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Brand Identity & Brand Image

A Case Study of Apotek Hjärtat

Thesis within Business Administration

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Abstract

| | |
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| Background | The Swedish pharmaceutical retailing market was re-regulated in February 2010, which enabled competition. Hence, it has now become important to stand out through having a strong brand. In order for a brand to be strong, the brand identity and the brand image need to be congruent. This study investigates brand awareness, brand identity and brand image in the biggest newly established pharmaceutical retailing company, Apotek Hjärtat. Since brand develops over time, the researchers believe that the newness of the company provides an interesting aspect. |
| Purpose | The aim of this study is to explore if there is a gap between Apotek Hjärtat's brand identity and brand image. |
| Method | This study uses a mixed method approach. The qualitative method is used in forms of interviews, in order to obtain information concerning the brand identity of Apotek Hjärtat. The quantitative method refers to a survey conducted on the customers of Apotek Hjärtat, which generated information concerning the brand image. |
| Conclusion | Apotek Hjärtat has a strong and coherently communicated brand identity. However, the brand image is not mirroring the brand identity, partly due to the fact that many customers have not yet made up their mind concerning Apotek Hjärtat. |

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1 Introduction

In this chapter, a background of the current situation is presented along with a problem discussion. After this, the purpose of the thesis is stated and the research questions are introduced. The section ends with key definitions which will help the reader understand the different concepts brought up in this study.

1.1 Background

A company can be seen and examined from various angles and perspectives. Some people associate the company with its graphical image while others link it with its product range. The pressure on companies to stand out constantly increases due to the ever-increasing competition. However, companies that successfully manage their brand can expect benefits such as advantages of market entry and differentiation over their competitors (Hatch & Schultz, 2008).

After 1980, one of the most important developments within branding has been managers' increased awareness of how crucial and valuable it is for a company to have a strong brand (Riezebos, 2003). This idea first emerged among financial analysts, who equalled a strong brand to a company's future income. During the second half of the 1980s, the idea spread to marketers who quickly understood that a brands' value was not to be underestimated, since a strong brand is possibly the most valuable asset of a company (Keller, 2002).

One example that illustrates how powerful a strong brand actually can be is the research concerning consumer preferences regarding Coca-Cola and Pepsi Cola, brought forward by Melin (1997). The results of a blind test revealed that a clear majority preferred Pepsi to Coke. However, if the consumers were aware of what brand they were drinking, a majority as clear as in the blind test, preferred Coke to Pepsi. The conclusion that can be drawn from this is that brand image to a high extent can affect consumer preferences.

The management world recognized the importance of brands, and soon the focus shifted to understanding their value, vision and purpose (Kapferer, 2008). The result was the formation of the concepts known as brand identity and brand image.

A market where the importance of having a strong brand has increased significantly is the pharmaceutical retailing sector in Sweden, which until recently was fully controlled and owned by the Swedish government. In December 2006, the government of Sweden started the investigation 'Apoteksmarknadsutredningen' which investigated how the pharmaceutical retailing sector could be re-regulated in order to create competition in the market (Omstruktureringsbolaget, 2010).

In April 2009, the re-regulation started. Out of the 946 government-owned pharmacies, 616 would get new owners. 466 were sold to bigger buyers. Considering the pharmacies' turnover, scattering and possibility for local competition, these 466 pharmacies were divided into eight clusters. Four bigger buyers entered stock transfer agreements regarding acquisitions of all eight clusters available for sale (Omstruktureringsbolaget, 2010):

- **Apotek Hjärtat** acquired cluster 1 and 8; 208 pharmacies.
- **Kronans Droghandel Retail AB** acquired cluster 2; 171 pharmacies.
- **Medstop Holding AB** acquired cluster 3, 4 and 5; 62 pharmacies.
- **Vårdapoteket i Norden AB** acquired cluster 6 and 7; 24 pharmacies.

The new re-regulated market creates opportunities for existing and newly established companies to enter the pharmaceutical retailing market and expand their businesses. As can be noted, Apotek Hjärtat is the biggest newly established pharmaceutical retailer, and this is the reason why this company is chosen as a case study of this thesis. The company is expanding and has recently acquired 23 new stores from the pharmaceutical retailing company Apotek1. This represents a growth of approximately 10% (Nilsson & Stenberg, 2010).

1.2 Problem discussion

Having a strong brand is important, since it can provide a business with several benefits both externally and internally, for example: generating consumer confidence, loyalty, breeding employee motivation, attracting new employees and stimulating investments (Christensen & Askegaard, 2001).

Roy and Banerjee (2007) state that in order to have a strong brand, the brand identity needs to be congruent with the brand image. Brand identity refers to what a company stands for, or more precisely, how it wants to be perceived (Melin, 1997), whereas brand image is the consumers' perception of the brand (Roy and Banerjee, 2007), which may or may not reflect the identity (Aaker, 1991).

As stated in the background, due to the re-regulation, there is now competition in the Swedish pharmaceutical retailing market. All pharmaceutical retailing companies are now competing over Apoteket AB's former customers in order to win market share. The importance of having a strong brand within this market has gone from 'unimportant' to 'crucial' in a short amount of time, due to the new competition. Therefore, it is interesting to investigate if Apotek Hjärtat has successfully managed to build a strong brand identity and whether the brand image mirrors it, due to the newness of the company.

1.3 Purpose

The aim of this study is to explore if there is a gap between Apotek Hjärtat's brand identity and brand image.

1.4 Research questions

- Does Apotek Hjärtat have a clear and coherent brand identity throughout the company?
- Does Apotek Hjärtat have an established brand image?
- Is Apotek Hjärtat's brand image mirroring the brand identity?

1.5 Delimitations

The researchers are limiting this study to Jönköping and the survey used is only conducted at A6 shopping mall which would imply that generalizations cannot be made about the whole customer base. Moreover, this study is only investigating one of the newly established pharmaceutical retailing companies; hence comparisons between the different companies are not possible.

1.6 Definitions

Brand:

"a name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors"
(American Marketing Association, cited by Tasci & Kozak, 2006, p. 300).

Brand Identity:

"Brand identity is a unique set of brand associations that the brand strategists aspire to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organization members" (Aaker, 1996, p 68).

Brand Image:

"A brand image is a subjective mental picture of a brand shared by a group of consumers"
(Riezebos, 2003, p. 63).

2 Theoretical Framework

In this chapter, the reader is introduced to the theories used. The researchers start with an introduction of the importance of having a strong brand which follows by presenting the concepts of brand identity and brand image and how these are integrated. Previous research done on Apotek Hjärtat is also provided in this section.

2.1 The importance of having a strong brand

The brand itself is not just a product with a sign or symbol; the brand is rather an idea that for example turns the product into something of value (Ind, 2003). It provides uniqueness, and it is the identifiable factors that one can link to the specific brand. The brand exists to a large extent due to customers, in particular loyal customers - it is not only the organization that makes up a brand (Ind, 2007). This is agreed by Randall (2000) who states that the brand is defined by the customers' point of view and that the brand always needs to deliver value. It is therefore pivotal that the organization realizes the customer's perception of its brand (Ind, 2007).

Furthermore, in order to have a strong brand, brand awareness is of high importance (Keller, 1998). Brand awareness is created by the familiarity of the brand, meaning that the consumer should be exposed to it repeatedly through, for example, advertisement campaigns. However, it is important to note that a brand develops over time, and can be divided into levels of progress (Ghodeswar, 2008). For newly established companies, there are three levels particularly interesting. At the first level, the brand owner seeks to express its identity; in the form of different labels that can be associated with the company. At the second level, the brand owner aims to provide the customers with a point of differentiation. The brand seeks to establish a desired perception in the mind of its customers. Finally, at the third level, the brand wants to establish an emotional connection with its customers to become a distinguished alternative (Ghodeswar, 2008).

Christensen and Askegaard (2001) argue that an organization with a strong brand, clearly associated with specific benefits, can attract high-quality personnel. This is agreed in the article 'Better than Brand X' (2007) where it is stated that a strong brand does not only benefit a company through attracting customers. In a market where companies are competing over employees it can also have the potential of attracting the best employees available.

According to Le Pla & Parker (2002), a strong brand is valuable for an organization since it can provide the company with benefits such as clear companywide focus, higher margins, deep customer loyalty and a higher success rate with new product launches. One needs to realize the importance of having a clear focus throughout the organization and make sure that focus is not only centered at the top management, but also that it is congruent in the different levels of the organization. Otherwise, the management's view of the brand will lose its focus in the other parts of the organization and the company might not communicate it congruently to the customers. Hence, the identity of the brand will not be the same throughout the company. In the following sections, the brand identity is explained further.

2.2 Identifying the brand's identity and image

Roy and Banerjee (2007) state that a brand helps the customer to distinguish one offer from another. A brand is what the marketer creates for the consumer, and it is what the consumer wants to buy. Looking at the brand from these two perspectives, researchers within the area have divided it into two major perspectives: brand identity and brand image, which are two closely related concepts, and Melin (1997) states that this can cause them to be mixed up. The difference between them is that brand identity refers to how the brand owner wants the brand to be perceived, and brand image is how customers perceive the brand. Since these two concepts are central, they will be explained individually below.

2.2.1 Brand identity

Brand identity can consist of traits, benefits, values, differentiation, and personality; it can be seen as everything the brand owner wants the consumers' to associate with the brand (Roy & Banerjee, 2007). According to Melin (1997) brand identity is what the brand stands for, what gives it meaning, and what makes it unique; it is the brand's fingerprint.

Kapferer (2008) agrees with the previous researchers and also emphasizes that brand identity is to be seen as the foundation for a brand and that it should reflect the brand's core values. Therefore, brand identity includes factors such as vision, aim, point of differentiation, values and sign of recognition.

Aaker (1996) provides another aspect of brand identity and explains how it can be both the core of the business but also how it can be extended to include value adding perspectives. The brand identity symbolizes the basic characteristics that will be carried with the brand over time. However, he further argues that brand identity should not be considered static, but should be open to change if needed. It should reflect its desired associations, but also its permanent qualities and benefits, prominent or not.

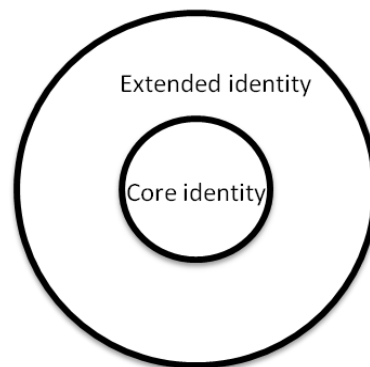


Figure 2.1 - The Identity Structure (Aaker, 1996, p. 86)

As shown in figure 2.1 the brand identity consists of two parts; the core identity and the extended identity (Aaker, 1996). The core identity is highly important for both the meaning and success of the brand (Aaker, 1996). It is the brand's soul and should comprise the fundamentals making the brand valuable and unique. The core identity of a strong brand remains unchanged over time, regardless of changes in the brand positioning and communication strategies.

As opposed to the core identity, the extended identity is less persistent to change; if necessary, it can and should be changed (Aaker, 1996). It should be recognized though, that just because it can be altered it is not of less importance for the brand than the core identity. The extended identity contains the brand personality, which adds on the details revealing what the brand stand for, and provides the brand with texture and completeness.

The Identity Structure Model brought forward by Aaker (1996) is introduced in order to provide two different dimensions of brand identity and will be helpful in order to identify these two levels in the chosen case study, Apotek Hjärtat.

2.2.2 Brand Image

The brand image can be explained as how the customers perceive the brand. It is the key of how consumers make their choices after gathering information about the particular brand and the alternatives (Ataman & Ülengin, 2003).

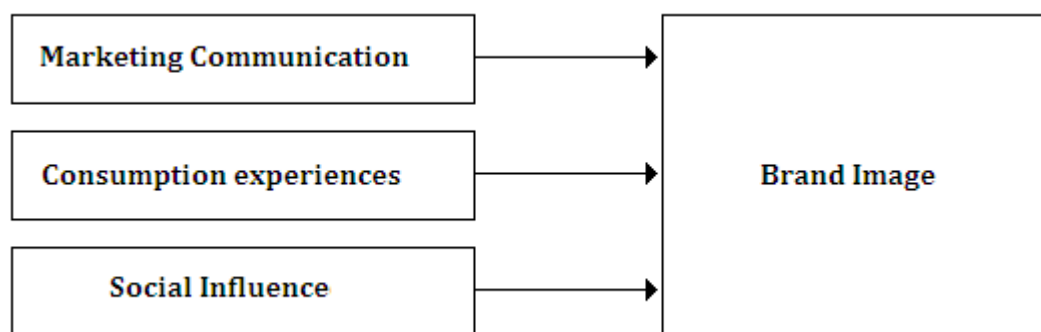


Figure 2.2: The process of inductive inference on brand image (Riezebos, 2003, p. 66)

Figure 2.2 describes how brand image is formed through three different inductive processes: marketing communication, consumption experience and social influence. This model is used since it allows the researches to sort the communicated brand identity variables accordingly to the way it reaches the consumer and influences its brand image. They are further explained below individually.

2.2.2.1 Marketing Communication

The marketing communication is the part of figure 2.2 that an organization can fully control; this is one way of how they express and implement their brand identity. Advertising gives a company the possibility to modify the consumers brand image and steer it in the direction to the brand identity. This is done in order for the brand identity and brand image to be as congruent as possible (Riezebos, 2003). It is also highly important that the intended message from the company is understood by the consumer, which would affect the image (Baker & Hart, 2008).

The influences of marketing communication are hard to change when established, as the first impression tends to stick. Therefore, much emphasis should be put on how it should be formed, in order to make the best possible impact on the consumer (Riezebos, 2003). The organization needs to take noise into consideration as well, which is the surrounding distractions such as competitors advertisements (Blythe, 2006). The advertisement need to

stand out to decrease the level of noise as much as possible, in order for the companies to reach the intended consumer range. According to Ghodeswar (2008), this can be done with a creative advertising campaign that stands out from the competition. Preferably, consumers should have been exposed to the marketing prior to the consumption experiences and before people in their surrounding have shared their opinion (Riezebos, 2003).

2.2.2.2 Consumption Experiences

Even if the marketing communication has a strong and positive effect on the consumer, the consumption experience still plays a vital role in the image forming of the customer. These two factors should not contradict each other in order for the consumer to have a clear image of the brand since the message which corresponds to the consumption experience would have the greatest effect on the customer (Riezebos, 2003). If the marketing communicated to the consumer differs from the actual consumption experience, the image would not only be changed in the eyes of the consumer, it would be worsened. Therefore, the marketing communication needs to be exchanged in a truthful way in order to minimize a potential gap between the marketing and the actual experience of a consumer.

2.2.2.3 Social Influence

Word of mouth is a powerful communication tool which affects the consumer. It has a powerful influence due to the fact that it is a discussion between two or more people, where opinions are stated and is often reflected as having more credibility than other types of communication methods (Blythe, 2006). Due to the multitude of choices, the word of mouth can be a triggering factor for the potential customer (O'Leary & Sheehan, 2008). The opinion expressed by others might be forwarded to the consumer and have an impact on the brand image. Hence, social influence can affect the point of view of potential and actual consumers in their thoughts and beliefs about a certain product, service or brand.

2.2.3 Integrating brand identity and brand image

Due to increased competition, it is becoming challenging for marketers to maintain a strong connection between the customer and the brand (Roy & Banerjee, 2007). Some causes of the aforementioned can be the customers' ever-increasing demand on the brand, that the customers are not loyal, and/or that the benefits of a specific brand are not clear to the customer. Furthermore, massive space in media channels is given to advertising, making it hard for the brands to develop strategies for effectively reaching the customers, due to noise.

For a brand to be able to grow strong despite the addressed problems, the brand identity and brand image needs to be integrated, in order to build a lasting bond between the brand and the customers (Roy & Banerjee, 2007). Melin (1997) agrees and states that the brand owner should strive to make the brand image mirroring the brand identity. If the brand image and brand identity are not congruent it implies that there is a problem and that the company need to consider and adjust it. It is crucial to identify any gap between the two and close it by integrating them. Failure to do this successfully could cause a major setback

for the company in their market and hurt the brand in a way that might be difficult to repair; for example losing their loyal customers (Roy and Banerjee, 2007).

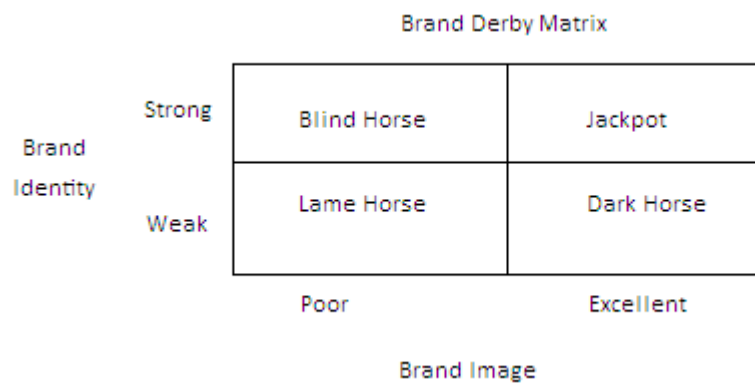


Figure 2.3: Brand Derby Matrix (Roy & Banerjee, 2007, p. 145)

Figure 2.3 shows the Brand Derby Matrix presented by Roy and Banerjee (2007). It is helpful to understand the effects of brand image and brand identity being congruent or not.

If a brand suffers from poor brand image and weak brand identity it is considered a ‘Lame horse’, which will meet failure in the market (Roy & Banerjee, 2007). In order to solve the problem, the company might need to return to their starting point and find alternatives in the way they communicate their brand identity, in order for brand identity as well as brand image to be strong.

An excellent brand image but a weak brand identity results in the brand being a ‘Dark horse’. The ‘Dark horse’ has acceptance and potential but needs to communicate extensively with the consumers, exploiting their excellent brand image in order to get rid of the weak brand identity (Roy & Banerjee, 2007).

A brand with strong brand identity but a poor brand image is referred to as a ‘Blind horse’. This is not a favorable position for long-run survival and success (Roy & Banerjee, 2007). The company needs to further communicate the brand identity in order to build credibility in the minds of their customers; they need to create trust.

If a brand has excellent brand image and strong brand identity it is a ‘Jackpot’. Here, a high level of trust exists between the customers and the organization (Roy & Banerjee, 2007). Therefore, a company that is considered to be a ‘Jackpot’ has great potential to successfully expand, in terms of for example product range and differentiation. Hence, the focus should be placed on keeping and strengthening their brand position.

However, important as it is that brand identity and brand image goes hand in hand with each other, one must watch out not to get caught in what is referred to by Aaker (1996) as the brand image trap. Being aware of the brand image is crucial in order to successfully build the brand identity. However, the brand image should only be an input. The danger with the brand image trap is that it is left to the customers to decide what the brand stands for. When building the brand identity, one cannot only listen to the customers’ wants; it needs to reveal the vision of the brand and what the brand stands for (Aaker, 1996).

Roy & Banerjee's (2007) model is used in order to decide where in the matrix the chosen case, Apotek Hjärtat, is situated. The model is also helpful for examining the effects this can have and what the company can do to develop their position in the future.

2.3 Previous Research

An investigation done by the magazine MARKET looks into how well-known the newly established players are on the re-regulated pharmaceutical retailing market in Sweden (Östgren, 2010). It shows that Apotek Hjärtat has had the biggest success in implementing its brand in the minds of the consumers. When asked which ones of the new pharmaceutical retailing companies the respondents are aware of, 29% spontaneously mention Apotek Hjärtat. This makes Apotek Hjärtat the most successful of the newly established pharmacy in creating brand awareness. Following Apotek Hjärtat is Kronans Droghandel, with 22% and MedStop, with 17%. When shown the logotype of Apotek Hjärtat, 59% can directly state the name of the company, followed by MedStop with 49% and Kronans Droghandel with 46%. These results are well aligned with how far along the companies are in their establishing process and how intense their marketing has been. The investigation also shows that on the question concerning which pharmacy the consumers will visit next time, 4 out of 10 consumers will visit the geographical closest pharmacy (Östgren, 2010).

3 Method

This section presents the different research methods used in fulfilling the purpose of this thesis. It also brings how the different data gathered will be analyzed and how validity and reliability is ensured.

3.1 Research method

According to Sekaran (2003), an exploratory method is examining a rather new phenomenon. This study is exploratory in its nature, because the re-regulated pharmaceutical retailing sector has previously been monopolized. This report includes both qualitative and quantitative data, that is, a mixed method. However, qualitative research is often exploratory since it is trying to gain insight into a rather unexplored area, dealing with human emotions, feelings and viewpoints (Ghauri & Grønhaug, 2005).

The authors choose to focus on one of the newly established companies, Apotek Hjärtat, and seek to understand how this company is forming its brand identity and how it has been perceived by external stakeholders, that is, if the brand image is congruent with the brand identity. To understand this phenomenon, tools such as literature review, personal interviews, a survey and Apotek Hjärtat's webpage are used.

In order to fulfill the chosen purpose and answer the research questions, the researchers collect data that represents the brand identity, brand awareness and the brand image of Apotek Hjärtat. Hence, the research includes two different stakeholder groups; the internal is represented by management of Apotek Hjärtat and the external is represented by the company's potential and actual customers. The management of Apotek Hjärtat is examined on three different levels, local, regional and top management. The authors believe that this is necessary since the concept of brand identity is formed, shaped and altered at different levels in a company (Le Pla & Parker, 2002).

3.1.1 Case Study: Apotek Hjärtat

A case study is an examination of an organization where several sources of information are used, and can be both qualitative and quantitative (Daymon & Holloway, 2002). The purpose of using a case study is to find out real, contemporary information concerning the particular case. A case study provides the researchers with a wide range of information about a single case, which brings forward deep and focused insight.

The aspect of time is central in a case study. Either one can take a snapshot of a company's current situation or focus on a longitudinal approach, which indicates that a process is investigated rather than a current situation (Daymon & Holloway, 2003). This case study includes a snapshot of Apotek Hjärtat's current situation.

The authors believe that this company is interesting to investigate because this company is the biggest newly established pharmaceutical retailing company in Sweden. Furthermore, the research is limited to Jönköping. The authors believe that it is interesting to investigate whether this company has succeeded to establish their brand identity in this short amount of time and also if the brand image is established and congruent.

3.1.2 Qualitative and Quantitative methods

The qualitative research is commonly associated with the interpretive worldview; it focuses on understanding the social reality (Daymon & Holloway, 2003). In order to interpret the societal issue, one must be a part of it and make the research from the viewpoint of the ones involved in the issue. When using a qualitative method, one usually does not start with models and theories, meaning that the findings are not determined by them (Daymon & Holloway, 2003).

Quantitative research is, in contrast, often associated with the positivistic and realist worldview (Daymon & Holloway, 2003). Positivism claims that science is dependent on theory and observations in order to be true and logical (Gieryn, 1983). The quantitative method favors numbers and statistics and the data generated is generally broad and collected from a large sample (Daymon & Holloway, 2003).

In order to receive broad and reliable data, a mixed method is applied in this study. The mixed research method implies that a combination of quantitative and qualitative approaches is used (Adam & Healy 2000). The researchers believe that this method is the most suitable in fulfilling the chosen purpose and answer the chosen research questions for this thesis. This method is often used since it allows researchers to avoid the limitations of only using one research method and enables the researcher to gain an extensive and more consistent idea about the concerned phenomena.

To conclude, this research started with a qualitative research method and developed into a quantitative research method. The qualitative data gathered has lead the researchers into the quantitative research, which is used to compare the brand image to the brand identity in order to see if it is congruent.

3.1.3 Inductive vs. Deductive

The inductive and the deductive process have different paths reaching the conclusion. A deductive approach starts with the formulation of a hypothesis and then tests this by, for example, an experiment (Hyde, 2000). The inductive approach seeks to understand the nature of the problem more accurately which leads to a formulation of theory. Hyde (2000) defines the two processes as follows:

“Inductive reasoning is a theory building process, starting with observations of specific instances and seeking to establish generalization about the phenomenon under investigation” (Hyde, 2000, p.83).

“Deductive reasoning is a theory testing process which commences with an established theory or generalization, and seeks to see if the theory applies to a specific instance” (Hyde, 2000, p.83).

A qualitative approach often implies that one should chose an inductive process for how the research is performed, as opposed to when choosing a quantitative approach, a deductive process is assumed to be used (Punch, 2005). However, these are only practical suggestions. Hyde (2000) argues that this does not always have to be the case and implies that most qualitative research often use both an inductive and a deductive process. Qualitative research has the tendency to begin with inductive reasoning and then move towards a deductive reasoning. Ideas are developed from the qualitative data and then tested by using a quantitative approach (Daymon & Holloway, 2003). This is the

foundation of our study. This is the case for this study. Information on brand identity is collected using the inductive approach, through qualitative interviews. Followed by this, the process moved towards testing the findings from the interviews by using a deductive approach, that is, a survey.

Hyde (2000) claims that an inductive approach is often used in a case study. However, he argues that this is limiting and that there are many researchers that use case studies and a deductive approach. A combination of inductive and deductive approaches is used in order to create balance in this study.

3.2 Data Collection

In order to get information concerning Apotek Hjärtat's brand identity, interviews are held with three different people within the management of Apotek Hjärtat. The information from the interviews is transformed into statements and positioned in a survey, which is given out to Apotek Hjärtat's potential and actual customers. This is done with the aim of gather information concerning the brand image and brand awareness.

Secondary data is collected from Apotek Hjärtat's webpage where additional information regarding the brand identity is found and serving as a supplementary and supportive base of the survey.

3.2.1 The Interviews

The researchers have conducted semi-structured interviews with one top management representative, one regional manager and one local manager of Apotek Hjärtat. This is done in order to investigate if the brand identity is similarly described on all different levels. This is of importance when analyzing the findings, because in order for the brand identity to be strong, it needs to be consistent throughout the whole organization (Le Pla & Parker, 2002).

When interviewing about brand identity, holding interviews is beneficial since it provides a deep understanding of the topic (Belk, 2006). Another benefit of holding interviews is that the interviewer can develop additional questions from the information given and elaborate on the answers when interviewing. The interviewer can control the line of questioning and combine structure with flexibility (Sekaran, 2003). The interviews are semi-structured, which the authors believed is the best suitable way of interviewing, since it enables the researchers ask follow-up questions and gives the freedom to both the interviewer and the interviewee to ask further questions when necessary.

| Name | Position | Date | Time | How |
|------------------------|---|--------|-------|--------------|
| Cecilia Bunar | Local Manager | 100304 | 1h30m | Face-to-face |
| Barbro Dawidson | Regional Manager | 100412 | 1h10m | Face-to-face |
| Bodil Eriksson | Executive Vice President, responsible for marketing & communication | 100421 | 30m | Telephone |

Table 3.1 – Interview Schedule with Management of Apotek Hjärtat

In table 3.1, the information concerning the interviews is provided. As can be seen, face-to-face interviews have been conducted with the local and the regional managers. The final interview carried out was with the Executive Vice President of Apotek Hjärtat, who is also responsible for the marketing and communication within the company. She is positioned in Stockholm. Therefore, a telephone interview was conducted since a personal meeting between the interviewers and the interviewee was not possible due to lack of time for both the interviewers and the interviewee.

The interviews were held in Swedish and have been translated into English. The English interview questions can be found in appendices 1,3 and 5, and the Swedish versions can be found in appendices 2,4 and 6. It should be noticed that the interviewees are not asked exactly the same questions. The questions differ slightly since the researchers have adapted them to fit the interviewee.

3.2.1.1 Face-to-face Interviews

The main advantages of holding face-to-face interviews are that the interviewer has the power over which questions are asked, follow-up questions, and most importantly making sure that there are no misunderstandings (Sekaran, 2002, and Wrenn, Stevens & Loudon, 2002). The interviewer is able to notice any discomfort, stress or problem that the interviewee might express with body language. According to Wrenn et al. (2002) a face-to-face interview is also the most productive, precise, understandable and flexible type of communication.

Sekaran (2002), stresses that face-to-face interviews may impose problems, such as geographical limitation. Furthermore, Wrenn et al. (2002) state that face-to-face interviews might impose high costs and administration problems.

3.2.1.2 Telephone interview

When conducting a telephone interview, one advantage is that the interviewee is reachable no matter the geographic location of either the interviewer or interviewee. Furthermore, information is obtained fast and is considered to be of a low cost (Wrenn et al., 2002). A disadvantage of telephone interviews include the lack of personal non-verbal communication, which could be of high importance for the interviewer (Sekaran, 2002). Furthermore, the interview cannot be as long or as detailed as a face-to-face interview, nor can the interviewer or the interviewee display any pictures or products (Wrenn et al., 2002).

3.2.1 Webpage

In order to obtain additional information regarding the brand identity of Apotek Hjärtat, the authors have examined their webpage. The secondary data is information which is supplementing and supporting the interviews. Wrenn et al. (2002) stress that secondary data does not have to be less important than primary data. However, as secondary data is collected by someone else than the researcher of the specific study, it might not fit the purpose of that particular research. On the other hand, secondary data is usually obtained easily and quickly, and can provide necessary background information and overviews on markets that one wishes to investigate in.

3.2.2 The Survey

To be able to investigate the brand awareness and whether brand image is congruent with brand identity, a survey was conducted. The first part of the survey includes all respondents, with questions concerning brand awareness and the second part excludes the ones who are not Apotek Hjärtat customers. The survey includes statements which are directly linked with the information obtained from the interviews, the webpage, and also one that is grounded on theory. There are four categorizing questions concerning brand awareness, nine statements examining the brand image and one follow-up question. The reason why a follow-up question is included in the survey is because it allows the researchers to interpret the previous statement

The customers respond to the statements using a bipolar Likert scale. A Likert scale is one of the most commonly used interval scales when it comes to measure attitudes (Wrenn et al., 2002). A classic Likert scale is a five point itemized rating scale with specific descriptors for the scale points. The researchers choose to use a modified Likert scale; a bipolar scale with six points, ranging from ‘completely disagree’ to ‘completely agree’ with numbers indicating the level of agreement (ranging from 1 to 6), shown in figure 3.1. Furthermore, a ‘Don’t know’ point is added. The reason why a six point scale is chosen is because the researchers do not want any midpoint, and chose to add a ‘Don’t Know’ point instead, placed on the left side labeled zero. This is because the researchers wish to avoid that people who do not have an answer place their answer in the middle which might affect the outcome.

| | | | | | | |
|------------|---------------------|---|---|---|------------------|---|
| Don't Know | Completely Disagree | | | | Completely Agree | |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Figure 3.1 – Modified Likert Scale used in the survey.

The survey is conducted in Swedish. The translated English version can be found in appendix 7, and the Swedish version can be found in appendix 8.

3.2.3 Sampling method

The survey was conducted using a sampling method. It would be ultimate to investigate the entire potential customer base to study the brand image of Apotek Hjärtat. However, this is not a possible option, due to time and cost limits. In this research the authors seek to efficiently and effectively investigate a representative sample of the population located in Jönköping, where Apotek Hjärtat has two stores. The population, which is inhabitants of Jönköping municipality above 18 years of age, is 100,122 people (Statistiska Centralbyrån, cited by Kärrdahl, 2010).

Sampling is the process of acquiring information from a chosen section of a population or larger group and using these as representatives for that population or group (Wrenn et al., 2002). There are many reasons why to use sampling methods instead of investigate an entire population. Some advantages are cost savings, the ability to collect, process and analyze information easier and faster (Wrenn et al., 2002). However sampling is not risk free; it can, if used incorrectly, have direct impacts on the results which might result in errors.

Furthermore, a non-probability sampling method is chosen, more specifically a convenience sampling technique. This technique allows the researchers to quickly and easily choose their target and is frequently used in exploratory research (Wrenn et al., 2002). Nevertheless there are several factors that one should consider when choosing this method. Since the sample target is chosen by chance it becomes hard to use the information to generalize for the entire population. In addition to this, neither the sampling errors nor the confidence level can be accurately calculated (Wrenn et al., 2002).

The survey was handed out to 140 people at the shopping mall A6 in Jönköping. The reason why this location is chosen is because the researchers assume that this would result in a diverse sample. In addition to this, the researchers believed that the respondents could take their time, sit down and answer the survey inside, where for example bad weather would not affect them in their decision of participating in the survey or not.

Furthermore, it should be stressed that the researchers were careful not to affect the respondents, for example questions from the respondents were not answered if the researchers believed that it would influence the result.

Tabachnick & Fidell (cited by Pallant, 2007) recommends the formula: $N > 50 + 8m$ (where m equals the independent variables) for deciding the size of the sample. This study contains nine independent variables, which result in the formula $N > 122$. In order for the researchers to easily exclude the people which are not Apotek Hjärtat customers, the respondents are asked to answer the statement 'I shop at Apotek Hjärtat'. If answering 'No', the person is not included in the investigation, when it comes to the statements about the brand image. This resulted in the reduced data being 95 respondents, which is lower than 122.

3.3 Data Analysis

When analyzing the qualitative data, the information from the interviews and webpage is compared in order to answer research question one; to see if the brand identity is coherently communicated throughout the company levels. The quantitative data is analysed using numerical measurements. In the following two subheadings, this will be further described.

Throughout the analysis chapter, the data is structured so that the survey results are combined with the interviewees' responses which are merged together with the webpage information to allow comparison. The data is structured according to theories, and sorted under subheadings, to easily comprehend what belongs to Apotek Hjärtat's brand identity, brand awareness and the brand image forming.

3.3.1 Analysing Qualitative Data

Unlike quantitative data, when analysing qualitative data there are no strict rules or phases to how the process is to take place (Daymon & Holloway, 2002). However, there are some main points to have in such analysis: data reduction, data display and conclusion drawing and verification (interpretation) (Miles & Huberman, 1994).

It is important for the researcher to keep an open mind to avoid drawing conclusion at this early step in the analysis process (Ghauri & Grønhaug, 2005). Therefore, the authors have chosen to start the analysis after *all* data have been gathered.

The qualitative data in this study comes from two different sources, the first is from the interviews with the management of Apotek Hjärtat and the second source is information from the open-ended question from the survey. First, the researcher will provide information of how the interviews are analyzed, followed by how the open-ended question is analyzed.

After having collected the data, one is usually left with massive amount of unsorted information, such as the interview notes and the answer from the open-ended question (Ghauri & Grønhaug, 2005). This is necessary data but it needs to be broken down, it needs to be reduced to add value to the research. This method is especially recognized in qualitative research since it allows the researchers to organize their data and to develop it into different categories to observe the first patterns and polish the data. Hence, the data from the interviews is organized after name of participant, date, time and length. The first step in this process is data reduction. Data reduction aims to organize, simplify, summarize and structure the collected data into understandable patterns and formations (Miles & Huberman, 1994 and Daymon & Holloway, 2002). The information gathered through interviews and the webpage have been reduced in order to bring forward only the relevant and essential findings.

The second step is data display. This process follows the data reduction, which makes it possible to see the data in its organized and compressed form which allows the researcher to gain a clear overview so that conclusions can be drawn. This process involves analytic techniques such as the following:

“categorizing, abstraction, comparison, dimensionalization, integration, iteration and refutation”
(Ghauri & Grønhaug, 2005, p207).

After this, the data was coded and categorized. Categorization is organizing data using a code system. The purpose of using coding and categorizing is to identify chunks of data and to easier spot trends and differences in order for the comparison of data to become simpler (Daymon & Holloway, 2002).

Firstly the data from the three interviews is categorized and coded by all three authors, in search for common codes. The code system is built upon statements that were derived from the information that the interviewees emphasized upon, and information from Apotek Hjärtat webpage. However, one statement is not directly linked to these information sources but connected to theory.

The data is divided according to the following categories:

1. How Apotek Hjärtat communicate their brand identity within the company
2. How Apotek Hjärtat cares about the health and well-being of their customers
3. How Apotek Hjärtat is trying to offer better service, better opening hours and a more personal guidance, compared to the other pharmaceutical retailers
4. How Apotek Hjärtat is innovative
5. How Apotek Hjärtat's employees are highly skilled
6. How visits to Apotek Hjärtat should be smooth and simple
7. How Apotek Hjärtat cares for the environment and the society

8. How Apotek Hjärtat understands their customers and their needs
9. If Apotek Hjärtat think that they are the customers preferred pharmacy
10. How Apotek Hjärtat is communicating their brand identity externally, via marketing

The qualitative data resulting from the open-ended question from the survey is categorized according to what the respondents choose on the previous statement since it is a follow-up question. After this process, the answers are coded by all three authors to discover any similarities and answers that stood out.

However, simple categorization can often become too specific and narrow minded which results in endless categories and coded data. In order for the data to become more meaningful abstraction is used. Abstraction uses the branded categories and merges them together in order to see more general and broader groups that still are connected (Ghauri & Grønhaug, 2005). At this stage, the authors merged similar categories together to easier spot trends and single answers, according to theory.

The interpretation of the data follows the steps mentioned above to be able to convey meaning and insight from it. The researchers choose to focus on similarities, differences and themes that have been given in the interviews and stated on the webpage. Since the qualitative data from the survey is in the form of open-ended follow-up question, it is necessary to explore its dimensionalization (Ghauri & Grønhaug, 2005). This is a process that involves examining more than one dimension simultaneously, which is a result of it being connected to the previous question.

3.3.2 Analysing Quantitative Data

The survey starts off with four categorization statements with the purpose of dividing the participants into groups:

- Gender

The reason why gender is included in this study is to note the distribution.

- The ones who know of Apotek Hjärtat

The researchers wish to measure Apotek Hjärtat's brand awareness. This statement is compared with the brand awareness opinion expressed by the management of Apotek Hjärtat.

- The ones who shop at Apotek Hjärtat

The ones who do not shop at Apotek Hjärtat are not included further in the analysis of this study which focuses on brand image.

- The ones who have seen Apotek Hjärtat's TV commercial.

The respondents who have seen Apotek Hjärtat's TV commercial have been exposed to the company's marketing communication where they communicate their brand identity. Therefore, the statement concerning whether the respondents have seen the TV commercial is essential in order for the researchers to discover trends and fit the

information accordingly into Riezebos (2003) model 'The Process of Inductive Inference on Brand Image'

The following nine statements are answered with interval scale alternatives (see figure 3.1). These statements are analysed numerically, using the analytical software PASW 17.0. This program is used to create frequency distributions where the means are calculated.

For each of the statements, the results are summarized and presented in two different figures: one which includes all customers and one which is excluding the answering alternative 'Don't Know'. In all of the figures with result from the nine statements and the statement concerning the TV commercial, it is only the customers that are included. Only when explicitly mentioned, all 140 respondents are included, which concerns brand awareness. The answering alternatives 1-3 and 4-6 are merged into two separate groups which represents the disagreeing and agreeing parts of the respondents.

Social influence is analyzed in the same way as the statement on whether the respondents have seen the TV commercial. The statement 'People in my surrounding have positive perceptions of Apotek Hjärtat, is connected to theory and not derived from any of the interviews or the webpage. This is divided into two groups, the ones agreeing and the ones disagreeing/do not have an opinion. The means are then compare in order to study if social influence has an impact on the brand image.

However, consumption experience which is also a part of this model will not be analyzed in this way. Since the study on brand image only concerns customers, the researchers already know that they have in fact visited Apotek Hjärtat and hence have consumption experience.

Furthermore, the Likert scale used when respondents answering all the statements concerning brand image is ranging from 1 to 6, meaning that the mid-point is 3.50. Means in the range of 1-3.5 implies that the particular statement is not agreed upon by the respondents; hence, contributing to that the brand image of the particular issue is not congruent with the brand identity. If the mean is 3.5-6, this would imply that the brand image is congruent with the brand identity. In order to draw conclusions on whether the answers from the statements are congruent, the agreeing part needs to exceed 50%.

3.4 Quality of Data

The reliability test in this study is performed on the quantitative data gathered, whereas in the qualitative data, trustworthiness is ensured using validity. The reliability and validity sections are provided separately in the following sections.

3.4.1 Reliability

Reliability refers to that a repeated investigation of the same matter would give the same result (Wrenn et al., 2002). Daymon & Holloway (2002) agree and state that high reliability means that the same test produces the same results. Moreover, it measures the stability and consistency (Sekaran, 2002).

In this study, the researchers have used the Test-Retest Reliability measuring tool. This means that in two different points in time, the same investigation is done, under similar

circumstances. It is done in order to see if the results of the two tests are similar. If so, the survey has a high reliability (Wrenn et al., 2002). In this case, the same survey was handed out at two different times in the same location during the same time period, in order to get approximately the same sample group.

The first test includes 60 respondents and the second test includes 80 respondents, which add up to the total amount of 140 respondents. However, after reducing the data to exclude the ones who are not Apotek Hjärtat customers, 44 from the first test and 51 from the second test remain.

In appendix 9, two figures are provided which shows the results from the two different tests. Both tests resulted in somewhat similar data when it comes to the mean of all the statements. It differs to some extent, but the researcher does not believe that this is significant and will lead to a misleading result. The highest difference in mean between the tests is 0.86 (in statement 6). All the other statement generated only small differences in the mean, comparing the same statements in the two different tests.

3.4.2 Validity

According to Silverman (2001), validity refers to whether a social phenomenon can accurately be interpreted as the truth. To increase the validity of the qualitative data, the authors use a method referred to as respondent validation. This method allows the participants to check the authors' interpretation and ensures that the information gathered is truthful and correctly reflected (Silverman, 2003). The interviewees are provided with a summary of the interview written by the researcher. In this way, the interviewees are able to comment if there is anything which is not correct. Furthermore, in addition to the Swedish transcript, the interviewees are provided with the translated version from Swedish to English, in order to make sure that the interpretations are truthful.

4 Empirical Findings

In this chapter the empirical findings are presented. The data is structured according to theory and sorted under sections, to easily comprehend what belongs to Apotek Hjärtat's brand identity, brand awareness and the brand image forming. The sections are general information, the importance of having a strong brand, brand identity in Apotek Hjärtat and forming the brand image of Apotek Hjärtat.

4.1 General information

The first interview held is with Cecilia Bunar who is the local manager of Apotek Hjärtat in Jönköping (C. Bunar, personal communication, 2010-03-04). The second interviewee is Barbro Dawidson who is the regional manager of Apotek Hjärtat, for the area mid to south of Sweden. In Apotek Hjärtat there are 10 regional managers which are in charge of 20 local managers each (B. Dawidson, personal communication, 2010-04-12). Both Cecilia and Barbro have previously worked for Apoteket AB. The third interviewee is Bodil Eriksson who started her position as Executive Vice President of Apotek Hjärtat in February 2010, shortly after Apotek Hjärtat acquired 206 pharmacies (B. Eriksson, personal communication, 2010-04-12). Apotek Hjärtat is hence the biggest independent pharmaceutical retailing company in Sweden (Omstruktureringsbolaget, 2010).

Presented first is the result from the categorizing statements concerning gender and the amount of the respondents who are customers at Apotek Hjärtat. These two categories include all of the 140 respondents.

The gender distribution of the total sample can be noted in figure 4.1. As seen, the women represent approximately two thirds of the total sample.

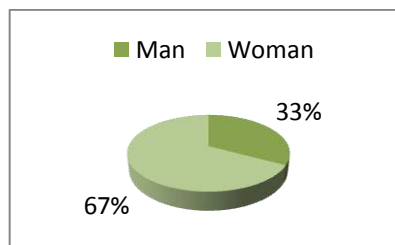


Figure 4.1: Gender distribution among respondents

Moving on, to be able to investigate the brand image of Apotek Hjärtat, the statement concerning whether the respondents shop at Apotek Hjärtat had to be asked. This is due to the fact that the respondents who do not shop at Apotek Hjärtat are unable to reflect upon the statements concerning brand image. Hence, the data is reduced accordingly. This results in a reduced sample of 95 respondents representing 68%, as indicated in figure 4.2.

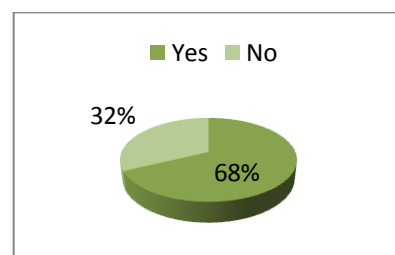


Figure 4.2: I shop at Apotek Hjärtat.

4.2 The importance of having a strong brand

In order to examine the brand awareness, the 140 respondents were asked whether they are aware of Apotek Hjärtat or not.

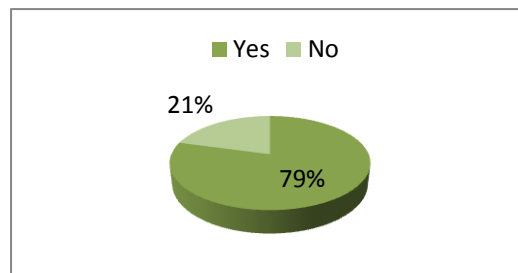


Figure 4.3: I know of Apotek Hjärtat

The result can be seen in figure 4.3. As seen, 79% of the total number of respondents answered that they are aware of Apotek Hjärtat, and as illustrated, only 21% of the respondents were unaware of Apotek Hjärtat.

Bodil discusses previous investigation concerning Apotek Hjärtat's brand awareness and reflects upon it:

"In February, a brand awareness investigation was performed which showed that 13% were aware of our brand. After this another investigation was performed which now showed that over 30% were aware of our brand. This is a good development which is caused by the fact that we have a lot of units, a strong graphical profile, a name that is easy to associate to; a heart is warm and it stands for relevance in the pharmaceutical retailing industry. Our marketing has also been noted and we have skilled employees who give the customer a personal treatment." (B. Eriksson, personal communication, 2010-04-12).

4.2.1 Apotek Hjärtat – preferred pharmacy?

The interviewees were asked to reflect on how they believe their brand affects their customers' choice of pharmacy. Cecilia states the following:

"Some of our customers are not in favour of the re-regulation and therefore they have chosen not to shop at Apotek Hjärtat. The ones who visit us at the moment do not care if we are Apotek Hjärtat or Kronans Droghandel, but rather visits us because we are the nearest pharmacy and they know this store from before. What will attract customers to a specific pharmacy at the moment is probably advertising and not the brand itself." (C. Bunar, personal communication, 2010-03-04).

Bodil agrees to the fact that it probably does not matter for the customer what pharmaceutical retailing store they choose and states that there are few customers today who have been able to notice a difference. She believes that with time they will notice the difference more clearly with their changed range of products, new offerings and how they have worked with their employees (B. Eriksson, personal communication, 2010-04-21).

Cecilia explains that they are working with a customer club, which she thinks is very important. Furthermore, she states:

“To open new stores is something we need to think about, we need to tie our customers to us.”(C. Bunar, personal communication, 2010-03-04).

According to Barbro, all of the newly established pharmaceutical retailing companies are currently in the process of differentiating themselves from each other (B. Dawidson, personal communication, 2010-04-12). Therefore, they appear to be similar from a customer’s viewpoint:

“The goal is to profile ourselves in order to attract customers specifically to Apotek Hjärtat...” (B. Dawidson, personal communication, 2010-04-12).

Barbro explains that there are some customers who do not want to shop at Apotek Hjärtat because they are privately owned, which is also stressed by Cecilia.

Bodil agrees with Cecilia and Barbro, and states that the different pharmaceutical retailers are similar at the moment, which she explains is directly linked to the process of the re-regulation. Before the 7th of November 2009, Apotek Hjärtat did not know if they were going to be successful in the state auction and consequently being able to acquire the pharmaceutical stores they were interested in. This meant that they only had a limited time, (three month) to prepare the takeover (B. Eriksson, personal communication, 2010-04-21).

Following in the entire empirical chapter, the findings refer to the reduced sample of 95 respondents.

The customers were asked to what extent they thought that Apotek Hjärtat was their preferred pharmacy. This resulted in the two different means being 3.11 for the total reduced sample and 3.73 when excluding the ‘Don’t Know’ respondents (17%).

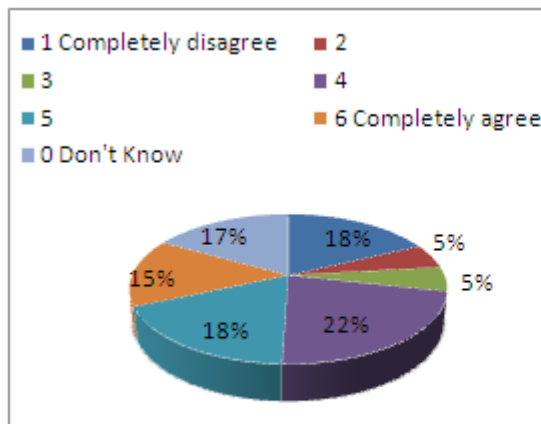


Figure 4.4: Apotek Hjärtat is my preferred pharmacy

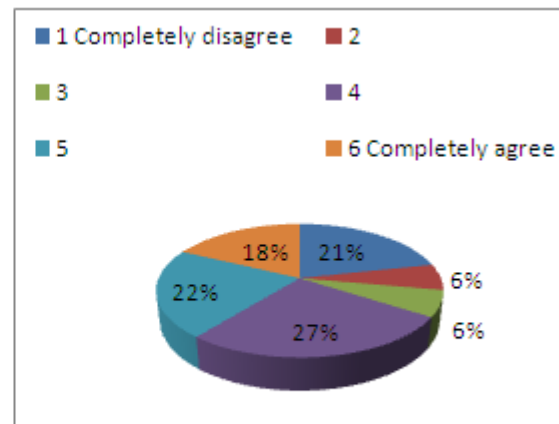


Figure 4.5: Apotek Hjärtat is my preferred pharmacy, excluding 'Don't Know' answers

Figure 4.4 and 4.5 show how the respondents’ answers were distributed. As can be observed in figure 4.4, the percentage of agreeing respondents is 55% and the disagreeing is approximately 29%. In order to detect reasons for the respondents agreeing or disagreeing with the statement concerning if Apotek Hjärtat is their preferred pharmacy, a follow-up question is asked. However, some of the respondents have chosen not to answer the open-ended question.

The respondents who answered that they agree to the previous statement, stated reasons mainly concerning the personnel and location. The respondents stated that the personnel is nice, skilled and available to answer questions. As to the location, the respondents think

that Apotek Hjärtat is the most available pharmacy, both in terms of geographical location and opening hours. A repeated answer from the respondents is that their visits at Apotek Hjärtat run smooth and simple; they feel that the products are available, the stores are spacious and their shopping goes fast. However, some respondents stated reasons such as Apotek Hjärtat is their only available pharmacy due to location. Others stated that there is no difference between the different pharmacies and that they go to the same pharmacy as they did before the re-regulation.

The disagreeing part of the respondents stated mainly that they cannot see any difference between the newly established pharmacies. Another frequent answer is that they go to the pharmacy that is closest. A few respondents stated that the reason for disagreeing is that they do not want to go to a privately owned pharmacy and that it was better back in the days when Apoteket AB was the only actor in the market.

Among the respondents who answered that they do not know, almost half of them did not answer the follow-up question. The ones who did answer the question stated that they visit the pharmacy that is closest, that they are not aware of the alternatives and that they have not had enough time to form an opinion.

4.2.2 Communicating brand identity internally

An important factor before a company can successfully communicate their brand identity externally is that it is well implemented and consistent throughout the company. Therefore it is important to investigate how Apotek Hjärtat works with this matter within the organization.

Bodil emphasizes on the importance of having a good internal communication structure (B. Eriksson, personal communication, 2010-04-21). Apotek Hjärtat wants all managers to have communication responsibilities for their regions and stores.

Barbro and Bodil state that the internal communication in Apotek Hjärtat is well-functioning. They have weekly meetings, the intranet, the webpage and regional management meetings. The CEO, Anders Nyberg, has a newsletter online which all employees can take part of and tries to make it easier for the employees to contact him (B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication, 2010-04-21). In addition to this, Bodil explains that they have a newsletter that summarizes strategies and that they are actively seeking for viewpoints from their employees (B. Eriksson, personal communication, 2010-04-21).

Furthermore, Barbro and Cecilia both discuss how they have regular telephone meetings with the management (B. Dawidson, personal communication, 2010-04-12 & C. Bunar, personal communication, 2010-03-04). According to Barbro, this is done to make sure that all employees feel that they belong to Apotek Hjärtat.

“It feels like the management team is close to the local stores. We get fast feedback and the management visits the different stores. Since Apotek Hjärtat has not existed prior to the re-regulation, we are jointly building this new company.” (B. Dawidson, personal communication, 2010-04-12).

Cecilia feels that she has support from her regional manager, who is placed in Jönköping (C. Bunar, personal communication, 2010-03-04). This makes it easy for her to receive support and feedback. Furthermore, within the company the biggest information channel is

the intranet (C. Bunar, personal communication, 2010-03-04). For example, Bodil mentions how all their polls are uploaded at the intranet for all employees to see (B. Eriksson, personal communication, 2010-04-21). Barbro stress the importance of

“Speed is also important; when we get reports on how we are doing they should reach us and the employees fast. I am careful to give both positive and negative feedback.” (B. Dawidson, personal communication, 2010-04-12).

According to Bodil, Apotek Hjärtat works intensively with meeting their employees (B. Eriksson, personal communication, 2010-04-21). This can be seen in how the top management has visited the local stores:

“We prioritize meeting our employees. In a week, we are going to have a conference, for four days, where all employees are going to meet the top management, each day 500 employees”. (B. Eriksson, personal communication, 2010-04-21).

4.3 Brand identity of Apotek Hjärtat

The data in this section is divided into subheadings which concerns the brand identity of Apotek Hjärtat. The subheadings are: Health and well-being, Understand customers and their needs, Society and surrounding environment, and Innovation

4.3.1 Health and well-being

According to Cecilia, the customers’ health and well-being are of great importance to Apotek Hjärtat:

The mission is to give each customers better health and well-being.” (C. Bunar, personal communication, 2010-03-04).

This is agreed upon by Barbro:

“We want to show that we care and that Apotek Hjärtat is a serious company.”(B. Dawidson, personal communication, 2010-04-12)

This can also be confirmed by Apotek Hjärtat’s webpage, where it is stated as their mission:

“On Apotek Hjärtat we work every day with giving every customer an improved health and a bigger well-being.” (Apotek Hjärtat webpage, 2010)

In order to investigate whether the customers agree or not, they were asked to respond to the Statement ‘Apotek Hjärtat cares about my health and well-being’. The results are presented in figure 4.6 with a mean of 3.28. In figure 4.7, the respondents without an opinion are excluded (23%) which results in a mean of 4.27. From figure 4.6 it is also noticeable that 61% of the respondents agree to this statement and that 16% disagrees.

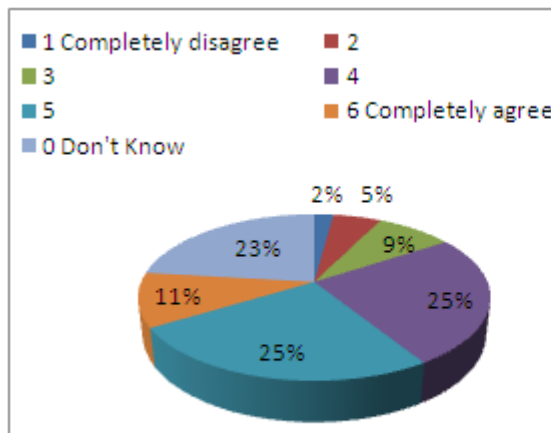


Figure 4.6: Apotek Hjärtat cares about my health and wellbeing

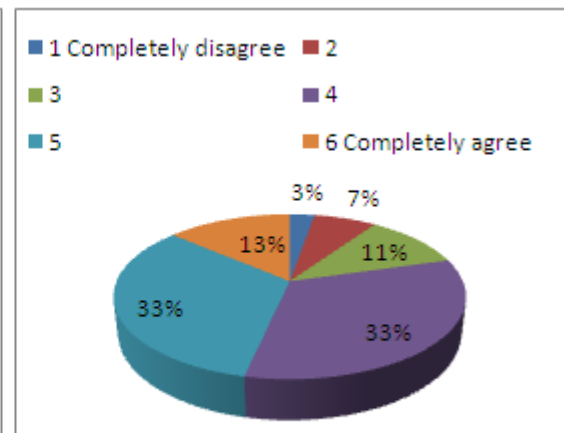


Figure 4.7: Apotek Hjärtat cares about my health and wellbeing, excluding 'Don't Know' answers

4.3.2 Understand customers and their need

Cecilia states that a common goal is to make the customers satisfied, especially with their guidance and service (C. Bunar, personal communication, 2010-03-04). She states that how to treat customers is nothing that can be taught from a paper, you have to work on it daily. She explains:

“Our value foundation builds on customer focus.” (C. Bunar, personal communication, 2010-03-04)

Barbro agrees with Cecilia and explains that it is a common goal within Apotek Hjärtat to have continued trust from their customers and she confirms that one of Apotek Hjärtat's values is to be customer focused (B. Dawidson, personal communication, 2010-04-12).

Furthermore, Bodil explains that Apotek Hjärtat has clear business goals and that one of them concerns customer satisfaction:

“Apotek Hjärtat is and should always be very customer-oriented; we should be Swedish masters in understanding our customers' needs.” (B. Eriksson, personal communication, 2010-04-21).

In addition to this, Bodil emphasizes that the goal is to understand their customers' needs:

We are going to be able to develop customer solutions that always should have their starting point within pharmacy and be faster to understand the customers' needs.” (B. Eriksson, personal communication, 2010-04-21).

The respondents were asked to consider the statement 'Apotek Hjärtat understands me and my needs' and the result is presented in figure 4.8 and figure 4.9. The mean is 3.04, and 4.45 when excluding the respondents with no opinion (32%).

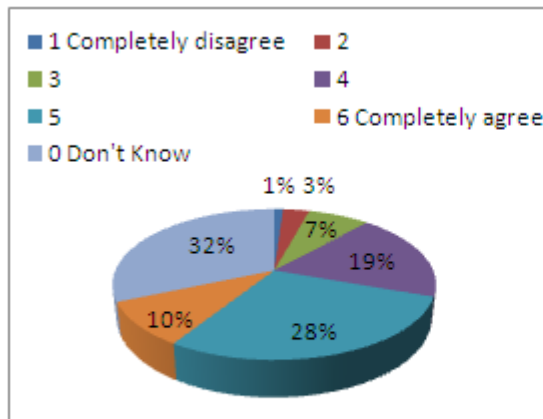


Figure 4.8: Apotek Hjärtat understands me and my needs

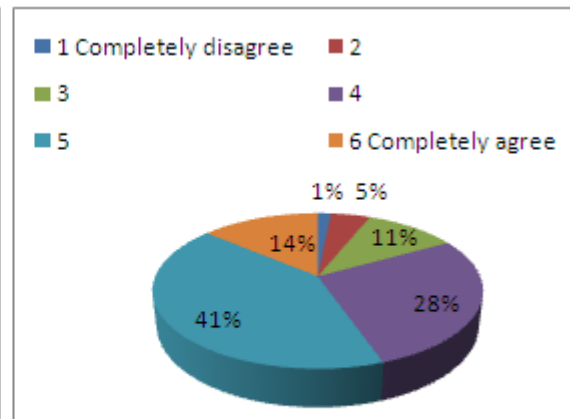


Figure 4.9: Apotek Hjärtat understands me and my needs, excluding 'Don't Know' answers

As can be seen from figure 4.8 the agreeing respondents' amounts to 57% and the disagreeing respondents are 12%.

4.3.3 Society and surrounding environment

According to Barbro, Apotek Hjärtat stands for responsibility, and high ethical and moral standards (B. Dawidson, personal communication, 2010-04-12). This is one of the reasons why Barbro decided to work for Apotek Hjärtat instead of any of the other newly established firms. The importance of caring for the society and the surrounding environment is also emphasized on Apotek Hjärtat's webpage:

"But we also see ourselves as a part of a lasting society. Therefore we should have clear ethical guidelines and environmental policies..." (Apotek Hjärtat webpage, 2010)

The respondents were asked to consider the statement 'Apotek Hjärtat cares about the society and its surrounding environment'. The result is shown in figure 4.10, and when excluding 'Don't Know', in figure 4.11. The mean is 1.66 and the mean when excluding respondents who does not have an opinion (60%) is 4.13. As noted in figure 4.10, 32% agrees to the statement, whereas 9% disagree.

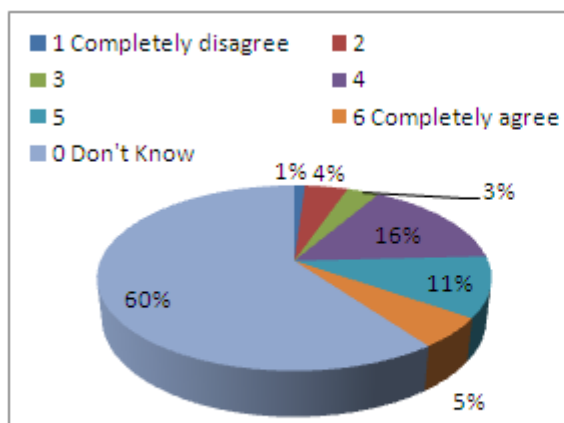


Figure 4.10: Apotek Hjärtat cares about the society and its surrounding environment

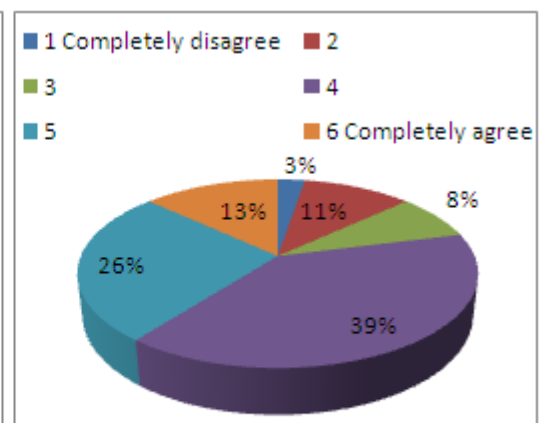


Figure 4.11: Apotek Hjärtat cares about the society and its surrounding environment, excluding 'Don't Know' answers

4.3.4 Innovation

One important value for Apotek Hjärtat is innovation (B. Dawidson, personal communication, 2010-04-12). Barbro explains that the old routines from Apoteket AB almost felt like rules and not guidelines on how to do things:

“Now we have an opportunity to change them and adapt them after our company, to find the best ways to solve situations...” (B. Dawidson, personal communication, 2010-04-12)

Bodil agrees and explains further:

“We are innovative, look towards the future, are open to new ideas and listen to each other”. (B. Eriksson, personal communication, 2010-04-21).

“As a privately owned company, we have the opportunity to see the market with new eyes and challenge other areas that over the years have grown their market shares. For example, we see strong consumer interest in other areas like nutrition and skincare. We believe we can choose products and concepts differently, simply by using our ‘pharmaceutical goggles’. We want to have a more personal style, and do it more individually.” (B. Eriksson, personal communication, 2010-04-21).

Cecilia agrees and states that since Apotek Hjärtat is a new company, they are not stuck in old patterns, which gives them a greater level of freedom (C. Bunar, personal communication, 2010-03-04). Barbro further states:

“Now is the time to stand out.” (B. Dawidson, personal communication, 2010-04-12).

As an example of Apotek Hjärtat’s innovativeness, Bodil discusses how they on the 20th of April 2010, opened their first own pharmacy which they built from scratch (B. Eriksson, personal communication, 2010-04-21). Apotek Hjärtat wants the store concept to be modern and therefore their new shop is warmer, more open, built to make it easier to find products and with new solutions for how to get the prescribed pharmaceuticals. She states that among other things, they have an entire new department for skincare, where customer can discuss their skin situation with a skin therapist to be able to get individual assistance. Conclusively Bodil states:

“We need to have speed and flexibility; this will be crucial for our success. We have started a war against bureaucracy which is much appreciated by our employees.” (B. Eriksson, personal communication, 2010-04-21).

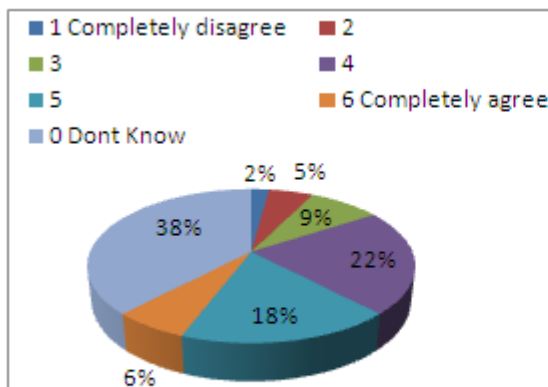


Figure 4.12: Apotek Hjärtat is innovative

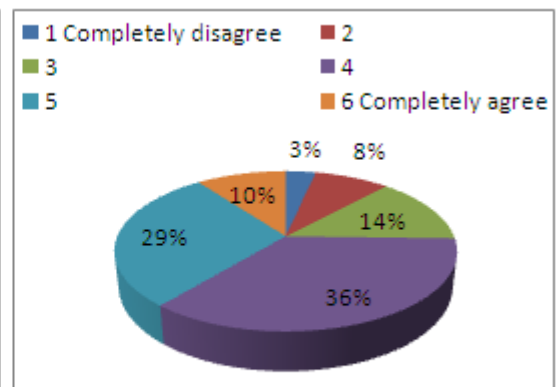


Figure 4.13 Apotek Hjärtat is innovative, excluding 'Don't Know' answers

When the respondents were asked to consider the statement ‘Apotek Hjärtat’ is innovative, this resulted in a mean of 2.54, and when excluding the respondents that does not have an opinion (38%) the mean is 4.08. The distributions of the responds can be seen in figure 4.12 and figure 4.13. As can be seen in figure 4.12, 46% of the respondents agree with the statement and 16% disagrees.

4.4 Forming the Brand image of Apotek Hjärtat

In this section, the data gathered is sorted under the different influences on brand image with the subheadings: marketing communication, consumption experience, and social influence.

4.4.1 Marketing communication

Barbro believes that the customers’ perceptions of Apotek Hjärtat are supported by their marketing, which according to Bodil, has been noticed (B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication, 2010-04-21). The marketing is based on the statement ‘Long Live Life’ and Barbro hopes that the customers connect Apotek Hjärtat with this statement. With time, they hope to become more associated with competence and guidance. Furthermore, Barbro discusses more specifically how Apotek Hjärtat has chosen to market themselves:

“In the initial phase of the re-regulation, the general strategy has been not to focus on price offerings but more to focus on text and information about Apotek Hjärtat. We want to show that we care and that Apotek Hjärtat is a serious company. Apotek Hjärtat and our symbol should stand for competence.” (B. Dawidson, personal communication, 2010-04-12).

Bodil agrees and states that Apotek Hjärtat has had an initial plan to focus on communicating brand identity, but further on, the company has started to communicate to their customer through sales communication, products and offerings which have had TV support according to a media plan for this spring:

“We had a deliberate strategy to communicate stability and continuity to the consumers directly after the re-regulation. It was important to communicate that we have the same staff, same guidance and the same safe treatment of pharmaceuticals, as Apoteket AB. We do have plans and strategies on how to position and market Apotek Hjärtat to become the leading pharmaceutical retailer. The vision is to become the pharmaceutical retailer of the future with a future health offering.” (B. Eriksson, personal communication, 2010-04-21).

The respondents were asked if they have seen Apotek Hjärtat’s TV commercial. As can be noted from the result presented in figure 4.14, 45% of the customers have seen it and 55% have not.

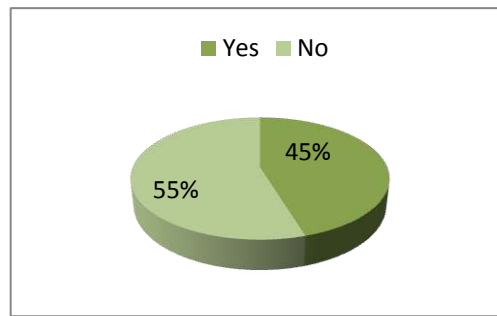


Figure 4.14: I have seen Apotek Hjärtat's TV commercial

Since marketing is one way of communicating brand identity, it is interesting to study whether the respondents who have seen the TV commercial have a perception that is more congruent with the brand identity than the ones who have not seen the TV commercial. However, the ones who are not Apotek Hjärtat customer but have seen the TV commercial will not be included in the result depicted in table 4.2 and 4.3. The variables Q1-Q9 refers to the nine statements in the survey.

| Statistics | | | | | | | | | |
|------------|------|------|------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 |
| N | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 |
| Mean | 3,28 | 2,74 | 2,79 | 3,21 | 4,67 | 1,86 | 3,23 | 2,91 | 3,60 |
| Sum | 141 | 118 | 120 | 138 | 201 | 80 | 139 | 125 | 155 |

Table 4.2 – Summarized result from the respondents who have seen the TV commercial

| Statistics | | | | | | | | | |
|------------|------|------|------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 |
| N | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 |
| Mean | 3,29 | 1,90 | 2,33 | 2,83 | 4,67 | 1,50 | 2,88 | 1,69 | 2,69 |
| Sum | 171 | 99 | 121 | 147 | 243 | 78 | 150 | 88 | 140 |

Table 4.3 – Summarized result from the respondents who have not seen the TV commercial

4.4.2 Consumption experience

Consumption experience is a vital part which might influence the consumer when they form the brand image of a specific company. The researchers have decided to bring up three factors which is believed to be noticed through consumption experience: if the visits run smooth and simple, if the employees are highly skilled and if Apotek Hjärtat offers a wider product range, better service, better opening hours and a more personal guidance, compared to the other pharmaceutical retailers.

4.4.2.1 Smooth and Simple

Cecilia states that their ambition is to make Apotek Hjärtat's customers' visits there as smooth and simple as possible (C. Bunar, personal communication, 2010-03-04). Barbro agrees, and states that simplicity is one of Apotek Hjärtat's values (B. Dawidson, personal communication, 2010-04-12). However, she discusses how simplicity can be difficult since the pharmaceutical retailing sector is controlled and shaped by rules.

Bodil further states that simplicity is of high importance:

“...We are a simple company with effective solutions.” (B. Eriksson, personal communication, 2010-04-21).

This can also be confirmed from Apotek Hjärtat’s webpage (2010):

“We are to find effective and uncomplicated solutions [...] If we are simple for real, our customers will notice and appreciate it.”

The customers were asked to reflect over the statement ‘My visits at Apotek Hjärtat are running smooth and simple’. The distribution of the responds can be observed in figure 4.15 and figure 4.16. The mean is 4.67 and the mean when excluding the respondents without an opinion (4%) is 4.87. As can be noted from figure 4.15, the agreeing respondents’ amount to 86% and the disagreeing is 10%.

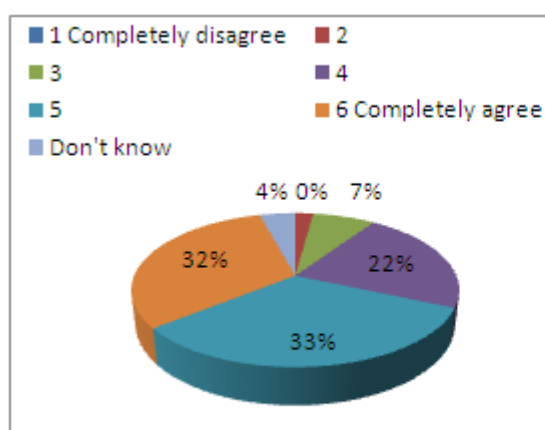


Figure 4.15 My visits at Apotek Hjärtat are running smooth and simple

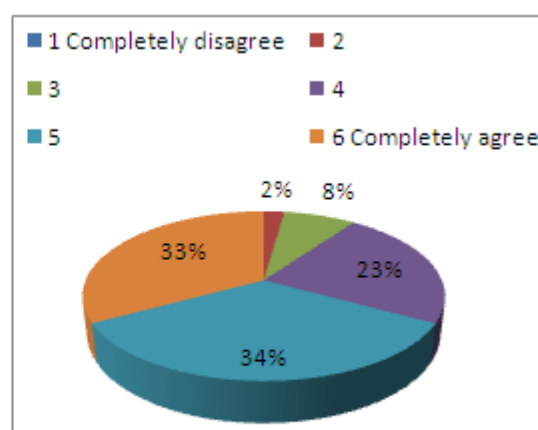


Figure 4.16 My visits at Apotek Hjärtat are running smooth and simple, excluding ‘Don’t Know’ answers

4.4.2.2 Highly skilled employees

Barbro discusses that an important factor for Apotek Hjärtat is that their employees are perceived as skilled and competent in order to make the customer feel safe (B. Dawidson, personal communication, 2010-04-12). She also states that it is important that the employees are provided with ‘competence time’, during which they can learn about new products, in order to offer their customer good service and advices:

“Our customers should feel that our employees can offer them competence...” (B. Dawidson, personal communication, 2010-04-12).

Bodil agrees and relate this to what Apotek Hjärtat stands for:

“...we also stand for competence, values experiences and curiosity.” (B. Eriksson, personal communication, 2010-04-21)

Furthermore, Barbro states that the management of Apotek Hjärtat tries to be close to their stores and employees to provide them with knowledge and information (B. Dawidson, personal communication, 2010-04-12). Barbro further discusses that she believes that the competition over employees will increase in the pharmaceutical market.

However, she is not afraid that there will be a surplus of retailers but states that it is in fact a beneficial job market for pharmacists.

Bodil explains that in order to broaden the competence within the company, Apotek Hjärtat seeks to unite the best within pharmacy and modern retailing (B. Eriksson, personal communication, 2010-04-21). This is also reflected in the top management, which contains a mix of people from both the pharmaceutical and the retailing sector:

“This provides us with knowledge from both sectors which gives us a unique profile. (B. Eriksson, personal communication, 2010-04-21).

The respondents of the survey considered the statement ‘Apotek Hjärtat’s employees are highly skilled’ and the result is presented in figure 4.17 and figure 4.18. The mean is 3.00, and the mean when excluding the ‘Don’t Know’ answers (36%) is 4.67. As noted in figure 4.17, 58% of the respondents agree to the statement and 6% disagrees.

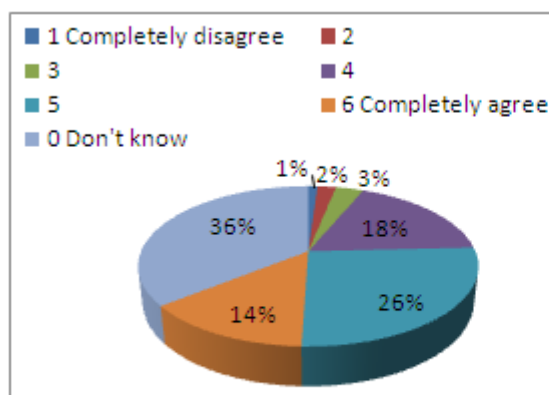


Figure 4.17: Apotek Hjärtat employees are highly skilled

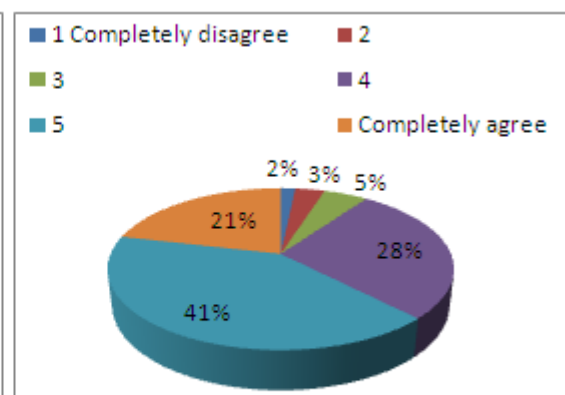


Figure 4.18: Apotek Hjärtat employees are highly skilled, excluding the ‘Don’t Know’ answers

4.4.2.3 Wider product range, better service, better opening hours, and a more personal guidance

According to Cecilia, Apotek Hjärtat wants to increase sales through more offers, bigger supply, and placement of the products. Bodil agrees and believes that with time, the customers will notice the difference between the pharmaceutical retailing companies more clearly with their changed range of products.

This is also confirmed by Apotek Hjärtat’s webpage (2010):

“...we are going to have a wider product range, better service, better opening hours and a more personal guidance than you are used to.”

The customers were asked to reflect over the statement ‘Apotek Hjärtat offers a wider product range, better service, better opening hours, and a more personal guidance, compared to the other pharmaceutical retailers’. The results are illustrated in figure 4.19 and figure 4.20.

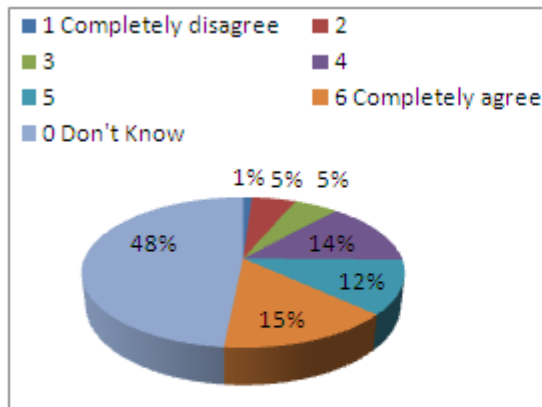


Figure 4.19: Apotek Hjärtat offers a wider product range, better service, better opening hours, and a more personal guidance, compared to the other pharmaceutical retailers

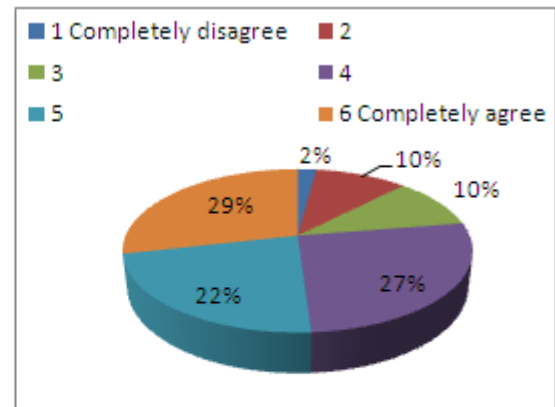


Figure 4.20: Apotek Hjärtat offers a wider product range, better service, better opening hours, and a more personal guidance, compared to the other pharmaceutical retailers, excluding 'Don't Know' answers

As can be seen in figure 4.19, the agreeing respondents amount to 40% whereas the disagreeing respondents are 12%. This resulted in a mean of 2.28 and 4.42 when excluding the respondents without an opinion (48%).

4.4.3 Social influences

Social influence is a factor that may affect the consumers' perception of a brand. Hence, the researchers asked the respondents to consider the statement: 'People in my surrounding have positive perception of Apotek Hjärtat', the results are demonstrated in figure 4.21 and 4.22.

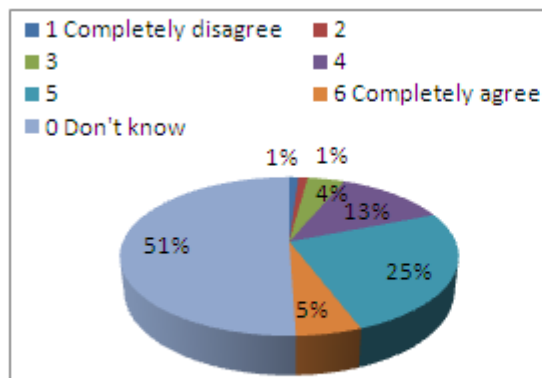


Figure 4.21: People in my surrounding have positive perceptions of Apotek Hjärtat'

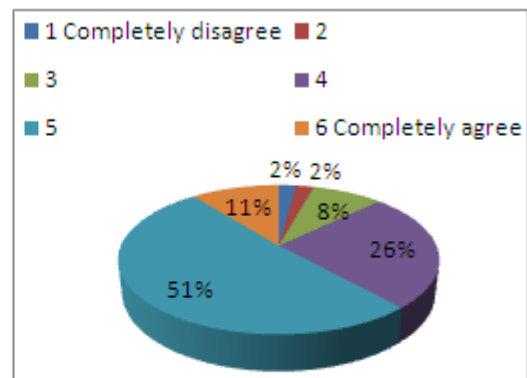


Figure 4.22: People in my surrounding have positive perceptions of Apotek Hjärtat', excluding 'Don't Know' answers

As can be seen in figure 4.21, agreeing respondents are 43% and the disagreeing respondents are 6%. The mean is 2.24 and the mean when excluding 'Don't Know' answers (51%) is 4.53.

Table 4.3 and 4.4, allows comparison of the results from dividing the ones who answered that they agreed (41 respondents) with the ones who disagreed/do not know (54 respondents) on the statement: 'People in my surrounding have positive perceptions of Apotek Hjärtat'. As can be noted, the ones who agree with this statement tend to agree to a greater extent to the other statements, than the ones who disagree/do not know.

| Statistics | | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 |
|------------|-------|------|------|------|------|------|------|------|------|------|
| N | Valid | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Mean | | 4,07 | 3,24 | 3,54 | 3,71 | 5,10 | 2,56 | 4,02 | 4,83 | 4,00 |
| Sum | | 167 | 133 | 145 | 152 | 209 | 105 | 165 | 198 | 164 |

Table 4.3: Summarized result from the respondents who agree to the statement 'People in my surrounding have positive perceptions of Apotek Hjärtat'

| Statistics | | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 |
|------------|-------|------|------|------|------|------|-----|------|-----|------|
| N | Valid | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 |
| Mean | | 2,69 | 1,56 | 1,78 | 2,46 | 4,35 | ,98 | 2,30 | ,28 | 2,43 |
| Sum | | 145 | 84 | 96 | 133 | 235 | 53 | 124 | 15 | 131 |

Table 4.4: Summarized result from the respondents who disagree and state 'Don't Know' to the statement 'People in my surrounding have positive perceptions of Apotek Hjärtat'

5 Analysis

This section provides the analysis of the empirical findings. It follows the same structure as the empirical findings to allow the reader to easily follow the analysis.

5.1 The importance of brand

A high amount of the entire sample (140 respondents), are aware of Apotek Hjärtat (79%), compared to the previous research done by the magazine MARKET (Östgren, 2010). In the previous research, 29% spontaneously mention Apotek Hjärtat as one of the newly established pharmaceutical retailers and when shown the logotype, 59% directly state the company's name. Since the methods for investigating brand awareness in these two studies are different, they are not completely comparable. Furthermore, this thesis also includes brand identity and brand image in addition to brand awareness. When measuring brand awareness in this thesis, the respondents are provided with the name of the company, which is not the case in the previous research. A majority (over 50%) of the respondents in both the studies are aware of Apotek Hjärtat, which would imply that the brand awareness is generally high. It can be argued though, that the fact that the respondents in this investigation were given the name might have affected the outcome and could have been a reason why the measured brand awareness is higher in this study compared to the previous one.

Keller (1998) argues that a strong brand is supported by high brand awareness. The high amount of respondents that are aware of Apotek Hjärtat could therefore indicate the strength of the brand, and is likely to be related to the customers being repeatedly exposed to the brand. This could depend on the fact that Apotek Hjärtat has two stores located in Jönköping, and also that they have succeeded reaching out to their potential and actual customers.

Bodil argues that Apotek Hjärtat has a lot of units, a strong graphical profile, a name that is easy to associate to and that the marketing communication has reached out and that these factors are contributing to Apotek Hjärtat's continuously increasing brand awareness (B. Eriksson, personal communication, 2010-04-21). The researchers agree with this to some extent, but believe that the presence of stores is the highest contributing factor in this study that has influenced the people in Jönköping.

5.1.1 Apotek Hjärtat – preferred pharmacy?

Apotek Hjärtat seeks to be the pharmacy of the future for Sweden, for all ages (C. Bunar, personal communication, 2010-03-04). All the interviewees discuss this matter several times and how they believe that the customers are thinking about what pharmacy to go to (C. Bunar, personal communication 2010-03-04, B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication 2010-04-21).

All of the interviewees discussed that at the moment customers do not go to a specific pharmacy due to its brand (C. Bunar, personal communication, 2010-03-04, B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication, 2010-04-21). Cecilia and Barbro believe that this is closely connected to the fact that all new pharmacies are at their starting points. They have not yet fully established their brand identity and are currently still shaping themselves:

The ones who visit us at the moment do not care if we are Apotek Hjärtat or Kronans Droghandel, but rather visits us because we are the nearest and they know this store from before. What will attract customers to a specific pharmacy at the moment is probably advertising and not the brand itself.” (C. Bunar, personal communication, 2010-03-04)

As can be noted from Cecilia’s quote above, she believes that advertising is the solution to convince customers to visit the specific pharmacy in question. According to Keller (1998), brand awareness increases with exposure. High brand awareness can result in a strong brand that might affect their preferences of the consumers.

According to Ind (2007) a brand exists more or less due to its customers, especially the loyal ones, who are hence vital for the organization. Therefore, it is important for Apotek Hjärtat to have points of differentiation which have the potential of making them the preferred pharmacy. This might strengthen their brand, which according to Le Pla & Parker (2002) can be one way of receiving customer loyalty.

Bodil and Barbro have three other solutions than Cecilia’s suggestion, concerning the advertising, on how they are going to make Apotek Hjärtat the preferred pharmacy in the future. Barbro emphasizes on how they are currently developing a new product line and that she believes that the future lies in the range of products that Apotek Hjärtat offers (B. Dawidson, personal communication, 2010-04-12). Bodil agrees with this but also focuses on their upcoming offerings, and the competence of their skilled employees (B. Eriksson, personal communication, 2010-04-21). Bodil and Barbro both believe that the solution is to be customer focused in order to build a loyal customer base.

Apotek Hjärtat’s vision is to be the future pharmaceutical retailer in Sweden with leading health offerings. Kapferer (2008) argues that a brand’s identity includes a company’s vision. Hence, the researchers can conclude that being the preferred pharmacy is one of the factors that make up their brand identity.

It is interesting to see that 55% of the respondents do agree, to some extent, that Apotek Hjärtat is their preferred pharmacy. 29% of the respondents disagree, to some extent, to the statement and 17% of the respondents chose the ‘Don’t Know’ alternative. With a majority of the respondents agreeing that Apotek Hjärtat is their preferred pharmacy, one can conclude that Apotek Hjärtat has been somewhat successful in tying their customers to them. However, it is interesting to note that all the interviewees discuss this matter and that all of them are convinced that it is too soon to tell if this is the case. The interviewees believe that all newly established pharmaceutical retailing companies are similar at the moment, which contrasts the findings from the survey, where it is noticeable that more than half of the respondents do agree that Apotek Hjärtat is their preferred pharmacy.

Apotek Hjärtat is in a starting phase. According to Ghodeswar (2008), brands develop over time. In his reasoning, he brings up three levels in which a company can be placed. It is interesting to see that the management of Apotek Hjärtat think that they are at the first level, which is when the brand owner seeks to express its identity. However, according to the survey, the researchers have noticed that the customers have in fact already been able to detect points of differentiation, which in Ghodeswar’s (2008) theory is in the second level of how brands develop over time. This is discussed further in the following section.

5.1.1.1 Follow-up question – why or why not preferred pharmacy?

The open-ended question was included in order to examine the reasons to why a customer would or would not have Apotek Hjärtat as their preferred pharmacy. In general, the ones that agrees to the previous statement state reasons such as the personnel and the location. The fact that the personnel is of high importance for preferring Apotek Hjärtat is further discussed in section 5.3.2.2. Furthermore, the respondents that disagreed with the statement to some extent partly did so because they are unable to see any differences between the newly established pharmacies. This corresponds to the interviewees' beliefs that the pharmacies appear similar (C. Bunar, personal communication, 20-03-04, B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication, 2010-04-21).

The authors can conclude that the management of Apotek Hjärtat is correct in their discussion concerning why or why not the customers would prefer Apotek Hjärtat for the disagreeing part of the respondents, who mainly stated reasons such as geographical location and that they are not seeing any difference. However, the agreeing respondents had a greater number of factors for preferring Apotek Hjärtat and stated reasons such as highly skilled employees and Apotek Hjärtat being smooth and simple. This is interesting, because this is what Apotek Hjärtat wants to be connected with, but they do not think that these factors actually have had an impact yet on their customers' preferences.

As noted, both agreeing and disagreeing respondents state that Apotek Hjärtat's geographical location is a reason for preferring Apotek Hjärtat or not. This is in line with the previous research presented by the magazine MARKET, which concluded that 40% would visit their geographical closest pharmacy the next time (Östgren, 2010).

Therefore, the authors can conclude that it is important for the customers that Apotek Hjärtat's stores are filled with highly skilled employees, is close to the customers, geographically and that focus is put on points of differentiation.

5.1.2 Communicating brand identity internally

According to Roy and Banerjee (2007), brand identity is everything that a company wants its consumer to associate with its brand. In order to successfully communicate the brand identity to the external stakeholders, the company must have a clear focus throughout the entire organization. Hence, the brand identity is formed, shaped and communicated at various levels in the organization, at top, regional and local level (Le Pla & Parker, 2002). It can be noted that all three interviewees discusses how they work with internal communication (C. Bunar, personal communication 2010-03-04, B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication 2010-04-21). This indicates how important it is for the company to have a coherent brand identity at this early stage in their development. An example can be seen in how top management of Apotek Hjärtat prioritizes to visit all its employees to be able to create a congruent brand identity:

"We prioritize meeting our employees. In a week, we are going to have a conference, for four days, where all employees are going to meet the top management, each day 500 employees". (B. Eriksson, personal communication, 2010-04-21).

The researchers can see that on statements concerning health and well-being, society and the surrounding environment, highly skilled employees and that Apotek Hjärtat offers a wider product range, better service, better opening hours and a more personal guidance,

compared to the other pharmaceutical retailers, all three interviewees have not discussed these. Therefore, it is interesting to see whether these matters still have reached out despite the fact that it was not mentioned by all of the interviewees. The researchers can conclude that the statements concerning health and well-being and having highly skilled employees are not affected by this; those factors have still been successfully communicated to the customers, which can be seen due to the high percentage of agreeing respondents. On the other hand, the two remaining statements have not reached the same high percentage of respondents agreeing. This will be further discussed in following sections concerning the particular statements.

5.2 Identifying Brand identity

Kapferer (2008) emphasizes on how brand identity is to be seen as the foundation for the brand; it is what the company wants their customers to associate them with. In the following sections, both the extended and the core identity of Apotek Hjärtat are further analyzed.

5.2.1 Health and well-being

The statement ‘Apotek Hjärtat cares about my health and well-being’ was derived from the webpage and the interviews with Cecilia and Barbro (C. Bunar, personal communication, 2010-03-04, B. Dawidson, personal communication, 2010-04-12 & Apotek Hjärtat webpage, 2010). Both of the interviewees state that it is an important part of how they want to be perceived by their customers. Cecilia further explains that their mission is to give each customer better health and well-being. Kapferer (2008) emphasizes on how the mission can be seen as one of the core values of a company’s brand identity. Furthermore, Aaker (1996) stress that the core identity is highly important for a brand since it is the fundamental key to success. Therefore, the authors believe that caring about the health and wellbeing of their customers is a part of Apotek Hjärtat’s core identity.

Even though it is only mentioned briefly during the interviews, and not by all three of the interviewees, the researchers believe that it is a vital part of the brand identity, since it is also stated on Apotek Hjärtat’s webpage as their mission (Apotek Hjärtat webpage, 2010).

The majority of the respondents (61%) from the survey do agree, to some extent, that Apotek Hjärtat cares about the health and well-being of its customers. Hence, the brand image in this case is congruent with the brand identity.

5.2.2 Understands customers and their needs

All of the interviewees have the same opinion when it comes to the importance of Apotek Hjärtat being customer focused (C. Bunar, personal communication 2010-03-04, B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication 2010-04-21). The customer focus was emphasized several times in all the different interviews. Cecilia states:

“Our value foundation builds on customer focus.” (C. Bunar, personal communication, 2010-03-04)

Cecilia further brings up that Apotek Hjärtat is working with a customer club, which is of importance since it will further emphasize the customer focus. Bodil agrees with customer focus being the key component:

We are going to be able to develop customer solutions that always should have their starting point within pharmacy and be faster to understand the customers’ needs.” (B. Eriksson, personal communication, 2010-04-21)

The authors hence believe that all examined levels in Apotek Hjärtat has understood the importance of being customer focused and believe that this is part of their core identity. Due to the fact that all the interviewees stress this importance for Apotek Hjärtat, the authors to interpret their customer focus as part of their core identity. Without this focus, the authors believe that Apotek Hjärtat would lose a fundamental part of their value foundation. Aaker (1996) discusses how the core identity is the brand’s soul. Therefore it is of greatest importance not to lose it.

When asked if Apotek Hjärtat understands the customer and their needs, the responds from the survey resulted in 57% agreeing, 12% disagreeing and 32 % not knowing. Roy & Banerjee (2007) stress that brand identity consists partly of its values and this is what the consumer associates it with. Since the majority of the respondents agree that Apotek Hjärtat understands their customers and their needs, this is successfully communicated and implemented in the brand image.

5.2.3 The society and surrounding environment

Caring for the society and the environment is one of Apotek Hjärtat’s communicated values, via their webpage, where it is clearly stated that they see themselves as a part of a lasting society and therefore have clear ethical guidelines and environmental policies (Apotek Hjärtat webpage, 2010). This is a communicated brand value. According to Kapferer (2008) this would indicate that it is a part of their brand identity.

This has also been emphasized from Barbro, for whom it is highly important; it was one of the factors why Barbro decided to work for Apotek Hjärtat (B. Dawidson, personal communication, 2010-04-12). It is briefly mentioned by Bodil and it should be noted that Cecilia does not bring up this during the interview (B. Eriksson, personal communication 2010-04-21).

However, this has not been successfully communicated to their customers, since 60% of the respondents stated that they did not know if Apotek Hjärtat cares for the society and its surrounding environment. This is an alarming figure, which is interesting since Apotek Hjärtat emphasized upon its importance. Furthermore, only 32% of the respondents did agree to the statements, to some extent, and 9% disagreed, to some extent.

Caring for the society and the surrounding environment can be seen as the personality of Apotek Hjärtat since it adds on details revealing what the brand stands for. This gives Apotek Hjärtat a point of differentiation, and the researchers reflects upon this as a part of their extended identity. It provides the brand with texture and completeness (Aaker, 1996). It gives Apotek Hjärtat a stand to communicate their responsibility. They ought to further

emphasize on this if they want it to be implemented in the customers' perception of the company, since they do not agree with this at the moment.

5.2.4 Innovation

In a market that has been monopolized, innovation might not be the first word that consumer associate with it. However, this is an important concept for Apotek Hjärtat and clearly indicated by all three of the interviewees (C. Bunar, Personal communication, 2010-03-04, Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication 2010-04-21).

The extended identity should not be static, but be open to change (Aaker, 1996). Therefore, the researchers believe that innovation belongs to Apotek Hjärtat's extended identity, since this allows Apotek Hjärtat to change and adapt to give their brand more essentiality. Innovation in Apotek Hjärtat has been discussed in several different ways, and it is not only a statement provided, but also emphasized through examples. One can be that Apotek Hjärtat has spotted several opportunities to become innovative:

“As a privately owned company, we have the opportunity to see the market with new eyes and challenge other areas that over the years have grown their market shares. For example, we see strong consumer interest in areas like nutrition and skin care. We believe we can choose products and concepts differently, simply by using our ‘pharmaceutical goggles’.”(B. Eriksson, personal communication, 2010-04-21)

When the respondents were asked whether they think Apotek Hjärtat is innovative, 46% agrees, 16% disagrees and 40% do not know. Even though this is such an important concept for Apotek Hjärtat, it has not completely reached the respondents. It is clear that this is something that needs to be communicated further to reach the unaware respondents. Therefore, it can be concluded that the brand image is not congruent with the brand identity concerning innovation in Apotek Hjärtat.

5.3 Shaping the Brand image of Apotek Hjärtat

Riezebos (2003) state that three factors influence the consumers in the process of shaping the brand image: marketing communication, consumption experience and social influence. In the following sections, these are addressed and further analysed.

5.3.1 Marketing communication

Marketing is an important factor since this is one way of how an organization's brand identity is communicated to their customers (Riezebos, 2003). It is crucial for an organization to realize the importance since this is one of the primary actions a company can do in order to reach out their communicated message. Bodil states that Apotek Hjärtat reaches out to their customers through TV, sales communication and products (B. Eriksson, personal communication, 2010-04-21).

Barbro believes that in the initial phase, right after the re-regulation, the only perceptions customers have of Apotek Hjärtat are based on their marketing campaign 'Long Live Life' (B. Dawidson, personal communication, 2010-04-12). She further states:

“The goal is to profile ourselves in order to attract customers specifically to Apotek Hjärtat. Now in the initial phase of the re-regulation, the general strategy has been not to focus on price offerings but more focus on text and information about Apotek Hjärtat. We want to show that we care and that Apotek Hjärtat is a serious company.”

Marketing communication is a powerful tool, since this is the only fully controlled way in which a company can steer the brand image towards the brand identity in order for them to be congruent (Riezebos, 2003). Apotek Hjärtat’s initial marketing strategy has been highly important, since this is their first chance to have an impact on their potential new customers. Riezebos (2003) further stress that it is of high importance that the marketing communication does not contradict the consumption experience and hence, great emphasis should be put on the truthfulness in the communicated message. As seen from the quote above, this has been done by Apotek Hjärtat, which can be a reason why their marketing communication has been successful. This can be noted when comparing figure 4.2 and 4.3 in section 4.4.1: the respondents that have seen the TV commercial and those who have not seen it generate different results. Generally, one can see that the means of the ones who have seen the TV commercial are higher on 7 of the 9 statements. On the two exceptions, the differences between the means are 0.01 and 0, which indicates that those statements are not affected by the respondent being exposed to the TV commercial, rather by consumption experience and/or social influence. These statements concern if Apotek Hjärtat cares for their customers’ health and well-being, and how the visits at Apotek Hjärtat runs smooth and simple. By looking at the statements that was positively affected by the respondents watching the TV Commercial, it can be concluded that these customers are successfully exposed to Apotek Hjärtat’s communicated brand identity. This study clearly shows that the marketing communication of Apotek Hjärtat has had a noticeable effect on the respondents

5.3.2 Consumption experience

Alongside with marketing communication, consumption experience also has an impact on brand image in the mind of the consumer. The researchers have included three of the statements that can be associated with consumption experience, concerning if the visits run smooth and simple, if Apotek Hjärtat has highly skilled employees and if they offer a wider product range, better service, better opening hours and a more personal guidance, compared to the other pharmaceutical retailers.

5.3.2.1 Smooth and simple visits

All three interviewees mention that Apotek Hjärtat wants the customers’ visits to run smoothly and simply (C. Bunar, personal communication 2010-03-04, B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication 2010-04-21). According to Barbro, this is not something that is necessarily easy to achieve, since the market they are operating in is controlled by strict rules and regulations. She emphasizes on the importance of the customers to feel that the rules are followed by Apotek Hjärtat, but also that the rules are not complicating their visits. Succeeding with this could potentially differentiate Apotek Hjärtat from the other pharmaceutical retailing companies. Cecilia believes that being a new company is beneficial; they are not stuck in old patterns and hence they have the possibility to build their organization in a way that they believe suits

them and their customers best. Bodil agrees and summarizes (Personal communication 2010-04-21):

“We are a simple company with effective solutions.”

Statement five, ‘My visits at Apotek Hjärtat are running smooth and simple’, have a significantly lower rate of ‘Don’t Know’ answers, only 4%, which can be compared to the second smallest ‘Don’t Know’ percentage, which is 17%. This can be explained by the fact that naturally, one would have an opinion on whether the visit at Apotek Hjärtat was smooth and simple.

The result from the survey is that 86% agree and only 10% disagree to this statement. This is the highest percentage of agreeing respondents of all the statements. Hence, it can be concluded that Apotek Hjärtat has succeeded with their goal of making their customers’ visits simple and smooth. This is something that one notice from the consumption experience and is usually not connected with an organization’s marketing. This is based on the information from figures 4.2 and 4.3 in section 4.4.1, where one can see that when comparing the mean of the respondents who have seen the TV commercial with the respondents who have not, the mean is not affected.

The authors consider the simplicity of Apotek Hjärtat to belong to their core identity, due to the fact that simplicity is one factor that they would want to be associated with and not a subject to change. This can be noted in how they strive to make their new store concept as simple and smooth as possible. The core identity can provide both meaning and success to the brand (Aaker, 1996). As seen, this is one of the values that have reached the customer, which might influence the success of Apotek Hjärtat, as a point of differentiation.

5.3.2.2 Highly skilled employees

The importance of having highly skilled employees is stressed by both Barbro and Bodil (B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication, 2010-04-21). Barbro further emphasizes on the importance of it being noticed by their customers:

“Apotek Hjärtat and our symbol should stand for competence.” (B. Dawidson, personal communication, 2010-04-12).

The biggest part of the respondents (58%) does agree with the statement ‘Apotek Hjärtat’s employees are highly skilled’, whereas only 6 % answer that they disagree, and 36% are unable to answer. The researchers strongly connect this statement to consumption experience. The fact that the majority of the respondents agreeing is a positive sign for Apotek Hjärtat; the brand identity is congruent with the brand image concerning this matter. However, the high amount of respondents who answered that they do not know is concerning since it ought to be noticeable whether the employees are skilled when visiting Apotek Hjärtat. It is apparent that having highly skilled employees and standing for competence is vital for Apotek Hjärtat. Hence, Apotek Hjärtat needs to make sure that this is more obvious to the customers when visiting them, especially since pharmaceutical products requires a high level of competence in order to be safe.

Furthermore, as stated by Christiensen & Askegaard (2001), a strong brand can provide several benefits, including attracting new and highly skilled employees. This is also stressed

in the article 'Better than Brand X' (2007), that a strong brand does not only have the benefit of attracting new customers but can also be a way of attracting high quality staff in a market where employees are competed over by the different market players. Apotek Hjärtat wants their brand to be associated with competence and a highly skilled staff. Succeeding with this may provide Apotek Hjärtat with the benefit of attracting new highly skilled and competent employees. Potentially, this can become a self-actualized process over time.

Conclusively, the authors recognize that for Apotek Hjärtat, having highly skilled employees is crucial and hence an essential core identity. This is something of such a high value for the company and is not likely to change. This is closely connected to the safety requirement within the pharmaceutical market.

5.3.2.3 Offers a wider product range, better service, better opening hours and a more personal guidance, compared to the other pharmaceutical retailers

The importance of offering a wider product range, better service, better opening hours and a more personal guidance, compared to the other pharmaceutical retailers is only briefly mentioned during the interview with Bodil (B. Eriksson, personal communication, 2010-04-21). She states that Apotek Hjärtat will differentiate themselves by their range of products, new offerings and how they work with their employees. Despite the fact that the above-mentioned statement is only touched upon by one of the interviewees, the researchers believe that Apotek Hjärtat's aim is that the customers shall be able notice this, since it is clearly stated at their webpage:

"... we are going to have a wider product range, better service, better opening hours and a more personal guidance than you are used to."(Apotek Hjärtat webpage, 2010)

According to Kapferer (2008), brand identity can be a point of differentiation. Offering a wider product range, better service, better opening hours and a more personal guidance could differentiate Apotek Hjärtat from their competitors, and hence, is an important aspect. Apotek Hjärtat uses these factors to be able to adapt to the changing market needs and therefore, this can be seen as a part of Apotek Hjärtat's extended brand identity. As stressed by Aaker (1996), extended identity is reflected as the current desired associations.

40% of the respondents agree to the statement concerning whether Apotek Hjärtat offers a wider product range, better service, better opening hours and a more personal guidance, compared to the other pharmaceutical retailers. Only 12% are disagreeing to the statement, whereas the remaining respondents, 48%, have answered that they do not know. Since the majority of the respondents have stated 'Don't Know' as their answer to the statement, the researchers conclude that the matter has not been successfully implemented; the brand image is not congruent with the brand identity.

On the follow-up question concerning why the respondents choose Apotek Hjärtat as their preferred pharmacy, answers such as better opening hours and pleasant personnel are stated as reasons. The product range is not mentioned extensively by the respondents as a reason to choose Apotek Hjärtat over any other pharmacy, which might be due to the fact that this has not been fully implemented yet. However, according to the researchers, this is not concerning, since both Bodil and the webpage state this as a future goal. Ghodeswar (2008) states that a brand develops with time. Since the goal of offering a wider product range, better service, better opening hours and a more personal guidance, compared to the

other pharmaceutical retailers is stated in futuristic terms, this is not an alarming issue. It is likely that it will be noted in the future.

Furthermore, one would naturally assume that in order to be able to compare Apotek Hjärtat to other pharmacies, the respondents would have had to visit the other pharmacies. Due to the fact that the 'Don't Know' answers are so high, one can assume that the respondents have not yet been able to do so; hence they cannot have an opinion. However, it can also be assumed that this part of their brand identity has not yet been efficiently implemented, since only one of the interviewees mentions it. Even though it is stated on their webpage, this focus has not been communicated throughout the organization; it has not been implemented at all the different levels in the organization yet. Le Pla & Parker (2002) believe that the organization might lose its focus if the brand identity is only centralized at top management. Therefore, there is a risk that the company sends out different messages from the different levels, concerning their brand identity.

As seen in section 4.4.1 and 4.4.3, the marketing communication and social influence are divided into two different categories. Under the marketing communication, the respondents are divided into the ones who have seen the TV commercial and the ones who have not and under social influence, the authors have categorized them according to the ones who agree and the ones who disagree/do not know. This is not done in this section concerning consumption experience, due to the fact that the authors know for a fact that the customers have had consumption experience. Instead, it is interesting to note that 'My visits are running smooth and simple' and 'Apotek Hjärtat employees are highly skilled' are the statements which generated the highest rate of agreeing respondent. The statement regarding a wider product range, better service, better opening hours and a more personal guidance, compared to the other pharmaceutical retailers on the other hand, did not. In fact, it has the second lowest rate of agreeing respondents. However, the researchers are not surprised, since this goal is stated in futuristic terms, by both the webpage and Bodil (B. Eriksson, personal communication, 2010-04-21 & Apotek Hjärtat webpage, 2010). Hence, it can be assumed that this is something that customers will become increasingly aware of with time; it is not yet fully implemented.

5.3.3 Social influences

All three interviewees states that they do not believe that people have clear opinions about the new pharmacies yet, due to the newness of the companies (C. Bunar, personal communication, 2010-03-04, B. Dawidson, personal communication, 2010-04-12 & B. Eriksson, personal communication, 2010-04-21). This is supported by the result of the survey. When asked about if the respondents believe that people in their surrounding have positive perceptions of Apotek Hjärtat, 43% agree and 6 % disagree. Noticeable here is that 51% of the respondents state that they do not know. This is the second highest 'Don't Know' rate from the different statements in the survey.

In order to see if the social influence has had an impact on the respondents, the researchers compared the means of the respondents who answered to they agreed to the statement 'People in my surrounding have positive perceptions of Apotek Hjärtat' to the ones who disagreed or not knowing. As can be seen in table 4.3 and 4.4, the ones agreeing to the statement tend to have a more positive perception of Apotek Hjärtat, which is indicated by the higher means. Therefore, it can be concluded that social influence has had a positive effect on Apotek Hjärtat's brand image, which is supported by Riezebos' (2003) model

(figure 2.2, provided in section 2.2.2) which shows that social influence affects the brand image forming.

The researchers agree with the interviewees that this could be due to the newness of the company, and that it is reasonable to believe that it will change in the future when people have had more time to make up their mind about the companies. In the future when Apotek Hjärtat has become more known, the social influence is likely to play a bigger role in affecting the separate customer. Then it is important that Apotek Hjärtat reaches the customers who now are unable to state their opinion, in order to be fully able to take advantage of the power of word of mouth, which according to O'Leary & Sheehan (2008) can be a triggering factor for the potential new customer.

5.4 Interpreting the Don't Know responses

The percentage of the respondents who choose the answering alternative 'Don't know' is considerably high in all statements except in statement five. For all other statements, the percentage of the respondents who choose 'Don't Know' is ranging between 17% - 60%, which has an impact on the mean. However, one can see that when having the 'Don't Know' answers removed, the mean increases significantly on all statements: all means are above the mid-point 3.5. This is positive in one way, since it indicates that Apotek Hjärtat has been able to communicate their brand identity successfully to *some* of its customers. However, it is concerning that such a high percentage of the respondents choose 'Don't Know' as their answering alternative. This is a sign that Apotek Hjärtat needs to work more on implementing their brand identity in the mind of their consumers, in order to achieve a brand image that it mirroring the brand identity to a greater extent. Furthermore, it can be noted that the percentage disagreeing is generally small, which is a positive sign.

One explanation to why the 'Don't Know' alternative is generally high is that Apotek Hjärtat is a newly established company could be that it has not yet been able to communicate their brand identity to all of their customers.

5.5 Combining Brand Identity and Brand image

As stated in section 2.2.3, the Brand Derby Matrix brings up four different matrix options concerning the brand identity and the brand image and if they are congruent or not. Relating this matrix to this study, the researcher wishes to place Apotek Hjärtat into one of these options.

As can be noted from the interviews, the brand identity of Apotek Hjärtat is agreed throughout the whole organization, from the top management to the local manager. Even though the interviewees does not always emphasize on the same matters, they never contradict each other. This can be seen as natural, since they have different responsibilities and focuses within the company. An example can be seen in section 5.2.1, where the health and well-being aspect is discussed. Both Cecilia and Barbro emphasizes that this aspect is highly important. However, Bodil does not state this anytime during the interview, even though it is stated as Apotek Hjärtat mission. The researchers believe that this is because Cecilia and Barbro are working closer to the customers and that it does not mean that the brand identity is weak. Therefore, the researcher do believe that Apotek Hjärtat have a strong brand identity.

The statements from the survey resulted in means lower than 3.5, in all of the statements except for one, which is 'My visits at Apotek Hjärtat are running smooth and simple' with a mean of 4.67. The other means are ranging from 1.66 to 3.28. Therefore, the researchers conclude that the brand image is not congruent with the brand identity of Apotek Hjärtat, since customers are not agreeing with the statements. However, this low means is due to the exceptionally high percentage of respondents answering 'Don't Know' on the statements. The amount of respondents who actually disagrees is generally low, and on every statement lower than the agreeing part. On the question concerning if the customers' visits run smooth and simple, the agreeing respondents amount to 86%, whereas the disagreeing respondents amount to only 10%, which is the biggest difference, comparing all the statements. The question if Apotek Hjärtat is their preferred pharmacy generated the smallest difference, with 55% agreeing and 29% disagreeing respondents. Due to the generally low percentage of disagreeing respondents, it is likely that the mean is not significantly affected by this group, but rather due to a large part of respondents answering 'Don't Know'. When excluding the 'Don't Know' alternative, the means increase above 3.5 in all of the statements except for one, which is 'Apotek Hjärtat is my preferred pharmacy', which has a mean of 3.73. The other means range from 4.13 to 4.87. Concluding, the brand image of Apotek Hjärtat is considered to be poor.

Due to Apotek Hjärtat's strong brand identity and poor brand image, the researchers want to place the company accordingly in the Brand Derby Matrix. This would leave Apotek Hjärtat in the box labelled 'Blind Horse'. According to Roy & Banerjee (2007), this is not a desirable position for long-run survival and success. There is a need to further communicate the brand identity to the customers in order to make brand image more congruent with the brand identity and create credibility. This would further create trust between the customers and Apotek Hjärtat and hopefully result in loyalty.

Apotek Hjärtat's customers do not generally have a poor image of the company, but rather no image at all, which can be seen in the high amount of 'Don't Know' answers and the low amount of disagreeing respondents. If the company succeeds in affecting the customers who have not yet made an opinion about the company, to become agreeing and create trust, the researchers believe that Apotek Hjärtat has the potential to become a 'Jackpot' in the Brand Derby Matrix. This could for example provide Apotek Hjärtat a beneficial state when launching their new product line, in order for it to be a success.

6 Conclusion

This chapter presents the main conclusion drawn and how they relate to the purpose and the research questions of this thesis.

The Swedish pharmaceutical retailing sector has undergone a major change, from being a monopolized and heavily controlled market which is now opened for competition. This has led to the formation of new companies such as Apotek Hjärtat; the biggest independent pharmaceutical retailing store in Sweden. Due to this re-regulation, the importance of having a strong brand should not be underestimated.

Apotek Hjärtat, as well as all the other newly established firms, is in the process of gaining market share as well as customers. Therefore, it is crucial for Apotek Hjärtat to increase their brand awareness in order to enjoy the benefits related with a strong brand. The company needs to establish a brand identity that is coherently communicated in order to be reflected in the customers' perception of the brand, the brand image, and make sure that these two concepts are congruent.

The purpose of this study is to explore if there is a gap between Apotek Hjärtat's brand identity and brand image. Since this study has shown that it is in fact an existing gap between brand identity and brand image, the researchers believe the purpose to be fulfilled. The three research questions along with their answers are provided below. These are the base of the addressed purpose and are individually explained.

RQ1 – Does Apotek Hjärtat have a clear and coherently communicated brand identity?

During the interviews with the management of Apotek Hjärtat and when researching Apotek Hjärtat's webpage, some information is stronger emphasized. Therefore this information has been transformed into statements that the researchers believe can be seen as the brand identity of Apotek Hjärtat. These statements include: caring for the society and the surrounding environment, understanding the customers and their needs, innovativeness, caring for the customers health and well-being, simplicity and smoothness, having highly skilled employees, to be the pharmacy of the future, to offer: a wider range of products, better service, better opening hours, and a more personal guidance. An additional statement concerning the social influence is added in order to investigate the effect it has on the customer's brand image.

The brand identity can be seen from two different perspectives, the core identity and the extended identity. The researchers believe that Apotek Hjärtat's core identity can be seen in how: they are striving to have highly skilled employees, they seek to understand their customer and their needs, they care for their customers' health and well-being, they try to be smooth and simple, and finally in how Apotek Hjärtat wants to be the preferred pharmacy of the future. This can be seen as their core identity; these statements include permanent advantages and qualities, since it provides Apotek Hjärtat's brand with meaning and substance. However a brand needs to be flexible and open to change, therefore Apotek Hjärtat needs to have an extended identity, which allows the brand to change and adapt to new market conditions and changes. The researchers believe that Apotek Hjärtat's extended identity can be identified in how they try to be innovative, how they care for the society and the surrounding and how they offer a wider range of products, better service, better opening hours, and a more personal guidance, compared to the other compared pharmacies.

It should be noted that even though the interviewees emphasized on different matters, it was not contradictory. An example can be seen concerning the statement ‘Apotek Hjärtat cares for the society and its surrounding environment’, which is mentioned strongly by Barbro and briefly by Bodil, but not by Cecilia. However she does not contradict their expressed opinion, but simply does not discuss it. This might be due to the fact, that this is not as important on the local management level, but more important higher in the hierarchical structure of Apotek Hjärtat.

Therefore, the researchers can conclude that the brand identity of Apotek Hjärtat is considered to be strong and coherently communicated throughout the company.

RQ2 – Does Apotek Hjärtat have an established brand image?

The information gathered on brand identity from the interviews and the webpage together with theory is transformed into nine statements which the respondents are asked to consider if they agree with or not. From the result, it can be concluded that a great part of the respondents have not yet made an opinion concerning the brand image of Apotek Hjärtat, which can be seen from the high rate of ‘Don’t Know’ answers. The result of the survey is complex, in the sense that one can look at it from both positive and negative aspects. The findings are positive in the sense that one can conclude that the part of agreeing respondents is always greater than the disagreeing part. However, the high rate of ‘Don’t Know’ answers is concerning. Based on these findings, the researchers conclude that the brand image of Apotek Hjärtat is not yet fully established.

RQ3 – Is Apotek Hjärtat’s brand image mirroring the brand identity?

When comparing the brand identity and brand image of Apotek Hjärtat, the researchers can conclude that it is divided into two dimensions; including and excluding the respondents that have not made up their mind and chosen the answering alternative ‘Don’t Know’. When including all the respondents, Apotek Hjärtat is considered to be a ‘Blind Horse’ in the Brand Derby Matrix, since the result from the survey indicates that the means of the statements are lower than 3.5. However, when excluding the respondents who have answered ‘Don’t Know’, all means are greater than 3.5.

The authors recognize that there is an opportunity for Apotek Hjärtat to become a Jackpot, which would imply that they could successfully expand, in terms of for example product range and differentiation. This would be desirable for Apotek Hjärtat, since they have stated that they want to be innovative and launch new products which would not normally be associated with a pharmacy. As concluded in the previous section, Apotek Hjärtat’s brand image has not yet been fully implemented. This causes the researchers to believe that Apotek Hjärtat’s brand will develop with time. More respondents will hopefully develop an opinion of the brand image, since they are likely to be exposed to the brand identity, communicated through marketing communication, consumption experience and social influence.

The authors conclude that Apotek Hjärtat’s brand identity and brand image is not yet congruent; the brand image is not mirroring the brand identity.

7 Discussion

In this section, the authors discuss the contribution of the investigation, suggestions for further research and criticism of the study.

7.1 Contribution

This thesis is contributing to science in the sense that it is examining a rather unknown phenomenon; applying existing theories to be used to explore in a new context: a newly established company in the recently re-regulated pharmaceutical retailing sector in Sweden. Furthermore, the thesis concludes that Apotek Hjärtat's brand identity is not congruent with the brand image, mainly due to a significant amount of undecided respondents. However the findings are limited to a snapshot of the pharmaceutical retailing sector in Sweden and more specifically to Apotek Hjärtat, one of the newly established companies within this sector. Therefore the findings might not fit with other sectors or companies in a similar development phase.

The result from this thesis can be interesting for companies in a market where the competition has recently increased significantly and where the brands need to stand out and build a loyal customer base in a way that was not necessary before.

7.2 Criticism and Suggestions for further research

Apotek Hjärtat is the only researched company in this thesis. To avoid biasness, the researchers have chosen to study the phenomena on three different managerial levels. However, due to lack of time, the amount of interviews could not be expanded. The researchers would want to include the local employees of Apotek Hjärtat, in order to further investigate if brand identity is congruent throughout the company. This level is interesting since it is the level furthest away from the top management and excluded in this research due to time limits. This would add another dimension to the research.

Furthermore, it would be interesting to expand the investigation and conduct the same investigation on several different newly established companies within this sector, to create a broader aspect and this would allow comparison between the different companies, to see which ones that have been successful and which ones that have not, and also discover reasons to why it is so.

In order for the researchers to investigate the brand image of Apotek Hjärtat, the customers located in Jönköping were examined. However, it can be argued if it is possible to draw generalizations for the entire customer base, since the survey is limited to Jönköping. The survey might also have generated a bias result, since there are two Apotek Hjärtat pharmacies located in Jönköping. This might have resulted in potential higher brand awareness than if the research would include other cities. Hence, it would have been optimal to also include other cities in this study, since it would make possible to generalize to a higher extent.

Therefore the authors recommend further researchers to include more locations and hence diversify the sampling location. It would also then be interesting to investigate if there are any differences in the customers brand image depending on factors such as geographic location, gender and age.

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Appendix 1 – Interview Questions to local manager

Profile

- Tell us about yourself, how long have you worked within the company? What is your title?

Brand Identity

- What makes Apotek Hjärtat stand out in comparison with the other new established pharmacies? What differences can you see between Apotek Hjärtat and Apoteket AB?
- Which is, according to you, the common goal within the company, what do you want to achieve?
- What are the values of the company?
- How do you work to implement these values to the employees?
- How do you work to motivate the employees?
- Is there any strategy within Apotek Hjärtat how to create employee motivation?
- Do you feel that you have support from your superior in the work of motivating employees?
- Have you noticed that you are a competing company now? Have you become result-oriented?

Internal Communication

- Which information channels are there within the company?
- How? How often do you communicate within these channels? To everyone?

The re-regulation

- How has the change process occurred?
- How have you personally perceived the re-regulation?
- How has the change affected the employees?
- Do you believe that it matters for the customers which pharmacy they visit?

Appendix 2 – Interview Questions to local manager (In Swedish)

Profil

- Berätta om dig själv, hur länge har du arbetat inom företaget? Vad är din titel?

Varumärkesidentitet

- Vad gör Apotek Hjärtat speciellt? Vilka skillnader kan du se mellan de nya Apotek Hjärtat gentemot det gamla Apoteket AB?
- Vad anser du är gemensamt mål inom företaget, vad ska man sträva för att uppnå?
- Vilka är de värderingar som företaget står för?
- Hur jobbar du som butikschef för att förankra dessa värderingar hos de anställda?
- Hur jobbar du som butikschef för att motivera de anställda?
- Finns det någon uttalad strategi inom Apoteket Hjärtat (centralt) hur du skapar motivation hos de anställda?
- Hur känner du som butikschef att du har stöd från dina chefer i arbetet med motivation såväl som värderingar?
- Har ni märkt av att ni konkurrerar? Har det blivit mer press på att nå resultat?

Internkommunikation

- Vilka informationskanaler finns det inom företaget?
- Hur fungerar det? Hur ofta kommunicerar ni inom dessa kanaler? Till alla?

Omstruktureringen

- Hur har förändringsprocessen gått till?
- Hur har du personligen uppfattat omregleringen?
- Hur har förändringen påverkat de anställda?
- Tror ni att det har någon betydelse för kunderna vilket apotek de besöker?

Appendix 3 – Interview Questions to regional manager

Profile

- Tell us about yourself, how long have you worked within the company? What is your title?

Brand Identity

- What makes Apotek Hjärtat stand out in comparison with the other new established pharmacies?
- What is Apotek Hjärtat, according to you?
- What differences can you see between Apotek Hjärtat and Apoteket AB?
- Do you think it matters for the customers which pharmacy they visit?
- Which is, according to you, the common goal within the company, what do you want to achieve?
- What are the values of the company?
- How do you as a regional manager work to implement these values to the employees?
- How do you work to make sure that the employees send out these specific values when they approach customers?
- Describe the perfect employee of Apotek Hjärtat.
- Do you, as a regional manager, feel that you have support from your superior with motivation as well as values?
- Have you noticed that you are a competing company now?
- Have you become result oriented?
- How do you cooperate within Apotek Hjärtat

Brand Image

- How do you believe that customers perceive Apotek Hjärtat?

Internal Communication

- Which information channels are there within the company?
- How? How often do you communicate within these channels? To everyone?

The re-regulation

- How have you personally perceived the re-regulation?
- How has the change affected the employees?
- How do you work with this?

Appendix 4 – Interview Questions to regional manager (In Swedish)

Profil

- Berätta om dig själv, hur länge har du arbetat inom företaget? Vad är din titel?

Varumärkesidentitet

- Vad gör just Apoteket Hjärtat speciellt till skillnad från de andra nyetablerade apoteken?
- Vad står Apotek Hjärtat för enligt dig?
- Vilka skillnader kan du se mellan de nya Apotek Hjärtat gentemot det gamla Apoteket?
- Tror ni att det har någon betydelse för kunderna vilket apotek de besöker?
- Vad anser du är gemensamt mål inom företaget, vad man ska sträva för att uppnå?
- Vilka är de värderingar som företaget står för?
- Hur jobbar du som regionchef för att förankra dessa värderingar hos de anställda?
- Hur jobbar ni med att se till att era anställda sänder dessa värderingar?
- Hur skulle den perfekta anställda vara enligt er?
- Hur känner du som regionchef att du har stöd från dina chefer i arbetet med
- motivation såväl som värderingar?
- Har ni märkt av att ni konkurrerar?
- Har blivit mer press på att nå resultat? Mer resultatorienterat?
- Hur samarbetar ni inom Apotek Hjärtat?

Varumärkesbild

- Hur tror du att era kunder ser Apotek Hjärtat?

Internkommunikation

- Vilka informationskanaler finns inom företaget?
- Hur? Hur ofta? Till alla? Bra? Dåliga?

Omregleringen

- Hur har du personligen uppfattat omregleringen?
- Hur har förändringen påverkat de anställda?
- Hur arbetar ni med detta?

Appendix 5 – Interview Questions to the Executive Vice President

Profile

- Tell us about yourself, how long have you worked within the company? What is your title?

Brand Identity

- What makes Apotek Hjärtat stand out in comparison with the other new established pharmacies?
- What does Apotek Hjärtat stand for, according to you?
- Do you believe that it matters for the customers which pharmacy they visit?
- What are the values of the company?
- How do you work to implement these values to the employees?
- How do you think that your customers see Apotek Hjärtat?
- In what way has Apotek Hjärtat tried to reach out to new customers?
- Which differences can you see between Apotek Hjärtat and Apoteket AB?
- How do you cooperate within Apotek Hjärtat?
- Which information channels are there within the company?

Appendix 6 – Interview Questions to the Executive Vice President (In Swedish)

Profil

- Berätta om dig själv, hur länge har du arbetat inom företaget? Vad är din titel?

Varumärkesidentitet

- Vad gör just Apoteket Hjärtat speciellt till skillnad från de andra nyetablerade apoteken?
- Vad står Apotek Hjärta för enligt dig?
- Tror ni att det har någon betydelse för kunderna vilket apotek de besöker?
- Vilka är de värderingar som företaget står för?
- Hur jobbar du som marknadschef för att förankra dessa värderingar hos de anställda?
- Hur tror du att era kunder ser Apotek Hjärtat?
- På vilket sätt har Apotek Hjärtat försökt nå ut till sina nya kunder?
- Vilka skillnader kan du se mellan de nya Apotek Hjärta gentemot det gamla Apoteket?
- Hur samarbetar ni inom Apotek Hjärta?
- Vilka informationskanaler finns inom företaget?

Appendix 7 – Survey to customers of Apoteket Hjärtat

Survey

We are three students from Jönköping International Business School and we are writing our bachelor thesis within business administration and have chosen to focus on brand identity and brand image. Apotek Hjärtat is a newly established firm which has entered the pharmaceutical retailing market in Sweden. The purpose of this questionnaire is to find out what the customers perceive Apotek Hjärtat to be: to investigate what the brand image of Apotek Hjärtat is.

Male Female
() ()

I know of Apotek Hjärtat.

Yes No
() ()

I shop at Apotek Hjärtat.

Yes No
() ()

I have seen Apotek Hjärtat's TV commercial.

Yes No
() ()

If you have answered 'No' to the question "I shop at Apotek Hjärtat", please do not answer any further questions.

Apotek Hjärtat cares about my health and well-being.

Don't know Completely disagree Completely Agree
0 1 2 3 4 5 6

Apotek Hjärtat offers a wider product range, better service, better opening hours and a more personal guidance, compared to the other pharmaceutical retailers.

Don't know Completely disagree Completely Agree
0 1 2 3 4 5 6

Apotek Hjärtat is innovative.

| | | | | | | |
|------------|---------------------|---|---|---|---|------------------|
| Don't know | Completely disagree | | | | | Completely Agree |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Apotek Hjärtat's employees are highly skilled.

| | | | | | | |
|------------|---------------------|---|---|---|---|------------------|
| Don't know | Completely disagree | | | | | Completely Agree |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

My visits at Apotek Hjärtat are running smooth and simple.

| | | | | | | |
|------------|---------------------|---|---|---|---|------------------|
| Don't know | Completely disagree | | | | | Completely Agree |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Apotek Hjärtat cares about the society and its surrounding environment.

| | | | | | | |
|------------|---------------------|---|---|---|---|------------------|
| Don't know | Completely disagree | | | | | Completely Agree |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Apotek Hjärtat understands me and my needs.

| | | | | | | |
|------------|---------------------|---|---|---|---|------------------|
| Don't know | Completely disagree | | | | | Completely Agree |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

People in my surrounding have positive perceptions of Apotek Hjärtat.

| | | | | | | |
|------------|---------------------|---|---|---|---|------------------|
| Don't know | Completely disagree | | | | | Completely Agree |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Apotek Hjärtat is my preferred pharmacy.

| | | | | | | |
|------------|---------------------|---|---|---|---|------------------|
| Don't know | Completely disagree | | | | | Completely Agree |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Why? Please elaborate your answer on the previous question.

Thank you for your participation! If you are interested in the result of this survey, please state your email address:

Appendix 8 – Survey to customers of Apoteket Hjärtat (In Swedish)

Survey

Vi är tre studenter från Internationella Handelshögskolan i Jönköping som skriver vår kandidatuppsats inom företagsekonomi och har valt att fokusera på varumärkesidentitet och varumärkesbild. Apotek Hjärtat är ett nyetablerat företag som har entrat apoteksmarknaden i Sverige. Syftet med detta frågeformulär är att ta reda på vad kunderna har för uppfattning om företaget; att undersöka Apotek Hjärtats varumärkesbild.

Man **Kvinna**
() ()

Jag känner till Apotek Hjärtat.

Ja Nej
() ()

Jag har besökt Apotek Hjärtat.

Ja Nej
() ()

Jag har sett Apotek Hjärtats reklamfilm.

Ja Nej
() ()

Om du har svarat 'Nej' på frågan 'Jag har besökt Apotek Hjärtat', vänligen svara ej på nästkommande frågor.

Apotek Hjärtat bryr sig om min hälsa och mitt välbefinnande.

Vet Ej Håller inte alls med Håller med fullkomligt
0 1 2 3 4 5 6

Apotek Hjärtat har ett bredare produktsortiment, bättre service, bättre öppettider och erbjuder bättre rådgivning än de konkurrerande apotekskedjorna.

Vet Ej Håller inte alls med Håller med fullkomligt
0 1 2 3 4 5 6

Apotek Hjärtat är nytänkande.

| | | | | | | |
|--------|----------------------|---|---|---|---|------------------------|
| Vet Ej | Håller inte alls med | | | | | Håller med fullkomligt |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Apotek Hjärtats anställda har hög kompetens.

| | | | | | | |
|--------|----------------------|---|---|---|---|------------------------|
| Vet Ej | Håller inte alls med | | | | | Håller med fullkomligt |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Mina besök på Apotek Hjärtat går smidigt och enkelt.

| | | | | | | |
|--------|----------------------|---|---|---|---|------------------------|
| Vet Ej | Håller inte alls med | | | | | Håller med fullkomligt |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Apotek Hjärtat bryr sig om samhället och miljön.

| | | | | | | |
|--------|----------------------|---|---|---|---|------------------------|
| Vet Ej | Håller inte alls med | | | | | Håller med fullkomligt |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Apotek Hjärtat lyssnar på mig och förstår mina behov.

| | | | | | | |
|--------|----------------------|---|---|---|---|------------------------|
| Vet Ej | Håller inte alls med | | | | | Håller med fullkomligt |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Människor i min omgivning har en positiv uppfattning om Apotek Hjärtat.

| | | | | | | |
|--------|----------------------|---|---|---|---|------------------------|
| Vet Ej | Håller inte alls med | | | | | Håller med fullkomligt |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Jag föredrar att gå till Apotek Hjärtat framför något annat apotek.

| | | | | | | |
|--------|----------------------|---|---|---|---|------------------------|
| Vet Ej | Håller inte alls med | | | | | Håller med fullkomligt |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Varför? Vänligen utveckla svaret på föregående fråga.

Tack för ditt medverkande! Om du är intresserad av att ta del av resultatet av undersökningen, vänligen ange din emailadress:

Appendix 9 – Test Re-Test Reliability Data

The following two tables summarize the data collected from the survey, which was handed out at two different times.

Statistics

| | | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 |
|--------|---------|------|------|------|------|------|------|------|------|----------------|
| N | Valid | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 |
| | Missing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mean | | 3,39 | 2,20 | 2,52 | 2,98 | 4,77 | 1,20 | 3,27 | 2,11 | 3,20 |
| Median | | 4,00 | ,00 | 3,50 | 4,00 | 5,00 | ,00 | 4,00 | ,00 | 4,00 |
| Mode | | 5 | 0 | 0 | 0 | 5 | 0 | 5 | 0 | 4 ^a |
| Sum | | 149 | 97 | 111 | 131 | 210 | 53 | 144 | 93 | 141 |

a. Multiple modes exist. The smallest value is shown

Results from first test.

Statistics

| | | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 |
|--------|---------|------|------|------|------|----------------|------|------|------|------|
| N | Valid | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 |
| | Missing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mean | | 3,20 | 2,35 | 2,55 | 3,02 | 4,59 | 2,06 | 2,84 | 2,35 | 3,02 |
| Median | | 4,00 | 2,00 | 3,00 | 4,00 | 5,00 | 1,00 | 3,00 | 2,00 | 4,00 |
| Mode | | 4 | 0 | 0 | 0 | 5 ^a | 0 | 0 | 0 | 4 |
| Sum | | 163 | 120 | 130 | 154 | 234 | 105 | 145 | 120 | 154 |

a. Multiple modes exist. The smallest value is shown

Result from re-test.