

Saimaa University of Applied Sciences
Faculty of Business Administration, Lappeenranta
Degree Programme in International Business

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Corporate image of IKH in the Kauhajoki area

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Abstract

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The purpose of this study was to find out the corporate image of the company Isojoen Konehalli Oy in the area of Kauhajoki. The target groups of the study were IKH's current customers as well as people who were not their customers yet. The topic was of interest since the competition in the business world is hard and it is difficult to stand out. Hence, it was important to find out what makes IKH successful.

The hypothesis for the research question, "What is the corporate image of IKH in the Kauhajoki area?", was that IKH would be dynamic, forward-going and competitive like a lion. This description was based on the image that IKH wanted to communicate to their customers through their marketing efforts, products, store and customer service. However, after the empirical research, which was carried out through a questionnaire and handed out to more than 160 people, the description of IKH changed to be successful, local and forward-going.

The theory part was built on Timo Rope's theory of aspects that affect the corporate image and Jennifer Aaker's theory of brand personality. In addition to these two major sources, several Internet sites and literature by Hannu Laakso and Philip Kotler were used.

The main points found in the research were that the corporate image of a company does not vary dramatically within a small area even in different customer segments and that out of the four different aspects; premises, physical product, service and communication, the physical product and service are the most influential factors in affecting the corporate image in the industry of technical products.

Keywords: corporate image, brand, marketing, service, product

Table of Contents

1 Introduction	3
1.1 Background	3
1.2 Objectives	3
1.3 Delimitations	4
1.4 Case company Isojoen Konehalli Oy	5
1.5 Renewed brand image of IKH	5
1.6. Success factors of IKH.....	6
1.6.1 Dealer network	6
1.6.2 Supplier network.....	6
1.6.3 Other success factors.....	7
1.7 Research questions	7
1.8 Research method.....	7
2 Branding strategy.....	8
2.1 Customer segments	8
2.2 Positioning	9
3 Different dimensions of brand	10
3.1 Brand	10
3.2 Brand image.....	12
3.3 Local brand	13
3.4 Brand personality	15
4 Creation of image	16
4.1 Corporate image	16
4.2 Core	17
4.2.1 Business idea	17
4.2.2 Company culture	18
4.2.3 Operational policy.....	18
4.3 Middle level	18
4.3.1 Physical product	19
4.3.2 Premises	20
4.3.3 Customer service	21
4.3.4 Marketing.....	22
5 Empirical research	27
5.1 Demographics	27
5.2 Image	29
5.3 Product selection	32
5.4 Price	33
5.5 Quality	34
5.6 Premises	35
5.7 Customer service	37
5.8 Marketing	39
5.9 Guarantee handling	42
6 Summary and conclusion	43
Figures.....	47
References	49

Appendices

Appendix 1 Questionnaire in Finnish

Appendix 2 Questionnaire in English

1 Introduction

1.1 Background

The topic of the thesis is the corporate image of IKH (Isojoen Konehalli Oy) and how it is created through products, customer service and marketing in the minds of people living in the Kauhajoki area.

The topic is researched because even the most successful companies want to know how to improve their operations. IKH is a company founded in 1968 and they have their office, logistics and one store located in Kauhajoki. IKH works with technical products and they import tools, machines, spare parts and work clothing etc. from over 30 different countries and they export to more than 20 countries. In addition, they have a wide spread dealer network that reaches every part of Finland. (IKH's homepage.)

The reason why I chose this topic was a sum of many things, but mainly because after I moved to Kauhajoki, I saw the logo of IKH in many contexts and wanted to learn more about the company. Secondly, there are so many successful brands in the world that it is very interesting and also important to know, what makes these brands as popular as they are today.

1.2 Objectives

The objective of the study is to define what exactly the image that the customers and non-customers have of IKH is. Due to the fact that they have a wide spread customer base, IKH has decided to divide the current customers into three different segments based on different customer profiles; the tractor owners, B2B customers and individual consumers. Hypothetically, all the three segments have a different idea of IKH because of different needs and different amount of attention given to each segment and hence, the aim is to find out how the images of each segment differ from each other and why. Companies use the segmentation in order to better specify their offerings to the right customer groups and further on, reach the maximum profit. The segmentation of customers therefore means that the service, products and marketing efforts will be customized to match with the needs and special characteristics of each segment (Segment your customers, Info Entrepreneurs). Another presumption

is that since the customer segments receive differentiated products, service and marketing, these three aspects also affect the corporate image they have of IKH. According to research conducted by Amini, A., Darani, M., Afshani, M. & Amini, Z. (2012, p. 196), the mixed marketing strategy has direct and indirect effect on corporate image. One of these mixed marketing strategy factors is promotion, which includes personal selling, promotional events and advertising for example. This promotion affects the brand awareness, which then affects perceived quality, which again affects brand loyalty and finally the corporate image. The theory based on which it can be assumed that also the products, service and the premises of the corporation will affect the corporate image is the one created by T. Rope and J. Mether (2001).

1.3 Delimitations

The study only considers people living in the Kauhajoki area and since the city of Kauhajoki is rather small, only 14 000 people living in there, the study results may not be generalized to cover the whole of Finland.

The main focus of the research is on the tractor owners, B2B customers and individual consumers in the Kauhajoki area and also the people who are not regular customers of IKH. The group of people who are not yet customers of IKH will work as a valuable comparison group for the research.

Furthermore, when collecting the answers from people who are already IKH's customers, it must be considered that almost 90% of IKH's customers are male due to the industry in which IKH is operating.

In addition to that, the material used in gathering information is only the ones that can be assessed for free and hence, the study material may be limited.

The theoretical background that formulates the basics of the thesis is constructed of the concepts of corporate image and brand image. The framework for the corporate image can be found from Timo Rope and Jari Mether's book called "Tavoitteena menestysbrändi" (2001). The model that these authors have created is the one describing the aspects of corporate image, which again includes several different factors. This model was chosen to be one of the main theories of the study due to the fact that it gives a well-structured model in understand-

ing the reasons of image formulation. This model will be further described in chapter 4.

Even though the model by Rope & Mether (2001) includes several different aspects of image creation, this study will only focus on the parts concerning the communication, service and the physical products. The topic about the location and the appearance of the premises will be covered only in order to understand, in which way they may affect the like or dislike image of IKH. The pricing strategy will be discussed only in the context of the questionnaire, which includes questions about this topic due to the request of the case company. The thesis will not cover the management nor the properties part due to the fact that they are not seen as the most influential and visible parts of the aspects affecting the corporate image.

Brand image can be researched in several different ways, but this study will focus on researching brand personality traits based on the model created by Jennifer L. Aaker (1997) in addition to the earlier mentioned model by Rope and Mether. Therefore, the thesis will not discuss aspects such as brand as an animal, brand as a product or any other way of researching the qualities of a brand. This limitation was done due to the fact that is not the interest of the case company to dig deeper into the subject and the personality traits are the most interesting topic for the thesis author to cover.

1.4 Case company Isojoen Konehalli Oy

As mentioned in the topic background paragraph, Isojoen Konehalli Oy operates in the field of technical products. They have 47,000 pallet places and over 50,000 titles. In addition they handle over 63,000 deliveries per year and their dealer network includes more than 130 dealers all over Finland.

1.5 Renewed brand image of IKH

IKH chain started their corporate image renewal in 2010, when the top management realized that the old way of dividing the IKH brand into three separate brands is not working anymore. The way they operated in the past was that they had the IKH-brand under which they had their own stores. On the side of that, they had a different brand for equipment, machines and tools, which was

called "Työkalu S". The third brand was named "Long life" under which tractor spare parts were sold.

The reason why they decided to move everything under one brand, IKH, was that it was time and money consuming trying to market three different brands. Furthermore, it was also confusing for the consumers. The renewal process took one and half years and one of the most significant changes was that now, every dealer that wants to operate under IKH brand has to qualify for certain standards. These standards concern mainly the store itself, product layout, service and training for staff and management. The requirements are set because IKH wants to guarantee an excellent experience for its customers when being in contact with IKH.

1.6 Success factors of IKH

In the topic background paragraph it was mentioned that it is interesting to know, how the successful companies have attained their position in the markets. In IKH's case, the success factors come from wide dealer- and supplier network and the benefits that those bring for IKH.

1.6.1 Dealer network

The reason why IKH has several dealers all over Finland is that they offer a complete business concept for the dealers. This includes products, training, marketing, store design- and planning and store design. This makes it easy for an entrepreneur to start his or her own business, when IKH provides everything that you need to start up a company.

1.6.2 Supplier network

To answer the question, why IKH has such a wide spread supplier network all around the world, Ahto Kaari, the marketing manager of IKH explained that this is because they actively take part in industry exhibitions and they see networking as an important factor. Also they have been in business for so long that the network has had time to grow large. Another thing that has helped IKH to have a great deal of suppliers is that they don't see their suppliers only as suppliers but as business partners and they highly value this relationship.

1.6.3 Other success factors

The key success factor of IKH is that they keep customer service attitude in mind at all times. Without listening to the customers, the business will suffer greatly and that is why IKH tries to evolve according to the customer's needs and wants. Everyone at IKH works hard towards this shared goal to always please the customer, including the CEO.

A part of this "customer always comes first" type of thinking is reclamation and guarantee handling. When a customer has had a bad experience of something going wrong, IKH sees this as an opportunity for them to do something right and even better than the first time.

1.7 Research questions

The research question in the thesis is "What is the corporate image of IKH in the eyes of people living in the Kauhajoki area?" The sub-question that is related to the topic is "What has affected in the creation of the corporate image they have?" The sub-question includes questions about what do the customer think about IKH's service, products and their marketing in Kauhajoki.

1.8 Research method

The empirical research done for the thesis will be conducted by a quantitative method, by a questionnaire. In order to research corporate image in a deep level, the qualitative methods such as group interviews or image association exercises may have been more appropriate, but the aim of this study was to receive answers from a very large customer base and hence, the quantitative method was chosen over the qualitative one (Rope, T. & Mether, J., 2001, pp.145-151). Another reason for choosing the questionnaire as the research method was that corporate or billing customers are very hard to reach for a personal or group interview due to their busy schedule. On top of this, since there are four different respondent groups, three current customers and one non-customer groups, there should have been several different interviews organized, which would have been too time consuming. In addition, questionnaires are a good way of collecting data rather effortlessly and without the possibility that the interviewee would affect the results. Furthermore, since the questionnaires are usually the most effective way of receiving several replies, the results of the research can

be generalized to larger area, e.g. Etelä-Pohjanmaa, not only one city. The aim of the empirical research is to receive 100 answers in total.

The questionnaire will include questions concerning the brand image, IKH's marketing, products and services. All of these questions are aimed to help us understand, why do customers have a certain kind of image of IKH. The questions about marketing, products and services are relevant due to the fact that the quality of these three affect the brand image a great deal.

Due to the fact that IKH has several kinds of customers, it is necessary to separate them also in the questionnaire. Also the people who are not yet customers of IKH will be separated as an individual group. This is because all these four customer segments, tractor owners, B2B clients, individual consumers and non-customers, may have a different view and image about IKH because of differentiated products, marketing and service. The separation of these three segments will be done by asking the customers answering the questionnaire to mark the 'type' of customer they represent.

The questionnaire will be handed in for the target groups in the IKH's Kauhajoki store and also in Kauhajoen Karhu's basketball game and in other public places. IKH's store is chosen as one location to hand in the questionnaire since this is a great place to reach the regular customers of IKH. The second place, Kauhajoen Karhu's basketball match, is chosen because it attracts people from all around Kauhajoki and people living nearby Kauhajoki area.

2 Branding strategy

2.1 Customer segments

Segmenting means dividing the markets into groups that differ from each other and from which an organization selects the preferred target group. An organization needs to select only a few different segments, because it doesn't have enough resources to serve different needs and be competitive at the same time. (Hollanti, J., & Koski, J., 2007, pp. 36-37)

According to Laakso (2004), it is important to know the purchasing motive; what the customers are buying and why, and based on that, it is easier to create the

right kind of marketing communication strategy for each segment (Laakso, H., 2004, p.97).

In order to be successful, a company also has to clearly separate the different brands for each segment. This is done so that it is clear to customers, which products and services are specifically offered to serve their needs. (Laakso, H., 2004, pp. 97-98)

What IKH has done in this matter, they have three different customer groups that are clearly separated from each other. Their most important customer groups are business-to-business (B2B) customers and tractor owners. These two groups are IKH's biggest buyers and hence, they are given more value in terms of marketing efforts and product range, quality and guarantee. The third group is the individual buyers.

In addition, IKH has also separated certain brands, which are more suitable for some customer segments than others. Some of the brands are for example targeted to specialists, who use the product daily, many hours a day in their work. These products need to be durable and reliable, and hence, more expensive. These high-quality brands may be advertised more for example in the catalogue magazine called Traktorimiehen Uutiset (Tractor man's news in English) published by IKH for their tractor owners- segment. This means that companies have to create different kinds of marketing communication for each segment, which is an easy and relatable channel for each group to seek for information of the products and brands that are meant for them (The Advantages of Customer Segmentation, SmartPoint Research).

2.2 Positioning

According to Laakso (2004, p.150) positioning is an action, with which a feature is attached to a brand that makes the brand somehow special and differentiates it from its competitors. This feature can also be seen as a competitive advantage or as "Unique Sales Proposal" for the brand.

In positioning, a company usually tries to attach an image of a brand to the customers minds that is already familiar to the customers. Otherwise the work amount and the monetary value become too high.

Positioning affects the brand in many positive ways if it is done successfully. In Figure 1 can be seen the cause-effect figure of brand associations.

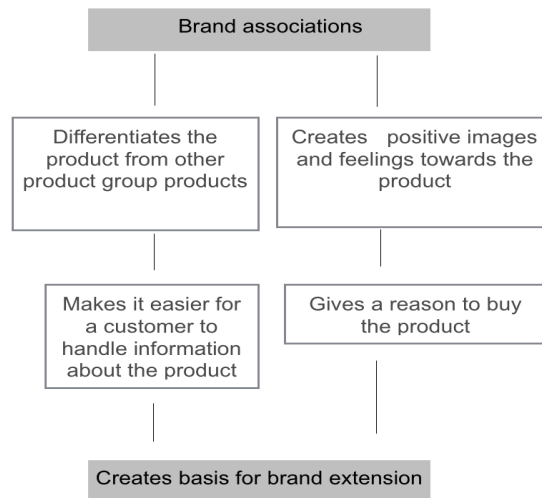


Figure 1. Effect of brand associations (Laakso, H., 2004, p. 161). Translated from Finnish to English by Heidi Jäkälä.

According to Kotler and Armstrong, positioning can be done in three different levels; by product attributes, product benefits or beliefs and values. The lowest level, which is the easiest for competitors to steal, is the product attributes. This means that the brand is known for adjectives that can be related to their most popular products. The second level is to make the brand associated by a certain benefit that the customer can attain by using or having the product. The best level is to associate brand not with one single attribute but with a whole experience, feeling or lifestyle. (Kotler, P. & Armstrong, G., 2012, pp. 268-269.)

3 Different dimensions of brand

3.1 Brand

According to the American Marketing Association (Definition of a brand, American Marketing Association), a brand is a name, concept, label, symbol or another feature that differentiates a seller's product or a service from another seller's products or services. On the other hand, Christian Grönroos defines a brand in this way in his book 'Palvelujen johtaminen ja markkinointi' (2010): *"Brand is always an image. A customer if someone can create a brand. A marketer can only create favorable conditions for brand creation in the mind of a*

customer". (von Herten, P., 2006, p.16.) These two definitions of brand are very different in the way that in the first one, brand is seen as something concrete, and in the latter one brand is something abstract, an image.

In the book 'Brändit kilpailuetuna' Hannu Laakso (2004, p.14) mentions that only marketing does not make a product a brand. He believes that an image that differs from the one of a competitor that a customer associates with the product, makes it a brand. In the same book, Laakso (2004) writes about what he heard a consultant, specialized in brand building, Gustav Hafren, said about a brand: "*Brand is that additional value that a customer is ready to pay in comparison to a regular, nameless product, which can also fulfill the same need. A nameless product is just a commodity. When a brand cannot provide a better benefit to a customer than its competitor, it becomes a commodity*" (Laakso, H. 2004 p. 22).

So to summarize these different views about a brand, it would be a feature of a product that is different than the ones of a competitor's and is viewed as different in the minds of a customer. Companies can try to affect the image that the customers create of their products by marketing and other means mentioned later in the research. However, the image cannot be fully controlled by the companies because there are several things affecting it. If a company is capable of creating a strong brand, that makes customers *want* their product, not just *need* it, they have created a huge advantage for themselves in the markets, because now they can charge extra for their products.

In the book "Tavoitteena menestysbrändi" by Timo Rope and Jari Methner (2001, p. 176), the authors say that "*a brand is usually the guarantee of quality*". This means that if something unfortunate happens to the company image, the consumers would still trust the company and be loyal to it. This trust is based on the fact that consumers have been using the same brand over many years and it has always delivered what it has promised.

In addition to the definitions of a brand, it must be recognized according to Aaker (1994, 1996 & 2007) that building a strong brand that can truly differentiate from its competitors, companies should not only try to attach different attributes to a brand but to create a complete brand identity and an excellent customer relationship. This identity formulates from four different aspects: brand as a person, the brand as an organization, the brand as a symbol, and the brand

as a product. (Hollenbeck, C. R., Peters, C., & Zinkhan, G. M., 2008, p. 341.) However, this study will only focus on the aspect of brand as a person, which means getting deeper into brand's personality traits.

3.2 Brand image

Brand image is an overall picture that consumers have about a certain brand. It formulates in the minds of the consumers and is a combination of several associations from several sources. It is always a subjective experience of different perception of associations. (Management Study Guide, Brand image.)

One aspect that affects the brand image is marketing that comes through several channels. In IKH's case these channels are TV commercials, regularly published direct-mail magazines and product catalogue on the Internet. In addition to that, IKH also has a Facebook page in which they sometimes post advertisement or the latest news. Through the marketing mix that the companies use, people will be full of expectations of the brand. Depending on whether these expectations are fulfilled or not, people will either form an image that is positively or negatively described.

Brand image can also be researched in many ways. Some researchers want to describe brand image for example through animals, others though personality traits. However, this thesis is focused on describing the brand through the opinions of the company's products, service and marketing. On top of this, the research will also find out a set of personality characteristics of IKH's brand.

The brand image that IKH themselves want to convey to its customers is that they would like to be seen as a lion. Lion for them symbolizes dynamic, forward moving, strong and trusted brand.

Today, IKH is as close to the ideal brand image as they can possibly be. As the customer preferences, expectations, needs and wants are constantly changing and moving in the markets, IKH tries to react to the changes immediately. As an example, since the economic situation is rather weak at the moment, people are looking for security and stability, IKH is trying to market themselves as a company with long traditions and secured background

3.3 Local brand

Many businesses today want to change their business strategy from local to global. This is tempting because global strategy has several benefits such as economies of scope and scale in R&D, centralized logistics and marketing location, savings in inventory and possibility to source materials from several sources across the world (Lynch, R. Global strategy). On top of this, when the brand is widely known globally, it allows the company to charge higher prices because the brand name itself is seen a guarantee of quality. In addition, it is much easier for a global brand to extend their product lines under the same brand names.

However, there can also be a negative effect on moving completely from local strategy to a global one. The benefits that arise from strong local brand amongst others are, according to research done by Isabelle Schuiling, I. and Kapferer, J.N. (2004), high level of awareness, strong brand image, strong relationship between the brand and the consumers and better response to local needs. Local brands are usually also seen as more trustworthy, reliable, down-to earth and traditional than international brands.

The definition of a local brand according to Schuilingand, I. and Kapferer, J.N. (2004) is that a brand only exists in one country or in otherwise restricted area. A global brand on the other hand uses the same marketing strategy and mix in all target markets. In this thesis research IKH fulfills parts of both definitions. IKH is seen as a local brand at least in Kauhajoki area and hypothetically also elsewhere in Finland. However, IKH has import and export operations in wide variety of countries. Therefore it can be said that IKH has tried to take the best parts out of both local and global strategies. They try to standardize their operations in terms of marketing, service, training, products and store design as in global strategy but still value the intimate relationship that they have with their customers. In addition to that, another benefit IKH has tried to capture by importing and selling global brands is the seemingly higher quality of products and prestige (Winit & Gregory & Cleveland & Verlegh 2014).

Furthermore, there is a lot of research done on what the benefits of a global brand name and global brand equity are, but there has not been such interest in

local brands. In the article written by Schuilingand and Kapferer, it is mentioned that a global brand can be seen as a status symbol or the quality of the product can be seen higher. This information is very interesting in this thesis research due to the fact that IKH sells several different brands, which are procured from over 30 different origins. Hence, the origin of the products does not seem to be a remarkable factor in forming the image of the IKH as a corporation.

The concept of locality and IKH being seen as a local brand became one of the clearest issues that arose from the survey conducted to the non-customer and current customers of IKH. Due to the fact that Isojoen Konehalli Oy was founded in Etelä-Pohjanmaa, in Isojoki, IKH is still today seen as an organization whose home is in Kauhajoki. However, approximately half of the respondents saw IKH as a global rather than local corporation. According to the research conducted by Winit et al., globalness and localness are not always totally on the opposite sides. A corporation might be global, operating all over the world, but it is owned locally. These kinds of companies, who advertise themselves as locally owned companies, can gain positive advantages of each factor. However, the success of global or local companies depends a lot on the industry and an example was given in Winit's research about flight companies and food industry, in which the "locally owned" element is a very important factor. Many patriotic people want to support local production and employment on the area where they are living. (Winit & Gregory & Cleveland & Verlegh 2014.)

What comes to IKH pursuing its local strategy, they mention on their homepage that their goal is to offer their customers premium quality products, professional service and that customers always come first. They also want to be creative and they seek for new ways to do things. All this has to be of course done responsibly, fast and profitably (IKH's homepage: strategy and vision). The customer oriented thinking is a clear sign of a local strategy in the sense that they want to have a friendly and close relationship with their customers. This way they can also better respond to the changing customer needs by listening the continuous feedback (Schuilingand, I. & Kapferer, J.N., 2004).

In addition, the marketing can be differentiated to better suit local customers. For example, in Kauhajoki, IKH is sponsoring Kauhajoki's own basketball team

Kauhajoen Karhu. Many local businesses beside IKH have invested money on the team and the whole town is cheering for its success. This makes Kauhajoen Karhu a sponsoring target that positively affects the local brand image.

Furthermore, when thinking about Kauhajoki as a geographical area, it is rather wide but has only few companies operating on its area too. This means that IKH does not have that much competition in the area. Whenever you need a tractor spare part or other tool or machine, IKH is one of the only, if not the only one anywhere nearby. This lack of competition also helps to understand, why people may think of IKH as local rather than international or a global brand.

On the other hand, the signs of a global standardization strategy can be seen in how they handle their dealers by providing them a complete business model in order to deliver similar experience to customers all over Finland. However, it is much easier to copy the business model to another place but it is far more difficult to transfer the image or reputation that you have in a certain place.

3.4 Brand personality

Brand personality is something has been defined as "*the set of human characteristics associated with a brand*" in the article written by J.L Aaker (Aaker. J.L, 1997, Dimensions of Brand Personality). In the same article, brand personality is further explained to affect consumer's purchasing decisions in a way that people tend to prefer brands that have similar kind of personality as they themselves have. Consumers that are for example brave, fun-loving and experimental most commonly like the brands more, which they associate having these same personality traits. Using a brand with certain type of personality can be a way for one to express him or herself through the brand.

The personality traits associated with a brand are usually very long-lasting and hence, it is a great way to separate the brand from its competitors. Brand personality traits are also commonly used in image marketing, where the advert tries to convey the personality traits to the consumer and make the consumer to identify with the product or service.

In the Jennifer Aaker's article the author also cites research done by Plumer, J. T. (1985), who discovered that the personality traits that a consumer associates with a certain brand, can be formed by both, direct and indirect contact that the

consumer has with the brand. The consumer can have this *direct contact* with a brand with the company employees, management and/or with the brand's endorsers (McCracken, G, 1989). The indirect ways for the consumer to be in contact with a brand are through product-related attributes, product category associations, brand name, symbol or logo, advertising style, price and distribution channel (Batra, R., Lehmann, D. R., and Sigh, D., 1993). (Aaker, J.L, 1997)

However, Jennifer Aaker also mentions in her article that according to Sidney Levy (1959), brands can also have demographic characteristics like gender, age and class in addition to personality characteristics. The demographic qualities can be associated with a brand by both, the direct or indirect way. (Aaker, J.L, 1997)

Jennifer Aaker categorizes the personality traits into five different categories also called by the name "*The Big Five*" (Aaker, J.L, 1997): sincerity, excitement, competence, sophistication and ruggedness. Under these categories she has defined several adjectives, which better describe certain characteristics. This model can be seen from figure 2.

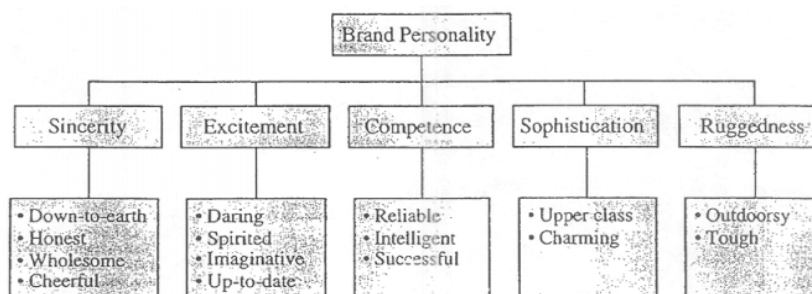


Figure 2. A brand personality framework by Jennifer Aaker (Aaker, J.L, 1997)

4 The creation of image

4.1 Corporate image

Corporate image consists of three different levels; strategic solutions, business solutions and functional image solutions. All the three levels can be seen from the figure 3. The inner circle stands for the strategic solutions such as the business idea. The middle level shows the business solutions that also affect the third level functional image solutions.



Figure 3. Aspects affecting the corporate image (Rope, 1995, p. 144) (Translated from Finnish to English by Heidi Jäkälä)

It is very important to make decisions on each level so that they are in line with the selected strategy. Every decision made in each level affects the other and the end result, which is the corporate image.

4.2 Core

The core level consists of business idea, company culture and operational policy. In the next three paragraphs these are discussed in finer detail.

4.2.1 Business idea

The business idea defines the basic frame of what kind of images the company can be attached to. The business idea tells the customer, in which industry the company operates in. In IKH's case, they are the importer of technical products like machine spare parts and tools. Therefore it is obvious that certain kind of images like "feminine or romantic" do not usually come up when talking about IKH. When this fact is recognized, it is easier to choose images that feel believable by the consumer. (Rope & Mether, 2001, pp.119)

4.2.2 Company culture

Company culture refers to the leading values that the company has and executes in all its operations. In addition, also the way the people are acting towards each other, communication and shared rules can be a part of company culture. The culture that was once created to an organization is also usually very difficult to change because people usually resist change (Kotler & Keller, 2006, p. 50). However, this may be necessary in situations when the company's operations are no longer profitable and a new strategy needs to be developed. This cannot be done without a cultural change.

When these values and norms are practiced throughout the organization all the way from the top management to the working staff, they will finally also affect the company image. There are several kinds of company cultures and it depends a lot on the industry. However, the company culture itself is not as important as the way it is executed. The company culture has to come out as cohesive, positive and pleasant way of treating the customers. (Rope & Mether, 2001, pp.120)

4.2.3 Operational policy

Operational policy is included in the business idea and it is also based on company culture. There are several different policies in company's operations such as pricing policy and marketing policy, which vary depending on the industry and earlier mentioned business idea and culture. The daily operations such as customer service are directly affected by these operational policies, which then again affect the corporate image. (Rope & Mether, 2001, p.120)

4.3 Middle level

The middle level stands for the business solutions that then again affect the functional image solutions. In this study the focus is on physical product, communication, service and premises. However, the solutions made about the premises are not on top interest of this study and it is mainly covered for the purpose to better understand the results of the questionnaire. The other solutions are explained in finer detail in the following chapters 4.3.1, 4.3.2, 4.3.3 and 4.3.4.

4.3.1 Physical product

Products that a company sells, always gives an impression of the company or a brand. The quality, price, packaging and design are significant aspects that need to be taken into consideration, when thinking about brand building. Also the diversity of different products and product families affect the product image and finally the corporate image as well.

The way that IKH has decided to organize their product selection is that they divided it according to the different customer segments into three categories; professional, specialist and hobby. The *professional* product category is for people who use the machines and tools every day for their work and hence, the quality is premium and also the price is higher. The *specialist* category is for people who use the equipment and tools very often and are "do it yourself" type of people, but not professionals. The *hobby* category is for people who would buy the product to use it once in a while or in only one project. All these three product segments are differentiated in terms of quality, price and guarantee time. Professional products have the highest quality, price and 10 years guarantee when the specialist products have 5 years and the hobby products 1-year guarantee.

Product packaging is always a factor that can influence the purchasing decision. Before, the wrapping materials were only considered in terms of how well it protects the product or describes what the package includes, but nowadays the appearance of the packaging is used as a marketing tactic (Kotler, P. & Lee, N. R., 2007, p. 62.) Therefore the products must be packed in the most informative and attractive way. IKH has tried to make it as easy as possible for their customers to locate the different product segments in their stores with the help of color-coding and explanations given to each color.



Figure 4. Color-coding and explanations in IKH's Kauhajoki store



Figure 5. IKH's packaged products with blue and green color-coding in the right top corner of the package.

Furthermore, when talking about IKH's product selection, they have the widest selection of tools and tractor spare parts in Finland. This is another thing that separates them from their competitors.

4.3.2 Premises

IKH has its office, logistics center and a store located in Kauhajoki. When having a physical store, where customers come to buy the products, a company needs to think carefully about everything that may affect the customer's experience.

According to de Vries Jr, van Helsdingen and Borchert (2012, pp.141-143), these things are:

1. Who are present in the environment?
2. The influence of multi-sensory marketing on the service environment
3. Selecting a location

The first thing, "who are present in the environment" refers to the people in the store such as the staff, management and also other customers. In case there are many other customers and only a few employees, it may happen that the customer is forced to find the things on his or her own. On the other hand, if the case is vice versa, the customer may receive very "custom-made" service, which is often considered to lead into better customer satisfaction.

The second issue "the influence of multi-sensory marketing on the service environment" refers to the five senses (sight, smell, touch, taste and hearing) that the customers use when visiting the store. Companies should take this into account when planning for example the store environment and product packaging because customer's observations, feelings and experiences are based on these five senses through which the brand image is built (see figure 6).

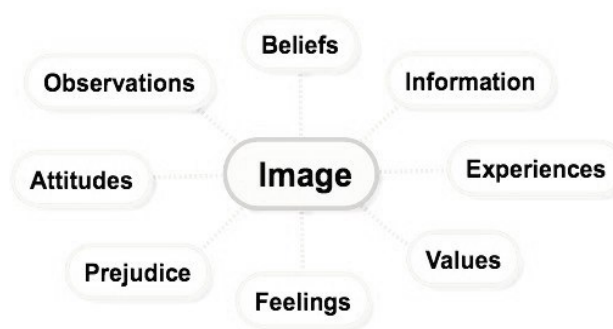


Figure 6. The psychological aspects affecting image (Rope, 2000, p.178) (Translated from Finnish by Heidi Jäkälä).

The third aspect that needs to be considered is the store location. Finding out the perfect ground for the store is usually done with regional analysis, area analysis and evaluation of the site itself. In IKH's case, the company was founded in Isojoki, a place close by to Kauhajoki. After the company's businesses really started to take off, they decided to move their company to Kauhajoki, which is a bigger city in the center of smaller towns.

4.3.3 Customer service

The customers' expectations for customer service can be divided into five different categories according to Parasuraman, Berry & Zeithaml (1991): reliability, tangibles, responsiveness, assurance and empathy. These five dimensions include aspects such as delivering high quality service and what is promised, tak-

ing care of the appearance of facilities, equipment, personnel and marketing materials, providing friendly and in time service, providing professional, trustworthy and confident service and showing empathy for customers. (Parasuram, A. et al. 1991) These are the aspects that create the basis for good customer service experience.

The final prize in putting all the efforts in building long-term customer relationships is the positive image of the company. According to Grönroos (1988) this positive image is allowing companies to do small mistakes and they are more easily being forgiven by the customers. This also works vice versa in a way that a company already having a bad corporate image cannot make any further mistakes without being punished by customer dissatisfaction. (Fehl, 2006, p. 43)

Customer service is very important for IKH. In their company strategy they mention that they "*emphasize expertise and customer-oriented thinking in all our operations*" and in addition to that, they include reliable and professional service in their company values (IKH's homepage, Vision and Strategy). All these statements refer to the fact that they truly want to make an effort in excellent customer service.

IKH also sees customer service as their most valuable competitive advantage. As mentioned before in the thesis, IKH values the "customer always comes first" type of thinking and they pay attention to their personnel training in order to reach the highest level of professional customer service. In addition to this, IKH has a service network that covers the whole Finland and telephone sales personnel who serves the dealers.

Another aspect of customer service is that people in IKH see their wide product selection as part of good customer service. Due to the fact that they offer repair and assembly service, they also always have the right kind of tools to fix or put machines together.

4.3.4 Marketing

Marketing is an action which purpose is to put the right product in the right place, at the right price at the right time (Mind Tools, The Marketing Mix and the 4Ps of Marketing). On top of this, the purpose of marketing is to reach the current and potential customers and fulfill their expectations and needs with the

actions performed by a company. Marketing also reforms the offerings of a company and informs the customers of these offerings. Furthermore, with marketing, a company can affect the opinions that the consumers have about the company, develop customer relationships and ensure the customer satisfaction. (Hollanti, J. & Koski, J., 2007, p. 16)

Marketing mix

The most commonly known theory of marketing is the one created by McCarthy in the 60's that is called the 4P's. This theory consists of Product, Price, Place and Promotion. However, there are more meanings to these four P's, such as Product can also stand for the service that is offered by the company or any other features that the company is selling. By combining these four P's in different ways, companies can create a competitive advantage against other companies. The combination of the P's is called the marketing mix. However, the McCarthy's theory is not fully capable of describing all possible situations, and hence, the addition of three more P's to the list has been necessary. This theory is called 7 P's and is more suitable for covering for example the marketing of services. The three P's added are: Participants, Physical evidence and Process. (Hollanti, J. & Koski, J., 2007, p.19) By mixing these four elements and the additional three P's, it is possible to create very strong marketing and through that, brand image and competitive advantage.

However, the additional two P's (participants and physical evidence) nor the price and place are not paid attention in this research due to the fact that the thesis focuses mainly on IKH's corporate image including product, promotion and process. The price and place will be discussed only in the context of analyzing the questionnaire results.

4 P's

Product	Price	Promotion	Place
Product assortment	Discounts	Media advertisement	Distribution channels
Quality	Bonuses	Sales promotion	Coverage
Design	Payment time	Sales area	Assortment
Features	Credit terms	PR	Transportation
Name	Retail price	Direct marketing	
Packaging			
Size options			
Services			
Guarantee			

Figure 7. Marketing mix, 4 P's model (Laakso, 2004, p. 35) (Translated from Finnish by Heidi Jäkälä).

In order to explain IKH's marketing mix, it must be said that IKH uses all the seven P's of the marketing mix. They offer a huge variety of products with different designs, packaging and additional services such as maintenance. They have separate pricing strategy for different product segments, discounts and credit terms for B2B-customers. The promotion that IKH has selected is that they advertise their products on TV, publish a direct mail magazine on regular basis and have product catalogues on the Internet. In addition to that, they have their own Facebook page and a very actively updated home page in which is possible to find their latest TV commercials, magazines and news. What IKH has done in the place sector is that they have an incredibly wide dealer network, several distribution channels and they have created a store design model that they offer also for their dealers. However, one of the most important things in the 7 P's is the additional one, called process. Process in this context means *"the process of giving a service"* according to Chartered Institute of Marketing (CIM, Marketing and the 7 P's). IKH has made an effort to offer the best service and create long-term intimate relationships with their customers. This can only be created by high-quality products and most importantly, with the right kind of people. People are in a great role in making the customer's experience in the store a success story. This is why IKH organizes regular training for their staff

and ensures that everyone are working towards the one shared goal, a premium customer experience. The last P, called the physical evidence, is all about assuring the customer that they are about to purchase the right product or service that gives them some value. This assurance can be given for example by testimonials or by well-kept and appropriate store surroundings. IKH has tried to use this part of the marketing mix mostly by making effort that the store is always tidy and has proper information signs in helping the customer to navigate to the right product group or sales points.

Sponsorship

According to David A. Aaker and Erich Joachimsthaler (Aaker, D. A. & Joachimsthaler, E., 2000, p.288) Sponsoring means *”associating a brand in the minds of the consumers to the sponsoring target, such as sports event or a team.”* However, sponsoring doesn’t mean that the sponsoring target, for example a basketball team, is necessarily supporting the brand or that they would be involved with the brand in any other way.

With the help of sponsoring, brands are able to market themselves without seeming like they are purposely trying to affect the consumer, hence, it can be considered as an indirect way of marketing the brand. With this benefit, brands can create a personality for themselves and stand out from their competitors with their abstract qualities. Sponsoring creates images that add depth and diversity into the customer relationship with the brand. (Aaker. A.D, & Joachimsthaler. E, 2000, p. 289)

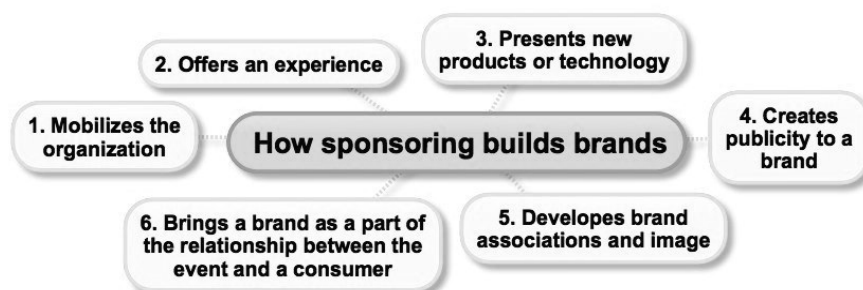


Figure 8. Sponsoring as a brand builder (Aaker. A.D, & Joachimsthaler. E, 2000, p. 290) (Translated by Heidi Jäkälä from Finnish to English)

As shown in the figure above, sponsoring can help building a successful brand in many ways. The most common target when using sponsoring as a brand builder is to create publicity for a brand and also to create brand associations and images.

Sponsoring is usually used in order to make the brand known by the consumers. Having the logo of the company shown in several places and connections will contribute to the "top-of-awareness" target that companies may have. IKH is one of the sponsors of Kauhajoen karhu, the local basketball team in Kauhajoki. They have their adverts on the player's team shirts and also on the sides of the play court. The fact that people in Kauhajoki are fanatic supporters of their own basketball team and every home game event attracts around 700 to 1000 fans, sponsoring a sport club can be considered as a great way to reach their customers. In addition to that, IKH has placed their logo in many other places other than just the play court, such as on the sides of cars like shown in the figure 10.



Figure 9. IKH's banners in Kauhajoen Karhu's game in Kauhajoki play court.



Figure 10. IKH's logo on the back side of a taxi in Kauhajoki.

5 Empirical research

The empirical research was conducted during March and April 2015 and it was done in the form of a questionnaire, which included 41 questions in total. The questions from 1 to 14 concerned demographic information and questions about IKH's image. The following questions from 15 to 34 were general questions about products, store, marketing and guarantee handling. The final questions from 35 to 41 were about tractor spare parts. This division of questions was done in order to make it easier for different customer segments to answer the questionnaire, which was done on paper and handed out in IKH's Kauhajoki store and in Kauhajoen Karhu's basketball match. The questions included three open questions, a few questions were the respondents could answer either yes or no or choose the best option out of many choices but the majority of questions could be answered by choosing the most suitable number from a scale from 5 to 1.

The explanation of the numbers is given below:

- 5 - excellent
- 4 - good
- 3 - I don't know
- 2 - satisfactory
- 1 - poor

The total number of received questionnaires was 160, of which 22 had to be disqualified. 15 out of the 22 were not accepted due to the fact that the respondents were living in another city in Finland, further away from Kauhajoki than 52 km. 52 km was set to be the proper distance for the respondent's place of living due to the fact that even the closest cities or towns are rather far away from Kauhajoki and people come to visit IKH's Kauhajoki store even from that distance rather frequently. The rest of the disqualified questionnaires were not included in the study because the questionnaires were filled in poorly in a way that only minority of the questions were answered.

5.1 Demographics

Out of the 138 respondents 104 live in Kauhajoki. The second largest group of respondents included 11 people from Kurikka, which is located 28 km away from Kauhajoki. Therefore, it can be said that the research was able to reach

the target respondents for the study and that the opinions of IKH's image come from local people.

Place of living	Number of respondents
Kauhajoki	104
Kurikka	11
Teuva	8
Jalasjärvi	4
Isojoki	2
Seinäjoki	2
Karjajoki	2
Närpes	1
Tiukka	1
Ikkeläjärvi	1
Karvia	1
Jurva	1
Total	138

Figure. 11 Place of residence of the respondents

Another aspect that needs to be considered when looking at the results of the study is that 101 of the 138 respondents were male and only 37 of them were female. However, this fact was already considered at the beginning of the research because IKH is well aware that the industry where they are working is mostly focused on men. Therefore, it was really interesting to notice that when the respondents were asked to give free feedback about IKH's operations and what they hope IKH would offer to them, female respondents gave comments such as the following:

- I'd like IKH to offer more products for women and that they would consider women more in their marketing. Women can also work!
- IKH should organize more events, such as "how to do car maintenance" for women.
- More nice products for women, such as garden tools.

There were several comments like that in the questionnaires that were received from female respondents. As a conclusion, in cities like Kauhajoki, where agriculture is practiced a lot and also women take part in farming, it could be profitable to see women as potential customers as well. Another point that came up during the observation in the IKH's Kauhajoki store was that women usually never come to visit the store alone. They always arrived with their husband or a

male friend. Maybe by including women more in the advertisement and by organizing women's events, IKH could make it more comfortable for women to come shopping also alone and more frequently.

In addition to the demographic aspect, also division of age needs to be considered. In the group of non-customers, 50% of the respondents belonged to the group of 18 to 30-years-old. In comparison to that, the largest group (41.2%) in the tractor owners- segment was people from 60 to 70 years old. Corporate and billing customers were mostly 40 to 50-years old (41.7%) and the group of individual customers was very equally divided as can be seen from the figure 12.

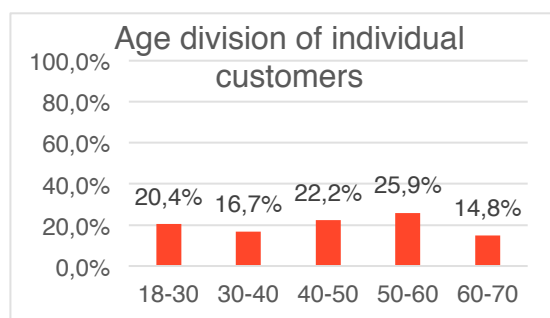


Figure 12. Question number 3. Age division of the respondents in individual customers- group

5.2 Image

What can also affect the image and opinions about IKH's operations is the frequency of visiting IKH' store. In all the customer groups, people mostly visited Kauhajoki store once a week or once a month. People who visited the store most frequently were the tractor owners, answering "once a month" by 44.1 %. According to Buttle (1997), the high customer retention is a sign of high customer satisfaction. This satisfaction arises from fulfilled expectations, which are, in IKH's case, very much fulfilled especially amongst tractor owners (Egan, J., 2011, p. 127) Individual customers on the other hand had the widest range of visiting and obviously 65.4% of non-customers had never visited IKH's store. However, the rest 34.6% had visited IKH's store before. This can be explained by the fact that 73.1% of the non-customers were female and they don't see themselves as customers even if they have visited IKH's store for example with their husband.

The fact that people who are already IKH's customers visit their store very frequently is most likely to affect to the positive image that the customers have about IKH. When a customer visits the same store once a week or month, it gives time for the personnel to develop an intimate relationship with the customer and also time to fix the mistakes that may have occurred in the past. This may also lead to answers to the question number 8. "If IKH would be a person, choose three adjectives to describe him or her" like "friendly", "safe" and "local". However, in all of the four segments, mostly the same adjectives got the highest percentage of answers. These were: successful, local, forward going and friendly. The adjective "successful" was the most popular adjective in the groups; tractor owners, individual customers and non-customers. In all these groups the percentage was 17% or more. Only the corporate and billing customers felt that the best adjective to describe IKH is "local" (19.2%). The adjective "local" came up also in question number 9 where the respondents were asked to choose the most suitable option from two different words. 70.4% from all the respondents saw IKH more local than international.

However, what could have affected this result is that the word "successful" was the first adjective on the list of 27 different adjectives, which were chosen by adjusting the research done by Jennifer L. Aaker (Aaker, J.L, 1997). She had a list of 42 adjectives divided into 5 different categories as was mentioned in Figure 1. This list of 42 adjectives was squeezed into 27 adjectives by leaving out words that were not suitable for the subject under research. The hypothesis was that words such as "feminine", "romantic", "Western" or "glamorous" would not be the best kind of words to describe a company which sells, exports and imports tools and machines. However, some of the "unsuitable" words like "feminine" were included in order to prove this hypothesis right. The result can be seen in Figure 13, which explains the total percentage of popularity of the adjectives.

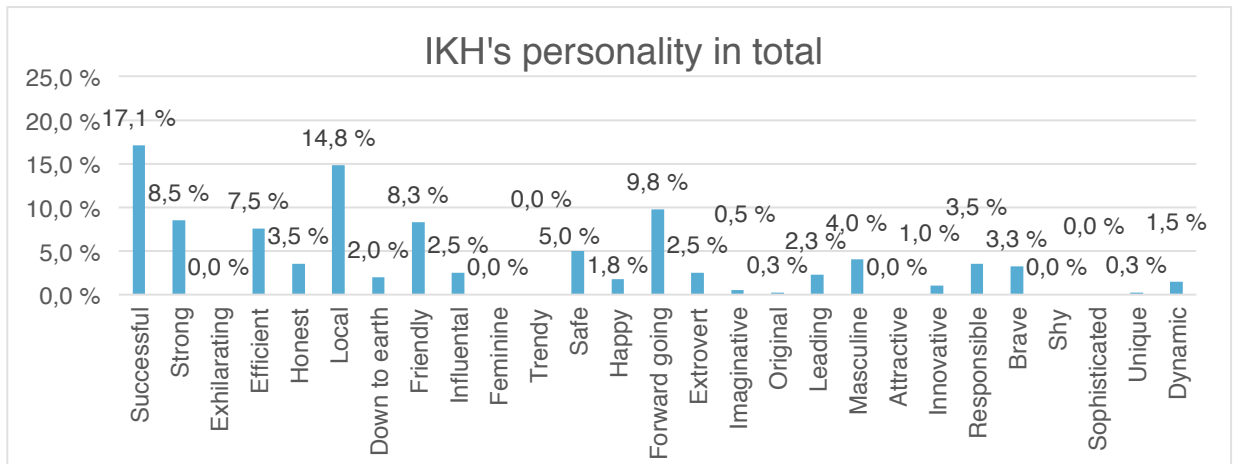


Figure 13. Question number 8. How IKH is described as a person by all the four respondent segments.

Another factor that was interesting is that IKH itself wants to communicate an image which is very forward going and dynamic. Partly they have been able to achieve this goal since the term “forward going” is rather high (9.8%) in popularity amongst very client and non-customer group in total. On the other hand, the adjective “dynamic” has had very low scores (1.5%) on the popularity. This could mean that even though IKH has tried to communicate this dynamic image for example by sponsoring many different sports events or teams, it has not delivered the hoped result. On the other side, the sponsoring targets may have affected in a way that many non-customers, who are mostly women, see IKH as a very masculine (15.2 %) brand.

To discuss more about IKH’s image, questions number 10 and 11 were really helpful in finding out that all customers and even non-customers had a positive image of IKH in general (96.4%). In addition to that, up to 85.5% of all respondents would recommend IKH to their friends. This is a very strong sign that IKH has done things right and has been able to build a very positive image for itself. Nowadays, if a customer says that it would recommend a company to his or her friends, it can be very profitable due to WOM and active use of social media. Therefore it must be also kept in mind that good experiences spread fast but bad experiences spread even faster.

In order to analyze question number 9 further, the two terms “traditional” and “youthful”, it must be said that in every other respondent segments, the term “traditional” got approximately 60% of the answers. Only the corporate and bill-

ing customers thought that IKH is more youthful by 12.5 percentage point. This could be the effect of different kind of services and marketing that are offered for B2B customers.

The terms “competitive” vs. “stuck to old habits” got over 90% of competitiveness by all the current customer groups and also 84% of the non-customer agreed with the other groups. This is a good sign for IKH that their customers see them as “forward going” and able to compete against other big corporations.

5.3 Product selection

The majority of respondents thought that IKH has a very versatile selection and that IKH is a reliable company overall. The opinions about IKH’s wide variety of products also came up later in the research when the respondents were asked about the variety of products in question number 20. Most of the answers were either number 4 (good) or 5 (excellent). This is great news for IKH since a part of their company’s competitive advantage lies on offering their customers the widest variety of products compared to their competitors. The wide product selection was also one of the most commented issues in the questionnaire. Some of the comments are shown below:

- You can find almost everything from IKH
- There is nothing I would add in the selection
- It is nice to visit IKH’s store because they offer a very wide range in products and services

In addition to those comments, in question number 7 the respondents were asked to describe IKH as a person and the word “versatile” was the most used adjective by 17 answers. Other popular answers were “good”, “helpful”, “big” and “reliable”.

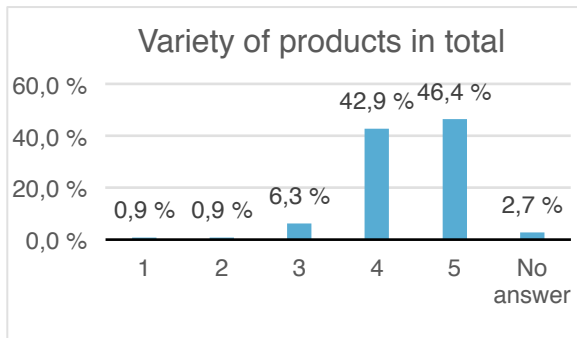


Figure 14. Question number 20. How versatile is IKH's product selection according to all respondent segments. 1 (poor), 2 (satisfactory), 3 (I don't know), 4 (good) & 5 (excellent)

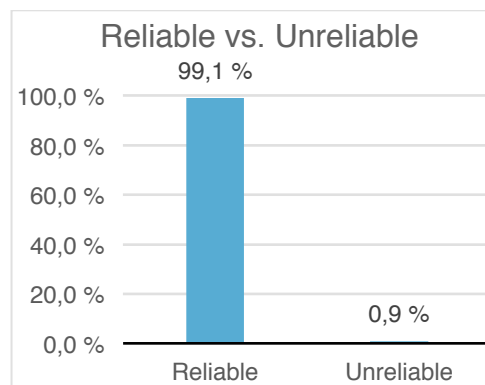
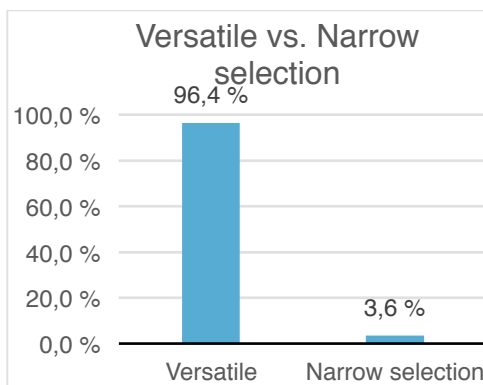


Figure 15. Versatile vs. Narrow selection according to all respondent segments

Figure 16. Reliable vs. Unreliable according to all respondent segments

5.4 Price

The question about whether IKH's products are expensive or affordable separated the corporate and billing customers clearly from all the other segments. 100% of them thought that IKH is affordable when in the other groups approximately 25% of people thought IKH's products are expensive. This difference may arise from the different pricing methods that IKH uses for different customer segments. They have divided their products to three different price groups and the highest quality professional products are obviously the most expensive ones. However, B2B customers are normally entitled to all types of discounts such as bulk discounts, which may affect the image of affordable prices.

5.5 Quality

The “high vs. low quality” factors got 93.21 % of positive answers in total. However, when the respondents were asked especially about the quality of products, the result was not as positive, even though the majority (58%) thought that the products are of good quality by answering number 4. The most unsatisfied customer segment was the individual customers, of which 1.9% answered number 1 (poor) and 1.9% answered 2 (satisfactory). In addition to that, also 27.8% didn’t know whether the products are high or low quality. The reason behind why individual customers were the most unsatisfied group could be found from the fact that they were the largest respondent group and hence, there are more chances that something could have gone wrong with a certain customer.

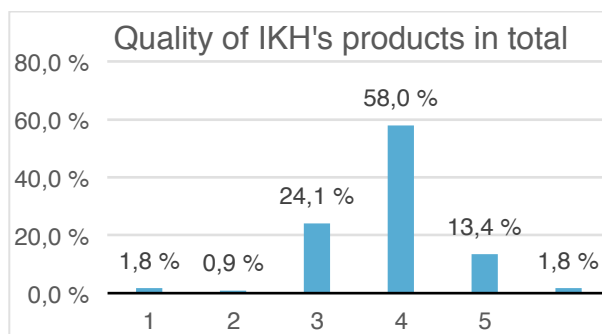


Figure number 17. Question number 17. “What do you think about the quality of IKH’s products” answers according to all respondent segments except for non-customers. 1(poor), 2 (satisfactory), 3 (I don’t know), 4 (good) & 5 (excellent

Customer segment	Amount of respondents
Corporate & Billing customers	24
Non-customers	26
Individual customers	54
Tractor owners	34
Total	138

Figure 18. The number of respondents in each customer segment. Individual customers-group highlighted as the largest respondent segment.

Another factor related to the quality issue is the cost- effectiveness of IKH’s products. 50.9% of all current customers thought that IKH’s products are giving a good return for their money by answering to question number 21. (How cost-

effective are IKH's products") by number 4 (good). However, 27.7% did not know whether the products were answering to their expectations of quality. This issue also rose up in the open questions and people gave comments such as the following:

- The product selection is wide, but please remove the cheap Chinese products from your selection.
- (I'd like to have) more high quality products.
- Sometimes the quality of products has not been so stable.
- Some of the products are really poor = they don't last for long.
- The quality classifications (professional, specialist, hobby) are a good thing but they don't always stand for what they are supposed to, because some of the products break very easily.

This cost-effectiveness issue might be something that IKH might want to consider in the future, if they want to improve their image in the product quality sector. It is very important for companies to have an excellent core product because no matter how excellent additional products or services a company offers, people would not want to purchase then core products if they are not fulfilling the expectations.

5.6 Premises

What comes to the premises factor, questions number 15 and 16 were trying to find out if the location and the general appearance of IKH's store had any effect on how good is IKH's image. There were more variation in the answers concerning the location of IKH's store, more likely due to the fact that the store is located approximately 7 km away from the city center and hence, it must be visited by car. One respondent even gave a comment saying that she has never visited the store because it feels like it is so far away and that she sometimes forgets that it even exists. However, the majority of the respondents (45.5% answers for number 4 and 31.3% answers for number 5) were satisfied with the location of the Kauhajoki store. Most people living around Kauhajoki have their own motor vehicle due to the long distances in Etelä-Pohjanmaa and the dis-

tance from the center of Kauhajoki to the IKH's store can be driven within 5 to 10 minutes. Nowadays, when people have busy lives including work, hobbies, children's hobbies and meeting friends, people tend to give more value for time and they see time as money. Therefore the easy and fast access to the desired products or services is vital and needs to be given more attention (Kotler, P. & Lee, N. R., 2008, p. 247).

The answers to the question about the appearance of the store on the other hand were very homogenous, when 42.9% thought it was good and 46.4% answered it to be excellent. Such as high percentage of positive answers definitely have a correlation with the general positive image of IKH in total, since the store itself is working as one type of advertisement. If it is not well kept, how would the customers trust that the company would take care of other issues properly.

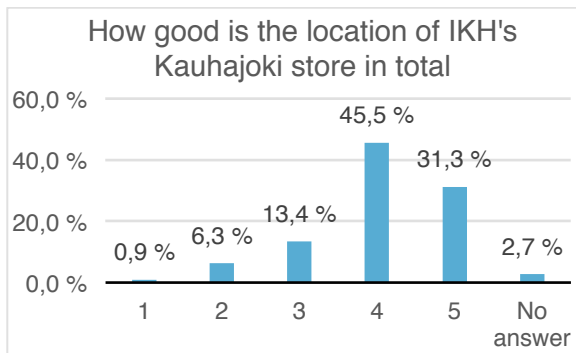


Figure 19. Question number 15. Opinions about the location of IKH's Kauhajoki store according to all customer segments except for non-customers

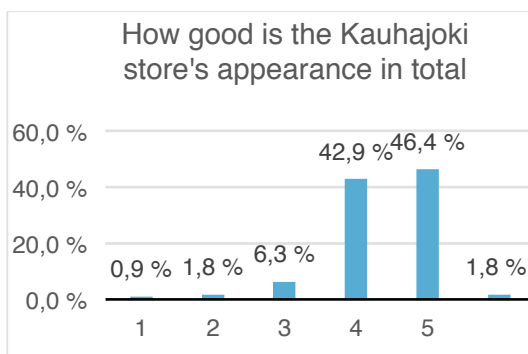


Figure 20. Question number 16. Opinions on the IKH's Kauhajoki store appearance in general according to all customer segments except for non-customers

A third aspect relating to the premises, also called "place", is the wait times. When a customer visits the physical store, everything that is included in the visit

is a part of the “premises” or “place”. Therefore the wait times are also a factor that needs to be managed. Several different wait times can be recognized and two of them became the most significant during this thesis research. The question number 23 was about how easily can a customer get the employees’ attention. This stands for the waiting time from asking for service and actually getting it (Kotler, P. & Lee, N. R., 2007, p. 99). The results in IKH’s case were rather good, but there could be some improvements done. Up to 31.5% of individual customers weren’t sure whether they got served fast or slow, meaning that the service was not as fast as they hoped for. However, in total, the customers were mostly satisfied to the level of wait times in receiving service.

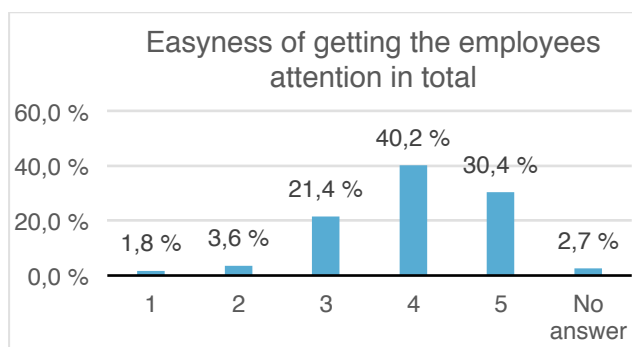


Figure 21. Question number 23. “How easily can you get employees attention?”. Answers according to all current customer segments. 1 (poor), 2 (satisfactory), 3 (I don’t know), 4 (good) & 5 (excellent)

The second wait time that came up in the open question, “Give comments freely about IKH’s operations”, was the wait time that the customers have to line up to pay for their products. A couple of respondents gave comments that the waiting lines are rather long to the cashier and to the service desk, even though they have the waiting number system.

5.7 Customer service

As mentioned before in the study, customer service is one of the main values and part of the operational strategy of IKH. Hence, they have invested a lot in training their staff. In the questionnaire, there were several questions concerning the customer service. The first of these questions was question number 22. “How active is IKH’ staff?”. The answers were really positive in all customer segments.

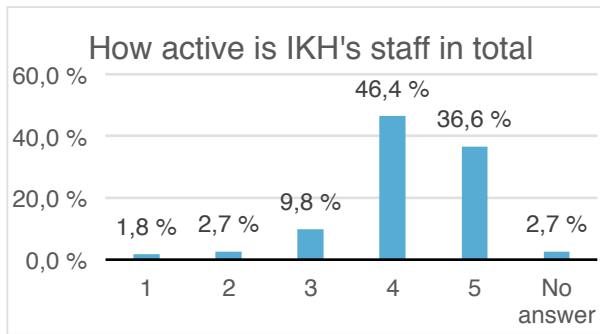


Figure 22. Question number 22. How active is the IKH's sales personnel? Answers from all customer groups in total. 1(poor), 2 (satisfactory), 3 (I don't know), 4 (good) & 5 (excellent)

The majority of respondents were also very satisfied with the level of expertise of IKH's staff (question number 24) and also to the way they took care of the things that the customers had left for them to take care off (question number 25).

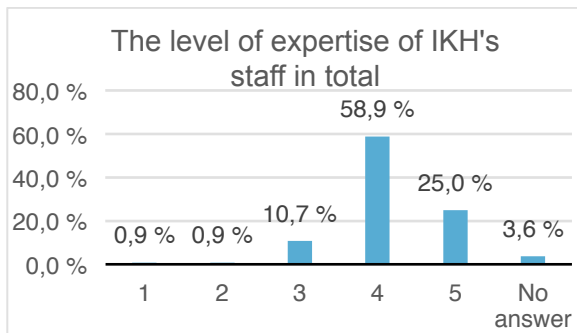


Figure 23. Question number 24. How good is the level of expertise of IKH's staff? Answers from all customer groups in total. 1(poor), 2 (satisfactory), 3 (I don't know), 4 (good) & 5 (excellent)

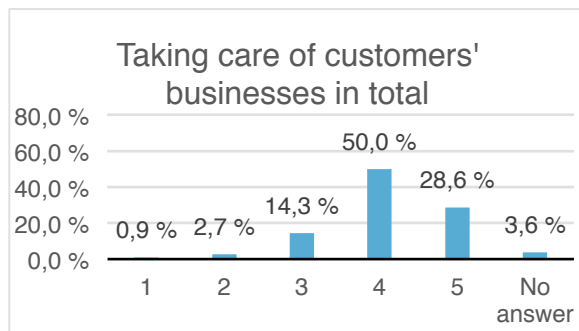


Figure 24. Question number 25. How well IKH takes care of the things you left for them to take care of? Answers from all customer groups in total. 1 (poor), 2 (satisfactory), 3 (I don't know), 4 (good) & 5 (excellent)

The positive results from questions related to customer service indicate that IKH has achieved its objective in offering premium customer service and creating a long-term relationship.

5.8 Marketing

Marketing efforts are done in order to raise brand awareness, increase the brand equity, attract new customers and also to inform the customers of new offers. IKH uses a wide range of different marketing channels and therefore, it was interesting to find out, which channels were the most notable ones in the customers eyes. According to answers to question number 12 (Where have you seen IKH's advertisement?) and 29 (Which sources do you use when looking for information about IKH's offers and products?), the most influential marketing channel was the direct mail magazines that are distributed to all customers in regular basis. Also the newspaper advertisement and sponsoring sports events were usual channels for noticing IKH's advertisement. In addition to this, IKH's direct mail magazines were the most used channel in finding out information about the products and new offers.

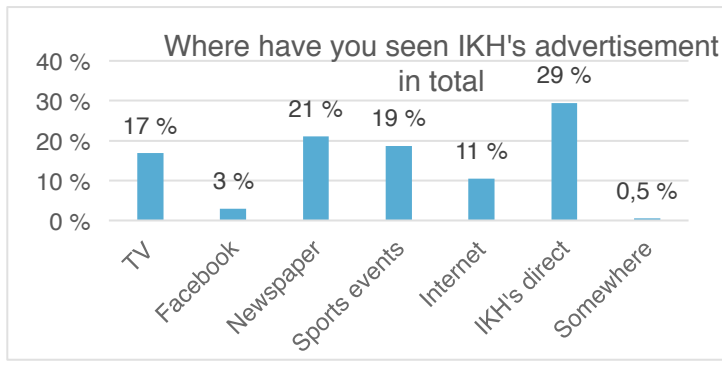


Figure 25. Question number 12: “Where have you seen IKH’s advertisement?”. Answers from all customer groups in total

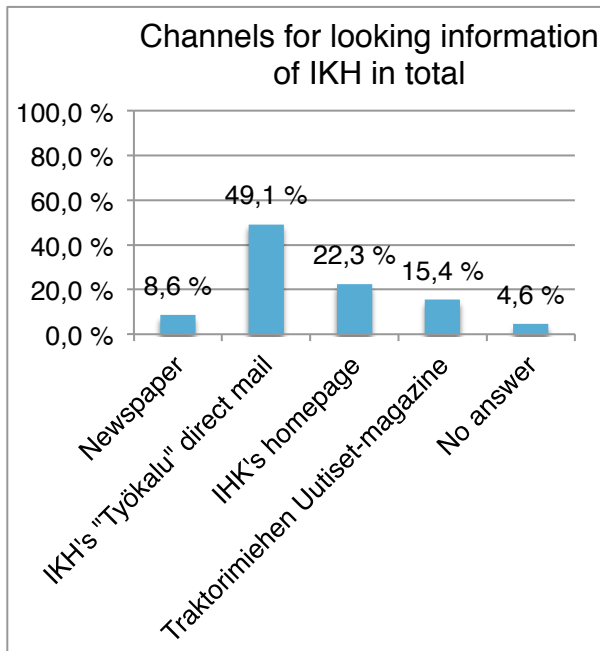


Figure 26. Question number 29. “Which sources do you use when looking for information about IKH’s offers and products?”. Answers from all customer groups in total

Another thing about advertisement is that it has to be truthful in order to fulfill customer’s expectations. If a company promises something that it cannot deliver, the customer is disappointed and might not return to make new purchases inspired by advertisement. Therefore it was important to find out, whether IKH had been able meet customer’s expectations.

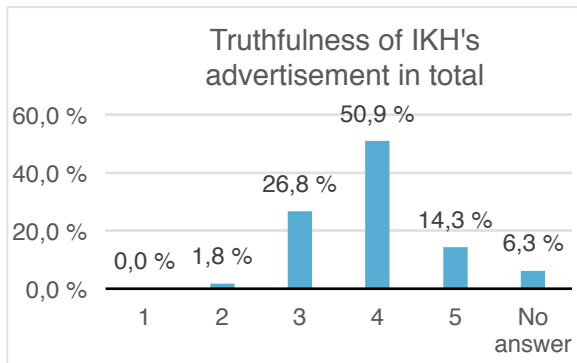


Figure 27. Question number 31. “How truthful do you think IKH is in its advertisement?”. Answers by all customer groups in total. 1 (poor), 2 (satisfactory), 3 (I don't know), 4 (good) & 5 (excellent)

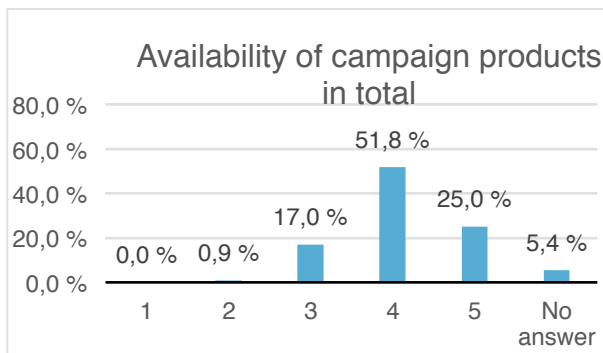


Figure 28. Question number 27. “How well IKH usually has campaign products available?”. Answers by all customer groups in total. 1 (poor), 2 (satisfactory), 3 (I don't know), 4 (good) & 5 (excellent)

According to all customer groups that are currently IKH's customers, IKH has been able to deliver what it has promised in its advertisement. What is more, they have also had sufficient amount of campaign products in their stock, which means that they haven't run out of products that they have advertised with discount prices. This also creates a positive image in customer's minds when they can trust that if they travel all the way to purchase one certain item that they saw in the advertisement, they can be sure that that they will get it in the right place, time and shape.

However, IKH has not necessarily been able to create a very interesting and attractive marketing campaign. At least it hasn't been very memorable in their cover page advertisement, since up to 33.9% of respondents couldn't say, whether the cover page advertisement has been attractive or not. The reason for the high percentage of number 3 answers could be found from the fact that

most likely, not that many people notice the way how for example newspaper advertisement affects their purchasing behavior and hence, cannot tell what made them interested in buying certain products.

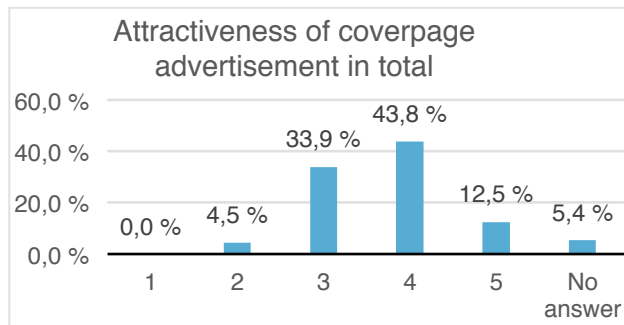


Figure 29. Question number 30. "How attractive is IKH's cover page advertisement?". Answers by all customer groups in total. 1(poor), 2 (satisfactory), 3 (I don't know), 4 (good) & 5 (excellent)

5.9 Guarantee handling

The way guarantee issues affect the corporate image is that by handling customer complaints well, a company gets a new change in trying to make things right. If this attempt is failed, customer usually disappoints even more and the result may be that the customer ends the relationship with the company. This impact on corporate image is the reason why guarantee handling was chosen to be part of the thesis research. The respondents were asked three questions concerning the guarantee handling and the results were rather positive. Less than 3% were not satisfied at all with the fairness of the guarantee handling (question number 32) and up to 25.9% didn't know what to answer, due to the fact that they had never faced a situation with IKH that they would have had to go through the handling process.

The respondents were also rather satisfied with the speed of the guarantee handling process (question number 33) and the attitude that IKH has towards the guarantee handling in general (question number 34). The most satisfied customer group was clearly the tractor owners, by giving 73.5% of votes to the value number 4 (good) when they were asked about IKH's attitude.

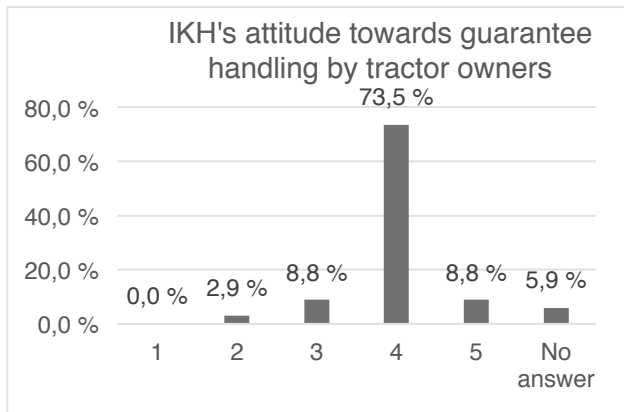


Figure 30. Question number 34. “How good is IKH’s attitude towards guarantee handling?”. Answers by the tractor owners-segment. 1(poor), 2 (satisfactory), 3 (I don’t know), 4 (good) & 5 (excellent)

6 Summary and conclusion

The aim of this study was to find out, how a corporate image is formulated in the minds of the consumers and which are the most influential factors in creating a positive image. An image was said to be a mental picture, an association combined from information from several sources. An image is also very personal and it is never exactly the same within different people. A corporate image was defined as something that is created through several different factors, which are premises, properties, physical product, communications, management, pricing and service (Rope, 1995). This study however focused only on the premises, product, communication and services in order to make the research material manageable by one author. In addition, these four aspects were seen as the most important factors in the IKH’s case in Kauhajoki area.

At the beginning of the research the decision was made that the respondents were divided into four different segments according to a customer profile defined by IKH. These groups were corporate and billing customers, tractor owners, individual customers and non-customers who are not IKH’s customers yet. This made it easier to understand how these four different factors affect the image creation. According to the empirical research done by the author, the corporate and billing customers and the tractor owners were the most satisfied customer segments. There is no one clear reason for this result, since the answers to the questions in the questionnaire were rather similar in all respondent groups. However, there was a slight difference in the answers concerning ques-

tions about the service, such as number 22 “How active is the service provided by IKH’s staff”. 58.3% of corporate and billing customers answered number 5 (excellent), whereas only 38.2% of tractor owners and 25.9% of individual customers answered the same. An excellent service is one of the priorities of IKH and since corporate and billing customer are receiving more personalized service, they seem to be more satisfied and have more positive image. 100% of corporate and billing customers had a more positive than negative image of IKH and also 100% would recommend the company to their friends.

The reason to the question, why are individual customers not as satisfied with IKH’s operations as the tractor owners or corporate and billing customers, can be found from the fact that the individual customer group is the most versatile group. The typical individual customer is a male, 40 to 60 years old, who visits IKH’s store once a month or once in six months or even more rarely. This description does not differ much from the one of tractor owners’ or corporate or billing customers’ description. The main difference in the customer profile is that they visit IKH’s store more rarely and that the individual customers’ segment had the most respondents and also most female respondents if the non-customers’ segment is not taken into account. Due to the fact that individual customers were the largest respondent group, it gives IKH more chances to have done mistakes. In addition, since the individual customers do not visit the store as often as the other customer groups, it may affect the level of how personal the customer relationship between the customers and the staff is. During the empirical research, it was noticed that some of the customers came to visit IKH almost daily and spent a lot of time in the store only talking to the staff and enjoying the free coffee and snacks. Hence, it was obvious that these people feel at home at IKH and when they come to visit the store, they are not necessarily even going to buy anything, they just want to spend time and meet people. Another reason for the lower level of satisfaction is that individual customers are such a big heterogeneous group and they may have a huge variety of needs and expectations that simply cannot be fulfilled. It is always easier to satisfy the needs of a homogeneous group of people, when only a few different solutions are needed. Furthermore, it seems that especially female respondents were not as satisfied with IKH’s operations as male respondents based on the general comments given in the open questions part in the survey. This may also

affect the results especially in questions considering the activeness or easiness of getting personal service in the store.

The second most satisfied group was clearly the tractor owners. They answered to every question about tractor spare parts with a number 4 (good) by 50% or more (questions from number 35 to 41). Only the question about the importance of the Traktorimiehen Uutiset magazine did not receive as good responses. The satisfaction of tractor owners also came up in the questions that were meant for all customer segments, especially in questions concerning the versatility of the product selection and the quality of products. 55.9% of tractor owners thought the selection is excellent (number 5) and 67.6% of them thought that the products are of good quality (number 4). Tractor owners were also the most happy about IKH's attitude towards the guarantee handling (73.5% of answers to number 4, good). This gives a sign, that if the core product is of high-quality and there is a wide variety of these quality products with the touch of excellent customer service, customers will be happy. This positive image is something that is very difficult to steal or copy by competitors, because relationships and trust is not created overnight. Furthermore, it can be said that the theory created by T. Rope about the aspects affecting the corporate image is still accurate and up to date, even though it was created in the 90's. An image cannot be only created by effective marketing, it also needs a positive experience.

The second issue discussed in the research was the brand personality. It was defined by Jennifer Aaker as *"a set of human characteristics"* (Aaker, J.L, 1997). In the beginning, it seemed difficult for the respondents to think about a corporation as a human, which could be noticed by the fact that most of the respondents did not know how to answer to the question "If IKH would be a human, describe him or her with one adjective". However, when in the following two questions the respondents were given a ready-made list of characteristics, they could easily choose the right adjectives. The personality of IKH or any brand can be squeezed into these few adjectives that shortly describe the image that the consumers have created of certain brands through information that they receive from marketing, visiting the store, services and the products. The terms used about IKH were rather same in each respondent segments: successful, local and forward going. Due to the fact that the results were the approximately

the same in each segment, it can be analyzed that IKH provides equal service, marketing and products to all of its customers.

In conclusion, the reasons why IKH has been able to be successful and preserve this positive image in the Kauhajoki area are creating efficient supplier chain through which they have been able to create an extremely wide product range and in addition, the intimate service to all of its customers. Furthermore, the fact that IKH was founded in Isojoki and later on moved its office to Kauhajoki has caused the phenomenon that people see the corporate as something of their own. This could be noticed by the high percentage of votes towards the adjective "local". The local, down-to-earth and friendly atmosphere surrounds IKH's brand, which also makes people feel comfortable using their products and services as well as spending time in their store. Due to the localness of the corporate image, the same kind of results could not be expected if the research would be conducted somewhere else in Finland.

Finally, the author hopes that IKH would consider the aspects of the image that could be improved in order to reach the full potential that the company has. Especially the suggestions concerning advertisement, products and events for women could be easily executed. Furthermore, hopefully companies would pay more attention to all the aspects affecting the corporate image and would not ignore the importance of positive attributes attached to companies. A good image is one of the most powerful assets a company can have.

Figures

- Figure 1. Effect of brand associations (Laakso, 2004, p. 161). P.10
- Figure 2. A brand personality framework by Jennifer Aaker (Aaker, J.L, 1997) p.16
- Figure 3. Aspects affecting the corporate image (Rope, 1995, p. 144) p.17
- Figure 4. Color-coding and explanations in IKH's Kauhajoki store p.20
- Figure 5. IKH's packaged products with blue and green color-coding in the right top corner of the package. p. 20
- Figure 6. The psychological aspects affecting image (Rope, 2000, p.178) p.21
- Figure 7. Figure 7. Marketing mix, 4 P's model (Laakso, 2004, p. 35) p.24
- Figure 8. Sponsoring as a brand builder (Aaker. A.D, & Joachimsthaler. E, 2000, p. 290) p.25
- Figure 9. IKH's banners in Kauhajoen Karhu's game in Kauhajoki play court. p.26
- Figure 10. IKH's logo on the back side of a taxi in Kauhajoki. p.26
- Figure 11. Place of residence of the respondents p.28
- Figure 12. Question number 3. Age division of the respondents in individual customers- group. p.29
- Figure 13. Question number 8. How IKH is described as a person by all the four segments. p.31
- Figure 14. Question number 20. How versatile is IKH's product selection according to all respondent segments p.33
- Figure 15. Versatile vs. Narrow selection according to all respondent segments. p.33
- Figure 16. Reliable vs. Unreliable according to all respondent segments p. 33
- Figure 17. Question number 17. "What do you think about the quality of IKH's products" answers according to all respondent segments except for non-customers. p. 34
- Figure 18. The amount of respondents in each customer segment. p.34
- Figure 19. Question number 15. Opinions about the location of IKH's Kauhajoki store according to all customer segments except for non-customers. p.36
- Figure 20. Question number 16. Opinions on the IKH's Kauhajoki store appearance in general according to all customer segments except for non-customers. p.36
- Figure 21. Question number 23. "How easily can you get employees attention?". Answers according to all current customer segment. p.37
- Figure 22. Question number 22. Answers from all customer groups in total. p.38
- Figure 23. Question number 24. Answers from all customer groups in total. p.38
- Figure 24. 24.Question number 25. Answers from all customer groups in total. p.39
- Figure 25. Question number 12: "Where have you seen IKH's advertisement?". Answers from all customer groups in total. p.40
- Figure 26. Question number 29. "Which sources do you use when looking for information about IKH's offers and products?". Answers from all customer groups in total. p.40
- Figure 27. Question number 31. "How truthful do you think IKH is in its advertisement?". Answers by all customer groups in total. p.41
- Figure 28. Question number 27. "How well IKH usually has campaign products available?". Answers by all customer groups in total. p.41
- Figure 29. Question number 30. "How attractive is IKH's coverage advertisement?". Answers by all customer groups in total. p.42

Figure 30. Question number 34. "How good is IKH's attitude towards guarantee handling?". Answers by the tractor owners-segment. p.43

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Appendix 1

Isojoen Konehalli Oy (IKH) Questionnaire in Finnish (used in the research)

Tämän kyselyn tarkoitus on kartoittaa mielipiteitä Isojoen Konehalli Oy:stä (IKH). Kysymykset käsittelevät IKH:n tuotteita, palvelua, markkinointia sekä mielikuvia, joita IKH teissä herättää.

IKH on Isojoella perustettu teknisten tuotteiden maahantuonti- ja jälleenmyyntiyhtiö. Yritys tuo Suomeen mm. työkaluja, koneita sekä traktorin varaosia- ja tarvikkeita. Myynti tapahtuu Suomessa jälleenmyyjäverkostojen kautta sekä jatkuvasti kasvaville ulkomaan markkinoille.

Vastaamalla tähän kyselyyn olet suureksi avuksi tutkimusaineiston keräämisessä. Tutkimus toteutetaan osana Saimaan ammattikorkeakoulun liiketalouden koulutusohjelman opinnäytetyötä.

Kyselyyn vastaaminen kestää noin 10 minuuttia ja jokainen vastaus on tärkeä. Vastaukset ovat täysin luottamuksellisia, eikä niitä voida yhdistää vastaajan henkilöllisyyteen.

Vastaajan taustatiedot

1. Asiakasryhmä

- Olen yksityisasiakas (vastaa kysymyksiin 1-34)
- Olen yritys- tai laskutusasiakas (vastaa kysymyksiin 1-41)
- Olen traktorinomistaja (vastaa kaikkiin tutkimuksen kysymyksiin, 1-41)
- En ole IKH:n asiakas entuudestaan (vastaa kysymyksiin 1-14)

2. Sukupuoli

- Nainen
- Mies

3. Ikä

- 18-30
- 40-50
- 50-60
- 60-70

4. Asuinpaikkakunta

5. Kuinka usein asioitte IKH:n Kauhajoen myymälässä? Valitse sopivin vaihtoehto.

- Useasti viikossa
- Kerran viikossa
- Kerran kuussa
- Kerran puolessa vuodessa
- Kerran vuodessa
- Harvemmin
- En ole koskaan käynyt IKH:n Kauhajoen myymälässä

6. Kuinka usein asioitte IKH:n verkkokaupassa? Valitse sopivin vaihtoehto.

- Useasti viikossa
- Kerran viikossa
- Kerran kuussa
- Kerran puolessa vuodessa
- Kerran vuodessa
- Harvemmin
- En ole koskaan asioinut IKH:n verkkokaupassa

IKH:n imago

7. Jos IKH olisi henkilö, millä adjektiivilla kuvaisit häntä?

12. Missä seuraavista olet törmännyt IKH:n mainoksiin? Rastita sopivat vaihtoehdot.

TV

Sanomalehdet

Internet

Facebook

Urheilutapahtumat

Kotiin tulevat IKH:n mainokset

_____ Jossain muualla, missä?

13. Kerro lyhyesti, mitä uutta toivoisit IKH:n tarjoavan sinulle? Esim. uusia tuotteita, mitä?

14. Anna vapaasti palautetta IKH:n toiminnasta.

JOS ET OLE IKH:N ASIAKAS ENTUDESTAAN, VOIT LOPETTAA KYSELYYN VASTAAMISEN TÄHÄN. KIITOS ARVOKKAASTA PALAUTTEESTA-SI. MUUSSA TAPAUKSESSA JATKA SEURAAVAAN OSIOON.

IKH Työkalut

IKH Työkalut käsittää kaikki työvälineet kiintoavaimista hitsauskoneisiin.

Rastita jokaisesta kysymyksestä **YKSI** sopivin vaihtoehto.

Vaihtoehdot on numeroitu seuraavasti:

5 erinomainen

4 hyvä

3 en osaa sanoa

2 tyydyttävä

1 heikko

Myymälä:

15. Kuinka hyvänä pidät IKH:n Kauhajoen myymälän sijaintia?

5 4 3 2 1

**16. Miten miellyttävänä pidät IKH:n Kauhajoen myymälän kokonais ilmet-
tä? (esim. siisteys, rakennuksen yleiskunto, tuotteet järjestyksessä)**

5 4 3 2 1

Tuotteet:

17. Kuinka laadukkaina pidät IKH:n tuotteita?

5 4 3 2 1

18. Miten selkeinä pidät tuotteiden käyttöohjeita?

5 4 3 2 1

19. Miten miellyttävänä koet tuotteiden myyntipakkaukset?

5 4 3 2 1

20. Miten laajana koet IKH:n tuotevalikoiman?

5 4 3 2 1

21. Kuinka hyvänä pidät IKH:n tuotteita hinta-laatu suhteeltaan?

5 4 3 2 1

Palvelu:

22. Kuinka aktiivisena koet IKH:n henkilökunnan tarjoaman avun ja palvelun?

5 4 3 2 1

23. Kuinka helposti saat myyjien huomion itsellesi?

5 4 3 2 1

24. Kuinka ammattitaitoisia ja tuotetietoisia myyjät sinusta ovat?

5 4 3 2 1

25. Kuinka hyvin henkilökunta mielestäsi huolehtii heille jättämistäsi tehtävistä?

5 4 3 2 1

26. Kuinka hyvin IKH on pystynyt vastaamaan soittopyyntöihisi? Jos et ole jättänyt soittopyyntöä, jätä vastaamatta kysymykseen. Muussa tapauksessa valitse sopivin vaihtoehto.

5 4 3 2 1

Markkinointi:

27. Millainen on mielestäsi kampanjatuotteiden saatavuus?

5 4 3 2 1

28. Miten hyvin mielestäsi IKH:n tarjoustuotteet sopivat sesonkiin, esim. kevät tai syksy?

5 4 3 2 1

29. Mitä kautta yleensä etsit tietoa IKH:n tarjouksista ja tuotteista? Rastita sopivat vaihtoehdot.

Sanomalehdet IKH:n työkalu mainoslehdet

IKH:n omat nettisivut Traktorimiehen uutiset

30. Kuinka houkuttelevina pidät IKH:n mainoslehtisten etusivun tarjouksia?

5 4 3 2 1

31. Kuinka todenmukaisena pidät IKH:n mainontaa? Todenmukaisuus tässä tarkoittaa sitä, että tuotteet todella ovat esimerkiksi niin laadukkaita ja edullisia kuin mainoksissa esitetään.

5 4 3 2 1

Takuukäsittely:

32. Kuinka oikeellisena olet pitänyt takuupäätöksiä, jotka IKH on käsitellyt?

5 4 3 2 1

33. Kuinka nopeasti IKH on mielestäsi saanut takuupäätökset tehtyä?

5 4 3 2 1

34. Miten IKH mielestäsi suhtautuu takuukäsittelyihin yleensä?

5 4 3 2 1

IKH Varaosat

IKH varaosat käsittää traktorin varaosat sekä tarvikkeet.

Jos ET OLE asioinut IKH Varaosat-puolella eikä sinulla ole ollut käyttöä traktorin varaosille ja tarvikkeille, voit lopettaa kyselyn tähän. Kiitos arvokkaista vastauksistasi.

35. Kuinka laadukkaina pidät IKH:n varaosatuotteita?

5 4 3 2 1

36. Miten laajana koet IKH:n varaosatuotevalikoiman?

5 4 3 2 1

37. Miten hyvin IKH:lla on mielestäsi tarjolla varaosatuotteita?

5 4 3 2 1

38. Kuinka asiantuntevana pidät IKH:n myyntihenkilökuntaa traktorin varaosien- ja tarvikkeiden saralla?

5 4 3 2 1

39. Kuinka tärkeänä pidät Traktorimiehen uutiset-mainoslehtistä?

5 4 3 2 1

40. Onko sinulle traktorinomistajana tarjolla sopiva määrä tarjoustuotteita?

kyllä ei

41. Mitä mieltä olet IKH:n takuukäsittelystä traktorin varaosien- ja tarvikkeiden saralla?

5 4 3 2 1

Kiitos vastauksistasi ja ajastasi!

Appendix 2

Isojoen Konehalli Oy (IKH) (In English, not used as such in the research)

The purpose of this study is to research the opinions about Isojoen Konehalli Oy (IKH). The questions concern IKH's products, service, marketing and images that you have about IKH.

IKH is a company founded in Isojoki and it operates in the field of technical products. They import for example tools, machines and tractor spare parts to Finland. In Finland they have a wide dealer network through which they sell their products. They also export their products to constantly growing markets abroad.

By answering to this survey, you are of great help in collecting empirical data for the research. The research is done as a part of Saimaa University of Applied Sciences' International Business thesis.

Answering the questionnaire takes approximately 10 minutes and each filled questionnaire is important. The answers are confidential and they cannot be connected to the respondent's identity.

Demographics

1. Customer segment

- I am an individual customer (answer to questions 1-34)
- I am a corporate or billing customer (answer to questions 1-41)
- I am a tractor owner (answer to all questions, 1-41)
- I am **not** IKH's customer from before (answer to questions 1-14)

2. Gender

- Female
- Male

3. Age

- 18-30
- 40-50
- 50-60
- 60-70

4. Place of residence

5. How often do you visit IKH's Kauhajoki store? Select the most suitable option.

- Several times a week
- Once a week
- Once a month
- Once in every six months
- Once a year
- Rarely
- I have never visited IKH's Kauhajoki store

6 How often do you visit IKH's online store? Select the most suitable option.

- Several times a week
- Once a week
- Once a month
- Once in every six months
- Once a year
- Rarely
- I have never visited IKH's online store

IKH's image

7. If IKH would be a person, how would you describe him or her?

8. If IKH would be a person, choose three the most suitable adjectives to describe him or her.

<input type="checkbox"/> Successful	<input type="checkbox"/> Feminine	<input type="checkbox"/> Masculine
<input type="checkbox"/> Strong	<input type="checkbox"/> Trendy	<input type="checkbox"/> Charming
<input type="checkbox"/> Exhilarating	<input type="checkbox"/> Safe	<input type="checkbox"/> Innovative
<input type="checkbox"/> Efficient	<input type="checkbox"/> Happy	<input type="checkbox"/> Responsible
<input type="checkbox"/> Honest	<input type="checkbox"/> Forward going	<input type="checkbox"/> Brave
<input type="checkbox"/> Local	<input type="checkbox"/> Extrovert	<input type="checkbox"/> Shy
<input type="checkbox"/> Down to earth	<input type="checkbox"/> Imaginative	<input type="checkbox"/> Sophisticated
<input type="checkbox"/> Friendly	<input type="checkbox"/> Original	<input type="checkbox"/> Unique
<input type="checkbox"/> Influential	<input type="checkbox"/> Leading	<input type="checkbox"/> Dynamic
<hr/> _____ Something else, what?		

9. Which of the following describes IKH the best as a corporation? Select the best one from each pair or triplet.

1. Local or International
2. Traditional or Youthful
3. Competitive or Stuck to old habits
4. Versatile or Narrow selection
5. Affordable or Expensive
6. Reliable or Unreliable
7. High quality or Low quality
8. Small or Mid sized Big

10. Do you have more positive or negative image of IKH in general?

Positive Negative

11. Would you recommend IKH's customership to your friends?

Yes No I don't know

12. Where of the following have you seen IKH's advertisement? Choose appropriate choices.

TV Newspaper Internet
 Facebook IKH's direct mail magazines that are delivered home
 Sports events
_____ Somewhere else, where?

13. Tell shortly, what kind of new products etc. you hope that IKH would offer to you?

14. Give free feedback of IKH's operations.

IF YOU ARE NOT IKH'S CUSTOMER FROM BEFORE, YOU CAN STOP ANSWERING THE QUESTIONNAIRE HERE. THANK YOU FOR YOUR VALUABLE FEEDBACK. IN OTHER CASE, MOVE TO THE NEXT CHAPTER.

IKH Työkalut

IKH Työkalut concerns all tools and machines.

Mark **ONE** most suitable answer to each question with an x.

The options are explained below:

5 excellent 4 good 3 I' don't know 2 satisfactory 1 poor

Store:

15. How good is the location of IKH's Kauhajoki store?

5 4 3 2 1

16. How pleasant is the general appearance of Kauhajoki store? (for example: how tidy it is, the shape of the building, products in right places)

5 4 3 2 1

Products:

17. How good is the quality of IKH's products?

5 4 3 2 1

18. How informative are the instructions of use in IKH's products?

5 4 3 2 1

19. How pleasant in the package design in IKH's products?

5 4 3 2 1

20. How versatile is the IKH's product selection?

5 4 3 2 1

21. How good is the quality-price ratio in IKH's products?

5 4 3 2 1

Service:

22. How active is the service provided by the IKH's staff?

5 4 3 2 1

23. How easily can you get the attention of the sales personnel?

5 4 3 2 1

24. How good is the expertise of the sales personnel in IKH's products?

5 4 3 2 1

25. How well the staff takes care of the things that you left for them to handle?

5 4 3 2 1

26. How well IKH has been able to answer your callbacks? If you haven't left a callback, please don't answer the question.

5 4 3 2 1

Marketing:

27. How well IKH has campaign products available?

5 4 3 2 1

28. How well IKH can answer to the demand in seasonal products, for example spring and autumn?

5 4 3 2 1

29. Which channels do you use when looking for information of IKH's offers and products? Choose the most suitable answers.

Sanomalehdet IKH:n työkalu mainoslehdet IKH:n omat nettisivut
 Traktorimiehen uutiset

30. How tempting are IKH's front page advertisement?

5 4 3 2 1

31. How truthful is IKH's advertisement? Truthfulness here means that the products are truly as high-quality and affordable as the advertisement claims.

5 4 3 2 1

Guarantee handling:

32. How fair are the guarantee decisions made by IKH?

5 4 3 2 1

33. How quickly IKH has been able to make guarantee decisions?

5 4 3 2 1

34. How good is IKH's attitude towards guarantee handling?

5 4 3 2 1

IKH Varaosat

IKH Varaosat includes all tractor spare parts and tools.

If you HAVE NOT purchased anything from the Varaosat-selection and you don't have any use for tractor spare parts or tools, you can end the questionnaire here. Thank you for your valuable answers.

35. How good is the quality of IKH's spare parts products?

5 4 3 2 1

36. How versatile is the IKH's spare parts selection?

5 4 3 2 1

37. How well IKH has spare parts available?

5 4 3 2 1

38. How good is the expertise of IKH's sales personnell in the field of tractor spare parts?

5 4 3 2 1

39. How important is the Traktorimiehen-Uutiset magazine to you?

5 4 3 2 1

40. Are there enough of offers for you as a tractor owner?

Yes No

41. How good is the IKH's guarantee handling in tractor spare parts?

5 4 3 2 1

Thank you for your answers and time!