Branding as a tool within internationalization

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ABSTRACT

Title: Branding as a tool within internationalization

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Date: June 4, 2010

Background: Nowadays global market is quite attractive for high competition environment. First is to reduce risks and uncertainties of the business in their home countries. Second is to exploit the growing global market for goods and services which can lead to economies of scale and the increasing of market share. In order to be visible in global market, brands can be used to play an important role. From marketing point of view, brands are the means that consumers use to distinguish products and services based on essential and non-essential attributes and they are a source of business’s differential advantage. Furthermore, brands communicate tangible and intangible advantages and are attractive to a range of feeling.

In order to make decisions for brand strategy, branding plays an important role. Critical advantage of branding is for product identification, and it is also the key element for marketers to differentiate a product from its rivals. However, branding provides many benefits apart from identification and differentiation of products.

Problem Statement: How branding can become a tool within internationalization?

Purpose: To explore how the company uses branding as a tool for expand its businesses in foreign countries.

Research design: Qualitative method is applied in this thesis. Primary data is collected from interview (E-mail and telephone), while secondary data is gathered from books, journals, and internet source.

Conclusion: We found out that branding can be used within internationalization through the Uppsala-Model. For this thesis, branding knowledge and company brand that the firm has in-hand will be managed in order to make a decision in foreign markets, after that the global branding activities will be created in accordance with the decision making. Similarly, the knowledge of branding and the company’s recognition can be increased through the process doing, in this case it is decision making and running activities. Therefore, the result from one side will influence to another side as a circular process.

Keywords: Internationalization, Globalization, International business, Brand, Branding, Brand management, Global branding
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CHAPTER 1: INTRODUCTION

This chapter presents the core interest of the thesis and motivation of conducting this research. This part provides ideas of globalization, brand, and internationalization and shows that how they are connected to formulate the research question.

1.1 Background

Nowadays we have heard that the world has become globalization due to the advancement of communication and transportation. Lasserre (2007, p.15) defines globalization as “the phenomenon of the transition of industries whose competitive structure changes progressively from multinational to global”. Giovanni J. D., Gottselig G. Jaumotte F., Ricci L. A. and Tokarick S. (2008, p.2) specify the definition of economic globalization that it “refers to the increasing integration of economies around the world, particularly through the movement of goods, services, and capitals across borders”. Besides, globalization can be mentioned to labor and technology transfer across national borders as well (Giovanni et al., 2008). As a result, it can be implied that information and knowledge are dispersed and shared all around the world as we can see that culture and norms from the Western can be transferred to Eastern and vice-versa. Hollywood entertainment that originated in the United States has been spread in many countries. Television broadcasts occurring in one area are able to be seen in real time everywhere (Lasserre, 2007). Foreign Direct Investment (FDI) of world GDP increased from 6.5 percent in 1980 to 31.8 percent in 2006 (Giovanni et al., 2008). The stock of international claims (primary bank loans), as a percentage of world GDP, increased from roughly 10 percent in 1980 to 48 percent in 2006 (Bank for International Settlements, 2006) (see table 1 for more data).

<table>
<thead>
<tr>
<th>Table 1 Globalization data</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Trade (exports: billion US$)</td>
</tr>
<tr>
<td>Foreign direct investment Stocks (billion US$)</td>
</tr>
<tr>
<td>Sales of foreign affiliates of multinational firms (billion US$)</td>
</tr>
<tr>
<td>Employment of foreign affiliates of multinational firms (1000)</td>
</tr>
<tr>
<td>Cross-border mergers and acquisition (billion US$)</td>
</tr>
<tr>
<td>International royalties payments (billion US$)</td>
</tr>
<tr>
<td>Number of multinational companies*</td>
</tr>
<tr>
<td>Total number of foreign affiliates</td>
</tr>
<tr>
<td>Total assets of foreign affiliates (billion US$)</td>
</tr>
<tr>
<td>Foreign exchange transactions (billion US$)</td>
</tr>
</tbody>
</table>
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*Multinational Companies are defined as firms having more than 50 percent equity in wholly owned enterprises abroad or at least 10 percent equity in joint ventures.

**2004


From business and competitive point of view, the advantage of globalization can be categorized in to four groups as shown in the table 2 (Lasserre, 2007).

Table 2 the advantage of globalization

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost benefits</td>
<td>- These can be obtained from economies of scale and ability to manage a logistic and sourcing network based on location circumstances</td>
</tr>
<tr>
<td></td>
<td>- Economies of scale can be conducted through standardized products/process</td>
</tr>
<tr>
<td></td>
<td>- Economies of scale lead to more bargaining power over suppliers</td>
</tr>
<tr>
<td>Timing benefits</td>
<td>- These come from the coordination in the product-launching in the initial stage of the Product Life Cycle (PLC) concept</td>
</tr>
<tr>
<td>Learning benefits</td>
<td>- These can be received from the coordination of information, best practice, and people transfer across affiliates</td>
</tr>
<tr>
<td>Arbitrage benefits</td>
<td>- These are from selectively exploit resources in one country for the advantage of another country affiliate</td>
</tr>
</tbody>
</table>

Source: Adapted from Lasserre, 2007

In a company’s point of view, global market can be seen as fascinating phenomenon as well as globalization. According to Rugman and Collinson (2006), there are many reasons to illustrate that global market is quite attractive for high competition environment nowadays. First one is to reduce risks and uncertainties of the business in their home countries. A second one is to exploit the growing global market for goods and services which can lead to economies of scale and the increasing of market share.

In order to be visible in global market, brands can be used to play an important role (Lee & Carter, 2009). A brand is defined in many different ways which depend on various academic backgrounds of the authors. However, in classical definition, it is connected to the creation of product’s identity and the recognition of product’s difference from its competitors by the mean of using name, logo, design, or other visual signs and symbols (Heding, Knudtzen, & Bjerre, 2009). As a result, brands can represent the corporate name, family brands for a broad range of products or product variations, or individual brands for each item (Czinkota & Ronkainen, 2002).

From marketing point of view, brands are the means that consumers use to distinguish products and services based on essential and non-essential attributes and they are a source of business’s
differential advantage (Lee & Carter, 2009). Furthermore, brands communicate tangible and intangible advantages and are attractive to a range of feeling as shown in the figure 1.

![Brand Differentiators Diagram](image)

Figure 1 the theme of a brand as differentiators
Source: Lee & Carter, 2009, p.351

Brands are essential as they can form customer decisions and, eventually, create economic value (Czinkota & Ronkainen, 2010). Court et al. (1996 in Czinkota & Ronkainen, 2010) showed the result of the brands’ value that 18 percent of total purchase decision was from brand. Brands ease the consumers’ decision-making (Jacoby & Kyner, 1973; Kapferer, 1992 in Moilanen & Rainisto, 2009), decrease information retrieval (Jacoby, Szybilla, & Busato Schah 1977 in Moilanen & Rainisto, 2009), and reduce risk (Murphy, 1988 in Moilanen & Rainisto, 2009).

In addition, brands raise the efficiency of marketing activities (Demsetz, 1973; Wernerfelt, 1988 in Moilanen & Rainisto, 2009) and strengthen the process that generates more financial value (Murphy, 1998 in Moilanen & Rainisto, 2009). For example, well-known brands can charge a price premium of 19 percent (Czinkota & Ronkainen, 2010).

In case of organization capability, the study of relation between brand strength and business performance illustrated that strong brand creates total returns to shareholders at 1.9 percent above industry average, while weaker brands fall behind the average by 3.1 percent (Czinkota & Ronkainen, 2010). These benefits of brands are examples to show that why brands are important for marketing strategy.
1.2 Problem statement

The image and values of brands are probably the most outstanding intangible asset for famous nowadays’ companies (Lee & Carter, 2009). A strong brand may have the advantage of finance in a concept of brand equity which the brand itself becomes valuable (Heding, Knudtzen, & Bjerre, 2009). “According to the global brand consultancy Interbrand Report (www.interbrand.com) – a well-known global brand study conducted annually – there is a compelling case that those which place high importance on managing the economic value of their intangible assets, and primarily their brands, consistently outperform basic economic measures” (Lee & Carter, 2009, p.293). Table 3 shows the top ten brands and their market values in 2009.

Table 3 the top ten global brands, 2009

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>Country of origin</th>
<th>Sector</th>
<th>Value ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Coca-Cola</td>
<td>USA</td>
<td>Drinks</td>
<td>68,734</td>
</tr>
<tr>
<td>2</td>
<td>IBM</td>
<td>USA</td>
<td>Computer services</td>
<td>60,211</td>
</tr>
<tr>
<td>3</td>
<td>Microsoft</td>
<td>USA</td>
<td>Computer software</td>
<td>56,647</td>
</tr>
<tr>
<td>4</td>
<td>GE</td>
<td>USA</td>
<td>Diversified</td>
<td>47,777</td>
</tr>
<tr>
<td>5</td>
<td>Nokia</td>
<td>Finland</td>
<td>Consumer electronics</td>
<td>34,864</td>
</tr>
<tr>
<td>6</td>
<td>McDonald's</td>
<td>USA</td>
<td>Restaurants</td>
<td>32,275</td>
</tr>
<tr>
<td>7</td>
<td>Google</td>
<td>USA</td>
<td>Internet services</td>
<td>31,980</td>
</tr>
<tr>
<td>8</td>
<td>Toyota</td>
<td>Japan</td>
<td>Automotive</td>
<td>31,330</td>
</tr>
<tr>
<td>9</td>
<td>Intel</td>
<td>USA</td>
<td>Computer hardware</td>
<td>30,636</td>
</tr>
<tr>
<td>10</td>
<td>Disney</td>
<td>USA</td>
<td>Media</td>
<td>28,447</td>
</tr>
</tbody>
</table>

Source: Interbrand-www.interbrand.com

This economical asset of brand can be exploited for global business strategy through collaborative arrangement. Licensing and franchising are examples of collaborative strategy that gain incomes from intangible assets (Danish, Radebaugh & Sullivan, 2007). For example, Coca-Cola grants rights to intangible assets (trademarks, brand names, license, formula, and so on) to its partners in foreign countries to produce, and sale the products in those markets for particular period. Most of McDonald’s places all over the world including the United States are operated through franchising. Furthermore, a famous brand company links personnel and organization partner together so it can strengthen relationships and guarantee long-term investment (Murphy, 1998 in Moilanen & Rainisto, 2009).

From the eclectic theory perspective (Mtigwe, 2006), a brand itself can be categorized as a firm-specific advantage through ownership. The theory describes that a firm would like to invest overseas must have three specific advantage including ownership-specific, location-specific, and internalization. According to Ball, McCulloch, Geringer, Minor, and McNett (2008), the
ownership-specific advantages contain knowledge or technology, economies of scale or scope, and monopolistic advantages connected to unique access to crucial inputs or outputs. Additionally, these advantages can be transferred aboard. These advantages produce lower costs and/or higher incomes which will counterbalance the costs from operation in foreign countries. For example, managing brand to be well-known in international markets may generate economies of scale for the business such as IBM (Aaker & Joachimsthaler, 1999). As a result, a higher demand from overseas and the advantage of lower costs lead a company to put more investment or commitment in those markets, for example Toyata has expanded their manufacturing plants in Thailand and the United States in order to respond global demand.

In order to make decisions for brand strategy, branding plays an important role (Czinkota & Ronkainen, 2002). According to Cannon, Perreault, and McCarthy (2008), branding refers to the use of name, term, symbol, or design, or an integration of those to establish identity of a product. “Branding is used in the relevant cultural studies literature to refer to the process whereby the message of brand advertising and those of other cultural sectors are no longer perceived as different” (Danesi, 2006, p.91). For Schmitt and Simonson’s point of view (in Czinkota & Ronkainen, 2002), “branding is an integral part of the overall identity management of the firm”. As a result, branding is typically a concentrated function to maximize the exploitation of brand’s assets. Besides, branding can protect the asset from weakness by extending the brand to unsuitable new product lines.

Critical advantage of branding is for product identification, and it is also the key element for marketers to differentiate a product from its rivals (Ferrell & Hartline, 2005). However, branding provides many benefits apart from identification and differentiation of products as shown in the table 4.

Table 4 advantages of branding

<table>
<thead>
<tr>
<th>Product identification</th>
<th>Customers can easily identify the brands they like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparison shopping</td>
<td>Assist customers in comparing and evaluation competing products</td>
</tr>
<tr>
<td>Shopping efficiency</td>
<td>Speeds up the buying process and makes repeat purchases easier by reducing search time and effort</td>
</tr>
<tr>
<td>Risk reduction</td>
<td>Allow customers to buy a known quantity, thereby reducing the risk of purchase</td>
</tr>
<tr>
<td>Product acceptance</td>
<td>New products under a known brand name</td>
</tr>
<tr>
<td>Enhanced self-image</td>
<td>Brands convey status, image, or prestige</td>
</tr>
<tr>
<td>Enhanced product loyalty</td>
<td>Branding increases psychosocial identification with the product</td>
</tr>
</tbody>
</table>

Source: Ferrell and Hartline, 2005, p.176

For global marketers, there are three choices of branding including the global, regional, and local aspects (Czinkota & Ronkainen, 2002). In this thesis, the main focus is on global branding as it provides higher products acceptance by customers and intermediaries. As a result, global
branding generates a uniform worldwide image to a firm that increases efficiency and cost savings when launching other products related with the brand name (Cateora & Graham, 1999).

We have seen that brand and branding shows an important role for marketing field as we mentioned earlier. For this thesis, studying of branding is not used for marketing purpose, but is focused on international business perspective. The study would be concentrated on applying branding in the process of going abroad. We believe that branding is able to be one of important dimension in order to commit in foreign markets which affects to the decisions and activities in those countries.

1.3 The Purpose of study and research question

The purpose of this thesis is to explore how the company uses branding as a tool for expanding its businesses in foreign countries. As a result, the research question is “how branding can become a tool within internationalization?”.

1.4 Potential contribution

International business is the study of transactions occurring across nation-borders for the intention of gratifying the needs of persons and organization (Czinkota, Ronkainen & Moffet, 2003). These economic transactions comprise of trade, such as export and import, and foreign direct investment in case of organizations funding activities in other countries (Rugman & Collinson, 2006). Thus, international business provides companies new markets which operation modes may be different from those applied domestically and the way of conducting business may vary by country (Czinkota, Ronkainen, & Moffet, 2003; Daniels, Radebaugh, & Sullivan, 2007). Therefore, studying international business can offer ideas and knowledge for those who want to operate their own businesses and for academic purposes. In case of our thesis, we would like to emphasize the important of brands which is one of organizations’ resources. Besides, the utilization of brand is another aspect that should not be neglected and try to maximize them in order to compete in international markets. Eventually, we hope that this thesis can inspire organizations to think in different perspectives and try to seek new ways to conduct businesses. Similarly, entrepreneurs and business students are our main target group who can get benefits from this thesis.
1.5 Thesis structure

Introduction
- Background
- Problem statement
- Purpose of study and research question
- Potential contribution
- Thesis structure

Theoretical Framework
- Brand knowledge
- Brand and globalization
- Internationalization – the Uppsala model
- The Connection between U-model and branding

Research Design
- Research method
- Selection of research context
- Data collection
- Reliability and validity

Empirical Finding
- Knowledge of branding
- Corporate branding as a resource
- Required information for global branding decision
- Global branding activities

Analysis
- Knowledge of branding
- Corporate branding as a resource
- Required information for global branding decision

Conclusion
- Conclusion
- Suggestion for further research
CHAPTER 2: THEORETICAL FRAMEWORK

This chapter is scientific articles and literatures that are used to analyze the empirical finding. The authors separated theoretical framework into four topics. First, brand knowledge describes brand theories which consist of history and characteristics of brand. Second, brands and globalization describe the definition of global brand and global branding. Third, the internationalization part, we used Uppsala model to explain the internationalization process. Finally, brand, branding, U-model, the resource-bases view and institutional theory would be combined together to create the conceptual framework.

2.1 Brand knowledge

2.1.1 History of brand

The Cambridge advanced learner’s Dictionary (edition3) gives a definition of the brand as a noun in many differences meaning. There are two meaning of brands that are used for the thesis as definitions of brand. Brand as a noun can be defined as a type of product that is made by a company and a mark that is burnt into the skin that appeared to be a scare as a symbolic of ownership. From the two following meanings, Brand can be identified as a symbolic or mark of the company product that appear to show the company ownership.

The characteristic of brand can be seen in the ancient time. “The word brand comes from the Old Norse brandr, meaning to burn, and from these origins made its way into Anglo-Saxon” (Blackett, 2003, p.13). From the original meaning, it means burning a stamp into the skin to show ownership. A farmer uses brand to show their animal ownership such as cow. When they are trading cow, brand are placed at the cow to show which farm is the owner. It also shows that which cow is good which lead to farm’s reliability. When people know about the quality of the cow’s farm from the mark on the cow, they will know where to find a good cow and they will keep buying the cow from that farm.

The industrial revolution in the late 19th and early 20th centuries brought the movement of manufacturing and communication which opened the distribution for the world communication and the world mass marketing of a product (Blackett, 2003). Being recognized is one of the best ways to make a high consuming from a consumer. Many famous brands were created during this period such as Coca-Cola soft drink, Bass beer, Kodak film and American Express travelers’ cheque. After the end of the Second World War, using brand as a trademark has become very popular. Brand has become a symbolic that related to the world economic (Kelz & Bloch, 1993).
2.1.2 Characteristics of brand

According to the history of brand, we can say that brand is somewhat creates remarkable recognition to the one who has seen it. “The existing of brand can be explained in a combination of name, letters, number, a symbol, a signature, a shape, a slogan, a color, a particular typeface” (Blackett, 2003, p.15-16). The name of the brand is relevance and it should never change. The name remains as a symbolic of the product and the company furthermore it creates consumer awareness. The brand’s name shows the identity of the company and the product or service itself. Moreover, the name of brand can also lead to the understanding of how the company and the product or service is. The name may show who the owner of the company is because sometime the company is named from the new owner or from the combination with a co-owner. Name changing happens when there are some big situations happen in the company such as changing the owner or making a contract with other companies. It can also happen because the name does not suitable for a product or service. Nonetheless, name changing is a big event because the company has to somehow make brand recognition and awareness again (Blackett, 2003).

Nowadays, there are many brands in the market competition. According to Kelz and Bloch (1993), making brand recognize is relevance to make an impact and increase sell volume in the market. The company tries to do whatever it takes to impress a consumer. Brand image which is the perceptive of the brand that a consumer has, is one of the way to increase or decrease consumer expectation and it is created from a customer’s evaluation and attitude after perceiving information about brand (Heding, Knudtzen, & Bjerre, 2008). Making a good image of the brand creates a consumer recognition and awareness of the brand which the customer could be able to realize the existing of the brand. However, brand equity is one of the things that the company should consider. The quality of the product or service that a consumer perceives must be as good as it said in the brand (image of the brand) and it should reach consumer expectation (Blackett, 2003). Brand equity is a quality of value that brand is holding. The image that is showed on media and reach customer expectative, should be able to give the quality as much as the expectation that it is given to the customer (Heding, Knudtzen, & Bjerre, 2008). Therefore a consumer can be able to choose the product or service with confident. What the company represents to a consumer is like a contract between them that a buyer will be satisfied after using the company’s product or service.

“The value to businesses of owning strong brands is incontestable” (Blackett, 2003, p.18). Having a strong brand is a company benefit. Brand that reach consumer’s expectation and can satisfy a consumer’s demand creates a loyal customer which they will buy or perceive the company’s product and service regularly (Hilton, 2003). According to Blackett (2003), strong brand is a productive asset of the company. It is an important resource of the company because it creates high quality earning and can affect the business’s performance. When the company corporate more than one products as a company products, corporate brand is used. In order to build the brands strength, it required the strategy and branding from the whole organization
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(Heding, Knudtzen, & Bjerre, 2008). Corporate brand is seen as an identity of the company and the product. “Corporate brand is a valuable resource: one that provides an entity with a sustainable, competitive advantage if specific criteria are met. These criteria are defined in terms of an economic theory known as the resource-based view of the firm” (Balmer & Gray, 2003, abstract).

2.2 Brand and Globalization

2.2.1 Global brand

Definition of global brand

Global brand is known as an international, universal or worldwide brand (Kelz & Bloch, 1993) and a symbolic of the firm on globalization’s side effect. It is always recognized by consumers as a global characteristic of the firm which often is a transnational corporation.

Benefit of global brand

Global brand is powerful; which is considered to be a benefit for the firm that affects consumers as a symbolic of culture, global quality awareness, global consumer perspective and global responsibility awareness (Holt, Quelch, & Taylor, 2004).

According to Holt, Quelch, & Taylor, (2004), brand somehow represents culture of the firm or where the origin of the firm is. People in different parts of the world are different. As a result, communication with them by culture via newspaper, magazine, internet or television helps creating a national culture. It makes a consumer to feel that there is a relationship between them and the culture furthermore they will feel like they are part of the world and part of the culture. However, this does not mean that people have the same taste. There is always a small conflict within the norms of the people in different societies (Hilton, 2003). In the authors’ opinions, sharing a symbolic (brand) via entertainment or sport can also bind cultures to see and feel in the same way.

Because of the competition between transnational companies, brand gave a consumer a sign of quality and value of the product (Holt, Quelch, & Taylor, 2004). Consumers believe that those companies’ competition will result in creating a better quality of products. Furthermore they believe that as a global brand, a product should as so be a global quality (Kelz & Bloch, 1993). Global brand creates imagination and relation link to the people by the bond of culture therefore consuming a global or culture product makes the consumers feel like they are a citizen of the world and part of something bigger beyond themselves moreover people also recognized global brand from what the firm gives back to the society and environment such as public health, worker right and climate change. It creates positive consumer’s perspective to the brand (Kelz & Bloch, 1993). Global brand also creates an image of the firm itself such as the firm’s image and
life style or luxury. Consumers perceive a product as their imagination of what they want to be from the image or the culture that the brand tells (Holt, Quelch, & Taylor, 2004). Consumers rely on the quality of product because of the global success of the company. They also concern on social responsible of the global firm (Blackett et al., 2003).

2.2.2 Global branding

“Global branding can be defined as the international offering of a predominantly uniform good. It is also defined as the name of which is associated by consumers with high symbolic value or estimation of worth” (Kelz & Bloch, 1993, p.11). Global branding is also a strategy to make a product differentiation and increase sell volume by using brand strength. It is also the method of building a global brand to the world market (Aaker & Joachimsthaler, 1999). Global branding can control role of business strategy in the organization. The branding strategy is done to fulfill the customer’s expectation. However, to be able to achieve in the strategy, the company should understand their brand and belief in the brand (Gelder, 2003).

Many brands of one company can lead to corporate branding. Corporate branding is branding management to increase the strength of the brands as one corporation in order to achieve in competitive advantage in the market (Harris & Chernatony, 2001). It similar to product branding, but it is created to decrease the weakness of product branding. Branding strategy is a short-term strategy but corporate branding is a long term strategy. Corporate branding focuses on building a strong brand and develops the existence of the organization (Heding, Knudtzen, & Bjerre, 2008). The key of the strategy is performance of the company top manager, employees, shareholder to customers (Harris & Chernatony, 2001). Heding, Knudtzen and Bjerre (2008) stated that “Corporate branding involves the whole organization.”

Global brands always compete with each others; therefore improving firm’s performance and characteristic are also necessary. Instability of global culture is a major problem in brand managing because consumer only perceive the image and culture from media and internet therefore the transnational company should break consumers’ perspective about global brand to be more common in global terms, easy to be part with and express the power of globalness to consumer’s ideas (Keilz & Bloch, 1993). There are always positive and negative sides for transnational company. Negative side considers being a dark side of the firm such as social respondent in environmental friendly for electronic firms or link the brand to famous people to create a good image to the firm therefore consumer will only think about the famous people instead of the dark side of the brand (Gelder, 2003). The firm can manage consumer’s perspective to focus more on advantages of the positive side of the company such as power of the product as power of global lifestyle. Myths of the brand can be assumed as creating value for the brand. Ideas of empower, lifestyle or future are created to be an imagination and value of the brand which express to consumers as a dream. Transnational companies should focus more on
the costumers who dislike them by earn trusting. Turn social responsibility into opportunity by managing company’s resources and to sustain profit and benefit of the company, is the way to show social responsibility of the firm (Holt, Quelch, & Taylor, 2004).

2.3 Internationalization - The Uppsala model

There are many theories to explain why and how international business activities take place. In this thesis, the focus of internationalization is on the firm-level and the method of internationalization. According to Cavusgil, Knight, and Riesenberger (2008), theories of international trade and investment is categorized as nation-level and firm-level explanations. At the firm-level explanations, there are two types of questions. The first is why and how do companies internationalize? The second is “how can internationalizing firms gain and sustain competitive advantage?” (Cavusgil, Knight, & Riesenberger, 2008, p.95). In order to answer the first question, there are reasons from two theories. First one is incremental stage theory or the Uppsala model. Second one is born globals and international entrepreneurship theory.

Johanson and Vahlne (1977) stated that internationalization of the firm is increasing in business areas in terms of increasing the international involvement with foreign market. The two directions of the process of internationalization are

1) Increasing involvement with the foreign country – making a business with other countries across border.
2) Learning operation in foreign country – learn from other countries knowledge before making a market penetration.

Both directions could happen by using knowledge within the firm and also from foreign market or external sources which require times and many steps to internationalization. The simple obstacle of the firm that want to be internalization is lacking of the knowledge in the country of investment therefore trying to get the knowledge by using the U-model is one of the choice (Forsgren, 2003). Johanson and Vahlne (1977) use a dynamic model to explain the situation of using knowledge within the case studies which is Uppsala- Model. According to the Uppsala model by Johanson and Vahlne (1977), there are two big frames in U-model which are state aspect frame and change aspect frame. Within the state aspect frame consist of market commitment which can be consider as what a company has as a resources and market knowledge element which can be seen as a knowledge and information that are used in the process of going abroad. By the state aspect frame can be changed in to the process in the change aspect frame which consist of commitment decision which is the process that use the information from the state aspect to make a decision in the process of going abroad before using the information and knowledge in the current activities which is the second element of change aspect and the result of the activities will continue to be seen as a resource of the company. Although, the model process takes time to go aboard, the model has ability to help increasing a long term profits and strong
growth of the business by considering the resources that the company has before going aboard which can be considered by using current activities to check the benefit or the resource that company has gained from the previous action. The opportunities and risks affect the decision making of the business.

The dynamic process of U-model can be seen in the following figure.

![U-model Diagram](image)

**Figure 2** the basic mechanism of internationalization – State and change aspects  
Source: Johanson & Vahlne, 1977, p.26

**Market Commitment**

In market commitment, the business has to consider two factors (Johanson & Vahlne, 1977) which are

1) The amount of resources committed – resources in the area of investment such as manufacturing resources and financial resources that can be used to benefit the business will be considered.

2) The degree of commitment - the special resources that is part of the firm integration will be more involved in a part of the degree of commitment because the firm has to consider on how they get the resources that are not easy to get from the country of investment such as the knowledge in production process and market development.

For market commitment, the firm must consider on the size of the firm, market and organization personnel and also in the other areas in order to make a great considering in the market commitment before making a decision of investment. However, to be able to fully use the resources successfully, using market knowledge to help and increase an ability of the resources is one step further.
Market knowledge

The knowledge of the market commitment is transferred and evaluated in this part. The knowledge will be used in the firm performance which related a demand and supply, distribution channel and finance of the market in the present time and in the future.

Knowledge is separated in two kinds of knowledge;

1) Objective Knowledge- knowledge that can be taught from other experiences.
2) Experiential Knowledge- knowledge that can only be learnt from a personal experience. This kind of knowledge cannot be transferred or learnt from one person to another person. It is not easy to get experiential knowledge unlike objective knowledge. Johanson and Vahlne (1977) mention that most of the business men learnt from their own experiences and use the knowledge of marketing and organization in the business. Experiential knowledge helps in easier understanding of the structured and well marketing activities because it is important for the complex process that requires specific knowledge to make things easier by the “feeling”.

We can discuss knowledge in two terms from objective and experiential knowledge which are;

1) General knowledge – concern on market method, common knowledge, a current market target and location of the customer which are a general knowledge of the area of investment.
2) Market-specific knowledge – experiences in the market and knowledge of operation in other countries can only be gained from direct experiences. The ability of learning a specific knowledge which could be a driving force for the company depends on individual (Forsgren, 2003).

After gaining knowledge before going aboard, the firm can increase an opportunity of the using resources successfully which the company is going to use those information to make a decision before or later create an action in the activities of going aboard (Johanson & Vahlne, 1977).

Current Activities

According to Johanson and Vahlne, (1977), current activities are important sources of experiences for the firm. It should be repeated many times to see if there is anything missing and need to be improved in the activities such as sales, time and marketing investment. When there is lacking of a specific knowledge, the firm can hire a person who has a special knowledge and experiences to help in the current activities also. The result of the activities can be considered as a new information and knowledge of the company.
Commitment Decisions

After gaining knowledge or see a result and problem of action within the activities, the decisions will be made from the experiences in order to continue the working process of the firm. Commitment decisions can be gain by observing marketing activities and the other decisions that were made through a small step within the company (Johanson & Vahlne, 1977). Also, to be able to make a decision, it needs an investment in manufacturing and operation in the foreign country because the company can gain foreign knowledge (Johanson & Vahlne, 2003). External awareness also involves with the decision making because it can impact the company activities and the country of investment such as culture in foreign country, economic crisis, political uncertainty and tax reformed as examples (Trevino, Thomas, & Cullen, 2008). Concerning on the culture barrier in the decision making is one of the obstacles. As a result, the manager of the firm should know how to control the culture operation within the company. Working with foreign company is a challenge because the decision maker and the manager should be able to handle of the change of operation and knowledge that cause from the differentiation of culture and behavior of the country of investment. There is always a new thing to learn. (Forsgren, 2003)

2.4 The connection between U-model and Branding

In order to answer the research question, U-model and knowledge of brand and branding would be incorporated together to create conceptual framework. Branding is applied in each element of U-model in order to explain how the company uses branding to expand and operate its businesses in foreign countries. Besides, the resource-based view and institutional theory are applied in order to support the explanation of market commitment and commitment decisions of U-model respectively. This part is separated into four topics in order to be easier to understand each element from U-model and our conceptual framework. The U-model concept covers in all the four elements in order to achieve the thesis research question. Therefore the core meaning of each element is used in the same concept as U-model concept. However, the authors also added some other theories in order to develop thesis conceptual framework to the authors own concept.

2.4.1 Market knowledge and Knowledge of branding

Market knowledge in foreign countries is considered to be essential for the firm in order to beat those markets. The main focus is what market knowledge that the firm has to concerns and how the firm collects that knowledge in order to penetrate foreign markets. For this thesis, brand and branding are the major consideration. Therefore, the original concept of market knowledge is adapted to be knowledge of branding. The study would be still focused on type of branding knowledge and the way to gather them. Branding knowledge will facilitate the utilization of resources, namely brands. The understanding of branding for the company can support the
process of going abroad which the information and knowledge are gained from a person’s knowledge or experiences and previous activities.

2.4.2 Market commitment and Corporate branding as a resource

The original concept of market commitment concerns on resources including the way to get them and utilize them in foreign markets. The amount of resources and ability to use them within the firm will influence the change aspect of the original concept of U-model. To complement the concept of company’s resources, the resources-based view would be applied in this element as this theory can provide different perspectives of resource exploitation that can help a company to use them in various ways. For us, brand is the only one resource that we would concentrate on. In order to utilize brands, brand knowledge will play an important role as well. As a result, corporate branding is one of the company resources and supported by the resource-based view.

- The resource-based view

The resource-based view (RBV) has been one of the most outstanding and mentioned theories in the history of management theorizing (Kraiijenbrink, Spendor, & Groen, 2010). It supplies distinctive view at the resource-level and enterprise-level (Peteraf & Barney, 2003 in Sun & Tse, 2009). RBV changes the strategy researcher’s consideration from external (market or industry) factors to organizations’ internal resources (Sun & Tse, 2009). It also generates resource heterogeneity as one of the most significant source of inter-firm profitability differences (Barney, 1991; Peteraf, 1993 in Sun & Tse, 2009), and can sustain competitive advantage of the company (Kraiijenbrink, Spendor, & Groen, 2010).

Some RBV’s researchers differentiate resources to be static and dynamic resources (Lockett, Thomson, & Morgenstern, 2009). Lockett, Thomson, and Morgenstern (2009) explain that the static assets may represent a stock of resources to be used as appropriate over a limited time such as physical capital or brand name. In contrary, dynamic assets may exist in capabilities which create further opportunities over time such as the learning capacity of organizations.

Combs and Ketchen (1999 in Lockett, Thomson, & Morgenstern, 2009) describe about the critical requirements of the RBV that the resources should be specific to the company and complicated or problematic to imitate by its competitors. In these cases, brand name and reputation can be specified as the valued resources refer to company’s strategic assets.

In term of international business research, the major understanding of RBV is that MNCs have to deal with liability of foreignness. To solve this issue, the eclectic theory emphasizes that foreign subsidiaries need to be supplied with firm-specific advantage from their MNCs. The RBV expand this view by identifying the characteristic of these advantages such as administrative heritage, organizational practice, and bargaining power (Peng, 2001).
Another research’s perspective concentrates on international diversification. Most existing research study only investigated in term of the product diversity of companies, but did not record the degree of international diversity (Dess et al., 1995). The RBV offers the link between both types of diversification that experience with product diversification can build managerial capabilities that allow more effective management for international diversification (Hitt, Hoskisson & Kim, 1997).

According to the crucial requirement of resource in RBV, extensive international experience from top management levels can indicate firm-specific tacit knowledge which is complicated to imitate (Barney, Wright, & Ketchen, 2001). Additionally, RBV provides contributions to the entry mode in foreign countries by suggesting that the resource capabilities of overseas companies pull such strategies as well as the firm-specific advantages of the MNC push them (Barney, Wright, & Ketchen, 2001).

2.4.3 Commitments decision and Required information for global branding decision

In order to continue the business operation, commitment decisions in foreign markets will be made along with experience and knowledge that the company possesses. External factor from the country of investment, such as culture, political issue, and business practice, also has an impact on the decision-making and company activities. The authors believe global branding is also part of the strategy to go abroad in creating the existing of brands and the company. Some of the decision on global branding is somehow necessary in the internationalization process. Therefore the authors described the required information in the decision making on global branding. Furthermore institutional theory is used for categorizing the information. The institutional theory can also support this perspective by specifying each type that has a unique process of affecting the institutionalization (Trevino et al., 2008).

- **Institutional theory**

According to Yamakawa., Peng & Deeds (2008), in institutional based view see internationalization as a strategy. The process of institutional theory impacts on an organization decision making in going abroad (Trevino et al., 2008). Institutional theory combines with three pillars with in the process.

- **Regulative Pillar**: Regulative pillar considers being the push and pull effects of investment and the existing rules and regulation of the area of investment. Different places have different rules. In order to prevent a future problem with the foreign country, regulative pillar is an important resource that supports in decision making on investment and also to prepare the company itself to adapt the company in new regulation. Examples of variables in regulative pillar are laws, tax, financial and currency valuation.
- **Normative Pillar**: Normative Pillar considers being the quest for legitimacy which can be seen in social norms, values and believe in the society. It is defined as an action that is acceptable that shares in society.

- **Cognitive Pillar**: Cognitive pillar considers being the right thing to do which is a side of sharing the same perspective of people in the society. According to Trevino et al., (2008), cognitive pillar in the society represents a symbolic system that is shared and framed in the society which usually base on social culture.

Cognitive and normative pillar are seen to be very close categories because it seem to be intangible information (Trevino et al., 2008). The regulative pillar is more tangible in terms of written law and regulation.

In the authors’ opinion, brand image can be categorized in cognitive and normative pillar in the way of consumer’s perception of the brand before investment. Branding can also be seen in the cognitive and normative pillars because it is about the strategy to get and to be able to understand people perspective and feeling. Using institutional theory with U-model also help reduce the uncertainty between firm and the firm in the country of investment (Forsgren, 2003).

The decisions making from global branding that are done become one of the elements in our model to fulfill the process of internationalization in order to find out the answer of using branding as a tool of going abroad.

### 2.4.4 Current activities and Global branding activities

The forth element of U-model is current activities. This topic explains in terms of what the activities that created after the company makes decisions or gathering resources and knowledge. For this thesis, the current activities are considered as global branding activities. This element would be described in accordance with the branding knowledge especially global branding theory.

As a result, the connection between U-model and brands would be concluded as conceptual framework, the figure 3.
According to figure 3, this conceptual framework is assumed to be dynamic process as the original concept of U-model. Corporate branding as a resource and knowledge of branding are seen as the resources and information the company has. When the company has good knowledge of branding, it can be applied for using in global branding, namely brands, to make company recognition in global market. Similarly, those elements will lead to decision-making in foreign countries. The branding decision is also part of the process to create marketing activities, namely global branding activities. The company’s experiences acquired during the process of making-decision and performing in global branding activities. The result of the activities and the decision will lead to the more knowledge and experiences for business operation to the company which are continuously used in the internationalization process again.
CHAPTER 3: RESEARCH DESIGN

This chapter would show the reader how the authors conduct the research through an explanation of research method, the selection of research context, the data collection, the validity and reliability.

3.1 Research method

In general, there are two categories of research, quantitative and qualitative approach. According to Babbie (1992, p.377), quantitative method is described as “the numerical representation and manipulation of observation for the purpose of describing and explaining the phenomena that those observations reflect”. In contrast, qualitative method is described as “the non-numerical examination and interpretation of observations for the purpose of discovering underlying meanings and patterns of relationships”. Quantitative materials involve numbers such as questionnaire survey and database while qualitative materials involve words, for example interviews, documentary exegesis (Fisher, 2007). The basic distinctions between both methods are shown in the table 4.

Table 5 comparison of quantitative and qualitative research approaches

<table>
<thead>
<tr>
<th></th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General framework</strong></td>
<td>Seek to confirm hypotheses about phenomena</td>
<td>Seek to explore phenomena</td>
</tr>
<tr>
<td></td>
<td>Instruments use more rigid style of eliciting and categorizing responses to questions</td>
<td>Instruments use more flexible, iterative style of eliciting and categorizing responses to questions</td>
</tr>
<tr>
<td></td>
<td>Use highly structured methods such as questionnaire, surveys, and structured observation</td>
<td>Use semi-structured methods such as in-depth interviews, focus groups, and participant observation</td>
</tr>
<tr>
<td><strong>Analytical objectives</strong></td>
<td>To quantify variation</td>
<td>To describe variation</td>
</tr>
<tr>
<td></td>
<td>To predict causal relationships</td>
<td>To describe and explain relationships</td>
</tr>
<tr>
<td></td>
<td>To describe characteristics of a population</td>
<td>To describe individual experiences</td>
</tr>
<tr>
<td></td>
<td></td>
<td>To describe group norms</td>
</tr>
<tr>
<td><strong>Question format</strong></td>
<td>Closed-end</td>
<td>Open-ended</td>
</tr>
<tr>
<td><strong>Data format</strong></td>
<td>Numerical (obtained by assigning numerical values to responses)</td>
<td>Textual (obtained from audiotapes, videotapes, and field notes)</td>
</tr>
<tr>
<td><strong>Flexibility in study design</strong></td>
<td>Study design is stable from beginning to end</td>
<td>Some of the aspects of the study are flexible (for example, the addition, exclusion, or wording of particular interview questions)</td>
</tr>
<tr>
<td></td>
<td>Participant responses do not influence or determine how and which questions researchers ask next</td>
<td>Participant responses affect how and which questions researchers ask next</td>
</tr>
<tr>
<td></td>
<td>Study design is subject to statistical assumptions and conditions</td>
<td>Study design is iterative, that is, data collection and research questions are adjusted according to what is learned</td>
</tr>
</tbody>
</table>

Source: Mack, Woodsong, McQueen, Guest, & Namey (2005, p.3)
The purpose of this thesis is to explore the phenomenon of internationalization that applied branding as a tool, not to accumulate data for statistical significant. We had focused on the process of going abroad that how it could happen, and the interrelationship between brand and the process. In order to achieve the thesis’s purpose, information would be collected from describing individual experiences. Besides, question format would be open-ended to facilitate respondents explain their experiences in their own way and to gain data as much as we can. We believe that this thesis can expand the range of knowledge and understanding of internationalization. In addition, this thesis also “helps us to explain why something is the way it is, rather than just presenting a phenomenon” (Colorado State University, n.d.). Hence, qualitative method would be applied in this thesis to answer the research question. However, Czinkota and Ronkainen (2010, p.256) state that “the researcher using these instruments must be cautioned that even frequent repetition of the measurement will not lead to a statistically valid result”.

3.2 Selection of research context

The core of qualitative investigation is “on describing, understanding and clarifying a human experience” (Polkinghorne, 2005, p.139). For this thesis, we would find out how the company uses branding within internationalization context. As a result, some criteria of internationalized companies had been set in order to ensure that we focus on the right context. Firstly, the focal companies should have strong reputation of their brand, whether their product brands or company brands, in their home countries at least. The amount of subsidiaries in overseas is the next consideration. The more subsidiaries the company has, the more experiences of going abroad the company has. Various subsidiaries in foreign countries may imply to great experiences that company possesses. In addition, we think that the more foreign affiliates were established, the more intention of internationalization would show. As a result, the focal companies should have foreign affiliates in more than one country to ensure the expansion performance of the company. Finally, foreign subsidiaries should conduct some marketing activity, not just only import products, to ensure that branding would not be limited in only one country.

In the thesis, we had focused on companies in Thailand because it is easy for us to access the information from key managers or top managements who have experienced on brand activities and going overseas process. As a result, the company should be established or have headquarters in Thailand. Besides, the focal company should have strong brand recognition in Thailand before going abroad to ensure that at some levels, brands are successfully managed.

Due to the limitation of time and the connection power to get information from top managements of strong brand companies, the amount of targeted companies is narrow down to be only one. As a result, we had selected to study Thai Beverage Public Co., Ltd., as a headquarters, because the company has strong recognition in Thailand and Singapore in term of company and its liquor’s
products (Bangkok post, 2009). Additionally, the company has seven subsidiaries in different parts of the world and marketing activities are conducted in overseas to promote sale growth (ThaiBev annual report, 2009). In term of international subsidiaries, we would focus on International Beverage Holdings Limited (IBHL).

3.3 Data collection

After identifying the research question, the relevant information has to be gathered. The two main sources of information are primary and secondary data.

• Primary data

Primary data can be defined as “information that is collected firsthand, generated by original research tailor-made to answer specific, current research questions” (Onkvisit & Shaw, 2009, p.254). Primary data provides specific, relevant, and up-to-date information, but it can generate high cost and amount of time to collect data (Onkvisit & Shaw, 2009). According to Fisher (2007), primary data can be obtained through various ways as shown in the table 5 in accordance with different objectives.

Table 6 unstructured approaches to the qualitative methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews</td>
<td>In-depth and open</td>
</tr>
<tr>
<td>Panels</td>
<td>Focus groups</td>
</tr>
<tr>
<td>Questionnaire</td>
<td>Lots of white space on the page</td>
</tr>
<tr>
<td>Observation</td>
<td>Keeping a research diary</td>
</tr>
<tr>
<td>Documentary</td>
<td>Rhetorical analysis</td>
</tr>
</tbody>
</table>

Source: adapted from Fisher, 2007

In the thesis, primary data would be collected through interview, individual dept interview, because we would like to know the story in full and detailed account of the respondent’s experiences as shown in the table 7.
Table 7 individual depth interview

| Research objective | - Explore life of individual in depth  
|                    | - Create case histories through repeated interviews over time  
|                    | - Test a survey  |
| Topic concerns     | - Detailed individual experiences, choices, biographies  
|                    | - Sensitive issues that might provoke anxiety  |
| Participants       | - Time-pressed participants or those difficult to recruit (e.g. elite or high-status participants)  
|                    | - Participants with sufficient language skills (e.g. those older than seven)  
|                    | - Participants whose distinctions would inhibit participation  |

Source: Cooper and Schindler, 2006, p.204

Fisher (2007) stated that there are three types of interview structure which are open interview, pre-coded interview and semi-structured interview. Open interview is the way of asking an open question. The interviewer lets the interviewee respond to the question openly in the area of their interest. The interviewer can somehow lead the conversation to the topic of the interview to let the interviewee ask the question. Pre-coded interview is an interview that is controlled by the interviewer. The interviewee answers from the questions that are given by the interviewer’s script. Semi-structured interview is a combination of open interview and pre-coded interview. The interviewer has a topic and some question to remind them of the topic of the question they are going to ask. During the interview, the questions give the interviewee the opportunity to answer the question in their own way. In this thesis, the interviews were conducted in semi-structure interview. The authors asked the questions to remind the respondents about the topic of the questions we would like to ask based on the thesis topic, but freely let them answer the questions in their own ways. Therefore the respondents would be in the same way as the topic of the questions that we wanted.

The three basic ways of conducting interview are personal interview, telephone interview, and e-mail interview. As we mentioned earlier that our respondents are located outside Sweden, the convenient and effective method of administering question would be on telephone and e-mail interview. Telephone and e-mail interview use fewer resources consumption including time and cost of communication.

According to the different time between Thailand and Sweden, busy working style, and great responsibilities of our respondents, they influence to the difficulty of the appointment time for telephone interview. Therefore, e-mail interview would be the first priority. However, if some answers from respondents cannot be clearly expressed through e-mail, the telephone interview is the better approach to collect information.
E-mail interview provide more chance for respondents to give “well-thought-out answers rather than top-of-the-head responses” (Hart, 2006). Another advantage is because it offers the respondent convenient time and place to answer the questions. Some persons claim that e-mail interview can create more accurate information. “From the corporation’s point of view, e-mail answers increase the likelihood that the company will be quoted accurately” the Poynter Institute’s Butch Ward, a former vice president for corporate communications of an insurance company, wrote in an e-mail interview (Hart, 2006, online database). However, there are disadvantages of using this method. Mencher (in Hart 2006), said that E-mail, though, is just a collection of stale, lifeless words without context. Another concerned, from Foley (in Hart, 2006) issue is about unreliability as we do not know who actually wrote the e-mail. In order to prevent this drawback, the researcher has to make sure that an e-mail is directly answered from the respondent.

As we mentioned earlier, Thai Beverage Public Co., Ltd. (ThaiBev) would be our focus. To achieve the research purpose, questions were categorized in four groups in accordance with conceptual framework, brand for market commitment, brand knowledge, brand to decision making of investment, and global branding activities. Choosing the right respondents in the company is next issue that has to be concerned. As a result, the respondents would be selected regarding to their responsibilities in ThaiBev as shown in table 8. The selected participants are top management of ThaiBev and IBHL who can provide us rich information of internationalization and global branding. Perspectives of brand, image of ThaiBev to investors, and strategy of internationalization of ThaiBev would be described by CEO of ThaiBev, Mr. Thapana Sirivadhanabhakdi, who has worked for the company since 2001 and has great experiences of expansion businesses in overseas. The ideas behind these questions are to explore how much important of brand and branding to the company, and how the firm use its resource, brand, for internationalization.

The activities of ThaiBev’s subsidiary, IBHL, would be explained more by the CEO of IBHL, Mr. Barrie Jackson, who is responsible for international sales, marketing, and group strategy. The idea behind these questions is to explore global branding activities that the company performs in foreign countries.

Planning interview is concluded in the table 8 and the detail of interview question is provided in appendix 1, 2, and 3.

Table 8 planning interview of the respondents

<table>
<thead>
<tr>
<th>The respondents’ name</th>
<th>Position</th>
<th>Interview topic</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Thapana Sirivadhanabhakdi</td>
<td>The CEO of ThaiBev</td>
<td>Brand in company perspectives, internationalization strategy</td>
<td>May 10, 2010</td>
</tr>
<tr>
<td>Mr. Barrie Jackson</td>
<td>The CEO of IBHL</td>
<td>Activities of IBHL</td>
<td>May 10, 2010</td>
</tr>
</tbody>
</table>
The interpretation for primary data - According to Fisher (2007), the interpretation device that can be used in our thesis interview is critical incidents. Critical incidents device is used in the interviews because we would like to know the situation of branding in the company and the branding activities that are used in the company in order to use it in internationalization process. And also, we would like to know the brand and branding perspective from the interviewees of ThaiBev. The semi-structured interview was used in order to get the answer the brand and branding information of the company. Moreover, the questions lead to the feeling and the situation of the company from the interviewees. However, the interviews were made via the telephones and e-mails therefore body language can’t be read during the interview.

- **Secondary data**

Secondary data can be defined as “information that has already been collected for other purposes and is thus readily available” (Onkvisit & Shaw, 2009, p.254). The most important benefits of secondary data are time and cost saving for researchers (Churchill, 1996). Churchill (1996) claim that there are two common problems of using secondary data. First, secondary data do not totally match the problem as defined due to they are accumulated for other purposes. The next is that secondary data are not completely correct because possible error can be occurred in the collection, analysis, and presentation of information. In order to reduce this gap, Churchill (1996, p. 196) suggests that the researcher should consider “the primacy of the source, the purpose of publication, and the general quality of the data-collection methods and presentation”.

In the thesis, secondary data would be gathered from a mixture of materials including books, journals, and internet source. Literature part of internationalization theory and branding are mostly based on textbooks and journals as they are reliable references especially for academic journals. Fisher (2007) categorizes journal in two types. First, academic journals are articles that have to be approved from two or more experts before publishing. Second, professional or trade journals are in the opposite position of the first type. Trade journals are not necessary getting the approval from experts, but they may useful for recognition of trends, fashions, and recent interests or importance (Fisher, 2007). Fisher (2007) believes that journals are more important than books because they are the most up-to-date research and debates.

We mostly collected academic journals from electronics resources in the library online database of Mälardalen University such as ABI/INFORM Global (Proquest), ELIN@Mälardalen, and Emerald. Google scholar is another important search engine that we use to find out electronic journals. Various key words that relate to foreign business expansion and branding are used for online database such as internationalization, globalization, international business, brand, branding, brand management, and global branding.
In order to accumulate the company information, we rather rely on the annual report, company website and internet website of third party such as newspaper, and magazine because they are easy to access and up-to-date information.

3.4 Reliability and validity

Onkvisit and Shaw (2009) suggest that research design and sample are useful when suitable measurement is applied, and the measurement has to be ensured through reliability and validity.

- **Reliability**

According to Onkvisit and Shaw (2009), reliability can be occurred when a measuring instrument produces the same outcome time after time, and the object being measured is assumed no change. The reliability in term of international business and marketing research can be taken place from different language and culture between researchers and respondents which influence to misunderstanding, and misinterpretation. In case of our thesis, the focus company is Thai and the respondent, Mr. Thapana, is Thai as well. As a result, the similarity of Thai language and Thai culture between researchers and respondents can reduce the gap of misunderstanding and mistranslation between both groups. In case of Mr. Barrie, the chance of misunderstanding during communication may have higher rate. Therefore, to ensure the same understanding between researchers and respondents, the empirical data and analysis would be sent back to respondents for confirmation.

- **Validity**

Validity indicates to the extent to which a measuring instrument evaluates what it claims to measure (Fink, 1995). In the thesis, the main focus is about brand and internationalization process. Empirical findings are mostly based on the respondents’ experiences. As a result, selecting the right respondents has influences on the validity of this thesis. Therefore, our respondents must involve in the process of using brand and/or process of going abroad in accordance with the questions. By doing that, the preliminary study the organization structure and subsidiaries of ThaiBev is required to understand the overview of the company and scope down the relevant position before selecting the right respondents.

Making the respondents to understand the interview question and the purpose of this thesis is also important to validity as most of empirical data came directly from the respondents’ experiences. Therefore, to avoid this problem we had ensured that the concept of our thesis would be clearly explained to the respondents before interview. By doing that, we provided preliminary information of this thesis and preliminary contact to the respondents.
CHAPTER 4: EMPIRICAL FINDINGS

Empirical findings from interview and secondary data would be presented in this section in accordance with conceptual framework including knowledge of branding, corporate branding as a resource, branding to decision-making, and global branding activities.

4.1 Knowledge of branding

4.1.1 Thai Beverage Public Company Limited

According to the company website, Thai Beverage Public Co., Ltd. (ThaiBev) was constituted in Thailand in 2003 in order to combine all businesses of beer and spirit under a single holding company. The major businesses of ThaiBev are the production and sale of beverages; both alcoholic and non-alcoholic type, and other by-products as well as other related businesses through its affiliates and associated companies. ThaiBev takes action as the management center, support, and supervise the overall operation of the company. The departments and/or groups are separated in the following

- Brewery group
- Distillery group
- Business development group (supply chain group)
- Marketing group
- Overseas group
- Beer group
- Liquor marketing group
- Non-alcohol beverage business group
- Sole agent group
- Trademark group

In 2006, ThaiBev was listed on the Singapore Exchange Securities Trading Limited (SGX-ST). Since listing, going abroad strategy has been implemented to expand its businesses. As a result, International Beverage Holdings Limited (IBHL), as its wholly-owned subsidiary, is entrusted with this responsibility. To date, sale offices have been established in seven countries - such as the USA, UK, and Australia - and working promotion sales have been started in those countries as well. Chang Beer and Mekhong rum are the main export products.
4.1.2 International Beverage Holdings Limited (IBHL)

According to ThaiBev’s website, IBHL is incorporated in Hong Kong and presently has affiliates in seven countries.

- InterBev (Singapore) Limited
- InterBev Malaysia Sdn. Bhd.
- InterBev (Cambodia) Co., Ltd.
- International Beverage Holdings Limited USA, Inc.
- International Beverage Holdings (UK) Limited and subsidiaries including Inver House Distillers Limited
- Best Spirits Co., Ltd.
- Yunnan Yulinquan Liquor Co., Ltd.

The worldwide operations are managed out of the four regional headquarters situated in Hong Kong, Singapore, North America and the United Kingdom.

IBHL supplies to over 80 countries, selling whisky from the Inver House assortment, and ThaiBev’s best brands: Chang Beer, Mekhong, and Sangsom. IBHL focuses to sell its products to wholesalers, distributors, and other dealers rather than to consumers directly.

4.1.3 The successful acquisition of IBHL

In order to strengthen the international project Mr. Barrie mentions that IBHL acquired Inver House Distillers Ltd. and Yunnan Yulinquan Liquor Co., Ltd.

Inver House located in Scotland is the distillery group that produces and distributes Scotch whisky. This is the crucial strategic of ThaiBev to cover the premium market of alcoholic beverage and to gain access to expand market range for ThaiBev’s products. The incorporation between commercial team of Inver House and IBHL leads to the successful introduction of the new corporate brand as International Beverage to worldwide customers. Additionally, Chang beer team of the United Kingdom was incorporated and reorganized into the new team of International Beverage for better brand development.

Yunnan Yulinquan Liquor Co., Ltd. (YQL) is the local white spirit distillery located in Kunming, China. Its leading brand, Yulinquan, covers economy to premium sectors mostly in Yuxi, Kunming, and Yunnan areas. This acquisition formally begins an access into alcoholic beverage market in China. Similarly, its ownership in one of the oldest and most well-known spirit brands provides opportunity to expand into other business in the future.
4.1.4 Strategy of IBHL

Mr. Thapana said that the key strategies had been set up to support ThaiBev’s growth in overseas, 2008 and 2009.

- To be major global player in alcoholic beverage and one of the top comprehensive beverage company in Asia
- Gradual entering into various markets in order to built a well-established series of brands with strong foundation in each market. In case of beer, if there is sufficient volume of sale, the company will consider to purchase local brewery because profit margins from beer is lower than spirit. Besides, cutting down cost of international transportation can improve the profitability of the products. However, Chang beer is still considered as a genuine imported brand in foreign markets.
- Focusing the core brands in the beginning of starting business – Chang beer, Mekhong, single malt whiskies, blended scotch whiskies
- Identifying and creating a suitable model to market, whether wholly owned or third party in accordance with market conditions and the company’s goals for that specific market
- Establishing local partners and management in new markets to reduce gap of learning such as culture, and business practice
- Global sourcing of key international managers who have great experiences in beer and spirits businesses
- Assembling a strong talent in the fields of Sales and Marketing with both experiences of beer and spirits categories

4.1.5 Human resource of IBHL

Mr. Barrie states that the company makes sure the working quality by taking time to build teamwork, increase employees knowledge and skill level frequently. For example, the company set up a company day to concentrate on team building, building the company brands, and to increase the awareness of alcohol abuse. Besides, a structured training plan has been established in accordance with employees’ assessments. In 2007, the huge achievement was an acknowledgement of the standards which were set in the training. As a result, a certificate was awarded to Inver House as an Approved Center to offer Scottish Vocational Qualifications. The firm continues to follow a vocational qualification course of spirits industry for warehouse and distilleries team in order to reach health and safety regulations.
4.2 Corporate branding as a resource

According to ThaiBev website, the company got many awards in Thailand and overseas that can represent the quality of ThaiBev. In Thailand, ThaiBev could get awards in the category of environmental management which including Thailand energy awards 2009 and Prime minister’s industry awards.

For international recognition, ThaiBev got awards related to good company management (ThaiBev website, 2010). Asia’s best companies 2009, Thailand: best CFO and CEO by FinanceAsia Magazine was recognition of ThaiBev’s attempt to protect the investment of the firm’s stakeholders in a conservative and thoughtful. SIAS investors choices award for most transparent company 2009 was the award that represents ThaiBev recognition from Singapore investors. The award of best investor relation would prove the good performance of ThaiBev’s investor relation team from Singapore’s view. Best annual report by newly listed company 2007 was the award that seeks to promote exceptional presentation of financial report and a wider range of disclosures beyond the minimum regulatory requirements. The award of AsiaMoney Poll 2008 represented the outstanding performance of ThaiBev in Asia stock market. The awards for ThaiBev in full accounts within 2006 and 2009 are shown in the table 9.

Table 9 awards for ThaiBev group, 2006-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Award</th>
</tr>
</thead>
</table>
| 2009 | - Prime Minister’s Industry Awards  
- Asia’s Best Companies 2009, Thailand: Best CFO by Finance Asia Magazine  
- Asia’s Best Companies 2009, Thailand: Best CEO by Finance Asia Magazine  
- SIAS Investors Choices Award for Most Transparent Company 2009 |
- Best Investor Relations in the Singapore Market by a Thai Company 2008  
- AsiaMoney Poll 2008 |
| 2007 | - Silver-Best Annual Report (Newly Listed Company, Singapore Corporate Awards)  
- Best Investor Relations in the Singapore Market by a Thai Company 2007 |
| 2006 | - Best Investor Relations in the Singapore Market by a Thai Company 2006  
- 2006 Merit Award for Transparency among newly-listed Companies (New Issue) on The Singapore Exchange  
- Acclaim for Capital Markets Deal of the year 2006 |

Source: adapted from the ThaiBev’s website and annual report 2008, 2009

The quality of products is also important in ThaiBev’s view. Mr. Thapana mentioned that past few years, ThaiBev group built up the brand of firm’s products, especially in accordance with quality and value. The product branding can benefit to company growth and stakeholders. In ThaiBev point of view, award is a representation of firm and product recognition. As a result, such recognition can lead to better sales and stakeholders profits. The awards of ThaiBev’s products in category of products’ quality within 2008 and 2009 are shown in the table 10.
Table 10 awards for ThaiBev’s products, 2006-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Award</th>
</tr>
</thead>
</table>
| 2008 | - Icons of Whisky  
- Beer Awarded Gold Medal by Monde Selection Bruxelles – World Selection of Quality 2008 |
| 2007 | -Gold medal from Australian International Beer Awards 2007 |

Source: adapted from the ThaiBev’s website and annual report 2008, 2009

4.3 Required information for global branding decision

4.3.1 Who make the decisions for investment?

**Board of director knowledge that requires for decision making**

According to the ThaiBev annual report (2009) on the company’s operation, The Board of director is responsible for the company’s vision, business strategies and also the performance of the company of the management duties. All overseas subsidiaries are operated in accordance with the law and regulation of each country. Similarly, ThaiBev sets the regulation for shareholders and investors to set meeting not less than four times a year.

The Director Accreditation Program (DAP) and the Director Certification Program (DCP) of the Thai Institute of Directors is created for a director’s training. The company also encourages the directors to understand the law of their subsidiaries such as Singapore law, roles of the directors and others useful information in order to create a good understanding about each subsidiary (ThaiBev annual report, 2009).

4.3.2 What is it needed for decision-making?

Market information is prepared for basis knowledge of the segment and destination of investment. It is presented in geographic knowledge which based on the customer location of each company’s subsidiary. Although the core operation is in Thailand, but the portion of those products are exported both direct and indirect to its subsidiaries as well. Therefore, information of the location is important (ThaiBev annual report, 2009).

Mr. Barrie said that ThaiBev tries to understand local market and culture. He mentioned that ThaiBev respects to the local belief and heritage which lead to the understanding of the product innovation. According to the Chang UK-based brand manager of Thai Bev, the foreign tourists heard and saw Chang beer in Thailand. Since Thailand has become one of the most popular destinations, foreign tourists have a chance to try and touch the culture and the feeling of
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Thailand through Thai food and drink. Tourists select Chang beer because it is one of the most popular beer brands in Thailand. This phenomenon leads to the increasing global interest and (ThaiBev, 2009).

According to ThaiBev annual report (2009), the strategy of going abroad is to manage brand strength and recognition to the consumers mind as a top brand. ThaiBev has distributed its networks through the distribution system and logistic investment in order to reduce the cost of distribution channel in overseas. ThaiBev also wants to increase a foreign investment and create a strong foundation of the products for the distribution network.

4.4 Global branding Activities

4.4.1 Global branding of ThaiBev

According to Chang beer unveiled (2007), Chang beer promoted oversea marketing campaign in the UK website about the brand as Thai brand. The purpose of the promotion in the UK website is for the IBHL which is one of ThaiBev subsidiaries to be well-known as a leading of global beer.

ThaiBev purchased and became a shareholder of the beverage famous brands in the local in order to gain the beverage market both non-alcohol and alcohol beverages. The strategy is to increase the company image since the company usually sell alcohol beverage therefore having non-alcohol beverage gave a good image to the company. Also by this chance, ThaiBev used this opportunity to create non-alcohol especially energy drink market via alcohol market because Chang beer has a really big market around the world. ThaiBev believe that a global company must have many kind of product (beverage) therefore they want to create non-alcohol beverage market with alcohol beverage market just like Kirin; the Japanese beverage company did (Manager daily, 2010).

According to IR newsletter (2009), ThaiBev promoted Chang beer in Singapore food festival in the theme of washing a spicy mouthful of chill crab with Chang beer by providing three booths in Clarke Quay for decreasing thirsty of audiences in the food festival.

In May 2009, ThaiBev invited their Singapore shareholders to the factory in Thailand and offering a tour to watch the process of making alcohol drink product (IR newsletter, 2009).

Thai Beverage made an advertisement in the country of the subsidiary in Australia which made voice to the customer in Australia about ThaiBev Brand that sell alcohol beverage in the country (Rungfapaisarn, 2010). The company launched a new brandy product to Australian people as a high class brandy. The purpose of making a huge news in the local country is to gain and capture
brandy market in the country of investment in order to make Thai Beverage’s products make a huge noise to the society and also to be heard from the local customer which is the target of the company. Furthermore, making global news in the world market is a chance of being heard by other country and it is a chance for Thai beverage as Thai brand to be heard in the local market in other parts of the world (The Nation, 2010).

4.4.2 Corporate Social Responsibility (CSR)

For social responsibility, ThaiBev has created many campaigns to give benefit back to the society in Thailand under the name of “To Give and To Share: ThaiBev’s Highly Cherished Core Value”.

According to ThaiBev annual report (2009), the company is moving forward to develop social, religious, educational, public health, sports and cultural in Thailand. With the supporting of the company’s alliances and shareholders, they created campaign to help people in the different parts of Thai communities. The example of the campaigns are “ThaiBev…Unites to fight the cold” which was located in the northern part of Thailand. ThaiBev gave blankets to poor people on the winter because they need to be warm but they have no money to by a cloth or a blanket. ThaiBev also created a foundation for Thai youth football team to have good equipment and a chance to practice with the professional soccer trainer. They believe this is the way to give a good future to the youth and also a good activity for the youth. Another project that benefit to the community is that they support the community water resources management in order to help in the water supply for agricultural. The campaign could be separated into four categories

- Education- for the brighter future of the nation
- Sports- nurturing the human spirit
- Healthiness- key to a successful society
- Thailand’s cultural heritage- to preserve our national identity

In the year 2010, Thai Beverage Marketing and Mr. McCann Erickson cooperate to develop a campaign to promote Meridain which is a brandy product and launched a new Direct Response TV campaign (DRTV) which will be used in an insurance company Cigna, Thailand. The purpose of this is to show a corporate social responsibility and make a direct contact with the customer. Furthermore Mr. Jinn Powprapai, managing director for MRM worldwide Thailand said that TV is one of the direct media which can reach to the customer (Lau, 2010).

Chang Beer renews contract with the UK football club Everton (ThaiBev news, 2010). Chang beer and Everton football club have cooperated in many social respondent projects that benefit Thai society such as donation for house construction for tsunami in 2004. Therefore it is a good
opportunity to continue the relationship between to continue a good deed that they did together. Chang beer and Everton also plan to build ThaiBev football Centre in Bangkok for the young football player training.

4.4.3 Global rating

Chang beer received a gold medal on World beer championship, Chicago, United States in 2008. It was one of the ThaiBev’s successes to receive an exceptional rating by the wildly-acclaimed Beverage Tasting Institute (BTI) which is the America’s oldest international beer competition. In the early 2008, Chang also received a gold medal in the World selection quality in the category of beer, water and soft drink in Bruxelles (Chang scoops gold medal at 2008 world beer championships in the United States, 2009).

The changing of the rate of the company was announced on March 4, 2010 about “upgraded the company rating of Thai Beverage Public Company Limited (ThaiBev) to “AA” with a “Stable” outlook from “AA-” with a “Stable” outlook to gain an international credit rating in order to establish Company’s overseas credit flexibility in the financial markets, the Company engaged Standard and Poor’s (“S&P”) and Moody’s Investors Service Pty Limited (Moody’s)” (ThaiBev annual report, 2009, P.66-68).
CHAPTER 5: ANALYSIS

In this chapter, analysis of empirical finding would be presented in accordance with conceptual framework. As a result, the topic would be separated into four parts: knowledge of branding, corporate branding as a resource, decision making, and global branding activities.

5.1 Knowledge of branding

Knowledge is an essential part for international business as it relates to the decisions to commit resources in foreign market (Johason & Vahlne, 1977). Company must have several kind of knowledge in order to operate in overseas markets. The more valuable knowledge the company has, the stronger commitment is put in the market. However, in our thesis, knowledge of brands is the major focus that the company should have in-hand at some level before going abroad as it can facilitate the company to utilize its brands, internal resource, in foreign markets effectively. Besides, the branding knowledge can be gained during the process of internationalization.

Knowledge of branding can be described in many aspects in accordance with the authors’ background. If we classify this knowledge in accordance with Johanson & Vahlne (1977), there are two groups, objective and experiential knowledge. Objective knowledge is easier to acquire as it can be taught form one person to other persons. In case of experiential knowledge, it has to be obtained by learning only, it cannot be transferred from one person to another person. Hence, it is difficult and takes time to get experiential knowledge.

In authors’ point of view, we see branding knowledge as an objective knowledge which can be taught in the academia or firms as we can see that IBHL has set the company day for training its employees about building its company brand. From this point, it can be assumed that IBHL realizes the importance of its branding knowledge for international business operation and would like to transfer this realization and knowledge to its employees as well. The integration

However, the ability to manage that branding knowledge in different situations or countries relies on individuals’ experiences who have directly involved in that process. For ThaiBev, one strategy for going abroad is to recruit worldwide top managements and strong talent of sale and marketing team in order to gain experiential knowledge from them especially the experiences of international spirits and beer industry. It can be assumed that this strategy is able to decrease the ThaiBev’s drawbacks of lacking knowledge in foreign markets, and enhance the image of the company to be more professional in shareholders’ view. The demonstrations of using branding knowledge would be discussed more in the following topics.

For the next topic we would show that how ThaiBev applied knowledge of branding and its resource to build up the business recognition in global markets.
5.2 Corporate branding as a resource

The internal resources of organization are the main focus in the RBV theory as these resources help to produce firm profitability and sustain competitive advantage of the organization (Sun & Tse, 2009; Barney, 1991; Peteraf, 1993; Kraaijenbrink, Spendor, & Groen, 2010). Brand name is classified as one of the value resources in RBV because it is specific to the firm and problematic to copy due to patent (Combs & Ketchen, 1999 in Lockett, Thomson, & Morgenstern, 2009). In this case, the meaning of brand covers the company’s name or corporate brand (Heding, Knudtzen, & Bjerry, 2009).

In case of ThaiBev, corporate brand is one important resource for international business. The company realizes how important of corporate brand and try to put effort in order to show good performance of the businesses and to show the firm’s commitment in those markets as Johanson and Vahlne (1997, p.37) mentioned “the more specialized the resources are to the specific market, the greater is the degree of commitment”.

According to the strategy of international businesses, ThaiBev would like to be key player of alcoholic beverage in global market and to be one of the top comprehensive beverage firms in Asia. To achieve that target, ThaiBev require huge amount of financial resources. By doing that, ThaiBev accumulates the financial resources by listing the company in the stock market. As we have seen that in 2003 ThaiBev was established in Thailand and three years later the company was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in order to raise capital and investment resource. The more financial supply from stakeholders and investors put on, the more investment’s resource the company has. To be listed in foreign market, Singapore, reputation of ThaiBev is probably the effective way to gain firm’s reliability from stakeholders and investors which finally leads to financial support. Corporate branding plays an important role to create ThaiBev’s reputation.

One option that ThaiBev choose to brands itself is done through annual report in accordance with disclosure and transparency of listing requirement. The better performance and financial status of ThaiBev can represent the more reliability of the company as Mr. Richard Jones, an assistant vice president for investor relations, mentioned in annual report that “effective disclosure can reflect on the good name of business as it openly reveals management’s past, current, and likely future performances” (annual report 2008, n.d.). Therefore, annual report is not just the firm’s report but it also differentiates outstanding performance from competitors. ThaiBev got a silver-best annual report award 2007 (newly listed company, Singapore corporate awards) as shown in the table 9 to guarantee that annual reports are prepared thoroughly and at some level it can build the recognition of ThaiBev.

There are many awards to ensure that at some level the corporate brand, ThaiBev, is successfully recognize in the foreigners’ view, for example the IR awards as shown in table 9. The Investor
Relation (IR) team has been set up as ThaiBev’s representative for regular investor meetings to show the ThaiBev’s attention of stakeholders’ opinions (personal communication, 10-05-2010).

According to the best IR award by a Thai Company in 2008 from IR magazine, investors in Singapore market would be surveyed to assess the performance of Thai IR teams. It was high competition among many top-ranked Thai listed companies. Winning this award is an indication of above average performance in the view of ThaiBev’s shareholders (personal communication, 10-05-2010).

In addition, AsiaMoney poll as shown in table 9 is probably the most honored in Asia for ThaiBev regarding to its size and its independence (personal communication, 10-05-2010). To win the best IR in Thailand by AsiaMoney Poll has great positive image for ThaiBev. Besides, the outstanding of ThaiBev’s stock in 2008 in Asian Stock Market represent the good performance and company image (personal communication, 10-05-2010).

Winning The Securities Investor Association of Singapore’s (SIAS) Investors Choices Award for Most Transparent Company 2009 in foreign listing category can be assumed that it is from the active attention and participation in Singapore market. The manager of overseas business mentioned that an investor briefing has been set up twice a year in Singapore where ThaiBev has several retail stakeholders, however, all are welcome (personal communication, 10-05-2010). He further explained that senior managements are willing to answer questions about ThaiBev’s performance in previous six months and opinions from everybody in attendance are taken back to headquarters, Bangkok, for considerations (personal communication, 10-05-2010). Besides, investment fairs in another activity that investor relations teams have attended to meet retail investors and answer their questions (personal communication, 10-05-2010).

Other awards that can ensure the long term investment and provide good image of ThaiBev are “Thailand Energy Awards 2009” for ‘Excellence’ and an ‘Honorable Mention’ in the category of energy recycling off-grid from biogas resulting from a waste water treatment project and biogas from a waste water treatment project with an anaerobic system to be used as fuel for a steam generator to replace bunk oil (ThaiBev annual report, 2009). These awards would demonstrate the extent of environmental conservation from ThaiBev.

Performance of the company can be measured through the shared market’s percentage. In this case, ThaiBev’s performance can be illustrated through the increasing of sale volume of its products. As a result, brands of products are another aspect that the company has to concern as well. The recognition of the firm and its products should be in the same direction. To build product brands in foreign counties, ThaiBev uses international awards to show its high quality of ThaiBev’s products. According to the international business strategy, Chang beer is one of the main exported products of ThaiBev. In order to guarantee and promote quality of Chang beer, ThaiBev uses the awards to do that function instead. The awards in table 10 can be implied that the standard of Chang beer of ThaiBev is qualified in foreigners’ view. Therefore, these awards
can enhance indirectly to the reputation of ThaiBev. Mr. Thapana stated in ThaiBev’s annual report (2008) that “awards don’t make money in themselves but they build brands, which do”. These activities of corporate branding could show that how ThaiBev realizes the importance of brand, branding, and utilizes it for international business purpose.

When company has branding knowledge and utilizes it with company name, it can make significant result for company recognition in worldwide market. Besides, it can facilitate the next step of going abroad.

5.3 Required information for global branding decision

According to Trevino et al. (2008), institutional theory has impact on the organizational decision-making. Yamakawa et al. (2008) stated that institutional theory can be classified into three pillars which are regulative, cognitive and normative pillars. Regulative pillar represents rules and laws of the place of investment. According to Trevino et al., (2008), cognitive and normative pillars are seem to be very close as they represent value, norms, trend, tradition and belief of people and society of investment. Besides, cognitive and normative pillar concern on subjective issue which differs from regulative pillar. Hence, cognitive and normative pillar in this thesis would be categorized in the same group as well. For this thesis, cognitive and normative pillar can be seen to understand consumers’ perception on ThaiBev toward brands and applied to the strategy of company branding, which lead to global branding activities. The information that required on ThaiBev global branding decisions are described below.

From the ThaiBev annual report (2009), the board of director and CEO are the key players who make decisions of investment. Those who make a decision should have knowledge in the country of investment such as culture and business practice. Furthermore, they should have vision to find out new opportunities for further investment.

Law and regulation of the country of investment are seen as regulative pillar. According to ThaiBev annual report (2009), CEO and board of director who make decisions of investment and activities must have knowledge about law and regulation of that country. Therefore, meeting about law and regulations among board of director has been set up four times a year to ensure that the decision results will be complied with the law in each country.

For cognitive and normative pillars, local market and culture are necessary information that the company should study in order to create branding activities effectively. According to the international business strategy of ThaiBev, ThaiBev intended to strengthen its brands and increase brands recognition in the consumers’ mind as first choice brand by creating a different kind of beer tastes that suit to international markets (annual report, 2009). As a result, ThaiBev produces new taste of Chang beer to be more suitable for the international market which can reach to more overseas consumers (personal communication, 10-05-2010).
According to the UK-based brand manager, Thailand is one of the popular destinations for tourists. As a result, more and more foreigners have chances to discover Thai culture including Thai food and drink. Chang beer also gains an advantage from that point. The acceptance of Thai food and drink from foreign tourists leads to new market of Chang beer in overseas.

These information about the foreign market are required and essential for the company and those who involve with the decision making in order to create a good strategy on global branding activities which is part of internationalization process. The decision bases on the understanding of company’s brands and knowledge of branding in the area of investment. After making a decision on the global branding strategy, the acts of global branding activities begin.

5.4 Global branding activities

According to Kelz and Bloch (1993), global brand is an international brand that represents a symbolic of globalization such as image and the feeling of good quality of the product. As a result, global branding is a strategy of the company to shows the globalness of the company and its brands by increasing the brand appearance to be worldwide. Therefore, it can lead to brand recognition and product differentiation (Kelz & Bloch, 1993).

Global branding can be seen in the following ways;

- **Breaking consumer perception** – express the power of global; global image and global quality to the consumers.

Global image is created when ThaiBev decided to be a sponsor for Everton football club in the UK in order to promote Chang beer and also to create the brand acceptance for the consumers in UK (The Beverage Company Limited News, 2010). Culture influence acceptance is shown in the way of brand represent culture (Holt, Quelch, & Taylor, 2004). Holt, Quelch and Taylor (2004) stated that people from around the world consuming the image of the culture via media and internet. The perceiving of the culture image from the media creates the bound and relationship of being global citizen. The consumers feel like they are part of the culture and the world. Change beer was promoted as Thai brand in the UK website (Chang beer unveiled, 2007) because UK is one location of ThaiBev subsidiaries and to create brand image of Thai culture and global image to the consumers in UK.

ThaiBev purchased and bought stock from the famous beverage company because ThaiBev want to gain the fame of the brand and to create non-alcohol beverage market via alcohol beverage market in globally (Manager daily, 2010). Although the activities of purchasing were made in Thailand but the aim of ThaiBev is global. ThaiBev believed that global company should have many kind of beverages therefore they purchased famous non alcohol beverage companies in
Thailand, which some of their products are exported, in order to make ThaiBev image to be global company (Manager daily, 2010). Because ThaiBev would like to bring non-alcohol to the global by using alcohol market which is already in global market in order to create global image to non-alcohol beverage product.

In order to create good image of the product quality, ThaiBev invited the shareholder in Singapore to visit the factory of Chang beer in Thailand (IR newsletter, 2009). According to the information from the company annual report (2009), increasing the rate of the company in Singapore could be benefit to the company in many ways. In our opinions, The benefit of the increasing rate news are making the brand to be heard through the local media on the country of the subsidiary which is Singapore and also making a local Singapore news in investing and receiving a rate from across country furthermore it is one of the way to warrantee that Thai Beverage product is a good quality product and it is reliable to perceive the products from the company because there are the warrantee from across country.

According to the global branding theory, the authors think that being in local news may be one of the company strategies on global branding. According to Keilz and Bloch (1993), global brand always compete with each other and brand needs to improve its character all the time to attract global. And also to make a good image in the public, making news of image changing and news about the company activities on product quality and activities could be one of the ways to show the quality of the company as a global company and quality of the products. The global news shows that the products reach a global standard and they are admitted in the world market (Holt, Quelch, and Taylor, 2004).

- **Invisible the dark side of the company** – have other good image to invisible the bad image.

Corporate Social Responsibility (CSR) of Thai Beverage Public Company Limited could be seen in a global branding perspective as a positive side of the company by Gelder (2003) by point out that the company also cares about the life and living of local people in Thailand to the sight of foreign shareholder via ThaiBev annual report. Also Chang Beer cooperated with UK football club Everton to give benefit to the society such as Tsunami houses donation and football club centre for Thai young football player.

- **Create image lifestyle and value** – Consumers feel the lifestyle of the brand when they are consuming the product.

ThaiBev promoted Chang beer in Singapore food festival (IR newsletter, 2009) to create a feeling of chilling of drinking the beer. ThaiBev also sell brandy product in Australia in a feeling of high class brandy (The Nation, 2010). ThaiBev presents high class to the brandy drinker which creates the feeling of being high class to the brandy drinker. According to the sponsorship
of ThaiBev and Everton football club, the authors think that it shows the feeling of beer drinker and world football club.

According to Holt, Quelch and Taylor, (2004), doing global brand makes benefits to the company in many ways as following;

- **Represent cross culture terms and being global feeling** – consumers feel like they are part of the world by the culture.

ThaiBev promoted Chang beer as a Thai brand in UK website (Chang beer unveiled, 2007), is to show cross culture of Thai to UK. According to the UK-brand manager of Thai Beverage company limited about using the image of Thailand with Chang which is the beer product from ThaiBeve, this activities can be considered as activities to increase a global awareness of the brand by using culture within the country as an image of the brand also.

- **Ensure of the quality of global product** – consumers trust the brand as a global product with global quality.

From the news about global activities of ThaiBev and also the visiting of foreign shareholder in the alcohol beverage factory in Thailand (IR newsletter, 2009), Consumer will receive a global feeling of the brand and also trust in the product quality of the brand. From the gold medal award that ThaiBev gained from US (ThaiBev, 2009), it proves the quality of Chang beer in global quality. The news about reward that ThaiBev gained from US is seen as a global success of Chang beer and ThaiBev Company. The rate that was warrantie from Singapore is also a proof of the company reliability when investing abroad.

According to conceptual framework, the benefits and the result of global branding activities become a good branding resource and knowledge of the company in the future process of internationalization. The process will continuously run itself by the process of the company global branding which is always developed in order to create brands and the company awareness. Global branding would lead to consumers’ confidence on the company and the products. Furthermore it creates the global image for the company to the shareholder and the foreign markets.
CHAPTER 6: CONCLUSION

The conclusion of our study would be presented in this chapter in accordance with the thesis’s purpose that how branding can be a tool within internationalization. Suggestion for further research would be introduced as well to provide more contributions toward branding and international business.

The purpose of this thesis is to explore how branding is used as a tool within internationalization. In order to achieve the purpose, the conceptual framework is created through the adaptation of the U-model from Johanson and Vahlne (1977) to explore the internationalization process toward branding. As a result, four elements are established; knowledge of branding, corporate branding as a resource, required information for global branding decision, and global branding activities. The model is supposed to be dynamic. That is to say branding knowledge and corporate brand that the firm has in-hand will be managed in order to facilitate the global branding decision in foreign markets, after that the global branding activities will be created in accordance with the decision-making. Similarly, the knowledge of branding and the company’s recognition can be increased through the process of doing; in this case it is decision-making and running global activities. Therefore, the result from one side will influence to another side as a circular process.

To select the context research, we focused on the company that has the brand recognition in domestic market before going abroad to ensure the company’s awareness toward its brands. Therefore, we selected to study Thai Beverage Public Co., Ltd. which is the leading spirits company including trading and manufacturing activity in Thailand, and has seven subsidiaries in seven different countries.

Form the study, we found out that branding is used in each element in accordance with internationalization purpose. Firstly, knowledge of branding is the important factor that influences to the company’s performance. The more value of knowledge belongs to the company, the greater performance the company operates in the market. ThaiBev realizes both kinds of branding knowledge and try to manage it efficiently. ThaiBev educates its branding knowledge to employees and that knowledge is exchanged among employees as well. To gain the experiential knowledge of branding in the foreign markets that ThaiBev is not familiar with, one strategy to recruit global management has been applied to the company. Therefore, the managements of overseas business must possess great experience of global beer and spirits industry to ensure that ThaiBev’s brand will be managed successfully in overseas markets.

The company brand is one of the firm resources that can be utilized with the branding knowledge. After listing ThaiBev in stock market, the strategy of international business has been emphasize to expand the business growth. Corporate branding is applied in order to acquire reliability from shareholders and investors which can affect to ThaiBev’s capital raising.
ThaiBev creates its recognition through the international awards in term of ThaiBev’s performance and its products’ quality.

The information that required in the decision making on global branding is part of the internationalization process for the organization. The information shows that the understanding of the company’s brands and the area of investment knowledge on the culture and norms are necessary in making a good branding strategy for the global branding activities. Branding knowledge is hardly seen in regulative terms. In the authors’ opinion, branding can be utilized in the way of the people feeling and attitude of people for the brand. In term of institutional theory, they could be classified in cognitive and normative pillars. From ThaiBev’s finding, there are the understandings of branding knowledge in the foreign countries to be able to satisfy the need of the markets in term of global feeling and global quality of the products. The decisions mostly concern on the image of global brand that affects to the market and making global awareness to consumers. The decisions would lead to global branding activities.

Global branding activities are operated around the world to increase the global image of ThaiBev and also to create products reliability in global market. ThaiBev’s strategies to increase global image of the company and products are created through media in global and local markets of those countries. Moreover, ThaiBev uses strategy of Corporate Social Responsibility (CSR) to create a good side of the company by giving benefit to society in Thailand. Although the activities of CSR are operated in Thailand but ThaiBev’s good deeds are shown in the annual report which creates global image in the social respondent terms (Holt, Quelch, & Taylor, 2004). The benefit from the ThaiBev global branding activities such as brand promoting in the UK website and the shareholder visiting at Chang beer factory creates a global awareness of the brand in the global market and also increasing products’ reliability as one of the global quality product.

The benefit and the result of the activities such as the increasing of brand image and the rewards that ThaiBev has gained will increase its branding knowledge for operating businesses in overseas. This branding knowledge will be used for brands again to create decision-making and global branding activities. The more the processes are continued the better performances the company has within internationalization.

There are some points to be concerned when generalizing this thesis for other companies. For this thesis, the focal company is a large firm which has more resources for going abroad than small and medium enterprise. Next consideration is the business type. The international branding activities rather depend on the business field. Different kinds of business affect to different marketing activities. As a result, some strategies or activities of ThaiBev are probably not appropriate for them. Therefore, generalizing this thesis for other companies, it should be applied in the same context that is to say established firms in the field of food and beverage.
The purpose of the thesis is to explore the way of using branding for going abroad process. The authors adapted the Uppsala model and branding to answer our research question in using branding as a tool within internationalization. The thesis shows that branding can be used for internationalization purpose. The authors hope that this thesis could lead to the new strategy of going abroad by using branding. In term of company’s resource, brands should be utilized to create maximum benefits.

**Suggestions for further research**

After completing the research, we found out that there are some possibilities to conduct further research in accordance with branding and internationalization. First, there are many perspectives in accordance with the different authors’ backgrounds to explain the phenomenon of internationalization. For this thesis, we rather focus on only one concept of the Uppsala model (Johanson & Vahlne, 1977). We think there are some possibilities to apply branding in other concepts. Second, the focal company is large and has more resources than small and medium enterprises (SMEs). The way to manage their brands may differ from the way of ThaiBev doing. Hence, branding in the field of international SMEs context can be a further research.
REFERENCES


Group 2487: Branding as a tool within internationalization


APPENDIX 1: Letter to Thai Beverage Public Company Limited

BJU-118 Benvagen55, 72352
Västeras, Sweden
11th May, 2010

To Mr. Anuchit Jureegasa

Topic Request an interview

We, Pimolbun Paglad and Tritarn Wattanasit, are doing Master Thesis in International Business and Entrepreneurship at Mälardalens University, Västerås Sweden. We are writing to request an interview to discuss on branding as a tool for going aboard. We would like to ask about brand and branding information of Thai Beverage Public Company Limited for our research.

Therefore we would like to ask for an interviews request with the staffs in Thai Beverage Public Company Limited in following position.

1. Mr. Thapana Sirivadhanabhakdi, CEO of Thai Beverage Public Company Limited
2. Mr. Barrie Jackson, CEO of International Beverage Holdings Limited

Nonetheless, we are studying in Sweden. We are not able to make a proper interview individually; therefore we would like to make a phone or an e-mail interview instead.

Sincerely,

Pimolbun Paglad

Tritarn Wattanasit

Contact: Pimolbun Panglad, Tel. +46 70 442 3933, E-mail: keitaro_ta@hotmail.com
APPENDIX 2: Interview questions for Mr. Thapana Sirivadhanabhakdi, CEO of ThaiBev

Mälardalens University
Master Thesis; International Business and Entrepreneurship

Branding as a tool within internationalization

The objective of study

This study is conducted by Pimolbun Paglad and Tritarn Wattanasit from the School of Sustainable Development and Technology, Mälardalens University in order to explore how branding can be used as a tool within internationalization. The research would provide a new perspective of branding for international business purpose.

Confidentiality

The respondent’s information will not be revealed publicly without his/her permission. It will be saved confidentially.

Contact

If you have any questions, please feel free to contact Pimolbun Panglad.

Tel. +46 70 442 3933. E-mail: keitaro_ta@hotmail.com

Introduction

At first, we would like to thank you for your time to answer our questions. Main topic of this interview is focused on the firm’s perspective toward brands and strategy of international business.

Questions

1. What do you think toward ThaiBev’s brands?

2. How importance of the brands is for your company including both corporate and product brands?
3. What are the opinions from shareholders and investors toward “ThaiBev”? For example, the company’s reliability in stock market

4. Does the company’s reliability influence to capital raising in stock market? If yes, how?

5. What are the ThaiBev’s strategies of international business?
APPENDIX 3: Interview questions for Mr. Barrie Jackson, CEO of IBHL

Mälardalens University

Master Thesis; International Business and Entrepreneurship

Branding as a tool within internationalization

The objective of study

This study is conducted by Pimolbun Paglad and Tritarn Wattanasit from the School of Sustainable Development and Technology, Mälardalens University in order to explore how branding can be used as a tool within internationalization. The research would provide a new perspective of branding for international business purpose.

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Contact

If you have any questions, please feel free to contact Pimolbun Panglad.

Tel. +46 70 442 3933. E-mail: keitaro_ta@hotmail.com

Introduction

At first, we would like to thank you for your time to answer our questions. Main topic of this interview is focused on the activities of IBHL group.

Questions

1. Could you please explain the IBHL group in term of the amount, activities, and main exported products?

2. What is the main strategy to strengthen the growth of IBHL group?

3. What are the outstanding performances within IBHL group?

4. What are the factors or information that need to be considered for foreign market penetration?