

Brand benefits: case XO boats

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<p>The focus of our thesis focused on branding and benefits of a brand case the XO Boats. Mainly how XO Boats view their own brand emotional and functional benefits.</p> <p>We talk generally about what it is needed build a believable and a trusted brand and how a brand in whole is built. The things that we focused on what the core of building a brand are and how these can be achieved. Then we talk shortly what are the functional and emotional benefits of a brand and how these are important to understand so that marketing etc. can be focused on the right areas, with the understanding what the actual customer wants.</p> <p>The main goal of the thesis is to find out what is the current standing of the emotional and functional benefits of XO boats, from both the customer side and the company's CEO's views. Comparing this information will then give XO the knowledge what they need to do improve their brand within the boating industry.</p> <p>The Research we conducted was done as a qualitative research. We divided answers given to us by both segments into two different categories to understand better what improvements needed to be done so that XO would know what their customer segment wanted. An interview that was done with the CEO of the XO boats via telephone, so that we got a understanding how XO boats view their brand and then we interviewed the interviewee group via telephone to get a clear understanding of what the consumers actually wanted and what XO needs to do with their brand moving forward, to increase revenue and brand awareness.</p>	
Keywords Brand, Emotional benefits, Functional benefits, Qualitative research.	

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1 Introduction

In this research the main focus is on branding and what value does a strong and effective brand bring to the company. We focused of XO boats and specifically to the emotional and functional benefits of their brand.

At first we talk about branding in general and what good and value does it takes to have a strong brand. We then talk about brand identity, image, equity and brand value. Then we gradually focus on just the emotional and functional benefits of a brand.

The focus in this study is to find out how well known are the emotional and functional benefits of XO boats and what the company thinks the emotional and functional benefits are and what do the customer group thinks the benefits are. At the end we compare the findings and try to see if there are any differences with the company CEO and the customer segment. So the company can, if necessary, adjust their marketing strategy and bring out other benefits more that they haven't done yet.

1.1 Background

XO Boats Oy was founded 2009 and is a family owned company from Finland. They manufacture aluminum framed motor boats in Poland. These boats are mostly sold to northern Europe but also have dealers and a good foothold in the Estonia, middle Europe and Russia. They have recently been selected as the official media boat of the 35th Americas cup and won countless awards/special mentions during the past few years.

Brand recognition of XO Boats has grown around Europe and Russia due to successful test articles in boat magazines and the unorthodox design and color schemes used by them giving the boats a more masculine look rather than the standard beautiful and light colored industry. They use performance, design and strength to make their fleet stand out from the other manufactures. These key words come from their driving and handling capability in whatever conditions, unorthodox design witch key elements are sharp and high bow with a strong military grade aluminum v-shaped hull, all details are perfect down to the smallest part and having latest technological features on board

The main focus at this time is making sure that their product line is working at full capacity and that their products are flawless to insure what they promise is kept and to justify their price tag. They have kept branding XO into something that can take anything that the harsh seas of the Finnish archipelago can challenge any owner into doing and keeping them safe and still being able to enjoy the ride. Targeting northern Europe and Russia mainly but also being heavily represented at boat shows all over middle Europe their plan is to increase brand recognition heavily in Europe before the 35th Americas Cup. (xo interview)

The company has steadily been growing their revenue since 2012 to 2015, from 3,2 million euros to 5,1 million with no mark of slowing down yet. In 2015 they become a profitable company making 927,000€ profit. They currently employ via the company 6 employees and a board group of 5 people. They have also changed their CEO in 2015 from Henrik Thelen to Dan Colliander as well changing their factory in Poland due to inconsistencies in delivery times.

The biggest effect that that brands have is the risk-reducing effect but it also helps the customers to express themselves and it makes it easier to make even big decisions.

1.2 Purpose of study

This study aims to understand how the views of the CEO and consumers differ on the subject of brand benefits. This is achieved by studying emotional and functional benefits of a brand. This study just focuses on functional and emotional benefits, because those two have the biggest impact on customer's buying decisions. We fulfil the aim of this study by answering to the following research question:

How well has xo boats succeeded in their brand building?

This question is answered by interviewing the CEO of the Xo boats on what he sees as the biggest emotional and functional benefits that XO boats brings to the consumer. Then we asked the same questions from boating consumers and potential XO boats customers.

The main reason for this study is to find out from the customer base just how strong the brand XO boats is and well they think they know their customer base. We chose to focus on functional and emotional benefits just because those are the two main points that will help you to build your brand in the right direction. That is also a great way to find out are you already going in the right direction with the current brand strategy that you have.

We also wanted to know just how effective the XO boats brand is. To find these things out we asked people what kind of emotional benefits does the brand XO boats bring up in them and what they think are the functional benefits that the XO boats brand brings to the table.

The effectiveness of a brand is the most valuable thing that the company needs to find out about themselves. The value of their brand tells them exactly who they are and what do the customers think about them. Having a strong and an effective brand image helps to company grow in to new markets but more importantly it makes their old customers come back to them always and not to move to the competition. The most important thing about a brand and what a benefit it is to have a good brand is that the customer always feels pride when they are using the products of the company.

2 Theory

2.1 Branding

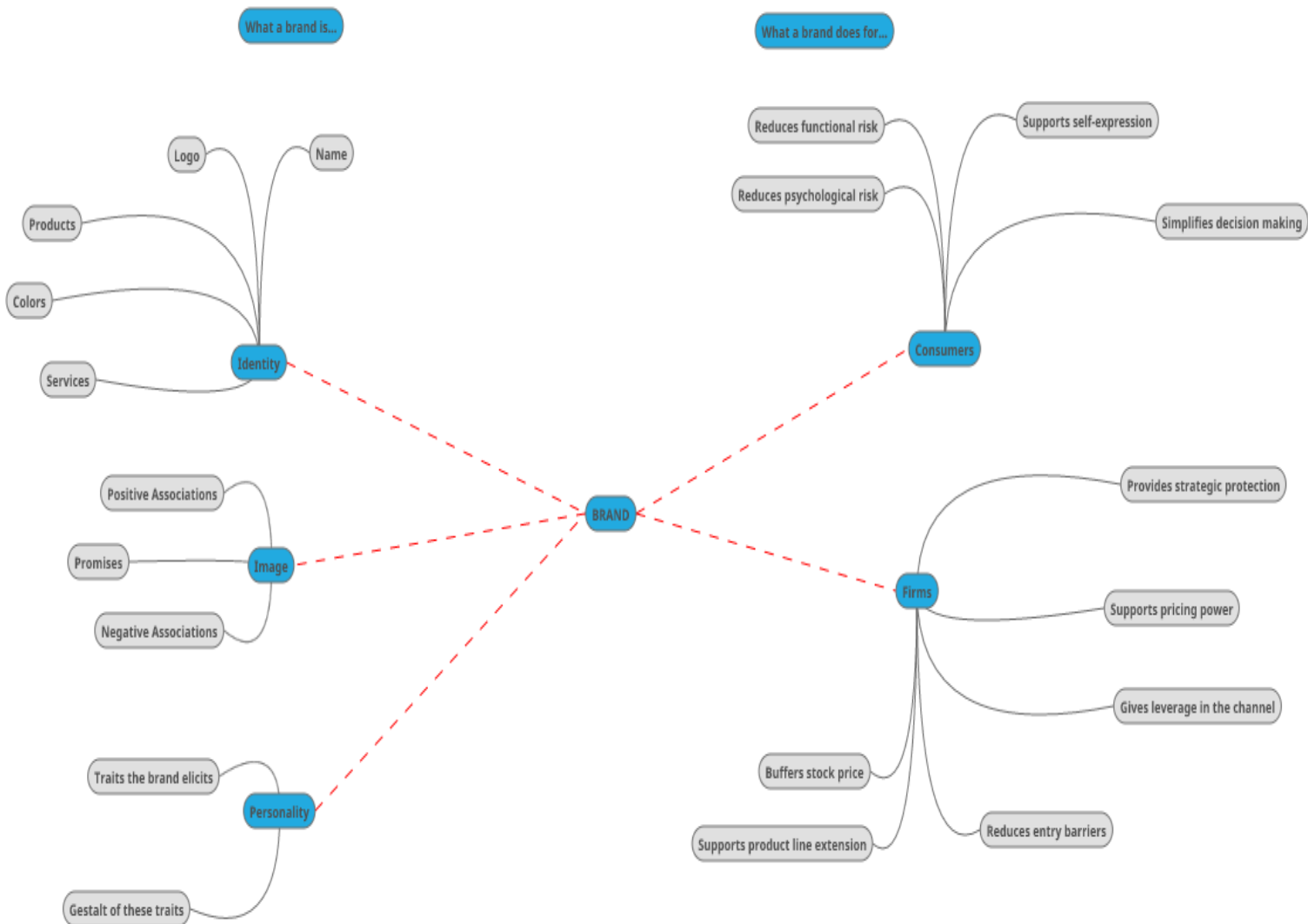
The word branding originated from the United States of America, where cattle ranchers used to burn their own mark on sides in their own cows. This helped them to recognize their own cows, when they brought them for slaughter.

Branding came relevant in the big change of industrial production, growing demand required bigger production capacity and with better distribution channels products moved to bigger stores. That meant that with less service in bigger stores the maker of the product had to take more responsibility of the selling process. People adopted the word brand to signify the rights of the producer to the product and separate it from other products. (Satu Lindroos, 2005)

Brand defines the meaning of the product to the customer. Brand is a mental image that the customer has made in their own head about the product and what they expect to receive in return when they buy the product. French branding professional Jean-Noel Kapferer has said this about the definition of brand: " Brand is focus point to all the born mental images, negative or positive. Brand is saved in the human mind. Brand gets its value from achieving something special, spectacular and positive significance". (Satu Lindroos, 2005, s. 21)

That definition fits greatly to modern times, because that tells you the real definer of brand, the customer. In today's world the customer defines the market. For that reason what companies do stems from the customer, leading and defining the brand stems from the customer's point of view as well. The right to the brand is not the company's exclusive right. Brand is the customers mind. (Satu Lindroos, 2005)

Figure 1 Five pillars of branding (Johnny K. Johansson, 2015)



2.1.1 How brands work

Consumers can trust brands, so the risk of buying something faulty or something that they don't like is reduced. And they don't have to worry what their friends say about the purchase, or read all the information on what is said about the product. Buying a known brand makes the buying process simpler. That makes the product easier to buy which increases the sales which helps the brand to grow even more. Buying a product of a specific brand can also be an expression and tell something about the person. For example wearing a certain clothes or driving a certain car.

With a loyal customer base, the company can save money when they don't have to spend money on trying to keep old customers or on answer the threats of new adversaries. Loyal customer base makes it easier for the company to go to new markets and gives security to new investments. These are the facts that generates the brand's value.

To get the best out of their brands companies have to make sure that consumers evolve from knowing the brand to trusting the brand. The main goal is making the consumers loyal to the brand, but this takes time and there has to be a plan how to reach that goal. Making the consumer trust and feel emotional bond to the brand is not an easy thing to achieve. Winning the hearts and minds of the consumers is a long process. It is a newer ending process that is tested somebody buys or uses their product.

In modern times brands have become the most valuable asset for many companies, which they protect with great passion. Coca Cola's marketing executive has once said: If I would wake up to a phone call and somebody would say to me that our factory has burned during the night. We could get over that set back and we would build a new factory and start again. But if they would call me and say that our brand has been demolished during the night there would be nothing to start.

The CEO of Nokian Renkaat Kim Gran believes that "Half of our profit depends on our brand value". Karsten Slotten from Cloetta Fazer has said that brand is everything they got "It is our life insurance."

Basically, anything with a name can be a brand. It can be a person, a product or a city. For example when you think of New York or Paris almost everybody thinks of the same things. Also Porvoo is good example of a city with a good brand. Most of the people in Finland knows that Porvoo has a beautiful old town with good restaurants.

Companies with good and recognizable brand have maintain their brand image. Most of it comes from legal protection. Other companies may have almost the same technology available or have a product that is almost the same but they don't have the same logo or the name. Companies with strong brands have to constantly take legal actions against pirates and other counterfeiters to make sure their reputation is not breached. Other ways a company can maintain their brand are social media, and other ad campaigns, new products and constant research and development.

2.1.2 Reduces risks

“To economists, the risk-reducing effect of a strong brand is the main role of brands”. (Johnny K. Johansson, 2015, s. 10) Customers know that the product will deliver what it is supposed to and they will save time when they don't have to do research on the product or look for other similar products. Also the customers don't have to every little detail or features of the product that they are buying. For example Iphone user is easier to buy a new Iphone rather than do all the research of another phone brand. Thus reducing the functional risk.

New brands that enter the market do not have this advantage, so they will have start from the beginning by gaining the customers trust product by product. To help this process some companies try to take shortcuts by taking similar logos and names from other known brands. (Johnny K. Johansson, 2015)

Companies have to maintain their reliability to get the customer trust that will simplify the decision making process. With poor products the brand is diluted, this especially evident in automobile industry. Strong brand doesn't always mean high quality products, for example take McDonald's or IKEA both companies have very strong brands but the quality of their products is mediocre. Yet still customers go to their establishments because they know exactly what they are going to get. The expectations of the brands performance will be set at a certain level. This works at in services as well. People expect certain level of service at certain restaurants.

Even customers that have a lot of knowledge of the product are not always sure about their buying decisions. Studies have shown that advertising for a certain brand is watched by the people that have already that brand's product. People want to re-ensure themselves that they have made the right decision. (Johnny K. Johansson, 2015)

Another factor that effects your decision making is social disapproval. Your friend, family member or a co-worker may disapprove. For example when buying a new smartphone, some people take the psychological aspect of the buying decision in to account more than functional features of the phone. For example what do my friends think of me when I use this phone?

In today's world brand are more than just clothes or watches that we wear or phone that we use. Brands help us define who we are and express ourselves .People can buy expen-

sive cars to show other people that I have achieved something in my life because I can afford to drive this car. This way the brand is associated to certain character type and the brand is not just a product anymore, it becomes person's way to show other people who they are.

The decision making process of the consumer usually follows a clear pattern. Step 1 problem, 2 search, 3 consideration, 4 evaluation, 5 intention, 6 brand choice, 7 satisfaction. (Johnny K. Johansson, 2015, s. 16) It doesn't always follow these same steps. When buying a low-cost item, people don't usually look at the brand but they make the buying decision on impulse. On more expensive goods these steps are forgotten sometimes as well. This is where the strong brands come in. For example when buying a car or a smartphone, people will not even look at other brands because they have no need to change it.

Even with these shortcuts in the decision making process strong brands help the consumers know that they are not going to regret their decision. This also helps them to save time. These are the reasons why there are so many researches on consumer's trust on brands.

Research has shown that in different product categories the role of the brand is different, even in consumer products such as beer and cigarettes, where the brand matters. On the other hand in products like toilet paper and headache pills, in which it is not so important what brand do they use. That is the difference between commodity-like products and products that can be differentiated from other products.

The line between these different product groups is fluctuate. There are now strong brands on seemingly everyday products such as bottled water and even in products in the produce section in grocery stores, but that takes a lot of time and money to set up those kind of strong brands. The brand matters more in cases where the risk of disappointment is high and in cases where other people can see what you have purchased.

To understand the difference of brand in different categories, it is good to understand the difference in rational analysis of the purchase, for example the thinking aspect of buying a car and emotional factor in buying expensive clothes.

In low-involvement product categories the brand is important but for different reasons. For functional products such as household cleaners the brand makes sure that the product does what it should. This is where the strong brand comes to play.

Consumers usually buy always the same product because they are used to it and they don't stop at the store to think about other cleaner brands.

On the emotional side of the low-involvement products brands can have a different role. The brand comes in an impulse purchase situation, where seeing the brand wakes up a desire to buy that product. In these emotional purchases the main point is to convince the consumer that they have earned the right to buy that product. This you can see for example in chocolate advertisement.

2.2 Brand Identity, image and personality

A brand is like a person in many ways, a man that's confident and well-known is the same a strong brand that has a clear identity, positive image and stands out from others with a unique personality. Identity, image and personality concepts are really important in brand management. They support the brand and give strategic insight to the company building the brand.

The key to a successful brand is simple it should have a clear identity, this answers the common question "who are you". The identity of a brand is commonly found in its name, logo, age of the brand, where is it from and in what service/product category is. You could say in simple terms that identity means the "passport" of the brand. For example BMW is German car producer, they have a blue and white circular logo, BMW standing for Bayerische Motoren Werke, founded in 1917 when they started making airplane engines since moving on to cars trucks etc. Because they have kept with advanced technology and engine production, they have created a natural foundation for building the image of a performance car producer that supports their slogan "the ultimate driving machine" (page 7 contemporary brand management)

Strong brands stand out with unique and a noticeable identity. Because of this the consumer knows what the brand promises and what the company means. BMW for example has a clear identity. The company gives the brand credibility when products and its actions follow with the expectations that the identity has created. With little steps the company then adventures outside of its traditional products so that the identity doesn't change or become a problem. BMW has done this by small steps to become more of a luxury car but still keeping performance attributes as the main important feature of the car staying true to the identity.

It is really important to know the difference between what brand identity and brand image is. As told before brand identity is what the brand is and what the company wants consumers to think. Brand image is what the consumers see your brand as. "Brand image can be defined as perceptions about a brand as reflected by the brand associations held in consumer memory... Associations come in all forms and may reflect characteristics of the product or aspects independent of the product itself." (Keller 2013, p.44)

It is important to understand that brand image means the perception of customers and outside observers. Brand identity and image are connected to each other. A brand image is founded on the brands identity. Brand image adds what the consumer actually sees in the product and all the other features associated to the product and what it brings to all users of the product and non-users. Marketing is used to try and make the brands image into what they want by influencing the consumer's emotions and with this making a value proposition that follows the strengths of the brand.

As people start using the brands products, word of mouth starts to mold the image of the brand based on what people actually think about the product and how people will recognize it. This molds the brand into segmentations and associations of what kind of people use their products for example; creative, young, mainstream etc.

Brand personality is born from the interactions that the brand has with the consumers, when they see that product in advertisements, stores etc. from this is born the stereo type of a typical user of the product. Because of this the personality of a brand is tied to the image and identity of the brand, they are all linked together. The personality of a brand is the subgroup of the image that gives the brand its personality traits and characteristics one might say it's the "personification elements of the image".

Brands try to go deeper and bring out traits that the users of their products have. For example, Apple users and PC users; Apple brings out in their marketing that PC users are serious, dull and unimaginative when again Apple users are almost the opposite free, creative and revolutionary. After a while this image will also set in the minds of the consumer starting to create the personality of the brand.

Some people refer brand personality to what is the brands style, what they look like, dress, and walk etc. like a person on the street walking has a personality when we see them. In the beginning marketing and the PR department try to influence the consumers

but eventually this will flip around. After a brand has a certain customer base, they will start to use their products to express themselves.

Not all brands will have brand personalities. Many company have a wide range of products that they don't even try to develop one reason is also that consumer have low involvement with the product. However bigger brands with a really large consumer base don't even want to create a personality because it narrows down your consumer base, that then again affects the consumers buying decision. Heinz, Lipton tea, Pampers and Colgate appeal to the large audience because they don't have a narrow personality trait. This of course also allows other usually smaller brands to create a distinct personality and succeed.

2.3 Brand Equity and Value

What makes brands strong and how can a company make a strong brand? Usually a strong brand is recognized in one market segment significantly more than others, which gives a brand the personality and depth. This is where brand equity and value come into play.

Brand equity can be defined in hundreds of ways. The easiest explanation is "A brand's power derived from the goodwill and name recognition that is has earned over time, which leads into higher sales and higher profit margins against competitors" www.businessdictionary.com/definition/brand-equity. Another way of thinking about it is that when your brand is recognized by consumers they will prefer your product over the competitors even though the products are otherwise the same, in other words the "tipping point" for a product.

High equity brands have a deep connection with its customers, which translates into high brand loyalty. Equity for a brand will differ across different markets, the closer a brand is to its "home market" the higher and stronger it will be. Even though a brand might be in its home market it might have differences inside the country, for example corona in the USA they have a bigger brand equity in the south and west then they do in the Northeast. Brand managers have big decision to make when they have to decide if they want to focus on building up loyalty in strong market areas or try and improve their equity in another market.

Brand value means what is the value of the brand to the business as an asset. It comes from the equity of the brand from all the markets it is in. There are ways to view it, some view it as a price what someone would have to pay for the rights to the brand name and logo or as “goodwill” inside the brand showing its value on the balance sheet. Depending on in what country you are in you can place your brand value on the balance sheet as assets or not.

When people talk about that a brand can be the most valuable asset of a company they mean in monetary value for example Coca-Colas brand is worth 70 billion dollars. Companies have started to pay more attention in the brand value rankings, this is because brand value rises when they enter new markets they start to become a multinational or global brand. This again rises the value in the brand, although it is important to remember that high brand loyalty does not always mean lots of profit.

2.4 Emotional and Functional benefits of a brand

Brand benefits tells us what sort of functional and emotional benefits the consumers gets from the brand. That is founded on the attributes that the product. Especially functional brand benefits correlates with the functional aspects that the product brings to the customer. Consumers will find the functional benefits if they fell like the product fulfils their quality expectations. Functional benefits will have an effect on the consumers views the brand as a whole. (Jialing Lin, 2016)

Emotional brand benefits comes to play when the consumer tries to differentiate different brands from each other. This is the result of the fact that there are more and more products on the market with identical functional attributes. Different from functional benefits emotional benefits focuses on what emotions it brings out in the consumer. Two main examples of this can be that the brand makes the consumer feel superior to others or it can show their status or wealth to other. (Jialing Lin, 2016)

2.4.1 Emotional benefits

Emotional benefits are all the feelings that the product brings to the consumer. Especially if the feeling is positive. This is a case especially with strong and known brands like Volvo and Apple. For example when a customer buys a Volvo he feels safe in his new car, and a customer who buys an Apple product, he can feel superior to others. Emotional benefits give depth and abundance to the experience of owning and using the brand. To find out what emotional benefits the brand has, the research should focus on what emotional the product is giving.

2.4.2 Emotions vs. Emotional benefits

The thing why emotional benefits has been belittled before is that people make a connection with emotions and emotional benefits, although they are different things entirely. When talking about emotions there are basically four main emotions, mad, glad, scared and sad. But it can be simplified to just feeling good or bad. Knowing what kind of emotions the brand, their products and especially commercials make people feel is hard. Plus it is very problematic to make all the people feel the same way after a commercial, because there are so many variables that has to be taken to play. Just the music, tone or the voice that is in the commercial can make people feel different emotions. That is the reason why it is good focus on the emotional benefits. Focusing on the emotional benefits is the most useful and motivating thing for brand development.

Emotional benefit is more complex thing that people usually think. It is a positive thing that a consumer can make about themselves when using, showing or attachment to a certain brand. To put it in another words it is something positive a person can say about himself just because they use the brand.

Major differences between emotions and emotional benefits are that emotional benefits are something you think in your own head and emotions on the other hand have always a physical reaction. Emotional benefits are linked to a brand and it's features, emotional benefits are also more powerful and linked to self-concepts.

Whereas emotions are more temporary and instinctual and they vary from person to person. That is the biggest reason why it is important to focus on emotional benefits when building a brand. The point is to for the customer to link your product to their self-concept and for the relationship between the customer and the brand to last for a lifetime. Lifetime long relationship is only achieved if the customer's core values are known and how they

define them. These things can be explained with a few simple sentences such as: I am attractive because I wear this particular colour, I am a productive person because I use this particular laptop or I am an athletic person because I drink this particular sport's drink. Then a brand becomes a part of the customer's self-concept because of what the brand has said about itself in its marketing.

Another great thing that comes from using emotional benefits in branding is that they have an effect beyond the customer's awareness. This is the real point why emotional benefits are so effective. Because the customers do not perceive that they are being influenced.

For example, if you read the sentence above to a person. "I am productive because I use this particular laptop. They would not agree with that statement, the level of agreement would be much less from what you expected. The reason for this is simply because people don't want to believe they can be emotionally influenced towards certain brands or products.

The fact is that people don't want to use brands to define themselves compels to hide the emotional benefits. When these benefits are talked out loud by the consumer they have to use their rational thinking to say it, the emotional benefit becomes invalidated.

Most customers don't think about these things to this level so the impact of the emotional benefits prevails. Actually many brands try to force and lift up their emotional benefits to such an extent that they lose their power. They try to tell consumers about their emotional benefits. The point here is to not do it directly but indirectly using the brand's features that support those emotional benefits and with the atmosphere and resonance of the brand messaging. (Livingston, 2004)

2.5 Functional benefits

The functional benefits of a product are the most common basis for the customer to find value that the product offers to the customer. This means that functional benefits are usually the most visible and common value propositions that companies use to show their products value. These functional benefits in the XO boats are for example: speed, quality, durability, fuel economy, carry capability and sea performance.

Other company's examples are: Tesla is a high technology car that is the most economical car on the market. Fairy dish washing soap is the longest lasting soap brand there is only needing one drop of soap to clean a whole tower of dishes comparing to others.

ABC gas stations are a place where all needs of the family will be met and are always on the way to your final destinations. Telia Sonera Company provides you with a cellphone coverage that is the widest and cheapest option, which works in all the Nordic countries for the same price. Gillette razor blade Company creating the world's best razor blades for men that make shaving easy and smooth with long lasting razors.

Customer's decisions and user experiences can be linked directly to functional benefits as benefits that come from their functionality. Brands that dominate a category usually have a product that dominates that categories main functional benefit. A good example of this is Fairy dish washing soap brand. Widely known as the best and most efficient soap for washing dishes. Other dish washing soap companies are then forced to position their brand against a dominate brand using worse functional benefits then the dominate brand. Such as being cheap or having a better scent then Fairy.

The main challenge that companies face when selecting what functional benefits to use in marketing and building a brand is to find those functional benefits that work/hit the customer which give and support the brand into a strong position compared to their competitors. This task dose not only involve that what the product is or service and how good it is, but also how well a company communicates its products/services benefits to the consumer in a interesting and planned way. This of course is not easy and usually hard to get the message across the way the company has intended.

2.5.1 The limitations of Functional benefits

The main limitation of functional benefits branding is that they can be easily copied by competitors and hard for the consumer to understand the difference between brands based on their functional benefits. Also assuming that to consumer understands the difference is a huge risk for companies and should never been done. The way that companies can overcome these limitations is to expand the identity of the product, service or company so that consumers don't only see a products functional benefits but also is shown its emotional benefits and building the companies brand into an symbol or something personal for the consumer like Apple has done.

2.6 Fusing Functional and Emotional benefits

The strongest brands around the world have both functional and emotional benefits. Stuart Agres's conducted a research that supports this claim. The study found that when emotional benefits were included into a commercial the effectiveness of the commercial was much higher than commercials that only had functional benefits. 47 TV commercials with both benefits had a better response than 121 commercials that only had functional benefits.

The reason why consumers want this is quite simple. Nowadays people just don't want to buy functional products or services since the competition between products is so high. Consumers want to buy brands that serve their use propose and show others what the consumer feels or stand for. This is the main reason why successful brands have succeeded in communicating to their consumers their benefits in a way that they also understand what the brand stands for and the benefits they bring. Compared to competitors that struggle or have stopped to exist when they have failed to fuse their benefits into a communication plan that their consumers understand for example Apple vs Nokia.

2.7 Value for the Brand with strong benefits

When a brand has successfully understood how consumers view a brand's products/services and created a brand that is recognized by consumers for its benefits, they have already succeeded in something's many fail in or try to create for years. It is important to remember that companies also must keep working nonstop for their brands to continue to succeed.

The value a strong brand receives can be grouped into five main segments customer recognition, market edge, easier to introduce new products to market, consumer loyalty/shared values and credibility/ease of purchase. Customer recognition is one of the most valuable segments that companies receive with a strong brand. Consumers even on crowded markets will notice your products between all products. Research has shown that consumers are far more likely to buy products/services that they recognize than ones they don't, even if they do not know your brand.

This already gives a known brand a competitive edge on the market also the more your brand awareness grows the more the brand elevates above less known brands and makes it far easier for these brands to expand for example.

When a brand is strong well known and has at this point loyal customers, they have an easier time introducing new products from that brand. This saves money from brands on marketing and your loyal customers will usually follow new product launches and show interest, boosting visibility of your new product. Simply said they trust your brand.

When all the above are combined the company receives enhanced credibility and ease of purchase. This meaning that consumers will recognizes your brand anywhere they your products/services. For example, when a consumer buys a coca cola and walks to work with it in its hand others will recognize your brand and know what it is helping them also to purchase it when they go to a store because they know what they are getting from your product. Consumers want to buy products that they trust and know. The more credible your product is the more likely it is that the consumer will buy your product/services.

2.8 Managing a brand

Managing a brand means that you're in charge of increasing the brand equity. The best way to grow you're brand equity is increase your consumer acceptance using the help of the brand equity pyramid. This lets you follow the general direction you have to take to gain loyalty and trust.

Consumers need to get a certain amount of awareness and familiarity with a certain brand before they can start to use the brand as an information signal, in other words that the consumer has knowledge that the brand actually exists. After a consumer has the knowledge that the brand exists the company must understand that this level of recognition is not helpful for the brand since they do not consider the brand as a solution to their problem. So a level of awareness must be created so that the consumer understands that you are providing the solution to the specific problem, promotional campaigns are the best way to create awareness to consumers and show them what the problem is that the product solves.

After awareness of the brand has been established and consumers have started to recognize the brand, it is time to let the consumer understand the brand in more depth. Letting the consumer know of the benefits and remove the psychological risks that come in the choices inside the category the brand is in. Because of this the consumer will learn about what the brand stands for and eventually build an internal image for the brand. Brand identity is still the base for perceptions but the idea is to bring out the attributes that it excels in over its competition.

This is the step when the consumer's attitudes and preferences are the main factor to watch and listen to. It is critical for the response to be positive from the consumers to be able to continue building the brand, trial segments and repeating these is the usual way to make sure that the consumers will give a positive feedback. Segmentation comes into play in this section in a crucial way via the trails they find segments where their brand can compete and thrive, finding loyalty among consumers.

2.8.1 Consumer Bonding

This is the last step brand managers must take to "complete" a brand (a brand is never complete). The point is to create a bond relationship with the consumer. When a brand has established that is a working solution to the consumer's problem it also works as a risk minimizer because the consumer knows what they are getting when buying the brand, which reduces functional, psychological risk and gives an opportunity to express themselves. This means when the consumer buys the brand they believe in the value proposition that is offered and show their own "beliefs" through the product bought.

Some brand experts have said that consumer bonding is like a love relationship, they build their relationship and make the consumer fall in love with them using the values and brand personalities that the brand has. The higher you rise on the pyramid (figure 2) the more limited your consumer base will be but the more loyal this is important to remember. Even though the most loyal consumers are limited, the brand gains from the other levels of the pyramid because of positive viewing of the brand and feelings towards it even though these consumers might not or are not completely loyal.

Managing a brand is creating familiarity that people get from the name and logo is a hard challenge, and one must understand the strengths and weaknesses of their own product to make this happen. The stronger the brand the stronger meaning it has to the consumer that is beyond the awareness and knowledge of the brand.

3 Methodology

For part of our thesis answers and explains the methodology what we used doing our research, that includes the research method we used and the way we gathered our data, and why we chose that specific data collecting method and how are we going to process that data. Here we will also explain what our knowledge interest is. Knowledge interest means what sort of information we are looking for in our research.

3.1 Qualitative research

In qualitative research is a scientific method to gather non-numerical data. In this sort of research the objective is to find reasons, what motivates people and what their opinions are. Qualitative research does not try to gather numerical data or measurement, which is the main difference between qualitative and quantitative research. In qualitative research the main point is that it does not explain the actions of all individuals. Finding differences and similarities are equally important. (Vilkka, 2005) In Qualitative research the knowledge interest is to explain people behaviour and to understand the reasons behind that behaviour.

Understanding means that in the research comes up the meanings people give to their behaviour. The meaning are revealed in the research in people's values, believes, wants, needs and judgements. In summary it tries to explain why and how people behave like they do. This also means problems in interpreting the findings in the study. That is the reason why qualitative research is not objective like quantitative research. In qualitative research basses is that the research is subjective, it means that the points, choices and interpretations that are found in the research are affected by how the researchers views the world. (Vilkka, 2005)

In our research we are trying to find out what are the differences between XO boats CEO and their customers on what kind of emotional and functional benefits does the XO boat's brand give them. After analysing the data that we have collected using phone interviews, we can identify the possible differences that these two groups may have and present our own suggestions based on our theory about functional and emotional benefits of a brand. On these basis we chose to use qualitative research as the methodology our thesis, quantitative research was not really an option in this thesis.

Quantitative research cannot be used in this kind of research because in quantitative research you have to have more interviewees and you have to have really a questionnaire that you had out the people and then they will fill in the blanks that you have left in the questions. In our research we wanted to go deeper in to the subject and really let the interviewees answer freely what they really think. In qualitative research the questions are there just to guide the conversations and to keep the conversation in the right track, so it does not drift to other subjects.

Quantitative research also always start with some assumption on the matter and from there you make your questionnaire ready and go to your segment group and ask them the questions that you have made. Based on those answers that you received you check that have you made the right assumption in the beginning and see were you right or wrong.

As said before we wanted to find out what kind of emotional and functional benefits the brand XO-boat has and how the people we interviewed see them. That is a subject that can't be made into a questionnaire. Also in a quantitative your interviewee group needs to be large enough so you can made the right assumptions based on those answers.

3.2 Data gathering

In qualitative research there are many ways, usually the data is collected in form of speak, this can either be done audio recording, videotaping the interview or just by taking notes during and writing down the things the interviewee said. The data can also come from other sources such as new articles, diaries, letter books, magazines, ads, and pictures. (Vilkka, 2005)

The only way for us to gather data for this research was to hold interviews with people and the collect and makes notes based on the interviewees said during the interview. We held the interviews via phone because our interviewees were all over Finland and we had time limitations so we could not waste time traveling and trying to meet everybody face-to-face. So the data we used was collected via phone.

We could have used other methods also to gather the information and data we needed. We could have used data from other sources like the marketing on XO-boats or we could have held the interviews over email so all of our interviewees would have had more time to think about the questions that we gave them. That way also we would have had more thorough notes from the interviews. That way we would also have more solid data that we used to gather our and make our own conclusions.

We decided not to go through with the emailing the interviews because of the time limitations that we had. People don't check their emails that often and even if they would see the email that we sent them, it would possibly take days or even weeks for people to answer to the questions that we sent them. If that would had been the case, that would have disrupted our time management for the whole project greatly.

3.2.1 Structured interview

We decided to use structured interview, because our interview questions were formed beforehand and all the questions were the same to all participants. This is a clear cut case where a structured interview is used. In structured interview the research problem is not that broad, in fact our research problem is quite narrow because it only focuses on the emotional and functional benefits of owning a XO-boat. So the use of structured interview is justified.

We used phone interviews to conduct our interviews. This was the easiest and the best way for us to do it. Phone interview is a great way to conduct structured and semi-structured interviews especially when you need to reach people that are busy and live far away. This is the biggest benefit of phone interviews. Phone interviews present some unique problems such as the questions should be shorter than usual and there is a risk of miscommunication. (Hurme, 2001)

In our case phone interviews were the best way to gather our data, because we had major time limitations and geographical limitations because the people we interviewed all over Finland. In structured interview that we had, we had all the questions ready and the questions were simple and easily explainable over the phone. The answers were easily written down because it didn't matter how the answers came out.

The structured interview that we used was the best case in our situation and we needed a structured interview because the field of our research was quite narrow and we wanted to keep the conversation in the right tracks the whole time.

We think that, if we would have used semi-structured interviews or even unstructured interviews. We would not have gotten the right answers that we wanted because our focus was on the emotional and functional benefits. Also using these methods of conducting an interview that conversation would have derailed from the point that we were after. Semi-structured and unstructured are more loose and more open methods of conducting the interview. In those methods the interviewer only set up the subject and has some point that he makes in the beginning and after that he kind of just sees where the conversation takes them on the matter. That is a method that we could not use in our research and in our interviews.

3.2.2 Questions

We asked the interviewees 5 questions that brought out what were the functional and emotional benefits for choosing a XO boat. They are listed underneath:

- How do you use boats and what kind
- Why did you choose an XO boat
- What functional benefits effect your decisions when buying a XO boat
- What emotional benefits effect your decisions when buying a XO boat
- What is XO boats greatest strength in your opinion
- What is XO boats greatest weakness in your opinion

The questions were easily understandable by the interviewees and made it easy for the interviewer to get the answers he needed to conduct the research. The questions that we chose were picked by us to reflect and wake up the mind of our interviewees, so they would think about the subject thoroughly and not just give us answers they think we would like to hear, so they would answer from the top of their head.

4 Interview, analysis and findings

The interviewees that we contacted via the phone were all Finnish consumers which narrowed the effectiveness of the research for the company since they operate globally in many different types of consumer environments, for example in Europe alone there are multiple different consumer behavior depending on where that country for example is located.

Following different boating magazines (Boat international, Cruising world, Boating, Yachting, Vene lehti) we could already notice certain consumer behavior. Mediterranean pleasure boating behavior is either open top transport vessels between islands or open top day cruisers. Mid European consumers like their boats to be flashy lake boats that can easily be spotted.

Northern consumers (Baltic sea) want their boats to be able to handle all weather conditions since the conditions change often and do not want to be limited by their boats capabilities. All geological area consumers do still appreciate that the boat has great driving and handling capabilities. This meaning that the research does not account to markets outside of the Baltic Sea and more specifically only tells what Finnish consumers think and want about the brand XO and boating.

After conducting the interviews, we decided to analyze our results by categorizing our findings in to 2 themes functional benefits that interviewees brought up and emotional benefits. This method let us compare the functional and emotional benefits of what the interviews saw and the CEO's views clearly and easily. The interviewees that we choose for the interview, were close to the XO boats brand and boating enthusiasts, both sailing and power boats. Had at least 5 years of boating experience and had driven XO boats but also had to have driven different boat brands as well. We conducted the interviews to 10 people both female and male, their age ranged from 27-53 years and via the phone due to geological problems of them being around Finland

4.1 Interviewees answers about Functional benefits

During our interviews we found out that many of the interviewees shared common understandings of what XO boats key functional benefits is for their owners, a trustworthy quality built boat capable of withstanding the choppy seas and weather conditions that the Finnish archipelago is famous for. Another aspect that each interviewee liked and admired was the design and how the concept of the hull and driveability aspects had been converted into a design where everything in the boat plays apart and there are no unnecessary extra "stuff" getting in the way. Interviewees also appreciated the functional benefits of the boats strength and performance which is a key factor in boating in the Finnish archipelago. High quality technology the boats provide and custom ability was also a functional benefit that was brought up, "no other boat company in their class represents with the newest and high quality of tech".

Key words that we used to categories answers under the theme Functional benefits: Deep V-hull, Design, Quality, Usability, Strength, Technology, Material, Performance, Seaworthy, Material, Connection vessel, Manoeuvrability.

4.2 Interviewees answers about Emotional benefits

As we expected before conducting the interviews the most variance we will have between interviewees will be in the Emotional benefits theme. We expected this because people in general have different emotional feelings in everyday life and when talking about boats they usually are not necessities (XO boats being a luxury brand in boating) but luxurious purchases, usually are not bought solely out of need.

The three most used words during the interview when asked about emotional benefits that the boats bring out was Status. Most saw XO boat as a status boat that serves a function as well. Secondly interviewees brought up, that the boat brings out "difference" from other boat owners being a black boat with a sleek design that is highly unusual with the boating market.

Thirdly they brought up the feelings you get in and around the boat, safe, thrill, freedom and pride. Strong words describing what people want to feel when boating. A surprise that we got from the answers was something that is influenced by the nationality of the interviewees, this being "suomalaisuus", they felt a lot of national pride with the brand and XO boats that brought according to them out a lot of qualities that being Finnish means.

Key words that we used to categories answers under the theme Functional benefits: Stylish, Look, Suomalainen, Safety, Courage, Status, Freedom, Different, Values, Fore runner, Love to the sea, Pride, Sexy, Bold, Adventurous, Design, Thrill, Trust, Strong

4.3 Interview with CEO

We interviewed the CEO of XO boats with the same questions and categorized his answers into themes as well so we could compare the difference between the interviewees and the CEO and find if there are any areas that XO boats was not aware about and should take into consideration.

The XO brand was born when a group of people decided that going into the archipelago with their family in bad weather was not something family members wanted to do in those conditions because the boat ride would not be enjoyable. They also wanted to bring something different into the market with the boats design and difference. When categorizing the Functional benefits, the CEO brought out what their core 3 rules are for them when producing boats, Strength, Performance and Design. These are what they believe a boat

should be built around so that no matter what the weather is the boat will function and deliver on what they promise. He also wanted to bring out that sea worthiness is a foundation that they build on.

When asked about what Emotional benefits they believe their boats bring out he answered that something important for them is being different and not following the “main stream”, being adventurous and bring their clients the feeling they are special with these boats. They believe that being on the ocean in whatever condition and enjoying it is something that only they can offer with class. “It’s something you hear people talk about but what you cannot understand until you experience it yourself”. He told us that when they design their boats they try to bring out the feeling that one can be free, carefree and experience something that no other boat brand can.

4.4 Conclusion

After studying results from both interviews, we cross referenced how the interviewees answered and the CEO to find out how well does XO boats know its customers and what aspects they have overlooked or not thought about that they could use. At this point it is worthy to point out that during the interview with the CEO, pointed out that about 4 years ago he conducted a thorough research and analysis about the boat market and what their customers (XO boat owners) value about their boats and what potential customers value in XO.

From the start we noticed that XO had conducted the research and they were really well aware of what their customers want and see in XO. In both categories Functional and Emotional benefits the interviewee’s answers were in correlation with what XO boats CEO said. From the Functional benefits of quality and performance in the ocean to care-free driving and the emotional side of being different and free in their boats.

We still noticed that there was one thing that the CEO had not said/brought up that was “suomalaisuus”, something that over 77% of the interviewee’s stated they felt about XO and respected the fact about XO staying true to where they were “born”. This aspect is important in their market segment in Finland and should not be forgotten, even though the company is international and their boats are sold around the world. We would like to point out that in Finland people value a lot that brands keep true to being Finnish and make a lot of purchasing decisions on this Emotional benefit. This being said and knowing that XO boats brand is strongest in Finland they should stay true to this fact and not change this aspect in their brand.

4.5 Liabilities

The biggest liability for the company if choosing to use this thesis for their use is that we could only conduct the interviews with consumers that were located in Finland. This means that the company will only get a view of how their Finnish consumers perceive their brand in the Functional and Emotional way. Due to time zone challenges and the nature of business area this was the only opportunity for us to conduct these interviews. It is common knowledge that consumer spending and how they perceive brands changes according to culture, geographical location and climate, at least in the boating industry.

4.5.1 Reliability and validity

Although our research was somewhat narrow we did find out points that were different between the CEO of OX Boats and their customer group that we interviewed. The main point in that being origin of the boats.

When reflecting on the liabilities that we have in our research, the biggest of them for us would have to be time and the lack of it. For that we have only us to blame. The lack of time forced us to conduct the interviews on a short time schedule and our interviewee field was not as wide as we would have wanted it to be.

So that we could not get into that deep into the subject as we would have wanted. With more interviews there could have come up some points that didn't get from the people that we interviewed. Despite from our time management problems we still managed to make 10 interviews from the customers group plus the interview with the CEO of the XO boat - company.

The reliability and validity of the interviews depends of the quality of the interview. Reliability means that same answers comes from to different interviews of that same person. If you assume that their views don't change over time. Other ways to determine the reliability of the research is if two critics comes to the same conclusion or if two other researches comes to the same conclusion, using different methods. Validity of the research comes from quantitative research. It means that the data you have presented represents what you claim to measure. (Hurme, 2001)

In this research our interviews were done by phone and the answers were written down as notes on the computer. So the full extent of the answers that the interviewees gave does not come out. The answers that we received were categorized in to two different categories, emotional and functional benefits. From those categories we made our conclusions. Our assents of the answers were our own and there might be some changes to them if it is done by another person, but the field of the research was quite narrow so if the assessment was done someone else they would come to the same conclusion.

4.6 Reflect on own learning

This study was a very helpful and fulfilling experience. This gave us handful of knowledge about branding and the boating world in particular. Most of all this study helped us learn how to do qualitative research and what goes in making it. To focus on qualitative research this study made us think many different aspects that makes a research valid such as what sort of interview is right for this particular research.

We had to think about how to structure the interview, who should we participate in the interview and what the questions should be so we could get the information that we are seeking. The biggest thing that we can from doing this study is time management and asking for guidance when you don't know how to proceed.

This study gave us insight on the emotional and functional benefits and what does a company need to take in consideration when they start to build their own brand. Especially focus on the emotional benefits that the brand brings to the user of their products.

Finding out the right references is also a big thing that we got the from this project. It takes a lot of work to read and search all the right books and report to find just the thing you need to succeed it this kind of project.

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