

Labofa

Individual Ergonomic Seating Solutions



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Executive Summary

PART I

The project takes its departure in attempting to answer the research question: *How must Labofa communicate to revitalise its brand with its definitive stakeholders and essentially, what must Labofa monitor to sustain this brand equity?*

PART II

The Business Review revealed two key issues in need of structuring and streamlining, in order for Labofa to be able to revitalise its brand. These were the company's struggles with its marketing budgeting strategy and IMC understanding and the importance of creating direct comparisons between the Labofa brand and the company's core benefit – ergonomic correctness.

PART III

The Stakeholder Analysis revealed that Labofa's definitive stakeholders and thus its target audience was the distributors, as they unlike the users and decision-makers possessed both power, legitimacy and urgency in connection with the office chair brand choice. The Strategic and Creative Considerations analysis discovered that the main task for Labofa in future marketing communication was a strengthening of the links between the Labofa brand itself and the ergonomic office chair category and ergonomic brand benefit, respectively in the minds of distributors. Finally, the Brand Value Chain section provided a CEO checklist with specific and relevant key performance indicators, which Labofa needs to monitor on an ongoing basis, to sustain the brand equity gathered from the strategic template provided.

PART IV

To sum up the answer to the overall research question, Labofa must communicate strong links of brand awareness and attitude, to its definitive stakeholders the distributors and essentially sustain the gathered brand equity, by monitoring the key performance indicators in the CEO checklist of the different value stages and multipliers in Labofa's brand value chain.

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PART I

1. Introduction

What was once the market leader in the Danish office chair industry, has through the last 10-15 years experienced both dramatic declines in business, market shares and brand value, culminating recently in the suspension of payments, in October 2008.¹ The Danish office chair manufacturer Labofa, established in 1945 as a factory producing bolts, jacks and taillights for heavy farm machinery, began its production of office chairs focused on ergonomics in 1969.² After being taken over by The Scandinavia Tobacco Company in 1977, the company reached great success, among other things becoming market leader in Denmark, peaking in the mid-nineties. In 2002 a merger with the more design-concentrated furniture company Munch Furniture, was completed, with great expectations in store resulting in the company, now named Labofa Munch, experiencing large reorganisations in its structure and business.³ The expectations were however never fulfilled, and after years of financial deficits, a management buy-out to separate Labofa Munch from The Scandinavian Tobacco Company in 2004, was believed to be the cure for the financial flux in which the company found itself. This attempt of revitalising the company never materialised either however and due to revenues almost coming to a halt in 2007, costing the company upwards DKK 25 million annually,⁴ Labofa Munch found itself forced to declare the before mentioned suspension of payments.

Contributory to this halt in revenue, according to the press release issued by Labofa Munch, was that the company had been cut off from 37% of its business through the SKI-agreement from 2006.⁵ This agreement, in short, was developed to help the Danish state reap the benefits of economies of scale when its public institutions purchased its inventory. Many furniture manufacturers were left out of this agreement, cutting them off from a market they had previously been able to operate in, under ordinary market rules.⁶ Because of the revenue-standstill, Labofa chose to once again separate itself from Munch Furniture in October 2008 in connection with the payment suspension, changing the name from Labofa Munch back to the original Labofa. This decision came in large

¹ "Vinduer skiftet ud med stole" by Sjællandske Slagelse 19.12.2008

² "Labofa Munch-fusionen fra 2002" by Sjællandske Slagelse 06.10.2008

³ "Labofa Munch-fusionen fra 2002" by Sjællandske Slagelse 06.10.2008

⁴ "Møbelfirma i betalingsstandsning" by www.sjællandske.dk/business 03.10.2008

⁵ "Hård investorkritik af standsede betalinger" by Børsen 29.09.2008

⁶ "Kontormøbel-ballade på stormstyrke" by Børsen 22.12.2006

due to the fact that throughout the crisis of the past decade-and-a-half, the company Labofa Munch contained a “healthy” and a “sick” business side, the furniture of Munch Furniture being the sick and the office chairs of Labofa being the healthy.⁷ The latter, which also initially provided the original company, Labofa, with the market leader status in the industry, traditionally had a surplus, while the furniture part of the business created the deficit.⁸

Since the separation from Munch Furniture in October, Labofa has stopped the bleeding,⁹ yet the dent the Labofa brand has taken, whilst merged with Munch Furniture, has left the far from the market leader position it once occupied and aims to inhabit once more. Although, the brand is still relatively known and respected in the industry for making durable ergonomic solutions, its previous spark and excellence has faded with the trouble of the last decade-and-a-half.¹⁰ Consequently, Labofa now finds its brand diminished, dreary and in dire need of a revitalisation. This fading has also hit the company’s credibility of being a healthy institution, which in the office chair industry is essential to participate in the interaction between manufacturers and distributors, which the industry dictates.¹¹

Changing this brand perception for the company’s target audience thus is Labofa’s most important marketing communication task. That leads to the following research question:

1.1. Research Question

How must Labofa communicate to revitalise its brand with its definitive stakeholders and essentially, what must Labofa monitor to sustain this brand equity?

1.1.1. Work Questions

- Question 1: *Which areas must Labofa focus on improving, sustaining, and diminishing in the company’s internal environment and what areas in its external environment must it focus on preparing for?*

⁷ “Hård investorkritik af standsede betalinger” by Børsen 29.09.2008

⁸ “Vinduer skiftet ud med stole” by Sjællandske Slagelse 19.12.2008

⁹ Interview with Labofa, February 25th 2009 (Appendix 10)

¹⁰ Interview with Labofa, February 25th 2009 (Appendix 10)

¹¹ Interview with Labofa, April 16th 2009 (Appendix 11)

- Question 2: *Who are Labofa's definitive stakeholders and thus the company's target audience, towards which the company's attention and marketing communication must be targeted?*
- Question 3: *What can be optimised in Labofa's current marketing communication and how must Labofa strategically design its marketing communication towards the chosen target audience to build brand equity in the future?*
- Question 4: *How must Labofa measure and sustain its brand equity now and in the future?*

1.2. Limitations

This section addresses the areas, which the research question promotes the discussion of, but the project limits itself from and the reasons why.

Although Labofa's export cannot be ignored by the company itself, this project will limit itself from export and instead focus on the national market Denmark. The reason is that 80% of the company's revenue lies here and the largest revenue percentage in a single country abroad, aside from Germany's 7%, is 2% in Holland. This followed by countries, each not surpassing that, but who combines for the remaining 11%.¹² Looking to answer the research question for markets counting so relatively little compared to how much the national market counts, is inefficient and will therefore not be addressed in this project.

Furthermore, this project will not address the entire assortment of office chairs, but instead limit itself to the EGO and EGO Nordic brands. Of the revenue made solely by Labofa's office chair assortment, EGO, which is the original Labofa office chair and EGO Nordic, which holds the same technology, but is a newer version, stands for a combined 87%. The remaining 13% of the revenue created by Labofa's office chair assortment derives from eight other Labofa office chair models, six of which providing with 1% or less.¹³ Thus these brands, although part of the Labofa product assortment, will only be peripherally dealt with.

Likewise, although the two product groups *chairs for the educational sector* and *conference/canteen chairs* will be addressed, the emphasis on these will be limited in this project, as

¹² "Forretningsplan 2008/09 – 2010/11" by Labofa 2008

¹³ "2008 revenue overview" by Labofa 2009

the third product group *office chairs* counts towards a full 86% of Labofa's total revenue. Again, concentrating equally on these smaller product categories could take focus away from Labofa's flagship, the office chairs, and cause the research to become inefficient. Thus, even though the two smaller categories will be addressed in this project, the focal point will be the office chairs.

1.3. Reading Directions

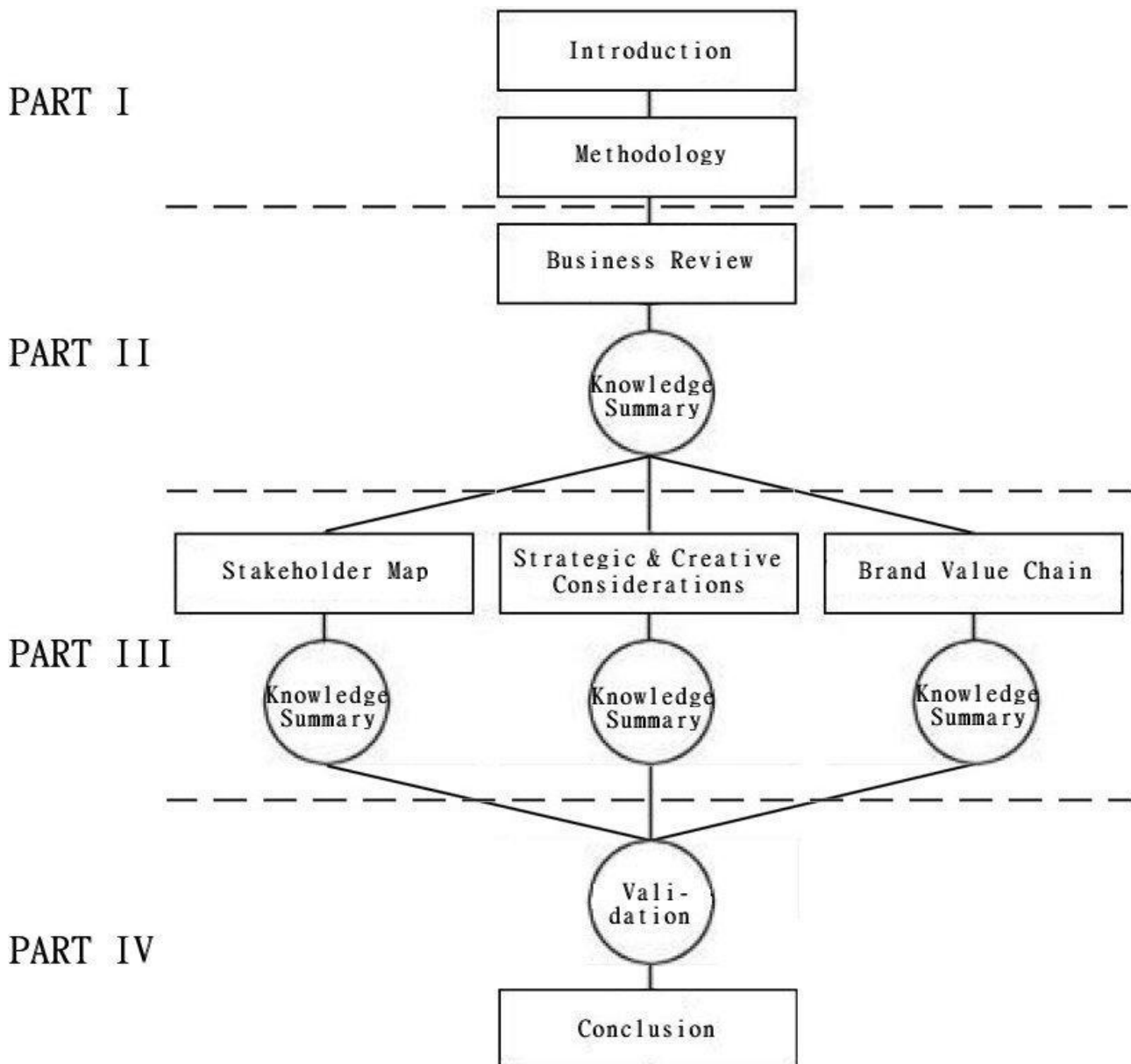


Figure 1: The Reading Directions

PART I: Here the project and problem area, limitations and definitions used in the project will be presented in an introductory section. Thereafter, the method of the project will be described, hereunder the theory of science, research design of the empirical evidence and theoretical approach explained. In short, *what* will be answered, *how* and *why*?

PART II: Initially here, the project will attempt to create an overview of the market Labofa exists on where an overview of competitors and market shares will be presented. Thereafter, the project will aim to analyse, and through a Brand Audit ending in a Strength/Weakness Analysis and Opportunity/Threat Matrices, isolate the key problem areas where Labofa, needs to improve its efficiency. This will provide the crucial areas and branding tasks that need to be solved through the company's marketing communication. These isolated problem areas will be summed up in a knowledge summary to conclude the section.

PART III: This part of the project will be divided in three main sections. Firstly, a section will analyse the dynamics of the purchase process in the industry, aiming at ultimately revealing towards which stakeholders Labofa needs to direct its marketing communication. In other words, how the company needs to define its target audience. Secondly, a section analysing which strategy Labofa needs to apply behind this marketing communication according to the nature of the product-type. Previous marketing communication will be studied as well in this section as that of the competition, to optimise the estimation of how the next generation of marketing communication must appear. Finally, a section will analyse which factors must be supervised in the future to secure a continued consistency in Labofa's brand equity, by pinpointing key performance indicators that the company needs to monitor henceforward. After each of these sections, knowledge summaries will recap the main findings and bring the found knowledge onwards to the following analysis.

PART IV: Here in this final section, a segment will describe an estimation of the validity conducted by presenting the main conclusions of the project to Labofa. The company's answer here will serve as a stamp of approval for this purpose. The conclusion will follow and finalise the project by answering the research question, utilising the knowledge discovered in the four knowledge summaries. Hereunder, a reflections section will provide final reflections over the process and the future of Labofa.

1.4. Definitions and Abbreviations

Decision-makers

According to the project, the decision-makers are the people who make the final decision on the office chair brand choice in businesses.

Distributors

The distributors are defined as the outlets, which among other products sell Labofa office chairs to end-users as well as businesses. The distributors will interchangeably be referred to as either the outlets from where office chairs are sold or the actual sales personnel selling the chairs.

Ergonomics

Ergonomics is the interaction between human, work, and environment and it integrates the knowledge concerning people's needs in the interplay between human, technique, and surroundings by the configuration of the work place and the general processes and work systems in a business. In this project the term ergonomics will be utilised solely in connection with office chairs.¹⁴

IMC

Integrated Marketing Communication is defined as a total marketing communications strategy that recognises how all of a company's marketing activities, not just promotion, communicate with its customers to create added value through a comprehensive plan that is clear and consistent.¹⁵

Labofa executives

Mogens Pedersen (CEO) Benny Larsen (Sales Director) and Jørgen Purup (Chairman of the Board).

POD

A Point of Difference is a strong, favourable, and unique brand association for a brand which separates it from competitors in the minds of consumers.¹⁶

¹⁴ E-mail interview with Master in Health Anthropology and Senior Lecturer at the Occupational Therapist Education in Copenhagen Jytte Tolstrup Jensen, April 27th 2009 (Appendix 7)

¹⁵ Belch & Belch (2007:10)

¹⁶ Keller (2003:131)

POP

A Point of Parity is an association that is not necessarily unique to the brand, yet, it lives up to the customers' minimum expectations of what the product must fulfil in the category.¹⁷

Users (in general)

People that utilise office chairs in businesses.

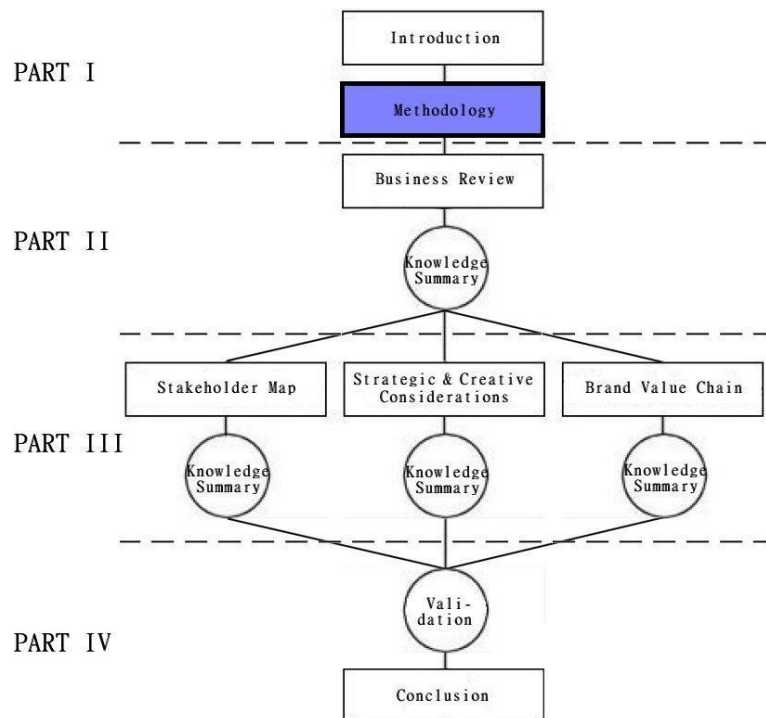
Users (in questionnaire)

People above the age of 18 sitting in office chairs for a minimum of one hour per week.

¹⁷ Keller (2003:133)

2. Methodology

The methodology of the project describes the procedure in which the project will answer the research question. Hereunder, build the reasoning behind the choices made and discuss the validity of them. In other words, the methodology describes the design behind the project and explains the reasoning behind the methodical choices, made in the progress. The purpose of the project's methodology is to guide the reader through its conclusions and knowledge creations, by accounting for them, in accordance to the research question, and like so describe the project's empirical and theoretical structure.



2.1. Epistemology

This project utilises a current eclectic approach in the overall research design of the process from defining the research question to its answer in the conclusion. This entails an acknowledgement of subjectivity in the conclusions of the projects, whilst striving to live up to the objectivity criteria of science. Effectively, these dictate that were other research workers to conduct the same study, using the same methods, aiming at answering the same research question, their conclusions should prove comparable to the ones in this project. Thus, in that way the project recognises its subjectivity and appreciates that the results, although based on a carefully selected theoretic and empirical research method considered the most effective in answering the research question, therefore are equally subjective. Interpretation consequently plays a large role in this *hermeneutic* philosophy of science, where understanding and interpretation of the observed societal structures become the foundation

for the scientific research.¹⁸ In this project, the utilisation of such an epistemology creates an understanding of the importance of both the role of the *practitioner*, personified in this case in the Labofa executives with their tangible and concrete approach, and the *consultant* in this case being the project itself and its analytical and theoretical methods. It is here accepted that in many areas what is observed by the research in this project as an outside consultant, is not necessarily in direct correlation with what is understood by Labofa itself. In other words, where the practitioner most often possesses an *insight* greater than the consultant, which needs to be respected and utilised as an aid in analyses, the practitioner can in some cases be so closely situated to the problem that the most general aspects and widest connections escape.¹⁹ In those scenarios, the consultant can contribute heavily with an *overview*, caused by a professional distance unattainable by the practitioner.²⁰ This observatory and since interpretive, subjective, yet theoretically and analytically supported hermeneutic approach, is what this project attempts to undertake.

As the methodological approach focuses on problem identification, the purpose of the used method is to explore and analyse the restraints and possibilities of Labofa in revitalising its brand. In that regard the project predominantly claims an inductive approach, where the observations and intelligence gathered through the selected empirical evidence is utilised in the creation of conclusions and generalisations.²¹ Thus, the research question is primarily answered through this intelligence, whereto the selected models and theories are adapted. In certain cases therefore, the use of these models and theories is only partial compared to the original intended application, as their remaining aspects in those instances are deemed irrelevant for the answering of the research question. The project does however, utilise a deductive approach sporadically, where the point of departure unlike the inductive approach is the theory,²² for instance using the Stakeholder Mapping theory in section 4. With the theory and the ensuing generalisation as a basis, the aim is to identify the nature of Labofa's key stakeholders and from that conclude on the company's target audience choice.

¹⁸ Gilje & Grimen (2002:164-167)

¹⁹ Gilje & Grimen (2002:9-10)

²⁰ Gilje & Grimen (2002:9-10)

²¹ Olsen & Pedersen (2006:317)

²² Olsen & Pedersen (2006:314)

2.2. Research Design of the Empirical Evidence

In this section, the data collection process, lying as the basis for the project analysis, will be described according to the model below:²³

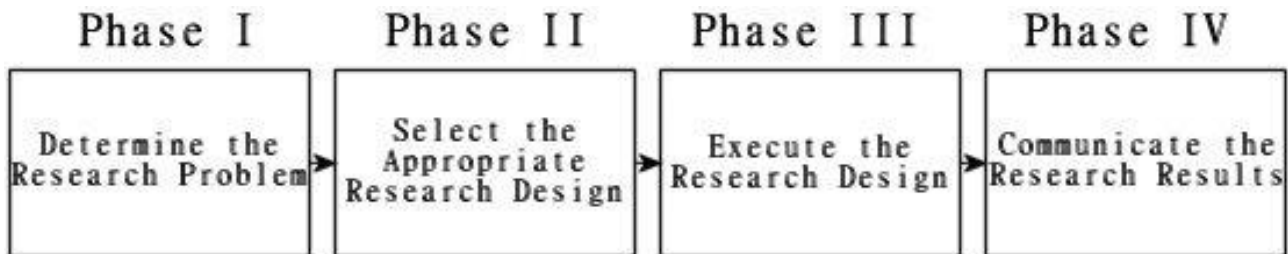


Figure 2: The Four Phases of the Information Research Process

2.2.1. Phase I: Determine the Research Problem

This first phase was executed in collaboration with Labofa. An initial semi structured interview with the Labofa executives²⁴ focused on obtaining general knowledge of the company, its industry as well as revealing the problem areas, wishes and needs the executives desired to have enlightened. These findings, together with the knowledge gained from secondary empirical sources were taken into consideration, before the final research question was defined. The main objective behind defining the research problem was at this point to identify and clarify the information required to solve it.

2.2.2. Phase II: Select the Appropriate Research Design

The main focus for phase two is to select the most appropriate research design, fitting the research question and serving as the master plan behind the methods used to collect and analyse the data.²⁵ As explained in the Reading Directions in section 1.3, the project is divided into four parts, whereof Part I serves as introduction and explains the methods used, Parts II and III are analytical parts and Part IV a concluding part also discussing the validity of the conclusions discovered in the analysis. Consequently, although mainly of an exploratory nature, the project in different parts, use different research designs. Initially an *exploratory research design*²⁶ approach was adopted as a qualitative

²³ Hair et al (2006:53)

²⁴ Mogens Pedersen (CEO), Benny Larsen (Sales Director) and Jørgen Purup (Chairman of the Board)

²⁵ Hair et al (2006:63)

²⁶ Hair et al (2006:63)

interview with the Labofa executives, as mentioned, was conducted simply to classify the problems and opportunities, more than to provide conclusive information to determine a course of action. Likewise, secondary empirical evidence for this purpose, was found in news sources and interpreted informally, again not to necessarily conclude, but rather create an overview and to further the understanding of the industry and company. On that basis, Part I could be completed.

As mentioned in section 1.3, the objective of Part II is to key in on the main problem areas where Labofa needs to improve its efficiency. To achieve this, the exploratory research design approach was continued with a more in-depth, second qualitative interview with the Labofa executives. As the first section of Part II is an *internally* focused Brand Inventory section, the Labofa interviews and the informally interpreted secondary empirical evidence, gathered through the exploratory research design approach, provided the information needed in to complete this section. The second section of Part II however, being an *externally* focused Brand Exploratory section attempting to account for the origin of Labofa's brand equity in the minds of its users, required a *descriptive research design* approach. As the conclusions in the Brand Exploratory aim at being representative for the industry, acquiring quantitative data is essential. Hence, the descriptive research design, which seeks to describe existing characteristics of a defined target population or market structure providing information about customers, competitors and target markets²⁷ etc., in this section was seen most applicable.

Part III of the project is the second part of the analysis and, as mentioned, is divided into three sub-sections. In these three sections, the aim with the empirical evidence is to once again, provide in-depth enlightening material that will help depict the interaction of the industry in detail. Ultimately, this part thus intends to provide Labofa with the solutions to the main problem areas discovered in the previous part. The first section of Part III focuses on what should initiate all marketing activity, being the positioning of the brand and the essence of its meaning with consumers,²⁸ in a Stakeholder Map analysis. In other words, determine whom to target in order to correct the mismatches, overkills and focal areas discovered in the previous part. Subsequently, the empirical evidence will be utilised to discuss the Strategic and Creative Considerations of the marketing communication targeted at the audience unveiled in the previous section. In the final section in Part III, the empirical evidence will assist in determining which key performance indicators Labofa needs to monitor in order to sustain its brand equity in a Brand Value Chain section.

²⁷ Hair et al (2006:63)

²⁸ Keller (2003:156)

For those reasons, the exploratory research design approach once more is applied. Practically, this was effectuated in four qualitative interviews with a small, medium and large company respectively, together with one interview with a distributor of Labofa office chairs.

The final Part IV of the project, besides containing the Conclusion holds the Validation section where the conclusions provided by the analyses in Parts II and III of the project, are tested. In this section neither the exploratory nor the descriptive research method is used, as the causality of the hypothetic implementation of the project's conclusions, is what the section aims to analyse. Thus, a *causal research design* approach is adopted, where the consequence of implementation is estimated based on two qualitative interviews with the Labofa executives and a distributor, respectively. In other words, the section aims to discover whether the relationship between the *predicted outcome* from the analyses and the subsequent *causal factors* are accurate.

2.2.3. Phase III: Execute the Research Design

The third phase of the information research process is the actual execution of the research design, explained above. This data search process can be divided into two sub-segments being *secondary* and *primary sources of data*, and thus will be structured accordingly below. Whether data is of secondary or primary nature is determined by: 1) whether the data already exists in some type of recognisable format, 2) the degree to which the data has been interpreted by someone and 3) the extent to which the researcher or decision maker understands the behind lying reason why the data was collected and assembled.²⁹

2.2.3.1. Secondary Sources of Data

As mentioned earlier the *secondary* empirical evidence was mainly used to create an initial overview, when the research question had to be formulated and a grasp of the industry had to be acquired. It consists primarily of news articles from Danish newspaper databases and websites. Furthermore, promotional material from Labofa, like the product brochures for EGO, EGO Nordic, SHARK and COBRA also served as secondary data. Finally, the Labofa website and the company business plan, fabricated following the split from Munch Furniture were used with the same purpose of acquiring an overview.

²⁹ Hair et al (2006:64)

Importantly, it needs to be mentioned that the secondary data provided as the foundation for forming the collecting of the subsequent primary sources of data.

2.2.3.2. *Primary Sources of Data*

Unlike secondary sources of data, *primary* data is raw data, which has yet to be interpreted, stemming from some sort of explorative, descriptive or causal research project, either employing surveys, interviews or observations to collect the data.³⁰ The primary data sources can be divided into that of a *qualitative* and *quantitative* nature. Qualitative research focuses on the collection of detailed amounts of data from relatively small samples of subjects by asking questions or observing behaviour.³¹ Quantitative research on the other hand, places heavy emphasis on using formalised questions and predetermined response options in questionnaires administered to large numbers of respondents.³² Hence, it was also determined essential to supplement the two with the other, in the project.

2.2.3.2.1. *Qualitative Data*

The qualitative research in the project was mainly collected via semi-structured, open-ended, in-person interviews with the purpose of obtaining in-depth information about the aspects in the industry, the given interviewee possessed knowledge about. While the explicit questions in the semi-structured interviews helped serve as a guideline throughout the interviews, the open-ended quality in the nature of the structure, allowed for deep probing if it proved necessary. For example if questions were presumed to have been understood differently than intended, they could be elaborated upon, to maximise the validity of the answer. This flexible attribute of the semi-structured interviews assisted heavily in obtaining the in-depth information that was originally sought. Likewise, most of the questions were open-ended to motivate the interviewee to not be set in his/her answers, but explain the dynamics as thorough as possible. Finally, a few unstructured short interviews were also conducted over the phone, typically when small pieces of information was needed by an expert.

The primary benefit for the project, of conducting these qualitative interviews were obtaining a reasonable overview of the dynamics in the industry, in a relatively short amount of time. Likewise,

³⁰ Hair et al (2006:64)

³¹ Hair et al (2006:173)

³² Hair et al (2006:171)

due to its qualitative nature, with the above-mentioned open-ended questions and possibilities of probing, the richness of the answers gathered is higher as well.³³ Finally, the results and insights gained from the qualitative interviews functioned as a crucial tool in forming the quantitative survey.

The qualitative research in this project consists mainly of eight in-depth interviews. Three of these are with businesses, two with a distributor of Labofa office chairs and three with Labofa itself. That aside, the project uses short unstructured and informal phone interviews with Labofa, held on an ongoing basis, when questions occurred. Additionally, an informal *experience interview* with the purpose of gathering insight from a person considered knowledgeable on the issue³⁴ was held with Jytte Tolstrup Jensen, Master in Health Anthropology and Senior Lecturer at the Occupational Therapist Education in Copenhagen.³⁵

In the following section, the focus will be on the eight in-dept interviews, which can be categorised into three phases after when they were used in the work process. They count *initial knowledge gathering*, *analysis data search* and *validation of conclusions*.

2.2.3.2.1.1. Initial Knowledge Gathering

Firstly, the initial knowledge gathering process included two preliminary interviews conducted with Labofa attempting to create an initial overview of the industry. They both aimed at providing the information needed to complete the Market Overview in section 3.1 and the internally focused Brand Inventory in section 3.2.1 and thus featured questions dictated by the structure in these sections.

In the case of the first interview of this phase, with Labofa executives,³⁶ it meant attempting to uncover the company's Marketing Mix and enlighten areas of competition, market shares, and the economy and target audience of Labofa. This first interview, preceding the secondary information search, occurred directly after the choice of company for the project fell on Labofa, and an opening proposal to a research question and project structure, was formulated.

³³ Hair et al (2006:174)

³⁴ Hair et al (2006:202)

³⁵ E-mail interview with Master in Health Anthropology and Senior Lecturer at the Occupational Therapist Education in Copenhagen Jytte Tolstrup Jensen, April 27th 2009 (Appendix 7)

³⁶ Interview with Labofa, February 25th 2009 (Appendix 10)

The second interview in this phase, which as mentioned was also conducted with Labofa,³⁷ followed the secondary data search and accordingly was characterised by that. This meant that where questions in the first interview were more general, aiming at the before mentioned broad overview, questions in the second were more precise. In other words, specific areas discovered in the secondary empirical evidence or ambiguous areas from the first interview, were deemed essential to have explained in detail by the Labofa executives. These areas counted industry size and Labofa's division of sales between businesses in the public and private sector, distributor interaction, target audience definitions and marketing budgets, the influence of the SKI-agreement and finally specific questions about the company's business plan.

2.2.3.2.1.2. Analysis Data Search

Secondly the analysis data search process consisted of four interviews, conducted with three businesses and a distributor respectively. These sought to create the basis behind completing the two first analyses in Part II, that is the Stakeholder Map and the Strategic and Creative Considerations found in sections 4 and 5, respectively.

In addition to the distributor interview, the first three interviews in this phase were conducted with businesses of different sizes as well as businesses in both the private and public sector. This was chosen to maximise the diversity of the responses and provide as much understanding of the dynamics of the industry, as possible.

- The first interview was with the *regional* institution Byhaveskolen, a relatively small special school in the public sector, located in Svendborg with around 60 employees.³⁸ The interview was performed with the Principal of Byhaveskolen and the person in charge of office chair purchasing, Erik Witten.
- The second was with the *national* television network SBS-TV, a medium sized business, holding around 150 members of staff³⁹ and was conducted with Mia Pfeiffer, Executive Assistant and the person in charge of office chair purchasing at SBS-TV.
- The third interview was with the *international* corporation Nokia Siemens Networks, one of the world's largest telecommunications infrastructure companies with over 60,000 employees

³⁷ Interview with Labofa, April 16th 2009 (Appendix 11)

³⁸ Interview with Principal of Byhaveskolen Erik Witten, April 29th 2009 (Appendix 3)

³⁹ www.nokiasiemensnetworks.com May 29th 2009

worldwide,⁴⁰ which together with its parent company Nokia, employs in the region of 1,800 people in its headquarters in Copenhagen.⁴¹ The interview was done with Thea de Richelieu, Executive Assistant in the company, who although was not the person in charge of office chair purchasing there possessed great experience and in-depth knowledge on the area and in the purchase processes around office chair shopping in Nokia Siemens Networks.

- The fourth and final interview in the analysis data search process was carried out with a distributor, to complete the industry insight and get a view of the industry dynamics from the one angle that had not yet been covered with the business interviews and the interviews with Labofa itself. It was done with the Funen-based furniture distributor Sapa, which among its product portfolio sells Labofa office chairs. The interview was carried out with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann.⁴²

In this way, a diverse and detailed picture could be created, of how small regional, medium-sized national and large international companies, purchase their office chairs.

As mentioned, the interviews were aiming at acquiring knowledge, which would assist in completing sections 4 and 5, and thus were structured accordingly. For the Stakeholder Map in section 4, questions in the interviews were directed at discovering the *Power*, *Legitimacy* and *Urgency* of the participants in the purchase process, namely the initiators, influencers, decision-makers and users. Likewise, for the Behavioural Sequence Model (BSM) in the Strategic and Creative Considerations in section 5, the interview questions aimed at obtaining information about the decision roles, the timing, the location and the process of each decision stage in the purchase process. Additionally, for the interview with Sapa, questions were specifically directed at discovering the behind lying factors influencing the motivation to sell one office chair brand over another for a salesperson, levels of pre-determined sales arrangements with businesses and what the distributor appreciated the most in its office chair suppliers – the manufacturers. For this intelligence to become as unbiased as possible, the distributor upon request agreed to only have the name of the company – Labofa – revealed at the very end of the interview. This heightened the validity of the interview results and provided particularly interesting information about both Labofa

⁴⁰ Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

⁴¹ Interview with Executive Assistant at Nokia Siemens Networks Thea de Richelieu, April 30th 2009 (Appendix 4)

⁴² Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

and its competitors, that could be argued had not been obtained had the distributor been aware that the project was being written for Labofa.

2.2.3.2.1.3. Validation of Conclusions

The third and final phase of the eight interviews, being the validation of conclusions, consisted of two closing meetings. These two functioned as a final presentation of the project's conclusions to the Labofa executives and one of its distributors, to gain and use the ensuing feedback as verification of the validity of those conclusions. Consequently, section 7 Validation, could be completed using this feedback. The first of these, were with the Labofa Board of Directors where the conclusions were presented in relative detail, before feedback on their plausibility, was received and discussed. The second meeting, being with the Sapa distributor Jan Heitmann, focused to a larger degree on whether the example of an execution was likely to persuade him of the strategic aims it aspired to.

2.2.3.2.2. Quantitative Data

The quantitative research in the project consists of a self-administered online internet questionnaire distributed on May 4th and closed on May 11th gathering 500 responses in the time span.⁴³ As an internet questionnaire, it was placed on a specific website, which respondents had to click on to after being contacted separately by e-mail and informed about it.⁴⁴ The purpose of the quantitative study was to examine the sources of customer based brand equity and in that way be a counterpart to the qualitative interviews, which examined the businesses and not necessarily the users. In turn, the intelligence gathered from this study was used to complete the Brand Exploratory in section 3.2.2. Additionally, the quantitative survey provides the generalisability, the eight in-depth qualitative interviews lacked. Combining the intelligence gathered in the two, in the project's conclusions, assists in reinforcing the validity of these and makes the overall project more applicable for Labofa.

The sample design was a mix of different types of sampling. A judgement sampling was used, where respondents are selected according to the belief that they will meet the requirements of the

⁴³ Questionnaire distributed to 17 companies receiving 500 responses, distributed on May 4th and closed on May 11th 2009 (Appendix 6)

⁴⁴ Hair et al (2006:244)

study.⁴⁵ Effectively, this meant targeting people that were users of office chairs. In that way there was relative control over who were offered the survey, thus leading to a more target oriented and accurate result. Furthermore, snowball sampling, where a set of respondents is chosen and then help the researchers identify additional people to be included in the study.⁴⁶ Practically, 17 companies were contacted and asked a week in advance, whether they wished to participate in the survey, by forwarding the survey link to all their employees using office chairs. To heighten the generalisability of the sample, the companies chosen were of different sizes as well as both in the private and public sector. Attempting to motivate these and the ensuing respondents to fill out the survey, four prizes were promised awarded by random lottery. The main prize was a weekend-stay in a summerhouse in Skagen while the three runner-up prizes wine gifts sent directly to the addresses of the winners. All companies accepted this, and sent out the survey to their employees upon reception a week later. Before actually distributing the link to the businesses, pre-testing occurred. Pre-testing a questionnaire must always take place and be done with individuals representative of the chosen sample of respondents who will actually answer the survey.⁴⁷ A handful of pre-testers were chosen using convenience sampling and were asked to complete the questionnaire and then comment on issues like clarity of questions, the sequence of them and if they felt anything was difficult to understand or confusing. Consequently small adjustments were made in the study based on the pre-testers' criticism, before it was finally distributed to the companies.

The survey was created, managed and later analysed using SurveyMonkey, the leading online survey tool, with over 80% of the Fortune 100 companies currently using it.⁴⁸ The study consisted of a maximum of 13 questions, an option to comment on the survey and finally a chance to enter the competition and win one of the before mentioned four prizes. Overall, aside from the comment option and competition enrolment, the questionnaire was divided into three parts:

- 1) Firstly, a *data collection section* gathered age, sex and the level of office chair usage, with respondents. As explained earlier the respondents were sampled through judgement sampling, as the objective of the study was to examine the source of customer based brand equity. Thus, the area of interest and the set of respondents the study attempted to target, was the users of office chairs which the judgement sampling sought to reach. However, as a

⁴⁵ Hair et al (2006:340)

⁴⁶ Hair et al (2006:342)

⁴⁷ Hair et al (2006:66)

⁴⁸ www.surveymonkey.com/Home_Reasons.aspx June 2nd 2009

precaution against population specification errors, being an incorrect definition of the target population of interest to the research question,⁴⁹ respondents were faced with a screening form in this first section. Screening forms are a set of preliminary questions used to determine the eligibility of a prospective respondent for inclusion in the survey.⁵⁰ Respondents in turn, were immediately eliminated and brought to the end of the survey automatically, were they under 18 years of age or sat on an office chair, either at home or at work, for less than one hour a week. As seen in the project Definitions and Abbreviations in section 1.4 these respondents fell outside the frames of what the project's terminology qualifies as an office chair user. The result of this screening was though, that no participants were under 18 years old and only 14 of the 500 respondents – 3% – failed to meet the usage requirement of one hour a week.⁵¹ That confirms the effectiveness of the chosen sample design and in turn backs up the judgements this design was based on. Furthermore, the division of office chair usage in the categories of “under 1 hour”, “between 1-20 hours”, “between 20-40 hours” and finally “more than 40 hours” per week, allows the categorisation of respondents into “non-users”, “light”, “medium”, and “heavy users” of office chairs, respectively.

- 2) Secondly, a *Labofa section* was presented to all respondents over the age of 18, who used an office chair at home or at work for more than one hour a week. It was structured over the stages of brand development in the Customer Based Brand Equity (CBBE) model, as the aim of this second part of the survey was to uncover how far up in the CBBE stages of brand development the Labofa Brand found itself. The stages count *Identity*, *Meaning*, *Response* and *Relationships*⁵² and can be seen as a ladder, indicating that Meaning cannot be established unless an Identity has been built; Response cannot occur unless the right Meaning has been developed; and Relationships cannot be forged unless the proper Responses has been elicited.⁵³ Thus, the second part of the survey began by measuring the Identity stage by examining the salience of the respondents, divided into unaided recall and aided recognition.

⁴⁹ Hair et al (2006:231)

⁵⁰ Hair et al (2006:460)

⁵¹ Questionnaire distributed to 17 companies receiving 500 responses, distributed on May 4th and closed on May 11th 2009 (Appendix 6)

⁵² Keller (2008:60)

⁵³ Keller (2008:60)

To determine the recognition of respondents, the five competitors of Labofa and Labofa itself was listed. Here, another screening form was implemented to avoid respondent frustration and potential bias in the ensuing questions about the Labofa brand, following the Identity stage of brand development. Respondents unable to recognise the Labofa brand were forwarded directly to the third and final part of the questionnaire about general office chair attributes, as their opinion on the brand naturally were of no interest to the study, and worst case could skew the results of the answers that were interesting. The final feature of the Identity stage, was the insertion of a fictive decoy brand, named Quark, amongst the brands in the industry to provide a more sensitive test, as placing a lure among the real brands reveal the degree to which, respondents are true in their answers.⁵⁴ In other words, had for example 100 of the surveys 500 respondents claimed they knew the fictive brand Quark, the representativeness of the remaining results towards the full population, had to be considered very limited. Effectively however, only three of the 500 respondents – little over half a percent – claimed they recognised the Quark brand, consequently indicating diminutive lack of generalisability.

After the screening form in the recognition question, the respondents qualifying as office chair users were divided into two separate groups, being the ones who recognised Labofa and the ones who did not. As mentioned, the ones unable to do so became forwarded to the third and final part of the questionnaire, whilst the ones who did progressed to the next stages of brand development in the Labofa section. The remainder of the section aimed at examining how high up the before mentioned “ladder” the Labofa brand was situation in the minds of its users. Thus, the questions here began with investigating the Meaning stage, in which the brand associations were examined through an open-ended question where respondents could list these. Following this, were questions examining the Response stage, seeking to uncover the thoughts and feelings of users, about the brand and how far up the “ladder”, these went. The questions attempting to outline this stage, were structured though ordinal-interval scales, prompting respondents to register to which level they agree with a number of statements on their thoughts and feelings towards the Labofa brand or how much better or worse the brand in their perception performed, than its competitors.⁵⁵ The Labofa section ended in the Relationships stage of brand development where the aim was to examine the resonance, being loyalty, attachment, community and engagement, in the minds

⁵⁴ Keller (2008:374)

⁵⁵ Hair et al (2006:365)

of the Labofa users.⁵⁶ This was again done with an ordinal-interval scale prompting respondents' agreement with increasingly intense statements testing their resonance.

Ultimately, the Labofa section, besides revealing the Labofa salience of the 500 respondents, provided the study with details on associations, thoughts and feelings and eventually resonance of the 124 respondents who recognised the Labofa brand.

- 3) Finally, after screening forms have caused the right respondents to answer the right questions and the information needed has been collected on Labofa, an *office chair attributes section* is presented to the respondents. The only respondents not faced with this section are the ones not qualifying as office chair users in the project terminology, meaning that both the office chair users who recognised the Labofa brand and those who did not, landed at the office chair attributes section, eventually. This section sought to uncover the importance of a number of office chair features, to the individual user, counting *ergonomics, design, durability, comfort, colour possibilities, adjustability* and finally *service*. They were asked to list the importance of each individual feature, again using an ordinal-interval scale and then finally rank the features, using a rank-order scale. The latter enabled respondents to compare their own responses by indicating the first preference, second preference, third preference and so forth, until all the responses were placed in a highest-to-lowest rank order.⁵⁷ It provided the study with not only the knowledge of which features were popular in the minds of the users, but also how these were prioritised compared to each other.

Finally, the office chair attributes section asked the respondents in an open-ended question what they associated with the word "Ergonomics". This was done to reveal what office chair users connected with the term Labofa expresses so much emphasis on in its marketing communications.

As mentioned, all respondents whether they were considered office chair users or not or whether they recognised Labofa or not, were in the end of the questionnaire presented with the option to comment on the study and enrol in the competition for the four prizes.

⁵⁶ Keller (2008:76)

⁵⁷ Hair et al (2006:406)

2.2.3.3. *Validation and Critique of Empirical Evidence*

The sources of empirical evidence will in this section be estimated in the figure below, based on their authority on the subject and reliability. Furthermore, the extent to which the intelligence gained from the source is utilised in the project will be estimated in a weight-column. A source with authority on a subject is defined as a person with special knowledge and the power to influence people because of their respect for the source's official position.⁵⁸ The authority of a qualitative source for instance could be influenced by its education, position in a company or expertise on the subject. A source of high reliability is defined as one that is likely to be correct, speaks the truth and thus can be trusted and relied on.⁵⁹ In other words, a reliable source that is dependable and unbiased. Bias is in this connection defined, as having strong feelings in favour of one side of an argument often not based on fair judgement.⁶⁰ Total authority is the source authority multiplied by the weight of the intelligence gained from that source, in the project, just as total reliability is the source reliability multiplied by the weight of the intelligence gained from that source in the project.

The sources will be assessed individually to in turn give a total estimation of the authority and reliability of the project's empirical evidence. Scores between 1-3 will be given where:

- The score "3" is given for the unbiased and non-interpretive source (reliability) or the source respected for its knowledge, on a topic (authority).
- The score "2" is given for the source that could potentially be slightly biased and interpretive (reliability) or the relatively moderate source of knowledge, on a topic (authority).
- The score "1" is given for the obviously biased and interpretive source (reliability) or the layperson source of knowledge, on a topic (authority).

⁵⁸ Oxford Advanced Learner's Dictionary (2000:69)

⁵⁹ Oxford Advanced Learner's Dictionary (2000:1074)

⁶⁰ Oxford Advanced Learner's Dictionary (2000:106)

The validation of the project's empirical evidence is shown in the figure below:

Source	Authority	Reliability	Weight	Total Authority	Total Reliability
Primary Data					
Qualitative Interviews					
Labofa ^{61, 62 & 63}	3	2	3	9	6
Erik Witten ⁶⁴	3	2	3	9	6
Mia Pfeiffer ⁶⁵	3	3	3	9	9
Thea de Richelieu ⁶⁶	2	3	3	6	9
Jan Heitmann ^{67 & 68}	3	3	3	9	9
Jytte Tolstrup Jensen ⁶⁹	3	3	1	3	3
Quantitative Interviews					
Survey ⁷⁰	3	3	3	9	9
Secondary Data					
Newspapers					
Sjællandske Slagelse	2	2	3	6	6
Børsen	3	2	3	9	6
Politiken	3	2	1	3	2
Jyllands-Posten	3	2	1	3	2
Web Pages					
www.sjaellandske.dk	2	2	3	6	6
www.bt.dk	2	2	1	2	2
www.nipserstat.dk	1	2	1	1	2
http://cbs.nyuddannet.dk	3	2	1	3	2

⁶¹ Interview with Labofa, February 25th 2009 (Appendix 10)

⁶² Interview with Labofa, April 16th 2009 (Appendix 11)

⁶³ Meeting with Labofa, July 10th 2009

⁶⁴ Interview with Principal of Byhaveskolen Erik Witten, April 29th 2009 (Appendix 3)

⁶⁵ Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

⁶⁶ Interview with Executive Assistant at Nokia Siemens Networks Thea de Richelieu, April 30th 2009 (Appendix 4)

⁶⁷ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

⁶⁸ Meeting with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, July 13th 2009

⁶⁹ E-mail interview with Master in Health Anthropology and Senior Lecturer at the Occupational Therapist Education in Copenhagen Jytte Tolstrup Jensen, April 27th 2009 (Appendix 7)

⁷⁰ Questionnaire distributed to 17 companies receiving 500 responses, distributed on May 4th and closed on May 11th 2009 (Appendix 6)

www.tv2east.dk	3	2	1	3	2
www.nokiasiemensnetworks.com	3	3	1	3	3
www.surveymonkey.com	2	3	1	2	3
www.authorstream.com	2	2	1	2	2
Labofa Material					
Labofa Munch – Price list	3	3	1	3	3
Business Plan 08/09 – 10/11	3	2	2	6	4
10-year revenue development	3	3	2	6	6
2008 revenue overview	3	3	2	6	6
Project Total	2.65	2.43		89%	82%

Table 1: The reliability and validity of the project's empirical evidence

The qualitative interviews are all performed with either highly educated people and/or people in professional positions of knowledge in regards to office chairs in general and the purchase of them. Consequently, the authority of the interviews is high in all cases, except for one. Although Thea de Richelieu had extensive knowledge on the office chair purchase processes of Nokia Siemens Networks, she herself was not the purchase responsible in the company, unlike Erik Witten and Mia Pfeiffer, and thus is seen as possessing less authority compared to the two others. The reliability in all of the qualitative interviews, bar the ones conducted with Labofa and Erik Witten, can be seen as high however. In the case of the remaining decision-makers, the interviews aimed at discovering the processes behind office chair purchases, which left the interviewees with no reason to bend the truth. After analysing the data from the Erik Witten interview however, inconsistencies were discovered, leading to the medium grade of two. In the case of the distributor interviews the distributor was not told the Labofa brand name until the end of the process, lowering the risk of bias considerably. The interviews conducted with the Labofa executives could potentially be of slight bias, as the executives must be seen as having strong feelings in favour of one side of an argument often not based on fair judgement, as the definition of bias dictates. Thus, these interviews are seen as having medium reliability.

Naturally, a quantitative study becomes increasingly respected for the knowledge it provides, the more respondents it has. The quantitative survey of this project has 500 unique responses and is thus seen as high. The screening forms of the study maintained the high reliability throughout the study, as they initially eliminated the non-office chair users from the sample and then made sure respondents were only sent to the sections of the questionnaire, where their answers were wanted.

Most of the newspapers used are national newspapers such as Børsen, Politiken and Jyllands-Posten, whereas Sjællandske Slagelse is of a regional nature. Thus, the authority of the latter is estimated lower than the former three. The reliability of them all, is however only seen as medium as media often tend to follow society discourses and could thus potentially be slightly biased and interpretive in their articles.

The web pages used, in the project, apart from <http://cbs.dk>, www.tv2east.dk, www.nokiasiemensnetworks.com and www.nipserstat.dk is seen as having medium authority. The first three web sites however, have higher authority, being two national web pages and an international web page, respectively. The final web page of the four exceptions, www.nipserstat.dk is an unrecognised web page, where private parties distribute sports information from third parties, and thus has to be seen as possessing overall low authority. Furthermore, due to often low levels of scrutiny and supervision, most web pages can potentially be slightly biased and has therefore received a medium reliability score. The information used in the project from www.nokiasiemensnetworks.com and www.surveymonkey.com however, was information from the company's fact sheet and Fortune Magazines Fortune 100 list, thus providing information taken from the two web pages with higher reliability than the rest.

Finally, the Labofa material naturally reflected the expertise and knowledge of the company itself, prompting high authority. While the business plan potentially is slightly biased and thus of medium reliability, the pricelist, 2008 revenue overview and 10-year revenue development were all fact sheets, one cataloguing list prices and the two other documenting sales figures of the past.

As seen in table 1 the average source authority counts 2.65, while the average source reliability lies at 2.43. Therefore, it can be said that the project's empirical evidence has more authority than it has reliability, although both must be recognised as resting high on the 1-3 scale, where three denotes the unbiased and non-interpretive source, respected for its knowledge on a topic. Consequently, when each source of empirical evidence is cross-referenced with the weight the intelligence gained from it has in the project, the total authority is a considerable 89%,⁷¹ whilst the total reliability lies at a likewise substantial 82%.⁷²

⁷¹ The sum of the total authority (source authority multiplied by the weight of the intelligence gained from that source in the project) divided by the sum of the total authority of all sources, if all sources had perfect authority. In this case: $118 / 132 = 89\%$

⁷² The sum of the total reliability (source reliability multiplied by the weight of the intelligence gained from that source in the project) divided by the sum of the total reliability of all sources, if all sources had perfect reliability. In this case: $108 / 132 = 82\%$

2.2.4. Phase IV: Communicate the Research Results

The fourth and final phase of the information research process is the presentation of the final report to management, in this case presenting the conclusions of this project to the Labofa executives. In some cases, the researchers not only submit a written report, but also perform an oral presentation of the major findings.⁷³ The final presentation of this project will also function as a forum for receiving feedback from the Labofa executives on whether they perceive the conclusions of the analysis to be plausible. A positive response towards the analysis here by industry experts, will significantly strengthen its validity.

2.3. Theoretical Foundation

In this section, the theoretical foundation, used theories and models are accounted for together with where in the project they are used. This will likewise explain why and how they are used and what meaning their usage has for the project. Concluding each section, the flaws and inadequacies of the theories used, will be discussed in theory critique sub-sections. This will ensure critical scrutiny surrounding the theoretical method used and thus in turn increase the validity of the conclusions discovered using the existing theoretical apparatus. As seen in the Reading Directions in section 1.3 the project is divided into four parts of which Parts II and III are analytical parts with Part III divided into three sections of sub-analyses. The first of the analytical parts as mentioned in section 2.2.2 seeks to key in on the main problem areas where Labofa needs to improve its efficiency and to achieve this a Brand Audit is utilised, examining the internal and external sources of brand equity in a Brand Inventory and Exploratory respectively. The second analytical part as mentioned is divided into three sections. The first of these aims to uncover who the most important stakeholders are to Labofa in its effort of solve the problem areas discovered in the prior analysis. This will be done by employing the Stakeholder Map, isolating the company's definitive stakeholders possessing both power, legitimacy, and urgency towards Labofa. Next, a more practical look at which strategy Labofa needs to apply behind its marketing communication according to the nature of the product-type and target audience discovered in the Stakeholder Map. Furthermore a look at what has been done wrong in past marketing communication will assist in forming a template for future communication to ensure a strong and consistent look and feel. To attain this Percy and Elliot's

⁷³ Hair et al (2006:68)

Strategic Advertising Management will be applied. Finally, in the last section of Part II's analyses, it will be examined which factors Labofa must monitor henceforth to secure a continued consistency in its brand equity. To structure this, the Brand Value Chain will be made use of, through pinpointing the most important key performance indicators in Labofa's Value Stages and Multipliers.

2.3.1. Brand Audit

The Brand Audit is a comprehensive examination of a brand to discover its sources of brand equity, which a company should always perform before making strategic positioning decisions in order to profile its consumers' knowledge structures and thus have the decisions made, be as informed as possible.⁷⁴ Resulting from this strategic analysis Labofa should be able to put a marketing program in place to maximise long-term brand equity, the optimal shape of which will be analysed in section 5 of Part III - Strategic and Creative Considerations. The Brand Audit requires understanding of the sources of brand equity, not only from a company perspective but from a consumer perspective as well, which results in an internal and external division, called the Brand Inventory and Exploratory respectively. Each of these will be concluded in a SW-analysis and OT-matrices respectively to highlight areas of poor efficiency, where resources can be allocated more optimally.

2.3.1.1. Brand Inventory

As mentioned above, the Brand Inventory is to provide a current, comprehensive profile of how all products and services sold by Labofa are marketed and branded. Although, originally thought as functioning as a descriptive exercise this project utilises the Inventory together with the SW-analysis to gather useful conclusions on Labofa's inefficiency areas. Products attributes and characteristics combined with pricing structures, marketing communications and distribution policies must be profiled.⁷⁵ Consequently, the Brand Inventory will be structured horizontally after the 4Ps, meaning a more general focus on the entire Marketing Mix, rather than an in-depth analysis of one single factor of the product, price, place or promotion.⁷⁶

The outcome of the Brand Inventory should be an accurate, comprehensive and up-to-date profile of how Labofa's products and services are branded. Ultimately, combined with the closing

⁷⁴ Keller (2008:126)

⁷⁵ Keller (2008:128)

⁷⁶ Kling (1985:23-26)

SW-analysis, this should provide a precise picture of which internal inefficient areas Labofa needs to focus on improving.

2.3.1.1.1. The Marketing Mix

The *Marketing Mix* is broadly recognised as the *Four P's* of marketing constituted by the elements *Product*, *Price*, *Place*, and *Promotion*. When dealing with the Marketing Mix all the different elements can be influenced, modified, and changed although a company can seek to not only influence the final users of a product, but also the different trade channels in which it operates.⁷⁷

In the project, the Marketing Mix will be utilised for illustrating the internal interaction between the elements and whether or not

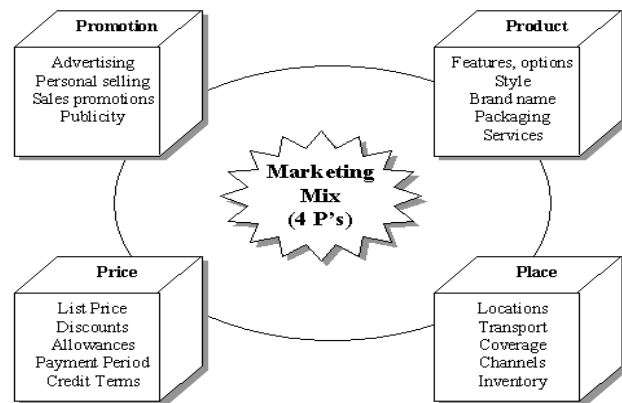


Figure 3: The Marketing Mix

Labofa's operations are efficient, stable and consistent throughout the components. Strengths and Weaknesses in Labofa's actions will be examined using the structure of the 4Ps to form an overall view of the company's internal efficiency. Effectively, this will take place in the Business Review in Part II of the project and will serve as the entire internal investigation of Labofa's business functions. The 4P's will assist in completing the Brand Inventory, aiming at providing a current and comprehensive profile of how all Labofa's products are marketed, sold, and branded.⁷⁸ The examination structured by the Marketing Mix, and thereby the Brand Inventory, will conclude in a Strength and Weakness analysis of Labofa's internal operations.

2.3.1.1.2. Boston Matrix

The Boston Consulting Group Matrix depicts the interaction between the market growth rate and the relative market share of strategic business units compared to the largest competitor in the

⁷⁷ Kotler (2003:16-17)

⁷⁸ Keller (2003:163)

segment. A business unit can exist in four different categories, being *Question Marks*, *Stars*, *Cash Cows* and *Dogs*.⁷⁹

- 1) **Question Marks:** These are business units, which operate in high growth markets, whilst still not experiencing a large market share. Question Marks require serious funding because of the investments, which are necessary to keep up in the fast growing market.
- 2) **Stars:** These are the market leading business units in a high-growth market. However, as with Question Marks a lot of funding is required amongst other things to fight off competitors.
- 3) **Cash Cows:** These are the market leaders in a market with falling growth rates. Nevertheless, they enjoy economies of scale and provide funding to the rest of the companies' different business units.
- 4) **Dogs:** These are businesses with a poor market share in low-growth markets. If no good reason exists, such as the expected turnaround of the market etc., managers should terminate the business unit.⁸⁰

Businesses could use this framework to determine their health based on the spread of its different business units. An unhealthy business would for instance hold few Stars and Cash Cows and too many Dogs and Question Marks.⁸¹

In the project, the Boston Matrix is utilised internally to illustrate four significant chairs in the Labofa portfolio and the relative importance they hold for the company. The matrix thus, is not used with the external mathematical intent of which it was initially constructed and the relative sizes of the competitors are therefore not taken into consideration. It is, however, utilised with the intent to portray the immediate health of the Labofa portfolio and scrutinise their relative importance to Labofa. The framework will be implemented in the Business Review in Part II and will serve as an element in the internal investigation of Labofa's Marketing Mix.

2.3.1.2. *Brand Exploratory*

Although the internal company perspective analysis might provide useful information and new knowledge of mismatches and overkills in Labofa's allocation of resources, actual consumer perceptions may not necessarily reflect the ones the company intended. Therefore, this second step

⁷⁹ Kotler (2003:94)

⁸⁰ Kotler (2003:95)

⁸¹ Kotler (2003:95)

of the Brand Audit aims at providing detailed information about what consumers think of the brand by means of the Brand Exploratory.⁸² In other words, the purpose of the Brand Exploratory consists of discovering which deeply held perceptions and beliefs create consumers' true meaning of the Labofa brand and products. Practically, it consists of research directed at understanding what consumers think and feel about the brand and its corresponding product category in order to identify sources of brand equity.⁸³ The intelligence produced in this way was generated through the quantitative questionnaire, explained in section 2.2.3.2.2 Quantitative Data.

As such, the outcome of the Brand Exploratory, combined with the closing OT-analysis, should provide an accurate illustration of which external inefficiencies Labofa needs to focus on and prepare for.

2.3.1.2.1. Identity, Reputation and Stakeholder Management

Everything a company says, makes or does leaves an impression with stakeholders, or, put differently, 'communicates' in the broad sense of the word.⁸⁴ This framework thus is designed to alert companies of the correlation existing between a business' external communication and the perception held by its stakeholders. Therefore, businesses must be conscious of what communication they portray in order to easier control the process and obtain a favourable *reputation* with their stakeholders.

The logic is explained as follows. A companies' *organisational identity* relates to how an organisation's members perceive and understand the organisation they are part of and is therefore linked directly to the corporate culture. In turn, the projected reality becomes the *corporate identity* and is the communication the public views, hence, why it is important for companies to project relevant and positive communication to their stakeholders, directly deriving from the organisational identity and core values. External elements however, such as word-of-mouth and the media can also affect the reputation of the business. Businesses, which are successful, manage their communication, products and behaviour meticulously because of the key impact these elements can potentially have on the reputation that stakeholders hold.⁸⁵

⁸² Keller (2008:129)

⁸³ Keller (2008:129)

⁸⁴ Cornelissen (2006: 69)

⁸⁵ Cornelissen (2006: 68-71)

In the project, the framework is utilised in the Brand Exploratory in section 3.2.2 in order to discuss potential mismatches between Labofa's corporate identity and the perceived reality of the respondents in the quantitative study.

2.3.1.3. *SWOT*

The overall evaluation of a company's internal strengths and weaknesses (SW), and external opportunities and threats (OT) is called the SWOT analysis.⁸⁶ Although relatively simple and commonly used as a framework for listing these factors, the SWOT analysis can be expanded and consequently utilised as an effective tool for making tangible recommendations on how companies must act to improve their efficiency. To achieve this on the internal Brand Inventory side, the importance of possessing a given strength in the industry as well as the importance of eliminating a given weakness in the industry has to be added to each strength and weakness respectively, in an SW-analysis. Likewise, on the external Brand Exploratory side the attractiveness and severity of each opportunity and threat respectively, must be weighed according to the likelihood of that opportunity or threat ever occurring, in OT-matrices.

Ultimately, in both the case of the SW-analysis and the OT-matrices the analysis will provide the project with mismatches or overkills in the SW-analysis and focal areas in the OT-matrices, where Labofa is allocating its resources poorly. Mismatches occur when a company performs badly in an area that is important to perform well in, in the industry, whilst overkills occur when the opposite is the case and a company performs well in an area where a good performance is not appreciated by the industry. Likewise, focal areas are where a high likelihood of occurrence of either a threat or opportunity is combined with a high severity or attractiveness, respectively. Effectively, isolating these mismatches, overkills and focal areas, will provide Labofa with the precise areas where its efficiency must be improved. In other words, the results of the SWOT analysis will explain where resources can be withdrawn without much consequence and where an improvement in the performance would benefit Labofa the most.

⁸⁶ Kotler (2003:102)

2.3.1.4. Brand Audit Critique

The Brand Audit can be criticised for its descriptive illustration of a business' internal and external environment. Its objective is to create a snapshot of the company's brand and thus lacks an analytical angle. In the Business Review, however, the Brand Audit is combined with a SWOT analysis which again in itself is of a descriptive nature, lacking obvious analyses. For that reason, the project has expanded the SWOT analysis to add weight and importance to the respective strengths, weaknesses, opportunities, and threats. Consequently, aspects utilised in the Brand Audit abandon their descriptive nature to acquire a dynamic ability which can be used to prioritise and in turn allocate resources accordingly.

2.3.2. Stakeholder Map

A stakeholder is any group or individual who can affect or is affected by the achievement of the organisation's objectives.⁸⁷ Stakeholders possess one or more of three critical attributes, being *Power*, *Legitimacy*, and *Urgency* according to the Stakeholder Mapping theory.

Attribute	Definition	Bases
Power	The power of the stakeholder group, to influence an organisation.	Coercive – force/threat Utilitarian – material/incentives Normative – symbolic influence
Legitimacy	The legitimacy of the claim laid upon the organisation by the stakeholder group.	Individual Organisational Societal
Urgency	The degree to which stakeholder claims call for immediate attention.	Time sensitivity Criticality

Table 2: Overview of Power, Legitimacy, and Urgency dimensions⁸⁸

⁸⁷ Mitchell, Agle and Wood (1997:869)

⁸⁸ Mitchell, Agle and Wood (1997:869)

The salience of a stakeholder to the firm's management depends on the management's perception of the number of attributes possessed. The salience is low if the management perceives the stakeholder to possess only one attribute (latent stakeholder), moderate if two attributes are present (expectant stakeholder) and high if the stakeholder possesses all three attributes (definitive stakeholder).⁸⁹ Each attribute is a variable, which means that any stakeholder – latent, expectant or potential – potentially can acquire missing attributes and become a definitive stakeholder. The different combinations of the attributes make up seven different types of stakeholders, as can be seen in figure 4

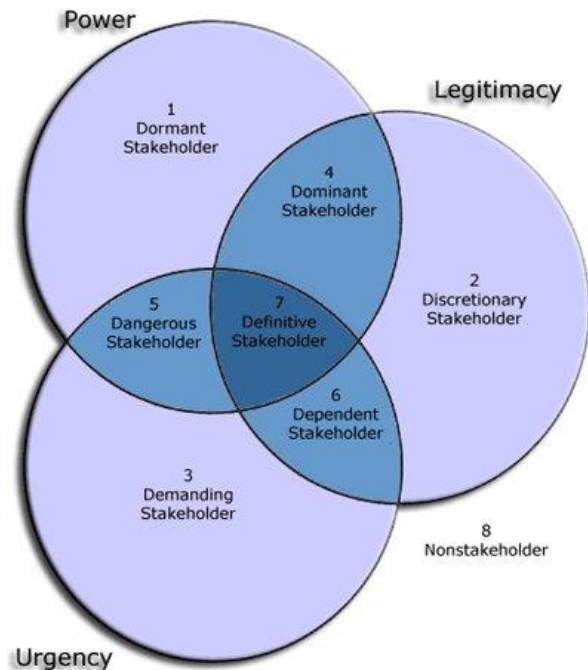


Figure 4: The stakeholder dimension overview

In a company with limited time and resources, such as Labofa, latent stakeholders are not a priority, as they merely possess one attribute. Expectant stakeholders, as the name proclaims are in a position where they expect something of the company and as they possess two of the three attributes, they must be positioned moderately higher, than the latent stakeholders in the consciousness of a company. Of the three levels however, the definitive stakeholders are the ones a company – in this case Labofa – needs to focus on, as they possess the power, legitimacy and urgency to influence it.⁹⁰ By distinguishing between the different types of stakeholders, the management is in a better position to give priority to the most important stakeholders, which is important when resources such as time and money are limited.

In the project, the Stakeholder Mapping theory is utilised in order to discover Labofa's definitive stakeholders and, consequently, uncover towards what target audience the company must focus its marketing communication on. According to the project's Research Design in section 2.2.2 defining these stakeholders and in turn the target audience as the initial element of Part III, is the first step towards solving the inefficiencies discovered in Part II.

⁸⁹ Mitchell, Agle and Wood (1997:873-879)

⁹⁰ Mitchell, Agle and Wood (1997:873-879)

2.3.2.1. Stakeholder Map Critique

The Stakeholder Mapping theory is in essence a selective theory why it may be deemed subjective. The subjectivity lies in the fact that the selected stakeholders are chosen by the project and thus, other stakeholders, possibly with equal importance, are discarded. Nevertheless, the project will focus on the three stakeholders studied in the project's Part II namely, users, decision-makers, and distributors because of their evaluated importance to Labofa.

Furthermore, the project utilises the theory in order to discover Labofa's target audience of which it should direct its marketing communication. The Stakeholder Mapping theory is perhaps not the obvious choice for such a purpose. However, due to the discoveries in Part II, traditional segmentation of the customers was deemed inadequate. Furthermore, since Labofa operates in a business-to-business (B2B) and not business-to-consumer (B2C) market where dimensions such as who possess the power to make a brand choice, who are legitimate in their actions and who are not afraid of utilising these elements, become crucial knowledge. Additionally, the purchase process in this B2B market is different in the way that even the decision-makers who make the actual purchase know very little about the various brands, why the outside influence on this process becomes key knowledge, and thus causes the Stakeholder Mapping theory to be highly effective in this procedure.

2.3.3. Percy and Elliot's Strategic Advertising Management

More than being a single theory, model or framework, Percy and Elliot's Strategic Advertising Management is a book teaching on the strategic and creative considerations behind advertisement decisions. It does however revolve its lessons around the Rossiter-Percy grid, which dictates that product purchase decisions are made with either *informational* or *transformational* motivation and either high or low *involvement*. Informational decisions are negatively motivated, meaning that the need for the given product category arises, when the target audience experiences a problem that either needs correcting or needs to be prevented from happening. Transformational decisions are on the other hand positively motivated, meaning that products here are bought with the purpose of sensory gratification or social approval or in other words mood changing. Effectively, that creates four possible product purchase decision options, being high and low informational decisions and high and low transformational decisions. For each of these four possibilities, different strategic and creative considerations must be contemplated. On the transformational side, whether involvement is

high or low, executions must primarily focus on transforming the mood of the target audience, for instance eliciting joy or happy feelings or using humour. On the informational side, regardless of involvement levels, the focus must be on how the given product solves or prevents the problem, motivating the demand of the target audience.

In this project the teachings from Percy and Elliot's Strategic Advertising Management will be used in the Strategic and Creative Considerations in section 5. The section will first discuss the placement of Labofa's office chairs in the Rossiter-Percy Grid and then the corresponding strategic and creative tactics, which proves appropriate. Subsequently, these directions will test the correctness in the execution of Labofa's latest campaign and finally dictate modifications that need to be made in the company's next generation of marketing communication. In facilitating this, Percy and Elliot's Strategic Advertising Management will prove helpful in streamlining future advertisement for Labofa and will assist heavily in creating a template the company can utilise in all marketing communication, regardless of type and vehicle use.

2.3.3.1. Percy and Elliot's Strategic Advertising Management Critique

Some psychologists argue that all motivation is negative and has the purpose of solving a problem.⁹¹ Their argument is that for instance when buying perfume or chocolate, which by the Rossiter-Percy Grid is perceived as a very transformational purchase decision due to its sensory gratification elicitation, the fundamental motivation is to solve the problem of a 'sweet tooth' or low self-esteem. In that light, all motivation could be argued to be negative, but as the purchase of office chairs is reasoned here as a negative motivated purchase decision, this criticism of the Rossiter-Percy grid has little effect on the effectiveness the theory in this project.

2.3.4. Brand Value Chain

The Brand Value Chain is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value.⁹² It holds four Value Stages which are *Marketing Programme Investment*, *Customer Mind-Set*, *Market Performance*, and *Shareholder Value*. Ultimately, the Brand Value Chain assumes that a company's initial investment affect the subsequent Value Stages and finishes with a positive return on investment. However,

⁹¹ Percy & Elliott (2005:147)

⁹² Keller (2008:317)

three multiplier stages of *Programme Quality*, *Marketplace Conditions*, and *Investor Sentiment* determine whether a campaign will prove successful or not.

In the project the Brand Value Chain will be utilised as a structuring framework in the final section of Part III to provide Labofa with a CEO checklist which will assist in facilitating how the company can measure and sustain its brand equity now and in the future. The CEO checklist is a measurement framework structured in comprehensible bullet points that the management at Labofa can utilise in order to, not only obtain a more professional approach to its future marketing communication by examining its most important key performance indicators, yet also assist in the sustainment of the created brand equity.

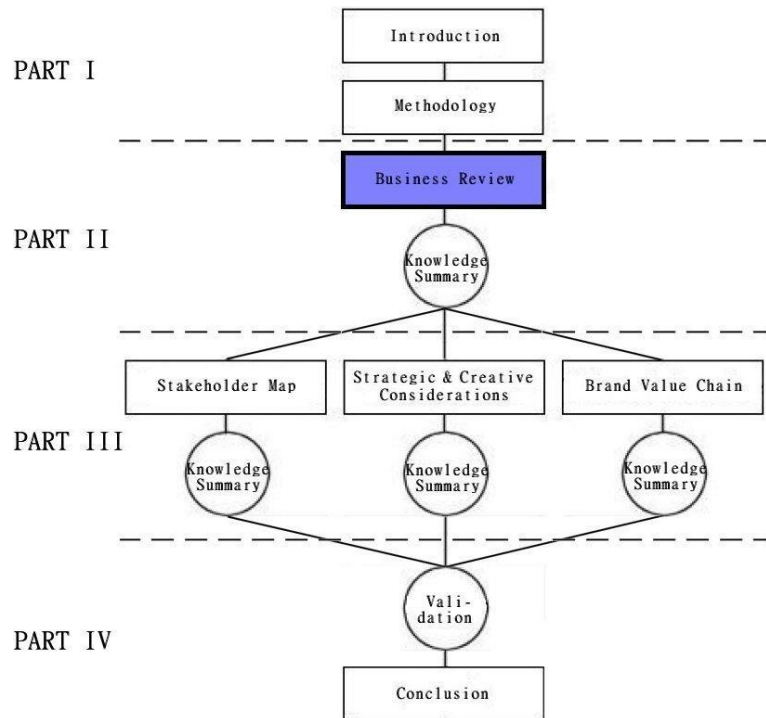
2.3.4.1. Brand Value Chain Critique

The Brand Value Chain is in this project not utilised for minutely calculating the return on investment Labofa might experience if it launched a campaign with the Strategic and Creative Considerations of Part III. Thus, there will be no economic calculations concerning the positive financial impact the marketing communications strategy might deliver. However, the project's focus is not based on financial return but on how the strategy behind the campaigns can be utilised in order to create brand equity and thereby revitalise Labofa's dreary and diminished brand. Consequently, the CEO checklist provided, based on the Brand Value Chain, will assist in facilitating how the company can measure and sustain its brand equity now and in the future.

PART II

3. Business Review

In this section, the project will firstly create an overview of the market, describing mainly the competitors of Labofa, their relative size and importance in the industry and Labofa's customers. Then, a Brand Audit will initially discuss the internal Marketing Mix setup of Labofa, highlight mismatches and overkills in a SW-analysis, before discovering the key focal areas externally for the brand, in O/T-matrices. Concluding the section will be a knowledge summary, recapping the newfound knowledge.



3.1. Market Overview

This first part of the business review will mostly describe the market in which Labofa operates. Mainly the competitive situation, market shares and Labofa's customers will be discussed. As mentioned under the projects limitations, the focus in this project will primarily be on office chairs rather than chairs for the two other product categories – the educational sector and conference / canteen – and thus, the office chair market will be the market this section will outline.

3.1.1. Competitors and Market Shares

The size of the industry in which Labofa finds itself, is hard to estimate according to the company. Benny Larsen – Sales Director in Labofa – explains:

“While we, as a rule of thumb, have assumed for many years that the total market for our three product groups combines for about [DKK] 1 billion, we are aware that this no longer holds true. The size of the industry is hard for us to define, but we estimate that the three markets combine for roughly [DKK] 600-800 million today”.⁹³

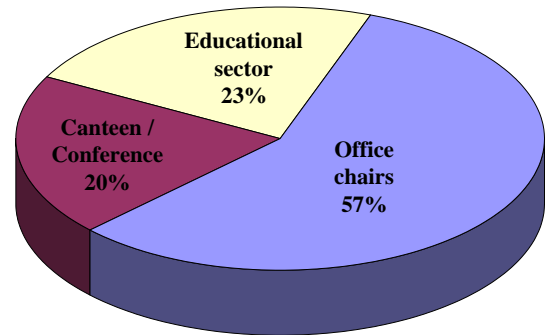


Figure 5: The combined industry for the three product categories

He continues:

“Of the three [product categories – office chairs, canteen/conference and educational sector], the office chair market is the largest with around [DKK] 350-400 million. The last two product categories [canteen/conference and educational], are roughly [DKK] 100-150 million, perhaps with the educational sector market, slightly larger”.⁹⁴

As seen in the above figure, the office chair market is the largest of the three totalling more than the other two combined, underlining why this will be the industry focused on below. According to Labofa, this industry can be divided into three segments, based on the different companies' focus on quality and price, which in the business very much goes hand-in-hand.⁹⁵ These three segments count:

- The top segment containing premium price brands with both high quality and price, typically aimed at management level and/or boardrooms.
- The middle segment containing brands with mid-range quality and price for instance aimed at offices in businesses.
- The bottom segment containing low-priced brands focused on cost cutting and economies of scale aimed at for instance consumers in need of an office chair for their home office.

⁹³ Interview with Labofa, April 16th 2009 (Appendix 11)

⁹⁴ Interview with Labofa, April 16th 2009 (Appendix 11)

⁹⁵ Interview with Labofa, April 16th 2009 (Appendix 11)

The *Industry Pyramid* is developed in cooperation with by Benny Larsen and later confirmed by Jan Heitmann, Interior Arrangement Consultant and Salesperson in Sapa. Of the three segments it consists of, Labofa exists in the second, having higher prices and quality than the low-cost consumer focused brands counting Lanab and various cheap brands, but lower prices and quality than the management / boardroom focused premium brands counting Vitra, Herman Miller, Fritz Hansen and Wilkhahn. Therefore, Labofa's competitors are seen as the companies in this middle segment of the industry. These direct competitors count HÅG, RH, Savo, Kinnarps and RBM.⁹⁶ Of these, RH, HÅG and RBM function under the Swedish private equity company Ratos⁹⁷ while the Savo brand is owned by EFG Bondo, where it functions as the furniture company's office chair brand.⁹⁸ Kinnarps is, although a furniture company and not solely – like Labofa for instance – dealing in office chairs, included as the office chair section in the company's product portfolio is large enough to compete with Labofa. Furthermore, it can be seen in The Industry Pyramid that Labofa finds itself high in the middle segment, above its direct competitors, with both prices and quality slightly higher than its direct competitors.

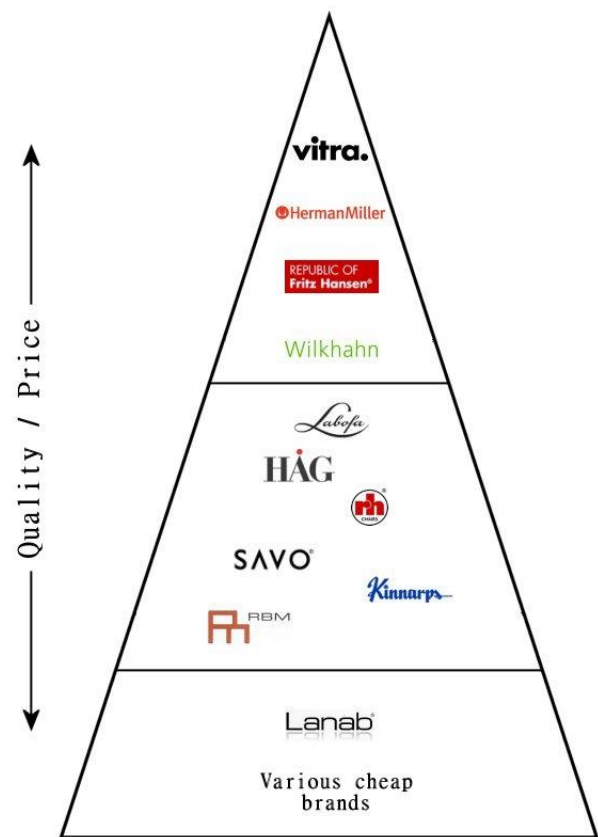


Figure 6: The Industry Pyramid

The middle segment of the office chair market is divided between six main competitors, as mentioned earlier. The *Office Chair Industry Market Shares* illustration as well as the industry pyramid is created in collaboration with Benny Larsen and later confirmed by Jan Heitmann. Six competitors including Labofa, occupy a combined 85% of the market, with the final 15% absorbed

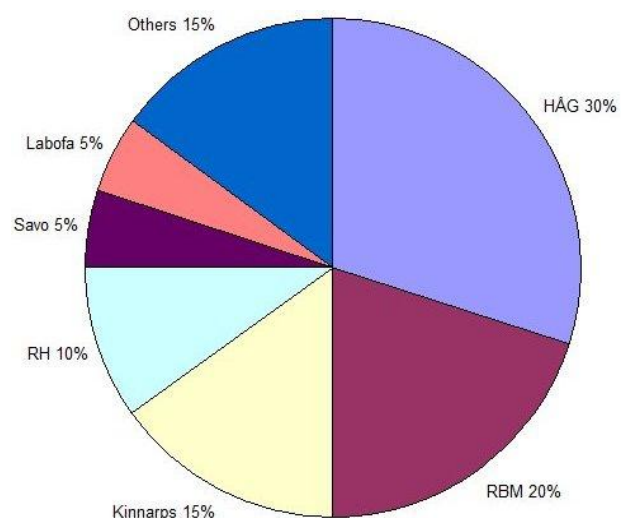


Figure 7: Office Chair Industry Market Shares

⁹⁶ Interview with Labofa, April 16th 2009 (Appendix 11)

⁹⁷ "Forretningsplan 2008/09 – 2010/11" by Labofa 2008

⁹⁸ Interview with Labofa, April 16th 2009 (Appendix 11)

by smaller companies which in the chart are called ‘others’. The market leader HÅG, together with the second largest company RBM, accounts for half of the market obtaining 30% and 20% respectively. These are the big players in the industry leaving the second half of the industry to the remaining four competitors, including Labofa, and ‘others’. Kinnarps sells for 15% of the markets revenue, with RH following closely with 10% of the industry market share. Outside the before mentioned ‘others’ with 15% of the market, Labofa and Savo combine for the final 10%, sharing 5% of the market share each.

This contrasts heavily the situation in the mid-nineties where Labofa was the market leader in the office chair industry.⁹⁹ Although not revealing anything about market shares at the time, figure 8, showing the last *10-Year Revenue Development for Labofa Office Chairs*,¹⁰⁰ illustrates the dramatic decline in office chair sales for Labofa in that period. The entire

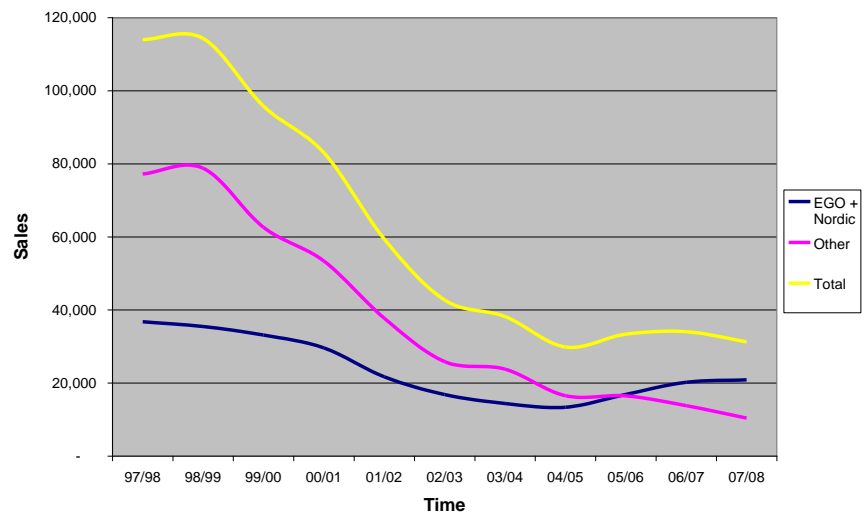


Figure 8: 10-Year Revenue Development for Labofa Office Chairs (1,000 DKK)

Labofa office chair portfolio suffers a massive 73% decline in sales over the period, diminishing office chair revenue from over DKK 114 million to mere 31 million in 07/08. Looking at the graph, this decline can be primarily attributed to the other office chairs than the EGO line as these other chairs, in the ten-year span, experience an 87% decline in sales, from over DKK 77 million to 10 million, naturally influencing the total heavily. The EGO line however, although also declining, does so only by a relatively low 43%, compared to the rest of the office chair portfolio's 87%.

In 07/08, this thus results in the EGO office chairs resting at 57%, of the revenue it had in 97/98 when the Labofa brand was at its highest. The rest of the Labofa office chairs, seen in comparison, were in 07/08 situated at measly 13% of the original revenue from 97/98, compared to EGO's 57%. Consequently, the EGO office chair line can be – and is by Labofa with good reason – viewed as the company's sole ‘survivor’ of the demise, the brand's current flagship and main prospect for the future.

⁹⁹ Interview with Labofa, April 16th 2009 (Appendix 11)

¹⁰⁰ “10 year revenue development” by Labofa 2009

3.1.2. Customers

To understand fully how the industry works, the interaction between customer and company must be illustrated and defined. As Labofa has no stores itself, sales almost only exist through intermediaries. These function as distributors and thus assume ownership of the office chairs, for shorter or longer periods before reselling them. In this connection, only 5% of Labofa's total sales are sold directly from the Labofa factory to the end-user without the use of distributors.¹⁰¹ Sales for Labofa are thus virtually non-existent without these distributors, which makes it crucial for Labofa to examine the best possible interaction approach with these. This relationship and Labofa's distribution policies are examined further in depth, in section 3.2.1.3.

Aside from the above fact that 95% of Labofa's revenue comes through distributors the company's actual customers – the end-user – can be divided into two categories: *Consumers* and *Businesses*.

3.1.2.1. Consumers

Labofa's B2C, in this case being towards end-users purchasing a Labofa office chair for private home use, is negligible. According to the company, 5% of Labofa's sales, at most, consist of B2C.¹⁰² While naturally not declining to sell to consumers if the opportunity presents itself, this part of the company's total business is of such an insignificant size, that the focus from Labofa on this segment remains equally minute.

3.1.2.2. Businesses

The B2B part of Labofa's sales is significantly higher than its consumer-focused counterpart is, and counts at least 95% of the company's total revenue according to Labofa.¹⁰³ Therefore, this professional market is where Labofa has its principal business procedure and from where it defines its explicit target audience as "every Danish company, regardless of size, needing professional seating".¹⁰⁴

¹⁰¹ Interview with Labofa, April 16th 2009 (Appendix 11)

¹⁰² Interview with Labofa, April 16th 2009 (Appendix 11)

¹⁰³ Interview with Labofa, April 16th 2009 (Appendix 11)

¹⁰⁴ Interview with Labofa, April 16th 2009 (Appendix 11)

The businesses in this second category are divided further into two subcategories, being *private* and *public sector* businesses. Of the B2B revenue, traditionally the private sector businesses account for 60% whilst the public sector account for the remaining 40%, yet in the current recession this relationship effectively is closer to the two categories splitting the B2B revenue equally.

While selling to businesses in the private sector is an open competition in Denmark, regulations exist when trading in the public sector. The Danish State has entered into agreements with different institutions regarding these regulations, of which mainly one requires examination.

The agreement between the State and what is known as Statens og Kommunernes Indkøbsservice A/S (SKI), an independent limited company, formed the agreement called The SKI shopping arrangement. This arrangement ensures that businesses in the public sector, through economies of scale principles, are guaranteed especially favourable prices in return for selecting particular distributors that are part of the SKI shopping arrangement.¹⁰⁵ The distributors included in the arrangement, have achieved this inclusion initially through bidding rounds, agreeing to certain criteria including for example minimising prices, economic assessments and environmental requirements.¹⁰⁶ In return for the competitive advantage gained over competing distributors through the arrangement, they have to pay 2% of their revenue to SKI.¹⁰⁷

When the initial arrangement became effective in 2007, Labofa was cut off from almost 40% of its total market as none of the distributors included in the arrangement stocked Labofa office chairs.¹⁰⁸ As many other distributors, the distributors offering Labofa office chairs joined the bidding rounds, but was not one of the three distributors selected by the SKI. This initial version of the arrangement however, proved to be erroneous as one of the distributors failed to live up to the criteria on which it initially had been selected, naturally inducing much anger in the industry from the companies not included.¹⁰⁹ The conflict ultimately culminated in a lawsuit run by Labofa for compensation for the lost business, which eventually was settled for legal costs, when Labofa ran into the suspension of payments mentioned in the introduction.¹¹⁰

On May 1st 2009, a new SKI shopping agreement went into effect – this time including Labofa as one of the office chair brands offered by some of the participating distributors. This SKI shopping arrangement is divided into two smaller partial arrangements. The first of these focuses on

¹⁰⁵ Interview with Labofa, April 16th 2009 (Appendix 11)

¹⁰⁶ Interview with Labofa, April 16th 2009 (Appendix 11)

¹⁰⁷ Interview with Labofa, April 16th 2009 (Appendix 11)

¹⁰⁸ “Hård investorkritik af standsede betalinger” by Børsen 29.09.2008

¹⁰⁹ Interview with Labofa, April 16th 2009 (Appendix 11)

¹¹⁰ Interview with Labofa, April 16th 2009 (Appendix 11)

a broad assortment of furniture, where the latter is of a smaller but more low-priced assortment. In the first partial arrangement, three of the seven distributors that achieved inclusion in the bidding rounds, did so by offering Labofa office chairs amongst its available brands, making the company relatively present in this arrangement. In the second partial arrangement, Labofa is only represented in one of the three distributors included. This effectively means that Labofa is no longer cut off from the public sector businesses in the industry. It sells office chairs on partial arrangement one in the SKI shipping arrangement, through the distributors Flexform/Stolehuset A/S, HASS/Berg A/S and Scan Office CJC Gruppen A/S and through Inventarland on partial arrangement two.

3.2. Brand Audit

The overall purpose of the *Brand Audit* is to perform a comprehensive examination of a brand to discover its sources of brand equity and thus help suggest what current Labofa and office chair perceptions of the users, are based on.¹¹¹ The aim is to ultimately discover areas where efficiency can be improved surrounding the brand, which here, as mentioned will be done in an SW-analysis and OT-matrices to conclude the section. The Brand Audit consists of two steps examining the internal and external side of the brand, in a *Brand Inventory* and a *Brand Exploratory* respectively.

3.2.1. Brand Inventory

In the following section, the Brand Inventory will be conducted. It is an internally focused exercise to ensure that Labofa's marketing operations are efficient and effective,¹¹² with the purpose of providing a current, comprehensive profile of how all the products are marketed and branded.¹¹³ The section will be structured utilising a horizontal approach to the Brand Inventory, meaning a more general focus on the entire Marketing Mix, rather than an in-depth analysis of one single factor of the product, price, place or promotion.¹¹⁴ As mentioned, the Brand Inventory will be concluded by a strength and weakness analysis in order to discover potential mismatches in Labofa's marketing operations and general business.

¹¹¹ Keller (2008:126)

¹¹² Keller (2003:162)

¹¹³ Keller (2008:128)

¹¹⁴ Kling (1985:23-26)

3.2.1.1. Product Attributes / Characteristics of the Brand

Labofa's product line consists mainly of chairs and whilst the company also produces tables, the chairs however, have an overwhelming 98% of the business' turnover, leaving merely 2% to the tables. The primary office chair line produced by Labofa is named EGO and is characterised by being ergonomically correct. This, according to Jytte Tolstrup Jensen, Master in Health Anthropology and Senior Lecturer at the Occupational Therapist Education in Copenhagen,¹¹⁵ means living up to certain standards, hindering strain or distress on the body. As she expresses it:

“Ergonomic problems typically cause strain disorders or injuries to people. Nuisances, which are located in muscles, joints, tendons and nerves.”¹¹⁶

The standards explained by Jytte Tolstrup Jensen compile a checklist of features, which the chairs must live up to, such as the adjustability of the chair, its upholstery, its stability etc., which can be seen in Appendix 7.

The functional benefits have always historically been predominant in the Labofa product line, relegating the design focus in to the background. Yet, with the two new chairs COBRA and SHARK, Labofa seeks to combine ergonomically correct sitting with beautiful design.¹¹⁷

In table 3 showing the *Product Category Percentage over the last six months*, the entire Labofa product portfolio is illustrated.

The 98% of the company's turnover, not originating from table sales, are divided into three different categories of chairs, being office chairs, conference/canteen chairs and education sector chairs as shown in the table. The office chair sales count towards 86% of the total revenue while the conference/canteen chairs count 8%, and the education sector chairs, 4% toward the total revenue.

Net sum	Totals		
Product group	Total revenue	Percentage of revenue	Percentage of product group
Educational Sector		4%	100%
Cobra table	28.106	0%	5%
Cobra chair	486.717	4%	95%
Office Chairs		86%	100%
Ego	8.357.714	71%	87%
Ego Nordic	458.634	4%	
Ergomatic S40	574.404	5%	6%
Ergomatic S41	122.932	1%	1%
Labomatic	284.047	2%	3%
Neon	23.509	0%	0%
S12 Maya	86.010	1%	1%
S30	119.896	1%	1%
S60	63.394	1%	1%
S80	18.131	0%	0%
Conference / Canteen		10%	100%
Shark table	201.575	2%	18%
Shark chair	895.642	8%	82%
Totals	11.720.709	100%	

Table 3: Labofa's product category percentage (6 months)

¹¹⁵ E-mail interview with Master in Health Anthropology and Senior Lecturer at the Occupational Therapist Education in Copenhagen Jytte Tolstrup Jensen, April 27th 2009 (Appendix 7)

¹¹⁶ E-mail interview with Master in Health Anthropology and Senior Lecturer at the Occupational Therapist Education in Copenhagen Jytte Tolstrup Jensen, April 27th 2009 (Appendix 7)

¹¹⁷ Interview with Labofa, February 25th 2009 (Appendix 10)

In the conference/canteen segment, SHARK is the newly developed ergonomic solution designed by Hans Thyge and according to Labofa is an all-round chair for canteens, conference rooms as well as for classrooms and meeting rooms. SHARK constitutes the entire segment of conference/canteen chairs as mentioned accumulates above 8% of the total Labofa portfolio.



Picture 1: The SHARK chair

The COBRA chair was developed by Hans Thyge and Hans Sandgren Jakobsen and acquired its name due to its distinctive back, which leads the spectator's thoughts to the dangerous snake's upraised position. COBRA comprises the category of educational sector chairs and the ergonomic solution accrues 4% of the total Labofa portfolio.



Picture 2: The COBRA chair

Within the entire Labofa portfolio of chairs and tables the two chairs EGO Classic and EGO Nordic accumulate 75% of the combined turnover. In the office chair segment, alone the two chairs accumulate 87%, which makes them Labofa's unequalled flagship and thus the primary products in focus for this thesis.

Historically, the production of chairs for Labofa started in 1969 and the EGO Classic has since then been the company's prime product. The EGO Nordic office chair is the subsequent step in the Labofa office chair evolution, to the EGO Classic foundation. Consequently the following analysis will concentrate on these two as the chairs representing the office chair segment.



Picture 3: The EGO office chair

The chairs have a warranty lasting two years, besides customers being able to switch components such as seats, arm rests and back if required. In other words, the flexibility in assembling possibilities allows the chairs to be personally customised to individual size, shape, and weight.¹¹⁸ Effectively, this means that a person can take over an office chair and personalise it to his or her unique needs, by adding a few extra features. This flexibility in the product is seen as a *strength* for



Picture 4: The EGO Nordic office chair

¹¹⁸ Interview with Labofa, February 25th 2009 (Appendix 10)

Labofa.

The following will delve into what really constitutes the Labofa brand. According to Kotler a product has five levels in the minds of the consumer being: *Core benefit*, *Basic product*, *Expected product*, *Augmented product*, and *Potential product*.

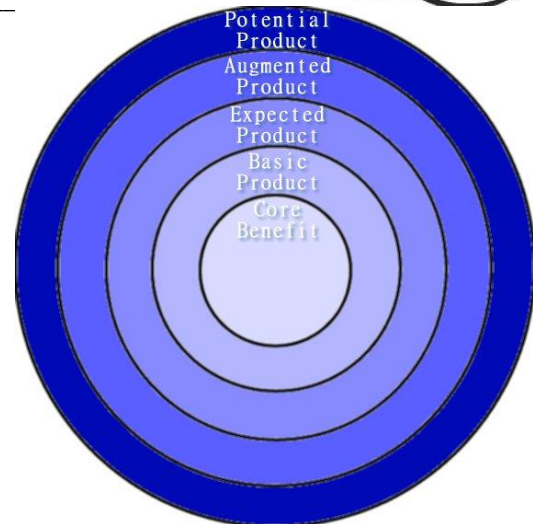


Figure 9: The five levels of product

3.2.1.1.1. Core Benefit

The core benefit in the Labofa brand is ergonomic correctness. Buying an office chair is done with the purpose of the purchaser to sit. Therefore, it could be argued that when buying a chair the core benefit and thus what fundamentally is purchased is “sitting down”. However, when purchasing a Labofa office chair, which as illustrated in section 3.1.1 is the top priced chair of the highest quality in its segment, it is done to acquire something extra besides a regular low-priced product. Hence, the core benefit for Labofa, compared to its direct competitors is that its office chairs excel within ergonomics. Compared to the market in which it competes, this can be seen as a *strength*.

3.2.1.1.2. Basic Product

The basic product states the minimum standards of what an office chair must contain, which in turn Labofa must live up to, in order to compete in the category. For example, office chairs must have a seat, wheels, backrest, and perhaps even a function enabling users to adjust the height. The concept of a basic product could also be juxtaposed to Keller’s notion of a category Point of Parity (POP), which suggests that in order to compete in a certain category; different criteria must be fulfilled in advance.¹¹⁹ At this basic product stage, even the cheap brands in the Industry Pyramid, explained in section 3.1.1, fulfil these POPs and are thus able to compete in a market, which is low-priced and characterised by low quality.

¹¹⁹ Keller (2003:133)

3.2.1.1.3. Expected Product

In this category, the purchasers can appropriately expect that a product in this price range will be good for the back. Once an office chair is bought, costing several thousands for either a consumer or a business, the expectation is from either party to receive the proper back support and not instantly get backaches from sitting in the chairs. The chair is *the* piece of furniture, which the human body is most often in contact with¹²⁰ and the expectation to an office chair in a sedentary job is for it to support the entire body throughout a workday. From an employer point of view, investing in decent office chairs can prove a wise decision, as absence due to amongst other things back pain is a serious and growing problem for all European workers. Over a third of European workers complained of backache in 2000,¹²¹ denoting a massive cost as a result of absence from the work place. Consequently, the logic could easily be drawn that companies with employees in office chairs supporting their backs and thus assist in preventing these strain injuries, would have their employees require fewer sick days and in turn produce more efficiently. This is what the chairs in the middle segment of the Industry Pyramid in section 3.1.1., supposedly fulfils.

3.2.1.1.4. Augmented Product

At the forth level, companies seek to distinguish their offerings from that of competitors – in other words create Points of Difference (PODs). Here, branding plays a major role in differentiating one product from another in the minds of consumers. Today's competition, according to Kotler, occur at this level where attributes such as the packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing, and all other distinguishing features which consumers value, are added to the already existing product.¹²² It could be argued that a POD in this product category, is ergonomically correct seating. Offering this extra incentive to buyers, separating the company from what most competitors possess, creates a POD at this augmented level. This implies that it is not necessarily the tangible office chair itself, which has to possess additional features, but that the augmented product could also be based on service and/or added offers outside the product itself. In turn, this added value, increase consumers' inclination to choose one product over another. Augmented benefits however, add a cost to a business and can in turn become POPs themselves.

¹²⁰ "Stolen sladrer om sin ejer" by Politiken 22.03.2009

¹²¹ <http://www.authorstream.com/presentation/Susann-54549-English-Labofa-EGO-Nordic-Agenda-story-Action-System-People-different-sizes-Ergonomics-investment-Education-ppt-powerpoint/> July 9th 2009

¹²² Kotler (2003:408)

This occurs when the additional services and benefits, which seek to differentiate the brand from its competitors, become expected benefits over time when competitors jump on the bandwagon offering the same benefits. Thereby, instead of the intended POD effect the augmented product features, starts to function as POPs in the industry. To guard against this Labofa in other words, must seek to make these PODs as difficult as possible for competitors to imitate.

3.2.1.1.5. Potential Product

The potential product is the fifth and final product level and it encompasses all possible augmentations and transformations, which a product or the product offer can undertake in the future.¹²³ At this stage, thinking outside the box and being in tune with what consumers in different segments prefer in a product or service, is what counts. For instance, Labofa could in the future, if it became possible or profitable, insert a chip in their office chairs, which could tell its user that it was time to change his or her position and thereby build on its ergonomically correct image. This customisation example could be a way in which Labofa could interact more with its customers. It is however up to Labofa itself, to study these different possibilities, which its office chairs can potentially develop into, in the future.

3.2.1.1.6. Boston Matrix

In this section, the four products EGO Classic, EGO Nordic, COBRA, and SHARK will be introduced and respectively be placed in the Boston Matrix. The purpose however, will be to create an overview of Labofa's portfolio rather than an indicator of how each product is performing against their competitors in the market.

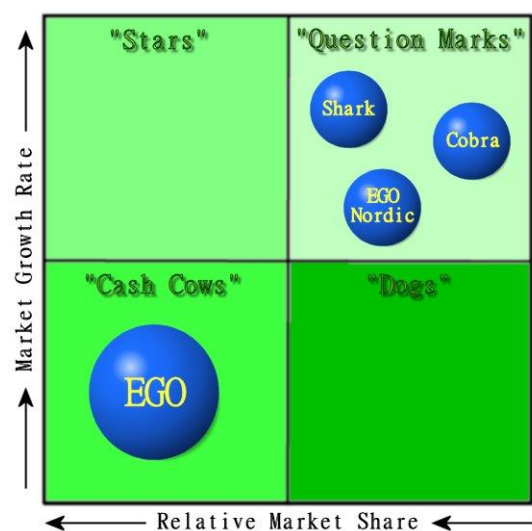


Figure 10: Labofa's internal Boston Matrix

¹²³ Kotler (2003:409)

In section 3.1.1 the extraordinary decline of all Labofa office chairs was shown, with even the EGO office chair declining 43% in sales, since 1996. Although, this sales gap for EGO can be viewed as a failure for Labofa, the EGO chair is still by far the most dominant of Labofa's products as seen in figure 11.¹²⁴ Relative to the company's total sales the importance of the EGO office chair has only increased, and thus cannot be viewed as anything else than a *Cash Cow*. In a product life cycle pattern, this can be viewed as a product in the maturity stage.¹²⁵ It is by far the most important product Labofa sells, although it cannot stand alone forever and must have supporting products, which can surpass it, if it suddenly should begin to decline and become a *Dog*.

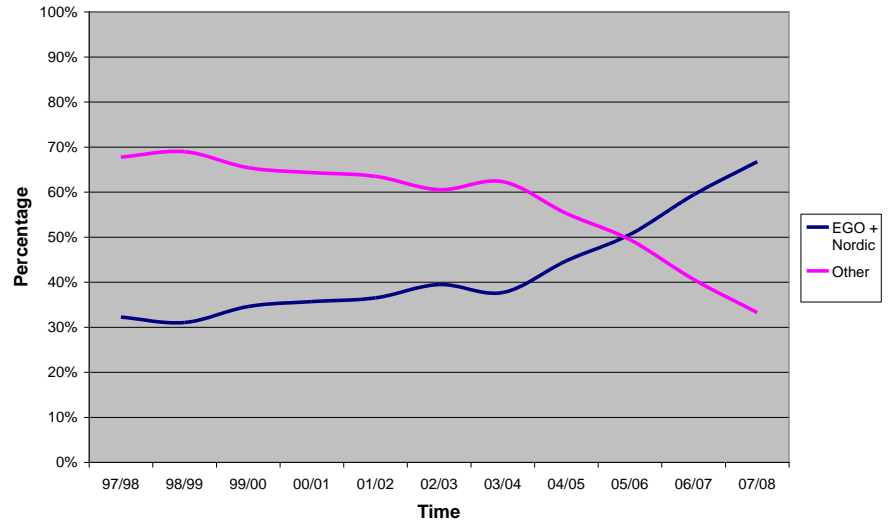


Figure 11: EGO's internal relative market share over 10 years

The importance of Labofa renewing its products and developing new ones must be underlined as Jan Heitmann states:

*“The SHARK chair [is] a cool chair. I have presented it to larger crowds (...). I think it is a fun chair and it definitely has some qualities”*¹²⁶

Thus, it is also positive that the company has developed new *Question Mark* products such as the COBRA and SHARK chair, which is a necessary prerequisite in order to hopefully create *Stars*. In addition, the development of the EGO Nordic with its 4% of the total portfolio, likewise is viewed as a *Question Mark*. All these three products are placed at the introductory stage, as they have not yet begun their return on investment for Labofa because of the expenses in connection with their launch. EGO Nordic however, has reached a break-even point, where the initial investment is beginning to produce a return.¹²⁷

¹²⁴ “10 year revenue development” by Labofa 2009

¹²⁵ Kotler (2003:328)

¹²⁶ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

¹²⁷ Interview with Labofa, April 16th 2009 (Appendix 11)

Although positive that the company has developed SHARK and COBRA, which potentially can develop into Stars, it is viewed as a *weakness* that Labofa's product portfolio is as unbalanced as it is, with too many Question Marks compared to its lack of Stars and only the one single Cash Cow.

3.2.1.2. Pricing

As it was shown in the Industry Pyramid in section 3.1.1 Labofa sells products in the medium priced segment of the office chair industry, although existing in the higher priced part of that segment. An EGO chair for example costs from DKK 2,825 all the way up to DKK 9,258 with its successor, the EGO Nordic starting at DKK 3,710 going up to DKK 9,258.¹²⁸ Additionally, for both chairs it is possible to select extra material such as upholstery, armrests etc. at extra costs. COBRA and SHARK range from DKK 1,390 to DKK 2,149.

Price reduction nonetheless, is a natural part of the professional market as Benny Larsen, Sales Director at Labofa notes:

*“We sell chairs to distributors at a maximum reduction price of 50% compared to our list prices. This means that a chair for DKK 4,000 could be sold to a distributor for DKK 2,000, if he bought enough, and in turn be sold to a customer for DKK 2,800 where the extra DKK 800 would cover expenses and profit for the distributor.”*¹²⁹

Moreover, distributor who perform better for Labofa than others will obtain better terms and conditions, which for instance could be more favourable.¹³⁰ In addition, Thea De Richelieu, Personal Assistant at Nokia Siemens Networks confirms that even businesses attempt to obtain the lowest prices possible by pressuring the distributors:

*“...you pick a (...) chair (...) [and ask] what price must we pay for these chairs. After that, in reality it is the [distributor] that provides the cheapest and best prices [that we chose].”*¹³¹

¹²⁸ “Labofa Munch – Prisliste 01.05.2008, Stole” by Labofa 2008

¹²⁹ Interview with Labofa, February 25th 2009 (Appendix 10)

¹³⁰ Interview with Labofa, February 25th 2009 (Appendix 10)

¹³¹ Interview with Executive Assistant at Nokia Siemens Networks Thea de Richelieu, April 30th 2009 (Appendix 4)

Price is however not something Labofa is capable of or interested in using as a its competitive advantage, as the company's prices are higher than those of its competitors. As Mogens Pedersen, CEO of Labofa explains it:

*“We are not the cheapest, but damn it we are the best.”*¹³²

The high quality products, which Labofa produces enables it to obtain a price premium in the market, which constitutes a *strength* for the company. On the other hand, if the customer sees all office chairs in the middle segment, in which Labofa competes, as equivalent to each other, customers could be inclined to purchase cheaper brands, which is a *weakness* for Labofa.

This is also underlined in the intelligence gathered from the quantitative questionnaire, which among other things surveyed office chair users' perceptions of Labofa.¹³³ Although, the Brand Exploratory and not this section, will go in depth with the results of the quantitative study, an interesting point which converts to both a weakness and a strength, stood out in the survey's Question 8. The quantitative investigation revealed that office chair users who know the Labofa brand have a difficult time differentiating between Labofa and its competitors in the middle segment. In this way, more than 50% claim they do not know whether Labofa performs better or worse than the competition in each of the listed office chair attributes. Additionally between 24% and 31% of respondents state that Labofa performs as well as its competitors and it is thus seen as a *weakness* for the company that it has not been capable of differentiating itself. In one office chair attribute as many as 90% of respondents combined, are either unaware of the difference or believe that Labofa's products are the same as its competitors'. Conversely, of the 120 people who both qualified as office chair users and who recognised the Labofa brand, an average of 15% deem that Labofa, in their perception, performs a little better or a lot better than its competitors on all parameters ranging from ergonomics to design, durability, comfort, colour possibilities, adjustability and service. This should be juxtaposed to the average of 1% who believe that Labofa performs a little or a lot poorer than its competition In other words resulting in more than 15 times as many respondents feeling positively rather than negatively towards Labofa compared to its competitors. This consequently, amasses to a *strength* for Labofa.

¹³² “Vinduer skiftet ud med stole” by Sjællandske Slagelse 19.12.2008

¹³³ Questionnaire distributed to 17 companies receiving 500 responses, distributed on May 4th and closed on May 11th 2009 (Appendix 6)

3.2.1.3. Distribution Policies

Labofa does not have regular Labofa shops where it sells its chairs. This is done through distributors who in turn resell to customers, being either B2C or B2B. Benny Larsen explains that as a rule, if customers do however approach Labofa directly they will be forwarded to a local distributor with Labofa relegated to an observing role where it later will follow up on whether the customer acquired the desired Labofa product from the distributor.

“It is possible to imagine that local sales people could sell a different product than Labofa to a client who has been referred by us, yet, it would all be stored in the perception of that distributor. We have to be able to trust our distributors, and if we don’t we have to find someplace else to sell our chairs.”¹³⁴

Consequently, all products are sold to distributors initially, before they finalise the sales with the customers and end-users of the chairs. The B2B market is by far the largest for the distributors amounting to 95% of the chairs sold by Labofa, whilst merely 5% is sold on a B2C level, representing customers who purchase chairs for private use. Once a sale has been confirmed by the distributor, Labofa provides a delivery time of roughly five days depending on order size, provided the order mostly consists of standard chairs from the price list. If customers demand speciality items or if Labofa proves dependent on other factories to deliver for instance fabric, the delivery can take up to three weeks. Generally, Labofa sends the chairs to the distributors who in turn forward them to customers, yet for a fee, Labofa also offers shipping directly to customers, eliminating the distributor link in the shipping process. Labofa has access to approximately 80% of the total Danish chair market defined as the office/conference/canteen market through its distributors.¹³⁵

These amass 54 distributors of Labofa’s products some of which are jointly owned by different chains such as Scan Office CJC Gruppen with 15 stores, Inventarland with twelve stores, and Sapa Gruppen with nine stores. Recently however, the biggest distributor of furniture in Denmark, Scan Office CJC, filed for bankruptcy only to re-emerge in a different name – Scan Office ApS – which is 100% owned by the old business.¹³⁶ This presents a problem for a company such as Labofa which is dependent on its distributors, since whichever funding Labofa, at the time of the suspension of

¹³⁴ Interview with Labofa, April 16th 2009 (Appendix 11)

¹³⁵ Interview with Labofa, April 16th 2009 (Appendix 11)

¹³⁶ “Leverandører klemmes i rekonstruktioner” by Børsen 08.04.2009

payments, had invested in the old Scan Office CJC, will become blocked and in turn lost.¹³⁷ This poses a *weakness* for Labofa, due to its lack of self-owned distribution outlets, and thus consequently the success of Labofa is directly linked to the success of its distributors.

As mentioned, the distributors performing the best also receive the most beneficial price reductions from Labofa. In addition, 15 carefully selected distributors also receive special benefits in their deals with Labofa, due to their cooperation and correlation in image between the distributor and Labofa's brand, according to the management at Labofa.¹³⁸ In regards to special price deals and promotions, the different distributors decide exclusively whether or not they want to utilise these instruments in selling their Labofa products, yet as Mogens Pedersen explains, it is not something which Labofa is particularly fond of:

*“We do not like when distributors conduct sales, however, there is not much we can do about it because of legal regulations concerning guideline prices.”*¹³⁹

Nevertheless, if Labofa does not feel that the contract requirements are being met, the company is able to tighten the terms and conditions set for the distributor in question and as a final consequence, withdraw completely from the business.

3.2.1.4. Marketing Communications

Labofa's marketing communication is characterised by many different initiatives, yet, the budget is not divided into specific segments, for instance office chairs, conference/canteen chairs, or educational sector chairs. As Benny Larsen explains it:

*“The budget is not divided. It is used for what there is a need for at the time.”*¹⁴⁰

Mogens Pedersen adds to the argument of why it is difficult to bind funding to specific segments in the portfolio:

¹³⁷ “Leverandører klemmes i rekonstruktioner” by Børsen 08.04.2009

¹³⁸ Interview with Labofa, February 25th 2009 (Appendix 10)

¹³⁹ Interview with Labofa, February 25th 2009 (Appendix 10)

¹⁴⁰ Interview with Labofa, April 16th 2009 (Appendix 11)

“We are making liquidity at a twelve months basis. First, you make an official budget, but it never turns out that way.”¹⁴¹

Creating a comprehensive marketing plan naturally becomes increasingly difficult, when companies cannot focus long-term, as their mere existence is in jeopardy, on a short-term basis. As a consequence for Labofa, when the company executives are not even sure about the company's short-term survival, this obviously does not generate propensity towards the long-term natured marketing investments. Therefore, Labofa ignores the strategic potentials of marketing and reduces it to laissez faire marketing. On the positive side however, Labofa does demonstrate both a willingness to adapt quickly to the market surroundings and the motivation to start from scratch with their marketing communication, which is viewed as a *strength*, in what Benny Larsen deems the new company and history:

“Now we have the chance to do almost anything and we are able to go in any conceivable direction because we do not have a lot of marketing history.”¹⁴²

Labofa's previous marketing communication primarily consist of brochures of the different chairs, which Labofa typically supply to distributors, for them to use in their sales work. With the introduction of the two new chairs, SHARK and COBRA, Labofa has run through a large part of the marketing budget allocated for the year and a half following the split from Munch Furniture in September, last year.¹⁴³ The marketing budget however, is also utilised for creating price lists where customers, besides finding prices, can put together exactly the chair fitting their needs. Additionally, Labofa attends trade shows in Cologne every other year, and utilise public relations (PR) where it sends out press releases to local and national newspapers in the event of for instance introductions of new chairs.

Moreover, in 2007, Labofa Munch participated in an advertiser-funded programme or a so-called content sponsorship where BBC World made a piece about what had made Labofa Munch such a significant player on the market for office furniture. The TV Station BBC World contacted Labofa Munch to make three segments of two minutes duration each. Labofa in turn paid DKK

¹⁴¹ Interview with Labofa, April 16th 2009 (Appendix 11)

¹⁴² Interview with Labofa, February 25th 2009 (Appendix 10)

¹⁴³ Interview with Labofa, April 16th 2009 (Appendix 11)

250,000 for the segments and were very pleased with the result as the Labofa Munch CEO at the time, Preben Nielsen, explains:

“We know that it generates a massive attention and great effect.”¹⁴⁴

This bold statement is nevertheless not proven and the separation of Labofa and Munch merely a year and a half later signifies the mismatch between the expected results and the results actually attained. Additionally, it was BBC World that contacted Labofa, proving proactivity, and not the other way around. This laissez faire tactic demonstrates a reactive approach from Labofa, when it comes to its marketing budget spending decisions.

Publicity, which refers to for instance the generation of news about a person, product, or service that appears in print media,¹⁴⁵ has also involuntarily occurred for Labofa. The Danish national newspaper Jyllands-Posten made an entire section on interior decorating about the architect behind the COBRA chair with clear and visible images of the chair itself.¹⁴⁶ This form of advertising has the advantage of being perceived highly credible and objectively compared to regular advertising, which is often viewed as biased due to its origin from the advertiser itself, thereby undermining the credibility and objectivity. A disadvantage is, as stated however, that publicity is involuntary, signifying that the news the given media vehicle wants to declare

can be either positive or negative and thus leaves the company lacking control of the communication process.¹⁴⁷ In the case of the Jyllands-Posten article however, the publicity was of a positive nature as the favourable review of the architect Hans Sandgren Jakobsen reflects back positively on the Labofa brand.



Picture 5: Cut-out from the Hans Sandgren Jakobsen article

¹⁴⁴ <http://www.tv2east.dk/artikler/bbc-world-til-skaelskoer> June 3rd 2009

¹⁴⁵ Belch & Belch (2007:556)

¹⁴⁶ “En tilfreds mand” by Jyllands-Posten 15.02.2009

¹⁴⁷ Belch & Belch (2007:556-561)

Finally, Labofa executed a print ad campaign in the spring of 2007 in connection with the launch of the EGO Nordic chair, costing DKK 1.6 million. The campaign lasted approximately two months and figured in big Danish business newspapers such as Børsen, Berlingske Tidende, and Jyllands-Posten.



Picture 6: Example of the Audi campaign

Additionally, brochures were printed and handed out to distributors who in turn could hand them out to interested customers as explained above. Finally, the EGO Nordic chair was given special locations on platforms at different distributors to enhance its presence in show rooms.¹⁴⁸ The ad campaign was a spin-off of an earlier Audi campaign, which was a great success for the advertising agency utilising close-ups of product features, amongst other things the famous Audi rings. This costly campaign, however, never generated the response in the market Labofa was hoping for, as Chairman of the Board Jørgen Purup states:

“We invested 1.6 million in this campaign and to be honest we really don’t know whether it created any sales at all. It felt like throwing money out a window.”¹⁴⁹

The advertising agency and Labofa seemingly assumed it possible to transfer the success of the Audi advertisement onto a segment as far from luxury cars as middle segment office chairs are, and in turn prompt the target audience to comprehend the brand immediately.

However, where Audi and in particular the Audi rings are worldwide and easily recognisable brand elements, as mentioned earlier the brands in the office chair industry are nearly indistinguishable for its users and thus the corresponding close-ups of the EGO Nordic chair, provided next to zero recognition. The return on investment has not been calculated for the investment either, and thereby the success or failure of the campaign is difficult to measure.



Picture 7: Example from the EGO Nordic campaign

¹⁴⁸ Interview with Labofa, February 25th 2009 (Appendix 10)

¹⁴⁹ Interview with Labofa, April 16th 2009 (Appendix 11)

In conclusion, Labofa's marketing communication is based on the concept of trial and error. There seems to be a fundamental lack of understanding of what integrated marketing communication (IMC) can contribute to the overall Labofa brand in terms of a coordinated effort between all categories of marketing,¹⁵⁰ providing a consistent look and feel to all advertisement and support programs. The purpose of a thorough Brand Inventory among other things is to reveal the extent of brand consistency.¹⁵¹ In Labofa's case however, the company seems to have a clear lack of such between its marketing activities and in addition, conducts no measurement of any kind upon completion of these. In other words, there are seemingly no measures in place to assess whether campaigns are a success or a failure, aside from personal subjective judgements.

A company such as Labofa with a limited marketing budget cannot afford a trial and error strategy because of its inefficiency and expensive nature. It is important to beware of the strategic impacts and long-term value that can be created from having a well thought out IMC strategy and the similar disservice it is to neglect the brand, by failing to formulate a such and continue to move in countless directions. Consequently, Labofa's lack of understanding of the marketing communications process is viewed as a substantial *weakness*.

3.2.1.4.1. Marketing Budget

In times of crises, such as the current worldwide recession, the first budget posts to be cut, in many cases, is the marketing budget. Labofa in this case is no exception and has on three separate occasions since separating from Munch Furniture, decreased the marketing budget substantially from its original DKK 1,333,000 to its current level of DKK 800,000 – a

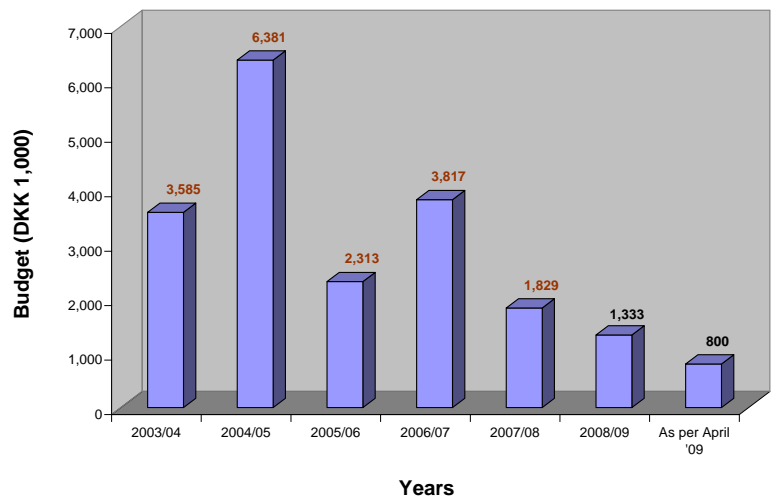


Figure 12: Labofa's marketing budget since '03 (red numbers from Labofa-Munch)

decrease of 40% within months. This tendency is illustrated in figure 12 although it is important to point out that the budgets from 2003/04 to 2007/08 marked in red are total marketing budgets from

¹⁵⁰ Belch & Belch (2007:11)

¹⁵¹ Keller (2008:128)

when Labofa was part of the Labofa Munch group, and thus spanned over a larger product portfolio and higher sales.

Ironically, in the interviews with Labofa the consensus among the executives was that the Labofa brand had become dreary and diminished and was in need of a revitalisation in the minds of the company's customers. Furthermore, it was explained that the company aims at once more becoming the biggest provider of office chairs in the office chair market again as was the case in the mid-90s. As Jørgen Purup expresses it:

“It is our goal to fight our way back into a position as the biggest supplier of office chairs to the professional market.”¹⁵²

This is both a difficult and tough objective to achieve, when the respective market shares of the market leader HÅG at 30% and that of Labofa – a mere 5% – is taken into consideration. Moreover, there seems to be a noticeable discrepancy between the objectives set by Labofa and the measures the company impose to obtain them. All things being equal, if Labofa perceives the revitalisation of its diminished brand to be the key to reaching its goals it does itself a disservice when cutting the marketing budget as one of the company's first responses to short-term financial difficulties, as it has done by 40% already. Therefore, the marketing budget decline is viewed as a substantial *weakness* in Labofa's efforts to revitalising its brand and building a strong brand for its chairs and overall company, to once more become the industry market leader.

Finally, Labofa states that it utilises between 5-10% of its turnover on marketing activities,¹⁵³ which according to the expected revenue, before December 31st 2009, of DKK 39.8 million,¹⁵⁴ accumulates to DKK 2-4 million in marketing budget. Nonetheless, even when considering that according to the revenue figures of the first six months the expected total revenue will only amount to DKK 31.3 million,¹⁵⁵ the DKK 800,000 that is the current marketing budget accumulates to merely 3%, and not the 5-10% Labofa states. If Labofa should follow its own directions of spending 5-10% of its total revenue, compared to the expected total revenue for the 16 months period between the split with Munch Furniture and December 31st 2009, the marketing budget should amount between DKK 1.6 to 3.1 million. Thus, it appears that Labofa experiences a mismatch

¹⁵² <http://cbs.nyuddannet.dk/studerende/projekt.asp?id=1027> May 15th 2009

¹⁵³ Interview with Labofa, February 25th 2009 (Appendix 10)

¹⁵⁴ “Forretningsplan 2008/09 – 2010/11” by Labofa 2008

¹⁵⁵ Total revenue for September 2008 to December 2009 (both months included): 11,720,709 / 6 months * 16 months = estimated total revenue for the 16 months budget period: 31,255,224

between the company's perception of its own operations, and how these actually unfold in reality. In turn, it seems that the company in its preparation phase is aware of, and agrees on, a certain set of thought-through tangible business principles, only to purposefully or not, ignore these, when it comes to implementation. This incoherence in the budgeting strategy is perceived as a considerable *weakness* for Labofa.

3.2.1.5. SW-Analysis

The SW-analysis structures the strengths and weaknesses explaining how well Labofa manages to exploit the strengths and accommodate and/or eliminate the weaknesses. These, then are viewed in accordance with the corresponding importance to the industry. In other words, how important the given strength or weakness is to exploit, accommodate and/or eliminate respectively, in the industry. Ultimately, mismatches, occurring when performance is poor in an important area, and overkills, occurring when performance is better than what is appreciated by the industry, will be listed to conclude the section. This will reveal where resources like work capacity and investments must be allocated to reach as high a maximisation of assets as possible. The relationships in the SW-analysis are expressed as follows:

- High rating indicates Labofa performing well in exploiting the strength or accommodating and/or eliminating the weakness, in the area.
- Middle rating indicates that there is still room for improvement in exploiting the strength or accommodating and/or eliminating the weakness, in the area.
- Low rating indicates Labofa failing to exploit the strength or accommodate and/or eliminate the weakness, in the area.

Strengths	Performance			Importance		
	Low	Middle	High	Low	Middle	High
Product flexibility			X	X		
Ergonomics as core benefit			X			X
Price premium			X			X
Almost no negative associations		X		X		
Marketing reform willingness		X			X	
High quality			X			X

Weaknesses	Low	Middle	High	Low	Middle	High
Unbalanced product portfolio		X			X	
Perceived brand indifference with users	X			X		
No self-owned outlets	X			X		
Lack of IMC understanding	X					X
Marketing budget cuts	X					X
Incoherence in marketing budget strategy	X					X
High priced		X			X	
10-year history of decline		X				X
Small market share	X				X	

Table 4: The Strength / Weakness analysis

3.2.1.5.1. Mismatches and Overkills

When the performance and importance dimensions in Labofa's strengths and weaknesses are equivalent, they are considered in balance, meaning that no improvements are required and thus will not be dealt with further. Oppositely, when a mismatch or overkill occurs an elaboration will follow below in order to reveal if resources can be more efficiently allocated and thereby maximised.

Product flexibility (high performance / low importance)

Labofa offers a wide variety of customisation and opportunities for companies to replace broken and worn down parts, yet there is nothing indicating that the businesses demand such product flexibility. In the interviews, there was a consensus between both the small regional, medium-sized national and large international business that the offer of product flexibility was not utilised even despite the fact that the companies acknowledged its existence. Thea de Richelieu, for instance said in regards to office chairs being handed over from one exiting employee to a new one:

“It is exactly the same chair, it does not get washed, cleaned or repaired (...) office chairs might be one of the most overlooked aspects in companies and they are there until they collapse and then they get thrown out.”¹⁵⁶

Thus, overkill exists here, and if Labofa spends resources to sustain the high performance on its product flexibility, this is an area where resources could be allocated away from, to assist in the areas of mismatches.

Almost no negative associations (middle performance / low importance)

Few people believe that Labofa's competitors are performing better than Labofa. The vast majority however, answers neutrally in the questionnaire, which limits the lack of negative associations to a medium strength for Labofa. Nevertheless, because the brand decision is rarely made by the end-user but by a decision-making authority in businesses, the strength is of low importance. At SBS-TV for instance, as Executive Assistant Mia Pfeiffer says:

“There are two models available, which we have chosen for the employees (...) as an employee you cannot just go out [to a random distributor] and say “I want that blue one on shelve number five” (...) they are told they can chose between this one and this one.”¹⁵⁷

Again, Labofa's performance is better than what is appreciated by the industry, which constitutes overkill. As with the product flexibility the company can therefore remove resources to other areas of the business, covering mismatches, if it consumes too much time, money, and effort to uphold the strength.

Lack of IMC understanding, Incoherence in marketing budget strategy and Marketing budget cuts (all low performance / high importance)

The lack of a satisfying IMC scheme in Labofa manifests itself in amongst other things the incoherence in the company's marketing budgeting strategy. This becomes particularly evident when the first action the company seizes when in budget constraints is to cut the marketing budget. Labofa is not performing well in accommodating or eliminating these weaknesses as can be seen in

¹⁵⁶ Interview with Executive Assistant at Nokia Siemens Networks Thea de Richelieu, April 30th 2009 (Appendix 4)

¹⁵⁷ Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

the company's incoherent and seemingly random marketing communication over the years. Cutting the marketing budget is a very short-term solution, which can have long-term negative effects bearing in mind that the presumption for engaging in marketing activity is achieving a return on investment higher than the original investment. All things being equal, regardless whether Labofa decides to spend a high or low amount on marketing, the company needs to improve its marketing communication consistency and calculate the possible return on investment on these efforts. Consequently, it is crucial that Labofa allocates resources towards systemising its IMC, eliminate these weaknesses, and in turn accommodate the inefficiency these mismatches have made visible.

10-year history of decline (middle performance / high importance)

Labofa has sought to turn around the poor development of the company for ten years without results. However, the reason for its medium performance position, instead of low, is the fact that it has eliminated the sick Munch part of the business, which shows vigour and a desire to eliminate the downwards spiral. Currently, the brand suffers from the history of the past ten years, which is why it is still important that Labofa accommodates or eliminates this mismatch.

Small market share (low performance /middle importance)

Labofa has gone from market leader ten years ago to one of the two smallest companies on the market, which indicates a poor accommodation or elimination of this particular weakness. Even though it is not a requirement to contain a large market share on the middle segment market for office chairs Labofa has expressed a wish and a determination to once more become the largest player, which combines to a medium importance.

3.2.2. Brand Exploratory

In this section, the *Brand Exploratory* will be conducted. It is an externally focused exercise designed to reveal different consumer perception and beliefs towards the Labofa brand and additionally disclose insights into the category as a whole. In other words, the Brand Exploratory is a research activity directed at understanding what consumers think and feel about the brand and its corresponding product category in order to identify sources of brand equity.¹⁵⁸

The quantitative study¹⁵⁹ performed, will be utilised as the cornerstone of the section and the Brand Exploratory will be concluded by opportunity and threat matrices in order to discover potential key focal areas of which Labofa needs to prepare for. Hence, a discussion of the findings in the quantitative research design will be conducted and the raw data will be made into intelligence.

3.2.2.1. Question 1-3 (Data collection)

As explained in section 2.2.3.2.2 Quantitative Data, questions 1 through 3 are purely data collection of the respondents in the quantitative research, designed to provide an insight into the people who responded. Question 1 determined their age, Question 2 determined their sex, and finally Question 3 determined how many hours combined they sat on an office chair per week. Age wise, the majority (40%) were “18-29”. Regarding sex, 64% of the respondents were women and concerning hours spent sitting on office chairs a week, the most common answer with 47% was “between 20-40 hours”. The questionnaire as mentioned was designed so that non-users, defined as people who sit less than 1 hour per week, automatically skips to question 15 because their answers were deemed irrelevant in the collection process, and could even disturb the legitimacy of the remaining results.

As the behind lying terminology of the questionnaire defined people sitting in office chairs between “1-20 hours”, “20-40 hours” and “more than 40 hours per week” as light, medium, and heavy users respectively, it can thus be concluded based on the above that the average respondent in the study was a 18-29 year old female medium user of office chairs.

¹⁵⁸ Keller (2003:164)

¹⁵⁹ Questionnaire distributed to 17 companies receiving 500 responses, distributed on May 4th and closed on May 11th 2009 (Appendix 6)

3.2.2.2. Question 4-10 (Labofa)

Question 4

When observing unaided recall, Kinnarps is the most cited brand when looking exclusively at respondents' first recall, represented in the blue column of figure 13, with 7% compared to second-place Labofa with 6%. This signifies that Kinnarps is the brand cited the most as the primary brand people remember when asked

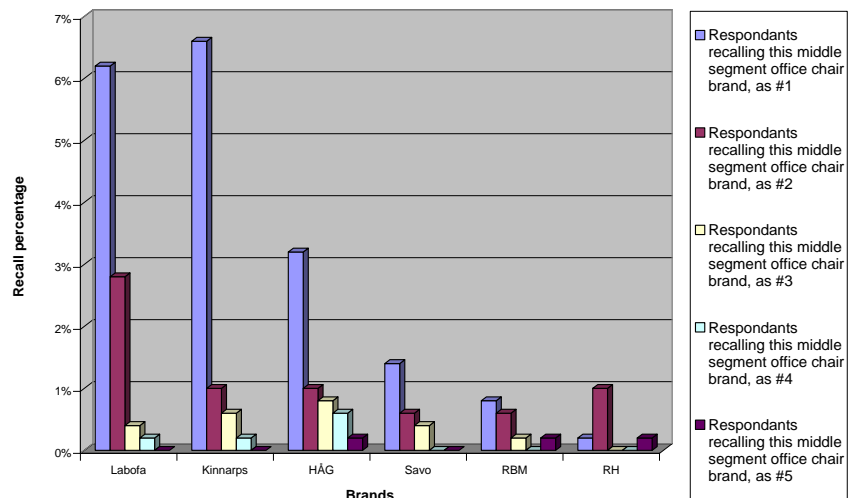


Figure 13: Middle segment brand recall

to recall office chair brands. When all five categories in the above figure are combined to display total unaided recall of the six chosen brands however, Labofa is the most well known of all brands with 10% of all responses. Sustaining this is viewed as an *opportunity*. The respondents were not prompted, yet, given the task of mentioning up to five office chair brands with one extra line to write any possible sixth, seventh chair etc. they could think of. Nobody was capable of citing more than five brands and the vast majority failed to mention even one.

As much as 71% could not mention a single office chair brand, which indicates indifference with respondents towards which brand of chair they are sitting on as long as it functions. This notion is substantiated by the fact that Labofa whilst being the leading brand when it comes to total recall, merely possesses 5% market share making it one of the two smallest players in the middle segment office chair market. Additionally, HÅG the market leader with an impressive 30% market share merely accomplishes 6% and a third place in total recall

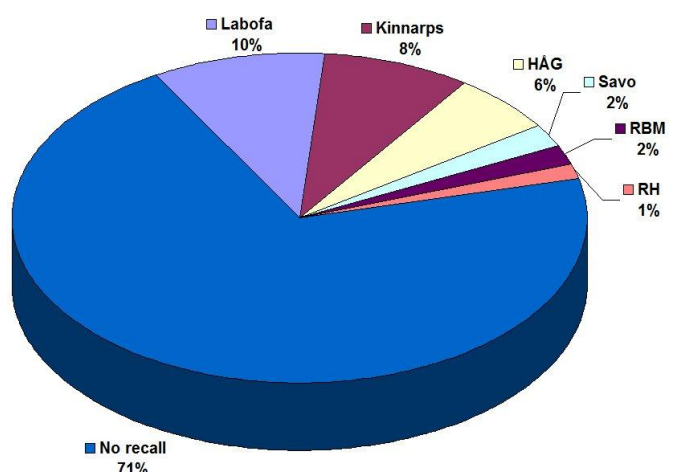


Figure 14: Total recall

demonstrating that unaided recall in this category conceivably has little to do with a company's performance. Even further, RBM can only put together a fifth of Labofa recall, yet holds 20% of the market share – four times more than Labofa – making it the second largest company in the market.

Question 5

In Question 5 the respondents were asked if they recognised the following seven brands in the order stated here which was determined randomly through a draw: RH, Labofa, Quark, Savo, Kinnarps, RBM, and HÅG. Quark is as explained in section 2.2.3.2.2 a fictional brand invented as a lure to provide a more sensitive test and discover whether respondents were true in their answers, and thereby make the survey more valid.

Interestingly, where Labofa in total recall was the highest rated brand, Kinnarps in recognition, is almost twice the size of Labofa and a clear number one with 41% in recognition. Labofa follows with 26% and again HÅG lies in third place with 13% – half of Labofa's recognition. Ironically despite being the primary and secondary brand when it comes to both recall and recognition, neither Kinnarps nor Labofa are one of the two largest companies in the market. This concludes that simply having depth of brand awareness¹⁶⁰ i.e. recognition and recall, does not seem pivotal in the brand decision-making in the category.

Furthermore, deducting from the extraordinary recognition of the Kinnarps brand could be found in the main sponsorship the company had with FC Copenhagen (FCK) from 1997 – 1999,¹⁶¹ where the name featured on the chests of the FCK players and for their involvement with various sponsorships for more than a decade in the best Danish football league.¹⁶² This statement is backed up by a cross reference made of men versus women's recognition of Kinnarps where as much as 58% of the men recognised the brand whereas 31% of

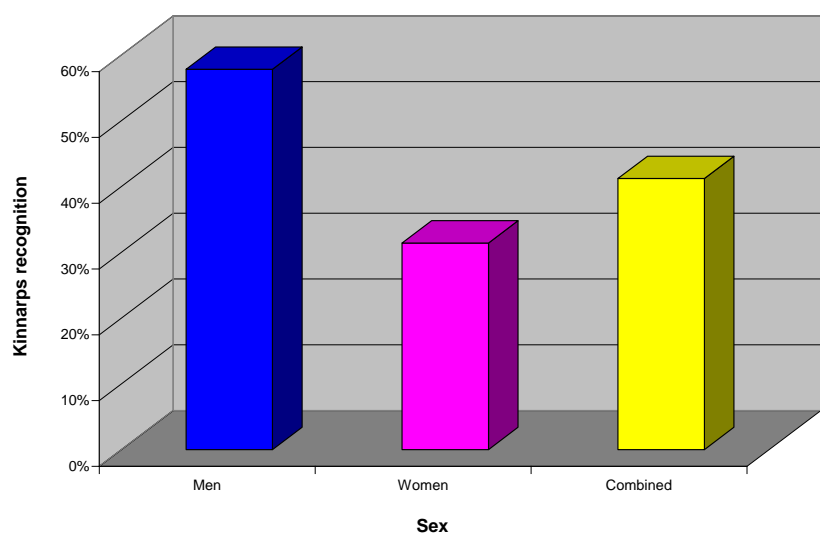


Figure 15: Kinnarps recognition with men and women

¹⁶⁰ Keller (2003:102)

¹⁶¹ <http://www.nipserstat.dk/fusionsnipserne/nyheder/november98.htm> July 14th 2009

¹⁶² <http://www.bt.dk/article/20020214/sport01/102140643/> July 14th 2009

the women recognised it.

Finally, the most utilised answer-option in Question 5 was that the respondents “did not recognise any of the stated brands”, with 43%. Linking this result to the 71% who could not recall a single brand, it fuels the before mentioned indication of brand indifference in the product category as long as the given chair lives up to the person’s office chair standards.

Question 6

This is an open-ended question where the 124 people who recognised Labofa in the previous question had the opportunity to mention all associations they connected with the name Labofa. Everyone failing to recognise Labofa in the previous question were redirected to answer non-specific Labofa questions in the

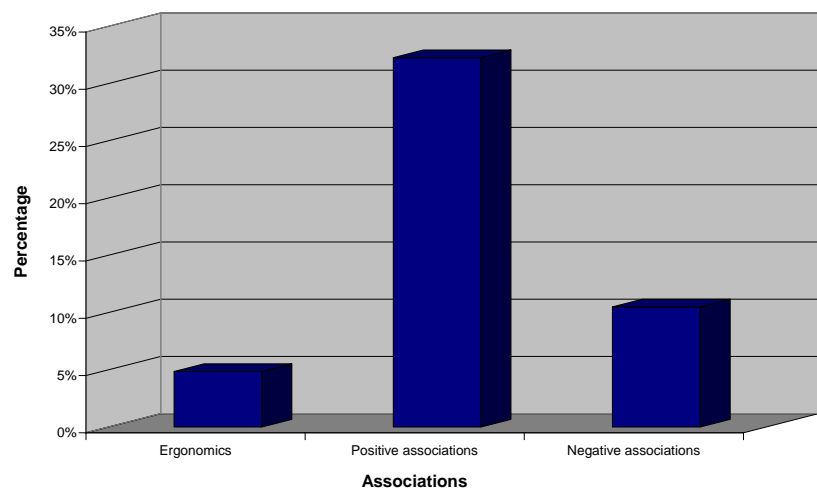


Figure 16: Labofa associations

section concerning category features starting from Question 11. The respondents stated various associations about Labofa and figure 16 illustrates that 10% had negative associations about Labofa, and 32% related Labofa and its products with something positive. Consequently, anyone who at least has heard about Labofa, associates it more than three times more often, positively than negatively. Furthermore, it should be stated that included in “negative associations” are statements such as “high priced products” or “expensive”, which also could be viewed positively, especially in a business where quality and price go hand in hand such as illustrated in the Industry Pyramid in section 3.1.1. Labofa therefore has a predisposition for improving the positive customer associations even further due to the basis of the favourable current state, which is viewed as an *opportunity*.

Moreover, 5% associated Labofa directly with ergonomics in the open-ended question as shown in figure 16. Labofa’s management however, proclaims to be the best brand in terms of ergonomic solutions:

“The big players talk about ergonomics even if they, compared to Labofa standards, are not ergonomic. We believe that we are the best in terms of ergonomic solutions.”¹⁶³

This is a direct reflection of Labofa’s *organisational identity*, which is how an organisation’s members perceive and understand themselves,¹⁶⁴ in this case as being at the forefront of ergonomic solutions. Nevertheless, merely 5% associates Labofa with its core benefit signifying a mismatch between the company’s *corporate identity* meaning the profile and values communicated by an organisation based on the organisational identity,¹⁶⁵ and their perception of Labofa’s *corporate reputation*. The corporate reputation is the total sum of *corporate images*, which in turn consist of the immediate set of meanings inferred by an individual in response to a signal from a particular organisation, at a single point in time.¹⁶⁶ In other words, the corporate image in Labofa’s case is the immediate response from the respondents when confronted with the task of listing their Labofa associations, conditioned by amongst other things the company’s Marketing Mix. The poor result of 5% that links Labofa’s foremost attribute to the brand name could be a direct reflection of the inconsistencies in its marketing communication, as explained in section 3.2.1.4. The mismatch of corporate identity and corporate reputation triggered by inconsistencies in Labofa’s marketing communication is regarded as a *threat* to Labofa.

Question 7

In Question 7 different statements are expressed where the respondents are able to declare themselves in “total agreement”, “partial agreement”, “partial disagreement”, “total disagreement”, or “neither in agreement nor disagreement”. Yet again, there is a clear tendency in the answers towards not knowing much about the office chair segment despite the fact that all 124 people eligible for answering questions in this category stated recognition awareness about the Labofa brand. Thus, even though the respondents recognised the Labofa brand, every single statement had a minimum of 42% who “neither agreed nor disagreed” making them the most answered alternative every time. Moreover, as many as 97 people or 81%, answered that they “neither agreed nor disagreed” with the statement that Labofa will assist in case help is needed. If the tendency

¹⁶³ Interview with Labofa, February 25th 2009 (Appendix 10)

¹⁶⁴ Cornelissen (2006:70)

¹⁶⁵ Cornelissen (2006:25)

¹⁶⁶ Cornelissen (2006:25)

continues that users of office chairs are unaware of the features and assistance Labofa can provide, this is perceived as a *threat*.

However, the remaining respondents not selecting the neutral middle column in Question 7 had an overwhelmingly positive response towards Labofa. In four of the seven statements, a broad consensus exists that Labofa performs well. These are that “Labofa produces ergonomically correct chairs”, that “the chairs are durable”, that “they are comfortable chairs” and finally that “they can be adjusted to fit any user”. Labofa scores between 54% and 58% positive answers in these four categories when “total agreement” and “partial agreement” are combined. In comparison, when combining the answers of the four categories on the negative side, it demonstrates a total of three people or 3% in this case being “partially in disagreement” with the stated claims and none in “total disagreement”. Consequently, this signifies that the respondents who know the Labofa brand are upwards 94 times more positively in tune with the brand, than they are negatively positioned in relation to the statements.¹⁶⁷ This is viewed as an *opportunity* for Labofa if the company is able to sustain and/or expand this positive knowledge with its users.

Question 8

Once more, there is a tendency from the respondents to demonstrate a lack of knowledge about not only Labofa’s features, but the category as a whole. The question concerns the respondents’ perception of Labofa in comparison to how the company performs against its competitors on the same parameters used in Question 7. By far, the most answered column with between 53% and 68% of the answers in every category, is the column where the respondents claim that “they do not know whether Labofa outperforms its competitors or not”. In addition to this, and a repetition of the conclusion in Question 7, the respondents who do not answer either that “they do not know” or neutrally, signified by answering that Labofa performs “just as well” as its competitors, answer in favour of Labofa compared to its competitors on the chosen parameters. Therefore it can be argued that Labofa lives up to the POPs in the category and furthermore that the company to a certain extent possesses PODs in the minds of the people who affirmed recognition of the Labofa brand. Nevertheless, the positive side is not as dominant as was the case in Question 7, although the similarities are striking in the way that there are almost no negative answers.

¹⁶⁷ The sum of people who favourably agree in the four categories: 281 / the sum of people who disagree in the four categories 3 = 93.67

Question 9

In Question 9 the questionnaire sought to uncover how deeply rooted, the *resonance* of the respondents was to Labofa, by uncovering their *loyalty, attachment, community, and engagement* structured by the apex of the *CBBE Pyramid*.¹⁶⁸ The questions progressed in a manner requiring an increasingly affectionate relationship towards Labofa. The answers also reaffirm this notion by signalling that the more loyalty there was required the less there was shown. The progression rate departs from 42% who state that they “do not care whether their company purchases Labofa office chairs to their work place”. Thereafter 21% answer that they “prefer their company buying them a Labofa office chair”, following 8% who “actively enquire that the company purchases Labofa office chairs” and finally 3% who “demand that their business acquires Labofa office chairs”. Again, the most answered column is where the respondents “neither agree nor disagree” with the statements except for the last statement where most respondents “strongly disagree” that they “demand a Labofa office chair”, once more signifying a diminishing relationship towards Labofa in the CBBE Pyramid.

Question 10

Once more the statements are structured utilising the CBBE Pyramid’s apex, however, where Question 9 sought to uncover the relationship of Labofa in the work environment, Question 10 mostly seek to disclose how Labofa affects the respondents more personally. Even though there is a combined disagreement ranging from 40% to 67% to all five statements, the lesson is not that the respondents have negative thoughts about Labofa, yet more so that office chairs in general do not concern employees much in their day to day work. This is ironic considering the contrast to the 317 people or 63% who in Question 3 answered that they spent more than 20 hours on an office chair each week, of which 16% spend over 40. Additionally, as a tendency through the entire questionnaire thus far, three of the most answered columns is where the respondents “neither agree nor disagree” to the statements once more demonstrating a lack of knowledge about the market and the different office chairs. Finally however, 15% claimed Labofa to be their “preferred office chair brand”, indicating brand strength, yet overall, the conclusion remains that respondents do not have a strongly held relationship with Labofa and thus fails to reach full resonance in the CBBE Pyramid.

¹⁶⁸ Keller (2008:76)

3.2.2.3. Question 11-13 (Office chair attributes)

Question 11

Where Questions 4-10 mostly were concerned with how far up in the CBBE stages of brand development the Labofa Brand found itself with the respondents, Question 11-13 is more general and broad in the sense that these questions sought to uncover the importance of a number of office chair features.

In Question 11 different attributes such as “ergonomics”, “design”, “comfort” etc. were weighted by the respondents as either “very important”, “a little important”, “almost unimportant”, “unimportant”, or “do not know”. Instantly, there is a different tendency emerging from the answers compared to above-answered questions. Previously, the answers most often fell in categories such as “do not know” or “neither agree nor disagree”, however, in Question 11 almost everybody has an opinion concerning the importance of different attributes an office chair should contain. This leads to an indication that the respondents simply expect that an office chair possesses all the different features thereby perceiving them as POPs. In other words, this industry is highly dominated by the notion of POPs rather than PODs, as once an office chair is perceived to obtain a certain set of attributes the difference between that office chair and its competitors, perceived to contain the same set, is hugely vague, in the minds of users. Subsequently, this makes differentiating between different brands very difficult and thus, consequently allows distributors, when in a sales situation, to typically only present a potential customer with two or three alternatives. As Jan Heitmann Interior Arrangement Consultant and Salesperson in Sapa states:

“... [there are] two brands which I [always] present.”¹⁶⁹

“Comfort” according to 422 out of 426 respondents or 99% is rendered the most important attribute in an office chair. As much as 91% even agree that “comfort” in an office chair is “very important”. “Ergonomics” comes in second with 82% if the blue “very important” column is the only one looked upon. Yet, if combined with the purple column; “a little important”, it creates the pink “combined column”, where “adjustability” is the second highest with 98% of respondents. “Durability” comes in fourth with a combined importance of 92%. Perhaps a little surprising,

¹⁶⁹ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

considering the direct focus from some companies on “design”, this feature comes in at a relatively small 66% importance, compared to the other attributes.

Furthermore, merely 16% considers “design” to be “very important” which makes this attribute the second least valued of the seven only surpassed by

“colour possibilities” with 9%, if only observing the blue “very important” column. Finally, “colour possibilities” and “service” receive 56% and 55% respectively, in “combined importance”. It is thus viewed as a significant *opportunity* for Labofa, to communicate this to its definitive stakeholders, which will be elaborated upon in section 4 Stakeholder Analysis. In other words, the opportunity to communicate that the four office chair attributes, which more than 90% of respondents deemed important, are the exact same the company excels in, according to the respondents in Question 7, who collectively associated Labofa positively with these attributes. Consequently it could be said that Labofa more than possesses the before mentioned attributes of which the POPs in the industry are based on.

Question 12

In Question 12 the respondents were asked to rank the attributes listed above in Question 11, to give an indication of any differences between preferences or to discover if there was an even spread among the features. The difference compared to the previous question is unmistakable.

Where “ergonomics” was on an, albeit, very close third

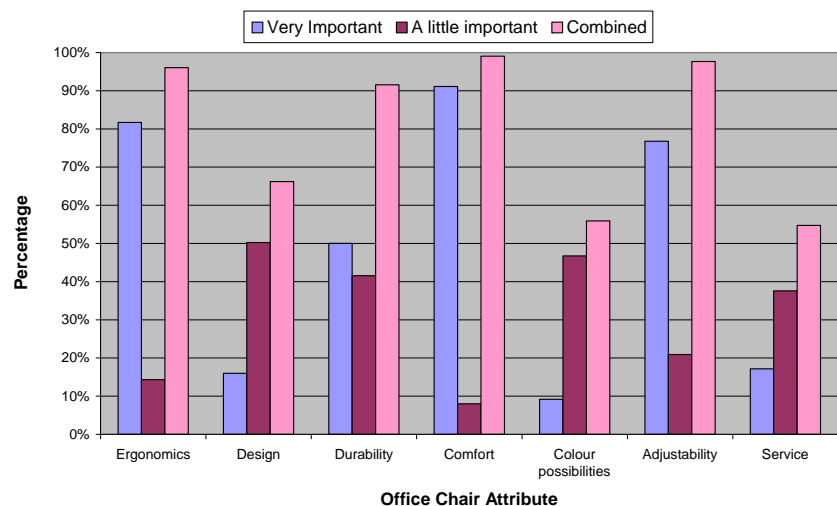


Figure 17: Importance of office chair attributes

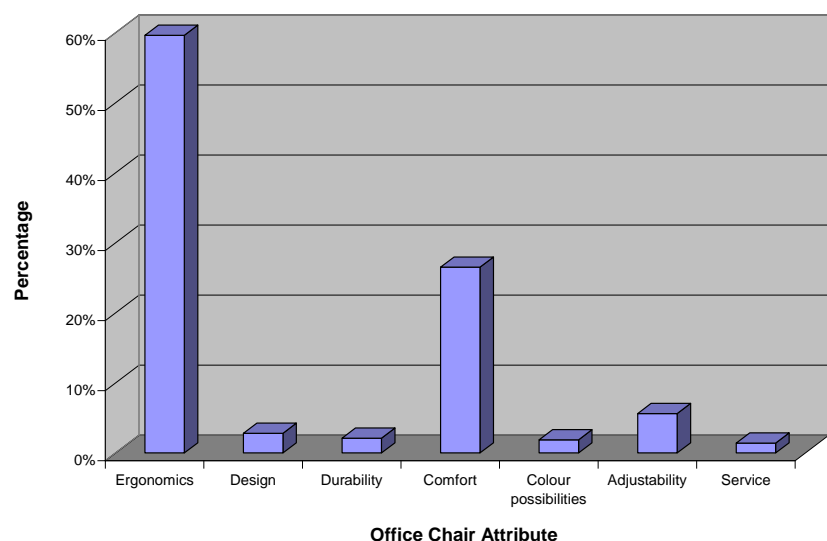


Figure 18: Ranking of office chair attributes

place in combined importance to the respondents with 96%, it is unquestionably the single most important attribute the respondents demand in an office chair with 60% of respondents ranking it “number 1”, leaving it in a clear first place. In second place lies “comfort”, which was the prior most answered alternative in Question 11, with less than half of “ergonomics”, or 27% who believed it to be the “most important feature”. Hereafter the distinctive first and second place, “adjustability” follows with 6%, “design” with 3%, “durability” and “colour possibilities” both with 2%, and finally “service” with 1%. Consequently, it is conceivable that if Labofa improves its ability to portray its organisational identity and core benefit – ergonomics – through its corporate identity, explained in Question 6, the company will obtain an *opportunity* towards the its target audience. In other words, what Labofa believes itself to be the best at in the middle segment, being ergonomics, the respondents by far find the most important quality in an office chair. Therefore, the *opportunity* for Labofa lies in creating a POD with the definitive stakeholders based on the fact that its core benefit, ergonomics, which Labofa is better at than all its competitors in the middle segment,¹⁷⁰ is what users prioritise the highest in their office chairs.

Question 13

Question 13 is the last informative question in the survey and the respondents were here asked to describe what they “associated with the concept of ergonomics”. 391 of the 500 people, who took the questionnaire, wrote in a free text, any ideas or thoughts they had, concerning the notion of ergonomics. Many interesting

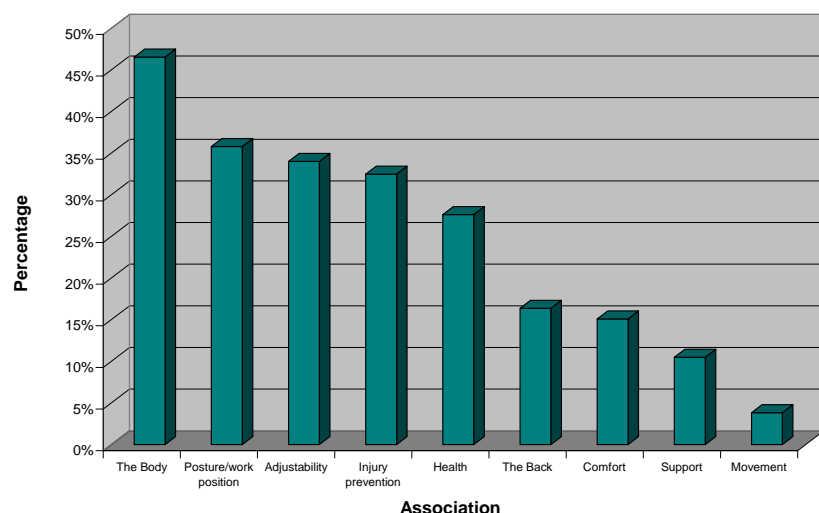


Figure 19: Ergonomics associations

and different suggestions as to what the concept really signified were uttered and the most answered terms bundled in figure 19. As the question was a free text alternative and the respondents were able to mention everything they associated with the concept of ergonomics, one respondent can count in more than one pillar in the figure, through mentioning more than one of the above terms. Any

¹⁷⁰ Interview with Labofa, February 25th 2009 (Appendix 10)

alternative that received less than ten independent answers has been excluded from the bar chart on account of statistical insignificance in terms of generalisability. “The body” is the most answered alternative, by a fair margin, as to what the respondents connect with the concept of ergonomics, with 182 independent replies or 47% of the 391 people responding to Question 13. Subsequently, “posture/work position”, “adjustability”, “injury prevention”, and “health” follows, in that order, with between 36% and 28%. Finally, “The back”, “comfort”, “support”, and “movement” follow with between 16% and 4% of the answers. Labofa could, with the correct creative strategy, be able to exploit the connotations in the respondents’ minds, which they already possess, to the company’s advantage.

To sum up, the association in the minds of the office chair users were very diverse, noting difficulties in precisely defining and grasping the intangible term ergonomics. This, with the conclusion from Question 12 in mind, that ergonomics by far is the most sought for office chair attribute, is interesting as users, whilst having trouble defining the term, have little doubts about its importance.

3.2.2.4. *OT-Matrices*

The OT-matrices structures the opportunities and threats potentially facing Labofa, prioritising which exact ones Labofa must be optimally prepared to either exploit or guard the company against, on occurrence. In other words, the O-matrix reveals the most important opportunities to prepare for, as they are both the most attractive if they come to pass and have the greatest likelihood of doing so. Likewise, the T-matrix uncovers the most important threats to guard the company against, as they are both the most severe if they come to pass and have the greatest likelihood of doing so.

This will reveal where resources like work capacity and investments must be allocated to reach as high a maximisation of assets as possible.

Likelihood of Occurrence		
Attractiveness	Low	
	High	
	Low	High
	High	High
	<ul style="list-style-type: none"> • Further improvement of positive associations with users • Increasing the favourable perceptions in ergonomics, durability, comfort and adjustability, with users 	<ul style="list-style-type: none"> • Sustaining recall awareness
		<ul style="list-style-type: none"> • Communicating the equivalence between the office chair attributes Labofa's excels in and the POPs in the industry, to the correct stakeholders • Create a POD, based on the match between superior core benefit and user demands for ergonomics, with definitive stakeholders

Table 5: The Opportunity Matrix

Likelihood of Occurrence		
Severity	Low	
	High	
	Low	High
	High	High
		<ul style="list-style-type: none"> • Further lack of knowledge about Labofa features
		<ul style="list-style-type: none"> • Continued inconsistencies between Labofa's corporate identity and corporate reputation

Table 6: The Threat Matrix

3.2.2.4.1. Key Focal Areas

According to Kotler, the opportunities in the upper-left cell are too minor to consider. The opportunities in the upper-right and lower-left cell should be monitored in the event that the attractiveness, severity or the likelihood of occurrence increases. The key focal areas, however, is in

the lower-right cell where both the likelihood of occurrence and the attractiveness or severity are the highest.¹⁷¹

Communicating POPs (attractive and likely opportunity)

Labofa excels on four office chair attributes, namely, ergonomics, durability, comfort, and adjustability. The equivalent features are what the office chair users deem as category POPs and Labofa could therefore obtain a possible advantage, if able to seize the opportunity of communicating its superiority in these attributes to its definitive stakeholders compared to the competitors.

Creating PODs (attractive and likely opportunity)

Labofa states that the company's core benefit is ergonomics and according to office chair users, ergonomics is by far the most important attribute an office chair must possess ranked as number one by 60% of the respondents in the quantitative analysis. Consequently, if Labofa were able to communicate its superiority in ergonomics to its definitive stakeholders thus creating a POD, the company could benefit from such an advantageous position.

Inconsistencies in Labofa (severe and likely threat)

Labofa's corporate identity should be closely linked to ergonomics, yet the corporate reputation does not reflect this, supported by merely 5% who associates the company with its core benefit. In other words, too few people link Labofa's foremost attribute of ergonomics to the brand itself. The poor relationship between the corporate identity and the corporate reputation could be a direct reflection of the inconsistencies in Labofa's marketing communication and thus, the continued inconsistencies in Labofa's marketing communication constitute a threat for the company.

3.3. Knowledge Summary

In the Business Review, the project sought to uncover the areas of which Labofa need to direct its focus and attention. Internally these count strengths and weaknesses of which the company finds itself in a mismatch or overkill situation, compared to how important these are seen in the industry. The biggest mismatches in this analysis are the lack of IMC understanding, incoherence in

¹⁷¹ Kotler (2003:103)

marketing budget strategy and the company's tendency to cut in the marketing budget, when facing liquidity difficulties or business fails to reach expected levels. As Labofa itself states, the company wants to revitalise its diminished and dreary brand, which naturally requires a marketing effort. However, the marketing budget cuts as an often-used measure to save money on a short-term basis, speaks volumes of the lack of understanding of the relationship between marketing investments today and its long-term return on a brand. Furthermore, when resources *are* spent on marketing efforts, these efforts are seemingly chosen based on personal subjective judgements, and later hardly measured upon to document the effect, and return, of the original marketing investment. This lack of IMC and thus, control of how resources are spent, combined with the utilised trial-and-error strategy, particularly in a company like Labofa with limited resources, needs to change. To achieve this change, Labofa must formulate an explicit marketing template, based on the nature of its products and decision-making processes in the industry. This will guide future marketing communication and through that secure a consistent look and feel. The Strategic and Creative Considerations section in the project's following Part III will assist in achieving this. Additionally, Labofa needs to improve its ability to measure the effect of its marketing investments. This must be done to both be able to compare investment alternatives in the future and measure the return on investment of conducted marketing campaigns. Achieving this will ultimately assist Labofa in preventing future inefficient marketing spending, as it was the case with the EGO Nordic campaign. The final analysis section of the following Part III, the Brand Value Chain, will provide key performance indicators to aid Labofa in accomplishing this.

The Business Review externally sought to unveil the most crucial areas towards which Labofa needs to allocate its attention. The company must prepare or guard itself respectively, for the potential occurrence of either attractive opportunities or severe threats. The biggest focal points of this analysis are the opportunities to communicate the strong coherence between the office chair attributes in which Labofa excels and the POPs in the industry and the possibility of creating a POD based on the company's core benefit – ergonomics. The analysis revealed that the four office chair attributes, ergonomics, durability, comfort and adjustability, are seen as POPs in the industry, by the office chair users. The analysis similarly uncovered that the same four attributes are the ones Labofa excels the most in, which if communicated to its definitive stakeholders, proves as a both an attractive and likely opportunity. The external analysis also, revealed the attractiveness in the opportunity of Labofa creating a POD revolved around ergonomics. The Labofa office chairs possess an ergonomic standard surpassing its competition, which, if communicated to the company's

definitive stakeholders, is a noteworthy opportunity. This is because the analysis showed that ergonomics by far is the most important attribute with office chair users, when asked to rank these. Achieving this would result in acquiring a POD of ergonomics in an industry where this attribute is the most demanded. A key prerequisite for achieving this POD and communicating the coherence between Labofa's key attributes and the industry POPs, is identifying the company's definitive stakeholders. Possessing a perfect marketing communication strategy is worthless if it is conveyed to an incorrectly defined audience, and thus the definitive stakeholders will be identified in the first analysis section in the following Part III – the Stakeholder Map.

PART III

4. Stakeholder Analysis

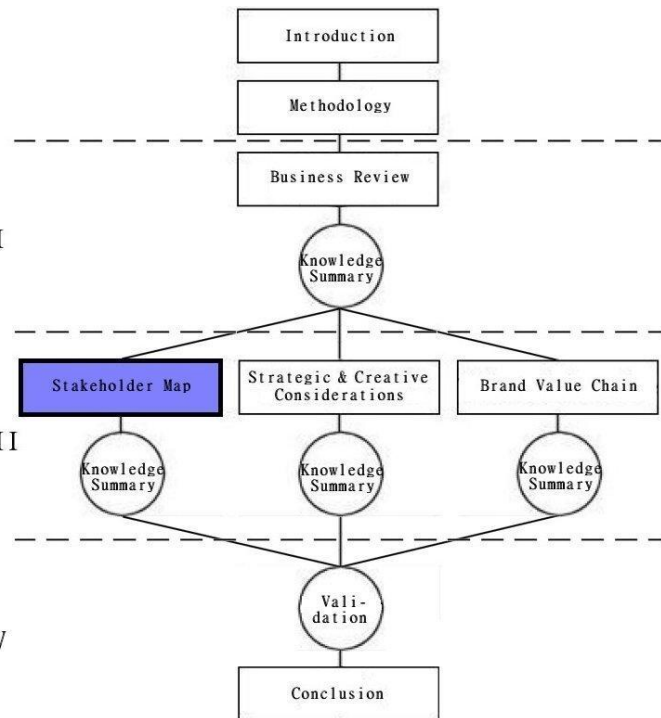
The *Stakeholder Mapping* theory is utilised in order to unveil Labofa's definitive stakeholders and thereby the target audience of which Labofa should focus its marketing communication. The Stakeholder Analysis is divided into four sub-sections where the objective is to delineate how many, if any, of the three attributes of *power*, *legitimacy* and *urgency* the different stakeholders possess. The salience of a stakeholder to Labofa's management depends on the preceding conclusions from Part II

PART I

PART II

PART III

PART IV



and the gathered empirical evidence to form the evaluation of the number of attributes possessed. The salience is low if the project perceives the stakeholder to possess only one attribute (latent stakeholder), moderate if two attributes are present (expectant stakeholder) and high if the stakeholder possesses all three attributes (definitive stakeholder). In the Stakeholder Analysis, the qualitative interviews will be utilised as the corner-stone of the analysis with the quantitative study employed sporadically, in analysing the power, legitimacy, and urgency held by the different stakeholders.

4.1. Stakeholders

The three stakeholders that will be scrutinised in the subsequent sections are *users*, *decision-makers* and *distributors*. The stakeholders will be inserted in figure 20 in order to first illustrate their given importance and then device a plan of action towards each. Before the analysis commences the definitions of key terms needs to be refreshed.

- **Power** is defined as: A relationship among social actors in which one social actor, A, can get another social actor, B, to do something that B would not otherwise have done.¹⁷²
- **Legitimacy** is defined as: A generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.¹⁷³
- **Urgency** is defined as: The degree to which stakeholder claims call for immediate attention,¹⁷⁴ by the stakeholders themselves.

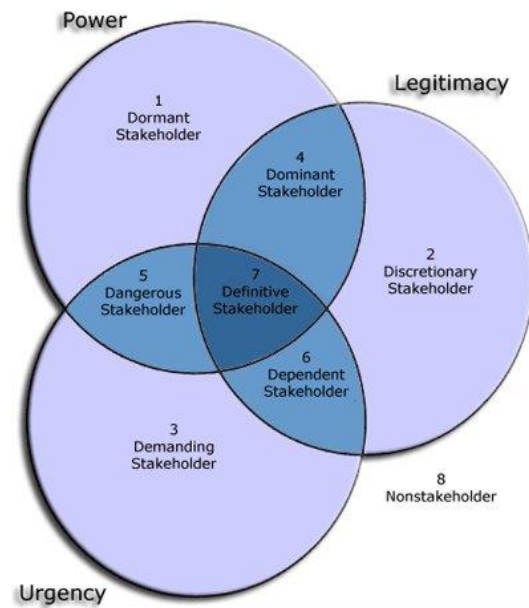


Figure 20: The Stakeholder Map

Thus in the analysis below, power will be utilised as the ability to influence, persuade or make the decision; legitimacy as the socially constructed right to demand influence; and finally urgency as the degree to which stakeholders exploit either their power or legitimacy, all in connection with the office chair brand choice.

4.1.1. Users

The users are the people utilising office chairs in businesses, as the project explained in section 3.1.2.2 that at least 95% of Labofa's total revenue comes from businesses.

4.1.1.1. Power

As a point of departure, the ability to influence the final brand decision in connection with office chairs is very limited when discussing office chair users. This claim is supported by all three business interview respondents who fail to mention the employees as influents in the purchasing process.¹⁷⁵ The users however were in all three cases pointed out as the initiators to the office chair

¹⁷² Mitchell, Agle and Wood (1997:869)

¹⁷³ Mitchell, Agle and Wood (1997:869)

¹⁷⁴ Mitchell, Agle and Wood (1997:869)

¹⁷⁵ Interviews with Principal of Byhaveskolen Erik Witten, Executive Assistant at SBS-TV Mia Pfeiffer and Executive Assistant at Nokia Siemens Networks Thea de Richelieu, April 28th - 30th 2009 (Appendix 3, 2 & 4 respectively)

purchase. Additionally, if a consensus were created among the users that a particular brand was desired and they presented this office chair demand to the decision-maker they would in the terminology of the section, claim the attribute power. All things being equal, it would be poor management if the decision-maker refused to purchase an office chair, which the users consensually desired, unless the cost of the chair was excessive. Consequently, users as a group acquire the attribute power.

4.1.1.2. Legitimacy

According to this section legitimacy is a socially constructed right to demand influence in connection with the office chair brand choice and even though the user often is the initiator in the purchase process there is no indication from the qualitative interviews that they possess the attribute legitimacy. All three respondents concurred that despite the power they are not in a position where they could ultimately demand a certain office chair brand as Thea de Richlieu explains:

“Basically we only have one [office] chair [to choose], it is merely called a ladies’ model and a men’s model. So the selection is not big.”¹⁷⁶

Consequently, what is insinuated is that the selection has already been made and even though the users can ask for a new office chair, they are not in a position where they can demand influence on the actual brand selection. Nobody would find it unusual if a user requested or inquired about a certain office chair, yet, they are not in a position where they possess a socially constructed right to demand influence. Hence, users do not have legitimacy in relation to office chair brand choices.

4.1.1.3. Urgency

There is no indication of urgency from the users, which is substantiated by Mia Pfeiffer’s answer to the question if an employee ever comes up to her and demands a new office chair:

“They never do that.”¹⁷⁷

¹⁷⁶ Interview with Executive Assistant at Nokia Siemens Networks Thea de Richelieu, April 30th 2009 (Appendix 4)

¹⁷⁷ Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

The fact that the employees and users of office chairs do not find it necessary to draw immediate attention to the area of office chairs and exploit their power is also emphasized by the quantitative investigation where merely 3% partially agrees that they demand a Labofa office chair from their business.¹⁷⁸ Office chairs are not the highest priority of users in businesses with many tasks to perform and thus receive little attention, as Mia Pfeiffer notes:

“...there are probably people sitting on crappy chairs, but do not care about the fact that they are sitting on crappy chairs.”¹⁷⁹

As a result, users do not possess the attribute urgency because they are indifferent towards which brand their office chair has and therefore do not exploit their power in this regard.

4.1.1.4. Labofa's Subsequent Actions Towards the Users

The users merely possess one of the three attributes in the Stakeholder Mapping theory making them a latent stakeholder. Furthermore, because the sole possessed attribute is power, the users are considered a *dormant* stakeholder and one Labofa must remain cognisant about because of their potential to acquire a second attribute.¹⁸⁰ Nevertheless, the indication that the users should suddenly obtain a second attribute is absent because of the indifference displayed concerning which office chair brand they are sitting on. In other words, there is no indication that a pull-effect can be created from the users, in the current market as they solely hold a power in unity with no legitimate right to demand a specific office chair brand and no urgency to exploit this power. Labofa should as a consequence monitor this stakeholder, yet, not waste many resources in catering to their needs.

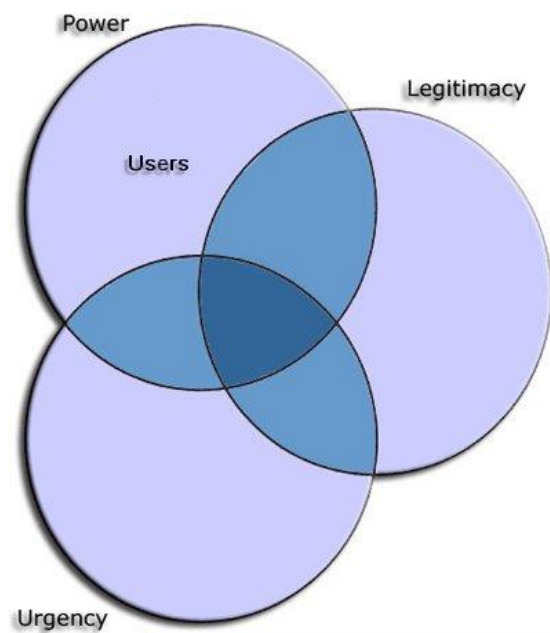


Figure 21: The Latent Stakeholders – Users

¹⁷⁸ Questionnaire distributed to 17 companies receiving 500 responses, distributed on May 4th and closed on May 11th 2009 (Appendix 6)

¹⁷⁹ Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

¹⁸⁰ Mitchell, Agle and Wood (1997:875)

4.1.2. Decision-makers

According to the project, the decision-makers are the people who make the final decision on the office chair brand choice in businesses.

4.1.2.1. Power

In respect to the decision-makers' position as the people who make the final brand choice they have, in the terminology of the project, the attribute power. For example, both Mia Pfeiffer and Erik Witten stated that they have the final say in which office chair to purchase.¹⁸¹

4.1.2.2. Legitimacy

Not only does the decision-maker have a socially constructed legitimacy, they also have a formal legitimacy in the way that they are responsible for the office chair brand choice. The legitimacy with decision-makers is further underlined by the fact that the initiators of the office chair purchase – the users – seek out the decision-makers to enquire about the possibility of acquiring a new office chair. For example as Mia Pfeiffer explains:

“...you would send me a mail via the manager and then I simply contact the distributor we have selected, send them a mail and order [the office chair].”¹⁸²

Hence, the users seek out Mia who is responsible for office chair purchases because of her legitimacy as the decision-maker.

4.1.2.3. Urgency

In the process of acquiring new office chairs to the business, Thea de Richlieu explains the mechanisms, which Nokia Siemens Networks undergo as a system where the purchasing department in cooperation with the business' occupational therapist decides on different criteria the selected office chair must fulfill. Additionally, the selection of a distributor depends on who can deliver the best price on a chair, which meets the demands set in the above-mentioned process:

¹⁸¹ Interviews with Principal of Byhaveskolen Erik Witten and Executive Assistant at SBS-TV Mia Pfeiffer, April 28th - 29th 2009 (Appendix 3 & 2 respectively)

¹⁸² Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

“Then [the distributors] bid – make their offer – bring us the chair they believe is [the best for] us and then it is actually up to the purchasing department to select. (...) we have not necessarily decided on a brand [at this point] because there are a lot of chairs that can do the same things, and (...) can fulfill these criteria. (...) [Then we choose] the cheapest distributor of the chair (...) that lives up to our criteria.”¹⁸³

Thus, the process of purchasing office chairs for Nokia Siemens Networks leaves no indication of brand preference. The final brand choice is largely based on what the distributor presents to the business and the price offered. The similar tendency is observed at SBS TV albeit with a less meticulous process, yet, Mia Pfeiffer also chose between alternatives listed by their chosen distributor Movement and was to a large extent influenced in the final office chair brand choice:

“... I have not contemplated about which brand it was. (...) Movement could have said any one.”

Consequently, the decision-makers, in spite of their power and legitimacy, do not suggest that they possess urgency in the actual brand choice, leaving that up to the distributors at large, as long as they are convinced that the chairs presented, live up to the business' standards and demands. Hence, the decision-makers do not utilise their power or legitimacy in connection with the office chair brand choice and thus, do not seize the attribute urgency.

¹⁸³ Interview with Executive Assistant at Nokia Siemens Networks Thea de Richelieu, April 30th 2009 (Appendix 4)

4.1.2.4. Labofa's Subsequent Actions Towards the Decision-makers

The decision-makers possess two of three attributes which makes them expectant stakeholders and furthermore, because the attributes are power and legitimacy they are deemed *dominant* stakeholders. As a consequence, the salience Labofa should portray has increased to a moderate level.¹⁸⁴ The Stakeholder Mapping theory is based on dynamics signifying that the decision-makers could acquire the third and final attribute thereby acting on their claims and becoming *definitive* stakeholders. Nevertheless, decision-makers in the interviewed companies currently do not activate the final attribute urgency; but renounce the office chair brand choice. For that reason, Labofa should monitor the development of the decision-makers, however, the main focus of the company should be assigned to the definitive stakeholders and thereby the target audience of which Labofa should centre its marketing communication.

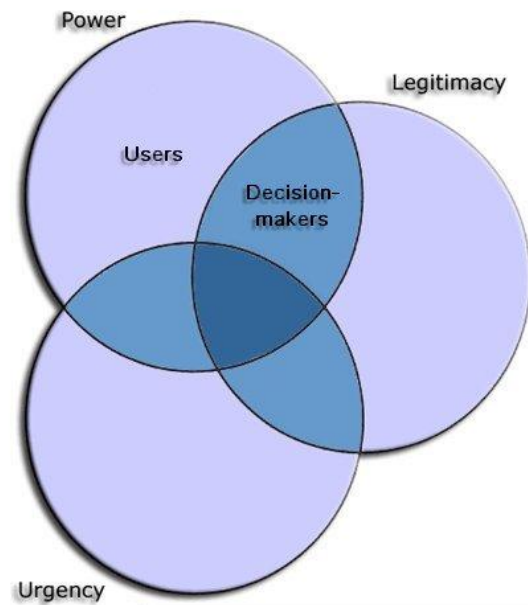


Figure 22: The Expectant Stakeholders – Decision-makers

4.1.3. Distributors

The distributors are defined as the outlets, which among other products sell Labofa office chairs to end-users as well as businesses.

4.1.3.1. Power

It has in the previous section been established that the decision-makers do not possess brand preferences and as a consequence, leave the selection of brands up to distributors, as Mia Pfeiffer states:

¹⁸⁴ Mitchell, Agle and Wood (1997:876)

“... if there is (...) [a distributor] who explains to me, you can adjust this in every which way, [I think], isn't that clever.”¹⁸⁵

This supports the notion of the distributors influence and persuasiveness in the brand selection they impose on the decision-makers. The different office chair brand alternatives the distributor choose to represent to the decision-maker are, all things being equal, the ones the decision-maker end up selecting from because they rely on the distributors' expert opinion. Naturally, the decision-makers demand that certain aspects such as ergonomics and different features must be present on the given office chair. However, the perception of the office chair industry is that of very little differentiation between the brands and thereby, to an extent, no matter what alternatives the distributor present, the decision-maker would accept the distributor's expert advice, and thus, the chairs presented. The lack of differentiation is supported by Question 8 in the quantitative analysis in section 3.2.2.2, where the respondents portray a clear lack of understanding of the differences between the brands. There are between 80% and 91% combined, who in the questionnaire answer that “they do not know” how Labofa performs compared to its competitors on every single different feature or that “the company performs just as well”. Furthermore, in addition to the lack of perceived brand differentiation, there is substantial brand indifference among office chair users where as many as 43% declare that they have never heard of the six listed middle segment office chair brands, and as many as 71% could not mention a single office chair brand through recall. Overall, this contributes to a substantial power for the distributors in their ability to influence and persuade the decision-makers in their office chair brand choice.

Moreover, as mentioned in the Brand Exploratory, when confronting Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, about his approach when he encounters customers who do not possess any brand preferences the answer is straightforward:

“... [there are] two brands which I [always] present.”¹⁸⁶

Consequently, when Jan Heitmann is in contact with potential customers with no brand preferences, which he repeatedly is, he merely presents his two favourite brands which he knows will live up to the customers' demands because of their lack of perceived brand difference and their

¹⁸⁵ Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

¹⁸⁶ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

reliance on his expert advice. Furthermore in this respect, all other brands will become irrelevant to the customer and thereby fail to enter his or hers brand consideration set. Naturally, this presents a massive hindrance for the companies whose brands are not in the consideration set of the distributor:

*“RH and (...) HÅG are easy for me to deal with and it is a habit [that I always present them].
(...) they are my two first choices. Both of them are good brands.”¹⁸⁷*

All things being equal, the brands that the distributors’ have an overall positive brand attitude towards, are the brands which they are most likely to continuously present to their customers. Bearing in mind, that Jan Heitmann, proclaims to always present RH and HÅG to customers with no brand preference, there is a strong indication of a positive brand attitude towards these two brands and a habitual sales process where he ignores all other brands. Logically, this presents a massive obstacle for Labofa because the company’s chairs fails to enter Jan Heitmann’s brand presentation alternatives, which is substantiated by the Interior Arrangement Consultant himself:

“I have completely forgotten about Labofa. I’m sorry guys. (...) but I think that they haven’t developed their chairs all that much. They have basically stayed the same for many years.”¹⁸⁸

As mentioned in section 2.2.3.2.1.2 Analysis Data Search in order to obtain as unbiased an interview from the Interior Arrangement Consultant as possible, Jan Heitmann upon request, agreed to only have the name of the company – Labofa – revealed after the completion of the interview. However, the first time Labofa was spontaneously mentioned was at the very end of the interview and in addition not for something positive. Accordingly, Jan Heitmann demonstrates the distributors’ considerable power, throughout the section, not only in influencing and persuading the decision-makers to purchase specific brands, but also in the power they hold over the office chair manufactures when they, purposefully or not, ignore them from their brand presentation alternatives.

¹⁸⁷ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

¹⁸⁸ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

4.1.3.2. Legitimacy

The distributors' power has been established in the section above, and in addition to their power they also possess legitimacy personified by for example this quote by Erik Witten:

“... we utilised Dorthe Madsen to come down here and show us the latest [chairs]”¹⁸⁹

Dorthe Madsen is now a sales person for Labofa, however, at the situation that Erik Witten describes Dorthe Madsen was an employee at Randers Møbler, a Jutlandic distributor of office chairs. Thus, Erik Witten literally gives the distributor the right to influence his brand choice because Dorthe Madsen is able to unrivalled select the chairs she wants to display. Additionally, when Mia Pfeiffer was asked about how her information search is conducted, concerning which office chairs the company should purchase, she answered:

“... I would contact (...) [Movement] who we have an agreement with. (...) [The information search] takes place at the distributor.”¹⁹⁰

Again, this illustrates the view from decision-makers on the distributors as knowledgeable and holding expert status on which office chair brand the given decision-maker should purchase for their business. Finally, it is discovered how neglecting the distributors' legitimacy in the market can backfire, when Jan Heitmann questions Labofa's credibility:

“... [credibility to your sales outlets] is in all cases something which is (...) important. (...) if you (the manufacturers) are dealership based you are dealership based, you are not yes and no, and if you are yes and no you tell it [to your collaboration partners].”¹⁹¹

This quote from Jan Heitmann stresses the importance of having an open and honest relationship with collaboration partners, because if respect is lacking from Labofa towards the distributors' legitimacy in the market, it could potentially create problems. This is authenticated further by the noticeably strained relationship between Jan Heitmann and Labofa:

¹⁸⁹ Interview with Principal of Byhaveskolen Erik Witten, April 29th 2009 (Appendix 3)

¹⁹⁰ Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

¹⁹¹ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

“... [when Labofa wants to] distribute these chairs to the end-user [via] (...) the dealers then that is how it is done (...) [even] if the sale is substantially larger.”¹⁹²

Jan Heitmann is insinuating that on large enough orders, Labofa is perceived to occasionally seize it itself, thus, breaking the relationship of trust between the office chair manufacturer and the distributor. Obviously, this is problematic not only because it is unethical, but also because Labofa and in this instant Sapa will fight for the same customers and thereby create a relationship of mistrust, which in turn primarily will damage Labofa due to potential disregard of Labofa's office chairs in the distributor's brand presentation alternatives. The seriousness of these potential actions, is best summed up by Jan Heitmann himself:

“... you can wreck it (the relationship), “like that”, (Jan Heitmann snaps his fingers), but it takes a long time before [the trust] is back.”¹⁹³

It is important to stress at this point that Jan Heitmann by no means is certain that Labofa has acted in this fashion, however, the fact remains that it is potentially devastating for Labofa if it turns out that there is a general perception in the industry that the company cannot be trusted. Consequently, even if Labofa merely is perceived as a company, which closes the biggest orders themselves, yet may or may not ever have done anything wrong, it needs to address this serious accusation because of the delicate nature of business relationships and can take long to repair. If Labofa does not address the problem, it risks the continuation of the dramatic downward spiral it has seen for the last ten years as illustrated in figure 8 section 3.1.1. Additionally, if the accusation holds true or more importantly is perceived to be true by its collaboration partners, Labofa needs to clearly state that the business does not perform these kinds of activities because otherwise no marketing communication strategy will be able to save them. Since, it has been established that an Interior Arrangement Consultant like Jan Heitmann is more likely to present potential customers with brands that he has a positive brand attitude towards; a negative overall picture of a manufacturer of office chairs could prove the difference between the effort to sell the brand or the complete disregard of it. Thus, it is highly likely that Jan Heitmann or others in his position will

¹⁹² Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

¹⁹³ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

ignore Labofa's office chairs from their brand presentation alternatives, simply because their perception of the general company is that of one which cannot be trusted. The solution to this predicament will be elaborated upon in Strategic and Creative Considerations in section 5.

Finally, it has also been demonstrated what might happen if a company such as Labofa neglects to acknowledge the distributor's socially constructed right to demand influence and thus, their legitimacy in the market. Their legitimacy is created by the decision-makers' reliance on their expertise and guidance, and if their legitimacy is disregarded by Labofa the consequences, as established, can be severe.

4.1.3.3. Urgency

Whether or not the distributors exploit their power or legitimacy in the market should at this point be fairly straightforward to answer. Nevertheless, the section will commence with a quote from Jan Heitmann, explaining what can happen if a manufacturer of office chairs neglects something as relatively simple as staying in contact with the distributors and assuring them that they are trustworthy and have started a new era where stability and consistency is prevalent and the old behaviour and traits are buried:

“It is probably not because of the chair, I believe it is because of Labofa's history (...) and that is a petty, but they have had a very selective presence in the market and not really known what they wanted. Consequently, I have not believed that they would be there when I needed them and I have therefore excluded them from my programme.”¹⁹⁴

As a result, Jan Heitmann chooses to ignore Labofa in his sales process and thereby exploits his power and legitimacy in the market, to a high degree, as a distributor, signifying urgency in connection with the office chair brand choice. No matter if the distributor chooses, consciously or not, to exclude or include certain brands to present to potential customers he or she utilises the power and legitimacy given to them by the market. Accordingly, it becomes necessary and desirable for Labofa to be on good terms with its distributors because they hold significant dominance over its business and the capability of utilising it, as signified by this example. Mia Pfeiffer supports the

¹⁹⁴ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

notion of the distributors influence in the brand selection process and how they organise the brand presentation alternatives and in this manner utilise the attribute power:

“They put the words in my mouth; it is Movement who put the words in my mouth and that is good a sales effort on their behalf.”¹⁹⁵

The decision-maker, Mia Pfeiffer, states that she is not only influenced by the distributor concerning the brand choice, but that the distributor actually is capable of making the decision for her or at the very least push her in the desired direction. Because of the distributors’ persuasive sway on customers, it is crucial for Labofa to have a solid relationship with them unless they are willing to risk the fact that if they are disgruntled they will probably ignore Labofa in the brand presentation alternatives. As Jan Heitmann sums up:

“... out of sight out of mind.”¹⁹⁶

Labofa has to show its presence in the market if it wants to survive its ten-year long crisis and begin to win market shares from its competitors and once again have a chance of becoming the biggest supplier of office chairs to the professional market, as Jørgen Purup stated to be the company’s goal in section 3.2.1.4.1. If Labofa is not present in the brand presentation alternatives of the distributors, the brand will never figure in the brand consideration of decision-makers. In a market with very little brand knowledge and perceived brand difference, this could prove devastating.

The irony is that for example Jan Heitmann merely seems to want a little attention and an assurance that everything that has happened in the past stays in the past and that Labofa now is a trustworthy company that is available when he requires its assistance. Subsequently, what Labofa must now focus on is building and restoring its relationship with its distributors, building personal relations and designing marketing communication that can bring the company back on track.

Finally to sum up, the distributors’ possess the attribute of urgency because they hold both power and legitimacy and they not only have the capability of using it – they exploit it to a great extent.

¹⁹⁵ Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

¹⁹⁶ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

4.1.3.4. Labofa's Subsequent Actions Towards the Distributors

The distributors possess all three attributes of power, legitimacy, and urgency, which makes them Labofa's *definitive* stakeholders. Consequently, Labofa's salience should be high and the company should immediately give priority to this stakeholder's claim.¹⁹⁷ The Stakeholder Analysis has unveiled Labofa's definitive stakeholders as the distributors and thereby the target audience towards which Labofa should focus its marketing communication. However, the immediate focal point for Labofa is the eradication of their apparent poor reputation in the market before any marketing communication will be efficient and effective. This will briefly be elaborated upon in Strategic and Creative considerations.

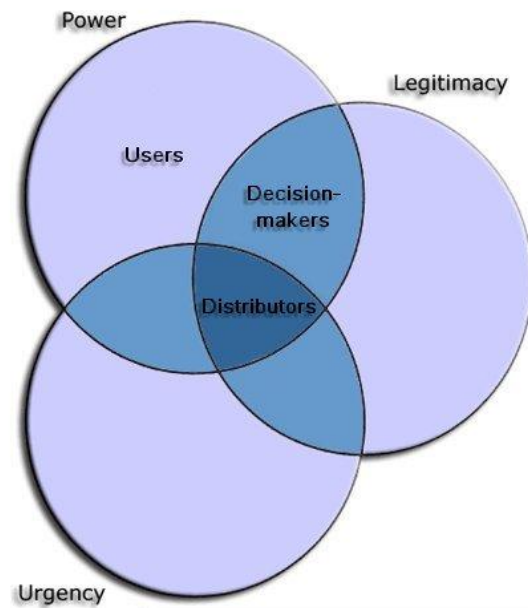


Figure 23: The Definitive Stakeholders – Distributors

4.2. Knowledge Summary

In the Stakeholder Analysis, the project sought to uncover who Labofa's definitive stakeholders are, and thus the company's target audience, towards which the company's attention and marketing communication must be targeted. In the process, users of office chairs in businesses were discarded as definitive stakeholders because they merely, possessed one of three attributes namely power and nothing indicated a change of this status in the current market. Likewise, decision-makers in businesses were deemed redundant as Labofa's target audience, because they only possessed two attributes; power and legitimacy, and therefore lacked urgency. The Stakeholder Mapping theory however, is characterised as a dynamic strategy, why any stakeholder can acquire the missing attributes and thus must be monitored for potential changes in the market. Nonetheless, as mentioned there is no indication that these stakeholders suddenly should obtain the absent attributes because of very low brand differentiation between the office chair brands and an indifference towards which office chair brand employees are sitting on. Consequently, the ability to create a

¹⁹⁷ Mitchell, Agle and Wood (1997:878)

pull-effect from these stakeholders is currently nonexistent and Labofa should therefore not focus too much energy and resources on catering to either the users or the decision-makers with its marketing communication.

The distributors were thus unveiled as Labofa's definitive stakeholders and therefore Labofa's newfound target audience because they possess all three attributes of power, legitimacy, and urgency. Consequently, Labofa must concentrate its efforts, attention, and marketing communication on the distributors in order to prevent the current decline continuing and once more become a respected manufacturer in the market. However, a prerequisite for this occurrence is the eradication of the negative rumours in the industry, which conceivably are devastating to the company's business. Accordingly, this and the gathered findings from the Stakeholder Analysis will be further dealt with in analysing the Strategic and Creative Considerations in the subsequent section.

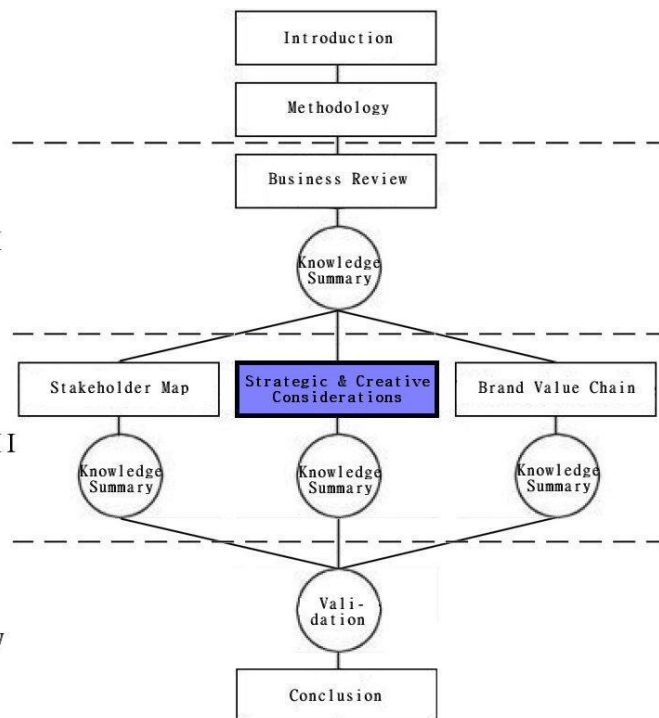
5. Strategic and Creative Considerations

This section will analyse the *Strategic and Creative Considerations* Labofa must include in its marketing communication, based on the conclusions of the preceding analyses.

It will commence with a discussion of the target audience and behaviour characteristics in the industry, which in this case, related to the conclusions of the previous Stakeholder Map analysis, will be highly focused on the definitive stakeholders – the distributors. Next, the decision making of the target audience will be examined, the participants in the process identified as will the decision stages from need arousal to post purchase usage and evaluation. In this section, the communication objectives Labofa needs to apply will also be examined.

Thereafter, a representative Labofa ad symbolising the company's most recent office chair campaign will be analysed, and areas where Labofa can improve its marketing communication discovered.

Finally, to conclude and sum up the section, a supported proposal for the next generation of Labofa advertising will be provided. This will, in addition to providing a concrete draft for a potential campaign, supply guidelines for the company's future marketing communication and thus, assist Labofa in securing a consistent look and feel in its marketing communication – something the company is in dire need of, as demonstrated in the Brand Inventory's Marketing Communications section 3.2.1.4.



5.1. Target Audience and Behaviour

Without question, at the heart of all marketing activity is the positioning of a brand and the essence of its meaning with consumers,¹⁹⁸ or in Labofa's case the company's definitive stakeholders, the distributors. As discussed in the Brand Inventory in section 3.2.1 Labofa has had grave problems with understanding the importance of a consistent IMC and marketing budget strategy. Thus, it is especially crucial for Labofa to firstly formulate, and then stick to, an advertising strategy henceforth, as well as consider, address, and chart the behaviour of the distributors in connection with the decision-makers' brand selection, beforehand. To obtain this for Labofa, two analyses need to be conducted. These are firstly to consider the most favourable source of business, through examining the *loyalty groupings* of Labofa's distributors and secondly define, and set, the correct *communication objective* strategy.

Considering the first of these analyses – the loyalty groupings – there might very well be different kinds of loyalty groupings amongst Labofa's target audience, the distributors. Even within certain distributor companies, different salespeople or consultants might have exceedingly different loyalties when it comes to which office chair brands they include in their presentation alternatives to potential customers, upon prompts. These loyalty differences internally among distributors are expressed by Jan Heitmann:

*“I have a colleague who is very dedicated [about Labofa], where it is her number one choice [to present to customers], but it is not my number one choice.”*¹⁹⁹

This illustrates that aside from *other-brand switchers* who present more than one competitor, but not Labofa, like Jan Heitmann, *favourable brand switchers*, who present Labofa but also competitor brands, like Jan Heitmann's colleague, also exist. Aside from these two loyalty groupings, three other groupings exist, yet none of those really apply to distributors. They count *favourable brand loyals*, *other-brand loyals* and *new category users*. Imagining distributors in the latter loyalty grouping simply is not a realistic scenario in this category, as it would imply office chair distributors having no knowledge about office chairs. Likewise, the first two loyalty groups – favourable brand and other-brand loyals – are deemed unrealistic with distributors. These loyalty

¹⁹⁸ Keller (2008:125)

¹⁹⁹ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

groupings would entail salespeople, never presenting anything but their favourite brand – whether it be Labofa or a competing brand – to customers, when asked for office chairs. This leaves the favourable brand and other-brand switching distributors as the only two potential sources of business for Labofa and the company must thus form strategies directed at these two groupings. How so, will be elaborated upon in section 5.2.3.

Considering the second of the analyses – the communication objective strategy – Labofa has four options of which again only two apply. The first of these is to communicate the *category need*, or in other words aim at reminding the distributors that office chairs exist, which naturally would be useless in this case.

The second is *brand purchase intention* which considering the long-term brand revitalisation goal of the company rather than a short-term sales boost, is not attractive either. Furthermore, this is a communication objective that primarily suits strategies aimed at decision-makers²⁰⁰ and since the strategy Labofa must apply, needs to target the company's distributors, it should thus, not focus on eliciting brand purchase intention.

Thirdly, *brand awareness* as a communication objective would aim at improving the distributors' ability to identify the Labofa within the category. As explained under Distributors in section 4.1.3 above, the lack of Labofa brand awareness with distributors became very clear in the interview with Jan Heitmann. Through the entire interview, he did not mention Labofa once although discussing other brands heavily, before finally remembering the brand in the final minutes. Having the company's definitive stakeholders completely forget the Labofa brand in a discussion on the topic of ergonomic office chairs, illustrates a catastrophic lack of category need-to-brand linkage or in other words a complete lack of brand recall, with Labofa's target audience. How to turn this tendency around will be highlighted in section 5.2.3.

The fourth and final communication objective is *brand attitude*, being the understanding a person has in terms of how he or she evaluates a particular brand. In the case of the distributors, this comes to show through their evaluation of the Labofa brand when considering which office chair brands to include in their presentation alternatives. Through an effective brand attitude focused communication objective strategy, Labofa could improve the brand attitude of the distributors and thus, create differentiation between the brand and its competitors. When attempting to influence brand attitude, the approach should be based on the motivation and involvement of the target audience, in situations of sales.

²⁰⁰ Percy & Elliott (2005:89)

Considering motivation, as mentioned in the beginning of this section, perhaps the most important aspect of a good positioning strategy is knowing the essence of the brand's meaning with its target audience. Thus, to ensure that adverts attempting to improve brand attitude are effective, highlight the appropriate attitudes and benefits and use the correct creative execution, the motivation behind the purchase needs to be clear. Advertising strategies aim either *transformationally* at creating a mood (positive motivation) or *informationally* at portraying a solution to a problem or prevention of it (negative motivation).²⁰¹ In the case of the ergonomically focused Labofa office chairs, the purchase is of an informational nature due to the negative motivation of solving a problem or assistance in preventing it in the future – in this case for instance easing the strain on an aching back or attempting to prevent future strain or distress injuries on the body.

In terms of involvement, the level is dependant on whether the target audience perceives any risk in situations of sales. Considering risk, it can be defined as either fiscal or psychological risk.²⁰² Added to that however in this particular product category, must be the risk of physical harm. This is an important notion in the case of ergonomic office chairs as the benefit very likely could be to either correct or prevent strain injuries – and thereby minimise or eliminate physical risks.

When considering the users and decision-makers in businesses the involvement-levels have already been touched upon briefly in the Stakeholder Analysis. To sum up is best done through a Mia Pfeiffer quote where she says:

*“Well, it is [only] a chair we’re talking about! It needs to be comfortable and other things like that, but (...) once it’s there, only very few [employees] care about it, if it functions well.”*²⁰³

This illustrates a playing-down of the involvement levels with both the users and decision-makers in businesses. With the users, even if they have a choice, as for instance is not the case in Nokia Siemens Networks as mentioned earlier, they care little of the chair as long as it possesses a certain set of POPs and works. Considering the teachings from the Brand Exploratory in section 3.2.2, this is underlined further as the quantitative study showed only minute perceptions of product differentiation with users, further highlighting their low involvement levels. Subsequently, the decision-makers see little risk and thus in turn little involvement in the purchase of office chairs,

²⁰¹ Percy & Elliott (2005:148)

²⁰² Percy & Elliott (2005:90)

²⁰³ Interview with Executive Assistant at SBS-TV Mia Pfeiffer, April 28th 2009 (Appendix 2)

due to the perception that as long as the chairs work, it will satisfy the users. Both parties thus are placed in the low involvement / informational quadrant.

The definitive stakeholders – the distributors – which Labofa needs to direct its focus, attention, and marketing communication towards, on the contrary have a high involvement, again due to their social and fiscal risk perception. Firstly, as a salesperson it is naturally not preferable to be prompted by a potential customer about the office chair category and then be unable to respond, due to lack of knowledge. Thus, it can be assumed that the knowledge gathering process of distributors, when it comes to the

		Motivation	
		Informational (Negative)	Transformational (Positive)
Involvement	High	<ul style="list-style-type: none">• Distributors	
	Low	<ul style="list-style-type: none">• Users• Decision-makers	

Table 7: The Rossiter-Percy Grid

differences in the various office chair brands, is of a high involvement. Likewise, this can be supported by the obvious fiscal risks that exist, when a salesperson or consultant is uninvolved in the field in which his or her customers perceive him or her to be a source of expertise and counselling, as was established in the prior Stakeholder Analysis. This amounts to a high involvement / informational brand attitude strategy illustrated in the *Percy-Rossiter Grid* as seen in table 7.

Marketing communication for brands in this quadrant, due to their aim at solving or preventing problems, must first and foremost provide information on how this is done.²⁰⁴ This information can, and must, additionally be presented in larger amounts than with low involvement products, as recipients due to their high involvement in the decision, are both more willing to accept larger shares of information, but perhaps more importantly, need to not only be *aware* of the brand, but also be *convinced* that choosing the Labofa brand over competing ones, provides the least risk.²⁰⁵ To ensure that distributors are convinced in this way, it is thus essential to take into consideration the loyalty structures described earlier. This will be elaborated upon, below in section 5.2.3. The provided information cannot however be endless, as information overload could lead to a rejection of the message and in turn make the execution ineffective in creating brand attitude. This fine

²⁰⁴ Percy & Elliott (2005:154)

²⁰⁵ Percy & Elliott (2005:155)

balance between too little and too much information is illustrated by Percy and Elliott. They describe it as three steps where information provided initially will assist in message acceptance, before reaching a limit where added information will only prompt indifference with recipients, before finally reaching a limit where added information will begin to annoy, frustrate and in turn lead to a rejection.²⁰⁶ The key in this case is thus to know where the *latitude of rejection* begins with distributors beyond the *latitude of indifference*, and not cross that line. Finally, for a high involvement informational brand attitude strategy, it is important to know that the advert itself does not need to be liked as long as the benefits presented in it are convincing the target audience. This is because learning simply is not dependant on liking the advertisement in this quadrant, yet naturally this does not mean Labofa should go out of its way to create a disliked advert, but only that its liking need not be a concern.

5.2. Decision Stages

As briefly mentioned above, the communication objective choice in many ways depends on whom – or rather which role – in the decision-making process is the aim of the communication.²⁰⁷ Thus, when considering how Labofa's future communication strategy must be designed, the decision stages and its participants must be considered. This will commence with the participants in the office chair decision making process being examined, followed by a Behavioural Sequence Model (BSM) which will further structure the processes and finally it will conclude in a Communications Objectives section, based on the findings of the Decision Stage section.

5.2.1. Decision Participants

It is important to be aware that one or more stages in the decision making process might involve more than one individual or group. Thus, based on the

		Target Audience		
		Small business	Medium business	Large business
Decision Role	Initiator	Employees	Employees	Employees
	Influencer	Distributor, Occupational therapist	Distributor	Distributor, Occupational therapist
	Decision-maker	Purchasing responsible	Purchasing responsible	Purchasing department
	User	Employees	Employees	Employees

Table 8: The Decision Participant Grid²⁰⁸

²⁰⁶ Percy & Elliott (2005:156)

²⁰⁷ Percy & Elliott (2005:89)

²⁰⁸ Percy & Elliott (2005:92)

qualitative interviews with the small, medium and large business, the decision roles of participants is illustrated in *The Decision Participant Grid* (DPG) in table 8. As already established, and here once again confirmed, the distributors – in all three sized businesses – plays a major role as an influencer the brand selection, and should thus, be targeted with Labofa's marketing communication.

5.2.2. Behavioural Sequence Model (BSM)

The formulation of the decision stages in the BSM below, like in the DPG above, is based on the results from the qualitative interviews with the small, medium and large business. With them determined, again based on the interviews, it must be analysed how the roles of the decision participants from the DPG above, relate to the decision process itself. In other words, *where* the individuals or groups behind the decision roles go through the different stages, along with *when* and *how* this occurs. The BSM for Labofa is filled out below in table 9.

	Decision Stages				
	Need Arousal	Information Search	Distributor consideration and decision	Brand consideration and decision	Use / Evaluation
Decision Roles (Who)	Employees	Purchasing responsible or department, sometimes in correlation with a small group, under heavy influence from distributors and occupational therapists that are utilised as experts	Purchasing responsible, Purchasing department	Purchasing responsible, based almost only on the recommendation / presentation made by distributors, as long as it lives up to the POPs – which almost all chairs are perceived to do.	Purchasing responsible, Employees, Occupational therapists, Distributors
Location (Where)	In the businesses	In the businesses, at fairs or at a distributor showroom	In the businesses, at fairs or at a distributor showroom	In the businesses or at a distributor showroom	In the businesses
Timing (When)	Mostly on a running ongoing basis, yet when larger quantities are bought, budgeting season can play a role.	Straight after the need occurs, although less likely to happen during busy seasons like Christmas and autumn.	A few months after need arousal or after the distributor bidding rounds have ended.	Can occur straight away when chair is presented. Either in distributor showroom or in the business itself if the chairs are presented there. In distributor bidding rounds the brand selection occurs simultaneously with the distributor selection.	On a running ongoing basis post-purchase, but also in some cases prior to the purchase as a test-vehicle to try-out certain chairs before, making the purchase decision.

Process (How)	If employees discover they need a new office chair they contact the purchasing responsible or department from work, via e-mail, in person or on a website created for the purpose.	Purchase responsible either perform the information search alone using remote resources and / or goes to fairs or directly to distributors for expert input. In some cases, distributors visit the businesses to assist in the information search process and / or present products.	Rebates and low prices are a heavy influence here. After bidding rounds based on a criteria set, the distributor that can provide the best rebates, service etc. is chosen	The brand if ever, is very rarely a factor for the purchasing responsible / department, as long as the chairs fulfil a set of criteria. Most often the distributor bids in with a few – sometimes just one or two – chairs (the presentation alternatives) and in most cases the brand choice is made at that point, from that scarce selection.	The purchasing responsible rarely hear anything if the evaluation is positive but only if there is something wrong with the new chair. In some cases the occupational therapist will enquire with employees whether they feel satisfied with their new chair.
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Table 9: The Behavioural Sequence Model²⁰⁹ for Labofa

5.2.3. Communication Objectives

As explained above the two communications objectives Labofa needs to aim at achieving in its marketing communication are creating brand awareness and creating brand attitude. To sum up the reasons briefly, the brand awareness needs to be an objective to have distributors remember the Labofa brand as an option when selecting the brands to include in their presentation alternatives. Likewise, the brand attitude needs to be an objective to make the distributors actually do so, through persuading them to gain strong, favourable and unique brand associations, which differentiates the Labofa brand from its competitors.

The first objective – brand awareness – can be described as the strength of the link between the category need and the brand. The distinction here goes between whether the communication has *brand recognition* or *recall* as a goal. In other words, whether the brand must remind the distributor of the category (recognition) or whether the category must remind the distributor of the brand (recall). As seen in the BSM above, both the information search and later the brand choice is made under heavy influence by the recommendations and perceived expert status of the distributors. This additionally confirms the earlier conclusions that whether distributors include Labofa in their presentation alternatives or not, could prove the difference maker in achieving sales at all. Thus the first key to success with Labofa's definitive stakeholders – the distributors – is ensuring the awareness of the brand in the situation where the presentation alternatives are selected. In other words, when prompted with the demand for an ergonomic office chair (the category need) by a

²⁰⁹ Percy & Elliott (2005:95)

potential customer, the distributor must immediately *recall* the Labofa brand, from his or her top-of-mind unaided awareness.

The results verifying this from the BSM model above is moreover confirmed, as recall brand awareness is almost, always the type of awareness operating for any business-to-business purchase decision.²¹⁰ To implement a successful brand recall strategy it is essential that the marketing communication clearly links the brand to the category need, in that order,²¹¹ so that when the need occurs, or in this case the distributors are prompted with the ergonomic office chair demand, the Labofa brand will come to mind. This association should be repeated as often as possible to achieve as high a frequency, and in turn as high a brand recall, as possible. In other words, the marketing communication should repeat the brand name as frequent, linked with the category need, as is feasible.²¹²

The second objective – brand attitude – can be described as the strength of link between the benefit of the brand and the brand itself. In other words, the benefit – being the foundation of brand attitude²¹³ – is what eventually will differentiate the Labofa brand from its competitors in the minds of consumers, or in this case the distributors. Earlier in section 5.1, it was established that favourable brand loyals, other-brand loyals and new category users hardly exist among distributors limiting the Labofa source of business potential to the favourable brand and other-brand switching distributors.

This naturally allows Labofa to specify its marketing communication to be exceedingly precise and targeted, yet different variations need still be implemented towards distributors with different attitudes towards the brand. The brand attitude objective towards the favourable brand switching distributors who include Labofa in their presentation alternatives together with typically one other competing brand, need to focus on *maintaining* this advantage. The aim of the brand attitude strategy is to make distributors include Labofa in their presentation alternatives, so unsurprisingly if they already do this that needs not to change but to be maintained. Oppositely, towards the other-brand switchers, who does not include Labofa in their presentation alternatives but typically present two competitor brands, the focus of the brand attitude strategy needs to be on *increasing* the brand attitude with the distributors. This objective is best achieved if the target audience already has moderately favourable brand attitude towards a given brand or has had so, in the past.²¹⁴ Thus,

²¹⁰ Percy & Elliott (2005:139)

²¹¹ Percy & Elliott (2005:139)

²¹² Percy & Elliott (2005:139)

²¹³ Percy & Elliott (2005:121-124)

²¹⁴ Percy & Elliott (2005:141)

towards this group of distributors, that could be personified in Jan Heitmann, the hidden or forgotten favourable attitude, which may still reside deep down, needs to be increased for them to once more consider Labofa as one of their presentation alternatives. In many cases a lot apparently is not needed, as Labofa with its position as market leader no longer than 10 years ago, were the favourite brand of many distributors, as Jan Heitmann explains:

“Labofa is not my number one choice (...), or my number two choice for that matter. But it could become that if they (the company) were a little bit more [focused], because it has been [my number one choice] previously.”²¹⁵

Finally, it must be mentioned that this brand attitude strategy can prove useless if a third task is not addressed. As explained under Distributors in the Stakeholder Analysis in section 4.1.3, a perception amongst distributors could exist, of Labofa failing to forward all potential sales to its distributors, as the company has agreed to do, but instead collect a few of them themselves and in that process in some cases end up competing with its own collaboration partners. As mentioned as well, this perception could very well be imagined to turn distributors towards other brands in their presentation alternatives and in turn undermine any marketing communication effort Labofa might produce. Whether justified or not, a perception like that could produce negative associations with the distributors about the Labofa brand, which as negative associations do,²¹⁶ could likely overshadow potential positive attitudes awoken through prospective marketing communication. In other words, if the negative link between the brand and the reason why distributors select the brand for their presentation alternatives is not removed, regardless of what Labofa's marketing communication might say about the brand, the distributors will still be likely to reject this as their negative perception overrules it.

Consequently, before any marketing communication can be effectively conducted, this perception needs to be killed. If true, the distributors need to be contacted individually and personally by a significant Labofa executive with a severe and sincere apology, the reassurance that it will never happen again and an underlining of the appreciation the company has for that unique distributor. If untrue, the negative rumours needs to be addressed and distributors need to be guaranteed that their perception is nothing but a reflection of rumours and have no hold in reality.

²¹⁵ Interview with Interior Arrangement Consultant and Salesperson in Sapa, Jan Heitmann, April 30th 2009 (Appendix 5)

²¹⁶ Percy & Elliott (2005:142)

Likewise, this needs to be accompanied by an underlining of Labofa's appreciation for the distributor. Then and only then, can a plausible attempt at building positive brand attitude, be conducted.

5.3. Analysis of Labofa's Marketing Communication

Below, an advert representing the latest advertisement campaign²¹⁷ from Labofa will be analysed. It stems from a current campaign, which Labofa runs both in print and in online advertising at present. It has been printed as a folder, which was forwarded as direct mail to 5,000 companies, had four front-page exposures on the national newspaper Jyllands-Posten Erhverv, and finally it was exposed as a banner advert on the website of another national newspaper, Børsen, for six weeks, creating 750,000 opportunities to see.

5.3.1. The Advert

The Labofa ad pictures two office chairs from different angles, one being the EGO chair and the other its subsequent step in the Labofa office chair evolutionary chain, the EGO Nordic.



Labofa gør en indsats for at reducere CO₂-udslippet

EGO EGO NORDIC

3 GODE GRUNDE TIL ET STOLESKIFT

Køb den ultimative kontorstol, SPAR 1.500,- kr. og gør samtidig miljøet en tjeneste...

Arbejds miljøet
EGO-stolene er udviklet til at give det bedst mulige arbejdsmiljø i kraft af deres fantastiske ergonomiske komfort. Alle modeller kan reguleres i sædehøjde, sædedybde, ryghøjde og rygvinkel, og dertil kommer det geniale Multi Action System™ på EGO stolene, som giver en åben og aktiv siddestilling.

Rabatten
I kampagneperioden giver vi en rabat, der virkelig kan mærkes på pengepungen. Når du køber en ny EGO Standard, Action/Multi Action eller Nordic, giver vi kr. 1.500 for din gamle Ego-stol.

Naturen
Som en miljøbevidst virksomhed er vi bekymrede over den voksende globale opvarmning, som følge af et stadigt større CO₂-udslip. Nu gør vi en aktiv indsats for at begrænse dette ved at sende alle de gamle EGO-stole til genanvendelse. Faktisk kan op til 99% af stolene omdannes til nye komponenter.

Picture 8: The most recent Labofa advert representing the current campaign

²¹⁷ Seen in full size in Appendix 8

The attention is immediately drawn to the large block of text, which in an oversized font says:

*“3 good reasons
for a change of chairs”*

Likewise, above the chairs on the first page, a line of medium-sized text reads:

“Labofa makes an effort to reduce the CO₂-emmission”

At the bottom of the page, below the large block of text, a promotional message prompts the audience to act straight away and:

*“Buy the ultimate office chair,
SAVE DKK 1,500 and simultaneously do the environment a favour...”*

Finally on the second page of the ad, three columns of text, structured under the headlines *Work Environment*, *The Rebate* and *The Nature*, respectively reads in small print:

*“The EGO-chairs are developed to provide the
best possible work environment, due to their
fantastic ergonomic comfort.
all models can be regulated in seat
height, depth, back height and
angle and added to that is the genius
Multi Action SystemTM on the EGO chairs,
which provides an open and active seating position.”*

*“In the campaign period we provide a rebate,
which can be felt in
the pocket.*

*When you buy a new EGO Standard,
Action/Multi Action or Nordic, we
donate DKK 1,500 for your old Ego-chair.”*

*“As an environmentally conscious business, we are
worried about the increasing global*

*warming, resulting from still
rising CO₂-emissions. Now we
put in an active effort to limit this by
sending all old EGO-chairs through
recycling. As a matter of fact towards 99%
of the chairs will be recycled into new components.”*

5.3.2. Target Audience

As discovered in the Stakeholder Analysis, Labofa's definitive stakeholders and thus its target audience are the distributors. Although the execution itself does not dissociate the advert with its required target audience, the vehicles in which it has been brought do. It must be assumed that the aim of choosing national newspapers, both in print and online has been to reach users and/or decision-makers and through that in turn stimulate a pull-effect for the Labofa brand by what above has already been established to be incorrect target audiences. Furthermore, it can safely be assumed that this exact objective has been the aim with the direct mailing of the 5,000 campaign folders to the decision-makers in businesses. Such a pull-effect however, does not exist as the project has already established and proven, and thus unsurprisingly, an attempt of such stimulation, proves inefficient at best and could very well be valuable marketing budget resources completely wasted.

5.3.3. Positioning Strategy

The most important aspect, when positioning a brand in ads, is that the links from the category need and product benefit towards the brand itself are obvious to the target audience.²¹⁸ In Labofa's case, the category need is ergonomic office chairs and the core benefit, as established in section 3.2.1.1.1, superior ergonomic correctness compared to its competitors.

Regarding the link from the category need to the brand, in this case aiming at creating the unaided recall awareness, which for Labofa is essential as explained earlier, the advert initially could be perceived as performing well with respect to pictures. The pictures, being aesthetic, simple and well-designed, naturally turn thoughts towards office chairs, which is positive, but does little to lead the attention to *ergonomic* office chairs, which as established is not only important to do, but must be done frequently to stimulate the unaided distributor brand recall, when prompted with the

²¹⁸ Percy & Elliott (2005:120)

product category. This leads to how the category-linking is promoted using words in the advert. Only in the small text box under the Work Environment headline does it say anything about ergonomics and considering the importance of the category linkage, this is just not noticeable and obvious enough.

Regarding linking the benefit to the brand, the ad proves equally obscure. Of course, it is not impossible to find Labofa's core benefit of ergonomic correctness in the ad. Considering however, that the average time spent looking at a two-coloured newspaper ad like Labofa's is 1.5 seconds, of which 70% will be spent looking at the pictures,²¹⁹ having the core benefit listed in small prints under one of three separate headlines, simply will not prove enough to provide an otherwise potentially interested target audience, with the brand benefit.

Concerning the benefit focus, ads in the informational side of the Rossiter-Percy Grid should either emphasise a claim without support (**c**), an attribute that supports a claim (**a**→**c**) or emotions related to problems identified by a claim (**e**→**c**).²²⁰ They need to ensure the execution elicits an emotional response that associates the problem with some level of fear or anxiety, followed by a sense of relief as the brand provides the solution.²²¹ This ad however, seems to do neither. Both in the top and bottom headline the text reads "*Labofa makes an effort...*" and "*...the ultimate office chair...*" This, rather than listing a problem and a solution, focuses on the emotional consequence of using the brand, exemplified in subjective claims leading to positive emotions (**c**→**e**⁺). This benefit focus however is one of the two options existing when the brand is transformational and not informational, the other being the emotional consequence alone (**e**⁺).²²²

Although not nearly the core benefit of the brand, it needs to be said, that the benefit of being recyclable is actually executed well. An informational benefit as well, as it focuses on preventing a future problem – in this case global warming – with a benefit focus where an objective attribute, being that 99% of the chair is recyclable, supports a subjective claim, in this case that "*Labofa makes an effort to reduce the CO₂-emission*"

To sum up, the ad for Labofa, although aesthetic, simple and well-designed, with a decent execution of showing an augmented product benefit, still has noteworthy positioning issues. These come to show particularly when it comes to the vastly important links from the category need and brand benefit, to the brand itself.

²¹⁹ Percy & Elliott (2005:215)

²²⁰ Percy & Elliott (2005:126)

²²¹ Percy & Elliott (2005:233)

²²² Percy & Elliott (2005:126)

5.3.4. Communication Objective

As explained in section 5.2.3 above, the communication objectives for Labofa's marketing communication needs to be creating brand awareness, or more precisely unaided recall awareness, and brand attitude, with its target audience, distributors. How the Labofa advert performs in doing so, is analysed below.

5.3.4.1. Brand Awareness Strategy

As discussed earlier a prerequisite of obtaining brand recall with a given target audience is linking the category need to the brand at a high frequency rate, so that when the need occurs the brand will come to mind.²²³ Again, for the reasons already stated in the previous section above, the Labofa ad performs poorly in this area. Likewise, when attempting to elicit awareness – which is *always* a communication objective as other objectives naturally cannot be reached without the target audience being aware of the brand²²⁴ – whether it be recognition or recall, the brand name should always be clearly communicated.²²⁵ In the advert, the Labofa name is mentioned only once, in the medium sized top phrase, which other things being equal must be assumed to be noticed only after the large block of text, if noticed at all. Furthermore when finally communicated, the brand name is not illustrated in its normal italic font (as pictured in the page header). Inconsistencies like this, however small, work against the Labofa brand awareness creation and seemingly has no rational purpose and should thus, naturally be modified to turned in line with the consistency of the remaining brand.

In other words, the ad, with very few modifications could perform a lot better in its brand awareness creation.

5.3.4.2. Brand Attitude Strategy

The Labofa advert, as mentioned earlier does not list a problem and a solution as ads are supposed to, on the informational side of the Rossiter-Percy grid, and as a consequence the information provided in it is not specifically directed at problem solving. However, the advert does in fact provide information on the ergonomic benefits of the EGO chairs under the Work Environment

²²³ Percy & Elliott (2005:139)

²²⁴ Percy & Elliott (2005:133)

²²⁵ Percy & Elliott (2005:184)

headline. Additionally, the fact that this is written in small prints and the audience is forced to put in an additional effort in obtaining this information does not matter, due to the high-involvement nature of the target audience. On the other hand, a principle in high-involvement informational product decisions, for the reasons stated in section 5.2.3, is that the target audience needs to be convinced of the brand benefit, which is hardly done in the eight lines and 46 words of fine print. If however, contrary to the expectation, the eight lines does convince the distributors that when it comes to ergonomic correctness none of the competitors challenge Labofa, the advert performs well in limiting the information to acceptable levels – or in other words, keep it between the *latitude of rejection* and the *latitude of acceptance*.

Finally, the use of sales promotion, like the opportunity to save DKK 1,500 if turning in an old EGO chair, needs to be used in adverts with extreme caution. With this, is not said that they should not be used, just that there need to be a strategic decision and not just the option to do so, behind the choice. The reason is that if used incorrectly, sales promotion, although attractive due to its short-term revenue-lifting ability, can diminish a brand's equity with its customers, which long-term advertising has spent decades building up. Sales promotion, naturally publicising low prices and bargains as awards for swift action, if used carelessly can diminish for instance the price premium aspect of the brand, which is a key performance indicator of high brand equity or in other words the value of the brand. Therefore, if Labofa has chosen to include the sales promotion message in the ad with an actual strategic intent, the surrounding brand equity building objects and messages simply need to be stronger and more persuasive. If that is not achieved all the sales promotion message does is elicit a perception of discount and in turn could diminish the brand in the minds of the audience viewing the ad, which is directly opposed to the company's stated aim of becoming market leader once more through a revitalisation of its brand.

Summing up, besides from underlining the importance of utilising sales promotions for the right reasons, the section just builds on the conclusion made already regarding the unfocused brand benefit spotlight of the advert, adding to its positioning difficulties and difficulties in linking the brand benefit to the brand itself.

5.3.5. Creative Tactics

With high involvement decisions, obtaining the communication objectives brand awareness and attitude relies on first getting the attention of the target audience and subsequently making it learn enough for it to be convinced, through acceptance of the message. With the brand attention strategy,

eliciting emotions also have importance, but as the project has already discussed in section 5.2.3 due to the negatively motivated nature of ergonomic office chairs, eliciting ad-liking and positive emotions as a response to the ad is not necessary, as long as the message is accepted as true. This will thus not be focused on here.

In print media, the key to gaining this crucial attention lies with the use of words and pictures.²²⁶ Using unexpected or infrequently used letters and word will often get the attention of consumers, as will keeping headlines to fewer than seven or eight words.²²⁷

The Labofa advert when considering the first of the two creative tactics – unexpected or infrequently used letter and words – the ad performs poorly. No words in the large block of text are anything but frequently used ordinary words. In fact the only slightly uncommon words in the entire ad are the words “CO₂” and “ultimate”, located in the medium-sized texts placed at the top and bottom of the page, and you can even argue that at least CO₂ with the accelerating climate debate, has become a layperson’s term.

In the second of the two creative tactics – keeping headlines to fewer than seven or eight words – the ad however, performs very well. The large block of text contains six words and perhaps more importantly can be read as a *chunk*. In other words, there is no need to read the text word-for-word, which results in meaning-transfer, even if the target audience only glances at the ad. As mentioned above the average time spent looking at an advert like the Labofa ad is only 1.5 seconds, of which 70% is devoted to the pictures. This effectively leaves 45 hundredths of a second²²⁸ to process the text in the ad and gain attention, so the high-involvement nature of the informational product category can kick in. This really underlines the importance in the ability to serve text readable as a chunk opposing reading it word-for-word, and in turn helps the Labofa ad grab attention.

This leads to what pictures do for attention. Here the primary attention-grabber is the use of colour. Four-colour ads are superior to two-colour ads, which again draws more attention than black-and-white ads.²²⁹ This fact thus, works against the very little colourful Labofa ad.

When attention is obtained, and only then, words and pictures can promote learning as well. Ironically, as words and letters needed to be infrequent and uncommon to grab attention, they need to be common and familiar in order to help learning.

²²⁶ Percy & Elliott (2005:213)

²²⁷ Percy & Elliott (2005:213)

²²⁸ 1.5 second (150 hundredths) – 70% which is devoted to pictures = the remaining 30% or 45 hundredths of a second

²²⁹ Percy & Elliott (2005:216)

Here the Labofa ad performs extremely well, both on the first and second page. Under the Work Environment headline, although as mentioned not consisting of sufficient amounts of information to convince the target audience, the message explaining ergonomics, hardly uses any professional terms that could potentially be difficult to understand. Leaving out terms like that and instead opting for layperson terms, brings the message down to earth and facilitates learning, which the quantitative study's question 11 proved was very diversely defined, depending on the respondent.²³⁰ This positive performance and ability is something Labofa needs to transfer to the next generation of marketing communication. The only problem in the advert in regards to learning from the text, could be the dominating non-use of high-imagery words or put differently, concrete words that refer to objects, people, places or things that can be experienced by the senses, as they will immediately produce images in the mind of the audience.²³¹ This results in less mind interaction and thus learning, when the advert is being processed.

The pictures used in ads can also facilitate learning about the brand, for instance by showing the product being used by or with the user. While this is not a creative tactic used in the Labofa ad, other creative tactics are utilised. Whether consumers feel as participants or observers while processing the ad influences their likelihood of learning as well. For positively motivated products, the ads should draw the consumer in to be part of the feeling it elicits, while for negatively motivated products, such as ergonomic office chairs, an outside observer position allows the target audience to reflect objectively over the information provided and in turn consider the brand.²³² Labofa creates this observer role in its ad to high standards.

One unrelated thing needs to be mentioned additionally, although not a weakness of the Labofa ad in a theoretical nature. On the second page of the ad, there is no consistency in the typing of "EGO-chairs". In the small text under the Work Environment headline, at first it is written with a hyphen as above. Six lines below, it is written without one as such: "EGO chairs". In the small text under the Rebate headline as first, it is again written without a hyphen, indicating that perhaps first time – where it was written with a hyphen – was an isolated mistake. Two lines beneath however, it is written not only with a hyphen again, but now with lower case letters, unlike the three previous times the word has been used, reading: "Ego-chairs". Finally, in the last of the three small texts, under the Nature headline, the way of writing goes back to the original capital-lettered hyphenated

²³⁰ Questionnaire distributed to 17 companies receiving 500 responses, distributed on May 4th and closed on May 11th 2009 (Appendix 6)

²³¹ Percy & Elliott (2005:218)

²³² Percy & Elliott (2005:222)

method, to complete the inconsistency. Distributing clearly slovenly work to whoever is supposed to create the company's business or boost its sales is simply inexcusable when sacrificing scarce resources on expensive marketing communication. It may or may not have an effect on the target audience, but finding out through inarguable sloppiness, is as risky as it is unnecessary.

Summing up on Labofa's creative tactics the advert performs poorly when it comes to grabbing attention on the areas of its little colourful display and lack of infrequently used words and letters, but performs well on the areas of keeping headlines readable as a chunk. Whether enough to grab attention so that the facilitation of learning can commence is however dubious and improvements could be made. In the situations where attention is grabbed and learning begun, aside from the obvious need for improvement on the sloppiness, the Labofa ad performs very well. Otherwise complex terminology is taught in layperson expressions to assist learning, together with the advert eliciting an observer role towards the ad. These are aspects that should be transferred to the next generation of Labofa ads.

5.3.6. Resonance

Resonance is determined by whether the people in a target audience through their attentional response, realise that a given ad is talking to them about something with which they are concerned.²³³ As the link between the Labofa brand and the product category stands out as weak as it is in its current form, as determined in section 5.3.4.1, it effectively means that the target audience might never realise, it in fact, is the target audience, when initial attention is paid to the ad. As established above, if no attention is paid the learning and thus in turn the brand attitude creation, cannot commence. In the case of the Labofa ad, whether the people in the target audience realise that the Labofa ad tries to communicate a benefit with which they are concerned is the same problem. This is due to the less than stellar brand benefit link to the brand itself, and the wrong positioning of the ad. In all, a poor resonance exists, with substantial room for improvement.

5.4. Next Generation

The next generation of Labofa adverts should first and foremost be directed at the correct target audience. Where past marketing communication from Labofa has been directed at either consumers

²³³ Percy & Elliott (2005:213)

or decision-makers to create pull, this project has proved that doing so is inefficient at best and most likely an impossibility in today's market. Thus, the focus of future marketing communication should be the company's definitive stakeholders, the distributors, which should shine through the execution of the ads themselves as well as the vehicles used to reach the distributors.

In future marketing communication, regardless of execution, Labofa needs to heavily improve the links between the brand itself and the category need and benefit respectively. In the company's existing ads the brand is simply neither connected enough to the ergonomic core benefit of the product, nor to the category need of ergonomic office chairs. Accordingly, no awareness or attitude of the brand is elicited with the target audience, which naturally needs to be changed. Firstly, future ads must therefore, through high frequency showing of the Labofa brand in connection with the category of ergonomic office chairs, promote brand recall with distributors. Secondly, through large amounts of persuasive information about the brand's core benefit, the ads must create strong, favourable and unique brand associations with the distributors. The latter should furthermore be done through eliciting the correct benefit focus, which Labofa has failed to do in previous marketing communication, where the focus has been on eliciting positive emotions instead of the problem solving associations it has to, due to its informational and not transformational nature, as discussed above in section 5.3.3. In other words, future ads should not focus on for instance humour or happy feelings, as all that will do is muffle the message that is most important in the purchase situation – the benefit that solves or prevents the problem that worries the target audience. The focus should thus, instead be on the POD of the Labofa office chairs being the ergonomic excellence. Effectively, this should be done through one of three ways:

- 1) Emphasising the ergonomic superiority alone (**c**)
- 2) Highlighting an objective attribute, for instance the EGO chair's ergonomic ability to adjust and/or set the seat and back independently of each other, and thus support the claim of the chair's ergonomic superiority (**a→c**).
- 3) Illustrate a negative emotion related to the problem, which can be corrected by the ergonomic correctness of the EGO chair. This could for instance be demonstrated by showing a worker in a company in pain due to his or her poor quality chair, and then by stressing that the solution to that problem could be the superior ergonomic correctness of the EGO chair (**e⁻→c**).

In the previous marketing communication, Labofa has proved poor at grabbing the attention of the target audience. The text used for doing so in Labofa's future marketing communication, should

contain infrequently used letters and words and should be readable as a chunk, whilst the pictures used to gain attention should be large and colourful. Once attention is grabbed, Labofa should continue to do what has been done previously, where difficult terminology was explained in an easy manner, using familiar words in simple sentences.

These corrections to the existing marketing communication should effectively be implemented in a creative execution, which would raise brand recall with distributors, whilst simultaneously building their Labofa brand attitude. This could for instance be done through the example shown in picture 9,²³⁴ directed at the distributors in their own showrooms.



Picture 9: An example of what could be Labofa's next generation of marketing communication

Placing ergonomically focused marketing communication in the showrooms of selected distributors would create the needed frequency to facilitate the recall awareness along with constantly associating the Labofa brand with its core benefit – ergonomics.

The execution could for example on one side present the crown piece of the Labofa product portfolio, the EGO Nordic office chair. All corresponding information about the chair could be listed on one side and thus promote the brand benefit and in turn improve the brand attitude with distributors. Additionally a brand mantra, which in three to five words articulates the heart and soul

²³⁴ Seen in full size in Appendix 9

of the brand,²³⁵ could be placed here as well. Build up by a *brand function* describing the nature of the product, a *descriptive modifier* clarifying that nature and an *emotional modifier* providing a final emotive portrayal, the brand mantra if used consistently, could in future marketing communication provide a strong guideline for the target audience in linking the brand benefit to the Labofa brand. The brand mantra could be in the lines of “**Individual** (emotional) **Ergonomic** (descriptive) **Seating Solutions** (function)” and could be placed under the brand name on the benefit side of the stand, in the showrooms. In that way it would not only complete the consistent look and feel, emphasise the brand’s core benefit and reflect Labofa’s most important POD, it would also directly communicate Labofa’s organisational identity, streamlining a mismatch, which the potential continuation of, in section 3.2.2.4, was found to be the company’s biggest marketing communication threat.

On the other side, a list of the official requirements for office chairs to pass as ergonomic, could be presented together with the ability of the EGO Nordic to pass all of them, and thus constantly link the Labofa brand to the category on a recall basis. A device located in the showrooms would also motivate interaction from the distributors as much of the information provided would be information requested by potential customers as well. It would thus be obvious for distributors to satisfy customer demands for ergonomic expert advice, using Labofa’s stand although originally directed at them. The list containing these requirements could additionally be utilised by distributors in explaining the concept of ergonomics, considered elusive and difficult to grasp by office chair users as explained in section 3.2.2.3 Question 13, in tangible layperson phases. In this way the marketing effort would thus not only work as marketing communication with the stated communications objectives, but also as a tangible tool functioning as assistance and help for distributors, which they can use, and benefit from in their sales work.

5.5. Knowledge Summary

The Strategic and Creative Considerations section sought to examine what Labofa could optimise in its current marketing communication and how future marketing communications strategically should be designed in order to build brand equity henceforth. In other words, the section sought to build a strategic advertisement template for Labofa to use in all future marketing communication, and in that way end the randomness, that has cost the company millions in wasted marketing

²³⁵ Keller (2008:122)

budgets, in the past.

In this regard, the main aspect Labofa needs to optimise in its marketing communication is its communication objective strategy and the link of this, to the Labofa brand. Firstly, the company's communication must elicit brand recall with its target audience the distributors. At the current time, the analysis discovered a massive lack of category need-to-brand linkage, which had caused the interviewed distributor to forget the brand. For distributors to consider Labofa for their presentation alternatives, they naturally need to be aware of the brand first and marketing communication with a brand recall communication objective, would assist in achieving that. Secondly, once awareness is achieved the other-brand switching distributors need to be convinced enough, through marketing communication with a brand attitude communication objective, to include Labofa in their presentation alternatives, whilst the favourable brand switching distributors have their brand attitudes maintained.

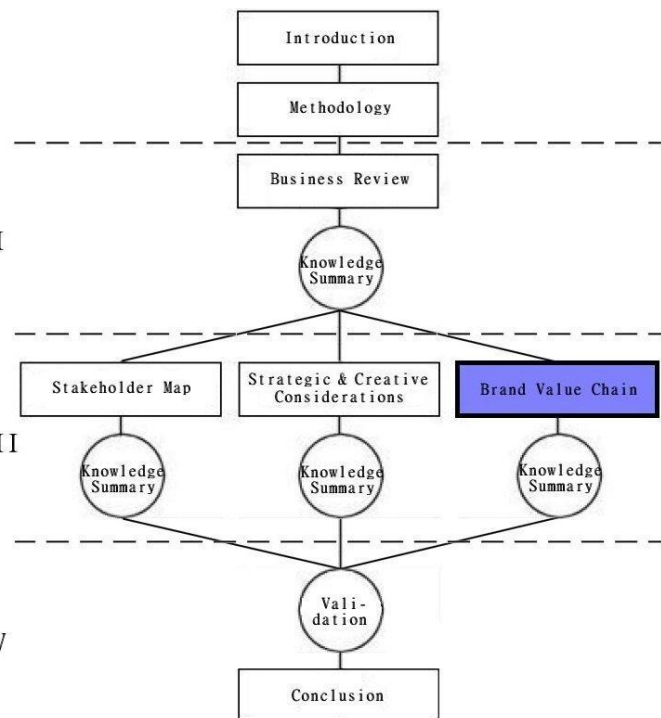
With that said it was discovered that a potentially crucial perception existed amongst distributors, that Labofa when it came to certain deals with businesses closed the sales itself, instead of forwarding it to distributors as the company has agreed to. Whether true or not, a perception like this could completely undermine a strategically well thought through campaign and thus needs to be addressed immediately. Then, and only then, can Labofa consider plausibly running effective marketing communication towards the distributors.

Overall, both the brand's link to the category need and the brand benefit, need to be improved heavily, using the strategies listed in the section. In short, to achieve the recall objective, the brand needs to continuously and at a high frequency be associated with the category need, so that when distributors are prompted with the category, their top of mind answer will be Labofa. Likewise, to achieve the brand attitude objective marketing communication needs to present sufficient information to convince distributors of the ergonomic benefits of the brand, yet limit the information levels preventing information overload and in turn a possible rejection of the message. Accordingly, future advertising should be of a kind, which will both elicit the required recall and promote the correct brand benefit with distributors.

How to sustain the brand equity that will be gained from a strategic modification of Labofa's advertising will be explained in the following section, of the Brand Value Chain.

6. Brand Value Chain

The *Brand Value Chain* is utilised in order to secure a simple, yet, effective way in which Labofa's executives might measure and sustain its brand equity in the future. The Brand Value Chain section will be divided into seven sub-sections, which primarily constitute the four Value Stages *Marketing Programme Investment*, *Customer Mind-Set*, *Market Performance*, and *Shareholder Value*. Additionally, three Multipliers of *Programme Quality*, *Marketplace Conditions*, and *Investor Sentiment*



will be included signifying to what extent the value created transfers or multiplies to the next stage.²³⁶ The Brand Value Chain is a structured approach to assessing the sources and outcomes of brand equity²³⁷ and thus it can provide Labofa with specific key performance indicators that the company must monitor and measure in order to ensure that the difficulties in the past will not repeat themselves in the future. In other words, staying with the continuation of business as usual, in Einstein's terminology would be insane, as he expresses it:

*"The definition of insanity is doing the same thing over and over again and expecting different results."*²³⁸

The purpose of the Brand Value Chain is exactly that – to prevent the inconsistencies in IMC and marketing budget cuts, of the past, from happening again.

It is impossible to predict the future but using the Brand Value Chain and following the value creation throughout the Value Stages, will provide Labofa with significant indication on the extent

²³⁶ Keller (2008:318)

²³⁷ Keller (2008:317)

²³⁸ Albert Einstein, <http://www.quotationspage.com/quote/26032.html> July 14th 2009

of potential return on investments. In other words, the Brand Value Chain teaches that to create value and in turn increase

revenue and income, a prerequisite is marketing programme investments.

The section will be concluded with a CEO checklist that will assist Labofa in sustaining its brand equity in the future.

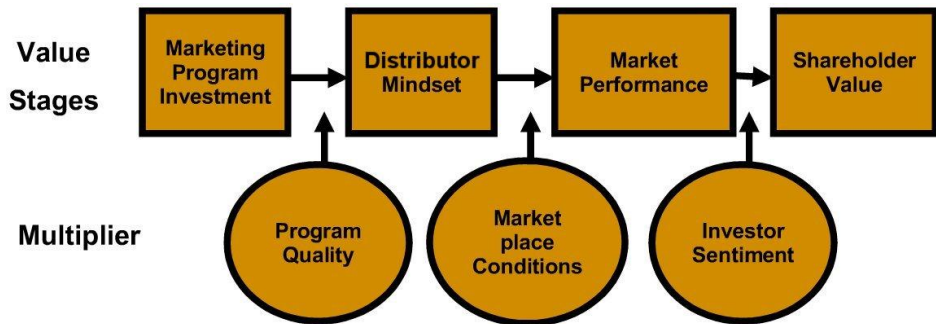


Figure 24: The Brand Value Chain

6.1. Marketing Programme Investment

In section 3.2.1.4.1 it was established that Labofa fails to be consistent around the company's marketing budget. It is important that this tendency is quickly brought to an end so the marketing budget can be managed as an integral part of the business. In other words, there needs to be a correlation between what the company expects to utilise on marketing and what is actually spent. All things being equal, the company has a branding problem why it as a minimum must allocate the budgeted resources the management unanimously has decided upon spending and not downsize it every time Labofa encounters unforeseen difficulties. Marketing is not to be viewed as a luxury a company decides to spend resources on when the management suddenly comes across surplus in the business, but a necessity that runs continuously in correlation to the strategic direction of a company which if implemented correctly, is a solid future investment. Consequently, Labofa's management needs to be consistent, decide upon a realistic budget for example as the 5-10% the company's executives proclaimed to utilise in the first place, and subsequently follow through on this course of action.

To sum up, a big investment does not guarantee success;²³⁹ yet, it is no use setting a direction and instantly after, purposely or not, ignore it, because in order to create value through the Brand Value Chain the marketing programme investment is the first step to achieving that goal.

²³⁹ Keller (2008:318)

6.2. Programme Quality Multiplier

The ability of the marketing programme to affect the Distributor Mind-Set will depend on its quality.²⁴⁰ Consequently, *Clarity*, *Relevance*, *Distinctiveness*, and *Consistency*²⁴¹ must be present in Labofa's campaigns in order to elicit not only the best response, but the correct one. In Labofa's previous marketing communication it was established in the internal SW-analysis that the company has an incoherent and seemingly random and inconsistent marketing communication form directed towards an incorrect target audience, as uncovered in the Stakeholder Analysis. Accordingly, Labofa needs to monitor whether the distributors understand the marketing it portrays, if it is meaningful to them, how creative, unique and differentiating it is, and finally if the marketing is consistent over time.

To sum up, Labofa could track these features by designing a questionnaire based on a conducted marketing communications campaign and collect the answers directly from its target audience; the distributors.

6.3. Distributor Mind-Set

Labofa needs to examine and track how far up the CBBE-Pyramid the distributors reach and thereby which mind-set they display. According to Keller, *awareness* supports *associations*, which drive *attitudes* that lead to *attachment* and in turn *activity*.²⁴² Basically what should be established is how many distributors recall the Labofa brand, what they perceive to be the brand benefits, the overall quality evaluations they hold for the brand, the extent to which the distributors feel loyalty towards the brand, and finally if the distributors include Labofa in their presentation alternatives to potential customers. Obviously, the further Labofa is capable of moving distributors up this hierarchy the better; the overall goal being their inclusion of Labofa as one of the presentation alternatives, eliciting activity on their behalf. It is important, to note the ease with which this can be quantified and the benefits it brings. The measurability from a quantitative questionnaire is obvious as Labofa firstly can determine how many percent recall the Labofa brand, which undoubtedly should be close to 100% when dealing with professionals selling the chairs on a daily basis. Secondly, Labofa can follow the development in percentages throughout the stages and thus detect

²⁴⁰ Keller (2008:318)

²⁴¹ Keller (2008:318-319)

²⁴² Keller (2008:319)

any anomalies in the way they appear. In other words, if there is a significant leap from for instance distributors with positive brand attitudes towards the Labofa brand, to the attachment they display, Labofa's management would fairly easily be able to locate the problem and more importantly be able to discover where well-founded actions aimed at eradicating the obstacle, should be utilised. Furthermore, an additional benefit would be that Labofa showed an interest in the distributors and indicate that the company is serious and on its way back in the business as a significant and trustworthy collaboration partner as Jan Heitmann explained in section 4.1.3.3 was very important for him.

To sum up, this could be done by distributing questionnaires charting the above-mentioned aspects in percentages, so that development increases and decreases will be discovered and dealt with immediately.

6.4. Market Place Conditions Multiplier

The extent to which value created in the mind of distributors, effect market performance, depends on factors beyond the individual distributor.²⁴³ In other words, if other brands in the category for instance produce spectacular marketing communication, proving highly effective, this is considered out of Labofa's control, yet, the company can still examine to what extent it impacts their relationship with the distributors. Moreover, Labofa could categorise the distributors in terms of favourable brand switchers and other brand switchers as explained in section 5.2.3. The company could simply in the day to day business, perform market scans,²⁴⁴ meaning simple conversations with distributors where the company may discover differences in for example who often includes Labofa in their presentation alternatives and who do it more seldom. These data could be implemented in an easily accessible CRM system or perhaps more accurately a DRM system.

To sum up, this collected information about different distributor types will prove valuable when Labofa is contemplating new marketing communication strategies and the monitoring of competing brands' communication gives an indication of factors beyond the company's control.

²⁴³ Keller (2008:320)

²⁴⁴ Keller (2008:324)

6.5. Market Performance

The market performance concerns for instance price premium possibilities and price elasticity. The former is how much extra customers are willing to pay for a given brand²⁴⁵ and the latter to what degree a brand possesses elastic responses to price decreases and inelastic responses to price increases.²⁴⁶ This must be measured in a dialog with the distributors where Labofa can discuss to what extent the distributors believe the customers are willing to pay a price premium for the brands. Again, this could reflect positively back on Labofa because the company will show initiative as for instance Jan Heitmann desires. Additionally, Labofa needs to have a stronger grasp on the market share development through its trade association Danish Furniture. Finally, Labofa should monitor whether or not decision-makers obtain the last attribute urgency because the Stakeholder Mapping theory is characterised as a dynamic strategy where new developments can alter a stakeholder's status.

To sum up, if Labofa started a dialog with its distributors it would not only, receive indications of the mentioned key performance indicators, but also polish its questionable reputation as a business that is not proactive as discussed in the Stakeholder Analysis.

6.6. Investor Sentiment Multiplier

Labofa needs to monitor the overall sales in the industry for growth potential purposes. Consequently, the company will be able to be on top of different prospects for the brand and the industry as a whole in which it operates. In other words, Labofa should monitor, how helpful the facilitating factors are, signifying how inhibiting the hindering external factors that make up Labofa's economic, social, physical, and legal environment are.²⁴⁷

6.7. Shareholder Value

This final stage of the Brand Value Chain is for obvious reasons the easiest to measure. Here stock price, revenue, and profit margins are factors that can be tracked. The benefit of tracking these in connection with the Brand Value Chain is that an increase in all the different Value Stages can be

²⁴⁵ Keller (2008:321)

²⁴⁶ Keller (2008:322)

²⁴⁷ Keller (2008:322)

traced all the way back to the original investment, and thus provide precise and accurate return on investment ratios that can be utilised in estimating the benefit of future marketing investments.

6.8. Tracking Measures through the Brand Value Chain

The Brand Value Chain section will be concluded with a CEO checklist that will assist Labofa in sustaining its brand equity in the future. The CEO checklist is designed to be 100% tangible and applicable to Labofa's operations and the company should examine these key performance indicators at least once every year or in connection with finished campaigns.

In order to track the value creation most efficiently and effectively through the Brand Value Chain and to make marketing research easier, Labofa should divide this into the following manner as explained in more detail in the preceding sections. The Marketing Programme Investment should be monitored according to its marketing plan and budget and the Program Quality Multiplier and Customer Mind-set can be examined utilising both qualitative and quantitative measures. Secondly, Marketplace Conditions and Market Performance should be monitored through market scans and finally Investor Sentiment and Shareholder Value should be scrutinised through investor analysis and interviews²⁴⁸ as described in the sections above. The CEO checklist will describe the key performance indicators, which are most important in connection to Labofa's marketing communication efforts, and how the company should examine them.

6.8.1. CEO Checklist for Measuring and Sustaining Brand Equity

Marketing Programme Investment:

- Make sure the marketing budget is in correlation with the declared marketing budget set by management.

Programme Quality Multiplier:

- Examine how marketing programme is interpreted by distributors.
- Examine whether the marketing programme is meaningful to them.
- Examine whether distributors can differentiate the marketing programme from others.

²⁴⁸ Keller (2008:324)

- Examine internally if the marketing programme is consistent with Labofa's marketing communication in general.

Distributor Mind-Set:

- Examine to what extent distributors recall the Labofa brand in connection with the ergonomic office chair category need.
- Examine which associations the distributors connect with the Labofa brand.
- Examine which distributors generally have positive, neutral or negative brand attitude towards Labofa.
- Examine to what degree the different distributors feel attachment and loyalty towards the Labofa brand.
- Examine which distributors actually include Labofa in their presentation alternatives.

Market Place Conditions Multiplier:

- Examine the impact on distributors from the marketing communication of competing brands.
- Categorise distributors after revenue creation and profitability and mark each one after whether they predominantly include Labofa in their presentation alternatives or not.

Market Performance:

- Examine the degree to which customers are willing to pay price premium for the Labofa brand.
- Examine the connection between lowering and raising price and the corresponding rise or fall in demand for the Labofa brand from its customers.
- Monitor potential changes in the office chair industry market shares.
- Monitor if decision-makers have obtained urgency.

Investor Sentiment Multiplier:

- Monitor the overall sales in the industry for growth potential purposes.

Shareholder Value:

- Monitor stock price, revenues, and profit margins.

6.9. Knowledge Summary

In the Brand Value Chain section, the project sought to provide Labofa with a framework, which would assist in facilitating how the company can measure and sustain its brand equity now and in the future. Labofa must seize to repeat the marketing communication errors of the past as discussed in section 5.3 and commence a strategic focus, making situations impossible where the Labofa executives sit oblivious to whether a DKK 1.6 million campaign generated any return on investment whatsoever, like the situation Jørgen Purup expresses in section 3.2.1.4. As a result, the project has supplied Labofa's management with a framework that will not only help Labofa measure future marketing campaigns, yet also assist in sustaining the created brand equity. The framework provided is a CEO checklist, designed according to the Brand Value Chain, which lists the most important key performance indicators to Labofa, which the company should scrutinise at least once every year or in connection with campaigns. It enables Labofa to pinpoint where problems occur and thus facilitate the solutions to how the difficulties could be dealt with. The structure is build based on the different Value Stages and Multipliers in the Brand Value Chain, which should be monitored, yet, with diverse approaches such as qualitative and quantitative methods, market scans, and interviews. Hence, if Labofa's management utilises the CEO checklist it will be able to demonstrate a much more professional approach to its marketing communication and more easily measure and sustain its brand equity in the future.

PART IV

7. Validation

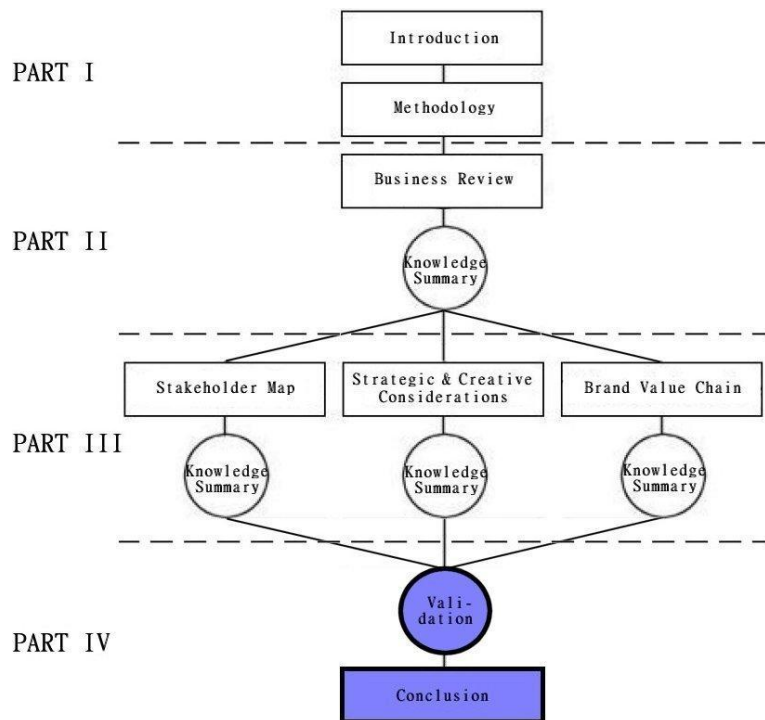
In this section, the plausibility of the project's conclusions will be addressed. It will be based on an assessment from the Labofa Board of Directors and one of the company's definitive stakeholders, the Sapa distributor Jan Heitmann, after two meetings where the conclusions were presented.

What was sought validated was primarily whether the strategy of strengthening the links between the ergonomic office chair category need and the brand benefit to the Labofa

brand itself, could be done through the suggested marketing communication strategy, aimed at the distributors as the target audience.

Labofa has always had a very broad definition of its target audience and the Board of Directors agreed in unison that its target audience needed to be reworded. Particularly the CEO Mogens Pedersen was enthusiastic about the prospect of targeting distributors, after the Board was presented with the results of the Stakeholder Analysis and the empirical proof of the brand indifference with both decision-makers and users, and the subsequent inexistence of a pull effect. When the associated strategy was presented, on how Labofa could create the before mentioned missing links using communication objectives which would elicit recall and use the correct brand attitude scheme, the entire Board was both impressed and in agreement with the projects behind lying strategic considerations.

Likewise, in regards to the Stakeholder Analysis, in the meeting with Jan Heitmann, both the expert role of distributors (legitimacy), their ability to influence decision-makers in the brand choice



(power) and their tendency to always utilise the two (urgency), was confirmed by him and with that the accuracy in the distributors' position as Labofa's definitive stakeholders.

Finally, the example of a possible execution was presented and explained to Jan Heitmann. In the light of him being an 'other-brand switcher' the aim of an execution like this would be, through a brand awareness and attitude strategy, to persuade him to include Labofa in the presentation alternatives of which the brand currently finds itself excluded. When presented with the execution example, Heitmann explained that he believed in the idea and said that were such an execution presented in his showroom, with the characteristics of the one portrayed to him, he would find it both effective marketing communication and a great tool for him to use in his job. He particularly liked the list provided by Jytte Tolstrup Jensen of criteria in which the ergonomic abilities of office chairs were measured. He said that were he provided with a list like that, in any sort of marketing communication he would be very likely to use it in his every day sales work, as he often experienced difficulty in explaining the very intangible term – ergonomics. He underlined that a list like that would facilitate his everyday work and acknowledged that if the list was linked directly to a brand the ergonomic attributes elicited by the list could rub off on his perception of the brand and in turn elevate his ergonomic perception of the brand. In turn, he finished saying that the use of an execution like this and its ability to assist him as a tool in his sales work could, with time, very well make him consider Labofa as one of his presentation alternatives.

8. Conclusion

The initial analysis revealed a few obstacles facing Labofa in its mission to once more through a brand revitalisation, become a leading figure in the office chair industry. The Brand Inventory exposed Labofa's struggles with its marketing budgeting strategy and IMC understanding, to be the biggest obstacles in obtaining this. The problem which has lead the company to utilise an inefficient and ineffective trial-and-error strategy has through the last decade caused losses of vast investment resources for returns, the existence of which, the executives has been unable to document. Likewise, the Brand Exploratory told of the importance of creating a perceived direct comparison between the Labofa brand and the company's core benefit of ergonomic correctness. Failing or succeeding in correcting a disparity like this, between Labofa corporate identity and its reputation, will most likely affect the likelihood of a potential success of the revitalisation. Thus, a structuring and streamlining of these aspects is imperative.

In doing so, a prerequisite to succeeding is communicating towards the correct target audience or in other words, Labofa's definitive stakeholders. With users only possessing power due to their lack of a socially constructed right to demand influence and a willingness to then exploit that, and decision-makers only adding legitimacy to that, the Stakeholder Analysis discovered the distributors to be Labofa's definitive stakeholders. The analysis discovered that distributors both had the ability to influence and persuade decision-makers in the brand choice process, the tendency of decision-makers to view distributors as experts and look to them for advice and finally the willingness from distributors to utilise these attributes in their work. In other words, the distributors, unlike the users and decision-makers, possessed all three attributes of power, legitimacy, and urgency and thus qualified as Labofa's definitive stakeholders, and in turn thus exist as the group of which Labofa consequently must focus its efforts, attention, and marketing communication towards. Additionally, the analysis underlined this through the finding that no pull effect could be created from users or from decision-makers, due to their brand indifference and thus in turn urgency, in the office chair brand choice. Effectively, no brand preference existed as long as the given chair functioned and reached a set of required POPs, again emphasising the distributors as the definitive stakeholders and Labofa target audience.

With the target audience discovered, towards which the marketing communication must be addressed, the Strategic and Creative Considerations analysis discovered the main task for Labofa in future marketing communication. This proved to be a strengthening of the links between the

Labofa brand itself and the ergonomic office chair category and ergonomic brand benefit, respectively in the minds of distributors. With that said however, it was discovered that a possibly crucial perception potentially existed amongst certain distributors, that Labofa, when it came to certain deals with businesses closed the sales itself, instead of forwarding it to distributors. Whether true or not, a perception like this could completely undermine a strategically well thought through campaign and thus needs to be addressed immediately. Then, and only then, can Labofa consider plausibly running effective marketing communication towards the distributors. If this is achieved, future marketing communication to strengthen the link from brand to category need, should firstly elicit brand recall with the distributors at a high frequency. This can if executed correctly create top of mind awareness with the distributors that will induce the Labofa brand name upon ergonomic office chair category prompts, from potential customers. Likewise, once awareness is achieved, to strengthen the link between the Labofa brand and its key benefit, the other-brand switching distributors need to be convinced of the ergonomic benefit. This must be done through marketing communication with a brand attitude communication objective, whilst the same applies for the favourable brand switching distributors only with objective of having their brand attitudes maintained, instead of increased. In both cases, the aim is to have the Labofa brand included in the presentation alternatives of the distributor, as failing to obtain this, due to the low brand preference, inexistence of pull and the before mentioned expert role perception decision-makers have of distributors, will leave Labofa unconsidered by these. The strategic considerations should function as an advertisement template for Labofa to use in all future marketing communication and if executed correctly, a combined brand awareness and attitude strategy will likely prove significant in persuading distributors to include Labofa in their presentation alternatives. Accordingly, future advertising, regardless of vehicle use, should be of a kind, which will both elicit the required recall awareness and promote the correct brand benefit with the target audience – distributors.

The way in which Labofa must sustain the brand equity gathered from this, is through ongoing monitoring of specific and relevant key performance indicators, through approaches such as qualitative and quantitative interviews. The Brand Value Chain section provides a CEO checklist for Labofa, which considering the past ten years of history, if used for instance once every year or in connection with campaigns, will function as an important tool. It will not only be able to assist Labofa in sustaining the created brand equity, by pinpointing where problems occur in the chain of equity creation, but also help the executives measure the effect and potential financial return of future marketing campaigns. If used, this will prevent Labofa from repeating the marketing

communication errors of the past and enable the company to demonstrate a much more professional approach to its marketing communication, correct the IMC difficulties discovered in the Business Review and in turn be able to measure and sustain its brand equity in the future.

To sum up the answer to the overall research question, Labofa must communicate strong links of brand awareness and attitude, to its definitive stakeholders the distributors and essentially sustain the gathered brand equity, by monitoring the key performance indicators in the CEO checklist of the different Value Stages and Multipliers in Labofa's Brand Value Chain.

8.1. Reflections

At the end of a long process and project, different questions always surface that would have been interesting to investigate further if the thesis guidelines had not prevented it with a fixed set of pages. Consequently, this project has been constrained to focus on only what was believed to be the most important aspects for Labofa's continued business and therefore an investigation of the preferences of for instance private office chair users has not been conducted. If the project investigated the B2C market, which merely accounts for 5% or less of the total market, with the same quantitative research design as was conducted in this project, it is not entirely impossible that the preferences and features demanded on the office chairs would vary. In other words, a feature such as design might have been at the very top compared to the B2B market where it was at the very bottom because the chair would be in the person's home and not his or her work place. Additionally, a person will, all things being equal, spend less time in an office chair at home than an office chair at the work place and for that reason the ergonomic features, which unquestionably were the most important attribute a person's work place office chair should possess, might be positioned on a lower ranking when dealing with the B2C market. The prevention of injuries might be less important for people than the feeling of having a beautifully decorated home with for example a skilfully designed office chair.

The development of the middle segment office chair market would also have been interesting to follow in the upcoming years in connection with the Stakeholder Mapping theory. Because the theory is characterised as dynamic, stakeholders', such as decision-makers in businesses, are able to acquire the missing attribute of urgency, thereby becoming definitive stakeholders. This could possibly signify that Labofa's marketing communications strategy should shift and a new target audience could shift towards for instance the decision-makers in businesses. However, currently there is no indication of such a shift, yet, one should never say never.