strategy of A.I.M. aims to acquire a solid market position in the luxury automobile

industry. The business goal is to guarantee continuity and by means of activities generate acceptable profit for all parties involved.

4.2.3.1.1 *Brand Identity*

The brand identity as set by HQ is considered appropriate for the market. Saab enjoys the recognition as a luxurious niche product. However, this image has not been established overnight. Traces from the old Saab image, a car with a special design, driven by conservative college professors, are still present in today's market. Therefore, the Dutch importer feels it is of vital importance to communicate the renewed brand identity consistently to the target audience.

A.I.M. expressed concern towards the changing strategic message from HQ. Changing the strategic theme every four months is considered to be less appropriate in a market in which the brand identity has just started to settle in. The importer calls for a strong foundation to build the communication on, such as the Saab Versus... campaign.

The importer places great emphasis on communicating the brand identity to the dealers. A.I.M. considers it the most important goal to communicate this identity to the target audience, but first and foremost the dealers must have a deep understanding of the whole concept. This is illustrated in the consistent message that the dealerships convey to the target audience. All dealerships visited looked very close to that which HQ would describe as an ideal showroom. Also, most of the dealers themselves seem to feel part of the 'Saab family' and are committed to the brand identity. They feel adherence to a consistent communication of the message is vital for establishment in the market so there is no need to convince them to use and apply the by HQ developed brand identity concepts.

Evidently the importer manages to communicate the by HQ developed brand identity properly to the dealers. In turn, it is the responsibility of the dealers to present this identity to the target audience. As the dealers do not place any ads themselves there is no need for enforcement techniques.

4.2.3.1.2 IMAP

The Dutch importer receives the global IMAP and uses it as guideline for the national marketing activities. They feel the distribution of a strategic plan such as the IMAP is appropriate and useful for developing marketing activities. However, they are less satisfied with the actual execution of the IMAP. Therefore, they do not use the global IMAP or a modified version of it to distribute to the dealers. The reasons for this are twofold:

1. Format

The format is perceived as inconvenient. The size of the document (A3) makes it impossible to carry around in a briefcase. Also, the production of this colourful, glossy document is rather costly and perceived as a misuse of resources.¹

2. Content

The idea behind the IMAP is considered motivating. Having a strategic theme structures the development of marketing activities. However, the Dutch importer feels that HQ changes this strategic theme a little too frequently. In theory it might be possible to change strategic direction fairly quick, in reality this creates great difficulties for the dealers who are less able to adjust their activities every four months.

The biggest issue concerning the IMAP raised during the interview is whether or not it is possible to produce a global IMAP to be implemented in local markets. The Dutch importer feels this is not feasible and addresses the need for the development of distinct local campaigns. At the moment, the creation of those campaigns by HQ is scarce. Also, the global IMAP is considered to be unsuitable for distribution to the dealers as they are better served by more concrete information. The current content of the global IMAP lacks practicality. Therefore, A.I.M. uses the IMAP as a reference guide only, rather than a manual. A.I.M. does not produce a Dutch IMAP to be distributed to the dealers but prefers to communicate strategic information orally via semi-annual meetings. Instead, they produce an activity booklet, indicating which activities are created with which purpose. Reducing the number of IMAPs per

¹ Please note that during the production of this thesis the format of the first global IMAP for the year 2001 has been changed to A4.

year, from three to two, would already be a great improvement, according to the importer. This would give them as well as dealers more time to adapt their marketing activities to HQ guidelines.

4.2.3.1.3 Dealer advertising

The process concerning dealer advertising is executed differently in the Netherlands than prescribed by HQ. Building on the perception that a strong foundation rather than changing strategic focus is important, the Dutch advertising campaign remained reasonably similar during the last few years.

The Saab Versus... concept was well received in the Netherlands. The importer as well as the dealers felt it was a suitable concept to approach the market. The execution of the campaign, however, was less satisfactory. The importer is of the opinion that there should be no separation between strategically and tactically oriented advertising in terms of concept. The tactical advertising created by HQ is seen as too different from the Versus... campaign and does not fit the Dutch national advertising campaign. To keep continuity in the message, the importer decided to create their own ads, incorporating a mixture of the Versus... campaign and a tactical message. Another critique concerning the content of the ads provided by HQ is the number of different slogans used over the years. A.I.M. feels that Saab needs a strong foothold in the market, a tag line, which will distinguish Saab from its competitors. At the moment, no such tag line exists and the Dutch importer strongly urges HQ to develop a catching tag line, which is consistently communicated to the target audience over a significant period of time.

A.I.M. is not against the use of standardised advertising per se, but rejects the by HQ created tactical dealer advertising on the basis of content. In fact, they heavily promote the usage of standardised advertising to ensure a consistent brand image. A.I.M. uses a small advertising agency as opposed to the larger Lowe daughter company in the Netherlands. They felt it is essential to be an important client to a somewhat smaller agency than to adhere to HQ policy and co-operate with Lowe and be a relatively small customer.

The Brand Support site is utilised by the importer to retrieve the images for the ads from and provide them to the agency. However, as mentioned before, no complete ads are used with the exception of strategic Saab Versus... ads that

will run in national and high profile magazines. The dealers themselves do not have access to any electronic toolbox designed for ad creation for the simple reason that they do not have to create or implement any advertising themselves.

A.I.M. works together with a media agency that does the actual implementation of the advertising. That agency reserves and buys time and space in national and local media and arranges for the practicalities. In order to facilitate the whole process, A.I.M. produces a book called 'Dealer Advertising'. This book is handed out every six months and comprises all available advertising. The dealers can simply choose an ad they deem appropriate for their current marketing activity. If necessary, they can consult A.I.M. about their dealer-advertising program. When the dealer decides to place an advertisement, they send the fax form provided in the advertising book to the media agency, which will handle the remainder.

The importer provides the dealer with an advertising budget, depending on the annual number of cars sold (200 NLG per car). If the dealer wants to place ads for a cost exceeding the budget, they will have to pay themselves.

A.I.M. does not think that the dealers will be served better with access to a brand support site. Currently, the Internet is not used widely among the Dutch dealers. All communication from importer to dealer runs through the traditional postal system. Providing the dealers with access to on-line advertising facilities will result in chaos, according to the importer. Moreover, A.I.M. is under the impression that the dealers are pleased with the current media plan as it saves them a significant amount of time, which can be used for other parts of the business.

4.2.3.1.4 Relations with HQ

A.I.M.'s relationship with HQ is considered to be good. No real problems seem to exist concerning interaction, provided that it takes place. A major issue of concern is the limited number of occasions the importer gets to give input to HQ.

Being an independent importer, A.I.M. feels that they are being regarded as less important than Saab subsidiaries. Even though the Netherlands is the 5th

largest market, input to the development of global marketing activities is rarely asked for. In the past, A.I.M. would be by-passed in participating in important meetings between importers and the HQ. Also, the Chairman of the International Dealer Council, who happens to be Dutch, was often kept out of the loop. Recently this has improved but the influence on global strategy making is still felt to be insignificant.

The importer does have the opportunity to express opinions related to the IMAP in the MMP meeting three times a year. Nevertheless, A.I.M. feels that during these meetings such an enormous range of issues are addressed in such a short period of time, that asking specific advertising-related questions would be inappropriate. Also, the contact between A.I.M. and HQ is limited to a small number of people. Especially contact between people responsible for implementation of policies is lacking. According to the importer this can easily be solved by means of increasing the frequency of telephonic contact.

No specific global advertising meetings exist. This raises another type of concern with the importer: the issue of responsibility and decision-making. According to the Dutch importer, HQ changes the organisational structure so often that it is very unclear whom to contact for what matter. Also, communication to importers is directed via upper levels of management only. The advertising manager at A.I.M. had no idea whom his counterpart at HQ is and vice versa. One suggestion from the importer is to arrange for more communication between counterparts in the organisation, people who work with the same kind of activities on a daily basis. This as opposed to placing the burden on general marketing managers who have to communicate the entire portfolio to the markets, risking to overlook details of specific elements.

4.2.3.1.5 Relations with dealers

The relationship between A.I.M. and the Dutch dealers is considered to be very good. General marketing meetings to update the dealers are scheduled twice a year. If necessary, additional meetings are organised to highlight specific matters. These additional meetings are, in general, directed towards the dealer council. The Dutch importer uses this council to provide the dealers with information throughout the year. A.I.M. also makes use of several commissions such as the After Sales Commission, the Automation

Commission and the Commercial Commission to discuss important issues. Members of these commissions include representatives of dealer organisations.

The relationship between dealers and A.I.M. tend to be informal and very much focused on personal interaction. It seems that A.I.M. places high value on maintaining good relationships with the dealers in order to make them feel part of the whole business process, which will keep them motivated.

4.2.3.2 Dealers

4.2.3.2.1 Brand Identity

The Dutch dealers seem to be very well aware of Saab's brand identity as developed by HQ. They recognise the need to communicate a consistent message to the customers and fear non-compliance with A.I.M.'s policies will damage the brand. According to the dealers conveying a proper brand image boosts sales and thus, it is a vital part of their business activities.

Most of them feel the developed brand identity is appropriate for the Dutch market. Currently there are enough target customers to increase sales. However, some concern has been expressed that the target audience might be a little too narrow and too niche oriented, which might limit potential future sales. One dealer felt that since HQ aims to sell 250 000 cars in 2005, meaning an increase of more than 100 000 cars in 5 years, they will have start thinking more volume-oriented and widen the target audience.

Also, the dealers would like to point out that the Dutch market is still influenced by the old Saab image, which is more conservative in nature. Changing the brand image does not happen overnight and the dealers wished that HQ took this a little more into consideration when designing dynamic, often of direction changing marketing activities.

A common opinion was that the brand image was not properly communicated to the Dutch target audience. It does not seem to be clear what the car actually stands for. One dealer felt that '*Saab wants to keep it a secret that the car is the safest in the world*'. Too much emphasis is placed on communicating the image; the actual car is sometimes forgotten, according to the dealers. A more

action-oriented approach is felt to be necessary. *'First a proper foundation needs to be built, and then you can expand on the image features.'*

4.2.3.2.2 *IMAP*

The Dutch dealers do not receive an IMAP or IMAP-related document. They are informed twice a year by the importer about the strategic direction of Saab and do not feel it is necessary to interact more often. Additional strategic information that is produced in between the 'IMAP' meetings is distributed via the dealer council. In the dealers' minds, this process works satisfactorily.

4.2.3.2.3 *Dealer advertising*

In general, the dealers are pleased with the advertising process in the Netherlands. The fact that the importer handles the implementation of the ads frees up a lot of time, which can be used for other parts of the business. It also ensures quality and consistency. According to one dealer, *'it would be a mess when every dealership created its own advertising campaign'*.

Most dealers interviewed agree with A.I.M.'s advertising policy to mix tactical and strategic ads. Especially the incorporation of the Versus... concept into the ads is considered a key component to increase awareness in the Netherlands.

A negative remark, however, concerning the design of the ads was the fear that when placing heavy emphasis on the brand, the actual features of the car are less known to the public. It seems that the Dutch customer especially has problems placing the car into the right price/quality segment of the automobile industry. This might be due to the fact that the price is displayed in a very small font instead of being highlighted. Another point that was raised during the interviews was the fact that in many instances the woman in the household has a lot of influence on the car buying process. This fact is neglected in current advertising, which is targeted to males primarily, according to the dealers.

4.2.3.2.4 *Relations with importer*

The relationship between A.I.M. and the dealers is very good. The key to this positive co-operation lies, according to the dealers in the people skills of the A.I.M. employees. *'They are very dedicated, open-minded people'*, are the

exact words of one dealer. This is reflected in the RODI investigation, an annual research by the Dutch Dealer association, investigating the relationship between dealers and importers of 30 car manufacturers.

Saab currently ranks number one (RODI 1999) with an average grade of 8 (scale 1-10), based on inquiries relating to 27 pre-defined categories. One important category, the degree to which the importer takes into consideration the input of dealers, was graded with an above-average 8,3. One of the most encouraging developments of the past year was the improvement of advertising by the importer (graded with a 7,9).

A negative note can be placed at the timing of marketing events. According to several dealers, A.I.M. tends to be rather late when it comes to informing dealers about certain events or programs. Also, even though the dealers are pleased with the current advertising process, more freedom with regards to the promotion of the individual dealerships is desired. *‘The importer should introduce the car, but it is the dealers responsibility to communicate where to buy it.’*

Currently all marketing information is distributed via post as A.I.M. is of the opinion that the dealers are not served by electronic communication. However, the many dealers interviewed feel that communication system via the Internet could be a good idea as it speeds up the business process and allows for more convenient interaction with other dealers.

4.2.3.2.5 *Relations with HQ*

Even though the dealers have no direct contact with HQ, they feel that they are indirectly affected by the communication between A.I.M. and HQ. A general opinion is that the communication flow from HQ to A.I.M. lacks clarity, resulting in unclear messages to the dealers. The direct cause of these flaws in corporate communication is, according to the dealers, a combination of the emphasis on strategic thinking and lack of practical market experience. *‘The Swedes think but don’t do.’*

The dealers clearly expressed the appreciation for direct contact with HQ for motivational purposes. In the past they used to receive a newsletter on a regular basis, informing them about corporate activities. These newsletters

were in English, putting the dealers whom did not master this language at disadvantage. The importer started out translating this newsletter before distribution but eventually, presumably due to lack of time, it was no longer distributed at all. The dealers regret the cancellation of this newsletter and would appreciate if a similar item were introduced again.

4.2.3.3 Main findings in the Netherlands

The co-operation between A.I.M. and the dealers seems to run smoothly. The dealers are well aware of the Saab brand identity and recognise the need to communicate a consistent message. Both the importer and the dealers feel there is no need for a written IMAP or IMAP related document. The informal meeting twice a year in which they are informed about the marketing strategy is sufficient. The dealer-advertising book is well received. Even though the dealers do not always agree with the way the advertising is executed, they are pleased with the existing process as it saves them a lot of time.

4.2.4 France

In France, we visited Saab France and four dealers of different sizes. At the importer, we talked to three people and their views are combined into one under the importer section. The dealers were selected primarily on the basis of their ability to speak English. Three out of the four dealers are exclusive Saab dealers. All dealers were located in the Paris area and the north of France. Brand awareness is higher among Parisians and people from the North as opposed to the more southern regions.

4.2.4.1 Importer

Saab France is located in Nanterre, a suburb of Paris. It has been a wholly owned subsidiary of Saab Automobile AB since 1982. Saab France sees its main purpose to be the link between HQ and the market with the focus on brand identity and marketing activities. To fulfil this purpose, the organisation has been changed over the past years. The number of employees in the whole organisation has been drastically decreased in order to work more efficiently. At the same time, more emphasis has been placed on marketing and communicating the Saab brand. For example, the marketing department has been enlarged in order to dedicate more resources into communicating the brand identity to the market. Saab France views themselves as highly customer

oriented and employed an external company to manage a customer service centre to deal with complaints of dealers and consumers.

4.2.4.1.1 *Brand Identity*

Saab France endorses the Saab brand identity as created by HQ. The identity is suitable for the French market. Especially in the Paris area there is an abundant supply of target customers. Even though the actual image of the car does not entirely fit the intended image, Saab France feels there is no need to adapt the current marketing activities. The actual image is less sophisticated than the communicated identity. One comment concerning the target audience, however, is that the target profile is based on research on current customers. Research has been undertaken by HQ to investigate the profile of current Saab buyers. Concern has been expressed that this method might limit actual potential. Saab France feels that only targeting the current type of customers does not secure the future. If HQ wants to meet the target of selling 250 000 cars in 2005, they will have to expand the current customer profile.

4.2.4.1.2 *IMAP*

Saab France produces a national IMAP on the basis of the global one. The graphic design is based on the global template but the French IMAP is executed in an A4 binder. Saab France feels that the global IMAP lacks practicality and to a certain extent applicability and therefore, merely uses it as a guideline for the development of French marketing activities.

Saab France is satisfied with the number of IMAPs produced each year. Six-month intervals, for example, would be too long. The main issue, however, is consistency. Saab France does not agree with changing the strategic theme, even slightly, every four months. One strategic theme, which is used throughout the year, would be more consistent and enhance the development of the brand identity. Also, the global IMAP should be more action-oriented and include more workable plans.

The French IMAP includes elements that cannot be found in the global IMAP such as activities addressing the diesel market, a used car program, leasing programs and action plans printed in supplements such as posters and a desk

pad. The primary aim is to provide the dealers with practical useful plans, tailored to the French market.

Before the distribution of the IMAP, Saab France gathers a selected group of dealers to present the general idea of the coming IMAP. Those dealers will engage in discussions with Saab France concerning the content of the IMAP and, expectantly, give their acceptance. When the French IMAP is produced, a national meeting is organised to inform all dealers about the content.

Saab France sees a need to engage dealers in the marketing process and wants to make them feel part of the whole as much as possible. For example, a large portion of the budget is devoted to a test drive program in which the participation of dealers is required.

4.2.4.1.3 Dealer advertising

Currently, there is no strategic Saab advertising campaign in France. Saab France does not include advertising in the marketing budget. The importer feels strategic advertising with a limited budget is rather useless for the French market as research showed that past strategic advertising had very limited effect on sales. Only with a significant increase in resources to spend on strategic advertising, this way of communicating to the public would be useful. Instead the focus is on direct marketing. Saab France felt targeted marketing as opposed to mass marketing was necessary as it would bring about better results. Mass marketing is considered to be inappropriate in the market, as brand awareness is low.

Saab France does expect the dealers to place local ads. They provide the dealers with an advertising budget of 1000 FF for each car sold and a CD-ROM with the templates of the ads to be used. The CD-ROM is produced by a local agency (related to the agency used by HQ) according to the global advertising guidelines which are made applicable for the French market. The dealers have no freedom of creativity when placing the ads other than adding their own name. Also, before the dealer places any ad, they will have to have received approval from Saab France.

4.2.4.1.4 Relations with HQ

The relationship with HQ is considered to be good. Saab France has frequent contact with HQ and feels that the French voice is heard. In the past, the French were often bypassed when making strategic decisions but lately HQ greatly improved in taking the opinion of Saab France into consideration. Nevertheless, even though they endorse the global strategy, Saab France feels that they can be given a little more authority, as the French market is significantly different from the 'global' one.

The French automobile market is characterised by the preference of French drivers for cars with diesel engines. The market for diesel cars has been booming over the past few years. Currently, approximately 75% of the P5 car park in France consist of diesel-engine cars. Saab France feels that HQ pays too little attention to this aspect considering it results in the French market characteristics significantly differ from the global ones. The existence of the diesel preference combined with the lack of products and marketing material addressing this need is a very relevant issue for Saab France. At the moment HQ is devoting more resources to the diesel issue. Lately, the diesel engine has come under a new focus, illustrated by the presentation of the V6 diesel engine during the Paris Motor Show. Still, the general feeling in Saab France is that HQ reacted too late to changes in the diesel market, which places Saab at a current competitive disadvantage in France.

4.2.4.1.5 Relations with dealers

The dealers in France can be divided in two groups. Approximately 40% of the dealers are positive about Saab France and its policies. This group supports the new brand and focuses on communicating it as well as possible to the consumers. The remainder of the dealers is very dissatisfied with current policies. They question the current brand strategy and are sceptical about the future. This latter group poses a real threat to the future of Saab in France, according to the importer. These dealers are normally suffering from low profit margins and are financially struggling to ensure the continuity of their business. Obviously, these financial difficulties are not beneficial for the relationship with the importer. Saab France aims to double the percentage of satisfied dealers by communicating the strategies convincingly.

4.2.4.2 Dealers

4.2.4.2.1 Brand Identity

Most dealers felt that the brand identity as developed by HQ is appropriate but the target audience appears to be too narrow. As awareness in France is low, having a narrow target group only places the dealers in a vicious circle. Many dealers are afraid that the current marketing activities do not appeal to the current customer base, customers that in general are older and more old-fashioned, and that therefore they will lose sales. Thus, there is a difference between where Saab presently is positioned in France and where it wants to be positioned in terms of who the actual customer is.

4.2.4.2.2 IMAP

The idea behind the IMAP is considered good. The dealers find it valuable to be updated on the marketing strategy and to get information concerning the marketing activities in the coming four months. Most dealers interviewed felt that the message that the IMAP conveys is clear. The execution, however, is regarded as less satisfactory for a number of reasons:

- ✓ The bigger dealers would like to plan their own activities further in advance than just four months.
- ✓ The dealers feel that the marketing activities are often too 'soft' and call for a more action-oriented, aggressive approach.
- ✓ The smaller dealers are less served with information on marketing activities that they cannot perform anyway due to budgetary reasons.
- ✓ The IMAP meetings are often inconvenient, especially for the smaller dealers. For example, the last meeting was in Lyon and lasted two hours. This caused difficulties for smaller dealers who cannot afford to lose ten hours of travel time and the loss of one opening day of the showroom (not enough employees) for a two hour meeting.
- ✓ The IMAP is not distributed to the dealers before the national meeting. Therefore, it is sometimes difficult to absorb all strategic information at once and some dealers need some time to digest it. Often questions concerning the IMAP arise after the meeting, but then there is no possibility to ask them anymore. Also, even if the dealers would like to interact during the meeting, very little time is reserved for discussions.

4.2.4.2.3 Dealer advertising

As mentioned before, Saab France does not include advertising in the marketing budget. As a result no strategic advertising is run in the country. Saab France only uses direct mailing aimed at the target group. However, the dealers are supposed to place tactical ads. Most dealers use the CD-ROM provided by Saab France because they do not have the resources to create their own advertising. If own advertising is used, Saab France will not co-finance.

The dealers are dissatisfied with the current advertising process because they are of the opinion that Saab France places the entire advertising burden on their shoulders. They feel it is Saab France's responsibility to promote the brand, not theirs. Dealer advertising should promote the dealership and direct the customer who got interested into the brand due to strategic advertising to the point of sale. According to the dealers, tactical advertising only is not enough to raise the awareness in such a way that the customers get into the show room and induce extra sales.

The dealers do not disagree with the direct marketing (DM) approach from Saab France. They just feel that it is not a matter of choosing between advertising and DM, but in what ways both should be executed. One dealer claimed that *'DM is a good tool for the longer term, but, for the time being, Saab France should place strategic advertising to bridge the gap in the short term. Decreasing awareness reduces the used car market.'* There is a huge market for second-hand vehicles. These cars are, in general, sold to people outside the current target group. The dealers believe that the lack of strategic advertising negatively affects awareness outside the primary target group. The people that would be interested in buying a used Saab do not get targeted, and are therefore not familiar with the brand. As the used Saab becomes harder to sell, the second hand value decreases which the dealers are worried will affect the sales of new Saabs.

4.2.4.2.4 Relations with importer

As mentioned before in the section about Saab France, the relationship between Saab France and the dealers is not satisfactory. On a personal level there are very few complaints. Saab France employees are accessible and willing to listen. However, actual problem solving is rare. As one dealer puts

it: 'You can talk to everyone, but it is nobody's problem'. The dealers feel there should be a better organisation in decision-making and distribution of information.

Another source of irritation among the dealers is the amount of control exercised by Saab France and hence, the limited freedom in carrying out the daily activities. In the past, the number of forms to be filled out on a regular basis to inform Saab France on business developments significantly increased and the dealers find themselves spending a large portion of their time filling out papers. When it comes to advertising, every ad the dealer wants to place has to be approved by Saab France. Several dealers feel they are treated as Saab France employees with little authority rather than independent businessmen contractually bound to the importer.

There seems to be an obvious distinction between smaller and larger dealers when it comes to overall satisfaction. The smaller dealers feel they are placed in a vicious circle with the current way of doing business and do not have the capacity to make the turnaround themselves. The larger dealers are financially able to offset the areas of dissatisfaction with own activities and are therefore less worried about the future. Nevertheless, the general pattern and sources of discontentment seems to be rather universal.

4.2.4.2.5 Relations with HQ

The French dealers have almost never direct contact with HQ. Most dealers were very willing to talk to us and seemed pleased to receive attention from HQ regarding their business. The dealers expressed the need for more interactions with HQ for motivational purposes.

4.2.4.3 Main findings in France

Even though Saab France has a clear idea as to how the French market is best served, there seems to be a problem in communicating these ideas to the dealers. Many dealers are discontent with the current policies. They do not question the good intentions of Saab France but often do not understand the reasoning behind certain decisions. It seems obvious that both the importers and the dealer feel there is room for improvement of their relationship.

4.2.5 USA

In the United States we conducted five personal interviews: one with the importer and four with different dealers. The dealers were selected because of their proximity to the importer in Atlanta. Even though all dealers were located in the South, their backgrounds and present situations differ. However, some answers may reflect opinions indigenous to their geographical location and not representative of the whole US dealer body. Two dealers were also fairly new and could not give a historical perspective of the developments. Nevertheless, we feel the answers they have given are valid foundations for conclusions regarding the communication process as the responses are consistent on many issues and a general pattern can be detected.

4.2.5.1 Importer

Saab Cars USA (SCUSA) is located in Atlanta, Georgia. It is a fully owned subsidiary of Saab Automobile AB. Recently the organisation underwent a restructuring to match the organisational structure at HQ. In the past, the structure was extremely sales-oriented and areas such as marketing and branding always lost if there were a clash of objectives. The heavy focus on sales had its basis in the push market system that exists in the US. SCUSA is one of few importers that carry inventory, as only 2% of the sales are to specific customer orders. In the new organisation, marketing has been split out and given a bigger role.

4.2.5.1.1 Brand identity

According to SCUSA, research results show that the Saab brand in the US is weak, as awareness in general is low. The competition for share of voice is very high in the market and it is extremely hard to make a lasting impression in the customers' minds. At the moment of the interview, there was no strategic advertising running on national TV, only on cable stations. One reason is that HQ had not developed a good strategic TV commercial recently. SCUSA has therefore chosen to focus more on tactical ads. However, if the choice comes down to choosing between ads in magazines or TV commercials, SCUSA will choose targeted TV commercials to raise awareness.

It is SCUSA's opinion that the brand identity in the US is weak and unclear. Even people within the organisation have difficulties narrowing down what the

brand stands for. The pillars of the brand are well known within SCUSA but the employees would have a hard time defining what the core of the brand is in a single or few words. As the brand is communicated through the multiple brand pillars, the brand ends up meaning a mixture of things at the end of the day.

Even though the target audience is appropriate for the US market, there is a difference between how Saab wants the brand to be seen and how the customers actually view it. There is not a clear understanding of the present situation; i.e. the current actual image is not understood well enough. Although the general customer profile is changing and becoming younger, the old “pipe smokers” still remain a very important part of the customer base. SCUSA also feels that HQ’s target is very male-oriented and mainly focused on company cars. This approach is appropriate for the European market but not for the US. In the US, individuals make up a larger share of the customer base and women play a prominent role in the purchasing decision. SCUSA believes that this is not taken into consideration at the creation of the IMAP and the advertising material.

When it comes to creating a strong brand, the US suffers from its large size. Even though it is referred to as one market, there are a number of distinct regions, each with its own specific characteristics. The brand awareness and the perception of the brand are different between the regions. As Saab is a Swedish car, it is often thought of as a car good for driving in winter conditions. This is a very appropriate image in the northern part of the country, but not in the South. The aspects of the car that makes it attractive in the North cannot be exploited with the same success in the South. As the strategic advertising is not adapted to these regional characteristics, SCUSA feels it is hard to push on the features that would make the car more attractive in areas where the brand is weak.

4.2.5.1.2 IMAP

When HQ sends out the theme for the coming IMAP, the bigger markets have an opportunity to give their comments. The main disagreement from the US is normally that the theme changes too frequently. Consequently, the message sent to the consumers changes too often. This lack of consistency in communication results in a blurring of the brand image. SCUSA feels that the

brand communication should be consistent throughout the year and that it is the tactical message that should change in order to promote various attributes of the car.

The global IMAP sent to SCUSA is perceived as a very theoretical document. As theory and practice often differs, the idea of actually implementing the IMAP is seen as unrealistic. In order to make the IMAP global, HQ is forced to use material with the least common denominator. According to SCUSA, the result is very generic material that requires extensive adaptation to the specific market. SCUSA thinks that the IMAP is good in theory, as there is a need for a marketing plan, but that it is not a dealer tool. It contains too much repetition and not enough practical suggestions that the dealers actually could use in their daily operation. If the top three markets could be involved in discussing what support material to be developed, SCUSA believes more useful material will be developed that the markets could benefit greatly from. The IMAP was once sent out to all dealers to get their opinion. As it did not find any support among the dealers, SCUSA has opted for another way of communicating the IMAP content to the dealers. SCUSA's IMAP outlines the activities for the next quarter and this is sent out to the dealers over the IRIS system.

Furthermore, as the market changes so rapidly, it is SCUSA's opinion that the IMAP in its printed form is not a good communication tool since it is outdated the moment it reaches the importer. Managers at SCUSA are already aware of the content of the IMAP as the Marketing Director is frequently updated on the work at HQ. Putting the IMAP on the Internet is a great improvement as the material is more up to date. It is also SCUSA's perception that the IMAP is too influenced by the works of consultants, resulting in a too theoretical document. The intent to enhance the brand is appreciated at SCUSA but it should be done in a simpler, less glossy way.

4.2.5.1.3 Dealer Advertising

SCUSA decides the tactical, lease/price advertising for the US dealers. The Martin agency, which is a cousin company to Lowe Brindfors, creates these ads based on a template from HQ. In the past, the Martin agency created the strategic ads including TV commercials for the US market. Today, Lowe Brindfors creates the strategic ads and the Martin agency's task is to adapt them to the US market. The main adaptations regard the text that is changed to

be more direct and get to the point faster. The ads in the US need to play more on emotions rather than intellect to be successful. All tactical ads placed in newspapers are in black and white as the printing quality is lower in the US and colour ads are considerably more expensive. Despite the alterations the concept is kept the same. Every month the incentives committee decides which offers will be promoted in the tactical ads. Normally the decision is based on the inventory. As the US market operates under a push system, it is forced to sell the cars that are in the lot.

The dealers get a monthly package containing information and the chosen ad slips. Dealers are allowed to add their own tag. No other alterations such as changing the price or the size are permitted. This was requested from the dealers in the Northeast to prevent intra-competition between the Saab dealers. If the dealers do not adhere to the rules, they cannot participate in the brand assistance program, which gives them financial support. The US dealers are divided into two groups. Dealers in bigger markets are part of the managed markets program while the others operate in a co-op program. It is not the size of the dealership that decides the program but the size of the market. In the managed markets, SCUSA places and pays for tactical ads with the participating dealers' names tagged at the bottom. This is seen as a cost-efficient way to place large ads that many dealers can benefit from. In the co-op markets SCUSA matches the advertising cost the dealer spends on every car sold. The money is placed in a certain account that the dealer can use for more advertising.

If a dealer does not follow the established rules and guidelines there are financial consequences. The dealer is not allowed to participate in the brand assistance programme and thus, does not receive part of the available support for advertising. Furthermore, the National Retail Support Program is also revoked, meaning that the dealers are not entitled to certain payouts on cars they have retailed. As this plays an important role for the dealers, it is a severe repercussion to get the funds withdrawn.

All the tactical ads are in black and white as colour is too expensive. The tactical ads never focus solely on features. As the US is a very 'deal-driven' society, the price is very important and has to be well communicated in the ads. Even though Saab is in the luxury segment, the customers look for the deal of

the month. The importance of price in the advertising is further increased by the weak brand identity in the US.

SCUSA believes having a global brand and global advertising is a good idea. However, even though there is a global campaign, the execution should be different in the various markets. Correct execution is the key for success for the campaigns and SCUSA feels it does not have enough say on the issue. As the importer is closer to the market than HQ it can better determine the timing for a launch.

4.2.5.1.4 *Relations with HQ*

On the personal level, the relationship between HQ and SCUSA is perceived as good. However, as a whole, communication between the two can be described as problematic since the parties have difficulties understanding each other. Part of this can be due to cultural differences. Some miscommunication has occurred due to different interpretations of definitions. An example of this is the definition of the target audience. When the European target was applied to the US, there was confusion in the beginning, as the word post-modern does not have the same meaning in the US. The target group should be described as affluent progressives in the US. Before this was realised there was confusion at the importer level of what people to target.

Furthermore, as the European markets got integrated, the US was doing its own thing. Now, when the US wants to be more integrated with the European markets, SCUSA feels there is a lack of understanding of the US market from HQ. SCUSA sees that there is a mutual understanding between the European subsidiaries and HQ while the US still is trying to catch up.

Managers from SCUSA frequently travel to Sweden to take part in meetings. During big gatherings like the MMP meetings, it is perceived that the communication only flows in one direction, from HQ to the other participants. Due to the intensive schedule at these meetings there is very limited time to start discussions or exchange experiences with other markets. Even though SCUSA feels the meetings in Sweden are important, it would be even more beneficial if managers from HQ also got more involved in the US market as they make decisions concerning the US market. Furthermore, discussions and

exchange of ideas between the larger markets is also something that is sought after.

SCUSA believes that HQ could improve on communicating organisational change. Today, there is confusion among SCUSA's employees of who is responsible for what at HQ. The hierarchical structure of HQ also results in that the Swedish counterparts cannot make the decision when contacted by a person from SCUSA. It is perceived that the need to push decisions to upper management is time consuming and lead to unnecessary delays.

In conclusion, the relationship between HQ and SCUSA is characterised by a lack of clarity both regarding process and content. This result in misunderstandings and contradictory messages being sent out. It also leads to one party being ignorant of the other party's undertaking, increasing the possibility of double work.

4.2.5.1.5 Relations with dealers

It is SCUSA's perception that the relationship with the dealers is fairly good. The US is divided into various regions with regional managers and field representatives who interact with the dealers on a day-to-day basis. As the field representatives travel extensively, they have good contact with the dealers and know the local markets well.

Almost all communication from SCUSA takes place through the IRIS system, which is a satellite-based communication system with resemblance to the Internet. Each dealer is required to invest in a computer and pay a monthly fee to use the system. The dealers have to use the IRIS system almost every day to obtain new information and changes in the programs. SCUSA feels this is a good way of communicating as information can be distributed to the dealers with minimum effort. Another advantage is that the information can continuously be updated and changed quickly. The ability to instantly update information is seen as an advantage over communicating information with the IMAP format HQ use.

At the beginning of every month, the dealers get a package containing the ads that will be run that month, the lease/buy prices and other information. Very limited information is given regarding more long-term strategic issues. This is

done on purpose to prevent dealers from manipulating sales. Furthermore, it is SCUSA's perception that the dealers do not want to be bothered with too much strategic information; they want to know practical things that influence the daily operations.

4.2.5.2 Dealers

The structure of the market and dealer density varies between different areas in the US. The main portion of Saab's sales comes from the Northeast where the dealers are located closer to each other. The four dealers interviewed in the US were all located in the South where Saab has less awareness in the market. As the dealers are located further away from each other, there is little or no competition between them. Dealers in the more competitive northern region have initiated some of the programs implemented by SCUSA. These programs do not fulfil the same role nor enjoy the same support in the South, as the market conditions are different.

4.2.5.2.1 Brand identity

All interviewed dealers agree that the target audience is appropriate for their markets. There are enough target customers but the consensus is that these potential buyers are not pursued in the correct way. One dealer commented on how the US market can be divided up in two different categories: one with good awareness and the other with bad awareness. The conclusion made was that the method to attract customers could not be the same in the two different markets. In the South, the awareness is in general low and the people that are aware of the brand perceive it as a winter car due to its Swedish origin. This is not a compatible image considering the weather conditions in the South. One dealer who was situated in an area with many retired people from the Northeast did not have awareness or image problems as the target audience already knew the about the car. The other dealers felt that more effort had to be put into increasing awareness and establishing a clearer brand image. Good strategic advertising like TV commercials are needed as tactical advertising focusing on the price is not enough to attract new customers that are not familiar with the qualities of the car.

Several dealers commented on the changing of the brand image. It was their perception that the change was going very slowly and that Saab still is seen as

a conservative car driven by college professors. The architects, designers and other creative people only make up a small percentage of the prospects that come into the dealerships. The majority of the customers could be described as highly educated, well researched and affluent. They buy a Saab in order to be different without showing off.

4.2.5.2.2 *IMAP*

None of the dealers we interviewed had heard of the IMAP. This is due to the fact that SCUSA does not send out an IMAP in the format HQ use and the marketing plan that is sent out is not called an IMAP. However, none of the dealers even received the pilot version SCUSA claims to have sent out. The dealers expressed a wish to receive something in the IMAP format as the information distributed over the IRIS system was not clear at all times. Despite the fact that a lot of information is sent to the dealers very little of it is strategic. The dealers appreciate getting practical information but complain that the programs are very complex and the first version received is seldom correct. As the information is so specific, it is hard for the dealers to see the bigger picture. One dealer remarked that dealers need reminding on certain issues like the brand identity to ensure that everyone is heading in the same direction.

4.2.5.2.3 *Dealer Advertising*

The dealers receive the ad slips they can chose from in a monthly package. No alterations except adding the dealer name at the bottom are in general allowed. If a dealer wants to do something else, he has to ask for approval. Not even the size can be changed which is a problem for the smaller dealers. The smallest size is a quarter of a page and such big ads are too expensive to run with any continuity. The smaller dealers therefore have to find other ways to promote the car and the dealership.

The dealers' attitudes towards the standardised advertising vary. They are all aware of the problem that exist in the Northeast, but also point out that the situation is different in the South. Many of them call for regionalised advertising. As brand awareness is so low in the South they want more strategic advertising. The tactical advertising focusing on the price does not help build the brand image or create awareness. It was the general feeling that

the present ads did very little to attract new customers. The ads are seen as conservative, which does not correspond well with the new image Saab is trying to build. As Saab is a clever brand, more innovative ads should be used according to several dealers.

Only one dealer expressed that he liked the tactical advertising, while the others implemented it only because they would be financially punished if they used something else. Some dealers did not like the ads per se while others complained that there was too little to choose from. All complained about that they had to send the ads they used back for approval by the agency. The strict control by SCUSA hampers creativity. The dealers would all like to have some more freedom regarding advertising. But they also commented on that there was a need for rules and guidelines so the brand identity would not be ruined.

4.2.5.2.4 Relations with Importer

All dealers commented on the excellent relationships they have with their field representatives. The field reps are seen as very helpful and have good knowledge about the local markets. The dealers that had been in the business for a longer period of time have strong opinions about the management level at SCUSA. Frequent turnover at management levels is seen as a problem as the strategy changes often.

As the programs are so extensive and complex they are hard to understand. This leads to frequent misunderstandings causing tension in the relationship. One dealer even went as far to say that he thought SCUSA made the programs complex on purpose so the dealers would report the wrong things and not get the refunds. Some of the plans SCUSA has are seen as unrealistic. The dealers think that the people that make the plans are not out in the field enough and do not understand how cars are sold.

SCUSA is very positive about the IRIS system but the reaction from the dealers is more mixed. Some dealers love it as it gives them easy access to information and they get quickly updated on programs and activities. Other dealers commented on the hassle of having a special computer for the IRIS system. As the IRIS requires a computer on its own, the dealers are forced to invest money in a new computer. Furthermore, they have to pay a monthly fee

to use the system. Some dealers think that the information could as well be distributed over the Internet, as this would be a less expensive alternative.

4.2.5.2.5 Relations with HQ

The US dealers have very little if any interaction with HQ in Sweden. However, they appreciate when they get attention and would like to see more information coming straight from HQ. The general attitude towards HQ is positive. However, one issue that was raised was that HQ does not understand the US car market well enough.

4.2.5.3 Main findings in the USA

In the US market, SCUSA exerts strict control over the dealers. Due to the financial consequences of not following the policies, the dealers follow the rules. SCUSA do not see the need to communicate strategic information to the dealers. Thus, on many occasions the dealers feel patronised and that their knowledge of the market is not taken into account. There also seem to be confusion about the brand image and how it best should be communicated to the customers. The importer and the dealers do not dislike the advertising per se, but are very critical concerning the execution.

5 ANALYSIS OF EMPIRICAL RESULTS

In this chapter, we present the analysis of the empirical data. We aim to conduct a cross-case analysis where the different countries will be compared and contrasted (benchmarking). We have chosen to analyse the data according to topic as opposed to countries like we did in the empirical findings' section. The section begins with a recapitulation of Christopher's service quality model, as it is central to our analysis. We also explain how this model can be applied to our case study. After that follows the main part of the analysis according to topic. There are four main headings: brand identity, IMAP, dealer advertising and business relations. Under each heading we discuss the various problems and opportunities and try to incorporate the previously discussed theories.

5.1 Introduction

This empirical analysis will primarily be based on Christopher's service quality model that was discussed earlier in the theoretical framework section. In this section the model will be adapted to the specifics of this case. Furthermore, in our analysis, the model will be applied for each topic, at the relevant management levels. We can look at the organisation as a whole and regard 'management' as being HQ and the dealers as being the service providers. In that case we can use Christopher's model without any adaptations (see chapter 3.1.3). For some topics, however, it is more interesting to take a closer look at the different levels within the organisation. We adapted the service quality model (see below) in such a way that it highlights the different activities within each layer of the organisation. The reason to divide the model up according to the characteristics of the Saab organisation is to illustrate the interrelations between the gaps at the various levels. Gaps at lower level can be caused by gaps at higher levels. For example, an execution problem at the importer level might cause a lack of managerial commitment at the dealer level. The dealers might be less motivated to implement a certain activity when they feel the execution is not satisfactory.

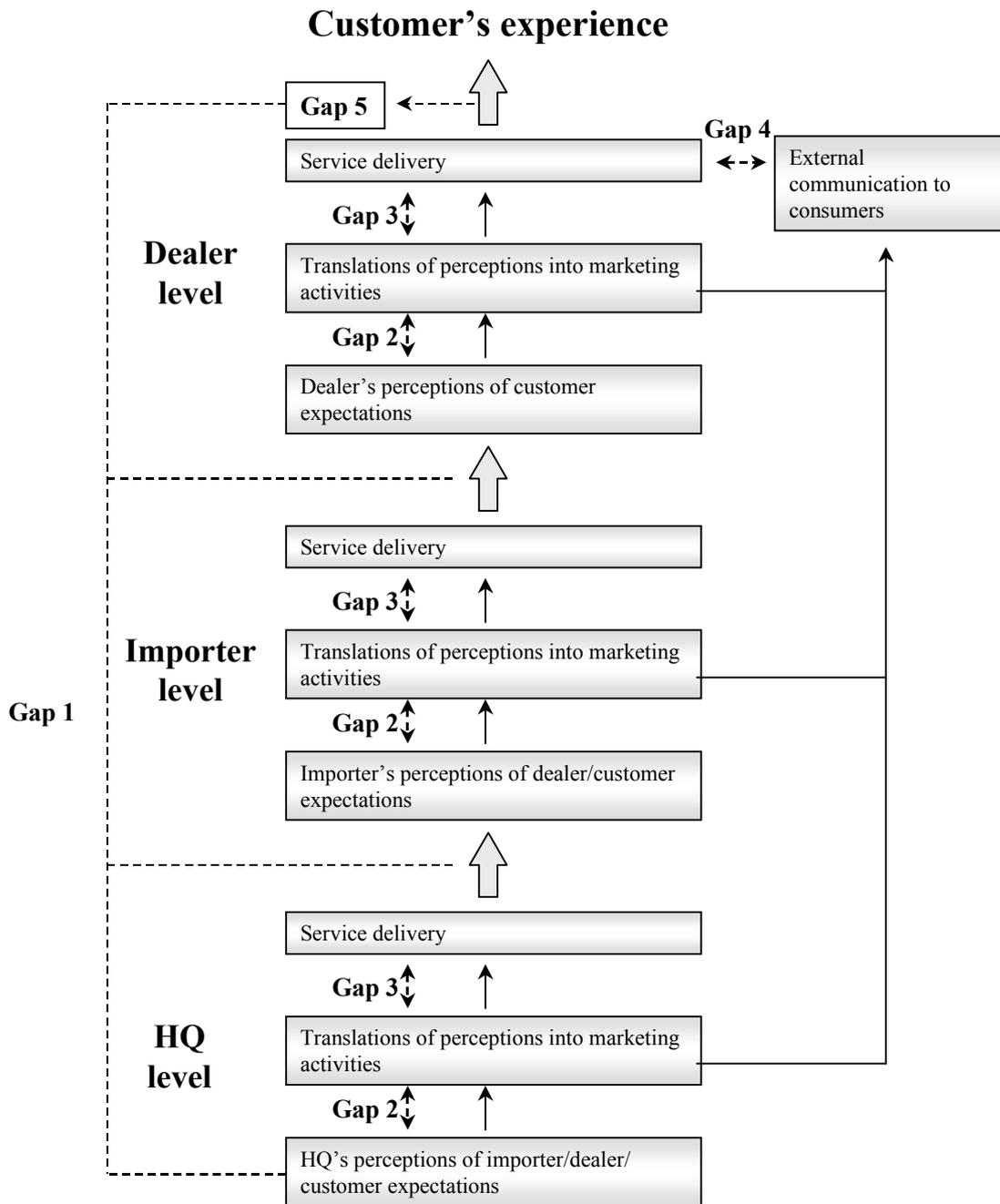


Figure 5.1: Adapted version of Christopher's service quality model

Source: Own adaptation of Christopher, 2000

As stated before, we assume that **gap 1** is minimal in the sense that HQ has done extensive research and knows the customers and their expectations fairly well. Therefore, this gap will not be discussed at any length. However, if it is seen as a gap between what HQ intends the brand image to be and what the actual image of the car actually is, then this gap does exist in our case.

Gap 2 is the absence of managerial commitment and inability to develop suitable plans. This can occur at all levels. At HQ level this corresponds to an inability to properly develop suitable marketing plans. There can also be a gap because the importer might be unable to correctly translate HQ's strategies and thus, unable to develop suitable practical plans. The gap can also be caused by a lack of motivation to develop the strategies or plans. As Saab is pursuing a global strategy, there are therefore very few attempts to make local adaptations at HQ level. On the contrary, the importers are forced to make local adaptations to better connect the plans to the markets resulting in a possible lack of motivation to pursue the global path. Also, developing practical material that the dealers find useful while bearing the global theme in mind might be problematic. If the dealers do not feel that the material they receive is useful, they will not be committed to use it.

Even though HQ creates a suitable brand identity and develops marketing plans that support this identity, the execution of the plans may be unsatisfactory. In our case, poor implementation of the IMAP and related activities result in **gap 3**. This gap may occur on all levels of the organisation. HQ has significant influence over the execution of the marketing plans, as it is HQ that dictates what advertisements and other material that is to be developed at a certain point in time. The importers also have important roles in the execution since they place all the strategic and some of the tactical ads in the markets. Lastly, if the dealers do not understand the plans or are unwilling to follow them, the plans will not be executed properly. If there is poor execution of the plans, the actual identity will differ from the intended. The execution of the plans will ultimately have an effect on how the customers view the brand and thus, affect the actual image. Gap 3 may also occur because operational levels of the internal organisations do not understand the markets well enough, which results in problems with timing and unsuitable content.

In our case, **gap 4** represents the difference between the customers' expectations formed by the external communication and his/her experience at the dealership. If gap 2 deals with managerial commitment and ability to create suitable plans and gap 3 with the execution of the plans, then gap 4 is, from an internal perspective, the difference between intended and actual identity. From an external perspective (including customers) it is the difference between the actual identity and the actual image. As stated previously, gap 4 is the

foundation for our thesis as Saab's HQ perceives that there are differences between what the strategic ads and other centrally controlled marketing material communicate regarding brand identity, and what the tactical advertising and the dealerships actually portray. This is partly due the fact that HQ has more influence over strategic ads than tactical. Furthermore, the physical attributes of the dealerships and the quality of the delivered service are matters the dealers have the most influence over. The different standards between dealerships is a problem, not only within the same country but also between different countries. As Saab wants the brand to be perceived the same way all over the world, problems occur when different markets communicate the brand differently. The question is why this is the case and how to motivate the dealers to invest in the layout of their dealerships.

All these gaps lead up to **gap 5**, which in theory is the gap between perceived and expected quality of a service. In our case, gap 5 is the difference between the customer's perception of the Saab brand identity and the actual experience at the dealership. In our service quality model we simply illustrate gap 5 as a single factor. In fact, it represents the difference between expected and perceived image on the basis of word-of-mouth, personal needs and past experience. The difference between gap 4 and gap 5 is that gap 4 only concerns the effects of external communication while gap 5 also takes other factors that influence customer expectations into consideration. Gap 5 is not investigated closely since consumer behaviour falls outside the scope of the thesis. Still, this gap deserves some comments, as it is the ultimate result of the other gaps. In Saab's case, the problem is two-fold. Some customers' expectations are too high, as the experience at the dealerships does not live up to the promise made in the brand advertising. On the other hand, when the brand image is not clearly communicated, the customers do not get the right perception of the car and may therefore not go to the dealerships and test-drive the car. Saab has a proven high percentage of test drivers that actually buy the car. Thus, the gap may be that the customers have a too low expectation of the brand.

5.2 Brand identity

The Saab brand can be classified as a mixture between a product brand and a corporate brand. As described in the HQ part on brand identity, the brand represents more than just product-specific values like premium qualifiers and product excellence and category. It also stands for corporate values such as relationship, heritage and myth, user identity, and tonality and expression. Saab seems to be aware that the brand incorporates more than the product itself and is therefore not caught up in the product-attribute fixation trap. As the Saab brand stands for such a complex sum of factors, it is of vital importance that every party involved in the business process is fully familiar with the branding elements. Otherwise the communication will not be consistent, resulting in that the intended and actual identity differs. Also, the actual image will differ from the intended image. It does not seem like Saab is fully exploiting nor communicating all aspects of the brand internally to their potential.

The Saab symbol, the griffin, encompasses the attributes Saab wants the brand to stand for. Despite the fact that the symbolic of the griffin and the intended brand identity go hand in hand, the griffin is not used significantly in the marketing. We doubt that there is a strong association between the logo with the griffin and the Saab name among the customers. Furthermore, the symbolic and the reasons behind choosing the griffin as the logo are not well known internally, not even at HQ level. This is in our mind a larger concern as the logo loses its symbolic meaning and becomes only a picture.

A mismatch between the intended brand identity and the actual communicated identity is illustrated in gap 4 of the service quality model. Potential customers are drawn to the dealership on the basis of external communication but do not always receive the service they expect to get. For example, dealerships might not always have a look that is consistent with the communicated identity. Thus, the image the customers get does not match HQ's intended identity.

In France, and to a lesser extent in the US, the layout of most dealerships we visited did not comply with corporate standards. The post-modern values of the Saab brand were clearly not well communicated, resulting in a first impression that does not always comply with customers' expectations. In the Netherlands,

on the other hand, all dealerships visited looked very consistent with the intended Saab brand identity. All dealers interviewed seemed to be very well aware of the Saab concept and identified the need to show a consistent image throughout the country. In Sweden a similar trend can be detected, yet in a less obvious way. Dealers in the latter two countries seem to understand that actions of individual dealers affect the organisation as a whole and generally pursue a common brand identity policy to avoid damaging the brand.

The reasons why some dealers are having difficulties communicating the brand are several. Those reasons include lack of brand understanding, financial restraints, limited dependence on Saab sales, insufficient information from the importer or resistance to implement policies as described by the importer. Comments on the latter two reasons, the actual policies and communication flow regarding marketing activities, will be discussed in later sections. In this section we will deal with the perception of the brand and its impact on the dealer's business as illustrated in the layout of the dealership.

In general, the respondent in all four countries reacted positively on the created brand identity. The target audience seems to be relevant and potential customers are in abundant supply in all markets except Sweden. All importers seem to endorse HQ's intended brand identity. Also, most dealers appeared to be familiar with the concept. Being aware of the concept, however, does not necessarily mean fully understanding the concept. And even if the importers and dealers do, they are having trouble translating it into practical issues, resulting in that the actual brand identity differs from the intended. An internal understanding of the brand is a prerequisite for being able to communicate it properly to external parties. Both importers and dealers seem to have difficulties pinpointing exactly what the Saab brand stands for. Many respondents, regardless of their role in the business process, have difficulties grasping the concept as a whole. One of the reasons repeatedly mentioned causing these difficulties is the frequent change in strategic direction by HQ. It seems like Saab is caught in the external perspective trap. The brand identity is not used effectively as a vehicle to internally communicate what the brand is about to every level of the personnel as the orientation of the brand department is more external.

One issue seemed to cause confusion is the difference between positioning and identity. Numerous importers and dealers remarked that the Saab brand was so complex that it was hard to understand and thus, difficult to communicate to the customers. As a brand has many different facets it is by nature complex, otherwise the concept of the brand is not fully expanded. The positioning of the brand refers to the part of the identity that is communicated to the target audience. The position of the brand can change without the brand identity changes. It is just a matter of which aspects of the brand the company chooses to communicate. It is vital to be very clear in the communication of the positioning strategy. For this purpose a tag line can be developed. It seems that HQ has a hard time communicating the whole identity clearly to the dealers but it also seems like the communication of the brand positioning is unclear. A reason may be that the dealers are caught between two different worlds. As brand identity is more forward-looking than image, there is a mismatch between the identity that HQ wants the dealers to communicate and the customers' actual image. Many dealers said they sold few cars to the target group HQ has defined. At the same time, the advertising material they have to use is targeted to this new group that presently account for few sales. The dealers have to find a way to keep the old customers that still account for a significant portion of the sales while using the advertising targeted at the new customer group. It is understandable that this leads to confusion. HQ could try to develop material that better bridges the gap between the new and the old customer group.

Nevertheless, it appears that all dealers interviewed were well aware of the official guidelines regarding the brand identity. The reactions from the interviewees located near the bigger cities were more enthusiastic than the reactions from the ones living in the more rural areas due to differences in population characteristics. Even though the Saab brand identity is well received, most dealers throughout all four countries expressed a similar concern, the concern that the pursuit of the selected target audience will not bring about the desired future sales.

In all four countries, the current customer base does not match the characteristics of the desired customer base. Especially in the Netherlands, France and the US, where brand awareness is low, Saab is just in the beginning phases of transition to an improved image. The intended brand identity and the

intended image in those countries does not always entirely match the actual Saab image. The dealers feel that HQ is not aware of the fact that changing the corporate image does not happen overnight. Many dealers are profitable because of sales to people outside the scope of the target audience, fitting the 'old' Saab image. This clearly illustrates the point made earlier in the thesis that identity is forward looking while image is more backward looking. Even though Saab HQ should take the dealers' and customers' views into consideration, it is important that the company does not get trapped in the brand image trap. As a brand identity should reflect the soul and vision of the brand, it is not enough to only take external opinions into consideration. The brand identity is often more strategic in nature than the image and should therefore focus on what the company wants the customers to associate with the brand rather than what the customers actually associate the brand with. However, the company should be aware of that the intended image at the moment does not match the actual image.

In Sweden, where Saab brand awareness is significantly higher than in the rest of the world, a large portion of total sales can be attributed to the 'relatively less sophisticated' customer and to companies. Sales to customers outside the target group are vital to meet the sales targets. The current globally developed promotional activities do not target those customers. Saab-Opel also has to develop additional material for the corporate sales. Most dealers are afraid that sales to primary target customers alone will not increase their total sales in the future due to the loss of current customers.

Also, the target audience as set by HQ does not fit the buyers of second hand vehicles who in general earn less money than buyers of new Saab cars. Yet, this activity is next to services the most profitable part of the business. At the moment, the dealers feel marketing is targeted primarily to new car buyers, neglecting the customers in the very profitable used car segment. They feel that adhering strictly to HQ's rules concerning brand identity is not always in their best interest. To conclude this discussion, regardless of the level of awareness in their country, most dealers interviewed felt that HQ is right to pursue the current brand identity but are afraid that the target is too narrow to bring about desired results.

As mentioned before, another reason for non-compliance with the brand identity seems to be limited dependence on Saab sales. In Sweden and the Netherlands, most dealerships are exclusive or dual-franchise. The number of Saab cars sold per year is a primary determinant for business performance, hence the emphasis on implementing corporate policies. In the other two countries, especially in the US, priority treatment seems to be given to marketing other makes in the dealership of which more cars are sold annually. Thus, the gap between intended and actual identity is likely to be larger in markets where the majority of the dealerships are multi-franchise.

A third and obvious reason for non-implementation of corporate guidelines concerning brand identity is the lack of financial resources. The visuals HQ would like to be seen in the dealership are rather costly and require, especially for smaller dealers, a significant amount of money to be invested.

It seems that the basis of the problem as illustrated in gap 4, the mismatch between the intended brand identity and the actual brand identity, can be found in gap 2 and 3. We can look at the model in two ways, from a HQ's perspective (HQ = management) and an importer's perspective (importer = management). Gap 2 represents an absence of managerial commitment, resulting in the development of an incorrect or a too complex brand identity. We have already established that the Saab brand identity is not looked upon as incorrect, but merely as complex and possibly incomplete. We believe gap 2 at the HQ's level is present and characterised by a lack of clarity. In our opinion, HQ created a very complex identity that is difficult to work with in practice if it is not communicated properly. Market dynamics and dealer circumstances are not taken into consideration enough, especially in markets characterised by the transition from the 'old' Saab image to the modernised version.

The existence of gap 2 at HQ level does not necessarily mean a gap 2 at the importer's level. Nevertheless, this gap does exist in certain markets. We feel that the importers in France and the US take too little time to both grasp the concept (regardless of accuracy of the content) themselves and convey it properly and completely to their dealers.

Gap 3 refers to poor execution of the brand identity concept, which can occur in all levels of the organisation. Not only HQ and importers, but also dealers

can communicate the brand unsatisfactory. Since there are three parties involved in the brand communication process, chances are greater that some elements get lost in the process. This gap can be caused by the factors such as lack of understanding of the brand by the dealers, limited financial resources or lack of commitment to the Saab brand illustrated in the priority treatment of other makes in the dealership. In most markets investigated, a combination of above-mentioned factors caused the possible gap.

To conclude, in many instances there is a mismatch between HQ's intended brand identity and the identity ultimately communicated to the public by the importers and dealers. This mismatch is caused by a variety of factors but mainly due to differences in interpretation of the brand resulting from difficulties in grasping the concept of the brand. The branding concept is relatively complex resulting in the fact that not everybody involved in the business process is 100% familiar and comfortable with the brand. National and regional differences in market dynamics may call for a different branding approach. As Saab strongly believes in a global approach towards marketing, discrepancies in branding throughout the world might only be solved by better communication and explanation of the brand, on all levels. The marketing strategy should allow for clarification of the brand. HQ should take that into consideration when developing the IMAP, which ought to be used as a tool to communicate the brand identity effectively.

5.3 IMAP

The IMAP can be looked upon as a service from HQ to the importers, and hence be analysed with the service quality model. The ultimate purpose of the IMAP is to make everyone in the business process fully aware of Saab's short-term strategic intent and also give the direction for the long-term strategies. It serves as a vehicle of components of the overall marketing strategy. The marketing activity we studied in this thesis, dealer advertising, is communicated to importers by means of the global IMAP. In turn, the importers are supposed to communicate the strategy to their dealers by means of a locally adapted IMAP (see chapter 4.2.1.2 for a graphical presentation of the official IMAP procedure). In reality, the IMAP process looks different in the markets we studied. The reasons for variations differ but can all be

attributed to local peculiarities. Also, some importers doubt the value of the development of a global IMAP to be transformed into a local one.

If importers have to adapt the global IMAP to local circumstances, how useful then is developing a global IMAP in the first place? This question was frequently asked during our interviews with both importers and dealers. With the exception of Sweden, the majority of respondents in the other countries felt that the global IMAP was an attempt to please everybody but, in fact, it suits nobody. They fully understood and endorsed the need for an overall strategic marketing plan but felt that local variations were so significant that corporate policies were hard, if not impossible, to implement. The main arguments made were lack of clarity, lack of practicality, and a too visionary approach. Especially the dealers but also a number of importers called for a more action-oriented approach, an IMAP that contained more workable plans.

We suppose an issue that needs clarification is the actual purpose of the IMAP. According to the respondents in the market it merely serves as an indication of the marketing strategy to be followed. HQ, on the other hand, feels that global IMAP does contain practical and useable plans. Redefining the rationale of the global IMAP seems necessary in order to make all parties involved look at it with the same perspective.

In our study, the different perspectives on the IMAP became visible. Each importer we visited had different ideas as to how to interpret the global IMAP and to what extent to use it as a guideline for local plans.

Saab-Opel Sweden implements the IMAP according to guidelines. A national IMAP is created with the exact same format as the global one. In principle, the importer endorses all global marketing activities and tries to execute them as well as possible. Sweden, however, differs significantly from other markets being the home country. Market awareness and total sales are notably higher than in most other markets. Therefore, more marketing activities are necessary to reach the targets. The corporate activities alone do not suffice. Saab-Opel needs to develop more activities to serve the market in a better way. Besides external activities, the Swedish importer also makes use of the dealer toolbox, a feature on the Saab-Opel Intranet. This toolbox allows the dealers to be more actively involved in the marketing process, especially concerning advertising,

while maintaining corporate standards. The dealers seem to be happy with this extended kind of freedom. Considering the fact that the communicated brand identity in Sweden only remotely differs from the official brand identity, implementing a toolbox-like feature in other markets could be taken into consideration.

The creation of extra (internal) marketing activities entails a lot of extra work on top of the creation of an adapted IMAP. As the delivery of the global IMAP is generally late, Saab-Opel has limited time to devote to the local one. The tardiness of HQ, not only with respect to the IMAP, seems to be a problem in other markets as well, yet in a lesser extent, and often keeps the importers and dealers from quickly reacting to the changes in the business environment.

In the US, the global IMAP is seen as too theoretical and unrealistic to actually implement. In SCUSA's mind, the global approach does not suit the US market at all. The overall theme, however, is used for the development of US-specific activities. The importer does not see the need for the development of the IMAP three times a year as they are notified of policy changes in interactions throughout the year anyway. SCUSA refrains from distributing an IMAP-like document to the dealers, under the impression that the dealers do not wish to receive such document. Instead, they produce a monthly scheme, stating the lease programs and presenting the ads the dealers can use for that period. SCUSA seems reluctant to give out any strategic information to the dealers, assuming they will act in their dealerships best interest and use the information to manipulate sales. Also, SCUSA claims to have sent out IMAPs in the starting up phase but that reactions of dealers were so negative that the decision was made to stop the distribution. The dealers interviewed, however, stated that they never had received any IMAP and clearly expressed the wish to receive more strategic information.

Even though SCUSA clearly contradicts corporate policies as far as IMAP development and distribution is concerned, they did touch upon a valid point. The continuous change in strategic direction hampers the consistency in communication messages and causes a blurred identity and image. This comment was also made in the Netherlands (by all respondents) and in France (by the dealers only). The general feeling in these three countries was that

changing the strategic theme three times a year, even slightly, does not contribute to the development of a solid brand position.

In the Netherlands, the global IMAP procedure is not implemented. Nevertheless, the global IMAP is used as a guideline for the development of local activities and corporate standards are adhered to. Referring to the comments made above, A.I.M. feels consistency over a longer period of time is more important than following the three theme periods as set by the global IMAP. This behaviour might lead to consistency within the Netherlands, but it also results in inconsistent behaviour compared to the other markets that follows the IMAP themes. A.I.M. opts for semi-annual meeting, informing the dealers orally about the strategy to be followed and distribute an information booklet about what activities are organised with what purpose. This approach is deemed more suitable as in the Netherlands a business cycle seems to run six months. The global IMAP procedure would be better followed, if the number of issues per year would be reduced. Among the respondents interviewed in all four markets, the opinions are divided whether or not to alter the number of IMAPs per year. It seems however, that a majority of the markets would be better served with a reduced number of IMAPs which might entail more practical, locally-applicable plans and leaves more time to properly execute the national plans. However, at the same time the markets want to receive new material quickly so they can respond to changes in the markets. This could be contradictory but with the IMAP on the Brand Support site, new activities and ads can quickly be added without changing the strategic theme.

Saab France is of the opinion that the global IMAP could add more practical content. The French IMAP is focused on practicality and contains locally developed plans. Saab France discusses the content of the future IMAP with the dealer council. Nevertheless, many dealers are still puzzled as to how to interpret the different features and feel that there is little time reserved for extended explanations. This is problematic considering that the IMAP is a major vehicle for communicating marketing information to the dealers. If the dealers do not fully understand the material, it is natural that they communicate the brand identity differently than what HQ originally had in mind.

We can apply the service quality model on the IMAP process and, again, look at it from two different perspectives. On HQ level, there seems to be a

mismatch between HQ's perception of what the importers expect of the IMAP and the actual intent, illustrated in gap 2. Most importers we interviewed regard the global IMAP merely as a guideline for developing marketing activities, whereas HQ would like importers to utilise it as a manual. Minimising this gap as much as possible entails redefining the goals of the global IMAP and communicating those goals properly to the importers.

Next to gap 2, there also seems to be a problem with translating the IMAP concept into workable plans (gap 3). The global IMAP lacks practicality and possesses limited applicability with regard to the various markets. Different market dynamics in the four markets studied require different approaches. At the moment, the wish to combine elements of all markets into a global IMAP seems to entail too many concessions, resulting in a plan, which is not action-oriented and aggressive enough.

If we look at the model from an importer's perspective, i.e. the process of the national IMAP, the width of gap 2 seems to differ between markets. The level of managerial commitment from importers towards their dealers differs between countries. We believe the importers in Sweden, the Netherlands and France have a fairly good idea of what the dealers would like to receive in an IMAP or IMAP-related document. In the US, however, there is a complete mismatch between the dealers' expectations and the actual IMAP policy. There seems to be a serious lack of managerial commitment by SCUSA in updating the dealers on strategic issues. We feel that SCUSA is incorrect in keeping strategic issues from them as it will result in a lack of motivation, deteriorating internal business relations and a lack of brand knowledge among the dealers which will, in turn, result into insufficient and incorrect communication to the consumer.

The width of gap 3 refers to the ability of the importer to translate the ideas behind the global IMAP into practical plans. This is a critical area as big inconsistency problems can occur if the importers do not translate the global IMAP correctly. In Sweden, the Netherlands and France the importers seem to have a fair understanding of the market and the dealers' needs. Areas for improvement, however, include timeliness, practicality and aggressiveness. In the US the dealers receive a one pager containing practical details that in reality appear to be too complex and unclear.

Most parties interviewed seem to think that the idea of creating the IMAP is very good. Nevertheless, it seems that Saab does not achieve the desired effect with the IMAP. Despite the standardised approach with the global IMAP, the brand is not communicated in a consistent manner throughout the world. Due to the fact that the importers adapt and localise the global IMAP, the product that reaches the dealers in the end varies between the markets. Even though there is economic globalisation, countries still differ regarding culture and language and certain adaptations are necessary. However, it is a question of making the right adaptations and not allowing the markets to change the content or layout in such a way that it affects the brand identity.

Lately, the decision has been made to place the IMAP in an electronic format on the Intranet. In our opinion, this is an important move, enhancing the business process. Utilising the advantages of the electronic format to the fullest will allow for continuous updates and quick responses according to changes in the business environment. These advantages will be particularly useful for dealer advertising as the IMAP serves as a vehicle for this marketing activity and quick changes may have to be made to adapt to changing market conditions.

5.4 Dealer advertising

Advertising is a very powerful marketing tool as it has many advantages. The main reasons why companies choose this type of communication is because it is controllable, enjoys economies of scale and reaches a large number of people at the same time. Saab benefits from these advantages to a certain extent, but still does not seem to exploit the tool to its full potential. The main limitation of advertising, which is poor execution, seems to be Saab's biggest threat. In all four markets we investigated, comments regarding execution issues were made. Not properly executing the advertising strategy limits the effects of the advantages. Our analysis of dealer advertising is structured according to these advantages.

In principle, advertising is controllable as the person responsible for implementation always has a final say in what ultimately goes to print. Since Saab pays for the advertising space, they can insist on what message is communicated. This type of control can be regarded as an external issue and is

not of direct relevance to our thesis. Internal control, however, is a problem area within the Saab organisation. With internal control we mean the extent to which HQ is able manage final output (as required in a global campaign), which depends on the ability of importers and dealers to influence the advertising process. Studying the results of our empirical study, it seems obvious that HQ does not have full control over the advertisements that are placed in the markets we investigated. When an importer makes adaptations inconsistent with the global guidelines, the actual brand identity communicated in that market will differ from that which is communicated in other markets and thus, the customers' actual image will deviate from the intended image.

Even though strategic advertising falls outside the scope of our research, we would still like to comment on some issues since interesting information came up during our interviews. Strategic advertising is very costly to execute on an individual basis. Therefore, most markets seem to have no choice but to follow HQ's guidelines resulting in the fact that HQ has a fairly good idea about what ads are implemented in which market. Obviously, being under strict control does not mean that all importers fully endorse the strategic advertising strategy. Cultural differences determine to a large extent how the advertisements of the Saab versus... campaign are received. The importers feel that too little attention is paid to variability between markets, e.g. the difference in interpretation of the word versus and a possible required presence of extended emotional appeal.

It is harder for HQ to control the communicated message of dealer advertising as the power of decision-making has been delegated to the importers. The importers modify the tactical ads, which are developed for the global strategy to their own market (see the empirical study for a detailed explanation of the dealer advertising process). Since, in principle, the importers approve the tactical ads that the dealers want to place, they have the possibility to deviate from global guidelines without HQ noticing it. Furthermore, the dealers can place their own tactical advertising without telling the importer.

An example of deviation from global guidelines is the dealer advertising strategy in the Netherlands. The importer felt that a mixture of strategic and tactical content in advertisements would serve the market better than separate ads. HQ is not familiar with the layout of the Dutch ads. This is, most likely

due to insufficient interaction between the counterparts in the two organisations.

The importers control the dealers in terms of advertising by means of financial or policy-related measures. In all countries, dealer advertising is co-financed by the importer if the dealer adheres to the guidelines. If the dealers do not comply with the rules established by the importer, they simply do not get part of their expenses reimbursed. In the US, however, dealers face additional financial consequences. Contrary to the other three countries studied, the dealers are denied additional financial benefits that are not directly related to the advertising budget. In the ideal world, dealers should be willing to comply with the guidelines regarding marketing issues because they fully understand and endorse the concept. This as opposed to being steered into executing activities and complying with the rules out of fear for financial consequences. Namely, how can Saab expect the customers to buy into the Saab concept if not even their own dealers willingly support it?

The dealers in the Netherlands and Sweden are generally satisfied with the dealer advertising procedure in their market. In the Netherlands, the importer takes care of the implementation and has therefore full control over what is communicated to the public. The dealers, however, do have the possibility to discuss the advertising program and have a final say in deciding which ad is going to be used for which type of media. The Dutch dealers we interviewed were pleased with the current policy as it saves them a lot of time and still gives them some freedom with regard to implementation. In Sweden, the dealers handle implementation issues themselves, but generally work according to guidelines set by Saab-Opel. They work with the dealer toolbox to create their own tactical ads providing them with some possibility to exert creativity. Obviously, being entrepreneurs, they would like to have more freedom with regard to creativity, but at the same time realise that it is necessary to follow rules in order to communicate a consistent message throughout the country. Even though dealers in all markets adhere to the rules regarding implementation, the ones in the Netherlands and Sweden endorse the process, which is of benefit not only to advertising, but also communicating the brand as a whole.

The second advantage of advertising is the possibility to achieve economies of scale. Besides the desire to communicate a global message, this is clearly what Saab had in mind when developing the global advertising campaign. However, how cost effective is creating a global campaign when importers and dealers adopt the global ads and guidelines only in a limited extent and have to devote a significant amount of resources to the adaptation of the ads to local requirements?

The importers and dealers do not always feel the tactical ads developed by HQ are suitable for their market. They do not always include country-specific variables and current promotions. Even though the importers make the alterations they deem necessary, most dealers still feel the execution of dealer advertising is rather poor. The respondents in Sweden, the Netherlands and the US blame the importers of putting too much emphasis on strategic ads or the strategic content of a tactical ad. Instead, the communication should be focused on the actual product. It seems that, at the moment, the advertising is not aggressive and action-oriented enough. Also, the advertising appears to be too male-oriented, neglecting the influence of women on the purchasing process.

The French dealers, who feel their position is severely hampered by the non-existence of a strategic advertising campaign, share this opinion. They criticise Saab France for delegating the job of communicating the brand identity and feel they face the task to both communicate strategic issues and the product itself by means of dealer advertising. The dealers understand Saab France's preference for DM but believe this preference has serious consequences for short-term developments. The current lack of awareness will hamper the second hand car business and reduce dealer profitability.

To wrap up the discussion on economies of scale we would like to make some final comments. In our perception, currently few economies of scale are achieved as the importers and the dealers in the market still have to devote a lot of resources, financial as well as human, into making the ads applicable to the market.

Saab exploits the final benefit of advertising, reaching a large number of people at the same time. However, does the advertising reach the right people? And, do these people have to be reached in the same way? The respondents in

the market feel the advertising is appropriate for the target audience. The dealers, however, are concerned that the message only reaches the narrow target audience and neglects the people that do not exactly fit the customer profile but might still be interested in buying a Saab or could possibly buy a used Saab. Especially the interviewees outside Sweden commented that having such a targeted approach to advertising is not suitable in a country where brand awareness is relatively low. They feel they need all exposure they can get in order to reach sales targets. As image has become so important for companies, the competition for share of voice is very high. Since consumers are flooded with messages, it becomes increasingly harder for companies to make a lasting impression. Even though dealers want a fair amount of strategic advertising to be placed, it has to be questioned how useful it is. Considering the size of Saab, the company does not have the resources to launch large enough strategic campaigns in all markets to make a significant impact on awareness. The key is to increase share of mind in the right target segment. However, a too narrow definition of the target group could result in loss of sales as potential customers are ignored. There are advantages and drawbacks with both mass marketing and targeted marketing and Saab has to weigh them against each other to find the most effective combination of the two. No matter what approach is chosen it is essential that the dealers understand the purpose of the strategy and why the strategy was chosen in order for them to support the approach.

Another source of concern is the fact that a global approach does not suit every country or region. Every respondent in all four countries visited argued that HQ was right to pursue a consistent image world-wide according to a set concept, but felt that it was not necessary to execute the concept the same way. Local execution should be adapted to local circumstances and tailored to awareness in that region. Nevertheless, it is vital for Saab to establish itself in the market in a recognisable way. Currently, importers, dealers and customers seem to have problems defining the Saab brand. The creation of a universal tag line could be a solution, while execution may differ across countries. However, it is important to realise that developing a tag line cannot serve as a substitute for establishing the brand identity (the brand position trap). As a brand identity is so complex, a tag line is likely to only communicate a part of it, thus serving better for positioning the brand than for actually building the brand.

When we apply the dealer advertising process to the service quality model, we can identify the existence of gap 3. We consider the lack of managerial commitment (gap 2) minimal regarding this aspect. Both HQ and the importers seem to put a lot of effort into pushing the process and consider it an important part of the total marketing strategy. Only the dealers in France and the US seem to lack commitment to executing dealer advertising satisfactory, but we feel this lack of motivation can be attributed to the presence of gap 3 at the importer's level, which is related to poor execution. The poor execution in these countries, not primarily of the ad itself but merely of the entire process, does not contribute to dealer satisfaction and motivation.

To conclude, in our opinion, HQ developed a proper dealer advertising strategy. Nevertheless, it seems that while developing the strategy they took local input too little into consideration. Allowing the importers and dealers to provide more input will result into an improved advertising process and, at the same time, improve internal relations.

5.5 Business Relations

The quality of the relationships between the different parties plays a significant role in determining the success of the brand communication. If the exchange of information between the various levels is not working properly, we can assume that there are problems communicating the brand identity down the chain.

In general, the more parties involved in a communication process, the larger the risk that the message becomes distorted on the way. At a first glance, it seems to be a fairly straightforward process within Saab, involving only three parties. However, at a closer examination it is discovered that this is not a completely accurate picture. Communication does not only occur between the various levels but also between upper and lower management within each level. Due to the hierarchical structure of both HQ and importers there are numerous interactions within each level. Thus, the communication process actually involves a significant number of extra steps. The pushing of decisions up the ladder slows down the business process. It is understandable that upper level management wants to stay in control of marketing activities but as this practice leads to more interactions, more possibilities for misinterpretations exist.

Every time a message is sent, it is subject to noise, which distorts the message (see Chapter 3.1.6 for the communication process model). Each person that has to translate and interpret the message represents a possibility for the message to be altered. As the sender's and receiver's perceptions of reality often diverge, the perceived meaning often differs from the intended meaning. This is especially true when communication takes place between countries and across cultural barriers. Cultural differences can be a main reason for miscommunication and lack of success of marketing activities. It is essential for an MNC like Saab to ensure that all parties in the process are on the same page. Clarifying definitions and having a continuous dialogue can facilitate for minimising interpretation problems. One example when this was not done, is the application of the European customer profile to the US market. As post-modern has a totally different meaning in the US, there was confusion in the beginning what the target group really was. Furthermore, we wonder if the concept of the Saab versus... campaign was properly tested before the launch. Today, the Saab versus... ads are not well understood in many markets, thus, the campaigns are not used to the extent they were meant to. In many countries the word 'versus' has a very negative connotation, and is most appropriately translated with the word 'against'. This compared to Sweden, where 'versus' can also mean 'compared to' or 'and'. It seems like Saab assumed that since the Saab versus... concept worked well in Sweden, it could be applied in the same format globally. It is understandable that HQ wants to use the same campaign globally to promote a consistent image. However, considering the cultural differences between the markets, it could be questioned if the advertisements are perceived exactly the same world-wide. If the campaigns are not perceived the same way, the purpose is defeated, as the image of the car will differ between the markets.

Even though it is not the focus of the thesis, we feel it is relevant to shortly discuss the issue of block exemption within the EU. Changes in EU rules regarding the block exemption can affect the dynamics of the HQ/Importer relationship in the EU countries. In the short run, it is unlikely that there will be any significant effects for the importer. However, depending on what will happen, the individual dealers may face problems. Abolishing the geographic divisions of the market is not likely to have any large negative effects on the dealers. It is the elimination of the exclusivity agreements that will have the most significant effects on the whole organisation. There is a possibility that

mega-centres open up where many luxury brands are sold at the same place. Saab will then lose its exclusivity, as it will be one of many brands. Furthermore, such dealerships will probably only pick the most profitable models that are the easiest to sell. Also, there is the possibility that companies in other industries buy Saabs from the factory on the same conditions as the dealers do and then use them in promotional activities, selling them at a much lower price than the dealers can.

In the long term the lifting of the block exemption can ruin the distribution network and work against Saab's long term strategies in the area. One only has to look at the US to see the effects of not having an exclusivity arrangement. When comparing the layout and physical attributes of the dealerships in the four markets, we can conclude that it is least satisfactory in the US, judging from Saab's official standards. The number of exclusive dealers is relatively few. Furthermore, it does not seem like Saab is the number one car among the dual or multi-franchise dealerships. Thus, the US dealers are not as heavily dependent on Saab sales as European dealers are. Especially when a dealership sells one or several brands that compete with Saab, the Saab is put at a disadvantage. As the dealers' primary objective is to earn money, he will push for the make that gives him the greatest margin at the moment. Thus, it becomes a competition between the manufacturers to give the most attractive rebates. The bargaining power of HQ will decrease if the lifting of the block exemption results in a shift towards larger dealerships that sell more brands since the importance of each individual brand is less in such a situation. To conclude the discussion on this issue, we argue that the importance of personal relationships with the customers will further increase. The key is to keep the existing customers by for instance offering attractive service packages that cannot be matched by the new entrants. A main function of a brand is to serve as an uncertainty-reducing factor. Therefore, there should be a very strong connection between the Saab brand and the individual dealerships. Thus, there seem to be a need to let the dealers promote their individual dealership names more aggressively.

5.5.1 HQ/Importer

The quality of the relationships between HQ and importers varies between markets, but in general they can be described as good, especially on the personal level. The frequency of the interactions depends to a large degree on the size of the market. As a rule, the relationships are closer with the subsidiaries compared to the independent importers. Whether an importer's voice gets heard, depends on the market. The more important markets generally have more to say. This makes the independent importers feel ignored, as they are not consulted as frequently. Although the Netherlands is the fifth largest market, the Dutch importer is often left out of meetings even though the decisions taken concern them. A gap 2, lack of managerial commitment on the importer level, might occur in a situation like this. The importers that are not involved in the creation of the plans might feel less motivated to adhere to HQ's plans and adapt them to their market as opposed to the importers that got the opportunity to express their opinions. Fortunately, in the case of the Netherlands, this has not happened to any large extent, as A.I.M. is very dedicated to communicating the appropriate image. However, A.I.M. does use its own version of tactical ads that are not approved by HQ. This can in our minds partly be attributed to the fact that A.I.M. is not consulted as much as other markets. Furthermore, a gap 3 may occur at HQ level if the contacts with the markets are insufficient. If HQ does not receive the markets' input, execution problems may occur for example by activities being launched at the wrong time.

The markets that have frequent interactions with HQ, like Sweden and the US, know who is in charge of what and who to talk to in the event of a problem. Also, managers in these two markets have good personal relations with upper level managers at HQ. However, the other two markets expressed concern about the fact that they did not know whom to contact at HQ. The consensus among the importers was that HQ changes its structure very frequently and is bad at communicating organisational change. This causes unnecessary delays in the transfer of information. Relying too much on informal communication channels result in not everyone receiving the same information. Especially the markets with less contact with HQ suffer as they visit Gothenburg less often and, hence, are updated less frequently on the new structure.

Furthermore, it is the consensus of all markets that even though people at HQ are very willing to help, it often takes a long time the request for help is actually processed. The reason for this seems to be two-fold. First, HQ appears to lack the resources to handle the problems. The main issue seems to be too few employees in certain business areas within the organisation. Second, the hierarchical structure of HQ does not facilitate fast responses. A regular comment from the importers was that the counterpart at HQ seldom had authority to take decisions. Pushing decisions up the ladder is time-consuming and results in the fact that a few upper level managers end up with an excessive workload. As communication between HQ and importers to a high degree takes place on upper management levels, each specific issue, like advertising, gets very little attention since there is so much to be discussed. Moreover, it is impossible for these upper level managers to have the extensive knowledge in each area that the manager responsible for that specific area has.

The MMP meeting is seen as an important event for HQ to communicate the strategy to and interact with the markets. The schedule is very tight during these meetings. Therefore, the importers feel that information is only flowing one way and that there is no time for discussions. It is also perceived that this is not the time to ask questions relating to one specific area. However, the question is when it is the time to do so. A more reciprocal relationship could lead to HQ better understanding the needs of the importers and dealers before implementing new policies, resulting in better acceptance and support for the policies. Many importers feel that this would be an appropriate time for the markets to get together and exchange information since they see a need for more interactions between the countries.

The general feeling is that information mainly flows one way, from HQ to the importers as illustrated by the MMP meeting. According to the importers this has led to that HQ lacks understanding of specific market characteristics that are very essential for one market but not for HQ on a global scale. This can result both in a gap 2 where HQ is unable to develop suitable marketing plans and a gap 3, which leads to poor execution of the plans on all levels. However, it should be noted that the lack of knowledge might not be HQ's fault. If the importers are not willing to share information one cannot expect HQ to get a good understanding of the market characteristics. The US, which is a very complex market, did its own thing for a very long time. As the market is in the

process of being more integrated today, it is especially important in this relationship that there is a good flow of information in both directions to allow both parties to understand the situation.

5.5.2 Importer/Dealer

The quality of the relationship between the importer and the dealers varies between different countries. Most importers except Saab France consider the relationships to be good with the dealers. As Saab France struggles with a majority of dealers in financial difficulties who do not buy into and support the official brand image, the relationships are subject to tensions.

When talking about the quality of the relationships, the dealers tended to differentiate field reps and upper level management at the importer. Especially in the US this is very evident. In none of the countries investigated did there seem to be any problems with the relationship to the field reps. On the contrary, the field reps were described as very helpful and knowledgeable about the local market. The opinions about the upper level management in the importers varied between the dealers and the countries.

In the Netherlands, the dealers felt that they had good contact with everyone in A.I.M., mainly because the importer's organisation is so small. In the other three countries there were some negative comments about the upper level management, mainly concerning the lack of understanding of the local markets and the dealers special needs. Newer dealers were in general more positive than the ones that had been in the game for a while. However, even the newer ones mentioned that there was room for improvements in certain areas especially in the US and France. The biggest problems regarding relationships seem to be in these two countries. One factor the two markets have in common is the high level of control that the importer exerts on the dealers. Especially in the US, the dealers feel patronised as they receive very little strategic information. In France, the attitude mainly depends on the size of the dealership. The brand strategy enjoys less support among the smaller dealers that are financially unstable. These dealers in general do not feel that the official brand identity is appropriate and do not support it. Moreover, they do not feel that they receive the support they need from Saab France. As a result, the relationship is in need of improvement.

Even though the importers in Sweden and the Netherlands control the dealers as well, they are also concerned about getting the dealers' support. There seems to be more interaction and better exchange of information between the parties. These importers also invested a significant amount of time in developing and maintaining personal relationships with the dealers. However, this is not a guarantee for success. Most respondents in all countries visited said that the personal relations were good while the relationships as a whole still could be characterised as problematic. The reasons for the importers not gaining the dealers' support for the policies can be attributed to the presence of one or a combination of several gaps. The management level at the importer may not be committed and have failed in adapting the global IMAP and thus developed unsuitable plans causing a gap 2. Even though the plans themselves are good, the execution may be poor, resulting in a gap 3. Strains on the relationships between importer and dealer can lead to a widening of the gaps.

Most dealers commented that the importers were accessible and willing to listen. However, there seemed to be a general lack of problem solving skills in all importers. The biggest concern was that the dealer's problem seemed to be nobody's problem at the importer level. In some countries there was great confusion of whom to turn to since it was not clear who was responsible for what at the importer level. The dealers want consistency and do not like frequent turnovers in management or changes in the overlying strategy.

In general, the markets have some sort of council in which the dealers are represented. The purpose and design of this council vary slightly between the countries but the council generally serves as a place for discussions and to facilitate communication between the importer and the dealers. The opinions varied whether such a council actually had any influence on the decisions or if their opinions were only briefly considered. In general, the importers thought that the council had actual influence while the dealers stated that they were merely just listened to. In Sweden, the dealers felt that the influence of the council had decreased lately and that more decisions were pushed down from the top without taking the dealers' opinions into consideration. No such trends were discovered in the other countries.

There is a wide variety of which mode of communication the importer chooses, ranging from traditional mail to Intranets. The attitudes towards technological

solutions vary between the importers, where Sweden is at the most advanced stage with an Intranet site for the dealers. The US heavily relies on its IRIS system while France uses mainly e-mail. The Netherlands still makes use of traditional post services. It could be beneficial for all the importers to develop a dealer toolbox, similar to the one existing in Sweden, to enhance the communication with the dealers. Some importers seem to think that the dealers are not ready to use the Internet more extensively, when in fact the dealers seem to think this is a very convenient way to communicate. This illustrates a problem that concerns all dealers and other areas than just modes of communication. The importers often perceive that things are working smoothly and that they know what the dealers want. However, when asked, the dealers have a different view on the relationship and often want something else. According to Christopher's service quality model this can be defined as a gap 1, where one part does not understand what the other party expects. Making assumptions about what the other party needs and wants is dangerous, as it is a common cause for misunderstandings. Thus, assumptions should not be seen as a solid foundation for drawing conclusions.

5.5.3 HQ/Dealer

A general conclusion is that the dealers have very limited interaction with HQ. Some dealers stated that they had visited Sweden, but during that visit they had only been to the production facilities in Trollhättan. All dealers greatly appreciate when they get attention straight from HQ. Such attention serves as a motivating factor as it makes the dealers feel an important part of the business process. Many dealers, especially the ones outside Sweden, talk about belonging to the Saab family. If this is a concept HQ wants to promote, more direct interaction between HQ and dealers could be beneficial. Also, since the interaction is so limited, the dealers' view on HQ depends to a great extent on which image the importer conveys. In our perception, the importers in France and the US tend to blame HQ more when problems occur than the dealers in Sweden and the Netherlands do. The latter two seem to focus more on what they *can* do instead of what they *cannot* do. In France, many dealers do not have a very positive image of HQ. However, in the US, several dealers thought that HQ did a fairly good job and that many of the problems were SCUSA's fault. The Swedish and Dutch dealers seem to have a greater acceptance for

HQ policies and even though they sometimes do not fully agree with them, the dealers at least understand the reasoning behind the strategies.

By means of the DSI the dealers rate various activities and from the results, HQ can identify strengths and weaknesses and also see the trends, as the questions are the same from year to year. As it is performed world-wide, the results in different countries can be compared. According to the 1999 DSI, we can see that the dealers in the four investigated countries were more pleased with the current way of communication than they were with the marketing activities. This should be contrasted with HQ's perception that there are significant communication problems regarding marketing activities.

In order to decrease gap 4, the difference between the brand identity conveyed by HQ's external communication and the actual image the customers get when visiting the dealerships, increased interactions between the two parties would be preferred. As the dealers are the ones interacting with the customers, they have the final responsibility and possibility to influence the customer. Since the internal relationships affect how the dealers understand the brand identity, effort should be placed at improving the communication in these relationships so the actual identity the dealers communicate is aligned with the identity HQ intends to communicate.

6 CONCLUSIONS

In this chapter we draw conclusions based on the analysis of the empirical results. We detected similar patterns between the topics and identified three main areas of conclusion. The various gaps discussed in the analysis are recapitulated and generalised according to conclusion area.

In the ideal world, intended and actual brand identity match intended and actual brand image. However, as there are many opportunities for various gaps to occur, reality often looks different. Internal gaps within an organisation can result in a lack of synchronisation of internal and external communication. The consequence is that the actual brand identity diverges from the intended brand identity. This ultimately affects the way customers view the company and leads to the actual brand image deviating from the intended brand image. The internal gaps can in our case be divided up in two categories: *execution* problems and *communication* problems. We believe that these two problems have their foundations in less than optimally developed *business relationships*.

6.1 Execution

The organisational structure of Saab with HQ, importers and dealers is common for the industry. The thing that differs between car manufacturers is the intra-organisational division of labour and the extent to which they control the importers and dealers. As Saab has opted for a global approach to marketing, many activities are centralised at HQ level. This increases HQ's level of control but it also results in an increased workload at the HQ. In order for this approach to work, HQ must be able to take on more responsibilities. HQ has to be able to develop material that suits all markets, support the markets in the implementation process and assist in solving problems. We argue that Saab HQ has not fully succeeded in this respect as all markets expressed concern that extensive adaptations have to be performed. Furthermore, a common complaint was that even though HQ is willing to listen, it takes too long time to receive assistance in the event of a problem. This last issue is further escalated by the fact that some importers are not sure whom to turn to in the first place.

Remembering Christopher's service quality model, we can see that one of the gaps refers to HQ's inability to develop suitable marketing plans. It is our

conclusion that HQ is competent when it comes to the development of the plans. However, we believe there are problems with the executions of those plans. These execution problems occur within HQ and also at both importer and dealer levels. There are two areas that play critical roles for the success of the communication of the brand identity: advertising and the IMAP. Advertising is a main way to communicate the brand identity to the target group. As the IMAP serves as the vehicle to communicate the advertising and other marketing activities internally to the importers and dealers, it was essential to also look into this process.

A majority of the respondents understood and endorsed the need for a strategic marketing plan. We also believe the development of the IMAP is a winning idea. Nevertheless, it can be discussed if the current process matches the purpose of the IMAP and supports Saab's overall global approach to marketing. The global IMAP developed by HQ is a very generic document, made to fit all markets. Still, none of the interviewed importers felt that the global IMAP specifically applied to their market. It can thus be argued that the level of standardisation is too high, as the plans are not possible to implement in their global format. It is necessary for the importers to make adaptations and HQ also expects them to do so. However, the importers felt that local variations are so significant that corporate policies are hard, if not impossible, to implement. The main complaints about the IMAP are lack of clarity, lack of practicality and a too visionary approach. As the global IMAP is such a theoretical document, the importers must transform the plans to make them more practical for the dealers. Problems with alterations of the intended brand identity occur when the importer makes the wrong adaptations or adapts too much. This part of the process where the importer has to interpret the message and adapt the IMAP is in our minds a common source for distortions. Each importer is affected by their specific situation and will interpret the message according to their perceptions of reality. As a result, the importers that like the IMAP concept develop a national IMAP similar in content and layout to the global version. The other importers use a wide variety of ways to communicate the marketing activities, ranging from semi-annual meetings, activity booklets and monthly programs. Consequently, the dealers in the different markets do not receive the same material and therefore, they cannot be expected to communicate a homogenous message. If the IMAP is to be used as a way to

communicate the brand identity, it must be adapted in a similar same way in different markets otherwise the global approach will not fully succeed.

Every time the marketing material has to be adapted, it is subject to the risk of being distorted for various reasons. However, it would be impossible not to have any adaptations at all. Even though the economic borders between countries are diminishing, it is naïve to conclude that a fully globalised approach can be used concerning the marketing of luxury cars. Cultural, legal and language differences still exist between the different markets. With economic integration, the countries' legal framework will be adjusted fairly quickly but changing cultural values will take much longer, if possible at all. Culture affects the customer's view of reality and will influence how he/she interprets the advertising. It should therefore not be assumed that one ad will have the same effect in different countries. If the message is interpreted differently, then Saab's actual image will differ between the markets and the purpose of having global advertising strategy will be defeated. The table below illustrates some of the general problems regarding execution and communication.

<i>HQ</i>	<i>Importer</i>	<i>Dealer</i>
✓ Global development not always suitable for local execution	✓ Difficulties to incorporate ideas of dealers	✓ Lack of strategic vision
✓ Lack of practical vision	✓ Limited possibility to provide input	✓ Limited possibility to provide input
✓ Difficulties to incorporate importers' ideas	✓ Lack of practical or strategic vision	✓ Lack of motivation
✓ Implementation of activities that are not properly tested	✓ Improper timing	✓ Lack of / improper understanding
✓ Improper timing	✓ Lack of flexibility	✓ Lack of financial resources
✓ Lack of flexibility	✓ Slow in responding to market changes	✓ Passive attitude
✓ Slow in responding to market changes	✓ Lack of control on implementation	
✓ Lack of control on implementation		

Figure 6.1: Execution flaws at different managerial levels

Source: Own, 2000

6.2 Communication

One should make a distinction between external and internal communication. Both are important for conveying the correct brand identity to the customers. External communication has a direct effect on the customers' perception of the brand image. Internal communication has a more indirect effect on the customers' brand image as the way the brand identity is communicated through the organisation affects how the dealer communicates the brand identity to the customers in the end.

The customer bases his/her view of the brand both on the external communication and on the experience at the dealership. If there are problems with either the external or internal communication, the intended brand image will not match the actual brand image. In Saab's case, the problem seems likely to be two-fold. Some customers have too high expectations, as the experience at the dealerships does not live up to the promise made in the brand advertising. Contrarily, if the brand image is not clearly communicated, other customers may have too low expectations of the brand. This is as problematic since these customers do not have the right perception of the car and therefore may not visit the dealerships.

There are several reasons why some dealers are having difficulties communicating the brand properly. Those reasons include lack of brand understanding, financial restraints, limited dependence on Saab sales, insufficient information from the importer or resistance to implement policies as described by the importer. If the dealers do not understand the brand properly, they cannot be expected to communicate the right identity. Furthermore, the importer has a critical role in the communication process. As dealers and HQ have very limited or no interactions, the importer has a crucial role in giving the dealers accurate and timely information. Dealers that receive no or limited strategic information regarding the brand are more likely to communicate an identity that deviates from HQ's intended identity. We also saw a connection between the importer's attitude towards HQ and/or HQ's policies and the dealers' support for the plans and policies. The dealers in markets where the importer takes a proactive stance, uses positive reinforcement techniques and supports HQ's policies tend to have a more positive image of HQ and understand the policies better than the dealers in markets where the importer applies negative reinforcement techniques and

blames HQ for various problems. In order to get the dealers' support for a policy, it is essential not only to communicate what has to be done but also the reasons why that policy is being implemented. Thus, a crucial aspect to align intended and actual brand identity is to get the importer's support for the brand strategy.

Numerous communication flaws can be identified at all managerial levels (see table below). Some of the flaws identified as relating to execution can also be attributed to a lack of communication.

<i>HQ</i>	<i>Importer</i>	<i>Dealer</i>
✓ Lack of willingness to listen to the importers	✓ Unwillingness to listen to the HQ / dealers	✓ Limited possibility to provide input
✓ Not enough input asked from the importers	✓ Limited possibility to provide input	✓ Lack of understanding of the marketing activities
✓ No feedback is given to the markets	✓ Lack of peer discussions	✓ Lack of knowledge about who to contact in the importer in case of a problem
✓ Preferential treatment of one business relation over the other	✓ Lack of knowledge about who to contact in HQ in case of a problem	✓ The cause of a problem can always be found outside the own organisation
✓ Due to the hierarchical structure of the organisation, it takes many steps before an ultimate decision reaches the person requesting it	✓ Due to the hierarchical structure of the organisation, it takes many steps before an ultimate decision reaches the person requesting it	✓ Lack of peer discussions
✓ The belief that the cause of a problem can always be found outside the own organisation	✓ Lack of understanding of the global marketing activities	✓ Passive attitude
✓ Failure to gain endorsement of marketing activities by the importers	✓ The belief that the cause of a problem can always be found outside the own organisation	
	✓ Failure to gain	

✓ Failure to verify importers' understanding of definitions and concepts	endorsement of marketing activities by the dealers
✓ Failure to explain why policies are implemented	✓ Failure to communicate strategic issues
	✓ Failure to communicate why policies are implemented

Figure 6.2: Communication flaws at different managerial levels

Source: Own, 2000

Obviously, not all flaws are present in every part of the whole Saab organisation. The above-mentioned barriers to proper execution and communication merely indicate a summary of the factors found during the course of our research.

6.3 Business Relationships

Well functioning business relationships serve as the foundation for good communication and execution. As the retail network plays such an important role for Saab, HQ should strive to improve the relations both with importers and dealers. Increasing the importers' and dealers' support for HQ policies and plans would be beneficial for conveying a more homogenous brand identity in the long-term perspective.

Saab's relationships with importers and dealers are generally in the development stage. Early 1999 can be identified as the start of a new era for Saab as that marked the beginning of a new brand strategy and the IMAP process. So even though the length of existence of contracts between HQ, importers and dealers varies, we still consider the majority of relationships as being under development due to the nature of internal marketing activities. The relationships are relatively formal and, to a large extent, standardised. A standardised way of dealing with internal parties requires that the roles of each party is fully understood and that routines are established that permit effective operations. In Saab, many processes can be characterised by a lack of clarity, resulting in

imperfect routines that thus hamper effective operations. In most cases, the relationship intensity could be increased, especially concerning interactions between internal parties. The number of intra-organisational contacts is, in our opinion, limited and not optimal for building satisfactory relationships. Also, most relationships lack reciprocity. Despite the fact that most importers and dealers are invited to give input, in reality their influence is rather restricted.

The intra-organisational relationships within Saab are of a mixed-motive kind. The nature of the daily activities causes different perspectives on internal marketing activities and occasionally a conflict of interest. Also, the distance between the internal parties in geographical, cultural and social terms is a limiting factor to establish effective relationships since, for this study, distance can be defined as the sum of factors preventing flows of information.

HQ's relationships with the importers and dealers can be classified according to stake, uncertainty and experience. Especially exclusive and dual-franchise dealers stand a lot to lose if the contract with Saab is terminated and will therefore, by definition, be more on the receiving end of the relationship. Nevertheless, it is in the whole organisation's interest to find a balance between stake and reciprocity to maximise business performance. The problems with synchronising the brand communication are not only due to a too high level of standardisation but also caused by relationship commitment problems. The flaws in the current internal marketing process might create a sense of uncertainty in the importers and dealers since Saab's strategic direction is not entirely clear. Also, past experiences shaped the intra-organisational relationships and caused in some instances some scepticism towards the future.

We can conclude that presently the relations between the parties are good on a personal level but, as a whole, there is a lack of trust and commitment. HQ seems to feel a need for controlling the importers, who in turn have the same attitude towards the dealers. This control leads to limitations on creative freedom which might result in creative people on especially the importer level leaving the organisation for another place where they have more freedom. Effort should be placed on trying to change the base for the relationships from manipulation to motivation. A greater interdependence between the parties would be likely to reduce uncertainty and result in a more efficient use of resources.

7 THEORETICAL IMPLICATIONS

In this chapter we present our theoretical findings and provide an answer to the main problem. We develop our own internal marketing model and apply it onto our case study. We make use of a theory that has proven to be useful for teaching in higher education to structure our thoughts and to provide insightful additions to current knowledge on internal marketing.

Main problem:

How can an MNC, operating in the automobile industry, use internal marketing effectively to align HQ's intended brand identity with the actual identity communicated by the dealers?

The luxury automobile industry is characterised by intensive competition. As technological differences between competitors are relatively minimal, car manufacturers are mainly fighting for customers on the basis of emotional appeal. Building strong and lasting relationships with the customers is becoming increasingly more important. RM has proven to be a valuable tool to develop and maintain relationships with customers in this industry. Saab claims to place great emphasis on relationship marketing. We do not entirely agree with this statement. One should make the distinction between RM and CRM. CRM is only one element of RM, which is focused on RM from an external, customer perspective (see model below). Saab devotes a large amount of resources into CRM programs but seems to neglect RM issues from an internal perspective, i.e. the internal customers identified in our thesis as importers and dealers. It seems likely that more MNCs in the automobile industry are dealing with the same problems considering that the structure of the organisations are similar and they all face the issue of lengthy communication processes. These theoretical implications are suitable for such companies facing a similar situation as Saab.

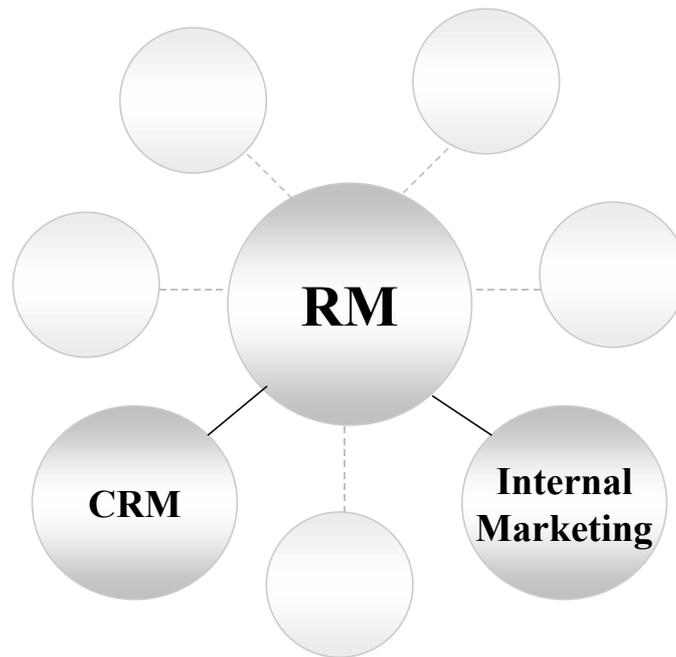


Figure 7.1: Distinction between RM, CRM and Internal Marketing

Source: Own, 2000

A prerequisite for success in reshaping external markets is the involvement of marketing in reshaping internal markets. An MNC will have to successfully develop and maintain good relationships with importers and dealers first in order to be able to properly build on customer relationships.

Even though Saab is fairly progressive with the design of its marketing strategy and incorporate marketing elements of current schools of thought, the approach to internal marketing seems to be rather traditional. One could apply Kotler's 4P theory on Saab's current way of conducting internal marketing. This is also applicable for any MNC in a similar situation as Saab. HQ can be characterised as the seller, the importers as the distributors, and the dealers as the buyers of internal marketing activities. HQ pushes marketing plans down the chain while making distinctions between importers and dealers on the basis of importance of the market and organisational characteristics, focusing on delivering the product (the internal marketing activities such as dealer advertising) in an attractive way (the marketing plan) at an attractive price (achievement of economies of scale due to the global nature of the strategy). At first sight there seems to be nothing wrong with this approach to marketing. Nevertheless, not only recent literature but also the results of our empirical

study show that in the present business environment additional aspects such as mutually valuable relationships are necessary in order to be internally efficient and thus externally competitive.

We can identify the need for MNCs with a traditional approach to internal marketing to refocus their view and allow for the development and maintenance of mutually valuable internal relationships. The main obstacles towards this relationship building seem to be the lack of transparency in the development and communication of marketing activities. Increased transparency will ensure commitment, reduce uncertainty, add to positive experiences and, due to the increased number of intra-organisational contacts, weaken the conflict of interest caused by, among other things, distance. Also, transparency will enhance the role definition of the parties involved and allow for a certain level of standardisation of activities, which is necessary in an organisation pursuing a global strategy. Increased reciprocity of the relationships seems to be one of the key factors to transparency.

To achieve an organisation characterised by mutually valuable intra-organisational relationships, it is vital to create an environment in which information flows without being distorted. When analysing the results of our empirical study, we realised that the main factors that distorted the ultimate exposure of the brand identity to the customer were related to poor execution and communication of marketing activities. A lot of the problems related to execution and communication can be solved with better education of employees with regard to the brand identity and its relation to the overall strategic marketing plan.

Communicating the brand identity by means of internal marketing activities throughout the whole organisation can be looked upon as an education process. In order for HQ to effectively align the intended brand identity and the brand identity actually communicated by the dealers, they need to educate the importers and dealers on the topic and make sure that the concept is fully understood. Only then HQ will receive endorsement on marketing activities and be able to effectively align the intended identity with the actual communicated brand identity. In turn, HQ will have to improve the current 'teaching' skills.

It could be useful to look at theories outside the business arena to find ways to improve internal marketing problems within an organisation. During our research, we stumbled upon a theory, which is used in universities, addressing the transmission of information. Our findings show a remarkable resemblance with problems found in teaching in higher education. A theory on that topic (Ramsden, 1998) appeared to be very useful to structure our thoughts and, hence, draw valuable conclusions and recommendations.

The results of our research showed the necessity to improve the communication between all parties involved in the business process to ensure a consistent brand identity. Identifying the need for continuous improvement of the communication process is vital as it expresses the notion of communication as a theoretical and reflexive activity. Communication effectiveness is a vital component for successful internal marketing programs. Therefore, we feel it is necessary to incorporate communication aspects into our internal marketing model.

We developed our own model for effective internal marketing (see below), taking the need for continuous improvement of development and communication of internal marketing activities into consideration. Both the development and the communication of those activities require input from the markets in order to make the programs as complete and accurate as possible. In principle, the influence of importers on HQ is larger than the influence of dealers who, generally, provide input in an indirect way. However, there should be a possibility for the dealers to provide input directly to HQ with on issues not directly related to the business process but possibly of a more organisational nature e.g. dealer satisfaction. In turn the importers and dealers need to get feedback on implementation to avoid repetitive errors in the future. The development of an accurate internal marketing activity is only the first step of the internal marketing process. Nevertheless, proper development of such activity is a prerequisite for a successful internal marketing process as a whole.

The next task is to communicate the activity to the relevant parties. We have concluded that distortion of the communication process is a major cause of failure of internal marketing programs. Even though the layout of the internal marketing activity might be perfectly designed to enhance the business

process, improper communication will diminish those effects, as implementation errors will occur.

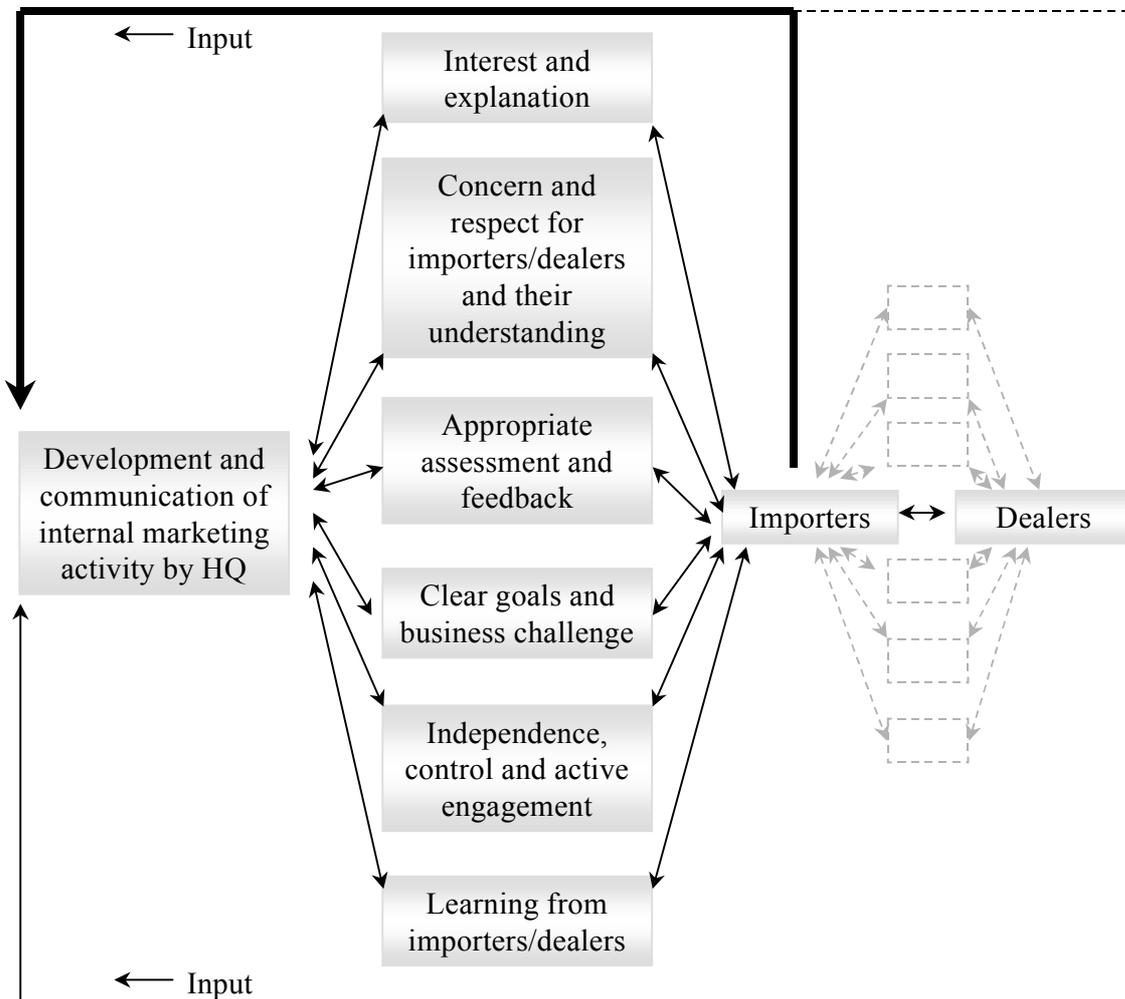


Figure 7.2: Effective Internal Marketing

Source: Own, 2000

Even though the two processes, development and communication are different in nature, we believe that the key to improvement of these processes can be found in the same factors. We developed six principles, on the basis of Ramsden’s teaching theory (1998), that should facilitate the process and limit the problems caused by poor execution and ineffective communication of internal marketing activities. Those six principles can be applied on interaction between all managerial levels.

1. Interest and explanation

Obviously, few will disagree that proper explanation of the marketing activity facilitates the learning process and the final understanding of the importers and the dealers. It is vital to use proper explanations for motivational purposes so interest is aroused. The importers and dealers will be more inclined to work hard at a certain activity when the content is genuinely interesting. They will then be more likely to focus on the subject matter itself, the marketing activity, than the institutional context, the functioning of the organisation, surrounding it.

2. Concern and respect for importers/dealers and their understanding

This principle refers to the HQ's consciousness of the importers and dealers and the consideration for them. Adherence to this principle will facilitate the development and maintenance of good business relations and add to a pleasant internal business environment.

3. Appropriate assessment and feedback

MNCs that follow the traditional approach to internal marketing use a push strategy. Such companies are not likely to conduct appropriate assessments of the implementation processes in the market or ask for extensive feedback. For example, in Saab few attempts are made HQ's level to assess the plans and implementation at importer and dealer level, judging from the fact that our empirical study revealed certain issues that HQ was unaware of. It is vital for an MNC to monitor the business process at all levels and, in turn, give feedback on the activities.

4. Clear goals and business challenge

Goals between the different levels in an MNC can differ. Generally, HQ is more strategically focused whereas dealers are more concerned with the practical side of the business. The importers position themselves somewhere in between these two standpoints. Nevertheless, the pursuit of a common goal is very important for challenging the parties into conducting business as well as

possible and thus determining the degree of success of the organisation as a whole.

5. Independence, control and active engagement

Even though control of the subordinate levels in the organisation is an important tool to monitor the business process and avoid execution problems, the lower levels need to be independent to some degree and have the decision-power to control their subordinate levels. Having no authority whatsoever will diminish the willingness to follow HQ policies and decrease motivation, possibly to the extent that competent employees will decide to leave the organisation. It is scientifically proven that the positive effects of co-operative learning outweigh the advantages of competitive and individualistic learning (Ramsden, 1998).

6. Learning from importers/dealers

None of the foregoing principles is sufficient for proper development and communication of the internal marketing activity. All the positive effects of these principles will be overshadowed if the parties on the receiving end of the activity are taken for granted. Especially when pursuing a global approach to marketing, input of the local markets is vital to avoid execution and communication errors caused by local differences.

Applying our internal marketing model should allow Saab and any other MNC in the automobile industry to more effectively develop and communicate marketing activities. Adhering to the six principles provides more transparency within the organisation and benefit to the development of mutually valuable intra-organisational relationships and overall business effectiveness.

8 RECOMMENDATIONS

In this chapter we present our recommendations to Saab Automobile AB structured by means of our own internal marketing model. We also give suggestions concerning how to implement the recommendations in such a way that most benefits can be derived.

Our own internal marketing model proves to be useful when making practical recommendations to Saab. We can structure our suggestions for according to the six principles used in our model. We have taken a HQ perspective as we carried out our research for Saab HQ in Göteborg, Sweden.

1. Interest and explanation

Saab HQ must recognise the need for proper development and communication of the brand identity and related marketing activities to internal parties. HQ should make sure the brand concept is fully understood by all parties to ensure proper communication to external parties. The assumption that all parts of the brand strategy are fully mastered is the cause of many communication errors. Proper communication to external parties will reduce the gap between both the intended and actual identity and the intended and actual image. Also, understanding will increase interest and therewith the motivation to convey the brand identity to other parties.

Suggestions for implementation:

- ✓ *HQ should educate employees of all managerial levels repeatedly on the brand identity strategy.*
- ✓ *HQ should try to bridge the gap between the visionary approach and a more practical approach to facilitate the learning process of importers and dealers.*

2. Concern and respect for importers/dealers and their understanding

A deep understanding of the intended brand identity by the importers and dealers will enhance endorsement and willingness to communicate. HQ should respect the point of view of the importers and dealers and acknowledge that there are different interests at stake. Also, the ability to comprehend strategic

issues is not always shared as the daily activities of dealers, and to a lesser extent importers, are more tailored to practical issues. HQ, as well as the importers, should be aware of the fact that strategic messages are regularly not instantly understood. It seems imperative to devote more resources to internally communicate the brand.

Suggestions for implementation:

- ✓ *HQ should assess knowledge by scheduling meetings with the importers regarding the marketing activities. The importers, in turn, should do the same with the dealers. Continuous interaction between managerial levels should reveal possible misunderstandings.*
- ✓ *HQ should not only state what has to be done, but also place emphasis on why certain strategies are to be implemented as this is likely to increase the support and acceptance of the new policy and thus increase the likelihood for successful implementation.*
- ✓ *Priority treatment of importers by HQ should be given on the basis of market characteristics and must not depend on the nature of the importer's organisation.*
- ✓ *HQ should make more effort to seek direct contact with dealers. It will make them feel more part of the Saab family and increase motivation, which will enhance business effectiveness.*

3. Appropriate assessment and feedback

Saab's current internal marketing process is characterised by a lack of clarity and thus limited transparency. As a result, HQ has inadequate knowledge concerning the implementation of marketing activities in the various markets. To overcome this lack of knowledge, HQ must devote more time into monitoring the processes related to the communication of the brand identity to ensure importers and dealers operate in Saab's best interest. Assessing the actions of the markets and giving feedback on implementation should open up possibilities for importers and dealers to provide HQ with input, necessary for the incorporation of local differences in marketing activities. It seems pertinent that HQ asks for and incorporates more feedback of the markets to avoid major execution problems in the future. This might involve, however, a change in organisational structure in HQ to allow for increased interaction with internal parties.

Suggestions for implementation:

- ✓ *Both HQ and importers need to communicate their organisational changes more effectively. This will provide more clarity in terms of who is responsible for what.*
- ✓ *HQ ought to consider a less hierarchic structure of organisation and delegate more decision-power to the individual managers. This will allow for direct interaction between counterparts and facilitate and speed up problem handling.*
- ✓ *HQ might opt to change the questions of the DSI regarding communication in such a way that they also address the communication of marketing activities specifically.*

4. Clear goals and business challenge

Conveying the proper brand identity to the customer is the main goal of relevance to all parties. Currently, as the brand identity is not fully understood and endorsed, HQ will have to put efforts into redefining this goal and challenge the importers and dealers to pursue it as well as possible. It needs to be a challenge for both importers and dealers to accurately execute the marketing activities related to the common goal. Otherwise they will lose interest and motivation, which will hamper the effectiveness of the entire organisation.

We suggest that Saab should continue to emphasise the importance of the brand. However, it seems necessary to build on a stronger foundation, as the current brand position is relatively unclear for both internal and external parties. A clarification of the brand and a stronger foothold in the market will make Saab more interesting for dealers, which is of particular importance in the case of multi-franchise dealers.

The global approach to the marketing strategy is a challenge for the whole organisation and seems suitable for an organisation with limited resources operating in a relatively global industry. Nevertheless, Saab should continuously monitor the factors that justify the global strategy. Especially when the block exemption in Europe will be lifted, a different attitude to dealer advertising might be necessary. It will become increasingly important for

dealers to promote their own dealerships at the expense of standardised guidelines to avoid losing customers to newly emerging, non-official distributors.

Suggestions for implementation:

- ✓ *The key to successful global marketing strategy is a strong foundation of the brand. A global tag line would be a good solution, providing a clear positioning and allowing for consistent communication in combination with a possible variation in execution.*
- ✓ *HQ should aim for a more practical IMAP to increase applicability in the markets.*
- ✓ *A solution to ensure devotion of the dealers to the Saab brand can be to increase the number of exclusive and dual-franchise dealers, possibly at the expense of already existing dealerships.*
- ✓ *HQ should consider giving the dealers more freedom to promote their dealership as a strong connection between the dealer and the customer will be a prerequisite for keeping the customer when the block exemption is eliminated.*

5. Independence, control and active engagement

We think Saab can be more effective if HQ, in certain areas, would grant the importers and dealers more decision-power combined with a more effective communication of the brand. When the dealers feel more familiar with the brand, they will have less trouble communicating it properly to the audience. At the same time, HQ needs to make sure the subordinate levels are actively engaged in the business process to avoid alienation of the lower levels due to an increased level of authority in certain areas.

There needs to be a careful balance between control and independence since the overall goal of communicating a consistent message should not be overlooked. Nevertheless, we feel the importers and dealers could be granted more freedom in dealer advertising without losing the link to the global marketing strategy. This is especially true at the importer level as the organisation otherwise might face the risk of losing creative people that moves to other companies where they are allowed more freedom.

Suggestions for implementation:

- ✓ *HQ ought to consider taking the drastic decision to shift decision-power more down the chain, in order to allow for better suitable advertising.*
- ✓ *A possible solution to incorporate the dealer's wish for extended freedom in creativity while maintaining a consistent communication to the target audience is to develop a framework of available messages and graphics, which will allow the dealers to compose the advertisements themselves. Taking into consideration the investment involved with such a policy change, relatively smaller markets might be better served with a policy similar to the Dutch one where the importer is in charge of implementation.*
- ✓ *We suggest Saab should allow for more peer discussion, at all managerial levels, to enhance and utilise the effects of co-operation.*

6. Learning from importers/dealers

The five principles discussed before will lose their value significantly if the sixth principle, learning from importers and dealers, is not respected. The main reason for failure of a global strategy, is the mismatch of the global activity with the local circumstances. It is vital for the degree of success to take notice of and, where possible, incorporate local input to avoid the implementation of plans that are unsuitable for that specific market.

Suggestions for implementation:

- ✓ *HQ could consider scheduling intra-country meetings, which would allow the importers of the different markets to have peer discussions and exchange best practices.*
- ✓ *Saab should consider investing in an expatriate program which would allow the exchange of knowledge concerning local differences and discrepancies in managerial level on a daily basis.*
- ✓ *We suggest Saab continues using the same product – same message approach towards advertising, as opposed to changing over to a same product – different message approach, but they should realise that the same message can be conveyed in different ways. Possible differences in execution, but accompanies with a universal tag line could be an option.*
- ✓ *Best practices of Sweden and the Netherlands could be copied in order to facilitate the dealer advertising process in other countries.*

9 AREAS FOR FUTURE RESEARCH

In this final chapter, we identify areas we consider relevant for future research. During our research we came across several areas and new problem angles that would be interesting to investigate.

- ✓ Our research was limited to four markets and a few of interviewees per market only. In order to get a more complete picture of the internal marketing process a more extensive study could be conducted, encompassing more markets and a larger number of interviewees.
- ✓ As we only investigated one process in one company, it would be interesting to follow other processes in the same company, then extend the survey to other firms in the same industry and finally extend the study to other industries. It would especially be interesting to investigate a company that does not have such an integrated approach concerning the brand and marketing as Saab does.
- ✓ Our study focused on Saab Automobile AB as an independent company, without taking into consideration the influence of mother company General Motors. The current brand management department within Saab seems to be barely affected by GM's policies and enjoys freedom in the design of marketing activities. It would be interesting to continue monitor the relationship between Saab and GM and investigate what effects a take-over has on the brand strategy for a company in the automobile industry and the effect on the internal communication of that strategy. Since the industry has lately been characterised by mergers and acquisitions, a comparison could be made between different companies.
- ✓ The current business environment is characterised by an increased influence of the Internet and e-commerce. Also car manufacturers are currently investigating and experimenting with selling on-line to internal and external parties. Following from the results in our thesis, it would be interesting to study how e-commerce will affect the relationship between HQ and dealers with regards to communication.
- ✓ The markets within the European Union currently enjoy block exemption. Most likely, this exemption will be lifted in 2002. It would be fascinating to

further investigate the effects of the lifting on the distribution system and the internal relationships of the organisation of an automobile manufacturer.

- ✓ We have not taken into consideration how suppliers affect all subsequent customers, internal as well as external. It would be interesting to extend the study to see how suppliers affect the internal marketing process and what kind of relationships should be entered into on the supplier side to optimise internal relations with importers and dealers and also external relations on the customer side.
- ✓ Culture has played a minimal role in our study since we have only investigated the USA and western European markets. A study could be performed in a company that has significant operations or sales in numerous countries with significantly different cultures. It could then be investigated how cultural differences affect internal marketing processes and how the corporate culture successfully can be communicated throughout the firms.
- ✓ Our study excluded the investigation related to gap 5 of the service quality model. This gap refers to customer behaviour and addresses a whole new area of research. As the luxury car producers mainly compete on image-related features, a study addressing these issues will be worthwhile undertaking.

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