

**UNIVERSITY OF VAASA**  
**FACULTY OF BUSINESS STUDIES**  
**DEPARTMENT OF MANAGEMENT**

**Tetiana Lienkova**

**Consumer-Based Brand Equity in Aftermarket**

Case: Consumer-Based Brand Equity of Two Brands' Aftermarkets in Finland and in  
Ukraine

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## UNIVERSITY OF VAASA

<b>Faculty of Business Studies</b>	
<b>Author:</b>	Tetiana Lienkova
<b>Topic of the Thesis</b>	Consumer-Based Brand Equity in Aftermarket Case: Consumer-Based Brand Equity of two brands' aftermarkets in Finland and in Ukraine
<b>Name of the Supervisor:</b>	Niina Koivunen
<b>Degree:</b>	Master of Science in Economics and Business Administration
<b>Department:</b>	Management
<b>Line:</b>	International Business
<b>Year of Entering the University:</b>	2010
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**ABSTRACT**

The main objectives of this study are to understand what is brand equity, consumer-based brand equity and how it is connected to aftermarket of large multinational companies. This research is about to discover how consumer-based brand equity can be useful in discovering customers' overall attitudes to brands and their aftermarkets. The tool of optimization of certain aspects of consumer-based brand equity on aftermarkets was elaborated. The objectives of the study are to evaluate the current situation with consumer-based brand equity on two brands' aftermarkets in Finland and in Ukraine and test separately as well as conjoint the dimensions of consumer-based brand equity on both aftermarkets.

Theoretical part of the study consists of literature on brand equity and consumer-based brand equity as well as previous research on subject. The research method is a combination of descriptive and exploratory approach with utilization of survey strategy and online-mediated questionnaires as data collection tool. Online-based questionnaires were elaborated specifically for the targeted group of respondents – customers and users of two aftermarkets from Finland and from Ukraine.

The questionnaire part of the research analyzes and presents findings about the current situation of consumer-based brand equity in two aftermarkets. The potentials of improving certain aspects were identified and tools of reaching that potentials were elaborated with the consideration of national differences.

Conclusions, suggestions for the future research as well the limitations of the current study are presented in the final part of the work.

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**KEYWORDS:** Brand Equity, Consumer-Based Brand Equity, Aftermarket.



## 1. INTRODUCTION

In this opening chapter the reasons for choosing the research topic as well as the research problem will be introduced based on study background. Research targets and questions will be discussed later. The structure of the study will complete this chapter.

### 1.1 Study background

In the modern economy, where the image of a company and the value it brings to its customers are the tools of firm competitiveness and remedy of survival in the globalized market, only tangible results of marketing performance, such as sales and profits, nowadays are insufficient means for guaranteeing the success of the particular company. Financial measures provide only partial indicators of marketing performance due to their historical orientation and typically short-term horizon (Mizik et al., 2008). Intangible, market-based assets, on the other hand, provide a richer understanding of marketing performance, reconciling short- and long-term performance (Ambler, 2003). Intangible assets also represent a more sustainable competitive advantage of a company, since they cannot be emulated by competitors such as financial and physical ones.

Branding in the context of the Service Dominant Logic (Lusch and Vargo, 2007), an emerging study trend, which focuses on the value-adding processes leading to creation of consumer experiences, is a key factor, which acts as an interface not only between the firm and end customers, but also between the whole corporation, its employees and stakeholders network (Mattera et al., 2012). Brand equity, in turn, represents a combination of intangible merits and is a key marketing asset, which can nurture long-term buying behavior (Christodoulides et al., 2009). Therefore, understanding the dimensions of brand equity, then investing to grow this intangible asset raises competitive barriers and drives brand wealth (Yoo et al., 2001). Despite such a considerable importance of this asset, brand equity is really a complex concept since different studies describe and debate different aspects of this intangible merit for a number of different purposes. As Winters (1991) states, "if you ask ten people to define brand equity, you are likely to get ten (maybe even more) different answers as to what it means" (Winters, 1991). Since then lots have changed, but the vagueness of the term is



still in discussion. Moreover, there are two major perspectives in seeing and investigating this merit: firm-based and consumer-based brand equity. The firm-based perspective discusses the financial value brand equity creates to the particular business. The interest in financial merits of brand equity stems from the escalating costs of developing new brands, which has led to prevalent use of brand extension and international expansion. Brand equity from the financial angle can be defined as the incremental cash flows, which accrue to branded products over and above the cash flows, which would result from the sale of unbranded products. However, the financial value of brand equity is only the outcome of consumer response to a brand name (Christodoulides et al., 2009). Consumer-based brand equity, in contrary, is grounded on the customer's market's perceptions, his knowledge, familiarity and associations with respect to the brand and is considered the driving force of increased market share and profitability of the brand. As Arnold (1992) highlights, the "essence" of the brand is a single simple value, easily understood and valued by consumer (Arnold, 1992). Since the emergence of the term "brand equity" in the 1980s, there has been a growing interest in the subject among marketing academicians and practitioners. Until now there are lots of discussions concerning the conceptual dimensions of consumer-based brand equity. The most fundamental and widely utilized conceptual framework of brand equity is one introduced by Aaker (1991), which includes brand awareness, brand associations, perceived quality and brand loyalty. Keller (2002) looked at consumer-based brand equity strictly from a consumer psychology perspective and defined it as "the differential effect of brand knowledge on consumer response to the marketing of the brand" (Keller, 2002). According to this conceptualization, a brand has rather positive or negative value if the consumer reacts more or less favorably to the marketing mix of a product of which he/she knows the brand name than to the marketing mix of an identical yet unbranded product.

Consumer-based brand equity has mostly been investigated in the relation to the direct sales and marketing since branding is one of the largest sources of a competitive advantage of the company. There are many evidences of investigating and measuring customer-based brand equity from many industries, such as the sportswear, telecommunication market and automotive industry. In contrary, a little research has

been completed in the area of brand equity in the after-sales product and service market. It can be due to the fact that the customer-based brand equity has been investigated only with a short perspective (direct marketing) without a deep insight and complete examination of this issue in the whole range of marketing activities and services, where the customers' reactions play significant role.

Some estimates suggest that the revenue generated from the provision of after-sales services and spare parts sales, exceeds three times the value of the initial purchase. As a matter of fact, the after-sales service market is five times larger than the new products market (Saccani, 2007). The after-sales services appear to be exceptionally significant to the overall "product-mixture" provided by retail companies, since they affect both the customers' satisfaction and their behavioral intentions (Rigopoulou et al., 2008). As a term, "after-sales services" has been used the most, to describe services that are provided to the customer after the products have been delivered (Vitasek, 2005). Same services are sometimes also called "field services", when they are embodied in the main characteristics that are located at the customer's site (Simmons, 2001).

Therefore, the idea of the current study is to answer the question mainly important for international marketing and brand managers of "How to make a brand from one country equally successful in other countries (cultures) in a long run?" Long run in this context is the loyalty of customers to the after-sales market of branded products.

## **1.2 Research problem and research gap**

### **1.2.1 Research problem**

As business currently face the challenge of keeping up with rapid change in areas, such as technology, the brand has become one of the few resources to provide long-term competitive advantage. Name, image, logo without the functional and symbolic value behind it is meaningless and will not exist in a long run. Nowadays customers perceive brands as an opus, a complex design, a mosaic, a symphony, an evolving cultural construction that benefits from knowledgeable and perceptive director, and that fires the imagination (Bastos et al., 2012). Successful brand has to go beyond the ordinary

element, but most importantly – it has to offer a value for a customer. What is the meaning of value if its not going to last and longitudinally bring benefits for both the company and the customer? By reviewing and analyzing a great deal of literature on the topic of brand, branding and its impact on long-term success of the company, it is clearly seen that a very little research has been done to date to understand what current brand and marketing managers worldwide could do in order the brands, the managers are promoting, be equally successful in various cultures in a long run. Therefore, the aim of this work is, by analyzing consumer responses to the aftermarkets of certain brands from foreign country, make suggestions for brand and marketing managers about improving the long-term success of the brands in culturally inverse, yet equally important markets.

In fact number of studies have already investigated the topic of after-sales in connection to specific brands offered on the market. They suggest, that after-sales service quality affect satisfaction, which in turn affects behavioral intentions. Thus, after-sales service affect the overall offering and hence, the quality of the relationship with customers. The limitations of the field researches are that the complex effect of a consumer-based brand equity as a multidimensional phenomenon was not analyzed. Moreover, it was not tested in geographically diverse countries and cultures. In addition, there was no evidence of practical implications of the previous research for the today's needs of brand and marketing managers. Consequently, all the abovementioned limitations are going to be met by the current work.

### **1.2.2 Research gap**

Due to the little research, but a considerable need for the study, it has been decided to fill in this research gap by examining the emergent topic of brand equity in the after-sales market. It has also been decided to concentrate attention on customer-based brand equity perspective since nowadays customers play a significant role in forming the image of a particular company. The relationship marketing as well as Consumer Culture Theory has become significant parts of daily business, which simply cannot be neglected by brand and marketing managers when operating in globalized economy.

The image and the value company presents and offers on the market, spreads also into the after-sales market, if the company has or operates in one.

The research topic of consumer-based brand equity in the after-sales market has been underestimatingly neglected among researchers, academics as well as among practitioners. Until now many brand and marketing managers, who suppose to be critical experts and constantly bring brands to the discussion as a fundamental question in marketing, are more inclined to the analysis of the financial outcomes of firm's business activities also in after-sales market, blindly not recognizing the fact that financial value of a brand equity is actually a subordinate factor to the first and foremost customer response to a brand image and value it brings to each individual customer. This ultimately formulates customers' attitude towards the after-sales market of a particular brand.

Thus, the idea of the research is to deliberately investigate consumer-based brand equity in the aftermarkets of two brands and see the influence of customer perceptions of the aftermarkets on the overall success of brands in international scale. Precisely, the idea is to investigate customer-based brand equity in the after-sales market of German technological products, namely after-sales car and cleaning equipment markets, in Ukraine and in Finland, so to speak by type of user, among Ukrainian and Finnish independent customers. By independent meant that both categories of customers, loyal and habitual, will be involved in the research. The investigation will be done by conducting the combination of explanatory descriptive research, where consumer-based brand equity in aftermarkets will be measured within multidimensional consumer-based brand equity scale in order to assess brand equity at an individual level. The previously mentioned measurement of brand equity will be developed by testing Aaker's (1991) and Keller's (1993) consumer-based brand equity dimensions.

### **1.3 Interest of the topic**

Being market-driven for a company is indeed outdated and the future belongs to firms that are value-driven. Such notions move marketing away from a singular focus on creating satisfied customers to creating value for customers by growing brand equity. Increasing brand equity is a key objective for a firm achieved through gaining more

favorable associations and feelings among target consumers (Falkenberg, 1996). And how the more favorable associations and feelings can be gained? Of course, by making customers entirely satisfied by providing them with high-quality after-sales products and service market.

Despite the fact that worldwide growing number of companies understand the importance of building strong relationships with customers, after-sales market of products and services is still being treated either as “necessary evil” or as low revenue function offered in the value chain (Rigopoulou, 2008). Which is nowadays absolutely unacceptable since the revenue generated from the provision of after-sales services and spare parts sales, exceeds three times the value of the initial purchase and today the after-sales products and service market is approximately five times larger than the new products market. It is also believed, that the after-sales market is no longer a separate source of brand equity, but an important factor in forming the overall consumer perception of a particular brand.

The case of investigating customer-based brand equity in after-sales product and service market is indeed valuable for marketing and brand managers of different sized companies, who wants to make their brands successful in a long run and in an international scope. Managers can focus on delivering excellent services to build and enhance the equity of their brands in technical sector organizations. The present research is aimed to provide the managerial level with good overview of important information, hands-on to pay attention to prior entering or already while operating on Ukrainian and Finnish markets. There are many cultural, behavioral, economical etc. aspects to focus on in both cultures, but, at the same time, there is no other way, but to consider them, while adjusting a particular brand on the market. It is important because in today' market situation not companies, but customers are the ones, who dictate market conditions and regulate demand on certain products and services, they are the main players on the current market. The power of requesting, repurchasing and utilizing of some products or services and neglecting others are fully in hands of customers.

The high costs associated with the launching of new brands and the high failure rates of new products as well as increasing costs of advertising and distribution are some of the reasons for the growing interest in this topic. Indeed, it is a very risky project and a long way to build a name of a company and acquire a foothold in customers' minds as a good and a reliable company. But is there the other way to become successful on the market? There is most probably no other path, but to get fully equipped with necessary information in order to avoid mistakes and get better outcomes.

## **1.4 Research objectives, questions**

### **1.4.1 Research objective**

The intent of the study is to investigate the postulated influence of consumer-based brand equity gained from certain brands' aftermarkets on customers purchasing behavior and their loyalty to that brands, which manifests itself in customer repurchasing behavior. In order to make the study visible and relevant for the current needs of the market, the multicultural aspect will be involved in terms of conducting the research in two quite unlike countries: Finland and Ukraine. By involving two countries in the research, the purpose is to investigate the cultural factors influencing the formation of consumer-based brand equity to aftermarkets of two brands from a third country.

The red circuit of the study is to investigate Finnish and Ukrainian customers' based brand equity gathered from the aftermarkets of German technical goods and see the influence of that brand equity on the actual success of the brand on the market. Both, Finland and Ukraine are not very variative in the range of presented cultures, therefore the study will be culturally representative and will provide brand and marketing managers with new insight about effective ways to manage brands successfully in long run in suggested countries (Yoo et al., 2001).

The main objective of the research is to explore the effect of consumer-based brand equity gained in aftermarket on the formation of customers' loyalty to the brand. In

order to approach the main purpose of the study, it is suggested to reach the primary settled empirical sub-objectives.

Empirical Objectives will be:

- To test separately as well as conjoint consumer-based brand equity dimensions by using probability sampling.
- To compare different scores on the items in consumer-based brand equity among Finnish and Ukrainian customers.
- To elaborate optimization models of consumer-based brand equity in Finnish and Ukrainian aftermarket.

The outcomes of the study will be collected and the aggregated guidelines for the international brand and marketing managers will be offered.

#### **1.4.2 Research questions**

Based on the main research purpose as well as on the empirical sub-objectives of the study, the main research question can be defined as:

- In what way consumer-based brand equity gained from the after-sales market of two German technical brands affects the overall success of that brands on Finnish and Ukrainian market?

In order to answer defined research question there is a need to thoroughly analyze topic and acquire enough practical data as well as theoretical knowledge to approach and investigate the topic. As a means to answer the main research question, the following sub-questions will be also answered in the presented work:

- What is consumer-based brand equity?
- What is consumer-based brand equity in a multicultural context?
- What is the relation of consumer-based brand equity to the aftermarket?

There are clearly lots of discussions nowadays about brand, branding and brand equity and consumers' influence on forming this important, intangible factor of success of a particular firm. What is missing – is a longitudinal study, the study, which goes to the bottom by analyzing the feelings of customers after they have already experienced using the aftermarket of a certain brand. It is, so to speak, the backwards reactions of customers: from their experience in aftermarkets to the loyalty to a brand. Are the customers satisfied with products and services they were provided? If, not – then will they use that brands any longer? Will they repurchase that brands later and stay loyal to them? If yes – are the customers going to be back to the aftermarket, for instance, for buying an original spare part or using an authorized service or just for a small consultation? What have influenced their decision to come back and purchase spare part or an accessory directly from the authorized dealer, but not from a private workshop? Is it a prestige of a brand, a certain status to keep up? Maybe it is a strong belief in a high quality and reliability of customer services provided? Will the customers going to be back if they have got only a positive experience in aftermarket or even when something went wrong before?

The cultural aspect is also not to be forgotten. Are all the above-mentioned reactions same among customers worldwide or they react differently due to their cultural and behavioral peculiarities?

Therefore, the aim of the current study is to explore and analyze the core of the subject of consumer-based brand equity in the after-sales market as well as to answer the main research questions likewise all mentioned follow-up questions.

To support the validity of the study, all the results derived from the questionnaires of individual customers will be measured in accordance with the multidimensional consumer-based brand equity scale in order to see the influence of certain dimensions on overall customer brand equity.



### **1.5 Structure of the study**

This research paper consists of five main chapters. In the 1<sup>st</sup> chapter the main introduction to the study is presented. Chapter 2 discusses theoretical background and presents theoretical framework of the research. In the chapter 3 the methodology of study and the methods to be used to collect the needed data for the analysis are introduced. Chapter 4 summarizes empirical findings collected by the application of research methods discussed in the chapter 3. In the last chapter 5, the conclusions of the study as well as limitations and practical implications of the research are discussed.

The first chapter of the study presents general overview of the research with identification of research problem, objectives and questions. Initial interest of the research arose during the analysis of study background.

The second chapter of the research deals with extensive literature review on the subject of consumer-based brand equity and aftermarket. At the end it provides the theoretical framework of the study.

The third chapter comprises the methodology part. Research methods, data collection tools, approaches, analysis of empirical data as well as the reliability and validity methods applied in the current research discussed in this chapter.

The forth chapter introduces the empirical findings of the study. At the beginning of the chapter the case companies and their aftermarkets are introduced. After that the findings in both Finnish and Ukrainian markets are discussed. The brand loyalty models for Finnish and Ukrainian aftermarkets conclude the chapter.

The last chapter discusses the findings of the research and presents conclusions. Limitation, practical implications of the current research as well as the implications for future research complete the last chapter and the research generally.

## **2 LITERATURE REVIEW**

The theoretical framework of the study is introduced in this chapter. At first, the general phenomenon of brand equity is discussed. Then, the components of brand equity will be deliberately investigated. After that, coming closer to the main topic of the present research, consumer-based brand equity and its dimensions will be explored. As previously mentioned, in order to make the work a representative, cross-culturally valid study, consumer-based brand equity will be then discussed in a multicultural context. The investigation of connection between consumer-based brand equity and after-sales market will be consequently done. Ultimately, the measurements of the multidimensional consumer-based brand equity in aftermarket will be discussed.

### **2.1 Brand equity**

“The past causes the present and so the future”.

As the American Historical Association highlights, the major reason for studying history is its relevance to the present and future (American Historical Association, 1985). Every aspect of life has its background, history behind by taking a look on which is easier to explain the current situation and work on the future. Same is to be done here, in this section, where a close look at the historical background of brand, branding and brand equity will be taken.

The desire of a human being to be individual, to create a personal and social identity, to present oneself as both like other people (e.g. to belong), yet unlike others (e.g. to stand out) and to have a good reputation portrays perfectly the root of all branding activities. Over the history, when craftsmen marked their goods and artists signed their work in order to distinguish their products from those of other providers, branding has been a relevant topic and an emerging point of discussion. For centuries, branded goods have been a major instrument for people to communicate their status and their feelings. And what is status? It's basically a brand image of a person. So that everybody and everything has its image, its particular brand.

Even the root of words *brand* and *branding* has such an inspiring connotation. For instance, an evidence of the link between the phenomenon of brand being a hot topic throughout the human history and a word itself is seen in German expressions *es brennte* (it is burning) and *der Brand* (the fire, the burning). In addition, root definitions of these words include such elements as a hot iron and a flaming torch. Nowadays, people worldwide also connect *brand* and *branding* in their everyday usage of words to fire, like: the things can be new for a while, but before that its popularly said to be brand new or “hot off the presses” as it is connected with heat and excitement of its creation and freshness of information. Another examples of linkage between brand – fire – excitement: when people are inspired, they are fired up, they can have a fiery temper, may be aflame or burn with desire and passion. On the other side: people can be fired from a job, burned by bad experiences etc. Hence, it can be seen, that the idea of branding coming from fire carries intensity of meaning depicting feelings of newness, power and excitement.

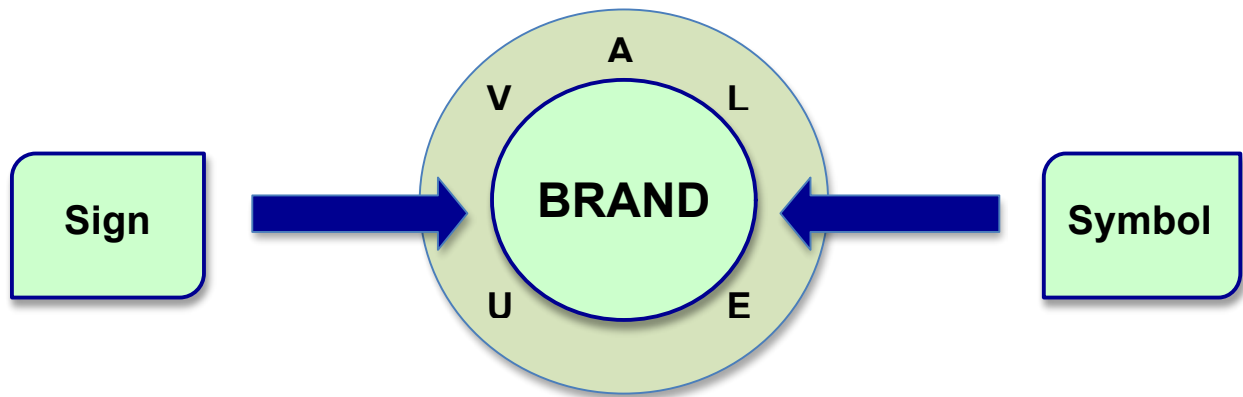
The evolution of the brand from a simple entity with limited application and whose creation, interpretation and control are mostly enacted by one actor (i.e. its creator), to the brand as a complex entity that is multi-dimensional, multi-functional and that receives influences from a variety of actors (e.g. the brand manager, the customer, the media, the marketing researcher, technology) is a significant point of departure in understanding the entire phenomenon of branding and its importance in marketing (Bastos et al., 2012).

Branding has been common practice since medieval times and until present days there are many explanations and definitions of brand and branding. One most widely used, is the American Marketing Association’s definition of “brand”:

A *Brand* is a product or service that adds dimensions that differentiate in some ways from other products or services designed to satisfy the same needs.

These dissimilarities can be tangible or intangible, functional or rational, in other words carrying more symbolism or emotion in respect of what the brand stands for (Hakala et al., 2012). And what is branding? It is a positioning of a certain product or service as the one that offers unique functional benefits and is different from others already offered on

the market. No sign or symbol is enough to differentiate a particular product or service from a hundreds or thousands alike.



**Figure 1.** Brand construct

Then comes to mind a value behind a certain product or service and quotation of Howard Schultz, the CEO of Starbucks coffee brand:

“In this ever-changing society, the most powerful and enduring brands are built from the heart. They are real and sustainable. Their foundations are stronger because they are built with the strength of the human spirit, not an ad campaign. The companies that are lasting are those that are authentic.”

(Howard Schultz. *Pour Your Heart Into It: How Starbucks Built a Company One Cup at a Time*).

Denotation as an explanation that an object is what it is, a certain sign in a form of naming something is not enough and is not going to last. Connotation is needed in a form of added value endowed by the brand to the product, which is named in current business world as brand equity. Brand equity, in very simple words, means basically the reactions of customers to the certain value offered by a brand. Brand equity is important due to the quality-laden informational content that it provides when consumers process information about a particular product or service (Krishnan et al., 2001).

Brand equity is a core concept of marketing. Despite the topic being widely discussed and debated, until now the literature on brand equity is obsolete, largely fragmented and

inconclusive with deficient amount of models, scales and concepts to measure brand equity. Nor there is a general agreement among researches and practitioners, at the conceptual level about what brand equity comprises (Pappu et al., 2005).

The evolution of brand equity can be described as a consumer learning process where consumers' awareness of the brand leads to attitudes, which in turn will influence attitudinal brand loyalty (Buil et al., 2013). In the long run, brand equity may sound quite easy and understandable concept, but in reality and at the present time, it has a complex status and essence, which will be gradually investigated further in this research.

## **2.2 Approaches to brand equity**

In this section two major approaches in addressing the subject of brand equity will be discussed. Strong brands are not given they must be earned over and over again. Therefore most companies nowadays seem to agree that brand building is not a project, but a process, where brand equity is created through interaction between internal and external stakeholders (Gromark et al., 2010).

Numerous definitions of brand equity have been proposed to date. The reason for that is that brand equity has always been approached from two perspectives: from firm and customer perspective. These two components are equally important and cannot be segregated from one another since the brand creates value for both the consumer and the firm and the brand provides value to the firm by generating value for the customers.

Therefore, from a firm or else financial perspective, brand equity presents a monetary value of a brand to the firm. Brand is substantial component of a firm's total value: according to a 2010 estimate, market value of brand accounts for over 30% of the market capitalization of Standard and Poor's (S&P) 500 firms, and exceeds the book value of equity of those firms (Larkin, 2013). One of the best known and widely used methods of measuring brand equity from the financial point of view is the Interbrand approach, which like other economic-use approaches (e.g. Millward Brown, Brand Finance etc.) values the brand as an integral part of a company and focuses on the

anticipated added value that it brings to the underlying business. The idea is to stress the management of brands as business assets, which have three aspects to be considered: the economic value-added, the role of the brand (i.e. how it affects purchasing), and its strength (i.e. how well it is positioned against its competitors) (Frampton, 2010). Despite this it is agreed among many researchers and practitioners in the field, that the financial value of a brand is the final outcome of consumer responses to brands (Christodoulides et al., 2010).

From a customer perspective, “brand equity is based on consumer attitudes about positive brand attributes and favorable consequences of brand use”. Brand equity means consumers’ different response between a focal brand and unbranded products when both have the same level of marketing stimuli and product attributes (Yoo et al., 2001). D. Aaker, a brand expert has defined brand equity back in 1991 as:

“A set of assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or service to a firm and/or to that firm’s customers.”

Susan Gunelius, a modern author of numerous books in the field of marketing, branding and social media, has offered a cumulative definition of brand equity, which is as follows “The tangible and intangible value that a brand provides positively or negatively to an organization, its products, its services and its bottom-line derived from consumer knowledge, perceptions and experiences with the brand”. It has been decided to take the definition of brand equity of Mrs. Gunelius as a core one, since it comprises both product and communication aspects of the brand equity (Gunelius, S. Brand Equity Basics – Part 1: What Is Brand Equity?).

### **2.3 Consumer-based brand equity and its dimensions**

In this section the consumer side of brand equity and its components will be approached. If the situation with the literature on brand equity is not conceptualized, there is even more ambiguity in the literature on consumer-based brand equity. Being “a hot potato” topic, the majority of studies on consumer-based brand equity took place in

the early/mid-1990s and 2000s with subsequent research being mostly empirical. Since Aaker (1991) and Keller (1993) works on consumer-based brand equity, little practical research has been done in the area. Due to this reason, the researches, who currently investigate the topic of consumer-based brand equity mainly take the elaborated and suggested by Aaker' dimensions of brand equity as proven to be classical. Aaker (1991) identified the conceptual dimensions of brand equity as brand awareness, brand associations, perceived quality, brand loyalty and other proprietary brand assets such as patents, trademarks and channel relationships. The first four dimensions represent consumer perceptions and reactions to the brand, while proprietary brand assets are not pertinent to consumer-based brand equity.



**Figure 2.** Aaker (1991) consumer-based brand equity construct

Since four dimensions of consumer-based brand equity serve as regards of consumers' reactions to the brand – they are relevant and usable for the current research, therefore will be minutely investigated as separate ones and in associative relation to each other.

Brand awareness significantly impacts consumers' decision-making since brand awareness provides a kind of learning advantage for the brand. Brand awareness refers in its very core whether consumers can recall or recognize a brand, or simply whether or not consumers know about the brand (Keller, 2006). The brand name provides the memory nodes in consumers minds that is why brands, which consumers may know, are more likely to be included in their' consideration set (Aaker, 1991; MacDonald et al., 2000). There are two levels of awareness: stimulus-based brand recognition and memory-based brand recall (i.e. top-of-mind awareness). In the case of brand recognition, seeing the product/brand stimulates the need for it. The case of recall is more challenging: customer has to recall the brand name, in other words remember the brand, when the need for the product arises (Ballantyne et al., 2006). Therefore, it is seen that brand awareness is an important component of the overall brand equity and the brand equity from the consumer mindset point of view because it depicts customers' general attitude directly toward a brand.

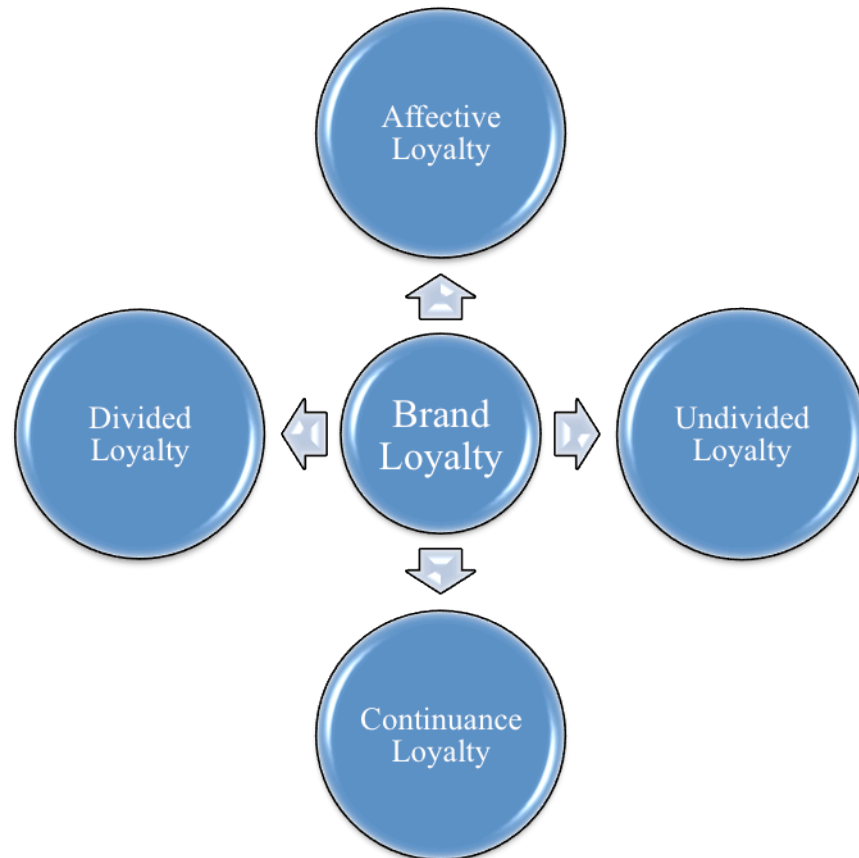
Due to the literature analysis, connective to brand awareness come brand associations, the next element of influencing brand equity. Brand associations refer to any brand knowledge relating to the brand in the customer's mind (Huang et al., 2011). Keller (1998) classifies brand associations into three major categories: attributes, benefits and attitudes. Where the attributes are those descriptive features that characterizes a brand, such as what a consumer thinks the brand is or has and what is involved with its purchase or consumption. Benefits are the personal value customers attach to the brand attributes, that is, what consumers think the brand can do for them. Brand attitudes are consumers' overall evaluation of a brand (Keller, 1998). Customers' associations with a brand can be either positive, negative or unique. Number of studies underlines the importance of positive consumer associations since they are a strategic asset (Weigelt et al., 1988) and a source of sustainable competitive advantage leading to more positive brand response (Brown et al., 2006). Response can be behavioral or evaluative, for example, commitment, trust, purchase intension or recommendation. Unique brand associations should differentiate the brand from other category members (Keller et al., 2002). The amount of knowledge about the brand customer possesses is also important since the more familiar a customer is with the brand the more likely he/she exhibits



response to the marketing of the brand (Koll et al., 2013). Brand associations can also be described in two essential ways: as consumers' free brand associations or as management intended associations. The first approach surmises the customers to freely express themselves without forcing them to think in predefined dimensions whereas the second view supposes the consumers' associations reflect the associations the managers of a certain brand have already created and transmitted to the customers through marketing, promotion or advertising campaigns. To unify brand awareness and brand associations aspects of brand equity it is obvious that equity is high when a consumer is familiar with the brand and holds in memory favorable, strong and unique brand associations.

Another important dimension of overall brand equity is perceived quality. Perceived quality is not the actual quality of the product but the consumer's subjective evaluation of it (Zeithaml, 1998). As another value-driven dimension perceived quality conveys value to consumers by providing them with a reason to buy a certain product or use a particular service. Researchers demonstrate that better perceived quality increases perceived value and satisfaction, improves the product (service) providers' customer retention as well as financial performance (Cronin et al., 2000) and also enhances a firms' corporate image. Perceived quality dimension leads to the last element of brand equity concept relevant from the consumer perception view – brand loyalty. It is obvious that the more brand-loyal a customer is, the more likely he/she finds that the brand offers superior quality. Brand loyalty could be by rights named as a major component of brand equity since it is a real action of a customer towards brand, it's a summation of all customer' attitudes in form of brand awareness, brand associations and perceived quality in a real act – a choice to be attached and committed to a certain brand or service. To support this notion, it's appropriate to turn to the literature, where Oliver (1997), for instance, defined brand loyalty as “a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having potential to cause switching behavior” (Oliver, 1997). Brand loyalty means that consumers tend to pay high prices to a certain brand within the same product group and advice that brand to the people

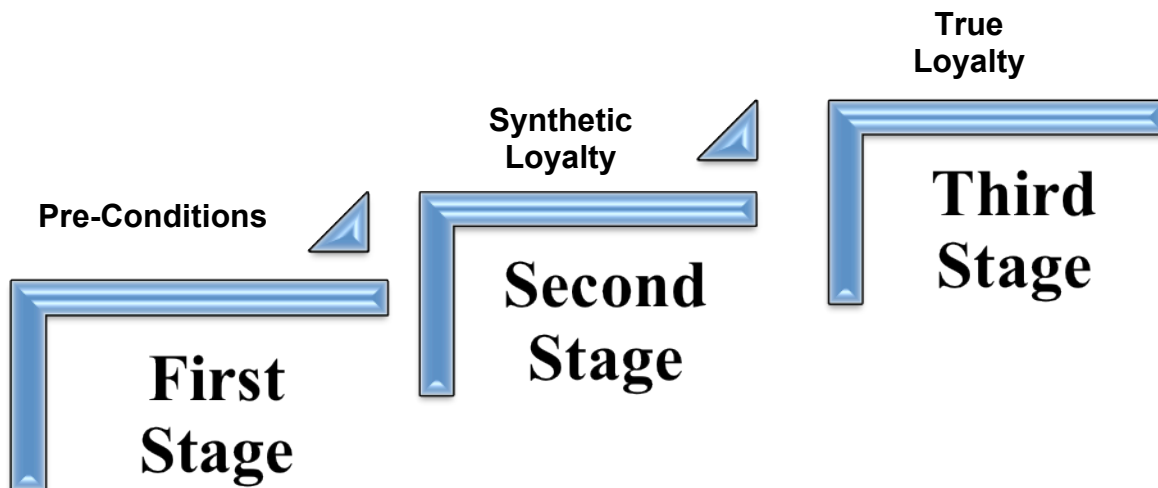
around them (Giddens, 2002). Indeed, loyal customers are loyal consumers of the brand, which perform repeat purchases and recommend the brand to others. But brand loyalty could not be considered only as the repurchase behavior of a customer, it is a complex concept, which nowadays has many elements included.



**Figure 3.** Erciş et al. (2012) multifaceted structure of brand loyalty

According to Erciş et al., (2012) the loyalty that is created in the direction of a strong attachment to the brand, when consumers adopt the brand affectively and emotionally and they are not interested in alternative brands in present as well as in the future is called an affective or undivided loyalty. In contrary, when customers have no strong emotional attachment to the brand but they continue to buy it, more in form of a habit, is a continuance or divided loyalty, which considered to be a weaker type of loyalty since the consumers can be easily turned to another brand in case of more attractive offers (Erciş et al., 2012).

According to McMillan (2007), he offers the following scheme of developing business to business loyalty.



**Figure 4.** McMillan (2007) Business to business loyalty model

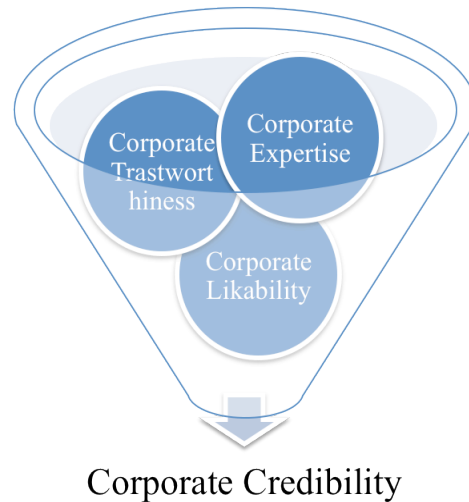
Despite the abovementioned scheme was suggested to be effective in building loyalty in business to business relationships, it could also be applicable in building loyalty relationships between company and a customer.

Returning to the overall customer-based brand equity, there were and are nowadays certainly another thoughts of what this complex concept is and what it comprises. Thus and so, Keller (1993) views customer-based brand equity as the effect of brand knowledge on consumer response to the marketing of the brand. Brand knowledge, according to this definition, comprises two components: brand awareness and brand image. Brand equity exists when the customer is familiar with the brand and holds some favorable, strong, and unique associations in memory (Hakala et al., 2012). More resent

view of Keller (2006) on brand knowledge suggests that it includes all the attributes, benefits, images, thoughts, feelings, attitudes and experiences that become associated to or evoked by the brand (Keller, 2006). Thus, a brand has a positive (or negative) value if the customer reacts more (or less) favorably to the marketing mix of a product of which he/she knows the brand name than to the marketing mix of an identical yet unbranded product (Christodoulides et al., 2009).

Yoo (2001) went further by developing and validating the multidimensional consumer-based brand equity scale (MBE), which is adopted in this study as basic point for the research in the area of consumer-based brand equity construct. By utilizing a consumer-based behavioral view of brand equity, Yoo (2001) defined brand equity as consumers' different response between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes. The difference in consumer response may be attributed to the brand name and demonstrates the effects of the long-term marketing invested into the brand (Yoo et al., 2001). Srinivasan et al. (2001) identifies a measurement of brand equity by four sources as brand awareness, attribute perception biases, non-attributive preferences and brand availability (Srinivasan et al., 2001).

Besides researchers from a decade ago, nowadays there is a new wave of studies investigating the topic of brand equity and its physiological background, formed in mind of customers. For instance, the study of Kervyn, Fiske and Malone (2012) adds to an understanding in area by introducing Brands as Intentional Agents Framework (BIAF), which adapts the Stereotype Content Model established in social psychology to a brand relationship setting. Basically its a newly suggested model, which helps to explore the factors, which drive consumer emotions and behaviors and attach them to a particular brand (Keller, 2012). Another concept, which has its roots in social psychology and applications in many diverse areas – the concept of credibility or corporate credibility. Corporate credibility measures the extent to which consumers believe a firm can design and deliver products and services that satisfy customer wants and needs (Keller, 2012).



**Figure 5.** Factors of corporate credibility

Where consumer expertise is the extent to which consumers see a company is able to competently make and sell products or conduct services to fully satisfy customer needs. Another factor – corporate trustworthiness – is the extent to which consumers believe a company is motivated to be honest, dependable and sensitive to customer needs. And the last critical factor in forming this concept is corporate likability, which introduces the extent to which consumers see the company as fun, interesting, attractive, prestigious, dynamic, so to speak, like a friend, with whom it is nice to spend some time (Keller, 2012).

The study of consumer-based brand equity is not restrained only by the abovementioned theories and concepts. There are a number of studies devoted to the investigation of consequences of consumer-brand relationship. There is, for instance, brand engagement concept (Gallup et al., 2011), brand love (Batra, Ahuvia and Bagozzi, 2012) and brand attachment (Park et al., 2010). Another concept suggested in recent years by Keller (2012) is the concept of brand resonance, which refers to the nature of consumer-brand relationship and, more specifically, the extent to which person feels that she or he resonates or connects with a brand and feels “in sync” with it. Brand resonance comprises two dimensions: intensity and activity, where the first one refers to the strengths of the attitudinal attachment to the brand and sense of community with others

(brand loyalty) and last one depicts behavioral changes engendered by this loyalty (Keller, 2001).

To summarize the literature review on consumer-based brand equity from historical point of view, from early-mid 1990s until recent years, it becomes obvious that earlier research was more detached, the authors have separately investigated the effect of product and brand on consumers' decision-making processes. The researchers as well as practitioners have isolated two inseparable categories. It was due to a little investigation in the area of value added as the sustainable competitive advantage of a certain product or service. From the beginning of XXI century all, researchers, academicians and managers started to elaborate the topic from the psychology perspective and have a holistic approach, where all the factors are interrelated. Moreover, large number of up-to-date research is underlying the foremost importance of building strong and mutually beneficial consumer-brand relationship.

The limitation of the current research in the area, in comparison to the more obsolete studies, is that there is a little applicability of it. Beyond all doubt, there are many deliberately elaborated concepts of consumer-brand relationships, but the large majority of these concepts have not yet been tested in practice, which make an ample room for the current study.

Therefore, in this research the issue of applicability of modern studies in the area of consumer-based brand equity combined with previous, more practically tested research, will be addressed. This will be done by the utilization of classical dimensions of consumer-based brand equity elaborated by Aaker in 1991 and testing them among modern, multicultural society. The modern concepts of customer-brand relationships will be employed alongside this practical research as important factors of influencing repurchasing behavior of customers.

## **2.4 Consumer-based brand equity in the multicultural context (Finland vs. Ukraine)**

After identifying what consumer-based brand equity is and of which components it consists, it is crucial to gradually investigate this concept in an international scope.

Due to the fierceness of the competition in the international market, fostering positive consumer-based brand equity in order to augment regular patronage and uphold revenue growth becomes a strategic priority in the international brand's pursuit of sustainable competitive advantage. Nowadays, building up of sustainable competitive advantage is only possible through the consolidation of reciprocal customer-brand relationships where the reactions of customers' on a certain brand are crucially important for the success of it. As Kervyn, Fiske and Malone's (2012) framework of brands as international agents suggests that consumers can perceive brands in the same way they perceive people (Kervyn et al., 2012), it can be assumed that customer-brand relationships formation reduplicate the formation of customer-customer relationships. Due to this assumption, it becomes relevant to include an international aspect in the study and investigate the formation of customer-brand relationship in different cultures.

Indisputably, customers' reactions to a certain brand cannot be forecasted in international scale, but they could be slightly predicted due to the peculiarities of the culture where the brand is aimed to be on the market.

When a company has a goal to go beyond the borders of its own country – it's already a process of internationalization. Nowadays is almost impossible to imagine a company without a certain level of internationalization, since even small local companies, maybe yet without an actual international presence, have business relationships with different foreign colleagues. Virtually all business conducted today is global business due to interconnections in technological, political and economical areas (Thomas, 2008). According to traditional internationalization theories, differences between countries are conceptualized as "psychic distance". The Uppsala internationalization model defines psychic distance between countries as differences in language, culture, political system, level of education, level of industrial development etc. (Ojala, 2008). But psychic

distance is rather relevant from a company' perspective. In order to examine differences in cultural values between countries, the concept of cultural distance is going to be employed. Moreover, the Geert Hofstede's 5-Dimension Model of national culture, which comprises following dimensions: Individualism-Collectivism, Uncertainty Avoidance, Power Distance and Masculinity-Femininity will be utilized in order to compare Finnish and Ukrainian peculiarities of national cultures (Hofstede, 1980).

Culture constitutes the broadest influence on many dimensions of human behavior (Soares et al., 2007). It is indeed a very complex system of patterned ways of thinking, feelings and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional ideas and especially their attached values (Kluckhohn, 1961).

Northern and Eastern European cultures seem to differentiate. Being geographically not very distant, Finland and Ukraine have a reasonable amount of political, economical and cultural disparities in the form of shared values among people.

Starting with Finnish culture and society, which is an egalitarian in its very core, beginning with the language, where the gender-neutral words are employed to the total equality among generations of people. No surprise that Finland scored low on the first dimension of Hofstede's Model of national cultures, which is a power distance. Power distance according to Hofstede (1980) is the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. Indeed, equal rights, being independent, open decisions making, freedom and hierarchy only for convenience, where the superior is more like a coaching leader, not a strict commander are highly valued among Finns.

Next category is individualism, which is the degree of independence a society maintains among its members. No wonder that Finland also scored high in this dimension since Finns value independence and they believe that, both man and woman, must be self-reliant and autonomous. Maybe the unlimited growth of individualism in Finnish



culture is an inevitable consequence of modernization of life or it has strictly historical background, when, for example, during the Finnish-Russian war, lots of Finnish families lost their male family members, so the women had to become independent and rule the country or it is simply a desire to look and speak only after self and the direct family only, jet to stay collaborative and consensus-driven with others. Definitely there is a combination of reasons behind the high level of individualism among Finnish people.

Despite high level of individualism, Finland is considered to be a feminine society as to the next cultural dimension presented by Hofstede – masculinity versus femininity. The fundamental issue in this dimension is what motivates people, wanting to be the best (masculine) or liking what you do (feminine). A low score on this dimension explains that Finns, together with being independent and self-sufficient, value compromise, flexibility, negotiations – all the characteristics that smooth cooperation matters and make them mutually beneficial. People in Finland perceive qualitative hard working as a guarantee of well being, but not living for hard working. Being laconic, humble, supportive make Finnish people a culture with prevalence of feminine features, a culture with a thoughtful approach to everything.

The next dimension – uncertainty avoidance centers on the extent to which members of a society are able to cope with the uncertainty of the future without experiencing undue stress. Societies considered to be high in uncertainty have a large number of informal guidelines, rules, norms, beliefs and laws they are expected to know and follow and where usually the ambiguity of the future meets the intolerance from people. In contrast, in societies with low level of uncertainty people are less concerned with unpredictability of the future and therefore have fewer rules and regulations. Having a thrive for innovation and technological development, but, at the same time, maintaining rigid codes of belief and behavior makes Finns a nation of a very cautious and prudent approach to the changes the future brings. Hence, Finland, according to Hofstede, scores a medium high preference for avoiding uncertainty. Indeed, a recent example of Nokia merger by Microsoft – the world software giant is a striking pattern of the

inefficient managerial strategy of the company to deal with competition and pro-active change in the technological environment.

The last and the newest dimension of national culture added by Hofstede, which is also the most discussed among scholars is a long-term orientation (in accordance with Hofstede model) or future orientation according to GLOBE study. As assumed to have common origin of time perspective, it is a dimension, which represents a long-term versus a short-term orientation in life, the degree to which individuals in organizations or societies engage in future-oriented behaviors such as planning, investing in the future, and delaying individual or collective gratification (Venaik et al., 2013). In other words, and according to Ashkanasy et al. (2004) it is the extent to which members of society or an organization believe that their current actions will influence their future and therefore they look far into the future for assessing the effects of their current actions (Ashkanasy et al., 2004). The Finns scored to be a short-term oriented culture, which means that Finnish people generally exhibit great respect for traditions, a relatively small propensity to save and an impatience for achieving quick results (Hofstede, 2010). Indeed, Finns are transactional and do not need long-standing personal relationships in order to conduct business, unlike, for instance the countries of the Middle East. Professionalism, independent decision-making and high level of involvement – are the components of successful business dealing with Finns.

As it was stated earlier, although Finland and Ukraine geographically are not very distant countries, they do share many cultural differences, since Ukraine was for quite a long time a member of the former Soviet Union, where many opposite values to that shared by Finnish people were common. It is unfortunately not possible to look and explore Ukrainian culture through the lens of the 5-D Hofstede Model of national culture since the author did not include the country in his investigation of cultural differences. Yet it is even more interesting to adjust Ukrainian cultural peculiarities to this model and compare it with thoroughly investigated Finnish culture.

In order to meticulously explore the culture of Ukraine and adapt it to the Hofstede Model, the different sources of information as well as personal knowledge and

experience will be involved. Ukraine, as a former communist country of Eastern Europe, has always been a tidbit for its more powerful neighboring countries and regions. So is the situation nowadays, when Ukrainian market is an important trade and investment destination for foreign business. Unlike before, Ukraine today is also striving for improving its economical climate in order to lure foreign investment. In order this process be mutually beneficial, international managers should have profound knowledge about Ukrainian culture and stop identifying it with Russian, which is, despite sharing many similarities, proven to be distinct.

Despite more than twenty years of independence, Ukraine is still considered to have the transforming economy, indeed not without solid reasons. The Soviet past greatly influenced the formation of current Ukrainian culture and predominant values. Unlike Finland, Ukraine scores high in power distance. Unfortunately continuing to have Soviet mentality Ukrainians have special attitudes towards power inequalities as to be the political, social and economical paternalism. Until now power and wealth are concentrated in the hand of few oligarchs as source of profit and violence (Korostelina, 2013). Hierarchy, the significance of a strong leader to be followed, centralization of power and decision-making, control and the absence of direct communications are still the evident features of Ukrainian culture.

Regarding the individualism, Ukraine, being a post-Soviet state, is also opposes Finland by being more collectivist society, where people belongs to “in groups” that take care of them in exchange for loyalty (Hofstede, 2010), which in this sense makes Ukrainian culture closer to the cultures of Eastern Asia, Africa and Latin America. According to Triandis (1993) a defining feature of people who hold a collectivist orientation is that they either do not distinguish between personal and collective goals, or, if they do, personal goals are subjugated to the goals of the collective (Triandis, 1993). Ukrainians mainly associate themselves as “we” and highly appreciate belongingness to a certain social group. In business relationships, the phenomenon of nepotism, connections over merits in hiring and promotion decisions are prevalent. The employer/employee relationship is formally contract based, but in reality the employee predisposed to

follow instructions of the boss. This makes an individual input in collective decision-making insignificant as well as the allocation of responsibility is indistinct.

As about the next dimension of culture – masculinity versus femininity, it is probably the most contradictory dimension in the national culture of Ukraine since despite Ukrainian people value of belongingness to a certain social group (elite) and the desire to be distinguished (showing the status), the common post-Soviet mentality makes the culture still more feminine since people care for others (even if its a small circle of people) and the good quality of life is highly appreciated. Dominant behavior might be accepted when it comes from the boss, but is not appreciated among peers (Hofstede, 2010).

Ukrainian society deals poorly with the fact that the future can never be known. Over a long Soviet past, Ukrainians are emotionally accustomed to having rules (even when they are not effective or proven to be wrong), beliefs, samples of behavior and they are intolerant of unorthodox changes and ideas (Hofstede, 2010). All these make Ukrainian society a society with high preference for avoiding uncertainty. Ukrainians are very careful with innovations – “what is different, is dangerous”, especially for the USSR generation of people. Personal security is highly valued and is a factor of motivation. Ukrainians prefer the future to let it happen and then see how they can cope with it rather than trying to control it.

Concerning the time orientation dimension, Ukraine is a short-term orientation culture with fostering of virtues related to the past and the present, in particular, respect for tradition, preservation of face and fulfilling social obligations (Venaik et al., 2013).

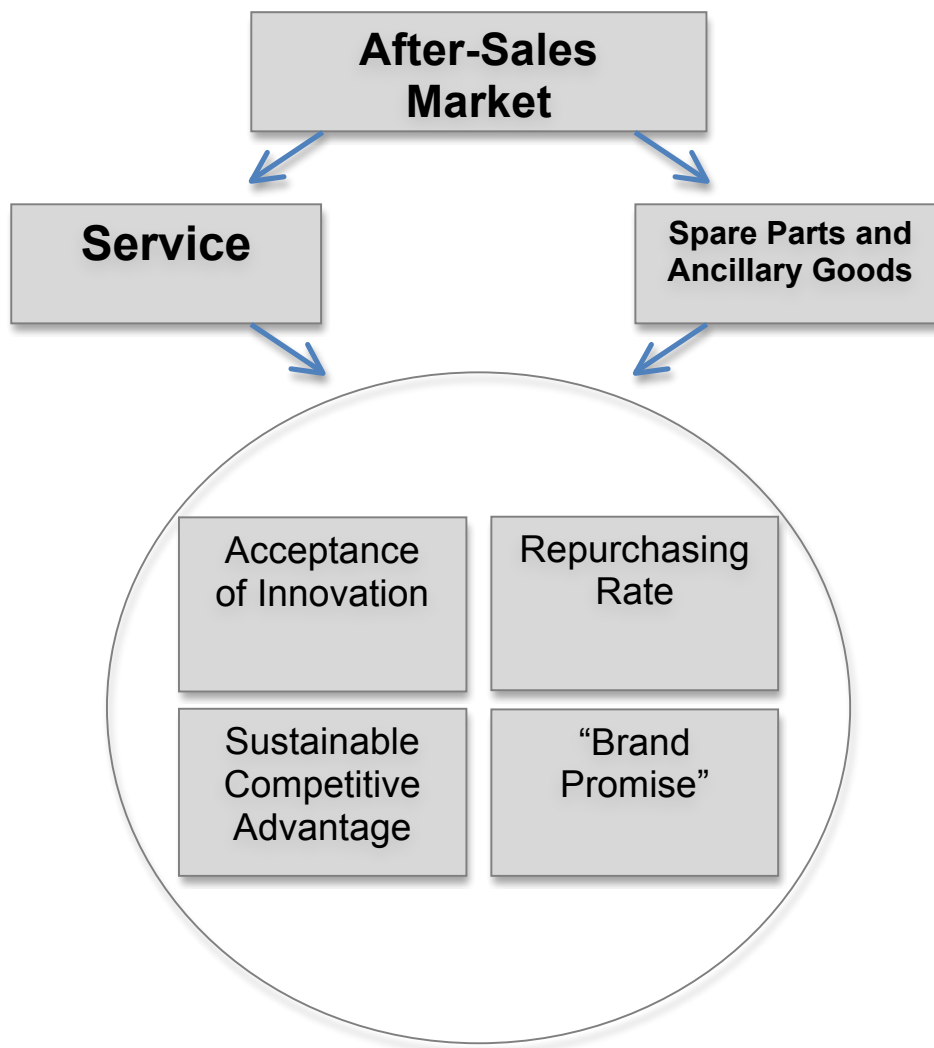
The last three cultural dimensions: masculinity vs. femininity, uncertainty avoidance and long- vs. short-term orientation make the Finnish and Ukrainian cultures resembling. While in power distance and individualism vs. collectivism the cultures differ significantly.

From the customer decision making as a potential buyer point of view, the most significant characteristics are individualism vs. collectivism and uncertainty avoidance. Whereas Finnish and Ukrainian societies share same cautious attitude towards uncertainty avoidance, they exceedingly differ in the dimension of individualism vs. collectivism, which play the crucial role in the consumer buying behavior. The more collectivist the person's orientation, the more susceptible the person will be to social influence in the purchase decision (Kongsompong et al., 2009).

Hence, the individualist vs. collectivist aspect of national culture will be further employed in the study in order to investigate the differences of repurchasing decision-making and formation of loyal behavior to certain group of brands from people with different social orientation.

## **2.5 After-sales market and consumer-based brand equity**

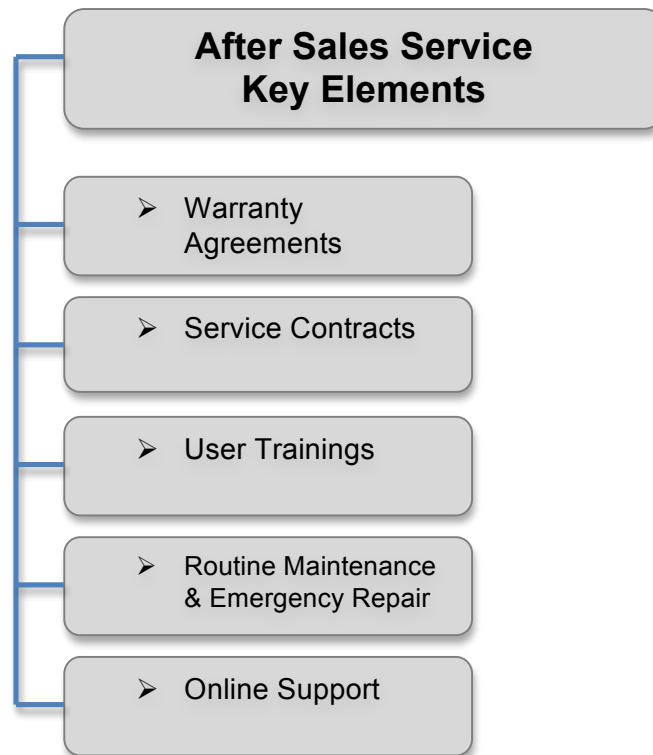
Nowadays, especially in the manufacturing high-technology sector, after-sales activity, that is, supplying spare parts and providing preventive and reacting maintenance for the installed base of customers, is very often a highly profitable business. After-sales market nowadays is not limited only by guaranteeing customer claim and warranty services, but it also offers maintenance operations, spare parts planning and logistics and the operations with the lasting effect on customer satisfaction. The following scheme provides the overall importance of the after-sales market for gaining and retaining customers.



**Figure 6.** After-sales market as an integral part of the customer offerings (Gaiardelli et al., 2007)

It is proven to be wrong to identify after-sales service and spare parts branches of after-sales market. So the customers should also separately reflect their perceptions of both product and service quality of a certain brand (Ahmad et al., 2012). Hence, the two areas of the after-sales market will be investigated apart.

The following scheme represents the key elements of after-sales services provided today by the companies.



**Figure 7.** Key elements of the after sale services (Ahmad et al., 2012)

As it was previously mentioned, it is wrongful to identify the quality of a brand with the quality of the after-sales services provided. It is due to the after-sales services, however representing a brand name, are supplied by another channels. These channels could vary depending on the industry, but more often than not they are represented by the authorized dealers and service providers. The after-sales services provided by the company and its authorized dealers could be one-time, as user trainings, routine maintenance or emergency repair and online support of customers, as well as continuous, when it is about conclusion of warranty agreements and service contracts or an iterative use of the one-time services. The continuous contact between customers and after sale service dealers generates multiple experiences that are considered to be one of the most credible sources of building brand equity (Keller, 1993). In either case the key responsibility of these channels is to facilitate sales and ensure provision of excellent after sale services since a significant portion of positive/negative consumer-based brand equity is the result of consumer and the channel representatives service provider

relationship (Ahmad et al., 2012). Moreover, after-sales service offers differentiation potentials that a producer can use to strengthen their brand equity.

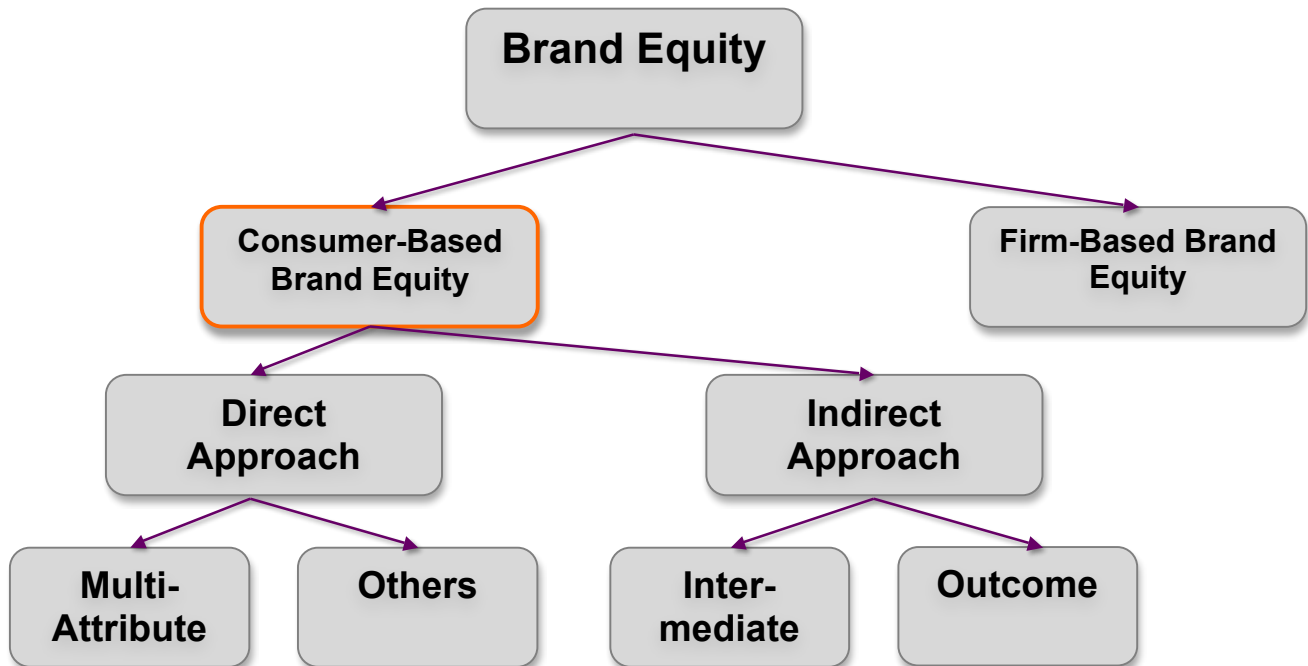
The availability of spare parts and ancillary products is often also included in the after sale service sector supplied by the company directly or through its authorized dealers. Despite this many experts assign the parts supply as a separate area of the after sale market. It is definitely so since apart from finding new avenues for brand differentiation, sales of spare parts serves as a source of additional cash flow and parts supply is not necessary a service but an additional market of goods. Moreover, it is an “easy” und “understandable” market for a company to operate on since if a brand itself has a good reputation and a high level of loyalty among customers, the after-sales market of its original spare parts is also a profitable business.

## **2.6 Measures of consumer-based brand equity in the after-sales market**

Profit generated by the after-sales market is often considerably higher than the one obtained with sales; the service market can be four or five times larger than the market for products and it may generate at least three times the turnover of the original purchase during a given product’s life-cycle. Perhaps the shift from the traditional product-centric view, in which after-sales was considered as “necessary evil” to a customer-centric view has already taken place, but what is missing until now is the appropriate analysis and measurements of the multidimensional consumer-based brand equity in aftermarket. Understanding, building and measuring brand equity in the after-sales market is the most critical aspect of the brand management process nowadays (Ahmad et al., 2012).

There are two common approaches to measure consumer-based brand equity presented in the literature: direct and indirect approach. The indirect approach identifies brand equity sources while the direct one measures the impact of brand knowledge on consumer response (Pappu et al., 2005). The following scheme represents two methodological approaches in measuring brand equity.





**Figure 8.** Christodoulides et al. (2009) Approaches to measure brand equity

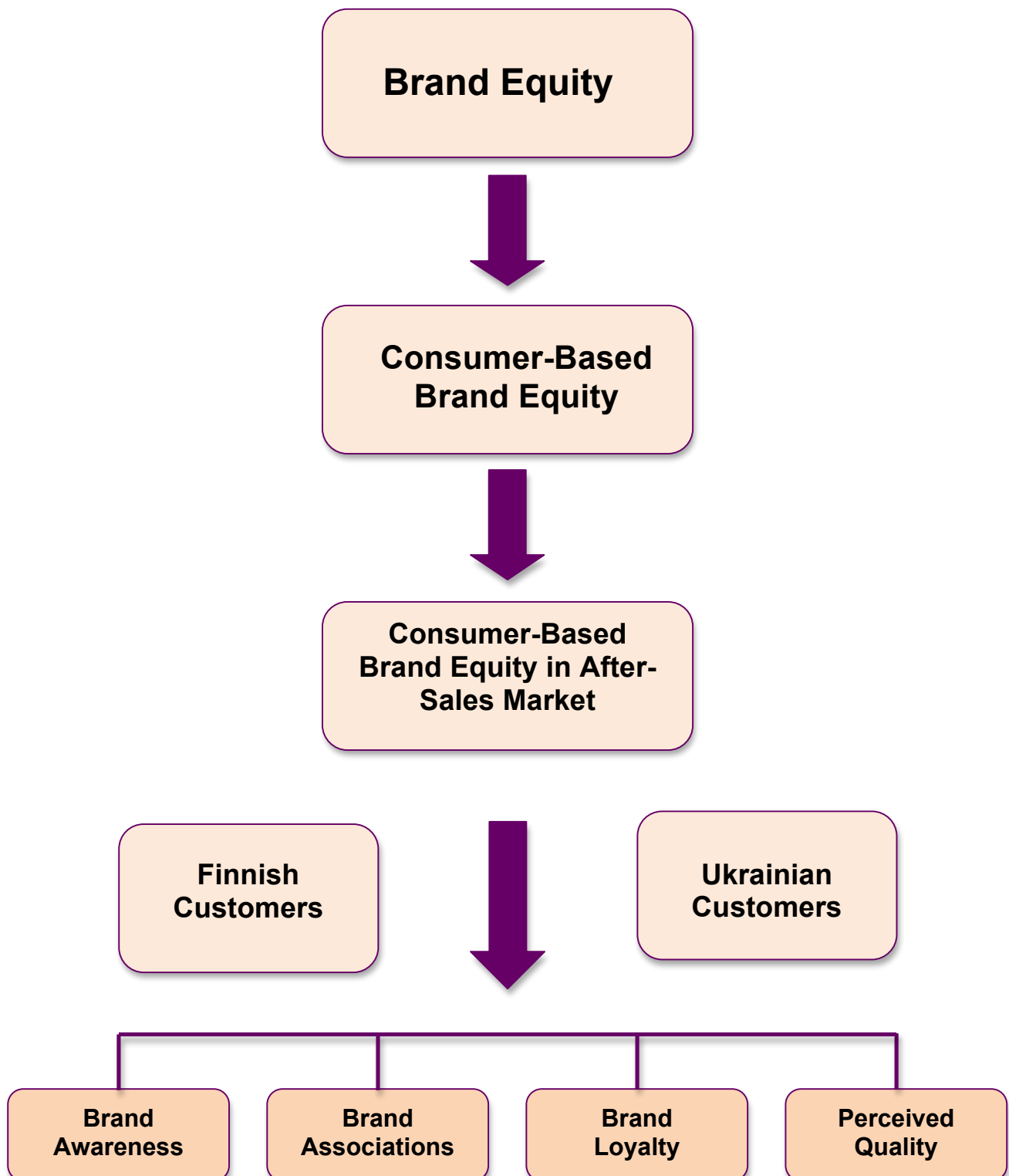
At the first glance the direct approach seems to reflect consumer perceptions and the overall influence of that perceptions on the consumer' response to a certain brand. In fact direct approaches are trying to separate the value of the brand from the value of the product by using the multi-attribute model (Christodoulides et al., 2009). Such separation is proven to be incorrect since brands supervene on products, much as the mental has been claimed to supervene on non-aesthetic properties. The complexity of the multi-attribute model is that it ultimately includes the monetary scale (dollar-metric scale), which hampers the direct measurement approach with measurements of brand equity from a firm' perspective. It also impugns an overall affiliation of the direct approach to the consumer-based brand equity measures.

In turn, the indirect approach to consumer-based brand equity measurement adopts a more holistic view of the brand and seek to measure brand equity either through its manifest dimensions (brand equity sources) or through an outcome variable such as a price premium (Christodoulides et al., 2009). Study of Vazquez et al. (2002) also

utilizes the indirect approach and the author suggests the holistic definition of consumer-based brand equity as the “overall utility that the consumer associates to the use and consumption of the brand; including associations expressing both functional and symbolic utilities (Vazquez et al., 2002). The study of Yoo and Donthu (2001) devoted to the development and validation of a multidimensional consumer-based brand equity scale is also within the indirect approach. In this study consumer-based means measurement of cognitive and behavioral brand equity at the individual consumer level through a consumer survey conducted across multiple cultures (Yoo et al., 2001). Despite the abovementioned research has some limitations, such as the collapse of brand awareness and brand associations into one dimension, exclusive reliance on student samples while developing and validating of their brand equity scale as well as the exceptional selection of product categories, the study has proven to be parsimonious, easy to administer and simply to use for brand managers in the multicultural context. Therefore, the multidimensional consumer-based brand equity scale will be utilized as a pattern in the current study with the deliberate address and revision of the mentioned limitation

**Table 1.** Items for multidimensional consumer-based brand equity scale

<b>Perceived Quality</b>
X is of high quality.
The likely quality of X is extremely high.
The likelihood that X would be functional is very high.
The likelihood that X is reliable is very high.
X appears to be of very poor quality.
<b>Brand Loyalty</b>
I consider myself to be loyal to X.
X would be my first choice.
I will not buy other brands if X is available at the store.
<b>Brand Awareness</b>
I know what X looks like.
I can recognize X among other competing brands.
I am aware of X.
<b>Brand Associations</b>
Some characteristics of X come to my mind very quickly.
I can quickly recall symbol or logo of X.
I have difficulty in imagining X in my mind.

**Table 2.** Theoretical framework

### 3 METHODOLOGY

The research methods and reasons behind choice of them will be thoroughly discussed in this chapter. At the beginning the chosen research methods will be mentioned. After that the data collection methods will be discussed with the presentation of the general structure of online-based questionnaires. In general, all the data utilized for this research could be divided into primary and secondary data, the details of each sort of data will be discussed further.

The idea of this paper is to conduct a research. The word “research” being frequently used carries a meaning, which is still confusional for many people. So what is research by its nature? In a very simple way, explained by Saunders (2007) it is something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge (Saunders et al., 2007). It is not just a collection of data and interpretation of it in an own way based on individual beliefs. It is a systematic investigation in order to establish facts and reach new conclusions (Oxford Dictionary Online). Exactly same is aimed to be reached by the current study, where the collection of data is only a part of research process, which is build in a systematic way to ultimately meet a research purpose.

By defining a core of the research, it becomes clear that it is a complex phenomenon with set of following characteristics.

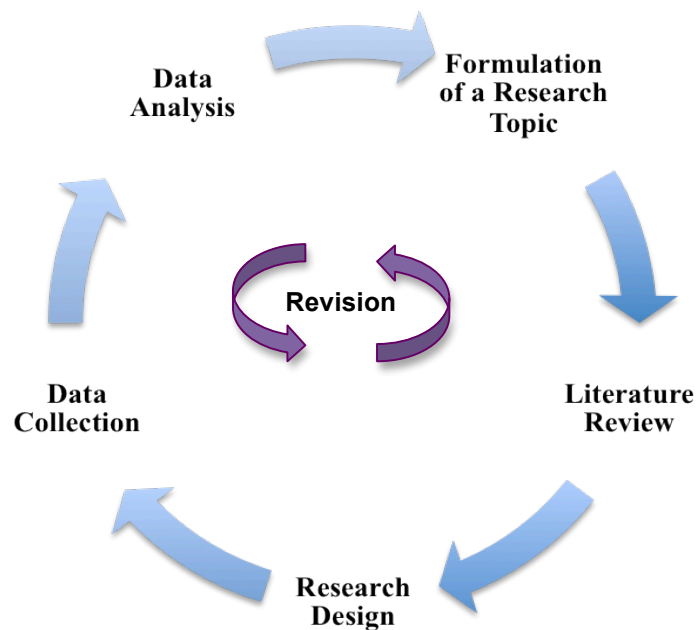
*Systematic with a clear purpose.* The topic of the research is narrowed down to consumer-based brand equity, not with the focus on entire brand equity system, which is indeed broad. Additionally, the research is conducted as structural, multi-staged process: critical reviewing of the literature on the topic, identifying the scope of relevant information, designing of the research with the aim to reach the settled purpose, conclusions based on analysis of the research as well as the discussion of limitations, the current study carries.

*Innovative in a certain way.* Consumer-based brand equity has been an emergent topic in the recent business literature, but only with a focus on brand, as a source of

consumer' reactions, attitudes and behaviors. By this study is aimed to approach the topic of consumer-based brand equity from a different angle in order to have a new perspective on it. The ultimate target of this study is to address business issues and practical managerial issues by developing brand loyalty models suited to particular aftermarkets. It is to be hoped that the elaborated brand loyalty models in aftermarket will help international marketing and brand managers to smooth the overall market success of the brands through the improvement of their aftermarkets.

*Conclusive.* The received results of the study as a combination of utilized literature on the topic with practical data are thoroughly analyzed and joint conclusions are presented.

According to Saunders (2007) a research process consists of a series of linked stages, here is the schematic display of them.



**Figure 9.** Multi-staged research process by Saunders et al. (2007)

As it has been outlined above, every research starts with the identifying of the problem, the researcher aims to approach. The research problem is the base for the formation of

the research topic. In the current study the research problem – identifying the ways of improving long-term success of the brands in culturally inverse, yet equally important markets by analyzing consumer responses to the aftermarkets of same brands has been elaborated and followed from the beginning.

### **3.1 Research data**

Critical literature review with the target to identify the scope of relevant secondary data for this thesis has been the next step. Research data could be classified into secondary and primary data. Both sorts of data have been conjointly utilized in this thesis.

Secondary data comprises both raw data and published summaries, so it is the data that have already been collected for some other reasons or studies (Saunders et al., 2007). For this thesis secondary data has played a significant role since it is the basic part of this work and a source from which the research problem was formulated. As today secondary data could be derived from a huge deal of sources, like daily newspapers, books, governmental surveys and, of course, Internet, so it has been done by the author of this thesis. All the secondary data can be also classified into external (available for public use) and internal (available only for an internal use in some specific company, for instance). Additionally, there are three main subgroups of secondary data: documentary data (notices, diaries, minutes of meetings, voice and video recordings etc.); survey-based data (questionnaires, ad hoc, continuous and regular surveys); and secondary data compiled from multiple sources, which is the combination of two before mentioned.

It is almost impossible to imagine any study today conducted absolutely without usage of secondary data. Alike is this work. Adopting a survey strategy and questionnaires as source of data collection, there was a clear need of support materials such as after-sales and marketing reports, aftermarkets' development forecasts, information about two companies' current activities on their aftermarkets. These secondary data sources were needed to properly structure the questionnaires. The data was collected mainly by the author independently with the permission given by the marketing departments of both

companies. Additional external information needed: articles on the topic, reviews, previously conducted surveys etc. were also collected, revised and analyzed by the author of this thesis.

Data that has been collected from first-hand-experience is known as primary data. Primary data has not been published yet, used or altered by another person. Therefore, the importance of primary data for a certain research cannot be neglected since it is a unique source of information for a particular study. Gathering and analyzing of primary data has also been of a great importance in this thesis. Data collection techniques applied in this study will be described and discussed later in this chapter. In fact, collection and analysis of primary data is a practical application of student' knowledge in individual carriage of a research, which plays a significant role in academic learning.

### **3.2 Data collection methods**

Research methodology refers to the overall approaches and perspectives to the research process as a whole, it is basically the philosophy of research since it is concerned with the following main issues:

- **Why** we collected certain data
- **What** data we collected
- **Where** was the data collected
- **How** the data was collected
- **How** it was analyzed

Research methods, in contrary, refer only to the various specific tools and ways the data can be collected and analyzed. It is impossible, however, to complete a good research without applying all the research methods needed.

Since the purpose of this thesis is by analyzing Finnish and Ukrainian consumers' responses to the aftermarkets of two German technical brands, make suggestions in a form of brand loyalty models in aftermarkets for international brand and marketing



managers about improving the long-term success of the brands in culturally inverse, yet equally important markets. The chosen type of study is a combination of descriptive and exploratory research. The object of descriptive research is “to portray an accurate profile of persons, events or situations” (Robson, 2002:59). Exploratory research is undertaken when there is a need to seek new insights, to ask questions and to address phenomena in a new light (Robson, 2002:59). Exactly the outlined above is aimed to achieve by this thesis. Moreover, the idea is to apply a survey strategy by conducting individual online questionnaires of Finnish and Ukrainian customers of aftermarkets of Mercedes-Benz / Smart and Kärcher brands. Survey strategy was chosen because each person was asked to respond to the same set of questions / react to same set of assumptions about the aftermarkets. The questionnaire is one of the most widely used data collection techniques within the survey strategy (Saunders et al., 2007). Questionnaires are also most commonly used for conducting descriptive and explanatory research.

Types of questionnaires vary greatly and differ mainly in the amount of contact with respondents as well as due to the sources available to researcher to conduct the survey. The type of questionnaire applied in this thesis is self-administered questionnaires, in particular Internet-mediated questionnaires. This type of questionnaire allows the respondent to individually complete the questionnaire already elaborated by the researcher with internet-mediated tools. This implies easy-to-use type of questionnaire both for a respondent to participate and for a researcher to collect and analyze the results. Definite plus of this type of questionnaire is cheapness and quickness of data collection as well as Internet storage of results. There are certainly some disadvantages of this sort of questionnaires: difficulty to reach a representative and unbiased sample of respondents, in particular exactly the customers of aftermarkets of Mercedes-Benz / Smart and / or Kärcher brands. The respondents have to have an experience not only in the utilization of aforementioned brands, but also their aftermarkets. Additionally, when using this type of questionnaire, there is an absence of personal contact between researcher and respondent, therefore it can also lower the total response rate. In order to minimize the last disadvantage, the links to the online-based questionnaire were sent in conjunction with an accompanied email. Surveyplanet.com was chosen as the online

survey tool to collect the data. This tool, according to many reviews, proven to be one of the most powerful online survey tools in online designing, sharing and reviewing survey's results. The online-based questionnaire was also chosen due to a physical distance between a researcher, namely the students, who is conducting this thesis, and targeted audience: Finnish and Ukrainian customers.

The chosen research approach is qualitative since it is more subjective in nature and involved examining and reflecting on less tangible aspects of a research subject, which are, for instance, customers' perceptions, attitudes, behaviors. The qualitative data will be also collected in form of middle integral numerical points received on each statement in the questionnaire from total number of customers' replies. But this data serves as auxiliary information for the research.

### **3.3 Data analysis**

Data analysis is an essential part of any research and indeed the most complex of all the phases of a qualitative project. Stake's (1995:71) discusses analysis as "a matter of giving meaning to first impressions as well as to final compilations. Analysis essentially means taking something apart. We take our impressions, our observations apart". But is taking something apart is enough? As long as this study carries the qualitative character, Lofland's (1971:57) vision of the end product of qualitative work is appropriate to consider:

*The strong suit of the qualitative research is his ability to provide an orderly presentation of rich, descriptive detail. He can move close to a social setting and bring back an accurate picture of patterns and phenomenological reality as they are experienced by human beings in social capacities.*

The survey strategy applied in this thesis and online-based questionnaires as data collection technique, where the questions are more in the form of assumptions to which the customers should react according to their own experiences and attitudes. Each assumption is predefined with the numerical scale from 1 – strongly disagree to 5 – strongly agree with middle points: 2 – somewhat disagree; 3 – neither agree nor

disagree and 4 – somewhat agree. To generalize primary data and for the easiness of data' analysis, the middle integral points to each statement were calculated. These points were the basis for the development of brand loyalty models for Finnish and Ukrainian aftermarkets of Mercedes-Benz / Smart and Kärcher brands.

The deductive approach to this thesis was an initial approach, since the research topic and problem was elaborated based on existing theory of Aaker (1991) about consumer-based brand equity and its dimensions. Identifying this theory as a core-theory for this study at the initial stage of the research process, the author, however was revising each stage of research more than once in order to make this work a viable study.

### **3.4 Reliability and validity**

After the research data was obtained and analyzed and the findings are discussed, a logical question arises: are the findings consistent and reliable? Whether another researcher, who conducts same study by utilizing same research methods and techniques, could get similar findings? In order to reduce the possibility of getting different results, when designing a research, special attention should be paid to reliability and validity methods (Saunders et al., 2007).

In order for a survey to provide sufficiently sound, consistent and relevant evidence, the information it provides must be both reliable and valid. Reliability is concerned with the consistency of measurement, which yield consistent findings (Saunders et al., 2007). Reliability is the degree to which questions used in a survey elicit the same type of information each time they are used. Reliability, or the consistency of information gathered by a survey, can be seriously imperiled by poorly worded and imprecise questions / statements or directions. Therefore, the electronic, standardized, online-based types of questionnaires were elaborated in order to obviate the situation of respondents' misunderstanding the questions / statements or the directions to respond to a questionnaire. Consistency of measurement was achieved by conducting qualitative questionnaires, where the large majority of questions were in form of statements about certain features of brands and their aftermarkets. All the statements are closed-up,

which assures gaining accurate information. Each question / statement was thoughtfully designed in order to get an accurate information and consistently answer research questions.

There are four main threats to reliability discussed by Robson (2002): subject or participant error, subject or participant bias, observer error and observer bias. Subject or participant error implies that the respondent was, for example, contacted not in appropriate space of time, which has affected his answers. Subject or participant bias means that the participants and their responses were affected by the feelings and emotions connected to their individual participation in research. Observer error designates that the researcher can use different techniques / methods to different participants in order to get the replies. Observer bias denotes that responses from different participants could be interpreted differently. All the outlined above threats were accurately approached in this thesis. Prospective respondents were contacted first through an invitation email to participate in the research, where was the link inside to proceed to the online-based questionnaire. The respondents were contacted in a “neutral” time, during working week days (but not early Monday morning and Friday evening) and during working hours. There is no personal identification information asked in questionnaires. The only “personal” questions are gender, age span and an approximate level of education and yearly income. These questions were needed to identify general features of respondents’ pool. Observer error and bias threats were avoided due to the standardized structure and anonymity of questionnaires.

Validity is defined as the extent to which instrument measures what it intends to measure and whether the findings are really about what they appear to be about. In the survey study there are three kinds of validity to be met: content validity, which is related to the ability to create questions that reflect the researched issue and make sure that key related subjects are not excluded. Thus, the questions were created in a way to describe an entire spectrum of possible reactions and behaviors of customers on aftermarket. Validity, which asks whether the questions we pose can really explain the outcome we want to reach is an internal validity. Therefore, the questions with regard to identifying the factors, which influence the selection of that two particular German

brands and their aftermarkets were asked. Third type of validity, the external validity refers to the extend in which the results can be generalized to the target population the survey sample is representing. In terms of the current study, the student tried to achieve a high rate of external validity through the survey strategy and online-based questionnaire technique. As the research topic is quite narrow and specific, it was not easy to access a large number of targeted auditory from both countries. Therefore, it has been decided to set the equal number of respondents to each aftermarket in each country. Accordingly, an ultimate amount of replies is 120, where 30 replies from Finnish customers of Mercedes-Benz / Smart brand aftermarket; 30 replies from Ukrainian customers of Mercedes-Benz / Smart brand aftermarket; 30 replies from Finnish customers of Kärcher brand aftermarket and 30 replies from Ukrainian customers of Kärcher brand aftermarket. This number of replies from a fairly specific group of customers and specific (only two) brands' aftermarkets gives the right to assume about the external validity of research finding to be rather high.

#### **4 EMPIRICAL FINDINGS**

Since the purpose of the study was to explore the effect of consumer-based brand equity in aftermarket on the formation of customers' loyalty to the brand, the abovementioned after-sales market activities of both brands will be approached from the customers' side in two countries: Finland and Ukraine. Research question aims to answer in what way consumer-based brand equity gained from the after-sales market of two German technical brands affects the overall success of that brands on Finnish and Ukrainian market. Table 1 represents theoretical framework of the study by following which, the research question will be gradually answered.

In order to answer the research question, the data in form of online-based individual questionnaires was collected from independent customers in Finland and in Ukraine of two German technical brands. The first brand is Mercedes-Benz / Smart, presented by Daimler AG – global leader in the automotive industry located in Stuttgart, Germany. The second brand is Kärcher, the worldwide leader in cleaning equipment situated in

Winnenden, Germany. Due to small differences in consumer after-sales markets of two brands, the questions in online-based questionnaires also slightly differ.

The collected data from individual customers of the aftermarkets of two brands will be separately analyzed (among Finnish and Ukrainian customers) and then brand loyalty models for two aftermarkets will be elaborated.

#### **4.1 Daimler AG and Kärcher GmbH After-Sales Consumer Market: Case Background**

##### **4.1.1 Daimler AG**

Daimler AG is one of the world's most successful automotive companies. Nowadays, with its divisions Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services, the Daimler Group is one of the biggest producers of premium cars and the world's biggest manufacturer of commercial vehicles with a global reach. As a pioneer of automotive engineering, Daimler continues to shape the future of mobility today: The Group's focus is on innovative and green technologies as well as on safe and superior automobiles that appeal to and fascinate its customers. Daimler sells its vehicles and services in nearly all the countries of the world and has production facilities on five continents. Its current brand portfolio includes, in addition to the world's most valuable premium automotive brand, Mercedes-Benz, the brands smart, Freightliner, Western Star, BharatBenz, Fuso, Setra and Thomas Built Buses (Ernst, 2009).

Starting from the merger of Daimler-Benz and Chrysler in the early 2000<sup>th</sup>, this integration process brought a new worldwide sales structure, where brand protection as well as global offer of the aftermarket was at the uppermost concern. Reorganization of sales was targeted to create a matrix organization with worldwide responsibility for brands and regional responsibility for sales and after-sales market as a significant part of the overall sales structure. Beginning from the year 2003, as a result of the overall reorganization of the company, an era of international after-sales market started to exist in its present form. In Germany itself, at the start of 2005 there were already around 465

authorized middlemen and service partners. On October 4, 2007 the name DaimlerCrysler AG was changed to Daimler AG at an extraordinary shareholders meeting in Berlin. Despite the change of the name, this did not change the basic sales structure. Since then the Mercedes-Benz Sales Organization Germany (MBVD) has superseded the DaimlerCrysler Sales Organization Germany (DCVD) and at the end of 2007 there were already 34 company-owned sales and service outlets throughout Germany to serve customers and market with vehicles, after-sales services, spare parts and accessories of Daimler AG.

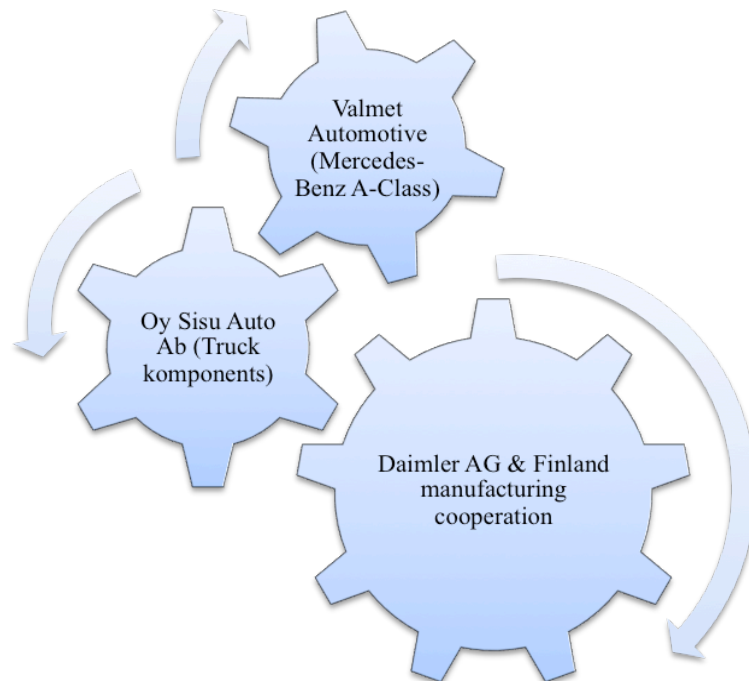
Nowadays Daimler AG offers a wide spectrum of worldwide after-sales services towed to each brand owned by the company. Beside the presence of the local authorized dealers and service providers, which are responsible for the high quality after-sales services and supply of the original spare parts and accessories, Daimler AG offers after-sales online platform, where company' customers can be assisted in every possible request.



**Figure 10.** Daimler AG after-sales online platform

Scandinavian markets are indeed special. At the beginning of its expansion era, Daimler-Benz subsidiaries were not set up neither in Sweden, Finland, Denmark or Norway. Even by having a strong Swedish general distributor in the Scandinavian region – Gunnar Valfried Philipson – Daimler has faced a powerful local competition in form of domestic motor vehicle manufacturer Volvo. Volvo was market leader in Scandinavia, therefore and due to the sales volume of Daimler-Benz, the local subsidiary of the company was for a long time not worthwhile. But starting from the early 1990s: since 1991, Daimler-Benz holds all the shares of Mercedes-Benz Denmark in Hillerød; since 1996 Mercedes-Benz Sverige with headquarters in Stockholm is also wholly owned. In the meantime, the two companies belong to the Scandinavian Holding of the Group (Ernst, 2009).

Nowadays, Finnish market is an important destination and an overall income generator for Daimler AG. Together with its own Finnish market performance center (MPC) and industrial cooperation partners, there is a wide network of authorized Mercedes-Benz and Smart sales and service partners.



**Figure 11.** Daimler AG and Finnish partners manufacturing cooperation



Ukrainian market was also not a “piece of cake” for German auto industry in general and for Mercedes-Benz in particular to enter, but for a range of different reasons. Taking into account a complex history and intense relationships between Germany and former Soviet Union, it took time for Daimler AG to solidify its market position and total share on Ukrainian market. Due to this, the most wholesome period to enter Ukrainian market for Daimler AG was during late 1980s and early 1990s. The major political and economical changes in the history of the former Soviet Union have also changed the relationship status of already independent states with European countries and businesses. Because of the mutual wish of both Ukraine and Germany to become more open to one another, each country for its own reasons: Germany wanted to expand on new markets with its products and services and Ukraine with its desire to explore something new, interesting, not possible before due to almost 70 years of political and economical closedness and detachment from Europe. German made product were highly welcomed and very valuable among Ukrainians at the early years of Ukrainian sovereignty.

Concerning current presence of Daimler AG in Ukrainian market, unlike in Finland, there is no direct market performance center of Daimler AG in Ukraine. Mercedes-Benz is presented there by the network of authorized dealers and service centers across country (more than twenty of them in total). There are some of the biggest authorized dealers of Mercedes-Benz in Ukraine: AUTOCAPITAL, Autohaus “Ukraine”, Unicom etc. There is also unfortunately no manufacturing cooperation between Daimler AG and Ukrainian companies at the moment. Despite this Mercedes-Benz and Smart car brands has a high rate of popularity among Ukrainian customers. Therefore and due to considerable market potential for Daimler in Ukrainian market, it is reasonable to investigate consumer-based brand equity in the aftermarket of Mercedes-Benz and Smart car brands from Ukrainian customers’ point of view.

#### **4.1.2 Kärcher GmbH**

Alfred Kärcher GmbH & Co KG bills itself as the world's largest manufacturer of cleaning devices, equipment, and accessories for commercial, industrial, and domestic

use. Since the company set up in 1935 until today Kärcher continues to be a family-owned global company managing 93 subsidiaries in 57 countries and a network of over 50,000 sales outlets and service centers in all countries around the world. Indeed, reduction of energy consumption in combination with increasing the cleaning power of the appliances made Kärcher brand being an innovative, sustainable and environmentally-friendly leader on the global cleaning equipment market. The Kärcher product development process focuses on solving cleaning problems for its customers, and this requires a high level of interaction with the customer. To achieve this, the company has nurtured a culture of open and friendly dialogue with the customer, and has built strong relationships and communication routes both directly and through the network of subsidiaries, sales offices and after-sales service partners that span the world (Sutton, 2012). Kärcher web portal offers an online platform for customer' search for an international dealers and service partners. In addition, on Kärcher web portal an international spare parts navigation tool and user manuals is presented.

Since the company entrance to the Finnish market with its products as well as an aftermarket of services and spare parts, currently there are around a hundred of authorized dealers and service partners of Kärcher brand across Finland. Finnish customers of Kärcher brand can independently use the web platform of Kärcher Oy or Kärcher international Web-site as well as utilize services of Kärcher Centres in Helsinki, Lappeeranta, Klaukkala or any other one across country.

Kärcher brand is probably the most famous brand of cleaning equipment in Ukrainian market. Until the appearance of the official Kärcher Ukraine in 2006, the company was presented on the market through the dealer network that has purchased products directly in Germany. From 2006 until 2012, the total turnover of Kärcher Ukraine was 25 million euro, which is 5 times bigger from that at the beginning of company' appearance on Ukrainian market. A distinctive feature of Kärcher brand being so successful in Ukraine is secured also by the opening in 2012 of the Kärcher Academy Ukraine – which is forth in the world training center in the field of professional cleaning and first Russian speaking training center. Different training modules are available in this academy for business and dealer partners as well as for the private customers

allowing the constant cooperation of company with its clients in direct sales and aftermarket activities.

## 4.2 Findings in Finland

This section presents the findings of the study in a form of Finnish customers' reactions to the after-sales market of both brands.

The online-based questionnaires for Finnish customers were elaborated in English language due to the lack of knowledge of either Finnish or Swedish language and a high rate of Finnish people proficiency in English. The questionnaires were created with the online tool called Surveyplanet.com exactly aimed for conducting such kind of research with relative easiness to reach targeted auditory and easiness of usability. The questionnaire consists of nine total questions, which represent three blocks of information about regarded brands and their after-sales markets as well as the representative information about Finnish customers. There is only one restriction applied in the questionnaire. Namely, it should be taken only by the current or former owners or users of the mentioned brands. If the person has no idea or experience of usage of any of the brands, there is no sense for him/her to participate in the research.

The section number one consist of three general questions aimed to measure brand and product category experiences with *Yes* or *No* items:

The item measuring product category purchase experience was:

1. *Have you ever bought any brand of German car / German home and/or professional cleaning equipment?*

For brand purchase experience:

2. *Have you ever bought Mercedes-Benz / Smart or Kärcher Home & Garden or professional cleaning equipment?*

For usage and ownership:

3. *Do you currently use any brand of German car / German home and/or professional cleaning equipment?*

Second section of questions describes the overall characteristics of the brands and their after-sales markets by using the statements. In this section it is offered to the customer to evaluate his/her reactions according to the suggested scale:

- 1 – strongly disagree*
- 2 – somewhat disagree*
- 3 – neither agree nor disagree*
- 4 – somewhat agree*
- 5 – strongly agree*

This section of questions is the most complex since there are 25 statements about each brand to which the customers have responded. These statements have mixed connotations and divided almost evenly into 4 sections in accordance with each dimension of consumer-based brand equity: *Brand Loyalty*, *Brand Awareness*, *Perceived Quality* and *Brand Associations*. The following examples of statements show the attachment of each statement to a certain dimension of the consumer-based brand equity:

*I am aware that Mercedes-Benz offers after-sales customer service* – Brand Awareness

*I associate Kärcher aftermarket with high quality and reliability* – Brand Associations

*If anything goes wrong with my car, I will most probably use customer service of the authorized Mercedes-Benz workshop* – Perceived Quality

*If needed, I am willing to pay more for Kärcher original spare parts and customer service* – Brand Loyalty

The last section of the online-based questionnaires is devoted to identifying the category of the customer through questions about his/her approximate age, level of education and level of an annual personal income as well as his/her identification with Finnish culture by the following question:

*Have you lived at least for the last 5 years in Finland?*

This question exclude the situation of this survey being appropriate only for people which were born in Finland, but for every person, who has already acquired Finnish cultural vibe by living in the country at least for the last five years.

The total number of collected replies of both brands are 60, where 30 replies from the after-sales market' customers of Mercedes-Benz / Smart car brands and 30 replies from the customers/users of Kärcher brand of cleaning equipment aftermarket.

The results of replies on the first section of questionnaire shows that Finnish customers have relative good experience in purchasing and utilizing of both brands. The majority of replies on Kärcher cleaning equipment brand depicts that customers have experience in individual purchasing of wide variety of cleaning equipment. Regarding Mercedes-Benz / Smart car brands – large majority of respondents showed that they have rather experience in using of these car brands than individually purchasing them. It is an understandable fact since Kärcher recent growing expansion and leading presence on Finnish cleaning equipment market combined with reasonable price rate make the products to be at an affordable price level for Finns.

The analysis of the results from the second section of questions (Reminder: 30 replies from both categories of brands) shows following results regarding Finnish customers based brand equity:

Finnish customers brand equity in the after-sales market

*Brand Awareness: Mercedes-Benz and Smart brands and after-sales market – 3,2*  
*Kärcher brand and after-sales market – 2,2*

*Brand Associations:* Mercedes-Benz and Smart brands and after-sales market – 4  
 Kärcher brand and after-sales market – 3,2

*Perceived Quality:* Mercedes-Benz and Smart brands and after-sales market – 3,25  
 Kärcher brand and after-sales market – 2,1

*Brand Loyalty:* Mercedes-Benz and Smart brands and after-sales market – 2,7  
 Kärcher brand and after-sales market – 1,5

The numerical points in front of each brand equity dimension is the middle integral point received on each statement from total number of customers' replies. Since the aim of this research is not to compare the aftermarkets of certain brands, but to identify the current customers' perceptions of two of them and the influence of that perceptions on the actual success of two offered brands on Finnish market.

The analysis of the results of each dimension shows that despite the fact that German brand Kärcher being a market leader in cleaning equipment in Finland, Mercedes-Benz / Smart brands after-sales market activities are more familiar to Finnish customers. The dimensions *Brand Awareness* and *Brand Associations* tend to be generally higher than *Perceived Quality* and *Brand Loyalty* since both brands and their aftermarkets are very well known, each of them in their own market niche, due to the ramified network of authorized dealers and service providers as well as the successful marketing campaigns.

The rate of *Perceived Quality* of both brands and their aftermarkets is above average among customers of Mercedes-Benz and Smart brands and almost at the average point among customers of Kärcher brand aftermarket. The difference in *Perceived Quality* among customers of the after-sales markets of two brands can be explained by the difference of frequency of usage of the after-sales markets of two brands. Due to the analysis of the automotive market in Finland, it is clearly seen that customers usually use the aftermarket of cars more often than the aftermarkets of any other goods. *Brand Loyalty* or more exactly in this case – loyalty to the aftermarkets resulted to be the

weakest dimension of others. It can be explained by the high competition and wide variety of aftermarket products, accessories and services offered by privately owned service providers (maintenance, repair etc. services).

The combined dimensional analysis of Finnish customers brand equity of two aftermarkets of German brands shows that Finns project comparatively high level of Brand Awareness, Brand Associations and Perceived Quality, but due to the wide range of product and service propositions on the aftermarket, level of Brand Loyalty of Finnish customers to the aftermarkets of Mercedes-Benz / Smart car brand and Kärcher is relatively low.

The results of all 30 questionnaires are valid and reliable since all the respondents represent Finnish culture (all of them have lived for the last five years in Finland), they all have experience in using the abovementioned brands and their aftermarkets. Regarding age, level of education and an annual level of personal income, the majority of respondents are young people, with University degrees and medium level of the annual level of personal income, which is quite typical of young entry-level professionals.

### **4.3 Findings in Ukraine**

This section presents the findings of the study in a form of Ukrainian customers' reactions to the aftermarkets of both brands.

Online-based questionnaires for Ukrainian customers were elaborated in Russian language due to the fact, that the proficiency in English language is relatively low among Ukrainians and also because of the cultural background of the researcher, which is native Ukrainian with profound knowledge of both Ukrainian and Russian languages. Russian language was also chosen over Ukrainian since the study was conducted in the central region of Ukraine, which is bilingual with slightly higher range of Russian language usability among people. Collected replies from Ukrainian customers were then thoroughly analyzed and translated into English language in order to ensure the

reliability and validity of the findings. Alike questionnaires for Finnish customers, for Ukrainian customers the questionnaires were also elaborated with the online tool called Surveyplanet.com. The structural form of questionnaires for Ukrainian customers is identical with that for Finnish customers only with small differences adopted to Ukrainian customers, like: instead of an approximate level of annual personal income in EUR, the currency is Ukrainian Hryvna (UAH).

Same as for the Finnish customers, the only restriction that a person, who is participating in the research, has to have an experience of using of the mentioned brands' aftermarkets is also applied for Ukrainian customers. Again, if the person has no idea or experience of usage of any of two brands, there is no sense for him/her to participate in the current research.

The first section of questionnaire consists of three general questions aimed to measure brand and product category experiences with *Yes* or *No* items.

The item measuring product category purchase experience was:

1. *Have you ever bought any brand of German car / German home and/or professional cleaning equipment?*

For brand purchase experience:

2. *Have you ever bought Mercedes-Benz / Smart or Kärcher Home & Garden or professional cleaning equipment?*

For usage and ownership:

3. *Do you currently use any brand of German car / German home and/or professional cleaning equipment?*

As it was mentioned before, there is a structural identity of second and third sections of questions for Ukrainian customers with that for Finnish customers. Same scale for evaluating customer' reactions to certain statements about aftermarkets of both brands is offered in the second section of the questionnaire. There is also same number and



essence of statements, which belong to every dimension of consumer-based brand equity: *Brand Loyalty, Brand Awareness, Perceived Quality* and *Brand Associations*.

As it has been done previously, the last section of the online-based questionnaire is devoted to identifying the category of the customer through questions about his/her approximate age, level of education and personal income as well as his/her identification with Ukrainian culture by the following question:

*Have you lived at least for the last 5 years in Ukraine?*

This question exclude the situation of this survey being appropriate only for people which were born in Ukraine, but for every person, who has already acquired Ukrainian cultural characteristics by living in Ukraine at least for the last five years.

The total number of collected replies of both brands are also 60, just like from Finnish customers, where 30 replies about the aftermarket of Mercedes-Benz / Smart car brands and 30 replies from the customers/users of Kärcher brand of cleaning equipment aftermarket.

The equalization of number of replies from Finnish and Ukrainian customers was planned by the researcher due to the easiness of the correlation analysis of the results and an avoidance of the calculation error.

The results of the replies on the first section of questionnaire shows that Ukrainian customers have also relative good experience in purchasing and utilizing of both brands, just like Finnish customers. The majority of replies on Kärcher cleaning equipment brand depicts that customers have experience in individual purchasing of wide variety of cleaning equipment and utilizing of Kärcher aftermarket. Regarding Mercedes-Benz / Smart car brands – unlike Finnish customers, Ukrainian customers prefer personal buying and using of the car brands rather than only utilizing them. It might be due to a high level of customer trust to the Mercedes-Benz and Smart car brands to be the vehicles of a premium quality combined with certain level of prestige. The last one is

indeed an important component of the overall buying decisions of Ukrainians aimed to stand out and to be special.

The analysis of the results from the second section of questions (Reminder: 30 replies from both categories of brands) shows following results regarding Ukrainian customers based brand equity:

Ukrainian customers brand equity in the after-sales market

*Brand Awareness:* Mercedes-Benz and Smart brands and after-sales market – 3,3  
Kärcher brand and its aftermarket – 3,4

*Brand Associations:* Mercedes-Benz and Smart brands and after-sales market – 4  
Kärcher brand and its aftermarket – 3,3

*Perceived Quality:* Mercedes-Benz and Smart brands and after-sales market – 3,4  
Kärcher brand and its aftermarket – 3,6

*Brand Loyalty:* Mercedes-Benz and Smart brands and after-sales market – 3  
Kärcher brand and its aftermarket – 3

The numerical points in front of each brand equity dimension is the middle integral point received on each statement from total number of customers' replies. Since the aim of this research is not to compare the aftermarkets of certain brands, but to identify the current customers' perceptions of two of them and the influence of that perceptions on the actual success of two offered brands on Ukrainian market.

The analysis of the results of each consumer-based brand equity dimension shows that the highest rates of Ukrainian customers brand equity were given to *Brand Associations* and *Perceived Quality* dimensions of both brands. As it was mentioned before *Brand Awareness* and *Brand Associations* dimensions tend to be generally higher than other two dimensions, but in case of the analysis of Ukrainian customers' perceptions, the

dimension *Brand Awareness* is at an average level. Instead, *Brand Associations*, as any knowledge or information linked in memory of a customer to a brand in a form of attributes, benefits and attitudes, received a high rate among customers. Additionally, *Perceived Quality* dimension, as the customer's perception of the overall quality or superiority of the product and service with respect to its intended purpose in relation to alternatives (Zeithaml, 1988) has also acquired high rate among Ukrainian customers. This particular situation, when the dimension *Brand Awareness* has received the medium point, but *Perceived Quality* – a comparatively higher one, characterizes very well the overall perception of Ukrainian customers of a certain brand, service or the aftermarket. The personally acquired information and knowledge about a brand through an actual usage of it is much more important for Ukrainian customers than the recalling of a brand as a member of a certain product category. The aftermarkets of both brands have received a high level of *Perceived Quality* from Ukrainian customers. *Perceived Quality* with regard to *Kärcher* brand is slightly higher because of the cleaning equipment market leadership of the brand as well as the progressive system of communication with customers elaborated by the company, through, for instance *Kärcher Academy* – where the customers can receive instant professional support in any question regarding any product, its application and maintenance.

Loyalty level of Ukrainian customers to the aftermarkets of both brands has received an average point. Being satisfied with quality of products and services and associate them as things worth spending money on, still does not make Ukrainian customers very loyal to both brands. This could be explained by the constantly growing competition on the aftermarkets, where the customers can purchase spare parts or use the service for the less amount of money. Nowadays, there are a large amount of spare parts produced in China or any other fast growing country, where the labor costs are significantly lower, which consequently makes the spare parts to be cheaper to the end customer. The after-sales services could also be provided by the private not authorized service centers, which makes services also cheaper. Unfortunately, there are a large number of such not authorized “aftermarkets” in Ukraine. Therefore, *Brand Loyalty* or more exactly – loyalty to the aftermarkets resulted to be, alike among Finnish customers, the weakest dimension, but still not very low of others among Ukrainian customers.

Combined dimensional analysis of Ukrainian customers brand equity gained from two aftermarkets of German brands shows that Ukrainians project comparatively high level of *Brand Associations* and *Perceived Quality*, but due to the certain characteristics of customer' mentality, like collectivism, when purchasing example of one person is quickly imitated by another, when it brings prestige or some other benefits, lower level of Brand Awareness and Brand Loyalty.

The results of all 30 questionnaires are valid and reliable because all the respondents associate themselves with Ukrainian culture (all of them have lived for the last five years in Ukraine). They all have experience in using the abovementioned brands and their aftermarkets. Regarding age, level of education and an annual level of personal income, the majority of respondents are young people, mainly recent graduates from high educational institutions with medium to high level of the annual personal income.

**Table 3.** Consumer-based brand equity in aftermarket of all respondents

	Brand Awareness		AP*	Brand Associations		AP*	Perceived Quality		AP*	Brand Loyalty		AP*
Aftermarkets	D*	K*		D*	K*		D*	K*		D*	K*	
<b>Finnish customers</b>	3,2	2,2	<b>2,7</b>	4	3,2	<b>3,6</b>	3,3	2,1	<b>2,7</b>	2,7	1,5	<b>2,1</b>
<b>Ukrainian customers</b>	3,3	3,4	<b>3,4</b>	4	3,3	<b>3,7</b>	3,4	3,6	<b>3,5</b>	3	3	<b>3</b>

AP\* - average point

D\* - Daimler Aftermarket

K\* - Kärcher Aftermarket

#### 4.4 Brand loyalty models for Finnish and Ukrainian aftermarkets

As it has been mentioned before, the weakest dimensions of consumer-based brand equity turned to be Brand Loyalty of both brands' aftermarkets among Finnish and among Ukrainian customers, therefore improving Brand Loyalty in aftermarket will be

the foremost target while developing brand loyalty models for two aftermarkets. However, Finnish and Ukrainian customer-based brand equity does differentiate. Whereas Finnish customers showed to be more sensitive and concerned about Perceived Quality of both brands aftermarkets, customers from Ukraine have the potential to improve the overall Brand Awareness. Therefore, after the multidimensional analysis of consumer-based brand equity in aftermarkets of two different brands from Germany among Finnish and Ukrainian customers, it is time to present brand loyalty models designed specially for each aftermarket.

According to the mentioned in the literature part business-to-business loyalty model, suggested by McMillan (2007), which consists of three stages, each of the stage presents certain steps for gradual improving of loyalty results. After the meticulous analysis of this model, it is agreed to be also applicable for business-to-customer loyalty relationships. Based on the theoretical model of McMillan, the next brand loyalty models in Finnish and Ukrainian aftermarket were elaborated. Offered brand loyalty models are in form of certain steps / stages designed especially for each market in order to give international brand and marketing managers the hands-on about improving the overall brand success on the market through improving their aftermarkets.

#### Brand Loyalty Model for Finnish Aftermarket

Step 1. Provide customers with already offered on the aftermarket after-sales services at a premium *quality and professionalism*.

Step 2. Make customers aware of new offers / innovations on aftermarket through various marketing and promotion campaigns.

Step 3. Extend level of gained customers' trust from aftermarket to the direct sales of brands – create true loyalty.

## Brand Loyalty Model for Ukrainian Aftermarket

Step 1. Make customers *aware* about current propositions on the aftermarket through different marketing campaigns, promotions and package offers.

Step 2. Provide customers with premium quality after-sales and support services.

Step 3. Extend level of gained customers' trust from aftermarket to the direct sales of brands – create true loyalty.

## 5 DISCUSSION AND CONCLUSION

In this chapter the discussions of research findings will be firstly presented. After that the limitations of the thesis will be outlined. Part of limitations will be followed by the practical implications of the current research. The chapter will be finalized by the discussion of implications for future research in the area of consumer-based brand equity in aftermarket.

### 5.1 Discussion of Findings

This part of work dedicated to the comparison of the conceptual framework of this study in form of presented literature review and theory and the actual findings of current research. In addition, the relation between the original research questions, theoretical framework of the study and findings will be discussed.

Due to the initial purpose of the current study, which was to explore the effect of consumer-based brand equity in aftermarket on the formation of customers' loyalty to the brand, at first the literature on the topic in form of theories was collected and analyzed. Different authors investigate different aspects of brand equity from customer' perspective highlighting prior importance of one or several of them on the formation of overall brand equity. Elaborated by Aaker (1991) conceptual framework of consumer-

based brand equity, which consists of four dimensions, each of its own value to the overall consumer perceptions and reactions to the brand, is a classical theory in brand equity. This theory suggests that each of the dimensions is equally important to the overall brand equity. Being elaborated more than two decades ago, this theory had not been tasted much, especially in aftermarket of a brand. Some studies have investigated the general possibility of after sales services to generate brand equity. By this thesis the author tried to develop the subject further by investigating the influence of already acquired consumer-based brand equity on customers' loyalty to the brand, in a form of favorable purchase intentions. In detail, two brands' aftermarkets in two countries were at the focus of research. These aftermarkets were investigated by utilizing the survey strategy and conducting online-based questionnaires as tools of data gathering.

Both, the literature review on the topic as well as practical findings of this thesis shows a significant importance of consumer-based brand equity, especially the investigation of the topic from new angles in order to see new business opportunities. Nowadays customers' willingness to pay a price premium for securing warranties and reliable after-sales services helps the companies worldwide to achieve substantial growth in their aftermarkets businesses. Thus, the level of after-sales market is not only critical for a customer decision process, but also is a source of significant revenue for the firms (Ahmad et al., 2012).

Actual findings of research depict that customer-based brand equity acquired from the use of aftermarkets of two brands is an important factor influencing building the overall brand equity. Due to the process of globalization of business and cultures, customers nowadays are familiar with processes on global marketplace. As the findings show, customers in both countries are acquainted with both introduced brands and the propositions on aftermarkets, which is established by the sufficient level of customers' brand awareness, brand associations. Moreover, all the participants of the research have personal experience in the use of both aftermarkets and have expressed a good level of perceived quality of the aftermarkets of two brands. The only dimension, which, based on findings, resulted to be at an average level among Ukrainian customers and slightly below average level among Finnish customers is loyalty to the offered brands'

aftermarkets, which is subsequently means to the brands too. The reasons for such situation can be variety: from cultural characteristics influencing purchasing and repurchasing behavior of customers to many options and choses of brands and aftermarkets.

In order international marketing and brand managers have an idea about the situation on aftermarkets with brand loyalty in Finland and in Ukraine, the brand loyalty models for both aftermarkets were elaborated. Each model comprises three main steps needed to improve the loyalty level in aftermarkets and subsequently in direct sales of brands.

The research findings are in tune with the theoretical framework of the study elaborated and presented earlier in thesis. Firstly, international marketing and brand managers should learn about consumer-based brand equity as a unique added value in product/service, attributed to the customers' favorable knowledge, associations and loyalty to the brand (Keller, 1993). Then, managers need to identify the sources that generate that brand related favorable perceptions, one of which is aftermarket. Afterwards, they have to adjust their propositions on aftermarkets to the needs and peculiarities of a specific market and elaborate therefore industry specific brand equity and loyalty models. Consumer-based brand equity should be always moderated and measured since nowadays it's an actual source of company' success on the market. Moderation could be done through differently. One possibility chosen and applied in this thesis is by applying a survey strategy, which is an appropriate tool for the descriptive and exploratory research, by which a real situation in consumer-based brand equity can be investigated.

Presented in the research companies both have good structured and well functioning aftermarkets of their brands. Besides local presentation on the markets directly or through the chain of authorized dealers, they both have solid Internet-based platforms of aftermarket. Despite this, both brands still lack customers' loyalty and therefore struggle for it.



## 5.2 Limitations

Alike any other study, this thesis comprises limitations. Critical approach is very important in reviewing and analyzing any of the sources of information (printed, not printed, Internet-based etc.). Thus this study, after being completed, also has been reviewed critically.

First and the foremost limitation of the study, is that it has only two aftermarkets of two brands under the investigation. Both brands originated from one country – Germany. All these things make this thesis a very specific and focused piece of work. Such specification could be explained by author's personal familiarity with both brands' aftermarkets structure and functionality. Next limitation, which comes in connection to the previous one, is that due to topic specification, limited number of responses was collected. As it was outlined above, it was not very easy to find the good amount of targeted auditory in both countries. Therefore the great statistical generalization of findings may come in question.

Next limitation is connected to the tool of data collection. Online-based questionnaires were chosen due to the geographical distance of researcher and the targeted audience. Internet-mediated questionnaires, however, have one major drawback – lack of personal contact with the respondent, which exclude, for example, additional comments from respondents to the outlined questions, which may be of a great importance for the research.

Additionally, the findings were collected from the customers of aftermarkets of two large, multinational companies with global presence and available recourses to build and constantly improve their aftermarkets. Small and medium range companies were not at the focus of current investigation. However, brand loyalty models for Finnish and Ukrainian aftermarkets were elaborated in a way to have a general application: for large multinationals to the companies of growing potential in aftermarket.

There is one more limitation to add, it's the language of online-based questionnaires. Due to researcher's lack of knowledge of either Finnish or Swedish language, the

questionnaires for Finnish customers were elaborated in English. Counting on high proficiency of customers from Finland in English languages as well as the endeavor of researcher to thoroughly elaborate each question, using easy-to-understand language, it is to hope that some possible misunderstandings were limited. Online-based questionnaires for Ukrainian customers were elaborated in Russian language due to the fact, that the proficiency in English language is relatively low among Ukrainians and also because of the cultural background of the researcher, which is native Ukrainian with profound knowledge of both Ukrainian and Russian languages. Russian language was also chosen over Ukrainian since the study was conducted in the central region of Ukraine, which is bilingual with slightly higher range of Russian language usability among people.

### **5.3 Practical Implications**

Empirical findings of this thesis enable better understanding of the importance of an equity of a brand acquired from a customer' side. The idea of investigating consumer-based brand equity firstly in aftermarket and then see how it influences the overall success of the brand on the market came from current business circumstances, where companies and their management are in search for new opportunities and ways to conquer new markets.

With all the understanding that a number of brands' aftermarkets as well as the countries of that aftermarkets "residence" is limited and therefore the study may be not very representative, but very often such markets, like Finland and Ukraine, are on the sidelines of business investigation. By focusing business research in consumer-based brand equity in big mixed countries, it is not right not to pay attention to comparatively small, but very progressive markets, which demonstrate many opportunities for international companies.

Therefore, this study is a distinctive step towards capturing the attention of international brand and marketing managers about the opportunities to win the customers in Finland

and in Ukraine by providing them with excellent after-sales services and assistance in aftermarket.

It is indeed a very complex and a long process for international companies to gain good consumer-based equity of a certain brand in a new market. This path becomes even longer when it comes to making customers loyal even to the aftermarkets of that brands. Not every company succeed in this way and many eventually have mistakes and experience drawbacks. Thus, by conducting current research and identifying the potentials on both aftermarkets and, as a result, elaborating the models to explore that potentials, it is aimed by this research to be a certain support for business practitioners operating in Finland and in Ukraine.

#### **5.4 Implications for future research**

This study gives insight for future research and analysis of consumer-based brand equity in aftermarket. As the topic was elaborated and tested within two brands' aftermarkets originated from one country, future research can be developed by including more brands and their aftermarkets from larger spectrum of industries and different countries of origin. In addition, future research can have different aftermarkets' residence countries in focus or simply include other countries to this research.

The suggested brand loyalty models in Finnish and Ukrainian aftermarkets can be also further investigated and offered steps in improving customers' loyalty could be also reconsidered in association with, for instance, different aftermarket conditions and circumstances.

Instead or in addition to elaborated brand loyalty models in aftermarkets, further research can concentrate attention on developing and validating measurement systems and scales in aftermarket. Measurement of consumer-based brand equity is indeed a complex task since by its nature brand equity is an intangible asset and therefore the

elaboration of working measurement tools requires profound knowledge of the subject and lots of resources available.

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## 7 APPENDICIES

### Appendix 1: Invitation email in English

Greetings,

my name is Tetiana Lienkova and I am writing my Thesis work about consumer-based brand equity in aftersales. For this I am conducting the survey among customers of aftermarkets of Mercedes-Benz / Smart car brands / Kärcher cleaning equipment brand. The research takes place at the University of Vaasa, Finland. The purpose of the study is to explore the effect of consumer-based brand equity gained in aftermarket on the formation of Finnish customers loyalty to the brand.

If you have an experience in use of aftermarkets (after-sales services and purchase of original spare parts) of Mercedes-Benz / Smart car brands / Kärcher cleaning equipment brand, please fill in the following questionnaire. It can be found from the link below. All answers are confidential and used only for statistical analysis of data.

I will greatly appreciate your feedback before 01.07.2013.

Thank you in advance for your support in investigating consumer-based brand equity in aforementioned aftermarkets.

Internet address of the questionnaire:

<https://www.surveypplanet.com/survey/ca98a95d4c56a3dd57360bb0ed83af23>

Best regards,

Tetiana Lienkova

International Business student

University of Vaasa, Finland

Email: [tetiana.lienkova@uwasa.fi](mailto:tetiana.lienkova@uwasa.fi)

## Appendix 2: Invitation email in Russian

Здравствуйте,

меня зовут Татьяна Ленкова и я пишу диплом на тему реакция украинских потребителей на рынок послепродажных услуг брендов Mercedes-Benz / Smart а также бренда уборочного оборудования Kärcher. Исследование проводится на базе университета Вааса, Финляндия. Целью исследования является изучение влияния потребительского опыта полученного на рынке послепродажных услуг этих брендов на формирование лояльности украинского потребителя к этим брендам.

Если у Вас есть опыт использования послепродажного рынка (услуг, консультаций, приобретения запасных частей и т.д.) автомобильного бренда Mercedes-Benz / Smart и/или бренда уборочного оборудования Kärcher, пожалуйста, заполните онлайн анкету, которую Вы можете найти по нижеуказанной ссылке. Все ответы конфиденциальны и будут использованы в статистическом анализе данного исследования.

Я буду рада получить Ваши ответы к 01.7.2013.

Благодарю Вас за поддержку исследования реакции украинских потребителей на рынок послепродажных услуг вышеупомянутых брендов.

Интернет адрес анкеты:

<https://www.surveypplanet.com/survey/45f646b1461bc597ad5f229542b6e329>

С уважением,  
Татьяна Ленкова  
Студент программы по  
Международному Бизнесу  
Университета Ваасы, Финляндия

Email: [tetiana.lienkova@uwasa.fi](mailto:tetiana.lienkova@uwasa.fi)



### Appendix 3: Online-based questionnaire in English

#### ***Section 1***

1. *Have you ever bought any brand of German car / German home and/or professional cleaning equipment?*
2. *Have you ever bought Mercedes-Benz / Smart or Kärcher Home & Garden or professional cleaning equipment?*
3. *Do you currently use any brand of German car / German home and/or professional cleaning equipment?*

#### ***Section 2***

Following statements describe Mercedes-Benz / Smart and Kärcher brands. Using following scale, please fill in your response to each question / statement below.

- 1 – strongly disagree*
- 2 – somewhat disagree*
- 3 – neither agree nor disagree*
- 4 – somewhat agree*
- 5 – strongly agree*

1. Mercedes-Benz / Smart and Kärcher brands are intensively advertised.
2. The ad campaigns for Mercedes-Benz / Smart and Kärcher seem very expensive, compared to campaigns for competing car and cleaning equipment brands.
3. The ad campaigns for Mercedes-Benz / Smart and Kärcher brands are seen frequently.
4. I am aware that Mercedes-Benz / Smart and Kärcher offers after-sales customer service.
5. I have already used Mercedes-Benz / Smart and Kärcher aftermarket and I am rather satisfied with it.

6. I can instantly recognize Mercedes-Benz / Smart cars / Kärcher cleaning equipment among other competing brands.
7. Some characteristics of Mercedes-Benz / Smart and Kärcher come to my mind quickly.
8. I associate Mercedes-Benz / Smart and Kärcher with high quality and reliability.
9. I can quickly recall Mercedes-Benz / Smart and Kärcher symbol / logo / color combination.
10. I know what Mercedes-Benz / Smart and Kärcher symbol / logo means.
11. I have difficulty in imagining Mercedes-Benz / Smart and Kärcher in my mind.
12. Mercedes-Benz car brands / Smart and Kärcher cleaning equipment brand are rather expensive.
13. Mercedes-Benz / Smart and Kärcher brands are at an affordable price.
14. Mercedes-Benz / Smart and Kärcher brands are of a high quality.
15. Mercedes-Benz / Smart and Kärcher brands must be of a very poor quality.
16. I am positive that quality of Mercedes-Benz / Smart and Kärcher aftermarket is superior.
17. If anything goes wrong with my car / cleaning equipment, I will most probably use the customer service of authorized Mercedes-Benz / Kärcher workshop or service centre.
18. If I will be in a need of a new / spare part for my car / cleaning equipment, I will most probably buy the original Mercedes-Benz / Kärcher part as proven to be of a premium quality.
19. The likelihood that original Mercedes-Benz / Kärcher spare part would be functional is very high.
20. I consider myself to be loyal to Mercedes-Benz / Smart and Kärcher brands.
21. Mercedes-Benz / Smart / Kärcher would be my first choice.

22. I will not buy other car / cleaning equipment brand if I have enough funds to buy new Mercedes-Benz / Smart car / Kärcher cleaning equipment.

23. I consider myself to be loyal to Mercedes-Benz / Kärcher after sales customer service.

24. If needed, I am willing to pay more for Mercedes-Benz / Kärcher spare parts and customer service.

25. Even if another brand offers cheaper spare parts and cheaper customer service, I would still prefer buying Mercedes-Benz / Kärcher genuine spare part.

### ***Section 3***

*1. Have you lived at least for the last 5 years in Finland?*

*2. What is your highest level of education?*

*3. What is your approximate level of annual personal income?*