



**TURUN KAUPPAKORKEAKOULU**  
**Turku School of Economics**

**NETWORKING AS A TOOL OF BRAND  
MANAGEMENT IN INTERNATIONAL  
SPORTING GOODS BUSINESS**

**Case: Exel Sports Oy**

Master's Thesis  
in International Business

Author:  
Eeva Kettunen

Supervisors:  
Ph.D. Kari Liuhto  
M.Sc. Kaisa-Kerttu Peltola

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## TABLE OF CONTENTS

1	INTRODUCTION .....	5
1.1	Development of sport business .....	5
1.2	Definition of key concepts .....	7
1.3	Earlier studies related to networking and sports business.....	11
1.4	Objectives of the study .....	13
2	BUSINESS NETWORKS AND BRAND MANAGEMENT.....	16
2.1	Network model.....	16
2.2	Relationships in business networks.....	22
2.3	Mobilizing the network .....	24
2.4	Branding through a network.....	26
2.4.1	The basics of brand management.....	26
2.4.2	Channel strategy.....	28
2.4.3	Business networks and brand associations .....	33
2.5	Branding in international environment .....	34
3	RESEARCH DESIGN.....	38
3.1	Research approach and strategy .....	38
3.2	Data collection .....	39
3.3	Data analysis .....	40
3.4	Trustworthiness of the study .....	41
4	CASE: EXEL SPORTS OY .....	44
4.1	Company and brand presentation.....	44
4.2	Surrounding network and its role in brand management .....	47
4.3	Branding Nordic Fitness Sport concept in different markets.....	51
4.3.1	Finland .....	51
4.3.2	Germany.....	53
4.3.3	China.....	55
4.4	A summary of main empirical findings .....	57
5	CONCLUSIONS .....	61
5.1	Theoretical and managerial implications .....	61
5.2	Suggestions for further research.....	64
	REFERENCES.....	66

**APPENDICES**

APPENDIX 1	Operationalisation table.....	72
APPENDIX 2	Interview questions.....	73
APPENDIX 3	Interview questions in Finnish.....	75

## LIST OF FIGURES

<b>Figure 1</b>	The approximate share of various major countries in the world sporting goods market .....	7
<b>Figure 2</b>	Basic structure of network model.....	18
<b>Figure 3</b>	Transaction chain.....	20
<b>Figure 4</b>	Types of strategic networks.....	21
<b>Figure 5</b>	The push- and pull strategies .....	29
<b>Figure 6</b>	Two-step communication model with opinion leaders and opinion formers.....	32
<b>Figure 7</b>	The relationship between business networks and customer perceptions of brand associations .....	33
<b>Figure 8</b>	A model of the interaction of culture and consumer behaviour .....	35
<b>Figure 9</b>	The surrounding network of Exel Sports Oy.....	48
<b>Figure 10</b>	The resources and roles of network actors as gatekeepers in sport business.....	63

## LIST OF CHARTS

<b>Chart 1</b>	Studies related to Exel Sports Oy and networking in sport business .	12
<b>Chart 2</b>	Statistical information of Exel Sports Oy over the years 2000-2006.	45
<b>Chart 3</b>	Exel's Finnish network partners .....	53
<b>Chart 4</b>	Exel's German network partners .....	54
<b>Chart 5</b>	Exel's Chinese network partners .....	57
<b>Chart 6</b>	Main empirical findings .....	60

# 1 INTRODUCTION

## 1.1 Development of sport business

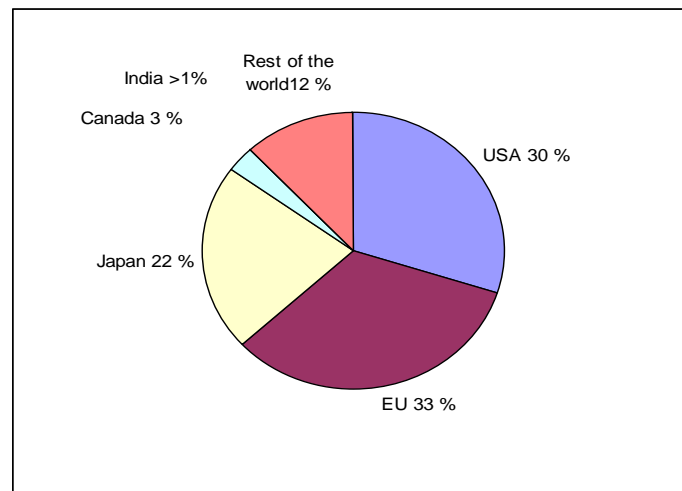
The increasing importance of knowledge, global competition, technological complexity as well as availability of digital information is changing the way economic value is created. Due to this, individual companies are not economically or otherwise able to internally control all the activities in the company's value chain. Therefore companies have started to intentionally create diversified business networks, which are nowadays starting to replace traditional markets and vertically integrated companies. The purpose of these networks is to create extra value to its companies for example by forming knowledge, technological and promotional bonds. Through these multiple value creating actors inside a network, each company is trying to create bigger and better value to the end customer. (Möller, Rajala & Svahn 2005, 1274)

There have been indicators that in the future competition will not be between individual companies and brands but more likely between various value creating networks. In brand management having a strong image from customers' point of view is very important. However, the company itself cannot fully control the image of its brands since there are often many other network actors like retailers, which can have an effect on the brand image. (Jevons, Gabbot & de Chernatony 2005, 301) Therefore for brand managers it is extremely important to take into account all the other actors inside the network and evaluate how these actors are influencing or how they could influence the brand itself.

Branding a product in international markets is always challenging. It is an ongoing challenge to provide the right products and services to different countries and to be able to brand them in a way that fits the cultural content. Consumers may choose a particular product or services only because of the functional or performance benefits expected. However, in many cases consumers buy a product or service just because it can be used in expressing their social status, personality and affiliation or in fulfilling the need for change or novelty. All of these needs, choices and preferences of a consumer for a particular product are generally affected by a complex set of social and cultural influences. Therefore, consumer's value system reflected by social influences and value systems affects strongly the consumer behaviour by shaping the needs that a single purchase and consumption has to fulfil. By understanding the meaning of cultural issues it becomes clear that before a brand enters a new international market, the brand managers should be well aware of the cultural aspects of this new market area. (Lee & Carter 2005, 73)

Networking has also been connected to sports. Sport as an organised activity is considered to be a late nineteenth and twentieth century phenomenon. The reason why sport has become so popular nowadays is because it combines social, cultural, economical and technological factors all together. The fact that sport has gained popularity in developed as well as in developing countries creates the basis for global reach and recognition. Since sports business has become very intense and global during the recent years it is understandable that networking plays an important role also for internationally oriented sport product companies. Sport has experienced growth in global economy and via media it has also received attention through out the world. (Wolfe, Meenaghan & O'Sullivan 2002, 612) Nowadays, sport has become a business that offers a chance for economical success. At the same time the relationship between sport and business has turned around so that pursuing for financial goals has become a factor that controls sport. (Alaja 2000, 26) Increases in cultural immigration and the rise in the expression of cultural belief allow new opportunities for sport marketing and the fragmentation of the sport market. (Kitchin 2007, 71)

One way to measure the significance of sports in global economy is for example to have a look at the retail sports sales figures. In the year 2006, the world consumption of sporting goods was estimated to be USD 256 billion. The figure increased 4% from the 2005 consumption figure. According to the general market opinion the annual growth of sporting goods markets is 3-5% (Exel 2006). In 2006, sport apparels or sporting goods accounted for 44% of the global sports market. Footwear market has been estimated to account alone for half of this share (Horne 2006, 22). The sales of apparels has risen so far 6% in year 2007. It has been estimated that the top nine countries in sporting goods business account for 75% of the total global sport market sales even though they account for only 32% of the global population. (Moskalyuk 2007) A report by Euromonitor in 2001 revealed that the consumption of sport was most popular in the advanced capitalist countries. The most significant countries for sporting good business were considered to be the USA, Germany, the UK and Japan, which were the world leaders in terms of retail sales and retail outlets for sporting goods and apparels. (Horne 2006, 22) Also statistical information published in Sporting Goods Industry (2007) has presented similar results.



**Figure 1** The approximate share of various major countries in the world sporting goods market (Sporting Goods Industry 2007)

In the figure above the world sporting goods market has been divided country-wise. As can be seen the largest market areas in sporting goods business are EU, USA and Japan. In recent years sport business in China has grown rapidly. In 2006 it increased sales for 13%. (Moskalyuk 2007) The largest brands in sporting goods business at the moment are Nike, Reebok and Adidas. (Andreff 2006, 59)

## 1.2 Definition of key concepts

So, what exactly is a business network? According to Holm, Eriksson and Johanson (1996, 1048-1049) business network can be defined as “*a set of two or more business relationships, in which each exchange relation is between business firms that are conceptualised as collective actors*”. The network concept proposes that when two firms are coordinating activities between each other, this relationship is also connected to a wider business network context. The aim of a network is to increase profitability of each relationship partner inside the network by coordination and cooperation. This is why business networks can also be seen as value enhancers.

When looking at networking from an international business perspective, networks seem to have an important role in market entry phase. When expanding a business in international markets the focus has usually been on selecting a proper market entry mode. However, the study of Holm et al. (1996, 1049) suggests that the development of cooperative relationships inside a network with suppliers, customers and other business partners will be critical. Their study indicates that expanding a business to different countries is basically managing relationship development process where the entry mode

selection process has only a partial role. The researchers also suggest that development of a central business relationship in a foreign market should not be isolated from other business relationships. This is because the business relationships in the new market are basically dependent on the willingness and ability of relationship partners inside the network to coordinate and perform activities in this new market area. In other words all the new business relationships that a market entry creates to a company are in one way or another coordinated to a company's already existing business network.

Various studies have been made with the focus on forecasting the future consumption trends. In the future individualism seems to become even more important and the selection of lifestyles and trends will become wide. It is very important for a brand manager to thoroughly know their target group as well as their life style, values and preferences. Only that way the brand will have potential to gain popularity within its target group. In the future it becomes even more important to know how to reach the target group. Particularly when it comes to younger generation a brand manager will have to develop new ways of targeting consumers. Many international brands have already noticed this and figured out new ways to communicate with these consumers who are used to receiving numerous advertisements every day. Many companies have therefore started to use so called "buzz –marketing" in their brand management. In this strategy a company is recruiting various opinion leaders and reference groups as gatekeepers in their communication network to forward the message about the brand. This is done without marketing and promotion campaigns. Word-of-mouth becomes the most important channel. Also the electronic buzz –marketing through mobile phones and the Internet is an affective way to spread the message. Buzz –marketing is claimed to be the most appropriate with products that raise emotions and discussion among consumers. (Muhonen & Heikkinen 2003, 152-153)

Networks in sport business are very versatile and heterogenic. They also differ from traditional industrial marketing settings. Whereas sport networks consist of significantly different entities whose mission, structure and outputs may differ fundamentally from each other, actors in industrial-marketing networks are more alike. They usually have common organisational and commercial objectives even if there were differences in power, scale or position. (Wolfe et al. 2002, 612) Besides sporting goods companies, sport networks can include actors from different sport clubs, national and international sport organisations, entrepreneurs, municipalities and cities, managers, agents, sport clubs, health organisations, universities and other educational units, media, stadiums, government officials as well as other supporting companies and organisations. Because of the growing popularity and publicity sport networks are becoming wider and more international since the number of network actors is increasing. (Alaja 2000, 27) In sport related networks relationship marketing plays an important role in creating long term

connections and goodwill. Public relations have a key role in creating these relationships. (Hopwood 2007a, 298)

Sport business is also strongly connected with life style choices and changing trends. When it comes to life style choices brands always play an important role. Therefore, companies in sport business have to stay a head of their time and maintain their brand image so that they are ready to face the consumer needs and expectations. As mentioned above other actors inside a network can have a great influence on a single brand, and since the brand image plays an extremely important role in sport business it becomes crucial for sport brand managers to consider how other companies or organisations in the network affect their brand. As for sport brands or sport product brands there is always a question about life style. People want to become members of sport clubs or buy different sport products and apparels, in order to experience the enjoyment of exercise and also to express their way of living to the surrounding environment. When it comes to choosing a right sport product consumers are making their decision based on how the product fits into their life style. However, this does not mean that sport product companies should provide everything for everybody. Also in this business area it seems that specialisation is a key to success. (Sporting Goods Business 2001)

There is still a general idea in sport business world that a brand is a logo. Even though the visual and physical aspects of the organisation or company are the key factors of the brand, the brand itself is more adequately defined as an image and associations positioned in consumers' minds. The objective is to create images and direct behaviour patterns within consumers. When this definition is applied to sports it also means that customers' perceptions and values concerned with brands will vary a lot. So, in order to increase the value of a particular brand the company has to consider what their customers and target market value in the brand. (Pedersen 2004, 47-48) An image is the basis for all sport marketing and brand management. Having a good image makes all business functions more believable from the consumers' point of view. (Alaja 2000, 36)

Since the competition in the sport business is very intense a company has to figure out a way to be distinguished from its competitors. An excellent way to do this is to align with a proven winner athlete or team and that way to promote the brand. This is usually done by sponsorships. Competing for endorsement deals can be very challenging for smaller sport product companies, since the deals made with top athlete are usually worth millions of dollars. Another ways to promote brands beside athlete sponsorships are sport event sponsorships or product replacements. Product replacements tend to be very effective especially in reaching people outside the sport brand's core audience. The appeal of top athlete endorsements is to inspire an average consumer and encourage him to do something greater. The reason why sport brands are

considered to be inspirational to most people is that they are hardly ever going to use the sport device into its full capacity. (De Mesa 2004)

As mentioned before sport business is very global and sporting organisations are demanding sport to become even more international. (Hopwood 2007b, 214) When sport products are distributed and marketed internationally the matter of the organisations brand itself becomes increasingly important. A brand's role is to tell a story about the product and that way to capture people's attention and imagination worldwide. After the core story of the brand has become familiar it is time to concentrate on how to implement and market the brand in different specific areas and markets, which may culturally differ from each other greatly. However, if the brand does not have a clear identity it becomes harder to make these market implementations. Sport is always fascinating and emotional. When considering all kinds of sport brands one has to take into account that emotions and fascinations are effective and will be very important for the brand. Sport brands are also very often connected to the failures and success of certain sporting clubs or athletes. This is a problem because the sport brand's management does not have any kind of influence on these failures or successes. Another aspect that has to be taken under consideration is the importance of fans. Fans can be very rational to handle so therefore they have to be treated very sensitively. The fans can form the majority of the target group and also be a huge part of the brand core. In many cases fans can be more important than the majority of products, which belong under the same brand. (Westerbeek & Smith 2003, 189)

Even though some of the above mentioned aspects relate more to sport clubs' brand management they are still very closely related also to sporting goods companies. Sporting goods companies market their products mainly via various sportsmen or clubs through sponsorships. Therefore the images people have about these particular athletes and clubs is very easily connected to the brands of sport product companies. In literature the term "sport product" refers to a good, a service or any combination of the two that is designed to provide benefits to a sports spectator, participant or sponsor. (Shank 1999, 231) Another definition by Mullin (1998, 79) defines playing of a sport as a core product where as all the related activities like food and beverage, half-time entertainment, merchandise and the facility itself are defined as product extensions. By using these definitions sport product brands would include different services and products produced by different organisations, clubs and companies. In this particular study the focus is concentrated only on sporting goods, which can be defined as tangible products such as equipment and clothing that are meant for exercising sport. In literature these products are also often referred to as sport apparels.

### 1.3 Earlier studies related to networking and sports business

Business networks and network relationships have been studied extensively. Most of the studies concerning networking are based on IMP Group's (International / Industrial Marketing and Purchasing Group) studies, which started in the 1976 in the University of Uppsala in Sweden. IMP Group consisted of researchers from five different European countries but rarely soon the studies and the theories became familiar also in Australia, Asia and the United States. (Gummesson 2004, 389)

Even though networking has been associated and connected to various issues there has not been made many studies about networking combined with brand management. There are some researches where networking has been connected to sports (Olkkonen 2001). However in these studies the focus has been more on sport clubs rather than on companies producing sporting equipments. There are also some studies where Exel and its networks have been taken as an example in the case study. Some of these above mentioned studies have been listed in Appendix 2.

Researcher(s), year	Name of the study	Method	Main findings
Olkkonen, Rami (2001)	Case study: The network approach to international sport sponsorship arrangement	Case study –Case Nokia Mobile Phones and International Ski Federation (FIS)	-Through sponsorship arrangement network actors share also their own networks and value adding relationships  -Attractiveness of an actor is also determined through its already established relationships
Sandberg, Birgitta & Aarikka-Stenroos, Leena (2008)	Network utilisation in the commercialisation of radical innovations	Unpublished conference paper – Case study of Exel and the launching of Nordic walking by utilising surrounding network	-At the time of forming R&D networks it is beneficial to consider the relationships between R&D actors and actors in the commercialisation stage of the process

Researcher(s), year	Name of the study	Method	Main findings
Sandberg, Birgitta (2005)	The hidden market – Even for those who create it? – Customer-Related Proactiveness in Developing Radical Innovations	Doctoral thesis. Including a case study of Exel and Nordic walking	The importance of customers in spreading word of mouth
Syrjälä, Elina (2006)	Verkostoituminen urheilusponsoroinnissa (Networking in sport sponsorships)	Literature study (Bachelor's thesis)	-The surrounding network allures new business partners  -The heterogenic nature of sport networks
Wolfe, Rosita & Meenaghan, Tony & O'Sullivan, Paul (2002)	The sports network: Insights to the shifting balance of power	Scientific article published in Journal of Business Research -magazine	-The importance of moving network relationships from transaction based to partnership based relationships  -Relationships between actors in sport networks are more professionally managed these days

**Chart 1** Studies related to Exel Sports Oy and networking in sport business

All the above mentioned studies have concentrated on sport business at the same time keeping the focus on networking. Two of these studies have also used Exel Sports Oy as a case study company. In their article Wolfe et al. (2002, 611-621) have applied network theory to the high-profile area of sports, sponsor and media relationships. As a conclusion of their study researchers highlighted that in terms of overall strategy for the successful operation of the sport network, managers ought to consider the probability of moving network relationships from transaction based to partnership based relationships. According to their research people also consider that relationships between sports network actors are now more professionally managed and conceived compared to the past. In her research Syrjälä (2006) has concentrated on sports networking from the aspect of sponsoring. Syrjälä stated that with the help of the surrounding network it

becomes easier for sport organisations to allure a kind of new business partners, which usually would not be interested in traditional sponsoring. The study also highlighted that it is important for actors to realise the heterogenic nature of sport network since it contains a variety of different kind of actors with their own interests and different level of activity. Also Olkkonen (2001, 309-323) has concentrated on sport sponsorship in his research. He has taken Snowboarding World Cup as an example event. In his research Olkkonen pointed out that through sponsorship arrangements actors are not only bringing their own resources and capabilities to the network but at the same time they also bring their own networks and value adding relationships. Also the attractiveness of a single actor is not only determined through a direct relationship and obvious trade of services but also through its already established relationships and that it will offer to other network actors.

The chart 1 presented above also contains two studies that have presented Exel Sports Oy in its case study. In her doctoral thesis Sandberg (2005, 230) focused on customer related pro-activeness in launching new innovations. The study also contained information and analysis of the launching process of Nordic walking conducted by Exel. Sandberg summarised that both customer pro-activeness and re-activeness were at high stage at the time of launching. The level of pro-activeness was a bit lower when entering foreign markets since the new sport required teaching and intensive awareness creation in each country. In this awareness creation customers have played an important role as so called network members by spreading word of mouth. The study made by Sandberg and Aarikka-Stenroos, which still remains unpublished, is concentrating on network utilisation in commercialisation process of radical innovations. The study contained example of Nordic walking and explained how the company together with its surrounding network managed to launch this innovative sport to markets. The implications of the study highlighted the point that at the time of forming R&D networks it would be beneficial to consider the relationships that R&D actors have on the actors working in the commercialisation stage of the process.

#### **1.4 Objectives of the study**

This study is focusing on determining how a company can benefit from networking in its brand management and how exactly are other companies or other actors inside a network creating value to a company's brand. In order to create a better understanding on how various networks can be useful to a company's brand management in real business life, this study contains also a case study. This empirical part of the research focuses on a Finnish sport product company called Exel Sports Oy. The purpose of the case study is to find out what kind of network Exel has around it and how the company

is using its various network actors to promote its brand internationally as well as here in Finland. As mentioned above, there are not many studies about the effect on networking on brand management. Therefore the aim of this case study is basically on bringing new perspectives to the issues presented in the theoretical part and with practical examples to combine theories about networking and brand management.

The research question of this study is: *How sporting goods companies can benefit from networking in their brand management?* This research question has been divided to two sub objectives, which are the following:

1. To explore how a company can benefit from the surrounding network when managing a brand
2. To find out what kind of network a sporting goods company can have around it and how does the company use the network when promoting a brand internationally

These individual sub objectives together try to create an answer to the research question presented above. The second chapter of the study concentrates on the first sub objective. It starts by presenting the basic theories about networking and after that highlights issues about relationships between different actors inside the network. It also presents what kind of influence other network actors can have on a single company. This chapter is presenting the network in the form of actors–resources–activities model, which actually forms the basic structure for the whole study. The latter part of the chapter is focusing on the brand management side of networking. It aims to provide insights to the second sub objective of the research. It studies how companies can use networking as a part of their brand management and what kind of influence can other actors inside the network have on a single brand. The brand management issues have been discussed here by focussing on the theory of gatekeeping. This second chapter forms the theoretical part of the study. In the second sub objective the focus is more on sporting goods business. It has been discussed in the chapter four where the focus is on a Finnish sport product company Exel Sports Oy. By using the actors–resources–activities –model presented in the second chapter the chapter tries to describe the business network that Exel operates in. And by using examples the aim is also in explaining how the company has used various actors and resources inside the network in order to promote and launch its brands to international markets. Here the focus has concentrated mostly on Exel’s Nordic Fitness Concept, which has been presented more detailed in chapter four. Although the empirical part of the study focuses on the second sub objective by concentrating only on sporting goods business, at the same time it tries to combine the theoretical issues that have been presented earlier in the research. However, it is worth remembering that the results received from the empirical part of the study work only as one kind of example about the studied issue and therefore can

not be generalised to other similar cases without hesitation. Because of this fact this empirical research does not necessarily have a strong scientific meaning. However, since the issue of utilising surrounding network in a brand management has not yet been widely researched, the empirical part of this study may give some kind of insight to the issue when talking about sporting goods business.

## 2 BUSINESS NETWORKS AND BRAND MANAGEMENT

### 2.1 Network model

Before starting to evaluate how an individual company can benefit from other companies and actors in the network it is useful to understand the basic theories of networking. The network theory used in this study is based on IMP (International Marketing and Purchasing) Groups' studies. The reason for selecting IMP Groups' theory is that their work has been widely recognised and quoted throughout the world. The foundation of network theory or network model is an interaction approach, which has afterwards been extended to a network approach. Both of these approaches have been presented in the chapters below.

IMP Groups' approach to understanding business markets is based on following points. First of all business markets do not consist of a large number of individually insignificant customers, since the size, importance and requirements of different customers are noticeably different. Another fact is that business markets do not consist of active suppliers and passive customers. In many cases it is the customer who has to find a suitable supplier for its purposes and also persuade the supplier to start doing business with them. The third point of IMP's approach is that customers are not looking for a product from a manufacturer or supplier but instead they are expecting to get a solution to their problem from them. (Ford, Gadde, Håkansson & Snehota 2005, 3)

Interaction model highlights the fact that both the seller and the buyer are active participants in the market. These two parties form a long-term relationship, which consists of a complex pattern of short-term interactions. Different parties very easily create certain behavioural expectations of the other party. Changing the form of the relationship can therefore be very hard to make and will require significant adoptions. The Interaction model has been divided into four parts: *the actual interaction process*, *the participants in it*, *the surrounding environment* and finally *the atmosphere affecting or affected by the interaction*. The first part, the actual interaction process, concentrates on the uncertainty associated with a product, the content of information exchanged and also financial and social exchange. An interaction is also largely affected by its participants; organisational size, experience and technical advantage as well as individuals themselves create and revise the relationship at all times. When looking at the situation from an environmental perspective the social and environmental surroundings, internationalisation interests, position in manufacturing channel and market structure shape the interaction together with the degree of dynamics within a relationship itself. The last part, the atmosphere, means the power structure of the

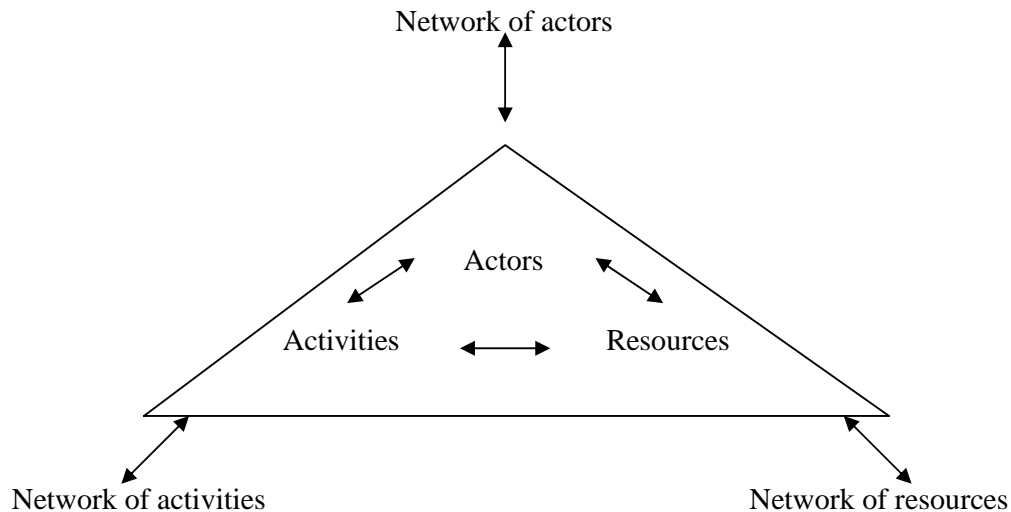
interaction. The parties can have cooperative relationship or then there exists power-dependence in one way or another. This of course shapes the interaction enormously and determines in what kind of position each party is in the relationship and how much influence it has on changing the course of the relationship. The interaction model gives a wide approach to studying and analysing interaction in relationship. It does not concentrate only on the direct interaction between the two parties but also highlights what kind of importance all the surrounding factors inside the network have on an individual interaction itself. (IMP Group 1997, 8-16), (Håkansson 1988, 15-24)

However, there has been noticed some problems with the interaction approach and how it interprets business markets. Some studies showed that it was not always sensible for a company to try to obtain close relationships with other parties but instead it was often very reasonable to work against, through and in spite of actions of counterparts. Another shortcoming was that the studies showed it was not possible to analyse business markets by examining only sales and purchases of a single relationship or a group of relationships. This is because behind each relationship there is complex network of other relationships, which all have an effect on each other. (Ford 1998, 8-9) In order to concentrate for example on these shortcomings the researchers continued to improve and reinforce theories of networking. The network approach presented below is the result of this work.

The aim of the network approach is to create an understanding of industrial markets as complex and diversified networks of inter-organisational relationships. What network approach adds to above presented interaction approach is the understanding that a relationship cannot be managed in isolation from other relationship. According to network approach the role of marketing is to establish, develop, defence and maintain the firm's position in a network. (Olkkonen 2001, 313)

Network approach can be well explained by using the model of industrial networks. The model contains three different variables: actors, resources and activities. These variables are all closely related to each other in the overall structure of a network. In the model actors are defined as the ones who control and use the resources and on the contrary, resources are the means that enable the actors to perform activities. And finally, activities occur when actors use certain resources in order to change other resources in different ways. (Håkansson & Johansson 1992, 28)

The following figure illustrates in a basic way the model of industrial networks and the relationship with its variables.



**Figure 2** Basic structure of network model (Adopted from Håkansson & Johansson 1992, 29)

### *Actors*

In a network actors are the ones who control activities and resources. These actors can be either individuals, groups of individual, organisations, companies or group of companies. In a network there usually are actors from different organisational levels. Actors from the lower levels can be a part of the actors from higher levels. When the actors can operate in several levels it sometimes becomes unclear, which resources are controlled by which actors. Actors in a network have five different characteristics: 1. Their function is to perform and control activities. They decide which activities they perform and what resources they are going to use for the activities. 2. Actors also develop relationships with each other through exchange processes. All the actors are connected to a network with a more or less strong commitment and this commitment provides the actor an access to other actors' resources. 3. Thirdly the actors base their activities on control over resources. This control can be direct, which is based on ownership or indirect, which is based on relationships with other actors and the dependence of these relations. 4. All of the actors in a network are also goal oriented. The general goal of actors is to gain more power and control in the network. This is done by acquiring control over resources, knowledge and activities. This received control can be then used in achieving other goals. The control of network is received through a certain amount of control over activities and resources. This is gained by increasing the direct control of resources via relationships and reducing indirect control of other actors. This way an actor is able to gain autonomy. 5. The last characteristic of network actors is that they all have different knowledge about resources, activities and other actors inside the network. This knowledge has basically developed through experiences. The actors have knowledge of different parts of the network. The more

close a particular part of the network is the more meaningful and important is the knowledge and information possessed about that part. (Håkansson & Johansson 1992, 32-33)

### ***Resources***

In order to perform activities actors require resources. All resources are controlled by actors, either by a single actor or a group of actors. Different resources are very often combined with each other. Resources are heterogeneous. This means that there is an unlimited number of ways to use different resources and combine them with each other. How a specific resource is combined with other resources determines the use and value of that specific resource. Also knowledge and experience of a resource are very important. This is because when a group of resources are combined it is their experiential learning and adaptation that increases the level of their performance. In particular when the performed activities and the possessed resources are very specific the meaning of previous experiences becomes even more valuable. When heterogeneous resources are combined it always creates new information, which again creates possibilities for new and improved combinations. With this knowledge and new insights it is possible to break existing activity cycles and transfer chains and that way to develop and change the surrounding network. (Håkansson & Johansson 1992, 32-33)

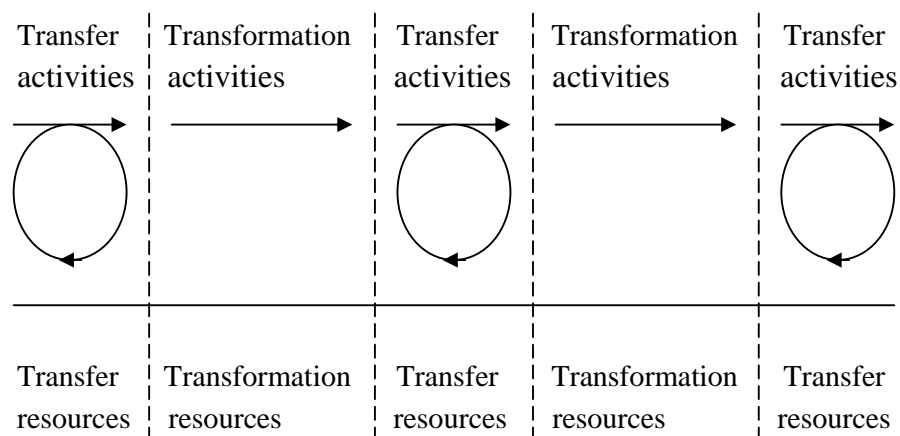
Resources can be characterised in three ways. First of all resources can be characterised according to the actors who control them. Resources can be controlled directly by one actor or jointly by many different actors. Resources can also be controlled indirectly by actors, which have relationship with the actor who controls the resources directly. The more specific and less available the resource is the more important is the control over it and more eager are the actors to gain the control over that specific resource. The second criterion in characterising resources is the utilisation of a resource in activities. This criteria determines how many dimensions a resource has in an activity and how standardised is the use of these dimensions. Standardisation in this context means how an actor is using one resource compared to the way other actors are using the same resource. The third characteristic of a resource is its versatility. This basically means that to what extent and at what cost could the resource be utilised in other activity cycles and in other transfer chains. (Håkansson & Johansson 1992, 32-33)

### ***Activities***

In the network approach activity is defined as a situation when one or several actors develop, exchange, combine or create resources by utilising other resources. Activities can be characterized in two different ways; activities can be transformation activities or transfer activities. Transformation activities are always controlled by one actor from a network and through these activities resources are always changed in one way or

another. Transfer activities differ from transformation activities in a way that these activities transfer direct control of a resource from one actor to another. Therefore it can be said that transfer activities are never controlled only by one actor in a network but the purpose of transfer activities is link transformation activities of various actors to each other. Single activities are linked to each other in different ways and very often they constitute an activity cycles where the independent activities are repeated. When an activity cycle is complete it consists of both transformation and transfer activities and it is never controlled by a single actor. In an activity cycle transformation activities are performed in order to make possible certain transfer activities or the other way around. Activity cycles can be very loosely or tightly connected to each other. When activity cycles are coupled to each other tightly and performed sequentially they perform a so-called transaction chain. In a network activities are related to each other in different ways and various degrees. There are a number of relationships between activities. These relationships can be direct or indirect depending on the existence of intermediate activities. Relationships can be defined specifically when activities are linked to each other by specific actors. When link between activities is not dependent on specific actors the relationship is defined as general. (Håkansson & Johansson 1992, 30-31)

In a network single activities are always indispensable. This means that even though a single activity disappears it can always be compensated with another surrounding activity. From this point of view network offers a rather safe and stable environment for the surrounding actors inside the network. An activity network can never be considered perfect. This is because by changing or rearranging old activities or bringing new ones a network can be improved to be more efficient. (Håkansson & Johansson 1992, 30-31) In the following figure a transaction chain is illustrated.



**Figure 3** Transaction chain (Adopted from Håkansson & Johansson 1992, 32)

Business networks can also be positioned in three types of strategic networks: *vertical value nets*, *horizontal value nets* and *multidimensional value nets*. *Vertical value nets* include supplier networks, channel and customer networks and vertically integrated value systems. The main goal of vertical value nets is to increase operational efficiency by cooperation with various actors in the value creation chain. The most ambitious goal in vertical value nets is to integrate the whole value system. Combining functions from different production and distribution phases is only possible with advanced integration of management processes and diversified information systems. The purpose of *horizontal value nets* is to provide access to existing business resources or to developed new resources through cooperation. These kinds of networks are usually formed by competitor alliances and cooperative arrangements involving institutional actors like universities, industry associations, research institutes and government agencies. *Multidimensional value nets* can be either well-defined value systems or emerging systems that is affected by radical change. These kinds of nets contain a core organization or a hollow organization that creates its market around it by integrating various companies and organization, which will provide all the needed products or services the core organization requires. The more complex the network is the more different kind of knowledge and capabilities it has to contain. In the most radical level multidimensional value nets will create new technology and business concepts that in the end will increase the value of all the actors inside the network. The figure presented below visualizes all the different value nets and how the level of radical change will categorise them. (Möller, Rajala & Svahn 2005, 1277-1278; Niemelä 2002, 18-19)

	Vertical Value Nets		Horizontal Value Nets	Multidimensional Value Nets
	Suppliers	Channels & Customers		
Stable Value System	Multi-tier Supplier Nets	Channel & Customer service Nets	Competition Alliances	"Hollow Organizations"
Incremental Change	R&D Cooperation Nets	Pilot Customer / Lead User Nets	Resource & Access Alliances with competitors / Institutions	Complex Business Nets
Radical Change	Integrated-Value-System Nets		R&D Technological Alliances	New Value System Nets

**Figure 4** Types of strategic networks (Adopted from Möller, Rajala & Svahn 2005, 1277)

## 2.2 Relationships in business networks

Relationship can be defined as mutually oriented interaction between two reciprocally committed actors. In a business network exchange interactions can be seen and described as relationship. This is because the actors themselves see the interactions as relationships and on the other hand in a long run these interactions create the type of small organizations that can be labelled as relationships. All relationships have some unique features since no two relationships are ever alike. However, there are certain patterns in business relationships, which can be categorized for example by using the concepts of *substance of relationships* and *function of relationships*. In this chapter the various business relationships inside a network have been analysed by using these two above-mentioned concepts.

### *Substance of relationship*

The substance of relationships between companies and business markets can have many different facets and layers. The best way to explain this substance is to discuss it through three early mentioned layers: actors, resources and activities. Relationships between two actors in a business network can be characterised in a similar way than a relationship between two persons. The bond that actors have with each other may alter and affect the way they see and interpret situations as well as their identities both in relation to each other and to others. Bonds arise in relationships where two companies or organisations direct a certain amount of interest towards each other and that way become committed. Actor bonds have an affect on the knowledge that these parties have about each other. This bond may also affect on the identity a company as from the third parties' point of view. These assumed and created identities reflect actors' other bonds ending them, creating a start or giving a meaning that they are never attempted. The bonds between actors can be measured through the amount of distance they include. This distance can be social-, cultural-, technological- or time distance. Social distance measures how unfamiliar actors are of each other's way of thinking and working. Cultural distance measures how close are the norms and values of these actors. Technological distance refers to the gap that actors might have when it comes to product and production technologies. The last dimension, time difference refers to the fact that actors may be discussing about activities that take place after a considerable time. This will increase the level of uncertainty and that way make the planned interactions seem more unreal. The important elements of actor bonds are commitment, identity and trust. The level of commitment between actors depends on the level of trust, which may vary a lot. Therefore the behaviour between two actors can never be fully dependable or predictable. Every single relationship has its own history, which is formed of the fact how actors have treated each other and the level of trust and commitment that has been

created along the history. Business relationships between actors do not always exist without problems. Inside a company there are many separate actors who all together carry out various activities. These individuals pursue goals that are not always identical with the common goal of the business relationship. Individuals also interact from the basis of their perceptions, which may vary a lot from the reality. Another issue that might cause problems is that an actor usually consists of several units such as departments, divisions, companies or groups of companies. Sometimes in a relationship only one unit of it is defined as an actor. The relationship is influenced by who is defined as an actor. (Håkansson & Snehota 1995, 32-34; Ford, Gadde, Håkansson & Snehota 2005, 39-40)

A relationship between two companies affects the way companies do utilise resources. Throughout a relationship actors can tie together different resource elements. However relationships between companies are not only for accessing and acquiring resources. Some of the resources of two actors can also be brought together, confronted and combined. The effect of the resources on these actors will be that they come specially oriented towards each other. Also new resources are likely to arise as the relationship develops. Tangible and intangible elements of these two actors will emerge constituting a new level of quality. If the actors want to develop and maintain their relationship it requires investments. Some of these investments will be some kind of adoptions, which create mutual dependence and have opportunity costs. This mutual adoption of resources forms resource ties between the companies in the business relationship. (Håkansson & Snehota 1995, 30-32; Ford et al. 2005, 40)

A business relationship may also affect how actors perform their activities. When two companies perform a relationship some parts of their administrative, technical and commercial activities become linked to each other. Sometimes when the relationship grows some of these linked activities become undertook by either of the actors. Internal activity structures of either of these two actors may need to be adopted. Linking activities together can be seen as a way of creating something unique. When activities of two actors are linked together a company loses some of its control. Now changes in either one of these actors' activities affect both companies. Linking activities requires efficient and persistent interaction between individuals in both actor organisations. Various small activities have to be processed, scheduled, specified, fulfilled, received and repeated in order to get to the wanted result. Over time between these repeated transactions develop activity links between actors. Activity links involve costs because coordination between activities of this specific relationship might prevent actors to coordinate their activities with other actors inside the network. (Håkansson & Snehota 1995, 28-30; Ford et al. 2005, 40)

### *The function of relationships*

The function of business relationships means the effects a relationship has for different actors. These effects can be divided into three different functions. First of all a relationship has an effect for the cooperation of the actors who form the relationship. In this relationship actor bond, resource ties and activity links are established in order to produce something. Secondly a business relationship has a function for each of the two companies. Often it affects the actors in a different way. The volume of the effect depends on how meaningful the relationship is to both parties. The function may concern actors' activity- or organisational structure. The relationship has an affect on what activities can be performed inside the company and in other relationships. The third function concerns the effect that a relationship can have for third parties. How meaningful these effects are depend on how unite and tight the surrounding network is in overall. Other network actors have a possibility to accept the changes or fight against them. The function of relationship describes most of all the interdependence of separate collective functions. (Håkansson & Snehota 1995, 27)

## **2.3 Mobilizing the network**

As mentioned earlier network actors benefit from cooperation because it gives them a possibility to utilise resources of other actors for their own benefit. This cooperation between companies and organisation inside the network comes crucial when the business climate is characterised by uncertainty. For example shortening product life cycles, increased global competition, price wars, entering new markets, evolving technology and changing consumer trends and tastes can be reasons for the increased amount of uncertainty. In order to be able to response quickly to these changes companies and organisations are forced to increase their internal efficiency but also to capitalise resources and knowledge of other surrounding network actors. The outcome of utilising existing relationships to move other actors to work within their own plans is from a company's perspective called *network mobilisation*. From the network approach perspective network mobilisation is seen as the outcome of dynamic processes where actors interactively develop and shape the rules of their business relationships. It is based on the existence of complementary in resources of activities, which again requires mutual dependence. (Mouzas & Naudé 2007, 62–63)

It is argued that developing a coherent framework for the dynamic and developmental processes is the key in network mobilisation. This framework is extremely important when taken into account that in a network there is always a continuous struggle by actors to improve their internal efficiency and exploit new

opportunities. The network mobilisation model has been divided into five different phases as organisational challenges. (Mouzas & Naudé 2007, 64)

The first challenge of the network mobilisation model is related to role of *network insight*. It describes the company's uniqueness and knowledge about the niche area it operates in. Network insight can mean for example the knowledge of where certain capabilities and resources lie in the network or it can mean awareness of certain issues inside the network, like existing concerns of business partners. This information and knowledge is the basis of creating differential advantage. The second phase is about the *company initiatives* as introductions to business propositions into existing business relationships. It has been said that the actual process of network mobilisation begins at the time when a company represents its initiative to another actor in the network. The third challenge is the *deal between these actors*. The basic theory here is that parties usually come to an agreement when their agreement is better than their alternative options. This way they create joint gain and are sometimes even eager to mobilise also other network actors to work within the plan. The fourth part of the network mobilisation model is linked to a *social contract*, which means the actors' expectations regarding the extent, length and nature of jointly agreed and planned activities. It is also about the parties' expectations of how they will work together in practice in the future. The last phase is in *achieving sustained mobilisation*. This is achieved by genuine concurrence, which is only possible by creating deals that bring joint gains. It is important to realise that even though this model presents network mobilisation process in five separate phases in real life these phases do not exist in isolation. (Mouzas & Naudé 2007, 64-65) Network mobilisation especially is very typical with actors who aim at internationalisation. To help the process these actors improve existing relationships or create new ones in order to get functional and economical benefits.

In a long run the basic condition of network cooperation is that the benefits of network membership exceeds the costs. This is dependent on the quality of inputs by the other network actors and also their willingness to make these inputs accessible to other actors. (Koch, Kautonen & Grünhagen 2006, 64) By mobilising the surrounding network actors try to gain extra value and benefits for their operations. These benefits are gained by setting up goals and by developing the current relationships and resources in order to receive these goals. The goals that actor pursue can vary substantially depending on the nature business. However the most common goals are dealing with financial benefits, market positions, customer relationships or the overall efficiency of business processes. Goals relating to brands belong to the category of receiving a better market position. (Möller et al. 2006, 22/71-72) It is important that a network has some kind of organiser who is able to motivate other actors to work for the common goal and that way to create competitive advantage. (Campbell & Wilson 1996, 138)

Doing business in a network and cooperating with various network actors does not always work without problems. For example some of the actors in the network do not fully understand the nature of processes and activities and therefore can easily make to kinds of mistakes. First of all they can easily extend the network processes beyond the limits of network capability. Second, these actors can modify their form in such a way that also affects the operating logic. Obviously this is harmful to other cooperative actors within the network. There can also develop sub-networks inside a network, which can at sometimes engage secretive behaviours and excessive legalism especially when it comes to competing of markets and customers. This is also a point that successful networks must take into account and also create and uphold processes that avoid or work as a response to these kinds of situations. Usually the biggest disputes and misunderstandings between network actors occur when there are differences between institutional and cultural backgrounds. This is widely known phenomenon of culture crash, which must be healthily and expeditiously resolved in order to maintain a functional, co-operational network. (Wills 1994, 25–26)

## **2.4 Branding through a network**

### **2.4.1 *The basics of brand management***

At this part of the study the focus is on networking from the brand management point of view. More closely the aim of this chapter is to discover how a company can use other actors inside the network as a tool of its brand management. In order to understand this better the chapter begins by presenting some basic theories about brand management.

In the beginning of this section it is reasonable first to determine what is actually meant by a brand. A brand is defined as a name, symbol, term, shape, picture or combination of these, which purpose is to identify a product by creating an image and also to separate a product from its competitors. (Tikkanen 2005, 206; Arnold 1992, 17) According to von Herten (2006, 16) a brand can be a product, service, company or a group of companies. Brand as a concept is always an image, which requires time, hard work and persistence to build and develop. It has been said that the power of a brand lies in the minds of consumers. The most important issue is what the consumers have experienced and learned about the brand throughout its existence. In order to guarantee that the satisfaction of consumers the brand must be somehow different and bring a certain value to consumers. (Keller 2003, 61) It has been said that a brand eases the consumer's problem of choice and purchase. It may provide confidence about the

quality of the product and also help consumers to recognise products within a particular product category. (Moore 1993, 33)

A good way to start planning how to manage a brand is to pay attention to the equity a brand has. Brand equity is defined as the brand assets that are linked to a brand's name and symbol add to a product or service. These assets can be divided into four different dimensions, which are *brand awareness*, *perceived quality*, *brand associations* and *brand loyalty*. These dimensions function as a guide in brand development, measurement and management. *Brand awareness* is referring to the presence that a brand has in consumers' minds. It has been studied that people like familiar things and are willing to connect all sorts of good attitudes and emotions to them. Awareness can be measured in different ways in which it is tested how well consumers remember and recall a certain brand. It is obvious that the more awareness a brand has the broader is its market area and the easier it is to market the product in the future. *Perceived quality* is usually the final measure of the impact of brand equity. It has also been said to be the most important dimension because it is the only one that has been shown to drive financial performance. Perceived quality is also very often linked to other aspects of how a brand is perceived. *Brand associations* can be defined as anything that connects the customer to the brand. They might include product attributes, symbols, celebrities, organisations etc. Here the company has a power to choose what it wants the brand to stand for in the customers' minds – what is the brand's identity. In a network it is an often-used tactic to use another actor and its image and reputation inside the network to promote a brand of another actor. The final dimension, *brand loyalty*, is very important to a company since the brand's value to the company is largely measured by the customer loyalty it possesses. It has been argued that a brand, which has a rather small but extremely loyal customer base will have significant equity. (Aaker & Joachimsthaler 2002, 17; Aaker 1996, 7-26)

The basis of brand management is a thorough brand strategy. Well planned and performed brand strategy aims at gaining and maintaining brand equity and is usually done by differentiation or by added value. By aiming for differentiation an organisation tries to give a brand a competitive advantage. When differentiating a brand from its competitors' communication plays an important role. It may also increase the differentiation experienced by consumers. Besides differentiation added value can also work as a fundament of brand strategy. Added value means the extra value that a consumer thinks and experiences the branded product or service has compared to the "bare" product or service. This requires that the brand must be meaningful to a consumer. This meaning can be related to the product itself but also to the aspects that are not part of the actual product. (Riezebos 2003, 18) In the following chapters the focus is on how an actor may benefit from other cooperative actors inside the network.

In other words, how an actor can include other companies or organisations to its brand strategy whether it is to improve communication or to bring added value to the brand.

#### 2.4.2 *Channel strategy*

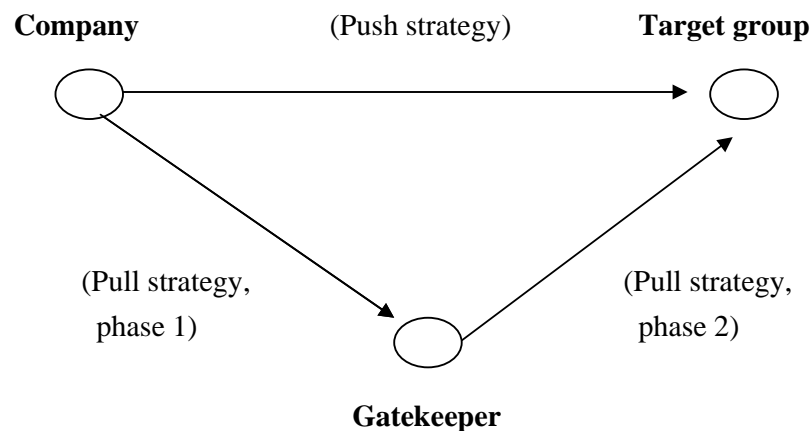
The way through which a product is sold, distributed and marketed will have an extremely meaningful impact on the sales and success of a brand. Channel strategy involves the design and management of intermediates like wholesalers, distributors, retailers, brokers and other relating organisations. These marketing channels are defined as “*sets of interdependent organisations involved in the process of making a product or service available for use of consumption*”. In other words channels are the means through which companies market and distribute their products to consumers. However, channels can also be used in creating and increasing brand equity in order to build brand awareness and improve the favourability, strength and uniqueness of brand associations. (Keller 2003, 259/270)

There are many reasons why a company wants to take a part in marketing channel or network. Being a part of a network a company might gain loyalty among consumers. It may also easily gain awareness especially if one of the other network actors is very well known. This is because the fact that having a familiar name in the network very often works as an indicator of reliability within the network as well as within the consumers. Some network actors already possess some kind of associations in consumers’ minds. And by being a part of the same network these associations are easily connected also to other actors. (Iacobucci 1996, 218–219) When a new brand enters a market it has two tasks. First of all it has to have a relevant compelling value proposition and secondly it has to make this value proposition credible to consumers. One excellent way for the latter task is to attach a brand with strong organisational associations. This way the credibility challenge can be reduced or even eliminated. (Aaker 2002, 121) These organisational associations can be attached to a brand for example through a network actor that already possesses awareness and reputation.

Building brand equity by building awareness and creating brand associations can be done through direct and indirect channels. Direct channels increase brand equity by making consumers better understand the variety of the products belonging to the brand and also their depth and characteristics. Indirect channels on the other hand enhance brand equity through the support and actions of intermediate actors such as retailers and other cooperative actors. By their own image and actions intermediate actors can transfer different kinds of associations to the brand. In real life it is the combination of direct and indirect channels that maintain and enhance brand equity in the long run. (Keller 2003, 259/270) It is obvious that when it comes to indirect channels other

surrounding actors inside the network play a really important role. The role of these intermediates is also noticeably meaningful and larger than in the use of direct channels. Therefore the focus on this study has been concentrated more on indirect channels and the effect that other actors in a network can have on a single brand.

There are two strategies that can be used when marketing and promoting a brand. These are called push-strategy and pull-strategy. In push-strategy the company who is promoting a brand takes contact directly with the target group of consumers trying to give a positive image of the brand. In the case of pull-strategy a company is not communicating directly to the target group but instead it uses a so-called *gatekeeper* in the communication process. In this strategy the gatekeeper's role is first of all to receive a message from the company and after that to send it forward to the target group. Pull strategy is also known as two flow hypothesis since there are actually two phases in the communication process. What a company will usually benefit from using a gatekeeper in a communication process is that the target group might consider the gatekeeper more credible source of information than the company itself. The image that the target group has on the gatekeeper is also easily reflected on the branded product and the company. (Vuokko 2003, 45-47) The following figure visualises the processes of push- and pull-strategy.



**Figure 5** The push- and pull strategies (Vuokko 2003, 45)

In a network a company often uses other actors as gatekeepers in its brand communication. In this way an actor who is performing as a gatekeeper uses its resources, connections and reputation in order to increase the effect that message has on the target group. Through its reputation and awareness a gatekeeper can also be seen as a value creator since these desired elements are very easily associated with the brand in the consumers' minds. Push strategy is often used in situations where the target group is not yet very familiar with the company branding the product. This kind of situation

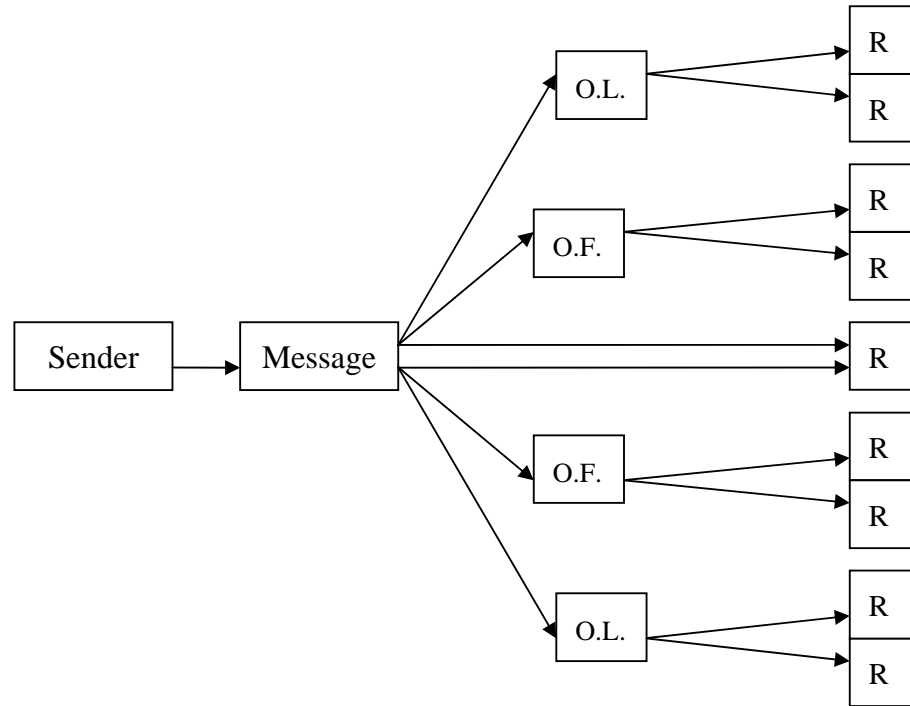
occurs for example when a company starts promoting a brand in a new country. When the company realises it does not have enough awareness and reputation in the new market area it is reasonable that it chooses another actor from its network as a gatekeeper, which already is well known in the area. With the help of its image and reputation a gatekeeper tries actively to affect target groups opinions, knowledge and behaviour. All of this is possible if the target group can identify with the gatekeeper. The target group has to appreciate the gatekeeper's opinions, consider it trustworthy and sometimes even imitate its actions. (Vuokko 2003, 47; Fill 2005, 38) It is obvious that by using another actor inside a network as a gatekeeper a company automatically loses some of its control indirectly to the gatekeeper.

Gatekeepers can be defined as a link between an organisation and the outside environment. Gatekeepers are often considered to be for example marketing agents, purchasing agents or sales representatives who represent the organisation to the outside world and also process and communicates information to the organisation, which it receives from outside. This might mean checking the source of information, reformulating it and channelling it to the right receivers. In other words gatekeeper's role can be divided into two functions, which are the external representation function and the information processing function. Gatekeepers are understandably considered to be very influential to an organisation since they operate between the organisation and its target group. (Lau, Razzaque & Ong 2003, 102) Very often in literature the word gatekeeper is referring to a single worker inside an organisation who is in a very important position working as a communication channel who holds a great amount of important information. However, in this study the definition of a gatekeeper has been broadened to include all the surrounding network actors who in one way or another work as a promoter to another actor's brand. This means that a gatekeeper can be a single person, a company, an organisation, opinion leader or any other actor, which is included in the network.

Network actor who operates as a gatekeeper can be for example a very important, big customer who works as an example to other potential customers. These customers usually possess enough influence and status not only to take part in the brand development process but also to be able to promote the brand to third parties. Other network actors who benefit a brand are the value-added-resellers who are able to increase the brand value through its own resources and activities. These resources may include for example maintenance, educational or production values. However, added value can also be increased by possessing knowledge and wide connections to the customer base. Also horizontally operating actors such as consultants and various experts bring value to the brand. Usually their role in brand management is shorter and looser than of those other actor mentioned above. (Möller et al. 2006, 203-204)

Also reference groups can operate as gatekeepers. Reference group is defined as a group of people who interact with each other with established patterns and particular frequency. They have also patterned expectations of forms of interactions. Reference group is also defined by others and with the help of that particular definition and reputation it is able to influence a brand. Reference groups often represent certain values, norms and attitudes. These attributes are just the ones that influence consumers buying behaviour the most. When consumers associate a brand with a reference group, which holds the same values and attitudes with the consumer himself they easily make positive associations to the brand. On the other hand if there is a huge difference between the values and attitudes a consumer and a reference groups are representing the consumer is not very likely to receive a positive image of a brand the reference group is associated with. Therefore when an organisation is choosing a reference group as an gatekeeper to its brand it is extremely important that the group represents the same values and life style as the consumer in the target market. The most important and influential members of reference groups, *opinion leaders*, can operate as gatekeepers by them selves. Usually these opinion leaders are well known such as celebrities. They have greater exposure to external communication, greater social participation and higher social status than other individuals. (Howard 1994, 204-205)

The role of reference groups as well as opinion leaders and other gatekeepers is also to work as communication leaders. The most powerful potent in all communication tools is word of mouth. Gatekeepers operate as a source of information and that way give consumers something to talk about. From this point of view also people sharing their information in a public database can also be considered as some sort of reference group. People talk regardless of source and often regardless of facts. Therefore by spreading the word of mouth by gatekeepers a brand may receive larger awareness without any mass advertising. (Smith & Taylor 2004, 83-84) Besides opinion leaders also opinion formers are very important for a brand. They are often quoted in a promotional literature and advertisements. If opinion formers are often see with the brand or even have presence on a customer list it definitely influences other customers. Opinion formers as well as opinion leaders can contribute towards credibility. Having credibility creates then a solid platform for raising visibility with high-profile activities. (Smith & Taylor 2004, 77-78) The figure below visualises the communication flow with opinion leaders and opinion formers.



**Figure 6** Two-step communication model with opinion leaders and opinion formers (Smith & Taylor 2004, 78)<sup>1</sup>

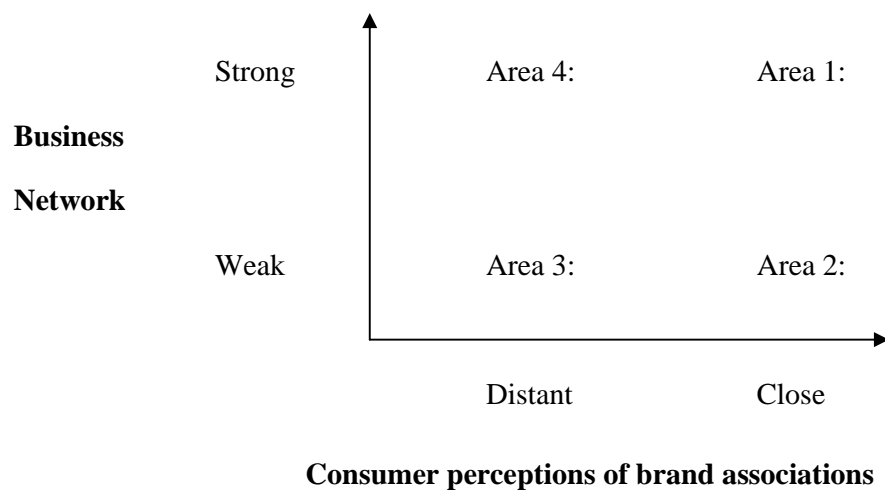
Also media can work as an important gatekeeper when promoting a brand. Besides marketing communication it works also as an important source in word of mouth. Media is able to manage above presented two-step process of influence by informing opinion leaders and opinion formers who then inform consumers. Through this process media can be seen as an important part of brand positioning and creating brand awareness. Media can easily create visibility for a brand by positioning the brand as category leader. Also the publicity created by media is often used to build credibility for the brand's claims. (Duncan 2002, 546-547) Besides marketing communication and word of mouth also media can be useful for a brand in crisis management and by being a tool in social marketing. A common source of a brand image crisis is a sales promotion event or advertisement that does not go the way planned. In these situation media can work as a damage controller and try to restore the brand's image and reputation. Social marketing is a campaign where media is being used to promote a social program or cause. By connecting a company and its brand to a good cause the brand receives awareness and positive associations. (Duncan 2002, 555-559) Campaigns against drugs, obesity or racism are often used in social marketing. Because of globalisation also media sector has become more international in the form of foreign

<sup>1</sup> R = Receiver, O.L.= Opinion Leader, O.F.= Opinion Former

ownerships and through operations into foreign countries. Therefore it is nowadays possible to attract a large number on international audience by being able to present your brand in a correct media. (Baran 2006, 364) Being able to create headlines and that way receive visibility for a brand understandably becomes also a lot cheaper way to create awareness than releasing a global marketing campaign for example. However, there might arise difficulties considering media and its usage globally, for example due to various languages and subcultures. (O'Guinn, Allen & Semenik 2006, 313)

### 2.4.3 *Business networks and brand associations*

Brands signal quality and consistency and therefore are extremely important in such moves as globalization. Brands also create strategic positions as well as specific perceptual association in the consumers' minds. These associations may vary broadly from physical product attributes to include also perceptions of places, people, organisations and occasions connected to the brand. Associations work as a tool by helping consumers to process and retrieve information concerning the brand and later on evoke cognitive considerations of benefits that may give specific reason to buy a product or service. (Henderson, Iacobucci & Calder 1998, 306-307) One way to study the relationship between business networks and brands is to figure out how consumer perceptions of brand associations relate to the strength of business network. As the figure below illustrates, the relationships can be divided into four different categories. The defining dimensions here are the associations between brands perceived by customers and the strength of cooperation between the brands of the network partners.



**Figure 7** The relationship between business networks and customer perceptions of brand associations (Adopted from Jevons, Gabbot & de Chernatony 2005, 303)

In the area 1 perceived brand associations is close and business network is strong. Customers have strong associations between brands as well as the relationship between businesses is controlled and managerial. These relationships can also be viewed as classical co-branding relationships such as joint ventures and strategic alliances. Because of the strength of the relationship it is suggested that formal contracts should exist concerning the business matters in general and also concerning branding. This could be done for example by strongly related communication campaigns.

In area 2 the perceived brand association is close but business network is weak. In another words even though control between two business partners is weak, their brands might be closely related in the eyes of customers. Here the relationship is more cooperative and interaction is less formal and often advisory. Good examples of relationships belonging to this category are sponsorships. Here the aim is to receive a close brand association even though relationship partners might have nothing to do with each other.

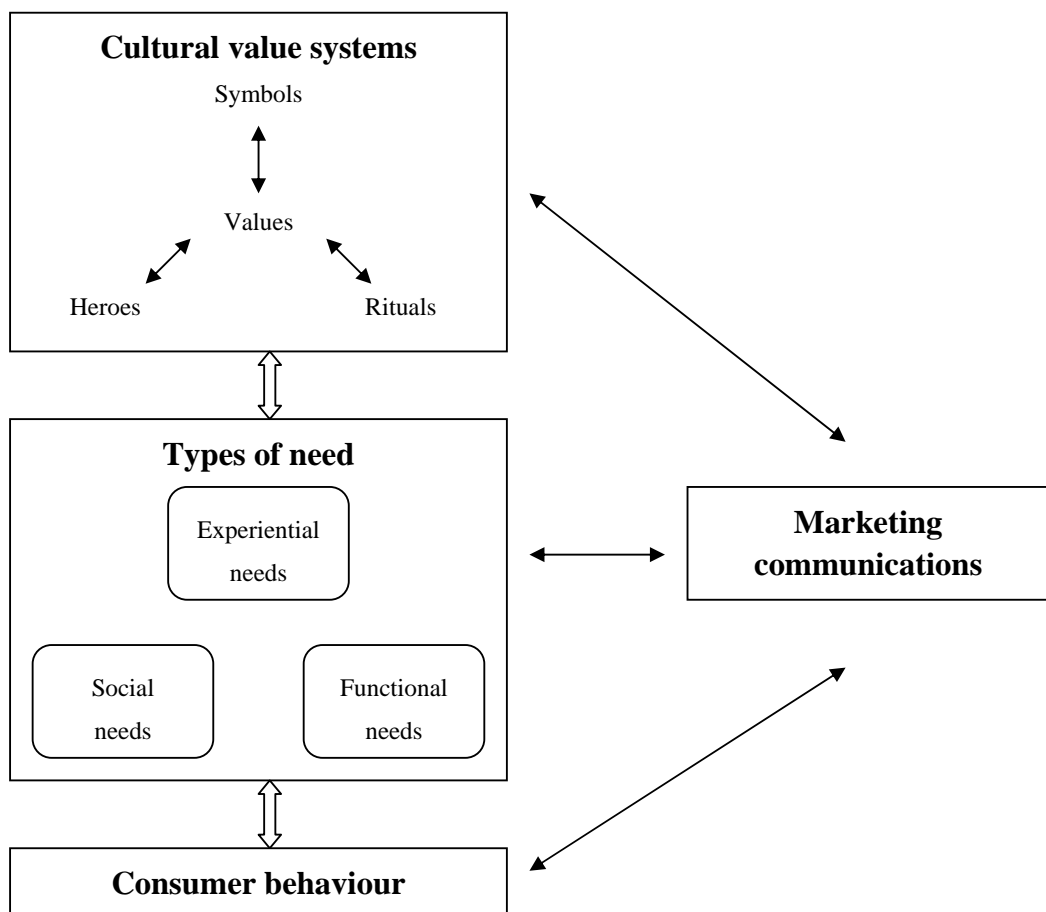
In area 3 perceived brand associations as well as business network are weak. Many consumer experiences belong to this category. For example a retailer might seek better sales by associating a product to a well-known brand. Also business relationships with equal power might fall into this area. In area 3 the network relationship between businesses is often project-based. Control and interaction is transactional and according to market conditions only. Documentation and communication play an important role in these relationships.

Area 4 contains relationships where the business network is strong but brand association perceived by customers is distant or even invisible. In this area control between businesses is strong whether it is formal or informal. Very often information and technology is widely shared between the parties. Knowledge-based partnering between retailers and suppliers is a good example of these kinds of relationship where cooperation provides advantages to both parties even though there exists very little of brand partnering. (Jevons et al. 2005, 302–307)

## **2.5 Branding in international environment**

As mentioned before networking especially in customer and market relating issues is very typical to companies who are strongly internationalisation oriented. Networks are created in order to gain place in a new market area or reduce the costs of international operations. Many times networking with local actors might even be the only option for a company to enter new market place and gain awareness. (Möller et al. 2006, 22) As the world becomes increasingly cross-cultural are marketers and brand managers faced with new challenges due to these multicultural market places. Every single time a company

enters a new international market it becomes extremely crucial for them to know how culture affects consumer behaviour. The model of interaction of culture and consumer behaviour, which is presented below suggests that consumer behaviour is a result of the cultural value system in a particular context. Components that create cultural variation are for example religion, education, level of technology, politics, aesthetics, language, social organisations and values and attitudes. Consumer's individual value system is developed over time through socialisation into particular groups. This value system is also influenced by regional subcultures and familial values. As the model visualises culture affects consumer behaviour by influencing behavioural and consumption decisions. It also affects by creating desires and driving consumers to select the brands or products that are able to fulfil these specific needs and expectation. (Lee & Carter 2005, 66-74)



**Figure 8** A model of the interaction of culture and consumer behaviour (Adopted from Lee & Carter 2005, 74)

Culture influences behaviour through *values, heroes, rituals* and *symbols*. Values are structured in a society's cultural system and represent the preferred ways of living and behaving. This value system is unique in every culture. It is important for global brand managers to identify the prevalent set of values and understand their affect on purchasing behaviour when they enter a new cultural market. Heroes are defined as persons, whether they are alive or dead or imaginary ones, who possess characteristics that are highly valued in the particular culture. They might have a very huge influence on consumer behaviour if they are associated with a certain product or a brand. Therefore heroes are in an excellent position to work as a gatekeeper for a brand. Rituals are referred to as activities, which are repeated frequently over time. They can be related for example to eating, personal care or sports. Rituals are important for consumer behaviour since they involve consumption of goods and services. Symbols mean a category of processes and objects that carry a meaning, which is unique to a certain group. Symbols and their associated meanings are very unique in every culture. (Lee & Carter 2005, 74-76) It has been stated that a substantial amount of the "soft" part of a brand's value consists of these cultural meanings of the brand. (McCracken 1993, 138)

The goal in marketing as well as in brand management is to be able to fulfil the consumers' needs. These needs can be categorised in functional, social and experiential needs. Every product or service is able to fulfil the functional need basically by its existence. Social needs such as social approval, affiliation and personal expressions become fulfilled when a brand or a product is able to give the consumer the desired status. Social need also have an affect on consumer self esteem. Experiential need play an important role in a modern society since consumers' expectations and needs are increasing. Consumers need to be fulfilled through consumption of particular brand or product in order to be satisfied. (Lee & Carter 2005, 76-77)

Network actors who operate in a simple and static environment do not require as much continuous gathering and processing of information as actors who operation in more uncertain environments. Environmental uncertainty can therefore be positively related to the need of having a gatekeeper. (Lau et al. 2003, 102) (Tushman & Romanelli 1983, 12) In other words the bigger is the uncertainty in the market the greater becomes the role of actors who are able to diminish this uncertainty. In international branding gatekeepers who possess an influential social location and who are able to communicate in the particular market area are extremely important for the brand. If the gatekeeper has a social status within that culture a brand that is associated with the gatekeeper will easily gain positive image. Gatekeepers also need to fully understand the cultural effects in order to be able to translate information between the international brand manager and the target market. Gatekeepers need to take an active

training so that they are always up to date about issues related to the brand and market area. (Tushman & Katz 1980, 1071-1074; Tushman & Romanelli 1983, 12-13)

The gatekeeper of a brand should build into its business plan a contingency strategy. It should include the key weaknesses and strengths and also a summary of all the relevant positive values such as facts of consumer research, market trends, legislation and international experience. The key issue is that the gatekeeper ought to know more about its charge than anyone else. A gatekeeper must be “seen” to do what it promotes. That is how it gains credibility. (Hopkins 1995, 88)

### 3 RESEARCH DESIGN

#### 3.1 Research approach and strategy

The two research approaches used also in business studies are quantitative and qualitative approach. These two methods vary a lot and therefore already in the beginning of the research it has to be decided whether to use quantitative or qualitative data collection and analysis method. The difference between these two research methods is not the quality but the procedure. In qualitative research the results are not acquired by statistical methods and it also contains all different perspectives on knowledge and research objectives. (Ghuri & Gronhaug 2002, 85-86) Qualitative research requires absolutism, which means that statistical probabilities do not function as clues like they do in quantitative research. (Alasuutari 1994, 29) The collection and analysis of data is more connected with each other in qualitative research. The researcher has also a greater influence on collecting and analysing the research results in qualitative research. Quantitative research has various distinct phases and it is almost always bounded only to the particular data, which is not the case in qualitative study. (Mäkelä 1990, 45-46) The methods used in qualitative research have been argued to provide a deeper understanding of social phenomenon than would be obtained from purely quantitative data. (Silverman 2001, 32) The research approach used in this particular research is qualitative.

Qualitative research involves variety of rather different strategies. (Silverman 2000, 12) According to Yin (2003, 3-6) there can be defined five different research strategies when doing a qualitative research. These strategies are *experiment*, *survey*, *archival analysis*, *history* and *case study*. The three conditions that distinguish these strategies from each other are first of all the type of research question posed, secondly the extent of control a researcher has over actual behavioural events and thirdly the degree of focus on contemporary as opposed to historical events. The strategy used in this particular research is case study. Case study can be defined as an empirical inquiry, which focuses on a contemporary phenomenon within some real life context. As a research strategy case study is used in many situations dealing with individual, group, social, organizational and political phenomenon. It is often used when the researcher has a little control over the events and the questions “why” or “how” are being posed. (Yin 2003, 1)

Case studies can be classified into three different types, which are *intrinsic*, *instrumental* and *collective*. The intrinsic approach is often used when the researcher is concentrating on a particular case aiming at understanding it better. It is not undertaken

because it primarily illustrates some particular characteristic or problem but the intention here is to better understand intrinsic aspects of what ever the case may be. Instrumental case study approach aims at providing an insight into a certain issue or theoretical explanation or problem. The choice of particular case study because the researcher believes that with the help of this case his or her understanding about a certain research interest will be advanced. Collective case study approach is rather extensive consisting of several instrumental cases. (Berg 2004, 255-256) The approach used in this research is instrumental case study. The purpose of the case presented in this research is to give a concrete example and provide better understanding about the theoretical issue studied. The reasons why this study does not contain more than one case example are the set restrictions and the lack of time. The choice was made to concentrate more deeply on one example case rather than focusing on several example cases with less profound approach. The example case presented in this research was chosen because of its international dimension, large scale of operations and freshness of its topic.

### **3.2 Data collection**

There are various ways to collect the data in qualitative research approach. First of all the data can be collected by analysing ready produced material by the research target. These materials could include diaries, official documents, letters, memorials and biographies. The purpose in this method is to understand and analyse the target and its functions. Another often-used method is observation. In observation the researcher is able to see how people actually behave and function and whether they act is in accordance with what they say. (Hirsjärvi, Remes & Sajavaara 2000, 199/204) Observation can be divided into direct observation or participant observation depending on whether the focus is on real time events or interpersonal motives and behaviour. The third method of data collection is physical artefacts which gives an insight into cultural features or technical operations. (Yin 2003, 86) The fourth and probably most commonly used method is interview. An interview can be made as a group interview or by having only one interviewee. An interview can be structured, semi-structured or theme interview. Structured interview is often used when there are many different interviews. The form and the order of questions are always the same and the options for answers are also presented. Semi-structured interview defers from the previous on in a way that even though questions are the same for everybody the interviewee can answer to the questions with his own words. In theme interview the themes have been ready prescribed but the order and the form of questions is missing. (Eskola & Suoranta 1998, 85-95) (Aaltola & Valli 2001, 24-25) An interview can be done via Internet, telephone

or in-person. The most popular of these interview methods is in-person interview. It provides the researcher with more accurate responses, provides a greater likelihood for self-generated answers and effectiveness with complex issues. Also the responses tend to be more thoughtful and the interaction between the interviewee and interviewer is more mutual. (Gubrium & Holstein 2001, 540-544)

In this research the data collection method was theme interview. It was considered to be the best option because it enables the interviewee to share all the important knowledge he possesses of the research issue. Since the entire interview data was collected from only a one single interview there was no need for structured or semi-structured interviews, which would have enabled comparison between data received from various interviews. The interviewee was selected based on the information and experience he possessed. The interviewee was Aki Karihtala and he was at the time of the interview the chief executive of Exel Sports Oy. Karihtala had worked 22 years in the company in various assignments. Karihtala was also behind the idea of establishing International Nordic Walking association in year 2000. The interviewee had also a great amount of first hand experience of the company's international operations and also for this reason was considered as the most suitable person to be interviewed. Besides Karihtala there was an intention to make two other interviews from representatives of Exel's Chinese and German offices in order to make the research more versatile. However due to the last minute changes that occurring in the case company's employment situation these reinforcing interviews were not able to be performed. The Interview was held on 4.4.2007 in the case company's headquarters in Vantaa. The interview lasted for 85 minutes and was conducted in a conference room. There did not occur any interruptions during that time. The interview was recorded with the consent of the interviewee in order to help the data analysis. Beside the interview information about the case study was collected by e-mails and by studying company internet pages and documentation. The following chapter explains more about the data analysis phase.

### **3.3 Data analysis**

The purpose of data analysis is to clarify the collected data and that way to help in creating new information of the subject researched. The analysis process is started by scanning through the collected data again and at the same time connecting it to the research problems. After that the researcher has to select a method which is used in analysis process. (Koskinen, Alasuutari & Peltonen 2005, 229-233) There are different ways to analyse qualitative data. Most often used analysis methods with qualitative data are organizing data by themes and by types. (Kovalainen, 2006) Berg (2004, 285-287) has divided content analysis into various stages. The first phase begins with recalling

the research question and that way finding out in what issues the researcher is interested in finding explanations for. The second phase is determining analytical categories and scanning through data using selected sorting criteria. After that the data is being divided into various categories which then enable the researcher to observe for example patterns and the amount of repetition. At the last stage the researcher aims to interpret the data by finding explanation and also reflecting these explanations and patterns to the relevant literature presented in the research.

The analysis of the data was started by carefully listening and transcribing the taped interview. After that the transcript was organised into different themes which were already formed at the time of creating the interview questions. After that the data of each theme was organised into different types which helped finding out the key issues and information. The analysed data was also reflected to the theoretical issues presented in the researched

### 3.4 Trustworthiness of the study

The trustworthiness of a study refers to the truthfulness of the study and the received results. Even though the researcher avoids making any kind of mistakes, the level of credibility and validity usually varies a lot. This is why all the studies contain an evaluation of its trustworthiness. There are many different dimensions that can be used when evaluating the trustworthiness. Since the terms credibility and validity usually refer to quantitative studies there has been created other dimensions that are more applicable to qualitative research studies. (Hirsjärvi et al. 2000, 213) According to Lincoln & Guba (1985, 300-301) the evaluation process concerning the trustworthiness consists of four different dimensions. These dimensions are 1)credibility, 2)transferability, 3)dependability and 4)conformability of the research. The trustworthiness of this study has been analysed by using these above-mentioned four dimensions.

The credibility dimension means the research results correspond to the reality. (Tynjälä 1991, 390) According to Lincoln and Guba (1985, 301-319) there are five different techniques to enhance creditability:

- Prolonged engagement, persistent observation and triangulation
- Peer debriefing
- Negative case analysis
- Referential adequacy
- Member checking

The first technique *prolonged engagement, persistent observation and triangulation* includes for instance the amount of time, which is needed for the researcher to get

sufficient findings as well as the focus on the most relevant issues of the research subject. It also means the use of different research methods to the same target in order to diminish the possibility of incorrect interpretations. (Lincoln & Guba 1985, 301-305) The second technique *peer debriefing* means a process of exposing oneself to a disinterested peer in order to evaluate methodological aspects of the study. The third technique, *negative case analysis* means the continuous testing of hypothesis until it accounts all the known cases without any expectations. (Lincoln & Guba 1985, 308-309) The fourth technique *referential adequacy* means that the data collected is restored and therefore it can be recalled in order to enhance accuracy of the analysis. The fifth technique, *member checking* means that before the collected data is used it is returned to the original source of information for checking. (Lincoln & Guba 1985, 313-315) When planning this research the whole research process was combined in a form of operationalisation table, which makes the interpretation of the whole research easier. This research was conducted with sufficient amount of time and therefore it was possible to concentrate on most relevant issues. Also member checking was used in order to increase the level of credibility. The experience and expertise of the interviewee can be also seen to improve the credibility of the research even though having more interviewees would have had even greater influence on the credibility. The excellent quality of taped interview did also affect the credibility positively.

The dimension of transferability discusses how well the research results can be transferred to another context and in what accuracy. This means that a researcher has to describe the research environment well enough to the reader. By doing this he enables the reader to evaluate how applicable the results would be also in some other environment. (Tynjälä 1991, 390) The results of this research can not really be generalised because of its uniqueness. However there has been made some implications about cultural issues and trends, which makes the research results a little more transferable.

The dependability dimension refers to how invariable the research results would be if the research would be done again in the same research environment. Reasons for these possible variations could be do to changes in the surrounding environment, in the researcher himself or in the phenomenon being studied. (Tynjälä 1991, 391) The facts that raise the level of dependability are the open and neutral atmosphere of the interview situation and also the point that the researcher did not have any own experience or background information of the researched issue. However in the interview situation the researcher may have asked some leading questions, which on their behalf lower the level of dependability.

The fourth dimension, conformability refers to the level of how well the readers are able to make judgements on the study's neutrality. It also implies that the description of the research and the data analysis should be done with such accuracy so that other

researchers would be able to do the same research. The factors affecting conformability are the relationship between the researcher and the studied issue, the publicity of the research, the amount of detailed information about the research process and the researcher's own conclusions about the validity of the research. (Tynjälä 1991, 391-392) All of these above listed factors were taken into account in order to increase the level of conformability.

## 4 CASE: EXEL SPORTS OY

### 4.1 Company and brand presentation

Exel Oyj is a technology company, which produces composite sport equipment and industrial applications. The company was established in 1960. Exel designs, manufactures and markets carbon fibre, glass and composite reinforced industrial profiles for various market segments including also products for sport and recreational segment. Exel's most significant competitive advantages are the in-house developed technologies that the company uses in manufacturing. (Exel 2005)

Exel's operations are divided into two different divisions, industry and sport divisions. The focus in this study has been concentrated on the company's sport division and its operations. The company started to take its place in sport business during the years 1972-1973 when the company started to manufacture ski poles from glass fibre material. The big breakthrough saw daylight in 1976 at Innsbruck Olympic Games. (Karihtala 2007) Today the main products of Exel's sport division include alpine and cross-country ski poles, Nordic walking poles and also floorball sticks and other products. Exel also cooperates with other sports equipment companies supplying them with composite components. These components include laminates for skis, ice-hockey sticks and snowboards and also wind-surfing masts for sail and board manufacturers. Exel is a market leader in various product categories. The company is also a pioneer in Nordic walking. The company launched its Nordic walking concept in 1997. Nowadays Nordic walking is the fifth popular way of exercising in Finland. Exel's goal is to gain a market leader position in carefully selected market segments. In sport division the aim is in becoming the leading brand in selected niche market segments. (Exel 2005)

In year 2006 Exel Oyj had a net sale of 112 million euros. The sport division's share was 28 million euros, which accounted for 25% of the company's total group sale. International operations play a huge role for Exel Oyj. In 2005 they accounted for even 85% of the total net sale. In 2006 Exel group had 555 employees of whom 237 employees were located in Finland. The rest of the staff, accounting for 318 people is located in the companies other locations such as Sweden, Austria, Germany, Belgium, USA and China. Exel Sport division employed 144 personnel at the end of 2006. Exel has six production units. Two of them are located in Finland, two in Germany and one in Belgium and Austria. The company has also a subcontracted production in Spain. (Exel 2006) Exel has a production plant in Mäntyharju, Finland. However the company has transformed all the assembly and finishing from Mäntyharju to China. This has

helped the company to become also financially competitive considering the possible competitors.

Exel brand can be considered to be very different depending on the various product categories that the brand contains. For example in Nordic Fitness Sport concept the target group is middle aged or older people where as the target group in alpine skiing is its own kind. Also floorball business can be considered as a totally different world where the target group is formed of younger, trendy people. However, in over all Exel is considered through out the world as a Finnish company which has a good way of doing business. *“Together with great quality and professional staff Exel is considered as a trustworthy and innovative company, which creates and brings a lot of new technical products, trends or new ways of thinking to the surrounding markets”* says Karihtala. The fact that Exel is recognized as a Finnish brand does not seem to be a big deal for the company. However when it comes to Nordic fitness sports the Finnish label is seen as an advantage. The sport was created in Finland and therefore Exel is an original brand. This is a position that can never be taken away. For example Exel’s distributors in various countries gladly highlight Exel’s roots and home of origin. During the years Exel brand has become more international. *“The direction has been from production based ‘Mäntyharju -business’ to more of an international marketing business”*. (Karihtala 2007)

YEAR	TURNOWER (million €)	PROFIT (million €)	PERSONNEL (average/year)	INVESTMENTS of Exel Oyj, not only of Exel Sports Oy (million €)
2006	28,2	-10,1	195	19,9 <sup>2</sup>
2005	34,5	1,6	231 466 Exel Oyj)	4,1
2004	35,5	5,9	419 Exel Oyj)	5,8
2003	28,4	1,8	355 (Exel Oyj)	2,5
2002	26,1	1,1	359 (Exel Oyj)	2
2001	27,4	2,0	371 (Exel Oyj)	5,5
2000	27,5	2,9	378 (Exel Oyj)	5,6

**Chart 2** Statistical information of Exel Sports Oy over the years 2000-2006 (Exel 2001; Exel 2003; Exel 2005; Exel 2006)

<sup>2</sup> Including buying Pacific Composites, Australia

### *Nordic Fitness Sports concept*

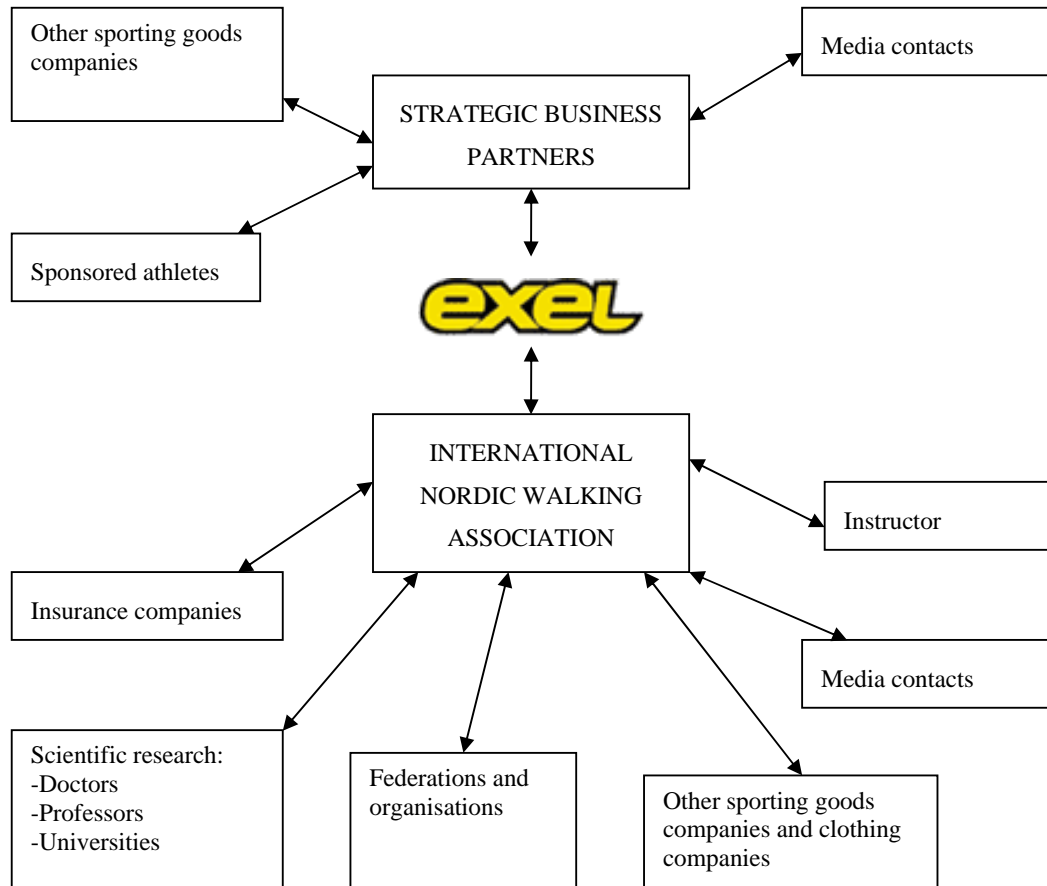
In autumn 2002 Exel Sport launched a new concept called Nordic Fitness Sport. The concept includes *Nordic walking*, *Nordic fitness skiing*, *Nordic snowshoeing* and *Nordic blading*. In fact the concept contains five different sports since Exel sees Nordic fitness skiing as two different sports depending on the style that is used. Free style can be related to Nordic blading where as classic style is more related to Nordic walking. Nordic blading and Nordic walking are considered as summer sports and Nordic skiing and Nordic snowshoeing are the winter sports of the concepts. However Nordic walking is also popular during the winter time. The idea of creating Nordic Fitness Sport concept originated from Nordic walking. After its huge success Exel started to develop other kind of sports where its poles could be used as exercising apparels. The main idea behind the creation of the concept was to offer a complete way of exercising throughout a year. The success of the concept could be seen rarely quickly after its launch for example from the heavily increased sales of skis. Especially women's skis started to sell well, which can be related to success of Nordic walking since 65-70% of Nordic walkers are women. After Nordic Fitness Sport concept started to gain awareness Finnish downhill skiing centres were trying to find out to how to extend their business also to off season period. Nordic Fitness Sport concept was a solution for this offering the skiing centres a possibility to utilise their skiing tracks for use of Nordic walking. Also Nordic blading was made possible thanks to the excellent bicycle paths in Finland. This is how the Nordic Fitness Sport Park –concept was developed. At the moment there are hundreds of these kinds of parks throughout the world. (Karihtala 2007)

The image of Nordic Fitness Sport concept is coherent with the image of the company. Exel Sports wants to be seen as a Nordic fitness company and image of the Nordic Fitness Sport concept is supporting the company image by making it more versatile. The concept is registered and protected so it can be licensed to strategic business partners who are building Nordic fitness sport parks. When promoting Nordic Fitness Sport concept to new markets, Exel has started the process by introducing the concept of Nordic walking. Therefore Nordic walking can be seen as a gatekeeper to the whole concept. Nowadays Exel has Nordic Fitness Park concepts in Germany, Austria, Switzerland and Finland. The concept is coming soon also to Holland and Poland. Nordic Fitness Sport concept contains many different kinds of target groups. For example where as the target group of Nordic blading includes 60-70% of younger men the target group of Nordic walking includes the same percentage share of middle-aged women. However, the strong variation between these target groups does not seem to cause problems to the company when considered branding and image creation. But when it comes to combining Nordic Fitness Sport concept to company's other product supply there certainly exists a challenge in creation of mutual image. (Karihtala 2007)

In Nordic Fitness Sport concept Nordic fitness skiing and snowshoeing are sports that can not be done without snow. This obviously becomes a problem when promoting the concept to countries that do not have as snowy winters as here in Nordic countries. Despite of this Exel promotes Nordic Fitness Sport concept with all its sports in every country the company enters. According to Karihtala it is important to provide people with a comprehensive and detailed image of what the concept is all about. *“These days people travel a lot and they are curious. Let’s imagine that people in Africa are Nordic walking and they are aware that Nordic walking is also related to other Nordic Fitness Sports. Who knows, one day somebody from Africa might fly to Finland just to experience Nordic fitness skiing.”*

## **4.2 Surrounding network and its role in brand management**

The business network surrounding Exel has two different dimensions. The first dimension is formed of Exel’s strategic business partners such as other sporting goods companies, shoe companies and other companies whose target group matches Exel’s target group. These companies do not exactly compete with Exel but instead they offer Exel’s customers other supporting products that are needed when exercising Nordic Fitness Sports. Some of the most important strategic business partners at the moment are Reebok, New Balance, Halti, Odloa and Polar Electro. Also media contacts are considered extremely important. The other network dimension consists of International Nordic Walking Association which was established in 2000 and at the moment has 18 member countries. This dimension is being held apart from the business side and it is focusing on the educational side by training Nordic walking instructors. At the moment there are tens of thousands trained instructors all over the world whose mission is to teach people the right technique. The association also cooperates with several universities, professors and medical experts in order to do research on Nordic walking. At the moment there has been internationally published over 50 scientific articles that focus on Nordic walking. The International Nordic Walking Association also organises various international congresses. The association does also a lot of cooperation with different kinds of organisations such as The World Heart Federation and Asthma and Allergy Association and also various sports organisations such as Suomen Latu (Finnish) and Korpen (Swedish). The figure below illustrates the two dimensions of Exels network:



**Figure 9** The surrounding network of Exel Sports Oy

Surrounding networks enable Exel Sports to be very cost-efficient whether it comes to marketing, sharing product information or launching new sports. Also media has had a very important role over the years by making it easy for Exel to get visibility among its target market. Nowadays with help of its media contacts Exel manages to get its stories and articles published in a probability of 99%. Also company's network partners have their own media networks which also have increased Exel's publicity. Even though by networking Exel has managed to reduce some of the expenditure, cost-efficiency has not been the reason why the company has started to network. The main reason for building networks has been an ambition for overall efficiency. Because Nordic walking and Nordic Fitness Concept have been new innovations the company has made an effort to launch the sports as widely and quickly as possible. Karihtala states that on his opinion media networks are these days the best and most efficient way to get publicity: Nowadays consumers are more alert and sceptic. *"If somebody sees an advertisement which recommends trying Nordic walking it will definitely not work. It is more credible if somebody wearing a white coat points out something about Nordic walking."* Besides

of having strategic business and media partners networking is a phenomenon that also occurs among consumers. Word of mouth is extremely effective. Since Nordic Walking as well as other Nordic Fitness Concept sports are exercising forms that can be done in a group there has rather easily been born various communities among consumers which acquire new Nordic Walkers to their groups. And as we all know when it comes to new innovations, people believe more easily when they hear about it from their friends rather than from other sources. (Karihtala 2007)

Exel's networks have been built up through out the years. Building networks is not always simple. The company does not necessarily constantly search for new network partners very actively but instead new network contacts arise just by communicating with different people. However, in order to receive contacts and extend your network it is a necessity that your brand is known and valued. Publicity creates more publicity and that way Exel has received contacts from various global organizations anxious to start cooperation. When starting a business relationship with new network partner Exel considers it important that both parties benefit from the relationship. Usually a new business partner has some kind of need where as Exel is willing to offer its know-how and at the same time benefit from the knowledge and relationships that the other party has. Since Exel has a leading positioning Nordic Fitness Sport market also many considerably larger companies have contacted Exel interested in starting a business relationship. Some of these strategic partners have a turnover, which is even a hundred times bigger than Exel's. This is not a problem since Exel is considered as an important player in the business field with its large network and diverse knowledge. (Karihtala 2007)

Even though networking has been the most important tool concerning brand management for Exel, Karihtala points out that also other tools like marketing and especially advertising have an important role in creation of brand image. The role of marketing is emphasized especially in markets where the products and the brand have already gained awareness. In these markets it is important that the marketing is carefully tailored be congruent with the lifestyle and values of the consumers in the target market. Besides marketing also other issues and that communicate with the target market has to be very well planned and concentrated. Karihtala sees that the people representing Exel in different markets such as Nordic walking instructors are the calling cards of the company. *"I can never emphasize too much the meaning and importance of the people that represent us contact-wise. It is extremely important that they spread out the right spirit."* Since nowadays the variation between competing products and services becomes smaller it is the level of personal relationships that might be behind a purchase decision. *"If you have a possibility to choose a network partner that is fun and easy to work with, it also will make your work more comfortable and interesting,"* Karihtala continues. Also sponsored athletes form one part of Exel's network. When it comes to

sponsoring Exel is seeking credibility. Karihtala does not believe that visibility and credibility that is gained through sponsoring has a lot of affect on a normal consumer. However, he believes that it may have an influence on the professionals that buy products to sporting goods stores or people who are competing athletes themselves. Exel's network partners have hardly ever had a negative impact on Exel brand. The only negative examples that Karihtala points out have been cases where sponsored athletes have been caught out in doping tests. Besides that Exel has had luck of having and choosing the right kind of network partners.

The importance of networking concerning brand management does not vary a lot depending on the market where Exel operates. However, it is true that concerning some cultures the importance of surrounding network is even more highlighted. An example of this is China, which is discussed later in this chapter. Even though the meaning of networking is always not depending on the markets there might be huge differences in the directions on where to network. This is basically due to cultural issues. Some of Exel's network partners are only operating in a particular market but there are also some global network partners. Finding a global business partner is always a little more difficult. Exel has also some global network partners with whom the company operates behind the scenes. For Example Polar Electro is an example of these companies. At the moment Exel has subsidiaries in Germany, China, Sweden and United States. In other markets Exel has independent distributors. Exel's subsidiaries are basically marketing and distribution companies but are considered extremely valuable and therefore are placed in the most important markets. Exel has a larger control over the subsidiaries and their network formation compared to the countries where independent distributors have basically created their own distribution network. It is obvious that the more control Exel has over market and its network the easier it is for the company to operate and affect brand formation. Exel has tried to maximize their business in the most important markets. The location of subsidiaries is a sign of this kind of focus and determination. (Karihtala 2007)

Despite the variation that Exel has in different markets the company tries very carefully to guide and supervise brand related issues and the overall image. At the moment the company is producing a brand manual, which is going to specify and define various brand related issues. For example the guide will contain instructions related to trade shows and their overall outlook. According to Karihtala the upcoming brand manual is very much needed for creating a unified image. Its importance he described by presenting the following example: *“About five years ago Exel's distributor in Australia had participated in a local trade show. He was really proud of himself and send me photos of the stand explaining how well Exel's products had been presented. The truth was that the stand was about the size of 5m<sup>2</sup> and all Exel's poles and floorball sticks were put together in a waste-basket. In the wall there was one Exel sticker, which*

*was slanting. That example reminded that as long as you don't define and determine the brand properly different people determine the brand in their own ways.” (Karihtala 2007)*

### **4.3 Branding Nordic Fitness Sport concept in different markets**

In this part of the study the focus is concentrated on three different markets where Exel operates. Karihtala chose the example countries Finland, Germany and China because of the magnitude of Exel's operations but also because of the variation that exists between these particular market areas. The launch of Nordic Fitness Sport concept is in different stages in these markets, China being the newest market. Also this fact has to be taken into account when comparing the markets. Since Nordic walking and Nordic Fitness Sport concept are rather new innovations Exel does not have vary many significant competitors in none of these three markets. However one of the most important competitors Karihtala appoints to be Karhu in Finland and Leki in Germany. The following chapters present each of these three market areas separately introducing Exel's main network partners and explaining hoe these partners help in promoting Exel brand and Nordic Fitness Sport concept.

#### **4.3.1 Finland**

In Finland Exel Sports has a customer network, which includes over thousand business partners. For example the company cooperates with all of the biggest Finnish retail chains. Exel has also close relationships with some of the country's biggest health and sport organizations. In Finland there are several substantial ski centres, which offer great facilities for Nordic Fitness Sport and also and also offer Nordic walking instructor services. At the moment in Finland the biggest Nordic Fitness Sport Parks are in ski centres Levi, Ylläs, Luosto and Pyhäunturi. This makes them extremely important network partners to Exel. The media network partners in Finland consist of the biggest Finnish financial magazines and couple of television channels. The role that each network partner has on promoting Exel brand varies according to the partner and its potential. Different organisations that cooperate with Exel have a great importance to Exel's publicity because of their large number of members and their several sub organisations. It is understandable that word of mouth and other kind of informing spread out really fast in these organisations. Exel's network partners have also their own sub networks and therefore they have understandably a great importance in delivering

message about Exel. With some of its network partners Exel has made written agreements on what terms the partner works as an Exel promoter. (Karihtala 2007)

So far Exel has not had any big problems with its Finnish network partners, for example with other sporting goods manufacturers. In recent years Exel has had 90% share of domestic skiing pole market, which can also be the reason for good relationships with Finnish network partners. However Exel has to be rather careful when making deals with different Finnish ski centres because these centres are competitors with each other. Despite of the intense competition lately some ski centres have started to cooperate in a form of shared marketing campaigns for example. (Karihtala 2007)

The future for Exel and Nordic Sport Fitness concept looks bright in Finland. The pure nature, northern climate and seasonality enable people to do all the sports included in the concept. Also the image of Finnish Lapland will definitely attract travellers from all over the world to experience Finnish culture and nature and at the same time offer them a chance to try all the different sports that the concept has to offer. (Karihtala 2007) The following table sums up the most important Finnish network partners of Exel and also illustrates their main resources and activities for promoting Exel brand and Nordic Fitness Sport concept.

ACTORS	RESOURCES	ACTIVITIES
<b>Ski centres:</b> -Levi -Ylläs -Ounasvaara -Tahkovaori -Vuokatti -Luosto -Pyhänturi	Ski Schools Hotels Adventure companies Tour guides	Organized physical activities
<b>Retail chains:</b> -Intersport -Sportia -Stockmann -Sokos -Prisma	Employees Advertising Events Products	Sales promotion Product sales Events Advertising
<b>Organisations:</b> -Suomen Lutu ry -Allergia- ja astmaliitto (Asthma and Allergy Association) -Hengityслиitto (Pulmonary Association) -Suomen hiihtoliitto (Finnish Ski Federation)	Instructor networks Event organizations Media contacts	Physical activities Training courses Events Publications and editorials in magazines and other media

<b>Media:</b> -Financial magazines (Talouselämä, Taloussanomat, Kauppalehti) -Television channels (MTV3, Yle Urheilu)	Journalists Editors	Coverage and exposure in the media
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**Chart 3** Exel's Finnish network partners

#### 4.3.2 *Germany*

Exel's network in Germany is very similar to the Finnish network. It consists of various business partners and organisations. Compared to Finland cooperating with network partners and doing business in Germany is a much more political and bureaucratic. Since Exel entered German markets there has occurred several "free riders" that have tried to copy Exel's products, concepts, brochures etc. Some of them have even claimed that they are the original source behind the idea of Nordic walking. There has also been a lot of arguing and fighting between several organisations. International Nordic Walking Association activities were introduced in Germany, many other associations were established. Many of them have also been promoting themselves aggressively in order to get the leading position in the market. Some of the associations also are trying to copy the original concept of International Nordic Walking Association to get leadership internationally. So far none of these have succeeded. According to Karihtala some of the associations are very actively trying to get the glory from the success of Nordic Walking and want to promote them as the biggest and best organization worldwide. For these reasons Germany is very challenging market for Exel and requires a lot of focus and carefulness. Even though none of Exel's German network partners have had a negative influence on Exel brand there have been some partners that have not actually been very profitable either. When it comes to the positive sides of German network partners Karihtala emphasizes the perfectionism and pedantry that are very essential features in German culture. If you make a deal you can be absolutely sure that they stick to it. He also highlights that because these cultural features you must have to be even more careful when doing business in Germany. (Karihtala 2007)

The future for Exel in Germany seems rather positive. According to the latest research contracted by Exel there are over 10 million people in Germany that are interested in trying out Nordic walking. When considering Nordic Fitness concept and all the sports related to it German markets create a challenge because of the lack of snow. Also some of the bicycle tracks are not as in good shape as they are for example

here in Finland. These facts might cause some problems concerning especially the winter sports of the concept. Despite of this Exel continues enthusiastically to promote the whole concept. At the moment there has been built eleven Nordic Fitness Sport parks in Germany where people have a possibility to experience the whole concept (Exel 2007). Germans are also known to be very keen travellers. Since Finland is so close to Germany there is a great chance that especially Lapland and its Nordic Fitness Sport parks allure German travellers. (Karihtala 2007)

Exel has a subsidiary in Germany, which is called Exel GmbH. The subsidiary is located in Stephanskirchen, near München. Whereas Exel Sports Oy is in charge of all the upper level decisions and communication, Exel GmbH handles all the domestic business agreements and detailed issues. (Karihtala 2007) The following chart has combined Exel's most important German network partners and explained the role of these business relationships.

ACTORS	RESOURCES	ACTIVITIES
<b>Distribution networks:</b> -Retailers, Key Accounts and sporting goods chains (Intersports, Sportcheck, Sport Schuster, Meindl, Sportbittl, Karstadt, Kaufhof, Sport 2000)	Employees Advertising Events Products	Sales promotion Product sales Events Advertising
<b>Organizations:</b> -DSV (Deutsche Ski Verband)	Instructor networks Event organizations Media contacts	Physical activities Training courses Events Publications and editorials in magazines and other media
<b>Individual promoters</b>	Networks	Training courses for individuals and corporate staff
<b>Media:</b> -Television (SAT 1, RTL etc.) -Printed media (SAZ, Sport und Mode etc.)	Journalists Editors	Coverage and exposure in the media

**Chart 4** Exel's German network partners

### 4.3.3 China

When it comes to Chinese markets Exel has started to promote Nordic Fitness concept in the same way than when entering other markets. Media contacts, scientific research, business partners and building up instructor network have been the main functions in promoting the concept. However, since Chinese culture and business culture are rather different for example compared to Finnish and German cultures, there has occurred some variation. In Chinese markets the role of government is very substantial. This means that Exel has had to play with local rules and tried to gain network partners also from governmental level. Exel has a subsidiary in Beijing called Nordic Sports Products Beijing. China Institute of Sport Science was included to the company as a minority shareholder and in fact the subsidiary is situated in the premises of China Institute of Sport Science. The Institute is the centre of scientific sports research as well as mental and physical training. It has tight connections for example to Olympic Committee and China Administration of Sports. Exel also has good contacts with the Chinese Ministry of education. Through China Institute of Sport Science Exel has managed to create wide domestic network all over China. Also media's role has been very important in Chinese markets. All the biggest television channels have presented news about Exel and Nordic Fitness Sports and there has also been published numerous articles in local news papers and magazines. Also cooperation with Chinese medical organisations has been in an important role. (Karihtala 2007)

When it comes to branding in Chinese markets has Exel Sports Oy a very big role in it. Since the Chinese subsidiary does not necessarily have the required knowledge, Exel's Finnish headquarters provide them with all the needed information and guidance concerning brand related issues. What makes China a very interesting country is the power of the media in the brand building and promotion. Also personal contacts are exceptionally meaningful since networking with right people it is possible to gain a lot of publicity in a fairly short time. For example by having government level network partners Exel manages quite easily to get media publicity on China's largest television stations. Karihtala sums up that *"When it comes to China your brand is in fact the same as your personal relationships between your network partners. If you have a good relationship things really happen and fast."*

The issues that make China a challenging market for Exel are mostly related to cultural differences. In China one has to be extremely patient and moderate and understand the overall bureaucratic "pecking order" that is dominant in its culture. Usually in order to get things done a company has to approach many different people and organisations at the same time trying not to walk over anybody. However there are also a lot of positive sides in Chinese culture that support Exel when promoting Nordic Fitness Sport concept. What most Finnish people don't realize is that Chinese people

tend to have a great respect towards Finland. This might be because of their respect for the nature. Also fresh air and healthy life style are highly valued and therefore Chinese people regard Finland as very unique and interesting country. This attitude favours Exel and its business remarkably. (Karihtala 2007)

At the moment there are over 200 ski centres in China, which makes the country very tempting for Exel and Nordic Fitness Sport concept. In many places of the country the launch of the concept is still in the stage of introducing Nordic walking. However, Exel is about to start promoting also other sports related to the concept for example through different events like China Vasa Loppet where large amounts of people have a possibility to come to try skiing. However most of these events are related only to Nordic walking. For example in Beijing in many parks Exel has arranged Nordic walking events where hundreds of people get together to walk with Exel walking poles. What differentiates Chinese Nordic Walkers from the Europeans is that in China also stretching related pole exercises are much more popular. Because of various events the information of Exel and Nordic Fitness Sports spread easily through word of mouth and create more interest. At the moment the average age of Chinese Nordic walker is rather old. However, Exel is trying to reform the image of the sport in a way that it would meet people also less than 30 years of age. Through media Exel has published stories about Chinese people who have gained better health and lost weight as a result of Nordic walking. Also these example stories have been a good way for Exel to get publicity and create interest. (Karihtala 2007)

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ACTORS	RESOURCES	ACTIVITIES
<b>Organizations:</b> -China Institute of Sports Science -Sports Administration -Workers Union -Olympic Committee -Ministry of Education	Networks Employees Contacts to Media Contacts to event organizing committees Access to opinion leaders	Events Health promotion Media publicity
<b>Media:</b> -Print: China Sports Daily Beijing Daily News etc. -Television: Beijing TV CCTV channels	Journalists Editors	Coverage and exposure in the media

**Chart 5** Exel's Chinese network partners

#### 4.4 A summary of main empirical findings

The focus of this case study was to concentrate on Exel Sports Oy's Nordic Fitness Sport concept. The objective was to find out what kind of surrounding network the company has and how it utilises the other network actors in branding Nordic Fitness Sport Concept internationally. The case study presented three case countries: Finland, Germany and China. The focus was also in comparing the possible similarities or differences there exist when comparing local networks and branding operations between these three market areas.

The image of Exel brand varies noticeably depending on the different fields of sports the company operates in. For example the image of Exel is viewed more trendy and fresh in the floorball world than for example in the Nordic Walking sector. This is understandable since there is also difference in the target groups. However, in general Exel brand is considered as high quality Finnish brand that is also international. Nordic Fitness Sport concept contains five different sports and therefore there is also variation inside the concept when considering target groups and image issues.

Exel's surrounding business network is basically consisting of two dimensions. The other dimension forms the strategic business partners and the others dimension, so called organisational dimension is connected to International Nordic Walking Association and its network. Here below are listed all the different kinds of actors Exel has in its network:

- Co-operational companies
- Sponsored athletes
- Various sports clubs and organisations
- Opinion leaders
- Stakeholders
- Global organisations
- Local organisations
- Universities
- Media
- Doctors

The main reason why Exel has started to network is the ambition to do business more efficiently. When considering Nordic Fitness Sport concept being a new innovation Exel's objective has been on spreading the innovation as widely and rapidly as possible. This has been able to be done with help of the large surrounding network and productive network connections. In view of future Exel highlights the importance of maintaining the relationships in a way that both parties benefit from it. Exel seems to communicate with its network partner quite intensively. In some countries Exel has subsidiaries, which are in those particular in charge of communication. The vertical communication between Exel's headquarters and subsidiaries seems to be high. However, the horizontal communication between the other actors inside Exel's network is rather low. Considering the International Nordic Walking association network there are some exceptions when same people belong to various different actor organisations. Understandably being a member of various actor organizations in the network increases the level of horizontal communication.

One of the most interesting points that this research brought to daylight is the power that media can have to a brand. Good media connections are very important since through correct media it is rarely easy and cheap to increase the awareness of a brand in a substantially short amount of time. With the help of media also the messages of opinion leaders and various health related organisations have been brought to awareness of consumers. When studying Exel's connections to media it is easy to observe that the company has really concentrated on creating wide media network and maintaining a good relationship to media. When comparing Exel's three presented markets areas it can be seen that media plays the most important role in Chinese market. As Karihtala stated in China it is possible to build a brand merely with the help of media connections. Media has being an important factor also in creating Exel's surrounding network. Publicity has lead to contacts from various different organisations and companies wishing to start cooperation with Exel.

Besides media publicity also word of mouth has played a substantial role in increasing visibility and popularity of Nordic Fitness Sport Concept as well as Exel brand. Also the contribution of various universities and organisations concerning particularly the health attributes of Nordic Fitness Sports has made a substantial difference in the credibility and the importance of the whole concept. In Exel's brand management also sponsoring and advertising have had a meaningful role. However, the importance of these two marketing operation forms has turned out to be bigger in the market areas where Exel and Nordic Fitness Sport Concept have already received publicity.

This case study presented more closely three selected market areas where Exel currently operates. These areas were Finland, Germany and China. The fact that has to be taken into consideration is that the process of launching Nordic Fitness Sport concept is in rather different phase in each of these case countries. This obviously leads to differentiation in branding and marketing operations. However, when entering each of these markets Exel has tried to maintain the same method of approach and order of operations. Finland was the first country where Nordic Fitness Sport concept was presented. Because of this factor the branding of the concept is not anymore so much in the stage of awareness creation. Exel has done cooperation with the largest Finnish ski centres, which some of them have already built Nordic Fitness Sport parks to their premises. Out of these markets Finland is the most suitable for the whole concept due to its northern location and suitable environment.

Even though environmental circumstances are not as great as in Finland, the other two market areas can be seen having more potential basically due to the larger amount of population. Germany can be seen as the most challenging market area for Exel in the terms of branding. This is basically due to the competitive environment and cultural factors. However, the concept has already gained popularity in the country and continues to be one of the most important international markets for Exel. Launching Nordic Fitness sport concept in China is at the moment in a quite early stage compared to other markets. Therefore also branding efforts have being concentrated more on creating awareness and credibility. Some network connections have become to play an extremely important role in China by opening various other connections and possibilities for Exel. Even though Karihtala did not admit cultural issues making a big difference considering branding and networking, already by comparing these three presented market areas there can be seen distinction and variation. It can be seen that depending on cultural aspects some network partners or branding operations have played more important role in some countries compared to others. For example the importance of media connections can be seen more substantial in the Chinese market. Also the features of communism and collectivism that are prevailing in Chinese culture emphasize the importance of certain branding methods. Word of mouth is very

important in awareness creation as well as the meaning of opinion leaders and opinion formers. The chart below sums up all the main empirical findings.

<p>The main reason for networking has been the ambition to do business more efficiently          → Cooperation must be beneficial for both network actors</p>	<p>Exel has used many different kinds of network actors as gatekeepers.          (For example: various organisations, doctors, opinion leaders, sports clubs, universities, media, sponsored athletes)</p>
<p>Media connections have been extremely important for Exel in creating awareness and creating brand image</p>	<p>Word of mouth has played a substantial role in increasing visibility and popularity</p>
<p>Exel has used same methods in branding Nordic Fitness Sport concept in different market places          → However, there has occurred some variation due to cultural differences</p>	<p>Compared to Finnish and German markets, media connections and the importance of opinion leaders have become more essential when branding Nordic Fitness Sport concept in China.</p>

**Chart 6** Main empirical findings

## 5 CONCLUSIONS

The purpose of this research was to analyse brand management from the aspect of network approach. The business sector that was chosen for this study was international sporting goods business. The reason for selecting this particular business field was the global reach the recent economic growth that have made sport business as well as sporting goods business the twentieth century phenomenon. The research question of this research was: *How sporting goods companies can benefit from networking in their brand management?* This research question was divided into two following sub objectives:

- To explore how a company can benefit from the surrounding network when managing a brand
- To find out what kind of network a sporting goods company can have around it and how does the company use the network when promoting a brand internationally

The research presented a case study of Exel Sports Oy. By studying Exel's surrounding network and focusing on how the company benefits from these network relationships in its brand management it was possible to receive a first hand example of a company operating in sporting goods business. More closely the focus of this case study was on Nordic Fitness Sport concept and finding out how Exel has branded the concept in different international markets by utilising it local surrounding network connections.

### 5.1 Theoretical and managerial implications

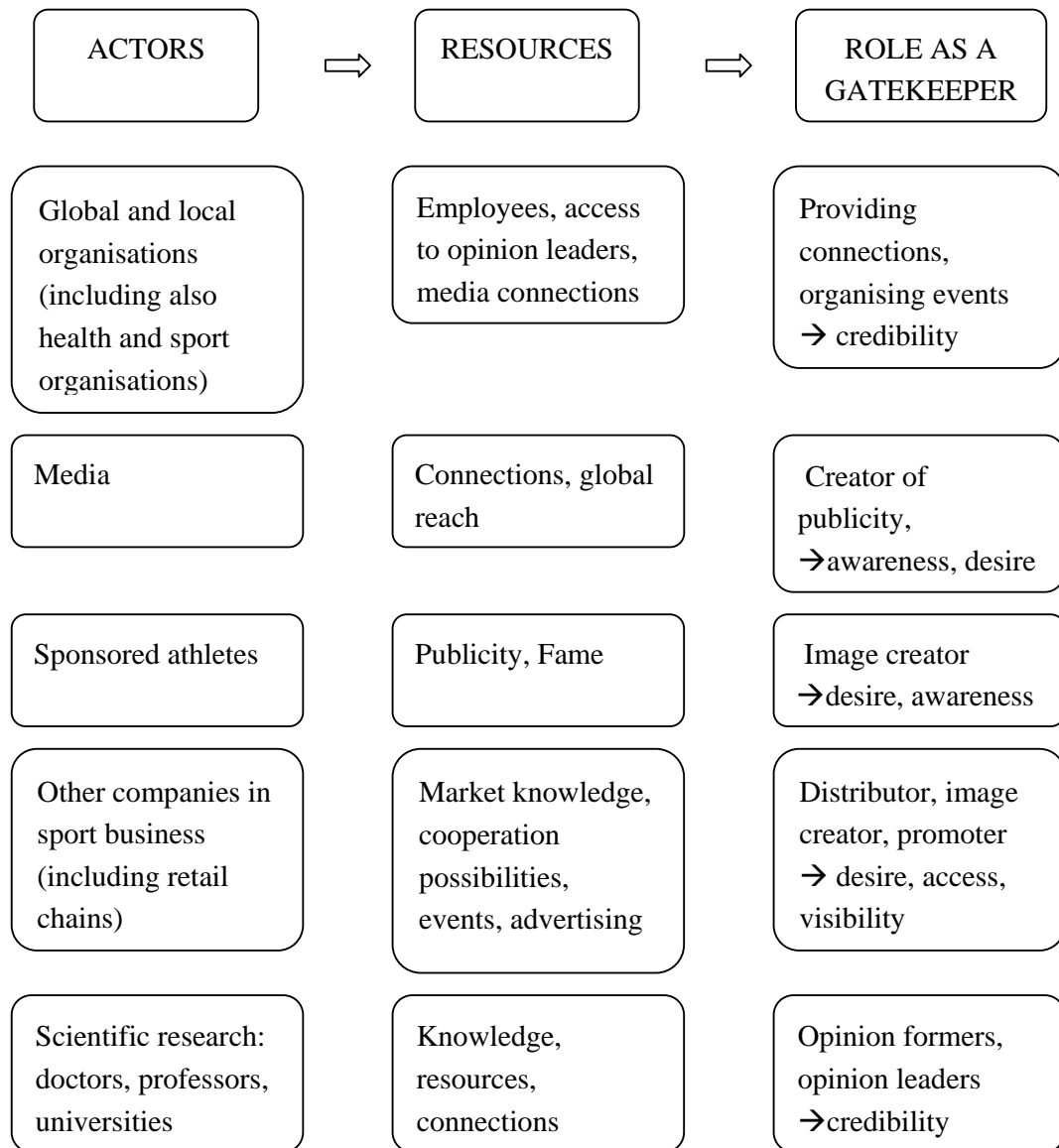
The theoretical frame of this research consisted of IMP Groups **network approach**. The model of network approach contains three variables: **actors**, **resources** and **activities**, which were used also as a ground theory in the case study part of the research. Business network can contain a number of various kinds of actors possess different resources. In cooperation network actors combine resources in order to perform activities, which always aim at benefiting both parties. By performing activities network actors form a network relationship. These relationships often open new possibilities and connections for an actor. By using existing relationships in order to receive new network connections an actor can acquire new resources needed in its operations. This is called **network mobilisation**. These network relationships have become extremely important in today's business world. The following citation form a representative of Exel Sports Oy, Aki Karihtala (2007) highlights one side of relationships' importance: "*Today's*

*business world the tendency is that products of various competitors become more similar. The same happens with services and prices. Soon a customer is in a situation where he has to decide whether he buys your service/product or whether he buys it from one of your competitors. How can he decide? At the moment a lot of people do not consider their job very satisfying and do not get a lot of enjoyment out of working. And if there is a possibility of making it more pleasurable by choosing business partners that you have fun working with, who would not choose that. So when talking especially about business to business sector the situation is that at the time of choosing between various potential business offers it is often the personal chemistry that makes the difference.” (Karihtala 2007)*

When it comes to brand management, a company often utilises other network actors by having them as **gatekeepers**. The role of a gatekeeper is to send the message of the brand to the target group and that way help create awareness, credibility and interest. A gatekeeper can also create value to a brand just by associating with the brand in consumers’ minds. Also a gatekeeper can work as a key in creating new important connections and relationships that in the future will valuable assets to a brand. A gatekeeper can also work as an **opinion leader** or **opinion former**. In this case the gatekeeper it self usually already has credibility and by using that it tries to create awareness and credibility also to the brand.

Surrounding network can play a significant role also when branding in international markets. Local network connections often reduce costs and offer access to other connections. They also reduce the barriers relating to cultural issues by reducing uncertainty. A local gatekeeper also has first hand knowledge of the market area and local culture, which helps the company to determine the right way to approach the market and promoting its products.

There can be various different kinds of actors that can perform as a gatekeeper to a brand. The most important thing is that it must have some kind of resources that can be turned to an asset for the brand. In sporting goods business the network usually contains a numerous different kids of network partners. By using the information received from the case study the figure presented below was created. It illustrates the different kinds of actors that often work as gatekeepers for a brand and also points out their most desired resources and their main roles as gatekeepers.



**Figure 10** The resources and roles of network actors as gatekeepers in sport business

The case study of Exel Sports Oy highlighted the importance of a gatekeeper especially in opening doors to other actors and their resources. Also the **power of media** network especially in awareness creation was emphasized heavily. Since sport is one of the most global business fields in the world it gives possibilities also to sporting goods companies to become global. Branding globally requires a significant amount of effort and resources. However, as the case study showed having connections to right media channels can easily make your brand more visible and credible with smaller amount of time and resources.

The case study of Exel included examples of three market areas where Exel has branded **Nordic Fitness Sport concept**. These market areas were **Finland, Germany and China**. Since the branding processes are in different stages in all of these countries they were not fully suitable for comparison. The stages of branding processes have been the same in each country as well as the formation of local networks. Therefore there could be seen some similarities between these three countries. The most significant differences between these market areas were caused by cultural issues. Since cultural and environmental elements of Finland and Germany are rather similar, there were not noticeable differences in the importance, resource or actions of network actors between these countries. However, when focusing on Chinese markets the difference could be easily seen. Some network actors, for example media, played an extremely important part in branding process. Also because of Chinese cultural features and heritage the importance of opinion leaders and opinion formers seemed to be more important. Considering Exel and its future operations, all of these three countries continue to be important market areas with significant amount of potential.

## 5.2 Suggestions for further research

Approaching brand management issues from the network perspective may appear rather abstract and distant from more often used perspectives. However when studying relationships within other network members it becomes obvious how important meaning these relationships have on business overall, not mentioning the awareness and image they might give to a single brand. However it is worth remembering that longitudinal prospect is needed in order to do a more deep analysis of networking and network relationships.

In this case study the concentration was purely on Exel Sports Oy and its international networks. In the future it would be interesting to do a research containing various case study companies. That way it would be possible to compare the results from different sporting goods companies and find out whether there are similarities or some sort of patterns. What also would be interesting area to study are the possible differences there might be when the case companies were operating in a different field of business, other company operating in sporting goods industry and the other in a different business field. When focusing on Exel it would be also interesting to research whether there occurs changes in network structures and relationships for example within these three studied market areas. Also the possible changes in the roles of network partners concerning Exel's brand management would be an interesting subject to study. However as mentioned before these further research suggestions often require a more longitudinal perspective.

As this case study highlighted several times the importance of media as a tool of brand management it would be intriguing to concentrate more deeply on media's relationship in sporting goods business as well as in sport business overall. Since sport business is at the moment changing in a rapid speed one idea for further research could also be analyzing these changes in a general level and by choosing for example the network model as theoretical frame.

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## APPENDICES

Appendix 1: Operationalisation table

Objective of the Study	Sub objectives	Theoretical Framework	Source of information
To find out how sport product companies can benefit from networking in their brand management	Sub objective 1: To explore how a company can benefit from the surrounding network when managing a brand	Chapter 2 Interview theme: 3 Interview theme: 4	Various articles and books of networking and brand management Information received from the case study (interview)
	Sub objective 2: To find out what kind of network a sport product company can have around it and how does the company use the network when promoting a brand internationally	Chapter 1 Interview theme: 1 Interview theme: 2 Interview theme: 3 Interview theme: 4	Various articles and books of sport business Case study of Exel Sports Oy (interview, company documentation)

## Appendix 2: Interview questions (Aki Karihtala 4.4.2007)

### **Theme 1: Company brand strategy**

1. What kind of image EXEL Sports is pursuing to create?
2. Has EXEL Sports as a brand changed through out the years? (How?)

### **Theme 2: Brand management of Nordic Fitness Sport concept**

1. How did you come up with Nordic Fitness Sport concept? What issues affected its development?
2. What is the image of the concept? How do you aim to brand it?
3. There are four different sports in the concept. Does it make it more difficult in creating a coherent image?
4. Is it a problem that all the different sports of the concept can not be done all over the world?

### **Theme 3: The network and its utilisation in brand management:**

1. What different kind of actors is Exel's surrounding network consisting of?
2. How was this network built up? Do you pay special attention in selecting new network partners or does the network develop more by itself?
3. How important is networking when considering brand management? Why?
4. What different kind of roles do your network partners have when considering your brand management activities?
5. In what various ways they work in a favour of shaping your brand and increasing its popularity? Examples?

6. Has any of your network partners had any negative influence on EXEL brand? Examples?
7. If there are a lot of network partners being a part of your brand management activities, how is EXEL able to balance between them?
8. How much authority and responsibility has EXEL's network partners have in marketing your brand?

**Theme 4: Nordic Fitness Sport konseptin brändijohtaminen eri markkina-alueilla**

1. Has Nordic Fitness Sport concept being marketed only in market areas where EXEL has already succeed in launching Nordic walking?
2. What are so far the biggest foreign market areas where Nordic Fitness Sport concept has been marketed?

(choosing 3-5 market areas)

3. What kind of business partners EXEL has cooperated with when considering brand management in this particular market area?
4. What are their strengths / weaknesses from the perspective of EXEL brand?
5. In what different ways these business partners have worked as promoters of EXEL brand?

### Appendix 3: Interview questions in Finnish (Aki Karihtala 4.4.2007)

#### **Teema 1: Yrityksen brändistrategia**

1. Minkälaista imago EXEL Sport yrityksenä pyrkii tavoittelemaan
2. Onko EXEL Sport brändinä muuttunut vuosien saatossa? (Miten?)

#### **Teema 2: Nordic Fitness Sport konseptin brändijohtaminen**

1. Miten Nordic Fitness Sport konsepti syntyi? Mitkä asiat syntyyn vaikuttivat?
2. Mikä on konseptin imago? Minkälaisena sitä pyritään brändäämään?
3. Konseptiin kuuluu neljä eri urheilumuotoa. Aiheuttaako se haasteita yhtenäisen imagon luomiselle?
4. Aiheuttaako se ongelmia, että kaikkia konseptin urheilumuotoja ei voi harrastaa kaikkialla maailmassa?

#### **Teema 3: Verkosto ja sen hyödyntäminen brändijohtamisessa:**

1. Minkälaisista eri tahoista EXELiä ympäröivä verkosto koostuu? Eli minkälaisia eri yhteistyötahoja EXELillä on?
2. Miten tämä verkosto on syntynyt? Kiinnitetäänkö yhteistyökumppaneiden valintaan erityisen suurta huomiota vai onko verkosto muokkautunut itsestään vuosien saatossa?
3. Kuinka paljon brändijohtamisessa on alettu painottaa verkostoitumista? Miksi?
4. Minkälaisia eri rooleja voi verkoston muilla kumppaneilla brändijohtamisessanne olla?
5. Millä eri tavoin he edesauttavat brändinne muotoutumista ja sen tunnettuutta? Esimerkkejä?

6. Onko yhteistyökumppaneilla ollut negatiivisia vaikutuksia EXEL brändiin? Esimerkkejä?
7. Jos erilaisia yhteistyökumppaneita brändijohtamisen taholla on paljon, miten EXEL pystyy tasapainoilemaan näiden välillä?
8. Kuinka paljon päätäntävaltaa ja vastuuta yhteistyökumppaneilla on EXEL brändin markinnoinnissa.

#### **Teema 4: Nordic Fitness Sport konseptin brändijohtaminen eri markkina-alueilla**

1. Ollaanko konseptia brändätty pelkästään markkina-alueille, jossa EXELillä on jo entuudestaan ollut jalansijaa esim. sauvakävelyn ansiosta?
2. Mitkä ovat suurimmat ulkomaiset markkina-alueet missä konsepti on saanut jalansijaa?

(valitaan esim. 3-5 markkina-alueetta)

3. Minkälaisia yhteistyökumppaneita kyseisellä markkina-alueella ollaan käytetty hyödyksi brändijohtamisessa?
4. Mitkä ovat heidän ominaisuudet/vahvuudet, jotka ovat eduksi EXEL brändille?
5. Millä eri tavoin he ovat toimineet EXEL brändin promoottoreina?