

ISTANBUL SABAHATTIN ZAIM UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
DEPARTMENT OF BUSINESS ADMINISTRATION

IMPORTANCE OF MODE OF ENTRY DECISIONS ON
INTERNATIONAL BRANDING
CASE STUDY ARCELIK A.S. COMPANY

MASTER THESIS

Gentjan ULAJ

Istanbul

October-2019

ISTANBUL SABAHATTIN ZAIM UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
DEPARTMENT OF BUSINESS ADMINISTRATION

IMPORTANCE OF MODE OF ENTRY DECISIONS ON
INTERNATIONAL BRANDING
CASE STUDY ARCELIK A.S. COMPANY

MASTER THESIS

Gentjan ULAJ

Supervisor
Prof. Dr. Figen Yildirim

Istanbul

October-2019

DECLARATION OF SCIENTIFIC ETHICS AND ORIGINALITY

This is to certify that this MbA thesis “Importance of Mode of Entry in International Branding Process” is my own work and I have acted according to scientific ethics and academic rules while producing it. I have collected and used all information and data according to scientific ethics and guidelines on thesis writing of Sabahattin Zaim University. I have fully referenced, in both the text and bibliography, all direct and indirect quotations and all sources I have used in this work.



Gentjan ULAJ

Istanbul, October 2019

Sosyal Bilimler Enstitüsü Müdürlüğüne,

Bu çalışma jürimiz tarafından İşletme Anabilim Dalı, İşletme Yönetimi Bilim Dalı, YÜKSEK LİSANS TEZİ olarak kabul edilmiştir.

Başkan Prof. Dr. Figen YILDIRIM (Danışman)

.....


Üye Dr. Öğr. Üyesi Mustafa ÇAKIR


.....

Üye Dr. Öğr. Üyesi Mehmet ÇETİN

.....


Onay

Yukarıdaki imzaların, adı geçen öğretim üyelerine ait olduğunu onaylarım.

.....


Prof. Dr. Ömer ÇAHA

Enstitü Müdürü

ACKNOWLEDGEMENTS

I thank very much my supervisor Prof. Dr. Figen Yildirim for orienting me in perfect way in my work. In the same time, I am very thankful to Doc. Dr Ozgur Kokalan for being a perfect role model and helping in everything during seven-year period that I know him. Many thanks go for my family for supporting me in every step in my life. A special thanks goes for my fiancé for motivating me during this process. I would like to thank also my friends especially Albana Balla which was writing her thesis also, and we spent lots of days just working about it and supporting each other.

A special thank is for members of jury which encourage me to go further with this thesis.

Gentjan ULAJ

İstanbul, October 2019

ÖZET

ULUSLARARASI MARKALAŞMA SÜRECİNDE ULUSLARARASI PAZARLARAR GİRİŞ YÖNETEMİN ÖNEMİ ARCELİK A.Ş ÜZERİNDE BİR ARAŞTIRMA

Yüksek Lisans, İşletme Yönetimi

Tez danışmanı: Prof. Dr. Figen Yıldırım

Ekim- 2019, xv + 113 Sayfa

Globalleşme ve teknoloji nedeniyle ekonomik koşullar çok hızlı değişiyor ve şirketlerin bu hızlı değişime ayak uydurmaları gerekiyor. Günümüz dünyasında, şirketler uluslararası pazarların bir parçası olmak için varlık buluyorlar.

Ancak uluslararası olma ihtiyacının farkına varmak, sadece başlangıç. Şirketlerin belirli bir pazara girerken kullanacakları en iyi yöntemi, bu kararlarını etkileyen birçok faktörü göz önünde bulundurarak bulması çok önemlidir.

Aynı zamanda, tüketiciler için istediğiniz her ürünü bulabileceğiniz bir dünyada yaşıyorken ve özellikle ürünler birbirleriyle daha benzer hale gelirken, onları birbirinden ayırmak çok zor, bu nedenle şirketler tüketicilerin karar verme süreçlerinde akıllarında yer almak için sürekli çaba sarf etmek zorundalar.

Bir şirket için yerel pazarda markalaşmak kolay değildir, fakat uluslararası bir marka yaratmak çok zordur. Zaman, strateji, sabır, enerji ve finansal kaynaklar gerektiren uzun bir yoldur. Şirketler için uluslararası markalaşma sürecinde uluslararası pazarlara giriş yöntemi çok önemli bir rol oynar ve süreç kullanılan yöntem neticesinde doğrudan etkilenir.

Bu araştırma doğrudan uluslararası markalaşma ve uluslararası pazarlara giriş yöntemleri ile ilgilidir. Arçelik şirketi, 150'den fazla ülkede farklı markalarla faaliyet gösteren bir Türk şirketi olduğu için dikkate alınmıştır. Bu araştırma niteldir ve araştırmada vaka çalışması yöntemi uygulanmaktadır. Veri toplama aracı olarak belge analizi ve derinlemesine mülakat tercih edilmiştir.

Çalışmanın sonucunda Arçelik'in uluslararası pazarlarda farklı giriş yöntemleri kullandığı ve uluslararası marka stratejilerinin giriş tarzıyla doğrudan ilişkili olduğu açıklığa kavuşturulmuştur. Her giriş yönteminin kendine özgü avantaj ve dezavantajları vardır ve

Arçelik A.Ş.'nin yaptığı yatırımlar, uluslararası bir marka oluşturma açısından temel bir etkiye sahiptir. Bu etki temel olarak dağıtım kanalı, üretim tesisleri ve satın alınan şirket üzerindeki kontrol gibi faktörlerden kaynaklanmaktadır. Aynı zamanda, ihracat yöntemleri şirketler için uluslararası markalaşmayı önemli ölçüde etkilemektedir ve bu durumda doğru distribütörü seçmenin temel rolünün altı çizilmiştir.

Anahtar Kelimeler: Marka, Markalaşma Süreci, Uluslararası Markalaşma, Uluslararası Pazarlara Giriş Yöntemleri



Gentjan ULAJ

ABSTRACT

IMPORTANCE OF MODE OF ENTRY DECISIONS ON INTERNATIONAL BRANDING

CASE STUDY ARCELIK A.S. COMPANY

Master, Business Management

Thesis supervisor: Prof. Dr. Figen Yildirim

October -2019, xv+113 pages

Economy conditions are changing very fast mainly due technology and globalization, and companies need to adopt this rapid change. In today's world, companies find existential to be part of international markets.

But realizing need to become international is just the beginning. It is very fundamental for companies to find the best mode of entry to enter in a specific market, taking in consideration many factors which influence this decision.

In the same time, living in a world when you can find every product that you want, and the products are becoming more similar with each other, for consumers is difficult to distinguish them, therefore companies must do endless and continuous efforts to take place in consumers mind during decision making process.

Branding in local market isn't easy, but for a company to create an international brand is very difficult. Is a long way which requires time, strategy, patience, energy and financial resources. Mode of entries in international markets effect directly and plays a very fundamental role in international branding process for companies.

This research is directly related with international branding and modes of entry in international market. Arcelik AS company is taken into consideration, since it is a Turkish company which operate in more than 150 countries with different brands. The research is qualitative and case study method is implemented. As tool of collecting data document analysis and in-depth interview are preferred.

The result of study clarify that Arcelik uses different mode of entry in international market, and international brand strategies are directly related with mode of entry. Considering that

every mode of entry has its own advantages and disadvantages, acquisitions which is highly implemented by Arcelik AS results to have fundamental impact in terms of building an international brand. This impact is mainly due to factors like distribution channel, manufacturing facilities and control over acquiesced company. In the same time export modes significantly effect international branding for companies, and in this case the fundamental role of choosing the right distributor is underlined.

Key Word: Brand, Branding Process, International Branding, Mode of Entry, Export Mode, Intermediate Modes, Hierarchical Modes

Gentjan ULAJ

TABLE OF CONTENTS

THESIS APPROVAL	i
DECLARATION OF SCIENTIFIC ETHICS AND ORIGINALITY	ii
ÖZET	iv
ABSTRACT	vi
TABLE OF CONTENTS	viii
LIST OF TABLES	xiii
LIST OF FIGURES	xiv
LIST OF ABBREVIATIONS	xv
CHAPTER ONE:	1
INTRODUCTION	1
1.1 The statement of Problem.....	1
1.2 The Rationale of Study.....	1
1.3 The Significance of Study	2
1.4 The limitations of Study	2
1.5 Definition of Key Terms	2
CHAPTER TWO:	4
BRAND, BRANDING PROCESS AND INTERNATIONAL BRANDING	4
2.1 History of Branding.....	4
2.2 Brand Definition.....	5
2.3 Why do Brands Matter?	6
2.3.1 For consumer	6
2.3.2 For manufactures	7

2.4 Differences between Brand and Product	7
2.5 Branding in a Conceptual View	8
2.5.1 Brand Image.....	8
2.5.3 Brand Identity	11
2.5.4 Brand Equity and Brand Value.....	13
2.6. Brand Strategies	18
2.6.1 Line Expansion	18
2.6.2 Brand Extension.....	20
2.6.3 Multi-Brand Strategy	22
2.6.4 New Brands.....	24
2.6.5. Co-branding	25
2.7 Branding Process.....	25
2.8 International Branding.....	26
CHAPTER THREE:	29
MODE OF ENTRY IN GLOBAL MARKETS	29
3.1 Export Modes	34
3.1.1 Indirect Export.....	36
3.1.2 Direct Export.....	39
3.1.3 Cooperative Exports	41
3.2 Intermediate Entry Modes	41
3.2.1 Contract Manufacturing.....	42
3.2.2 Licensing.....	44

3.2.3 Franchising.....	46
3.2.4 Joint-Ventures/Strategic Alliances	48
3.2.5 Other Intermediate Entry Modes	51
3.3 Hierarchical Modes	52
3.3.1 Domestic-based Sales Representatives.....	53
3.3.2 Resident Sale Representatives/ Foreign Sales Branch/ Foreign Sales Subsidiary	54
3.3.3 Sales and Production Subsidiary.....	54
3.3.4 Region Centers.....	55
3.3.5 Transnational Organization.....	56
3.3.6 Acquisition and Greenfield.....	56
CHAPTER FOUR:	59
RESEARCH METHODOLOGY	59
4.1. Aim of study.....	59
4.2. Research Method.....	59
4.3. Interview Questions:.....	60
CHAPTER FIVE	63
RESULTS OF IN-DEPTH INTERVIEW AND DOCUMENT ANALYSIS	63
CASE STUDY ARCELIK AS	63
5.1 White Goods Sector Worldwide.....	63
5.2. Home appliance sector in Turkey.....	68
5.3. General Information about Arcelik AS, History, Arcelik AS local and global.....	70
5.4. Arcelik as brands and brand strategy.....	72

5.4.1 Arcelik	73
5.4.2. Beko	73
5.4.3 Altus.....	74
4.4.4 Blomberg	75
5.4.5 Leisure	75
5.4.6 Artic	75
5.4.7 Flavel	76
5.4.8 Grundig.....	77
5.4.9 Defy	77
5.4.10 Dawlance	78
5.4.11 Voltbek Home appliances.....	78
5.4.12 Elektrabregenz	78
5.5 Arcelik AS international market general information.....	79
5.6 Arcelik AS international Market entries	83
5.6.1 Export Modes.....	83
5.6.2 Intermediate Modes	84
5.6.3 Hierarchical Modes.....	84
5.7 Effects of export modes in international branding process.....	85
5.8 Effect of intermediate modes in international branding process	85
5.9 Effects of hierarchical mode of entry in international branding process.....	86

CHAPTER SIX:88

CONCLUSION AND DISCUSSION88

 Summary of the study.....88

REFERENCES.....92

APPENDIX104

Interview104

 Interview answer and questions104



LIST OF TABLES

Table 2.1: Differences between product and brand	8
Table 2.2: From Local Brand to Global Brand	27
Table 3.1: Differences between License Agreement and Franchise Agreement	46
Table 5.1: Major Manufacturing Company and Brands	67
Table 5.2: Major Merge and Acquisition in Home Appliances Sector	64
Table 5.3: Manufacturing Companies and Brands Operating in Turkey	69
Table 5.5: Global Network of Arcelik AS	80

LIST OF FIGURES

Figure 2.1: Brand Identity Prism Model	12
Figure 2.2: Calculating Formula for Brand Value	14
Figure 2.3: Brand Awareness Pyramid	17
Figure 2.4: Coca Cola Line Extension	19
Figure 2.5: Harley Davidson Brand Extension.....	21
Figure 2.6: Unilever Multi-brand Strategy.....	24
Figure 2.7: Ulker New Brand Strategy	39
Figure 3.1: Factors Effecting Mode of Entry	30
Figure 3.2: Export Modes	36
Figure 3.3: Intermediate Modes	42
Figure 3.4: Differences Between Joint-Venture and Strategic Alliances	49
Figure 3.5: Hierarchical Modes	53
Figure 3.6: Lead Country Concept	56
Figure 5.1: Home Appliances Sector Exports Product Base	64
Figure 5.2: Home Appliances Sector Exports Country Based	64
Figure 5.3: Home Appliance Sector Imports Country Based	65
Figure 5.4: Map of Major Home Appliance Brands	65
Figure 5.5: Manufacturing Facilities in Turkey	70
Figure 5.6: Global Network of Arcelik AS	79

LIST OF ABBREVIATIONS

AMA: American Marketing Agency

AS: Anonim Sirket

EU: European Union

FDI: Foreign Direct Investment

GM: General Manager

JV: Joint-Venture

KPI: Key Performance Indicator

MNC: Multinational Company

MNE: Multinational Enterprise

JV: Joint-Venture

RC: Regional Center

USA: United States of America

CHAPTER ONE:

INTRODUCTION

This thesis main focus is in explaining the effect that entry modes in international market have over international branding process. This thesis using many references from recent literature is focused in explaining in a very detailed way what is brand, how international branding process is made and which are main brand strategies implemented by companies. Furthermore, in this thesis are summarized main mode of entries with their advantages and disadvantages which companies apply when they decide to enter in international markets. In today living world when technology and globalization made international markets more accessible for companies, is very fundamental to find the best mode of entry and combine it with countries characteristics. But a bigger challenge for companies is to harmonize this mode of entry with companies main international branding process, since branding has become a very important part of decision-making process for consumers. Using literature review as important part of this research, also an in-depth interview is completed.

1.1 The statement of Problem

In a rapid changing business environment due technology and globalization, many companies face different difficulties in handling with competition with national and international products. In order to have more success in these days, companies know the importance of creating brands in order to distinguish their products from others. In the same time, for many companies in Turkey, being just local brand is not enough anymore. To create a strong brand is needed to be part of international markets, and in this situation mode of entry take a strategic place in international branding process.

1.2 The Rationale of Study

The main aim of this study is focused to identify and illustrate with examples how does mode of entry decisions effects the international branding process. For many companies going international is not anymore just a vision, but is a condition to stay in the market. Also, distinguishing products is international market is very challenging situation especially when company doesn't want to get involved very much in international market and select export modes as their strategy in international markets. Intermediate mode of

entries allows company to have more control over activities in international market and in the same international branding process is not as difficult as it can be when export mode is preferred. While companies which implement hierarchical modes of entry in international market find mode easy do create a brand not just in local country, but also in international markets.

1.3 The Significance of Study

This study is very important for companies which want to operate in international market, by showing them different mode of entry with its advantages and disadvantages. In the same time companies, which want to create a brand national or international can find beneficial things in this study. Evaluated in this perspective, a detailed literature work is present in this study. Companies operating in home appliances sector can take this study into consideration when they formulate strategies for mode of entries in international market and international branding process. In the same time, as case study Arcelik AS provides many different implemented options how mode of entry effect in success of a brand in international markets. The results of this work can be evaluated for use in future academic works related with these topics.

1.4 The limitations of Study

This study is limited in home appliance sector in Turkey, especially in Arcelik AS company which is one of best examples to illustrate different strategies in mode of entry and international branding process. This work is a qualitative research and method used is case study. Research tools like in-depth interview and document analysis are used.

1.5 Definition of Key Terms

Brand: “Name, term, design, symbol or any other feature that identifies one seller good or services as distinct from those of other sellers”

Branding Process: Is a process which start simple visual tools like logo and name and ends with very important stages like brand loyalty and high brand value. Is a process formed by two main factors which are market information and marketing components. Marketing information is composed by market, competitor, product and advertisement research while marketing components are classic four P which are product, price, place and promotion. Harmonization of these factors form branding process in different stages.

International Brand: International branding for companies have become more critical than ever for companies to have success in globalization world. International brand is

considered to be a situation in which brand operate in many different brandings. Is necessary to make differentiation with global branding since last one means that brand operate in almost all countries.

Mode of entry: Mode of entry is considered the mode which organization implements to enter in international market.

Export Modes: take place when a company manufacture its products in domestic market and sell it in international market in direct or indirect way. Export modes is most easy and most implemented strategy by companies in general. Is the best way to start activity in international markets.

Intermediate Modes: occur when companies agree with each other in terms of how the control and ownership can be shared company which is going to enter in international market and local company.

Hierarchical Modes: companies have full control over every activity in international markets. Companies implementing this strategy need to have strong financial and human resources in order to reach the objectives in international market.

CHAPTER TWO:

BRAND, BRANDING PROCESS AND INTERNATIONAL BRANDING

2.1 History of Branding

Brand and branding may seem like nowadays topic and phenomena, but if do a research back in time, it is realized that is not as new as it may look. Manufactures and artisans during history has used different signs and symbols to differentiate their products from competitors. The hunters generally signed their weapons in order to clarify the weapons owner. During antiquity period that time government, kings and emperors were using different type of decorative and symbolic figures in to proclaim their authority and power. For instance, Roman Empire was using the eagle as their symbol, in other hand France was continuously using lion to be differentiated from others. Also, Japan was using chrysanthemum (Knapp, 2000: 87).

Contemporary branding, especially products of that time and the use of brand names is uncounted during last years of 19th century. Industrial Revolution had a massive effect in all aspects of the business, while as result of it on development of marketing techniques and gain importance. For example, some brands that everyone knows today started using their brand name in different advertisements during 1890-1900 years (Uztug, 2003: 14).

According to (Uztug, 2003: 14) one of main reasons why branding and brand name is an important concept is because of necessity to provide a certain control level and efficiency trade between producers and consumers. This necessity is related with market structure created after industrial revolution in which wholesale dominate the differentiation of the producer and consumer relationship. During this period the population was continuously increasing, and logically this led to an increase in demand for goods and products, and this increased demand caused expedition of market and increased number of retailers. During this period, manufactures started to produce larger number of product units than before, mainly without a specific brand and generally without having marketing activities and direct connection to consumers, but to wholesalers. This situation was not considered favorable for producers, and they understood the need for change. While

demand was increasing and technology was developing progressively, manufactures realized that advertisement was a very good tool to take the power from wholesalers and transfer to them. In this situation manufactures started to take patent protection and give a name to their products by differentiation them and communicate directly with consumers using advertising. Perfect example of this period can be used companies created in USA in that time like Levi's (1873), Coca Cola (1886) and Campell's soup (1893). (Knapp, 2000: 14-15) With the position strength of manufactures, the process of branding the products and goods can be considered started and the name, logo, visual symbols of brand became a very basic and popular tool in differentiating products from each other (VanAuken 2003).

In the beginning of 21st century, according to Kotler brands have become much more than pointing quality or symbolic value of different products. Kotler says that brands are gaining more tangible value. Also, Kotler mentioned that brands have now new dimensions and have a significant place in companies financial reports. Perfect example can be considered Coca Cola Company, when a tonic made in Atlanta, USA, in 1886 which in 2000s year had a brand value of 48 billion USD. (Kotler 1999)

2.2 Brand Definition

For many centuries brand has been used as a mean in order to differentiate and distinguish products and goods of one manufacture from others. Word brand is derived from brands which was a word of Old Norse meaning 'to born' and was highly used owners of livestock to mark their animals in order to identify them (Keller K. , 2013: 30).

There are many different definitions in literature related with terminology of brand. According to American Marketing Association (AMA) a brand is a "Name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers" (Cakirer, 2013: 7).

According to Keller (2013: 7) most of managers nowadays are referring brand much more than definition of AMA and some things has created an amount of awareness, prominence, reputation and so on in current marketplace.

In their book, Kotler and Armstrong (2012: 234) mention that a brand is representing more than never what means for consumer a service or a product, and by doing so, brands are

one of most valuable assets for a company. As brands are considered a valuable asset there is huge need for careful management and development of them. Kotler in another book also says that brand is an important part of product in consumer point of view and mention that brands can add value to products. He illustrates it by giving example of Chanel perfume and says that if the brand logo is on perfume consumer will perceive a high quality, but the same bottle without Chanel brand will lead consumers to perceive less quality of it. A brand is considered also a provider of guarantee of quality and reliability (Kotler, 2006: 549).

Brand is a key factor in communication between consumer and product and play a very effective role in marketing management, since brand is the only item which consumers remember about products and identify it from competitors' products (Aktuğlu, 2008: 11). Brand can consider the products name, personality, price, quality, added value, competitive advantage and position. The brand is widely known as guarantee for the product and promises to the user quality. (Şaylan, 2000: 67). During new products introduction stage brand and branding is a very critical issue. It is very important even in other product life-cycle stages and requires long-term investment in packaging, promotion and advertising (Özüpak, 2008: 12-13) .

Products offered by companies are different from each other in service terms which they provide combined with package and label, so design can make products seem different from other competitor products and help to identify them. (Akdeniz Ar, 2004: 4)

2.3 Why do Brands Matter?

A crucial question is why brands are so important? This question will be analyzed in two dimensions, consumer and producer dimension. Keller in his book has noticed the most important points for both sides (Keller K. , 2013: 34).

2.3.1 For consumer

According to Keller brands matter for consumer because they make possible for consumers to assign the responsibilities to a certain producer or manufactory.

Brands help consumers to save time and money during decision making process if brand is recognized by consumers. Brands are considered also risk reducer because consumers know the quality, price and similar features of products of services when they are under a

certain brand. Brands nowadays are having a meaning for consumers also like symbolic devices and allowing consumers to imagine and project their self-image, some specific brands are symbolizing specific type of people, lifestyle and values (Keller K. , 2013: 34).

2.3.2 For manufactures

Brands also play very important functions also for firms. One of them is that brands are serving purpose of identification. Also, brands offer legal protection for products and their features. Brands are used as a signal of certain quality and price to satisfied customers by firms' point of view. By doing this role, they help consumers to choose again that brand, and in a huge scale this is helping firms to have brand loyalty and to have more predictable and secure demand. This leads to another crucial function of brands which is competitive advantage among others. Result of all mentioned above make firms to have more financial return and power (Keller K. , 2013: 35).

2.4 Differences between Brand and Product

In order to understand brands better, we must clarify the differences between products and brands. In marketing mixing products has a very important role.

In their book Kotler and Armstrong (2012: 230) define product as “Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need”. While product is offering a benefit which if functional, a name, symbol or logo can consider added value for the product. In this situation is clear that product can be produced or manufactured, but brands are created.

Cakirer listed in a table on his book the differences between product and the brand (Cakirer, 2013: 9-10).

Table 2.1: Product and Brand differences

PRODUCT	BRAND
Produced in a factory	Formed in minds
Object or service	Perceived by the consumer
Product has formats and features	It is permanent.
Provides physical benefit to the customer	Satisfies the needs of the consumer.

Is concrete and has physical components	It is considered by the consumer as a status indicator.
It addresses the rational side of the brain (left).	It addresses the emotional side of brain .
	Has a personality

Product as one of basic concept which take place in marketing mix is considered everything that can be offered by a company to consumers for consumption by integrating different technological, physic elements and various chemicals in order to meet the requirements or desires of consumers as result of its usage, and brand in another hand is a name, symbol or design which enhance the product value beyond its functional benefits (Balta, 2015: 60).

2.5 Branding in a Conceptual View

2.5.1 Brand Image

American Marketing Association defines brand image as “The perception of a brand in the minds of persons. The brand image is a mirror reflection (though perhaps inaccurate) of the brand personality or product being. It is what people believe about a brand-their thought, feelings, expectations.”

First definition about brand image was made in 1955 by Levy and Gardner related with five aspects brand image possess and these are as following: “

- the names related to this fact,
- the formal portrait that have been given,
- the ingredients of brand image,
- the tools that have been used for measuring and,
- sights for the origin, design, formulation and divertability of brand image” (Gardner and Levy, 1955: 33-39).

Brand image, said simple is the image that company want to put in consumers head. Consumers during their decision-making process are highly affected by brand image. If brand image satisfies the needs and expectations of consumers, probability to purchase

that brand continuously is very high. (Cakirer, 2013: 23-25). According to Biel brand image is formed by corporate, product and consumer combined together. But the support formed by these three components can change based in category of product and brand. But what is mostly supporting brand image is consumer image, because in processing of creating and reflecting brand image, the level of image that the user has and wants to be has an important role (Biel, 1992: 6-10).

Perception made by consumers for a brand can also considered brand image. The main objective is to make sure that consumers hold very strong and favorable associations in their mind about company's brand (Heding, Knudtzen, and Bjerre, 2008: 13).

To create a positive image for brands according to Keller it takes marketing programs which will link favorable, strong and unique associations in memory to the brand. These associations can be either brand benefits or brand attributes. Brand benefits are linked with personal value and meaning which product or service attributes are attached. In other hand Brand attributes are generally those who describe features that product is characterized (Keller K. , 2013: 77).

According to Kotler there are three important functions to create an effective brand image.

- Transmission of a single and unified message makes up product character and brand promise.
- Transmission of this message in a way that prevent any possible confusion of similarities with competitors.
- Transmission of the emotional effect that appeals to the feelings of the consumers as much as they are to their minds (Kotler 1997).

Creating, developing and maintaining a brand with good image is very important in marketing and communication campaign in order to have success. (Roth, 1992: 27). A brand image cannot just be a simply perceptual phenomenon which is affected by communication activities alone, but as an important factor which has direct effect on sales and product life-cycle (Park, Jaworski, and MacIninis, 1986).

There is a close link between brand image and brand associations, so in order to create a clear and positive brand image marketer should control proactively the brand images

which are communicated to consumers, in order to avoid not desirable results (Faircloth, Capella, and Alford, 2001: 69-70)

2.5.2 Brand Personality

According to Aaker brand personality can be defined as “the set of human characteristics associated with a brand” (L. Aaker, 1997: 347). Different researchers have underlined the idea that brand personality can help consumer to reveal an ideal self, his/herself or exact aspects of the self (Keng, Tran, and Le Thi, 2013: 247-248). What is important is that during the years, as human personality does, even brand personality can grow and evolve through different stages over the time (Goodyear, 1993: 70-75).

Personality of brand is supposed to have a significant role in brand positioning and brand attachment since consumers prefer brands which reflect their self-images (Goldsmith & Goldsmith, 2012: 10-11). The way how brands personality can be perceptual and also may be modeled by usage of imagery and expressions in marketing advertisements (Hoon Ang and Ching Lim, 2006: 40). Brand name has a huge impact in brand personality. (Klink & Athaide, 2012: 111).

In a strategic way, personality of brand serve as an important tool for brand positioning in a marketplace, which lead to more easy differentiate with competitors at the symbolic level (Sung and Kim, 2010: 642).

Keller mention that the personality of brands is mainly based on the assumption which says that brands have personality trait, impressions and emotions just like people do. A brand can be associated with different personality traits such as age, gender, social and economic class (Keller K. L., 1993:57) .

Aaker in his publication “Dimensions of Brand Personality” build the Big Five Model of brand personality. Categorized in five main dimensions, personality of brand can be expressed as below;

Sincerity

- Down to Earth: family-oriented, small-town, conventional, blue-collar, all-American.
- Honest: sincere, real, ethical, thoughtful, caring.
- Wholesome: original, genuine, ageless, classic, old-fashioned.

- Cheerful: sentimental, friendly, warm, happy.

Excitement

- Daring: trendy, exciting, off-beat, flashy, provocative.
- Spirited: cool, young, lively, outgoing, adventurous.
- Imaginative: unique, humorous, surprising, artistic, fun.
- Up-to-date: independent, contemporary, innovative, aggressive.

Competence

- Reliable: hardworking, secure, efficient, trustworthy, careful.
- Intelligent: technical, corporate, serious.
- Successful: leader, confident, influential.

Sophistication

- Upper Class: glamorous, good-looking, pretentious.
- Charming: feminine, smooth, sexy, gentle.

Ruggedness

- Outdoorsy: masculine, Western, active, athletic.
- Tough: rugged, strong, no-nonsense (L. Aaker, 1997: 352).

2.5.3 Brand Identity

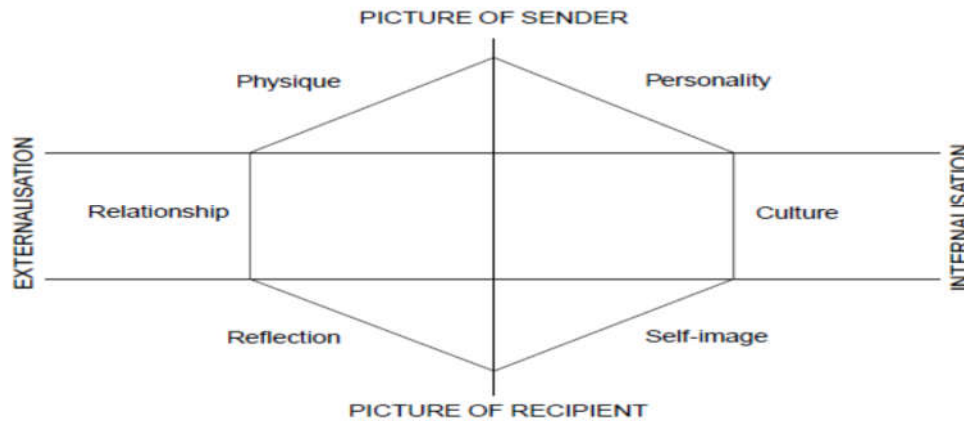
It is widely accepted that a brand cannot be considered the name of a certain product. According to Kapferer brand presents the vision that leads the creation of services and products under a specific name. The vision which is the main belief of the brands and brands' core values is called identity (Kapferer, 2008: 171).

Brand identity of a company, product or service consists of many elements which can be controllable such as positioning, brand name, logo, message, experience or even label line (Demir, 2007: 46-47).

Kapferer in 2008 in his book illustrates brand identity with a prism model which works as a mechanism for managers of brands to measure the identity of their brand. The model consists

in six different facets: “Physique, Personality, Relationship, Culture, Reflection and Self-image”

Figure 2.1: Brand Identity Prism Model 1



- Physique: Every brand has its physical characteristics and qualities which form its ‘physique’. Physique is made by different combinations of either salient objective features or emerging ones.
- Every brand has a personality. By communicating with consumers gradually start to build its character. The way that brands use to communicate with consumers for its products or services can show what kind of personality would it have if it were a human.
- A brand is a culture. Nobody can imagine a cult brand which don’t have a brand culture. The products is not just a concrete a representation of brand culture, but also a very important way of communication. In this case by culture means a combination of values feeding the inspiration of brand. Brand culture nowadays has a significant role in differentiation of brands.
- A brand is a relationship. “Brands are often at the crux of transactions and exchange between people” Brands are a good intermediate to create strong relationships with consumers.
- A brand is a consumer reflection. Reflection is a concept often mixed with target. Target group are the potential buyers or users of a certain brand, while reflecting the clients or consumers is not same with describing the target. The consumers must be reflected as they wish to be seen as result of using a particular brand.

- And finally, a brand can tell a lot of our self-image. If above mentioned reflection is considered as target's outward mirror, in this case self-image can be considered as inside or internal mirror. Our attitude toward some different brands can allows us to develop a type of inner relation with ourselves at all. Many people who buys a Porche car, simple they just want to prove themselves that they actually have the ability to buy a car like this. (Kapferer, 2008: 181-184)

Keller says that brand personality can be considered the qualities which belong to human that can attributed to a specific brand (Keller K. , 2013).

2.5.4 Brand Equity and Brand Value

Brand equity is considered the added value which the brand name carries beyond its functional value of the products (Schoell and Gultinan, 1995: 270).

Brand equity concept started in the early years of 1990, which was not defined properly but in simple way it meant that brands can be evaluated as financial assets and must be recognized such as by financial market and high-level management. Brand equity covers not just the value of brand, but also in same time the value of patents, trademarks, and many other intangibles (Keegen, Sandra, and Thomas, 1995: 324-325). A company's stock price means more than its brand equity, but in a situation when one of brands owned by company gets in trouble, a change in brand equity can directly affect the prices of stock (Kerin & Sethuraman, 1998: 260-265).

According to Barwise every brand financial value is highly depended on its brand strength. Brands can become more strength by investing in advertising and quality of product. In another hand, different price promotions can lead to short-term increases in sales volume, but it has no effect in building long-term brand equity (Barwise, 1993: 94-95). Aaker defines the brand equity as "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or that firm's customer" (Aaker D. , 1991: 15). Aaker also mention that the assets of brands which are intangible create basis of brand equity.

According to Aaker brand equity has five different asset dimensions which include 1) brand awareness, 2) brand loyalty, 3) brand associations, 4) perceived quality and final 5) other assets like patent, channel relationships and trademarks. In case which all these

assets are managed properly, assets can add value to the service or product and lead to more consumer satisfaction, which will provide many financial and nonfinancial benefits to firm (Aaker D. , 1991: 19-22).

According to Keller there are two main motivations for studying equity of a brand. First one is based on financial motivation to calculate and estimate the value of a brand with more accuracy for accounting objectives in term of value of assets for the balance sheet, acquisition, divestiture or even merger purposes. Another main reason to study brand equity is related with strategy-based motivation in order to improve productivity of marketing (Keller K. , 1993: 1-3). Many companies have their brand as major asset, and this asset is not more than prejudice, goodwill, reputation, preference or loyalty. However, is huge and lasting asset which in marketing terms is called brand equity (Arnold, 1992: 5).

Brand finance is an institution that credits brands value continuously, in its February 2017 edition defines brand as “a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos and designs, or a combination of these, intended to identify goods, services or entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/value” (Haigh, 2017: 5) and the formula to calculate brand value in financial terms is shown below (Haigh, Global 500, 2017):

Figure 2.2: Calculation Formula for Brand Value



Brand Finance rank annually top 500 brands by their brand value. For February 2018 publication Amazon is world’s most valuable brand followed by Apple and Google. Amazon which is an e-commerce leading company increased their brand value by 42%

compared with last year and reached the highest financial value of \$150.8 billion. According to report writer David Haigh the value and strength which Amazon brand possess gives it stakeholder the opportunity to extend their activity in new sectors and geographies. Also Haigh forecast that Amazon brand will keep growing indefinitely and exponentially (Haigh, 2017: 8). Second place as most valuable brands is occurred by Apple with an increase of 37% compared with last year's financial value, which is a good performance after previous year 27% decline in brand value. Apple has not shown the expected success to diversify and increase sales of its flagship products iPhone which is responsible for almost two third of company's revenue. Google has moved from 1st to two positions down taking 3rd place despite recording a growth in its brand value with almost 10% which is considered low rate compared with Amazon, Apple, Samsung and even Facebook. Google focus in internet search, cloud and OS technology is holding it back other possible investment opportunities and from unleashing brands full potential. Samsung and Facebook with respectively 39% and 45% growth in their brand value take place in Top 5 most valuable brands according to Brand Finance February 2018 report (Haigh, 2017, : 8-11).

2.5.5 Brand Awareness

According to Dictionary.com awareness as noun is linked with “knowledge that something exists; understanding of a subject, issue or situation or the state or condition of being aware, conscious about something” (Sjöberg, 2017).

Main goal of brand management is to build and maintain brand awareness which will lead to influence purchasing-process of consumers and companies perceived value. Is very important because brand image and brand attitude cannot be created when there is no brand awareness (Coşkun, 2016). Percy and Rossiter mention in their book that brand awareness is very important to create communication and transactions with consumers, therefore if there isn't a high level of brand awareness, is difficult to have communication and transactions with consumers. (Percy and Rossiter, 1987: 26), while Keller says that many consumers will make it rule to buy just only if the brand that they choose is famous and has an awareness in market (Keller K. , 1993: 12).

Consumers tend to have higher purchase attitude toward brands which are familiar rather than unknown brands (Kamins & Marks, 1991: 178), and result of that, if a product is popular and brand awareness of it is high, probably it will lead to a higher market-share position (Doods, Monroe, & Grewal, 1993: 308).

Brand awareness is considered the information that consumers have for a specific brand, and what place does this brand take in consumers mind comparing it with competitors (Ayar, 2011: 2011).

Brand awareness cannot be limited with just knowledge of name or consumers seeing your brand for several times. It is also needed to take in consideration factors like brand logo, symbol and other brand tools and they need to be harmonized in consumers mind in order to orient them to purchase brands product. That's why Yildirim says that brands need to apply the right communication strategies to have successful brand awareness (Yıldırım, 2010: 98).

Brands must try to reach not just they consumers, but also the potential ones by using effective public relation activities in order to increase the level of brand awareness (Yılmaz , 2007: 592).

Aaker (Aaker D. , 1991) says that according to their level of awareness, brands are categorized in three different levels.

- **Top-mind awareness:** in this category take place brands which have very high level of awareness.
- **Moderate level of awareness:** Awareness level these brands can be considered high, but comparing with previous category is low. Brand recall of these brands is making asking consumers to mention a specific brand in a product category.
- **Lowest level of awareness:** Brands which awareness is generally low are placed in this category. Linking of product category with brand will probably will be in a low level and also these brands recognition is low.

Brand awareness pyramid is a very important tool to show the awareness of consumers for a brand. Brand awareness pyramid is formed by four different levels which shows the awareness level for every brand. These are brand recognition, brand recall, being the first brand recall and brand name dominance (Cakirer, 2013: 35-36).

- **Brand Recognition:** underline the previous experiences with brand. Consumers have sufficient information about the brand and its products. From this point of view, consumers by recognizing the brand can differentiate products and have a better decision-making process.
- **Brand Recall:** Can be related with consumer ability to remember the brand in different conditions. In difference from brand recall, brand need to have a stronger place in consumers mind, in order to remember it not just when name is said, but also through different brand or product features. There are several ways to measure how much consumer recall the brand. Brand recall take place when you specify a category to consumers and the brand is remembered. This brings a huge competitive advantage comparing with other brands. (Ural, 2009: 119)
- **Being the First Brand Recall:** Being the first brand recalled for the companies is very fundamental. When a brand comes first in consumers mind means that the consumer knows a lot about the brand and level of awareness is high. Being the first recall mean that for a specific product group means the highest awareness brand in that category.
- **Brand Name Dominancy:** Is considered the highest level of awareness and is the category that every brand would like to be part of it. When consumers are asked about a product category, they mention mainly one brand and this situation is named Brand Name Dominancy. Above this level occurs when brand take place of product category. (Aktepe & Baş, 2008: 84-85) There is no longer need to create awareness, and all efforts should be focused on remaining it in current position. As example people are aware of Vakko or Beko. The next step is completing consumers need in a high level and turn brand awareness to brand loyalty.

Figure 2.3: Brand Awareness Pyramid



(Aaker D. , Building Strong Brands, 1996: 300)

Loyalty for a brand cannot be pretended if consumers are not enough aware for that brand. Previous experiences from a brands product are very fundamental for decision-making process and help consumers to create awareness for that specific brand (Verbeke and others.. 2010:173).

During last years a common way to create brand awareness is considered digital marketing platforms and social media. According to Galvez brand awareness can be created by different tools like Search Engine Optimization, Blogs, Websites, Banners and Social Media networks like Facebook, Twitter, and Instagram (Galvez, 2014: 33).

2.6. Brand Strategies

The aim of brand strategy is to know very well consumer target and communicate them the benefits of selecting that brand, an action which can give the brand more competitive advantage (Aktuğlu, 2008: 116) .

In order to remain and expand more their market share companies need to have high level of adoption on market condition, and adding new products is an important tool for that, and is fundamental for products success to be in same line with brands products but also bring innovation (Tek & Ozgul, 2013: 103).

Kotler and Armstrong mention that brand strategy used from companies can have an impact in brands personality and brands image and they list five different brand strategies which can be applied. Companies need to be very careful in selecting brand strategy, because this strategy can be the reason to have a higher market share or lose it. There are four main strategies that companies can take to consideration (Kotler and Armstrong, 2004: 296).

2.6.1 Line Expansion

When brands apply line expansion as their strategy, is very crucial to make sure that characteristics of main brands are transferred in harmonized way to new products. In addition, line expansion must be completely compatible with main brand and must make consumers feel that product is required by them (Kotler & Armstrong, 2004: 361).

This strategy brings to company many advantages but also disadvantages. Main advantage is that strength more main brand name, but in another hand, it makes consumer more

complex in expressing their needs and wants. Coca-Cola is a successful example of line expansion. In previous years it was very easy for consumer to express their desire to consume a Coca-Cola in a bar or buy it on a shop, but nowadays is more complex, because there are many lines of this product like Classic, Zero, Sugar etc. Is the same with Nestles Nescafe which are many products like Classic (3 in 1), without sugar (2 in 1) etc. This variety can confuse clients if there are not aware of product differences (Kapferer, 1992: 581).

Below picture illustrate the perfect example of line extension by Coca-Cola incorporation.

Figure 2.4: Coca Cola Line Extension



(Fortune 2015).

Line expansion can be horizontal and vertical. In horizontal line expansion strategy, product quality and price are mostly similar, but added features which can be color or product taste make the difference. While in vertical line expansion strategy the product price and quality can change. This makes horizontal expansion more flexible and easier to implement. A major problem here is that bring new products in market, is a risk which is in high levels since 80% of new products fail, can have a negative effect on reputation of brands other products (Pitta & Katsanis, 1995).

In recent years line expansion strategy is used in high frequency, and there are reasons behind that. First one is because help companies to increase the effectiveness in marketing

and brand activities. Second one is that create opportunity for companies to raise profit ratios by targeting more potential consumers with their products. Third one is considered the opportunity to create a brand image. And the last one is that give opportunity to company to increase the added value. There are many different reasons but these are the main ones (Durmaz & Yasar, 2016: 53).

Aaker says that line extensions can lead company to reach a wider consumer base, increase highly the diversity and innovation and make the brand more active (Aaker D. A., 2013: 296).

2.6.2 Brand Extension

Brand extension is considered usage of brand name which is successful to launch a new product in market. Said different, when a company wants to operate in new sectors, they use their main brand to make penetration easier (Aktuğlu, 2008: 121). For instance, Samsung is well-known brand in global range, can use its strong asset to enter in new categories like electronic payments or electronic cars.

Aaker mention that companies apply brand extensions mainly to archive an increase the profit by using brand name to enter in new categories with new products. This strategy also leads to an increase in brand awareness and brand value. (D. Aaker 2009).

Companies try to diversify their products by taking in consideration the attitude and habits of their consumers, and do their best to renew themselves in order to fellfield their expectations and adopt to market. Brands which relate their future existence with a single product probably will not go far and will be out of competition (Kapferer, 2008: 112). Brand extension strategy is also considered by companies as a strategic way to expand more their business activities (Durmaz and Yasar, 2016: 54).

Brand extension can affect brand by making it stronger and create a higher consumer loyalty. Operating on market with just a single brand name is considered to have less cost than creating a new brand, and feedback can provide in short time. Also, for salesforce and distribution channels is easier to sell the product and make clients to adopt it quicker. Brand extension is applied in many sectors, but recently has a wide use in retail sector (Gülbuçuk, 2009: 192).

However, brand extension is not a guaranteed success even if the brand is one of most valuable ones in world. Risk and consequences are not predictable, and according to their level can damage the original brand. Best example is Coca Cola in 1985 with their new product New Coke which was a really bad experience for a model brand like Coca Cola (Greising, 1999).

Harley Davidson is a famous brand which have not just costumers, but huge number of fans, and this fact push company to extend more their brand. Picture below shows how Harley Davidson operates in two different categories that doesn't have direct relation with each other.

Figure 2.5: Harley Davidson Brand Extension



(Gokce, 2017: 35)

Acceptance for new products which are penetrated in market through brand extension strategy depends in many variables. Some of these are: (Tek and Ozgul, 2013: 325)

New product must be in full accordance with exciting products in terms of appearance, quality and features.

Product launched must be compatible with the brand and have high level of association with the brand.

New product must contain different content, elements or content to make clear for consumers that isn't the same with other brand products. Said simple, new product must differentiate itself.

- It can help main brand to increase brand awareness.
- Contribute positively in decreasing total cost.
- Can lead consumers to have a higher brand loyalty.

But in other hand brand extension can bring different risk for company. Negative effects that occurs in a category can affect other categories including main brand. Companies may deal with similar situation like this and try to figure out how solve with minimum damage. When companies apply brand extension, they must be sure that main brand is suitable for extension. If main brand is not prepared for extension, consumers probably will avoid in buying that product (Gülbuçuk, 2009: 197).

2.6.3 Multi-Brand Strategy

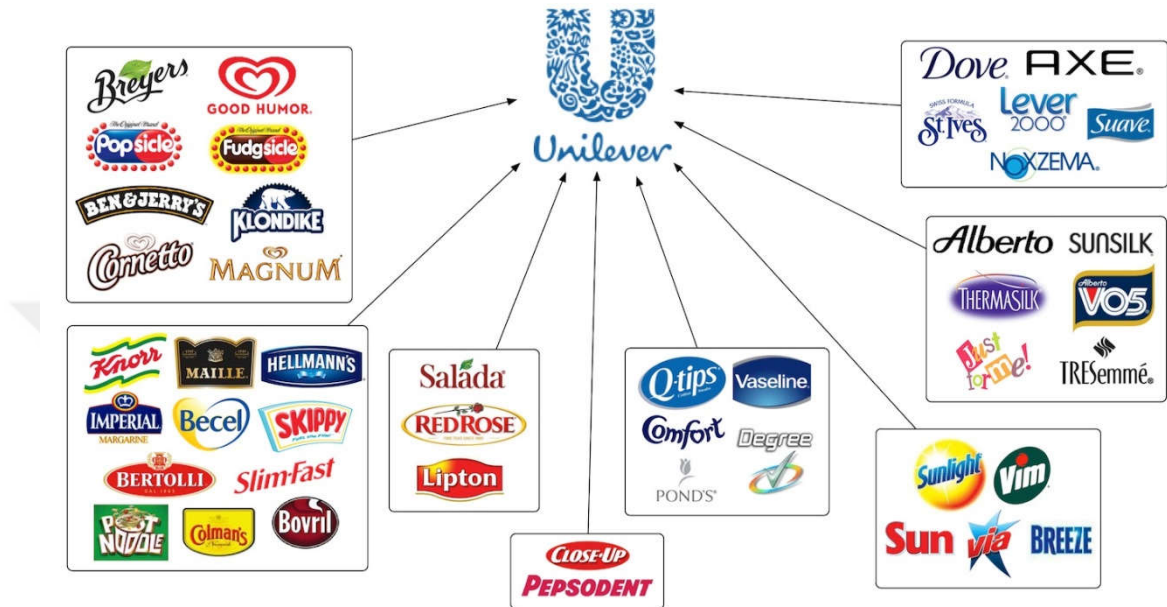
When a company introduce two or more brands in the same product category with brand identities which differs from each other is considered that multi-brand strategy is applied. Companies using this strategy create themselves a huge opportunity to cover more than one market segment by launching in market different brands, with different price and different quality (Aktuğlu, 2008: 121).

Multi-branding itself has two main strategies. First one in which company use different brand in different market and second one in which company sell in the same market in different brands. (Feng, 2014: 5) . As everyone knows one of best examples is considered Procter & Gamble company which is a market leader with brand “Tide” and has also owns its competitor “Cheer” in order to reach more consumers using multi-brand strategy. Also Ipek Kagit in Turkish market can be considered as successful example with its brands Selpak, Solo and Silen which gave them opportunity to be market leader in their sector (Aktuğlu, 2008: 121) .

Procter & Gamble owns more than 300 different product brands and operate in more than 160 country in different categories, and these brands are competing between themselves and this competition made Procter and Gamble more successful. (Feng, 2014: 5) In the same time there are many local companies in Turkey that had the same success using multi-branding strategy. Arcelik which is owned by Koc Holding is the best example (Durmaz and Yasar, 2016: 54).

A global successful company that applies this strategy frequently is Unilever, and the following picture illustrates it perfectly.

Figure 2.6: Unilever Multi-brand Strategy



(Keywords King, 2016)

Keskin says that sales of a specific brand can decline during product life-time but implementing multi-brand strategy can create opportunity to the company to recover that decline in market with other brands in same product category. Since multi-brand strategy tries to cover much product segments by its variety, the chances of attracting consumers from one of the brands are increased. An important disadvantage of multi-branding is that marketing and R&D activities are separated and will have higher cost for the company (Keskin, 2011: 52).

Multi-branding is divided in horizontal and vertical strategies. Horizontal multi-branding is when company decide to launch in market products which are similar in terms of prices and consumer segment. This strategy is important because company can reduce cost of manufacturing and increase the presence in market through higher distribution density (Ryans, More, and Hulland, 1995: 187). While DiPietro in his publication says that this can create an instability on consumers preferences and as result the brand loyalty can be decreased (DiPietro, 2005: 87).

2.6.4 New Brands

New brand is another strategy that has been applied companies in wide range. When companies that use multi-brand strategy prefer create a new brand in order to differentiate it from main brand or when the companies' main brand is not considered enough suitable for the sector. It is important to underline that by doing so, main brand and new brand has less chances to interfere and affect each other. For instance, Toyota which is a well-known brand globally in automobile industry, when decide to enter in luxury car market they didn't go with the same brand even if it is has brand awareness in high levels. Company decided to create a separate brand called Lexus which now successfully is operating in luxury automobile sector. Another successful example of new brand strategy is presented by Seiko which is a watch company, in order to sell more products to different income groups decide to create and position a new brand like Pulsar (Kotler and Armstrong, 2004: 416).

In Turkey there are many brands applying this strategy and Ulker which is one of them is illustrated with below picture.

Figure 2.7: Ulker New Brand Strategy



(Ulker 2003)

Companies use new brand strategy to give the market a new which is separated from the main brand and has different identity. The reason is that a new identity with a new slogan, name and symbol wants to be in market. The new brand not associated with the negative experiences that consumers may had from main brands, and that makes it unique. However, creating a new brand requires many efforts, take time and in financial point of view is accepted to be costly (Akdeniz Ar, 2004: 53) .

New brand strategy is difference with brand extension isolate the chance to damage the main brand, and also when companies create new brands give them opportunity to focus

in different product category and marketing segment, which may not have direct relation with main brand. This strategy in the same time give opportunity to companies to do experiment with new brands with high risk for new brand, but not for the main one (McCarthy, Heath, and Milberg, 2001: 85-86). A study about new brand strategy and brand extension was made in year 2001 by McCarthy, Heath and Milberg which was about determining in which situation will be more suitable for companies. 372 students took part in this study and they were asked about the name of brand, retail price and the specific characteristic of product and they demand from the students to mention which brand of camera they would probably buy. The result is that if a brand is successful and will use brand extension strategy, they would prefer more instead of creating a new brand from that company (McCarthy, Heath, and Milberg, 2001: 85-88).

2.6.5. Co-branding

According to Kotler when companies use two or more brands together in the same time, they use co-branding strategy. Companies use co-branding because they think that both brands together can help each other to create more awareness, strength their name and position in market and increase the sales overall. Applying this strategy, companies tend to reach more consumer when brands are together than separated. And also exist the opportunity to create new potential consumers. But the main problem here is that by doing so, there is huge risk of confusing consumers mind and brands can lose their identity (Kotler and Armstrong, 2004: 456).

2.7 Branding Process

Branding is very valuable process for every company which encompasses core value, image, actions and vision of organization. Because is proved that if branding process is managed in proper way, there is a huge chance that sales will be increasing continually. In the same time, a good brand process can provide to companies in market a unique position (Hatch and Schultz, 2004: 128) .

Sadler underlines the importance of strategic decisions which are highly required in order to build and maintain a strong brand image in market. He says that brand image created for company will be directly affected by the quality of these strategic decisions, that's why for many companies branding process is a gradual evolution (Sadler 2003).

Reil mention that branding process is defined as process which must be continuously planned and implemented which intent to create a positive image and reputation for company in consumers mind in its first stages, and later on to protect the level of positive image and reputation. (Riel, 2002: 241)To finalize such a difficult process with success, important factors like market research, marketing components and corporate strategy must be managed well (Gokce, 2017: 22).

According to Gokce, branding process is formed by two fundamental parts which are market information and marketing components. Marketing information itself is formed by market research, competitor research, product research and advertisement research while marketing components are product, price, place and promotion. A good harmonization between these factors can lead brand to create a strong image and have a good position in market (Gokce, 2017: 23).

2.8 International Branding

Globalization which everyone is experiencing started to take shape in last decades of previous century, and the need for international branding started to become more critical than before. Continuous development in technology make the world smaller than was imagined before. Now many organizations can operate in different country very easy. Competition is parallely acting with globalization, because the companies don't compete just with local companies, but also with companies which maybe are miles away. For these and many other reasons, now companies are trying to operate in different countries, and this make international branding a strategic component in their success (Tas I. , 2007: 5-6).

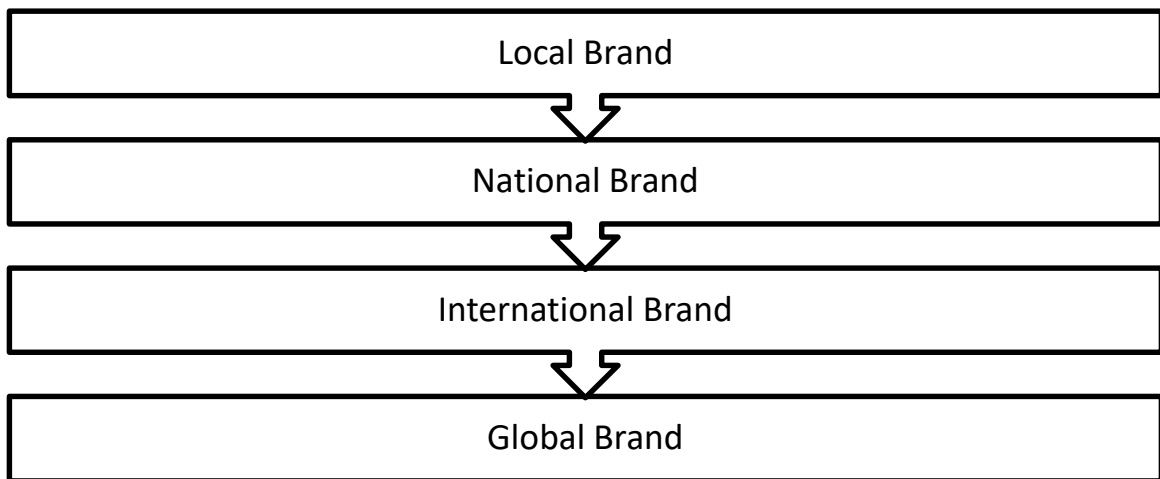
There is a difference between global branding and international branding. International brands are considered brands that operate in many different countries while global brands are brands which operate in almost all countries (Denecli, 2011: 1).

Some brands are present in many different countries and markets, and are known by their consumer segment, and share the same or similar purposes and personality in many subjects but sometimes they can show not huge differences according operating country. In order to create an international brand, organization must attract the attention of targeted segments in many countries in order to enable consumers to create positive attitudes about the brand (Gulmus, 2008: 83-84).

International branding process is closely related with international activities. Brands generally are focusing more in these activities in order to have an international branding process in short time. Bilateral trade agreement made by countries are very important for brands and they can benefit a lot (Vuran, 2010: 6).

A company when is founded, mainly focus in the local market, but with the time companies start thinking to become international. There are many processes and difficulties to become an international brand. When a brand is new, firstly it should try to show itself in local market and the goal is to be a local brand. If this step is passed successfully, brands applying different strategies aim to take a place between national brands. The next step is becoming international brand by entering in many different markets. And the last one is to become a global brand, by expanding their activities in most of countries. Of course, the path is written with 4-5 lines but it can take many decades for a brand to become global, and some of them die before being one of them. Because to be part of global brands take time and need very professional brand management. In technological companies these steps can be completed in more short time, but in the same time the chances not to be for very long in market are high (Akgul, 2018: 36-37).

Table 2.2: From Local Brand to Global Brand



International branding gives organizations many opportunities. According to an article of Cambridge in 2002 these are some of them: (Gulmus, 2008: 114-115)

- Reduce the cost per unit
- Create high brand awareness
- Create opportunity to extend more

- Become an attractive place to work for qualitative employers
- Create awareness about country of origin
- Collect information about many countries
- Give extra power on negotiation with retailers



CHAPTER THREE:

MODE OF ENTRY IN GLOBAL MARKETS

Organizations after deciding to operate in a market, they should evaluate with details the way that they are going to take place in that market, or said differently they should carefully select and implement a specific mode of entry. According to Root, with its advantages and disadvantages (Hollensen, 2011: 320).

- Naive rule: when the organization decide to apply the same mode of entry all the time without changing strategy no matter which market they are going to operate. A rule like this is considered a little bit blinded because organizations ignore any possible heterogeneity of the specific countries (Albaum, Duerr, and Josianssen, 2008).
- Pragmatic rule: organizations select a mode of entry which is workable for each international market. Exporting is used generally in early stages by companies because its risk is considered low. But in situations that initial mode, for example exporting is not suitable anymore, companies start to scan all other alternatives to find the best solution (Hollensen, 2011: 320).
- Strategy rule: Organizations applying this strategy tend to evaluate and compare in a systematic way every possible mode of entry before giving the decision. The result of this process give priority to the mode of entry which have the highest contribute in profit. In the same time risk, non-profit objectives and company resources are taken into account (Khadka & Akande, 2017: 23).

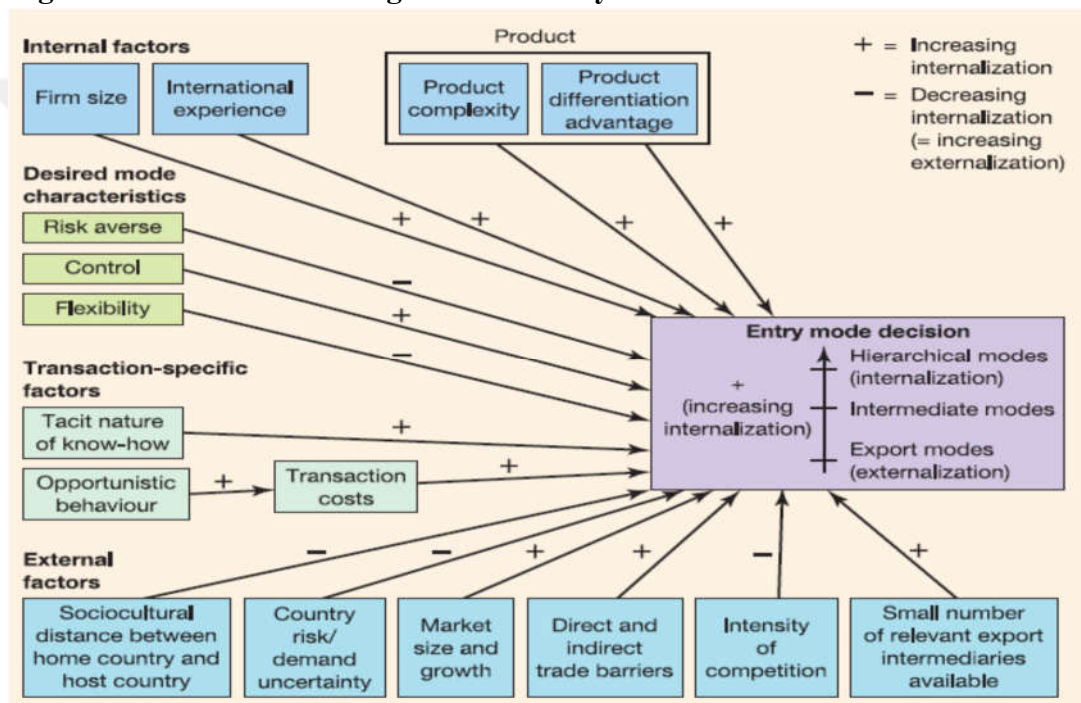
Many companies find the decision-making process over foreign market entry mode very important and difficulty in same time and the reason is that there are many factors and circumstances which need to be evaluated (Hollensen, 2011: 321).

Many different models find place in international literature such Roots theory in 1994 which mention just internal and external factors, Koch theory in 2001 saying that is also a third category named mixed category, or Bruhno and Schilt network theory in 2001 (Puljeva and Widen, 2007: 8-0) and lastly Hollensens updated theory which take place in his book published in 2011.

Factors which every company takes in consideration during this process are grouped in 4 main categories as follows (Hollensen, 2011: 321):

- Internal factors
- External factors
- Desired mode characteristics
- Transaction-specific behavior

Figure 3.1: Factors Effecting Mode of Entry



(Hollensen, 2011: 322)

Internal factors which effect mode of entry decisions are:

- Firm size: which is a major indicator for companies in terms of resource availability. Any increase in these resources can easy lead to higher involvement of company in international markets, which happens gradually during time. SMEs generally want to have more control in international operations but resources of firm which can be limited doesn't give many opportunities to do so. Companies applying export as mode of entry in international market have lower commitment of resource but when the company grows, they can consider to use the hierarchical model. There is a huge relation between

companies' size and freedom of company in implementation of market entry mode (Koch, 2001: 356).

- International experience: international experience of organization and its managers is another influencing factor in mode of entry decisions. Experience mean the time which company has take part in international markets. Experience reduce the uncertainty in a specific market and in the same time the costs and in the same time increase the profit margin in international market. (Hollensen, 2011: 323) Companies must know that international experience has different shapes, and not all forms of it are equal to each other. If an organization is successful in a country with a certain mode of entry strategy, applying that strategy in countries with similar characteristics instead of jumping in a country with different characteristics can result in maximizing of benefits from that international experience (Dow & Larimo, 2009: 79-80).
- Products or services: Each product or service has its physical characteristics which can be unique or common. "Its value/weight ratio, perishability and composition, are important in determining where production is located."
- Products or services which has a high ratio of value/weight like expensive sunglasses, watches or accessories can be directly involved in export mode of entry. Companies which offers beers or soft drinks generally do licensing agreement or invest in production facilities to exclude extra cost like shipping and benefit from local tax discounts provided by governments (Hollensen, 2011: 323).

External factors that effects the decision making in mode of entry can be listed as follows:

- Sociocultural differences between home and host country: can lead to high uncertainty for companies and can affect directly the decision. According Hofstede when the differences in culture are considered high, there is more chances that company will use less risky mode of entry like export than any of hierarchical modes (Tas R. 2010). Home and host country can show huge differences in terms of industrial development, degree of freedom and democracy and religion which can be fundamental in decision making. In the same time some culture components like language seems to not have high level of influence (Hollensen, 2011: 324). Said simple, if all other factors are in same level, companies will probably prefer a mode of entry which is flexible and

demand for resources is not high when a cultural difference is present (Dow & Larimo, 2009: 80).

- Country risk/demand uncertainty: international markets for many logical reasons are considered more riskier than home market for organizations. Companies planning to enter in international market must not just do risk analysis for the market, but also for mode of entry. For many companies exchange rate is considered important variable. But not all the time risks are economy, they can be also politics. When political risk is rated in high levels, companies are oriented to invest a limited amount of resources. In situations like this flexibility is highly required from companies (Hollensen, 2011: 324).
- Market size and growth: parameters like market size and its growth in selecting mode of entry play a determining role. A country which has a large market and the growth of it is high or increasing is very attractive for companies to have a greater involvement and consider applying hierarchical modes of entry.
- Direct and indirect trade barriers: in this part tariffs and quotas of foreign goods take place. Different countries have different trade regulations and product standards. Also, in some countries has been observed that many favors and initiatives can be done by government to empower local suppliers. Similar preferences and 'buy national products' tendencies can orient the organization to enter in those markets applying joint-venture strategy (Hollensen, 2011: 324-325).
- Intensity of competition: in cases when the competition has a high intensity, organizations must do doublecheck of the analysis before they decide to enter and which mode of entry to apply. Highly competitor intensity in a market means for the new coming company more difficulties to penetrate in market, the profit probably will not be in expected levels and it can lead company into a situation that cannot justify the investment.
- Small number of relevant intermediaries available: "In such a case the market field is subject to the opportunistic behavior of the few export intermediaries, and this will favor the use of hierarchical modes in order to reduce the scope for opportunistic behavior" (Hollensen, 2011: 325).

Desired more characteristics are another important key factor which is separated in three main categories which are risk-averse, control and flexibility.

- Risk-averse: Companies which are highly risk-averse like SMEs tend to use mainly mode of entries which have low risk like exporting or even licensing. Hierarchical modes of entries aren't primary for companies which are risk-averse because it may require more commitment and finances allocation. In the same time being risk-averse for companies meant many opportunities are not taken into account and in terms of further development of international experiences there will be a significant backstep (Agarwa and Ramaswami, 1992: 7-8).
- Control: is considered to be one of the most important factors because it requires high financial and human resources. Control is desired by companies in order to have impact in decisions, methods used and system at all because it is related with the future of organization in international markets. Companies which have low level of control in international operations struggle in imposing their company value and business model in host country. For companies, low control means difficulties in managing the strategies, coordination of actions and possible conflictual situations (Anderson & Gatignon, 1996: 3-4).
- Flexibility: Companies when deciding the mode of entry must take into account also the flexibility desired when the strategy is applied. Contractual agreement or joint-ventures which are classified as intermediate modes can make difficult for companies to change or adapt strategy in short time when is needed due to changes in conditions of market, and this mean low flexibility for company. In the other hand hierarchical modes of entry cause difficulties in flexibility of firm in short term, but in long term flexibility can reach desired levels (Hollensen, 2011: 326).

And last factors affecting the decision-making process during mode of entry selection process are the transaction-specific factors which are listed below:

- Tacit nature of know-how: Companies face many problems and difficulties during transferring of know-how, especially when it is tacit and make very complex the agreement. Reason is that is very challenging to transfer know how when company in home country decides to apply any of hierarchical mode of entry. A company which in

home market possess a know-how advantage doesn't mean that the same situation will occur in host market (Martin & Salomon, 2003: 357-358).

- **Opportunistic behavior:** This is a modern war of self-interest of buyer and seller which can be defined as opportunistic behavior. Misleading, confusion or distortion are part of this so-called war. Opportunistic behavior takes place when a transaction is made and both sides of the transaction try to benefit in maximum. Many times, opportunistic behavior prevention is possible by doing preliminary research which will in other hand will add costs of transaction (Tas R. v., 2010: 12).

According to Hollensen it is not possible to define which mode of entry is the best since there are many factors affecting the way that a company is going international. Organizations after deciding to enter in a specific market should take into account all the factors mentioned above before giving the decision on the way that organization is going to operate. (Hollensen, 2011: 327).

3.1 Export Modes

Export entry mode is one of the most used entry modes nowadays. It is applied when a company manufactures its products in the domestic market and sells them directly or indirectly to an international market. This mode of entry is generally used in very initial entry periods, and can evolve to other market entry modes.

Exporting, which is considered the oldest mode of entry, is about shipping and selling your products out of national borders. Said in different words, exporting is identifying potential international customers and delivering companies' products and services to them (Canitez & Ecer, 2005: 70).

Melemen says in his book that the simplest way to define exporting is to sell what you produce in your country to customers which are not in your domestic market (Melemen, 2003).

Exporting strategy is generally used by companies which want to sell their products away from home using not too much effort in marketing and production overseas. Generally, products which are exported are the same as the products which are produced for home

market. Flexibility to implement export mode of entry is one of main advantages and the risk taken is in very low levels (Onkvisit & Shaw, 2004: 246).

According to Altintas and Ozdemir is very important for companies to select the right country to operate, but it is very critical also the mode of entry which will be applied. When the company decide to do export in a selected country, most probably will choose country or countries for which the information's about market dimensions and costumer profile are sufficient. Another important factor for companies to apply export mode of entry is also the physical distance of domestic and international market which company wants to operate. It is important to mention that physical distance is important in the first stages, but in the next stages when the company has gain experience in international market it become less important (Altintas & Ozdemir, 2006: 184).

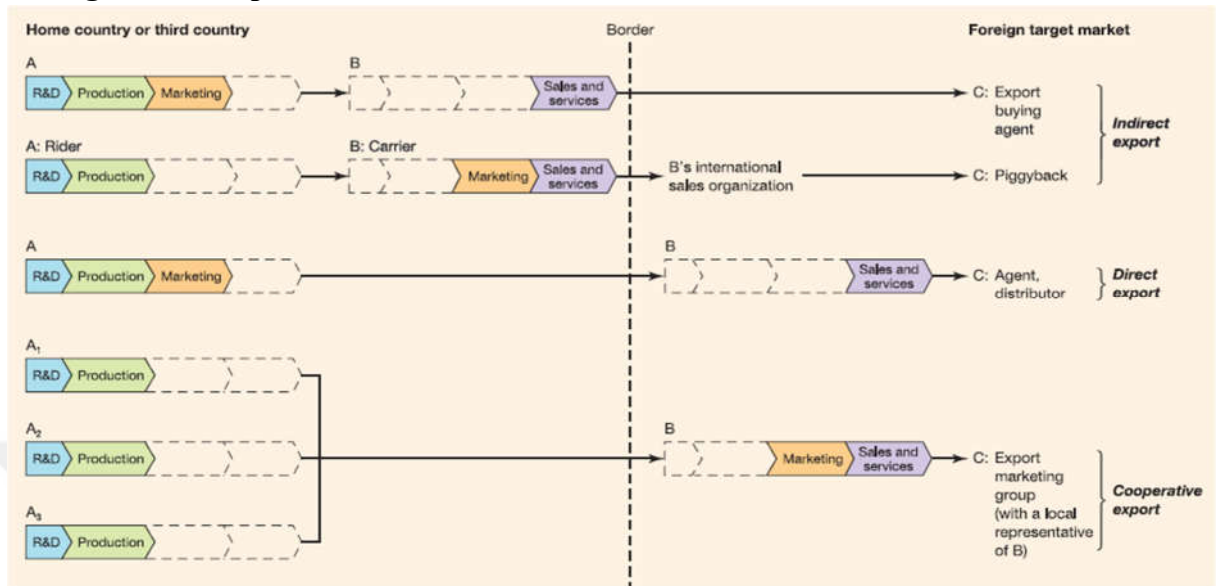
Exporting as business activity is organized in different ways. This is related to type and number of intermediaries. Distribution channels used by companies which apply exporting as mode of entry can have different forms, but they are classified in three major types for simplicity purposes.

1. Indirect export: In cases when companies apply indirect exporting as they entry strategy in international markets they don't take care directly in different exporting activities. Instead of doing exporting activities by themselves, they delegate it to a domestic export house or trading company and generally main company which does manufacturing doesn't take place in international marketing and sales activities of its products.

2. Direct export: This strategy is mainly used when manufacturing company decide to take responsibility and be part of exporting activities. It occurs when producing firm has direct contact with main intermediary in targeted international market. The company take place in document preparation, price policies, delivery and similar activities.

3. Cooperative export:” This involves collaborative agreements with other firms (export marketing groups) concerning the performance of exporting functions” (Hollensen, 2011: 335).

Figure 3.2: Export Modes



(Hollensen, 2011: 335)

3.1.1 Indirect Export

Companies which apply this strategy aim to keep the risks in minimum during international market entries and use foreign trade companies or brokers to sell they product in international markets (Mucuk, 2007: 320).

Companies generally in their first stages of entering in international markets sell they products to different intermediary companies in home country to resell them in international markets. This is less risky, requires law allocation of resources and mainly used by SMEs (Czinkota and Ronkainen, 1990: 290).

Indirect exporting strategy take place when main company use different independent companies in home country to sell them in host countries. Sometimes this mode of entry is confused with domestic sales, because both sales are made in the same home market, but the difference is that product sold in domestic market are use by other companies to sell abroad and the consumer is not in the home market. This strategy limits the companies in terms of objectives that they have in internalization expansion process (Hollensen, 2011: 337).

Indirect exporting has its advantages and disadvantages for the companies. Main advantage can consider the opportunity given to companies without international experience to do export. Another one is that political and market risk for main company

isn't significant. In other hand control over marketing activities is almost zero and is considered a huge disadvantage. In the same time limited availability of the market is considered a minus for this type of market entry mode. Revenues collected by companies which use indirect exporting are in low level generally (Goksu and Cantez 1999, 18).

Indirect exporting can be done by companies in 5 different methods which are listed as follow (Hollensen, 2011:338):

- Export Buying Agent
- Broker
- Export Management Company
- Trading Company
- Piggyback

Export Buying Agent:

Many firms aren't aware of potential that their products could have in international market until a foreign company make the initial step to purchase the product from them and export it in international market. Exporting buying is a company which is located in the same country in which product is manufactured. They mainly make profit from the commission that buyers pay. Main company doesn't play any role in contracts or agreement which is part of discussion of international buyer and export buying agent (Hollensen, 2011: 338).

This type of companies brings a huge advantage for exporting firms because they have high level of experience in international markets, wide network and product portfolio (Cengiz and others... 2007: 38)

Brokers:

Broker is another type of indirect exporting which the company take place in home country. Generally, are agencies which make possible for exporters and import companies to come together. They act more like individuals and take commission from the export company and the buyer in same time. Brokers generally represent home company in international market, and by doing so home companies can lose their level control over exports (Akat, 2012: 35).

Export Management Companies:

“Export houses or export management companies (EMCs) are specialist companies set up to act as the ‘export department’ for a range of non-competing companies” (Rosenbloom and Andras,2008) By being a management company for many different companies export create the opportunity to reduce many costs like shipping. In the same time these companies prepare the documents which are necessary, know more than home company for the market and government regulation. These kinds of companies play a strategic role in markets which penetration is difficult. But there are also many disadvantages for EMC as the lack of necessary attention from sales force for company’s product because EMCs in the same time serve many companies and product range is wide or EMCs can carry in the same time competitors’ products and promote them more (Hollensen, 2011: 339).

Trading Company:

Trading companies are one of the earliest ways of exporting and keep playing a key role nowadays especially in Africa and Far East, but country which use trading companies more effectly than everyone is Japan. In Japan there are many trading companies but number of large one is 9-17 and these companies manage almost 50% of exports and 67% of imports in that country including international brands like Itoh, Mitsui and Company or even Mitsubishi. “Trading companies play a central role in such diverse areas as shipping, warehousing, finance, technology transfer, planning resource development, construction and regional development (e.g. turnkey projects), insurance, consulting, real estate and deal-making in general (including facilitating investment and joint ventures) ” (Hollensen, 2011: 339).

Piggyback:

Companies which use this method of export send huge amount of product in international market. Home company try to benefit in maximum from the opportunities that exporter company is offering to them to sell product in large quantities. This strategy happens when company has a good distribution system in international market for its products and sometimes decide to export also different companies’ product which are complimentary with his own like. In this situation is very important to find the right partner and build a sustainable partnership (Onur, 2007).

Piggyback have been used for a long time in international marketing. For instance, a company like General Electric sell the other US companies' products in Latin America. In the same time Minolta company sell its products due IBM company distribution channel in international markets (Sari, 2007: 21).

3.1.2 Direct Export

Companies that implement direct export as their strategy in international markets transport their products and services without any domestic agent (Karafakioglu, 1997: 197).

It is possible to say that direct export is one of most preferred methods for companies which sell in large amount of product in international market. In the same time, they must use their resources and take risk more than in indirect exporting mode of entry (Rustemli, 2008: 52).

When companies apply direct export, they have to deal with everything starting with finding the consumers up to collection of payments in international market (Baldemir & Metin, 2011: 11).

According Hollensen, many companies when they start to grow tend to select this mode of entry to do the exporting task by themselves. These tasks can include preparation of documents, transportation of products, market research and also marketing mix. Direct export can be done by cooperating with foreign-based agents and distributors (Hollensen, 2011: 341).

Direct export brings to companies many advantages. Among the biggest one is the control over marketing activities which generally is high. Also, the opportunity to increase profitability is a key factor for companies to choose this mode of entry. International experience and expertise can be developed further and increase confidence of company in international markets. Apart of these, companies which implement direct exporting must take into consideration that cost and risk will be high comparing to indirect export. In the same time commitment and energy used is higher (Rustemli, 2008: 52).

Distributors:

Companies sometimes consider to work with distributors as most suitable mode of entry. Distributors are companies in host country which generally have the exclusivity to represent home company and in most cases are the only importer in that market. Selecting the right company to cooperate with it as distributor is very fundamental for success in international market. Distribution can be given in many different terms but most of the time export company give a specific company the exclusivity to sale in a territory. In these cases, company which take distribution is oriented to represent export company in all aspects in that specific territory (Hollensen, 2011: 341-342).

Agents:

“Agents may be exclusive, where the agent has exclusive rights to specified sales territories; semi-exclusive, where the agent handles the exporter’s goods along with other noncompeting goods from other companies; or non-exclusive, where the agent handles a variety of goods, including some that may compete with the exporter’s products.” (Hollensen, 2011: 342).

Export companies try to find very influencing agents which knows the consumers and territory. High commission for sales will make agents increase agent’s efficiency. Organizations which want to start doing business in international market, agents are very good alternative in terms of penetration and cost. Export company make a contract with agent for a specific period of time. After that it can be renewed according performance and capacities (Magnusson, 2017: 18).

Electronic Commerce:

Electronic commerce is a recently used tool in function of exporting the products in international market. E-commerce requires high integration of all electronic sources that company possess in international marketing process. Generally, order taking, bank, finance, credit transactions, money transfers, fund transfer and similar transactions can be transferred to the electronic environment and made possible to make more efficient and low cost. Many companies may face difficulties in the beginning, especially in terms of financing the initial digitalization of company, but in medium-long term has resulted to be a very successful mode of entry. E-commerce websites like Alibaba.com and

Aliexpress.com help businesses in different sizes to grow in international markets (Kaya, 2015: 111).

3.1.3 Cooperative Exports

Cooperative export can be defined as close collaboration that two or more companies which in local market act as independent in function of completing each other and success in export activities (Långbacka: 21).

SMEs which generally have limited management skills and marketing resources is very challenging to reach a needed amount of product to export especially in their first stages of being in international markets. Situations like this motivate SMEs to cooperate with each other in terms of exporting, and sectors like clothing or furniture which have a high level of fragmentation this method find a wide usage. For instance, three different SMEs have their products living room, dining room and bedroom furniture and by cooperating together they can have more success than being separated in international markets. In the same time cooperation between companies can be a very difficult situation to be management because there are many problems which will be faced like prices for export, collection of debt and information, negotiating, shipping terms and the name of this association (Hollensen, 2011: 349).

While Hollensen differentiate cooperative exports method with piggyback exporting, Kotabe and Helsen consider piggyback method as one of most applied way of cooperative export and underline the need for a distribution network with high quality (Kotabe & Helsen, 2010: 300).

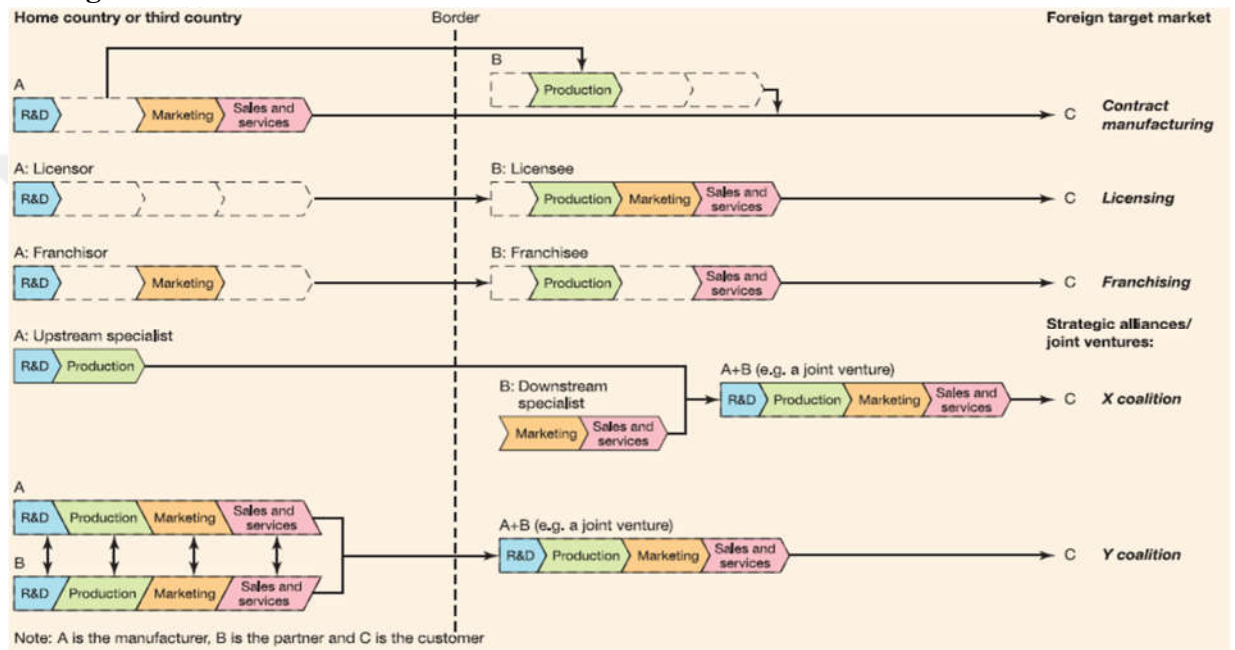
3.2 Intermediate Entry Modes

Intermediate entry modes contain methods and strategies which are very similar with each other, but in the same time very different. According to these methods companies create partnership together and help each other to have archive goals, which are not all the time the same (Root, 1994: 86).

Export modes of entry which are discussed occurs when companies are manufacturing products in home country or third part and sell it in international market. But this kind of entry in international market is not all the time possible or companies can find this mode of entry not sufficient for their goals in international market. So, companies try to find

more suitable solution and one of alternatives is intermediate mode of entry. In this kind of entry in international market, the resources and knowledge are transferred between partners. Intermediate entry modes occur when companies agree with each other in terms of how the control and ownership can be shared company which is going to enter in international market and local company (Hollensen, 2011: 356).

Figure 3.3: Intermediate Modes



(Hollensen 2011, 357)

Management and turkey contracts, joint-ventures, coproduction agreements, licensing and franchising are considered as methods which intermediate entry mode can be applied (Root, 1994: 86).

3.2.1 Contract Manufacturing

Contract manufacturing which is known outsourcing as well occurs when main company reach an agreement with a local manufacturer to assemble or produce some part of their products or even products at all (Kotabe & Helsen, 2010: 305).

This mode of entry is described by Root as a mix between investment and licensing.. (Root 1994)Contract manufacturing is an alternative way to move production of certain products in international markets by contracting a company to do that. Contract manufacturing is result of many reasons (Goksu & Cantez, 1999: 19).

Companies which prefer contract manufacturing should deal themselves with every other aspect such as research and development of product, marketing mix decisions, distribution network, sales and aftersales services in international market. While local firm take responsibility about the production process. Generally main company give instruction and specifications of product to the contracted manufacturing company. Products sales cannot be limited in manufactured country, main company can sell them in other international markets also (Hollensen, 2011: 356).

Contract manufacturing allows companies to allocate a production base in the country that they want to operate. From host country point of view, contact manufacturing is evaluated as a huge opportunity to create jobs and attract foreign capital (Onkvisit and Shaw, 20: 254-255).

This mode of entry in international market has some advantages which can listed as below:

- Companies which apply this method doesn't need to establish a manufacturing unit in international markets.
- Can reduce up to maximum production costs.
- Companies have full control over market activities.
- Bring cost advantage in logistic activities such transportation or storage (Karafakioglu, 1997: 205).
- Local production can have depending in the country a huge impact in sales (Cengiz and others... 2007: 87).
- Companies which applies this strategy have high flexibility in terms of production (Hollensen, 2011: 356)
- This strategy doesn't demand high amount of investment and make possible to enter in market very fast (Albaum & Duerr, 2008: 321).
- Overcome different barriers which can face if company apply export mode of entry.
- Benefit from labors low-cost (Kotabe & Helsen, 2010: 306).

In the same time companies face different disadvantages when they use contractual manufacturing as their mode of entry in international markets.

- Main company cannot have 100% control over production especially when it comes to details of product (Canitez and Ecer, 2005: 79).
- Difficulties in finding the proper local manufactory to delegate the production process.
- When companies decide to apply contractual production, there may be cases that they can “lose” the possible profit which can come if they do production process themselves.
- Manufacturing company can demand for technical support (Karafakioglu, 1997: 205).
- Companies by delegation the production to another local company, in a mid-term or long-term future local company can be a competitor (Root, 1994: 113).
- Possible problems with delivery and quality of products (Hollensen, 2011: 358).

3.2.2 Licensing

“The licensing process is an agreement that will allow industrial or commercial expertise upon entry into international markets, at a certain cost, to be rented or purchased. In other words, production and / or sales authorization or authorization is given to a local manufacturer abroad by an enterprise wishing to enter international markets” (Cengiz, and others... 2007: 52).

Licensing agreements need two part. One which is licensor which give the license and the other one is licensee which is the company which take the license. License agreement differs from each other depending in the industry that the companies operate, but there are some topics which are almost in all sectors (Karafakioglu, 1997: 126).

- Brand name
- Copyright
- Patents
- Technical advice
- Production Know-how
- Design
- Management experience
- Formulas of products
- Technology and processes

It is important to mention that licensing is done due to a certain cost which company that takes license pay to the company which provide it a fee or royalty. The company which give the license, with a very low cost can operate in international market (Bradley, 2005: 243).

Not all the time payment is agreed in financial terms. Sometimes companies agree to a different payment method which is mutual license. For example, a company can transfer its technology to a company which is willing to give brand name in specific territory (Cengiz and others... 2007: 52).

Here are some advantages of license agreement:

- Give chance to companies to operate in international market with low investment and time.
- Risk is low compared with hierarchical mode of entries or joint-venture.
- Since the company which take license is local and will create jobs in economy, government will probably have a positive attitude against licensee and licensor (Canitez and Ecer, 2005: 76).
- Research and development costs are shared between licensee and licensor.
- Very fast and easy way to penetrate in international markets.
- In cases when transportation costs are high, license agreement can be a perfect solution to minimize them (Onkvisit and Shaw, 2004: 249).
- Receive considerable profit from international markets with very low expenses.
- Low level of exposure to different economic and politic crises (Kotabe and Helsen, 2010: 01-302).

In the same time this mode of entry brings some disadvantages to companies:

- The company which takes the incense, in the end of agreed period can be a major competitor in that market to company which provide license (Canitez and Ecer, 2005: 76).
- License cost is reflected directly in product or service cost. As result can lead to a negative in brand image and sales.
- Control over the company which take the license isn't all the time in the needed levels.

- Comparing with hierarchical modes of entries revenue generated is lower (Cengiz and others... 2007: 56).
- Companies which apply this strategy knows that when risk is reduced, the profit is reduced in the same time.
- Licensee performance can be poor, and any early termination of contract will be costly (Onkvisit and Shaw, 2004: 49-250).
- Another main disadvantage is the level of commitment from the company which take the license (Kotabe and Helsen, 2010: 302).

3.2.3 Franchising

Franchising can be defined as a contractual integrated marketing system. Franchising is a very important marketing and distribution method in which main company give to the local company in specific international market the right to use the brands, products and services for a specific period of time, under certain condition and limitations. Franchise is also a convenient method of transferring in different regions, countries and markets knowledge and technology (Arslan, 2006: 2).

Franchising system is a method which is usually used by companies in highly developed countries (Bradley, 2005: 285). Franchising growth rate has been influenced by different factors. First is that economies in modern world, especially in developed countries have changed, they aren't any more focused in manufacturing products and instead of the are more focused in service sector which is easier to be franchised. Second one is increased popularity of self-employment which influences the franchising system directly. Another one can considered the initiatives that governments give for small businesses to decrease unemployment. Franchising is divided in two major categories which are product and trade name franchising and business format franchising (Hollensen, 2011: 361).

Franchising agreement can show similarity with license agreement in structure, but in the same time there are many differences between them (Cengiz, and others 2007: 79).

Table 3.1: Differences Between License Agreement and Franchise Agreement

	License Agreement	Franchising Agreement

Subject of Contract	Product or products	Whole business system
Contracting Parties	Generally rooted and large firms	Mainly SMEs and entrepreneurs
Period	Varies according to sector between 16-20 years	Maximum 10 years but usually lasts 5 years
Control	Low and limited	High level of control
Agreement	Companies can negotiate	Agreement terms are fixed and there is no space for negotiation

Companies entering in international markets through franchise agreement method may benefit from some advantages like:

- It is possible to expand activities in international market in easy way and short period of time.
- Companies applying this method generally high amount of investment in international markets isn't necessary.
- Is a huge advantage to not deal with daily operations (Bradley, 2005: 286).
- Reduce different problems in working in foreign market by using local entrepreneurs which have considered knowledge and experience in market (Cengiz and others... 2007: 76).
- Many risks like political and economic have very limited effect in company which give franchise, while company in local market is more exposed against them.
- Local company knows more about the laws of regulations in market than main company, that's why using them bring an advantage for main company (Kotabe & Helsen, 2010: 304).

In addition to the advantages, this method also has its disadvantages:

- In some situation the franchisee company doesn't perform in required standards and this can have a direct negative impact in brand image and positioning especially in that market.
- Control over franchisee company from main company is not all the time sufficient (Bradley, 2005: 287).
- Franchises which are successful generally may face a high chance of imitation of product, especially in countries in which economy is developing (Cengiz and others... 2007: 77).
- Finding companies which are suitable to franchise is another aspect which is considered disadvantage.
- In many countries' companies misunderstand the concept of franchising.
- Cultural differences can lead to different problems. (Kotabe and Helsen, 2010: 304).

3.2.4 Joint-Ventures/Strategic Alliances

Joint venture or strategic alliances occurs when two or more company cooperate together to do production and marketing activities, but no one of them have the full control over joint-venture but all parts take place in management of company (Goksu and Cantez, 1999: 19).

There are many different reasons why companies decide to use this mode of entry in international markets, and some of them are listed below:

Companies can have complementary technology of each other and cooperation is a strategic decision. Also, this cooperation can orient company to new opportunities which can be even in an existing sector.

Companies try to find the right partner in the country that they are planning to enter in order to have quick market entry

Some countries like China or South Korea have strong regulation about the established company ownerships, especially for foreign companies (Hollensen, 2011: 366).

Joint venture is one of most fundamental methods to enter in developing countries. Companies which apply this mode of entry main tend to combine resources with each

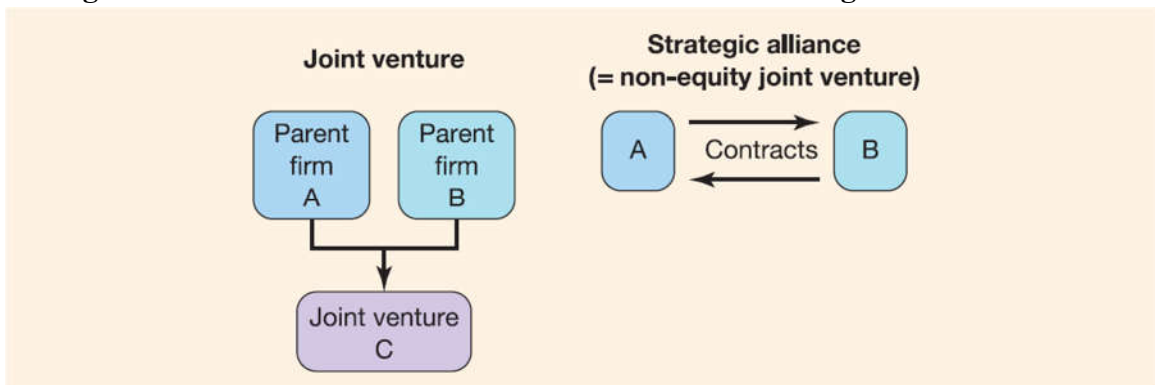
other and create a new company in order to satisfy customer needs in proper way. Many companies use joint-venture as strategy to diversify and develop their activities. Small companies often have entrepreneurial spirit, flexibility, endeavor, and sometimes advanced technology, while large companies can provide capital, reputation and distribution channels (Altinbasak, 2008: 44).

Companies can have limited success by being separated, but if they collaborate with each other can archive more than they do separately by benefiting from each other. The headquarters of one of the joint venture companies is outside the countries in which the joint venture operates (Ulas, 2004: 153).

The joint venture is a more comprehensive method than export or licensing when we consider it as a strategy for entry into international markets, and often provides more profit. In terms of control, the company also provides more control over production, finance and marketing activities. The joint venture is more cost-effective and provides an environment with less risk and more intense participation in future plans (Balyemez, 2008: 16).

“The formal difference between a joint venture and a strategic alliance is that a strategic alliance is typically a non-equity cooperation, meaning that the partners do not commit equity into or invest in the alliance. The joint venture can be either a contractual non equity joint venture or an equity joint venture” (Hollensen, 2011: 366)

Figure 3.4: Differences Between Joint-Venture and Strategic Alliances



(Hollensen, 2011: 366)

Advantages of joint-venture and strategic alliances can be described as follow:

- Companies that implement this strategy can have a higher profit rate compared with export, license or franchise agreement and contract production.
- Main company compared with previous mode of entry has more control over international marketing activity
- The risk is shared according to agreement the risk is shared between partners
- Joint venture creates opportunities to both companies to access in different resources like human or financial (Douglas and Craig, 1995: 164).
- Provide opportunities for the companies to diversify investment portfolio (Bradley, 2005: 288).
- Eliminate barriers such preference of local companies in government's tenders.
- Companies which apply joint venture as their mode of entry in international markets can benefit from the reduction of cost due there is no need for transportation of good or taxes in customs.
- Another important issue is that some government impose taxes over imports, a risk which is not considerable in this case (Cengiz and others... 2007:143).

In addition to these advantages, there are some disadvantages of the joint venture which can be listed as follows:

- First and most important is that this method is riskier and have higher cost comparing with previous mentioned ones.
- The control can be high, but is never complete control.
- One of firms can be superior over the other one, and this can lead to conflict especially in placement of persons which will have key positions in company (Kotabe and Helsen, 2010: 307).
- Cultural differences between companies can create problems.
- Isn't easy that both firms to have the same vision for the future (Douglas and Craig, 1995: 165).
- Partners can face difficulties in management and communication.
- Companies can lose a part of their privacy and flexibility.
- Risk of preparing competitor in the future (Bradley, 2005: 293).

Companies should be very careful when they implement joint-venture or strategic alliances as their strategy in the international markets. Below you can find some of subjects that need to be attentive (Kotabe & Helsen, 2010: 308-311):

- Finding the right partner in international market.
- Mission and vision must be defined before the beginning of activity.
- Need to reduce the cultural gap between partners.
- Management of companies must show respect and offer assistance to joint-venture management.
- Joint-venture should be not just a way to enter in an international market, but in the same time a long-term project to have sustainable success in that market.

3.2.5 Other Intermediate Entry Modes

Companies which want to operate in international markets can also consider management contracting as they strategy. In this mode of entry, the international firm management delegate the right to control and supervise daily operations to a firm which is local in the market that international company want to operate (Root, 1994: 144).

Management contract can be explained as the bilateral agreement between company which want to enter in international market and local company to manage full or partly the business in that country (Cengiz and others...2007).

This strategy is widely used in services sector. Hilton Hotels which owns an international hotel chain is a successful example of how this mode of entry works properly (Bakirtas, 2009: 231).

Management contracting seen from the point of view of contract company can have advantages such as:

- One of best solution when export and hierarchic mode of entries are considered risky in terms of economic or politic.
- Develop the organizational learning which is very important for companies when they plan to wide their operations in many countries.

- Create opportunity for the company to be part of market and make it aware for every potential opportunity that can take place (Hollensen, 2011: 377).
- Easy penetration in many international markets in same time.
- Risk and involvement are not in high levels (Cengiz and others 2007: 122).

While disadvantages can be listed as below:

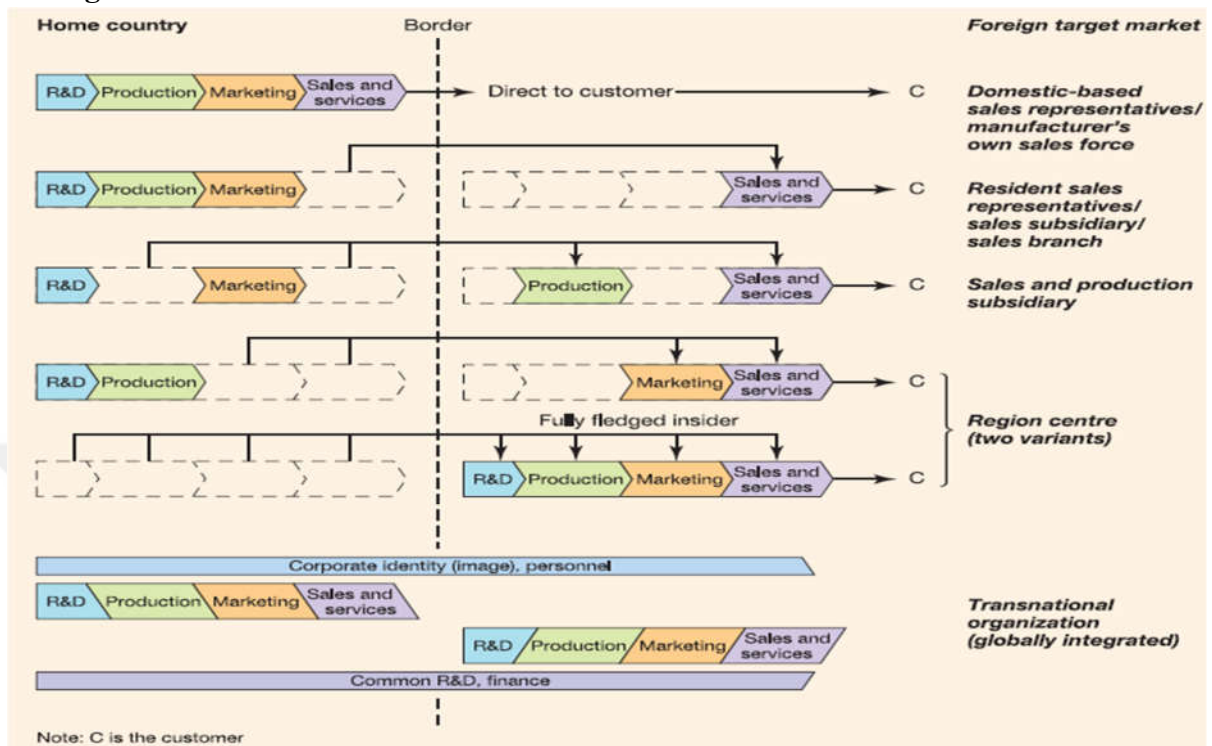
- The agreement may take long time.
- Limited control over different international factors.
- High risk for possible early termination of contract (Root, 1994: 115).
- Training companies which can be possible competitor win future.
- Risk of not finding the right persons for key positions in organizational cart.
- Any possible conflict which can occur between local government and contractor company (Hollensen, 2011: 366).

3.3 Hierarchical Modes

Third group of how companies can participate in international market is hierarchical mode. In this method the companies have full control over every activity in international markets. Companies implementing this strategy need to have strong financial and human resources in order to reach the objectives in international market.

In many cases companies want to expend their control and influence over local market, exporting or intermediate mode of entries aren't enough sufficient. In cases like this companies tend to use hierarchical mode of entry to reach the objectives. There are several options available in hierarchical mode of entry from companies. Table below illustrate the different methods to enter in international market by using hierarchical modes.

Figure 3.5: Hierarchical Modes



(Hollensen, 2011).

3.3.1 Domestic-based Sales Representatives

Domestic-based sales representative is definition for an employer which work in a company which is located in country that he lives, and generally work in sales department, but in order to have more sales for the company decide to travel in international markets very often. Companies applying this strategy believe that a person from their sales team to be oriented in international markets is better than using different intermediates since control is higher (Hollensen, 2011: 387).

Domestic-based sales representatives have many duties, but most important are listed below (Canitez & Bedestenci, 2009: 5):

Informing international costumers and potential ones about companies' products and services.

- Increase companies brand image and recognition in international markets.
- Collect information about clients, markets and countries which he is responsible for and forward it to management.

- Increase the sales in international markets.

3.3.2 Resident Sale Representatives/ Foreign Sales Branch/ Foreign Sales Subsidiary

Companies which apply this kind of entry in international market try to not sell from home country, but transfer it in international markets and they can do it by resident sale representatives, foreign sales branch and foreign sales subsidiary. Sometimes for companies find hiring a resident person to deal with the sales in a specific international market, because it is considered to have less cost and the control can be high since that person is working for company, even if he is in another country. Foreign sales branch strategy take place when main company decides to extend their activity in international market by opening a sales office and operate in that specific international market. In cases like this, employers which are hired are preferred to be local residents. A foreign subsidiary is a local company owned and operated by a foreign company under the laws of the host country (Hollensen, 2011: 387-388).

3.3.3 Sales and Production Subsidiary

In many countries, especially in developed countries, companies which have just sale office there can face the risk of being discriminated by consumers. The reason behind that is that consumers may think that this company, take our money out of our country and has no massive impact in creating jobs and similar economic issues. In this cases companies tend to evaluate also the opportunity to establish a manufacturing company in host country. This mode of entry can require high investment and has it risks, but can lead company to more control over the activities and reach its objectives in that market in a shorter period of time. Companies have many reasons to establish production subsidiary to save their position in international market, to gain new consumers and new businesses, to decrease the cost and in the same time to avoid different restrictions imposed by governments (Hollensen, 2011: 389).

Assembly operation is a method that companies take into consideration to enter in international markets. Products parts and inputs are produced in main country then are transferred in host country and after that are combined together or assembled in order to obtain final product (Karafakioglu, 1997: 205).

Companies apply this strategy not just for above mentioned reasons, but also because transportation cost and custom fees for unfinished products are higher than for the finished ones. Also, cheap labor force is a factor indicating in companies' decisions. And finally, companies by doing so continue to increase its experience in international markets. But in the same time, the most disadvantage of this method is political and legal risk in these countries (Cengiz and others...2007: 85).

3.3.4 Region Centers

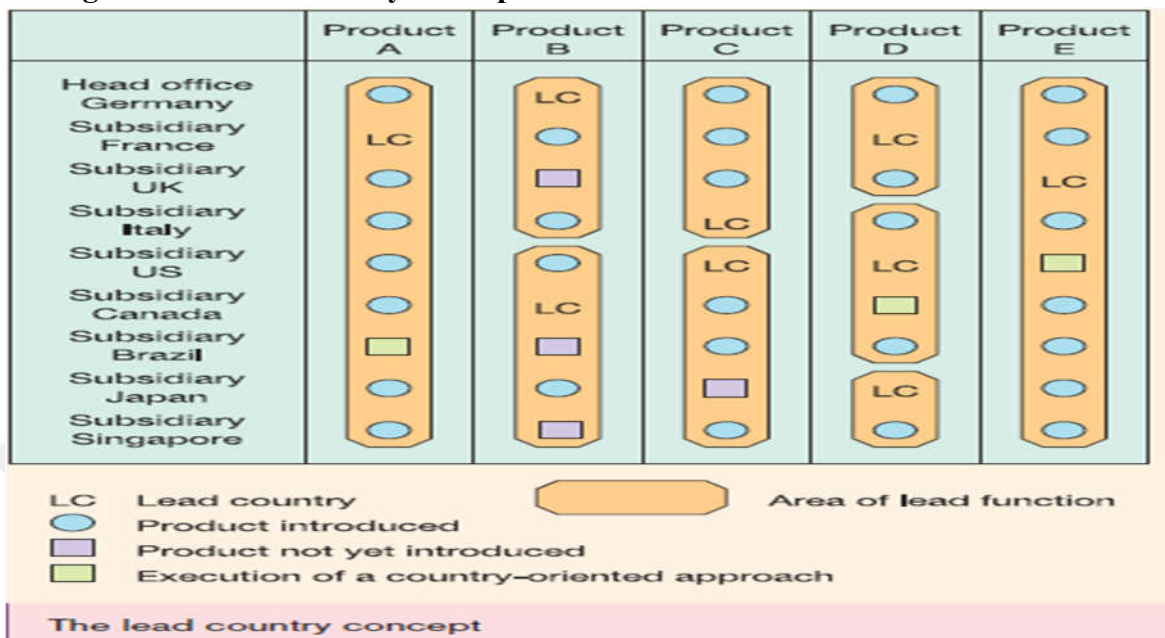
Modes of entry discussed up to this part are focused in entering mainly in one country, but in nowadays world is not as separated as it has been before. Organizations instead of separating markets in country bases, they are differentiating by region. Many MNCs consider European Union as one region since many aspects are same or similar in countries taking part of it and they tend to create regional centers in 'leading country' in order to coordinate all actions in related markets.

To select the right country to lead in the region isn't simple and is affected by different factors like (Hollensen, 2011: 392):

- place of manufacturing facilities.
- legal regulation that can affect company's activity of host countries.
- the strategic importance of the countries represented.
- human resources quality living in lead country.

Lead country concept is summarized in table shown below.

Figure 3.6: Lead Country Concept



3.3.5 Transnational Organization

Transnational organization method is known as the last stage of internationalization process. Companies applying this strategy aim to integrate and coordinate all operations in international market and create a synergy between all parts of company. Transnational organizations in terms of research and development have strong collaboration between offices and human resources are exchanged between countries very often. Very few companies have already reached this level, and one of them is Unilever (Hollensen, 2011: 393-394).

3.3.6 Acquisition and Greenfield

MNCs want to have full control over international operations and acquisition and greenfield are preferred one from them. Acquisition strategy take place when company decide to buy and existing company in international market while greenfield is when they decide to start everything from zero in a specific international market (Kotabe & Helsen, 2010: 312).

3.3.6.1 Acquisition

Entry in an international market with acquisition strategy offers company opportunity to enter much faster and in the same time provide to company a market power in terms of obtaining new sources and market information (Vermeulen & Barkema, 2001: 457). Acquisition strategy allow the company to have access in existing consumers easily, as well in distribution channel (Couturier & Sola, 2010: 45).

Acquisition can be in four different form. First one is horizontal and in this case, company decide to buy product lines which are similar with one which company momentarily own. Second one is vertical in which the company which is bought is consumer or supplier of main company. Third one is concentric in which the company bought operates in same market and have different technology or the opposite and the last one is conglomerate in which buyer company and bought company operate in different sectors (Root 1994).

Companies implement acquisition strategy because of below mentioned advantages (Bradley, 2005: 310):

- Quick enter in international markets.
- Easy access to distribution channels.
- Access to potential and existing consumer bases.
- Existing brand name and reputation.
- Opportunity to increase market share easily.

But in the same times disadvantages listed below must be taken into consideration (Rustemli, 2008: 59):

- Company can be below the expected standard in terms of brand name or brand image.
- Cost of this mode of entry is generally high.
- Difficulties in finding the right company to buy.
- Coordination and transition period can have not good results.

3.3.6.1 Greenfield

Greenfield is another strategic method to enter in international markets. In this situation companies decide to start everything from zero in that specific market. Generally, companies before being in this stage export large number of products, and after reaching a certain number decide to open a factory in that market (Mutlu, 2005: 2005).

Companies implementing this strategy need to transfer their information and knowledge related with production, technology and marketing in order to have success. They mainly try to repeat successful strategies, which greenfield investment can be one of them but in the same time can be huge mistake since the markets can differs from each other. Companies by entering in international markets with greenfield strategy they diversify their risk, and expect to increase profitability of main company. Logic behind this is that not all the companies share the same risk and same level of return (Gannon and Bradley, 2000: 4-5).

Many companies instead of acquisition strategy prefer greenfield because they think that starting a new company from zero is much easier that changing one which has been established for long time. But negative size of it is that is very slow and high cost process (Khadka and Akande, 2017: 22-23).

CHAPTER FOUR:

RESEARCH METHODOLOGY

4.1. Aim of study

In this study, different brand strategies and mode of entries used in international market are examined. In this point of view, a leader company in white goods sector like Arcelik AS with its brand strategy and different entry modes implementations are discussed. This study is formed by three sub-objectives.

- Identify and illustrate different brand strategies that Arcelik AS in international market.
- Identify and illustrate different mode of entries that Arcelik AS implement in international markets
- Identify and find relations between brand strategies and mode of entry implemented in international markets.

4.2. Research Method

This study is based in qualitative research methods, and as one of them case study is preferred.

Case study method is very common form of qualitative research and is formed by a careful, multi-dimensional and complete observation of a social unit which can be a person, a family, an institution, a company, a cultural group or even the entire community. (Kothari,2004): “Case study is an in-depth exploration from multiple perspectives of the complexity and uniqueness of a particular project, policy, institution, program or system in a ‘real life’” (Simons,2009) According to Thomas there are 3 different types of case study regarding to their dimension in time. Retrospective case studies, Snapshot case studies and Diachronic case studies. My study is classified as retrospective case study since it involves collection of data related with a phenomenon which has already taken place. (Thomas,2011:17)

Case study generally is based in more than one tool of collecting data. In my study I have used two tools for collecting data which are document analysis and in-depth interview. Document analysis is a systematic procedure of reviewing or evaluation of documents which can be printed and electronic. (Corbin and Strauss,2008) Documents that may be

used for systematic evaluation as part of a study take a variety of forms. They include advertisements; agendas, attendance registers, and minutes of meetings; manuals; background papers; books and brochures; diaries and journals; event programs (i.e., printed outlines); letters and memoranda; maps and charts; newspapers (clippings/articles); press releases; program proposals, application forms, and summaries; radio and television program scripts; organisational or institutional reports; survey data; and various public records. (Bowen,2009: 30)Documents analyzed in this study are “Arcelik AS Annual Report 2018” published by Arcelik company and “Sektörel Görünüm: Beyaz Eşya 2018” published by Türkiye Sınai Kalkınma Bankası.

As method of collecting data in-depth interview method was preferred. In-depth interviewing is one of most used research methods in social sciences. According to Oakley, qualitative interview is a type of framework in which the practices and standards be not only recorded, but also achieved, challenged and as well as reinforced (Oakley,1998:32).This method makes it easier to learn about attitudes, experiences, expectations, decision making-process in a company. The interview was conducted with of executives of company which is part of research. Is fundamental to establish a detailed and effective communication for the in-depth interview. As no research interview lacks structuremost of the qualitative research interviews are either semi-structured, lightly structured or in-depth. (Mason,1994: 92) The interview was semi-structured, some of questions were prepared before the interview and during the interview according to the answers new questions are asked.

The interview was conducted with mister Rauf Candan Oğuzkan Şatiroğlu, who is Sales Director in Arcelik AS. For more than 13 year, the person that I have chance to interview had managerial position in international markets for Arcelik company and Beko brand.

4.3. Interview Questions:

1-Arcelik AS is an important company in home appliances sector in international markets. Which are the brands which operate locally in Turkey and brands which operate internationally?

2- What positives effect has the strategy to bring all brands together under Arcelik

AS company, instead of operating separately?

3- Which brand strategy do Arcelik AS use more often (1-line extension, 2-brand extension, 3- multibrand, 4-new brands or 5-cobranding)

4- How many international brands does Arcelik owns (names)? Which is leading brand in international markets?

5- How many years took for that company to become an International Brand? Can you give details from (Beko s) journey from a local brand to a global one? What kind of positive sides has for a brand to become international or global?

6- According to Hollansen, there are three rules which companies use to apply in decision making for international markets. First one is naïve rule, in which company apply the same strategy for all countries. Second one is pragmatic rule, when company use a strategy until it doesn't work anymore and third one is Strategy rule in which companies evaluate every possible mode of entry.

Which of these rules is mostly implemented in your company during decisionmaking? process in international markets?

7- What are main factors evaluated from your company before deciding to enter in a specific market?

8- Which is the most used mode of entry in international markets for your main international brand (Beko) (Export modes, Intermediate Modes, and Hierarchical modes).

9- Which is the main reasons of selecting this mode of entry?

10- Export modes are used frequently by companies because have less cost and risk is low. But sometimes there are restrictions or many reasons that forces you to apply this strategy. How does this strategy effect branding process in that specific market?

11- Especially in developed countries consumes take into consideration also the brand origin country or the place in which is produced. Knowing that Turkey hasn't the best origin brand name in home appliances, how did Intermediate modes of entry like joint-venture or contract manufacturing helped Arcelik AS brands to overcome these difficulties in international markets and become international brands.

Exactly in this case, after the agreement is end for different reasons, can Voltas be a threat in India's home appliance market by learning from Beko know-how or even

associating their brand name with Beko?

12-How does hierarchical modes of entry like Sales and Production Subsidiary, Greenfield, RC or Acquisition effected international branding of Arcelik AS brands. Can you illustrate with an example?

13-During your work experience in Arcelik AS you have been in charge in managerial position in China for years 2002-2008. Can you explain the problems which your brand faced in Chinas market?

14- Nowadays is trendy to change the mode of entry in a country. For instance, a company can start with export mode of entry, after having success in that specific market can implement intermediate mode of entries or hierarchical ones. How do you think that this change in mode of entry effect brand image, awareness and loyalty?

CHAPTER FIVE

RESULTS OF IN-DEPTH INTERVIEW AND DOCUMENT ANALYSIS

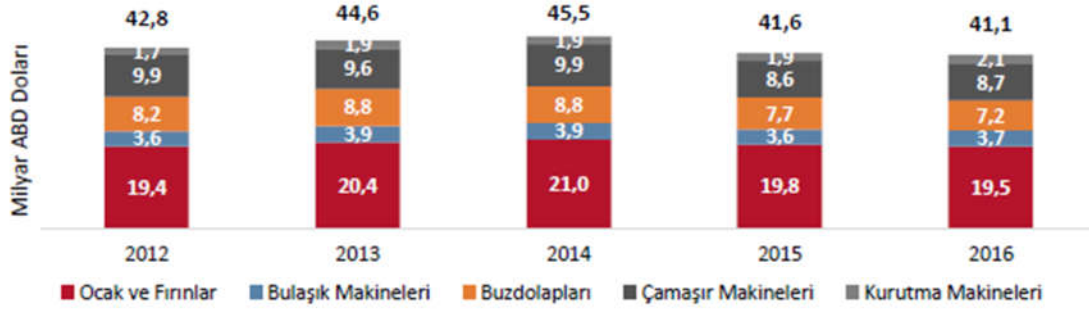
CASE STUDY ARCELIK AS

Companies face many challenges during history. But especially in the end of last century with ending of Cold War and overturn of communist systems these challenges were more unpredictable. All countries become more cooperative with each other and companies took their place in this process. In the same time a revolutionary progress in technology happened. Evaluated in local perspective, in Turkey had a huge step forward with open economy strategies during that period. Many multi-national companies started to operate in Turkish market, and in other sides big Turkish companies started to trade with other countries. This process was complicated because it was something new for Turkey. Nowadays lot of Turkish companies operate in international markets, and one main one is Arcelik AS. The following part of this research is a case study about Arcelik AS in terms of mode of entry and international branding process. Data for this part is collected analyzes of two documents (Arcelik AS Annual Report 2018” published by Arcelik company and “Sektörel Görünüm: Beyaz Esya 2018) and in-depth interview with Mr. Satiroglu which worked for Arcelik in different countries.

5.1 White Goods Sector Worldwide

Home appliances sector is one of most strategic sectors in global economy and is important for economy of every country. During 2014 the overall export value worldwide was around 45.5 billion USD but due to a decrease in demand in developed countries like Japan, Germany, UK and other EU member states in 2016 it was 41.1 USD. Graphic shown below illustrate home appliance sectors global export during a four-year period starting from 2012 to 2016.

Figure 5.1: Home Appliance Sector Exports Product Based

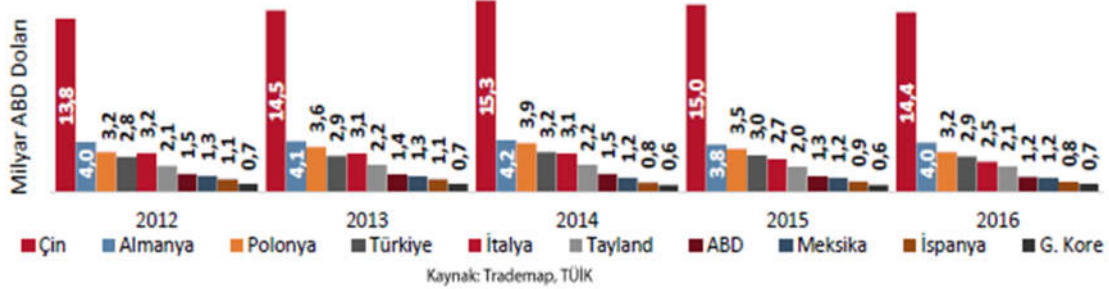


(Source: Avcıoğlu and others, 2008:4)

Table shows that almost 46% of all imported products in global range are cooker and oven in 2016 followed by washing machine and refrigerator products.

According to a research made by TUIK and Trademap about the countries which export more home appliances is obvious that first place is taken by China, followed by Germany, Poland and Turkey. Turkey was the fifth one up to 2013 but after that is ranked in fourth place which previously was taken from Italy.

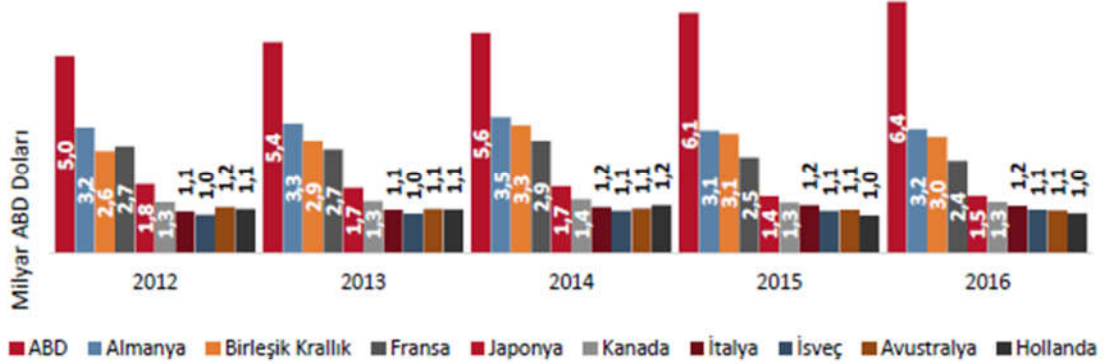
Figure 5.2: Home Appliances Export Country Based



(Source: Avcıoğlu and others,2008: 4)

In the same time global import in home appliances takes very important place in companies operating in this sector. In 2016 global import of home appliance goods in financial terms was 40.7 billion USD. Illustrated in table below is clear that countries which most import home appliance goods are all developed countries. First one is USA followed by Germany, Italy and Switzerland which have shown increase in last 5 years. In the same time economies like France, Japan, Australia and Netherland had a decrease of home appliances import in last half-decade.

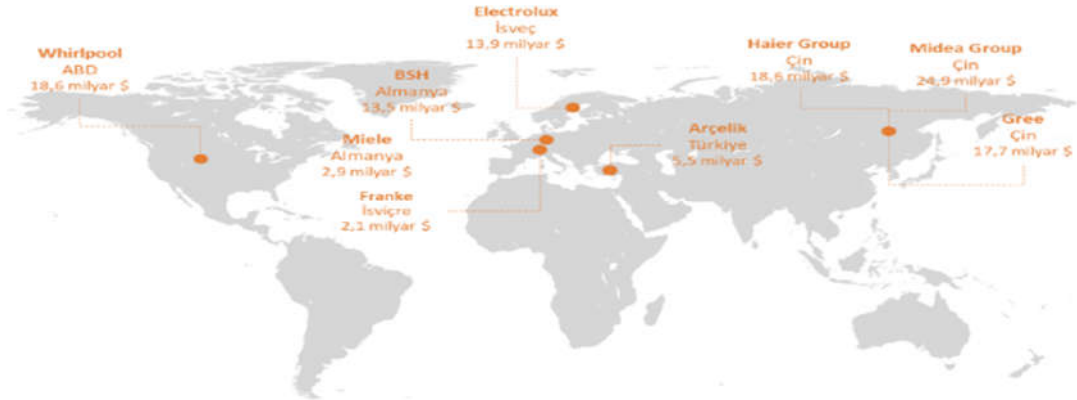
Figure 5.3: Home Appliance Import Country Based



(Source: Avcioğlu and others,2008: 5)

White goods is a sector which requires high amount of investment in order to continue to be a major player in market and brand recognition is considered a result of that. This is the reason why actually are a small number of companies which dominate the market in global range. Is a fact that most important companies in white goods are based in China, Europe and USA.

Figure 5.4: Map of Major Home Appliance Brands



(Source: Avcioğlu and others.2008: 6)

The white goods sector is known for effects that product quality, functionality and brand awareness have over consumer decisions. Especially in the last decade, it is observed that white goods manufacturers have partnered with the companies which have high brand awareness in the target market instead of entering the new markets directly and then continued to use these brands. Some of the major manufacturers in the map above are listed below.

Table 5.1: Major Manufacturing Company and Brands

Manufacturing Company	Brands
Midea	Midea, Little Swan, Haier
Whirlpool	Whirlpool, Hotpoint, Maytag, Indesit, Kitchen AID
Haier	Haier, Casarte, Leader, Fisher & Paykel
Gree	Gree
Electrolux	Electrolux, Zanussi, AEG, Westinghouse
B/S/H	Bosch, Siemens, Gaggenau, Profilo, Neff
Arcelik	Arcelik, Beko, Bloomberg, Grunding, Artic, Dawlance, Defy, Flavel, Elektrabregenz
Miele	Miele
Franke	Granke, Eisinger, Faber

Arcelik is one of major manufacturing companies in white good sector, but in difference with other companies, in below table is obvious that own more brands than other major actors. Related with this situation, mister Satiroglu says that during last century all brands were operating separately, but in the beginning of 2000s, strategy changed and now all brands operate under Arceliks brand umbrella. This change was made in accordance with vision to become more active in global market with more than one brand. In the same time Mr. Satiroglu underline the fact that during that period Arcelik acquired different brands in different countries, and a close cooperation with new brands was very fundamental for the future of company. In the same time, he mentioned the synergy created between brands in this process.

Companies operating in international market of white goods during last year have been part of different merge and acquisition operations. Main reason behind these strategies is to increase the efficiency, be part of more international markets and gain important position in market by using brand awareness. Whirlpool company was struggling to

increase its market share in Europe, that's why they decided to buy a well-recognized brand like Indesit. The table below illustrate main changes which took place in white goods market in terms of merge and acquisition.

Figure 5.2: Major Merge and Acquisition in Home Appliance Sector

Time	Target Company	Target Company Country	Buyer Company	Buyer Company Country	Value (MillionUSD)
November 2016	Dawlance	Pakistan	Arcelik	Turkey	243
June 2016	GE Appliances	USA	Qingdao Haier	China	5.600
November 2016	CDA Group	UK	Amica Qronki	Poland	37
January 2015	B/S/H Hausgerate	Germany	Bosch	Germany	3.654
October 2015	Indesit	Italy	Whirlpool	USA	1.000

Arcelik during 2016 finalized a major acquisition as part of their strategy to expend the company globally. Dawlance brand which is market leader in Pakistan was bought by Arcelik for 258\$ million. MR. Satiroglu in the interview conducted with him says that acquisition of Dawlance gave them opportunity to use their manufacturing facilities and distribution channels also for other brands of Arcelik conglomerate which means high and fast penetration in market. This strategy resulted very successful for company because Dawlance brand is market leader and same time performance of Beko was outstanding and now is the second brand in Pakistan. This was a huge step forward for Beko to become international brand.

Bulent Demiraya in his master thesis named Mergers and Acquisitions Case of: Arcelik and Ardem Merger says that motivations for Arcelik acquisitions are different like

creating synergy between companies, diversification of investments, different economic motives, surplus funds and tax motives.

5.2. Home appliance sector in Turkey

White goods sector, which is one of most important sectors in Turkey's economy is changing very quick with the advances in technology and globalization process and is highly affected by difficult competition conditions. Especially these difficult conditions had progress after Customs Union in 1996 made between EU and Turkey which made more intense the competition especially with the increase of foreign brand numbers in market. Analyzing of white goods in Turkey's market shows that this market is mainly dominated by domestic companies. Main reasons for this domination are considered to be wide range of products, aftersales services quality and customer satisfaction. Another reason can consider the positive opinion for Made in Turkey products and strong nationality shown in buyers' behavior.

White goods sector started in 1955 which has become very fundamental for Turkey's economics, passed through huge development in recent years. First washing machine was produced in 1959 and one year later the refrigerator was produced. After that year the white goods sector in Turkey had huge improvement and development.

Consumers in Turkey markets mainly prefer innovative and new products, and after Turkey started to open its economy to the rest of the world many brands in this sector started to operate but consumers still find local brands and their products more attractive.

In Turkish market there are 8 major, and more than 50 medium-sized companies which manufactures white goods products. In the same time approximately 500 companies operate in manufacturing components for white goods.

White goods sector is considered to have high added value and in the same time and many manufacturing companies have high brand awareness, not just in local market but in the same time in international markets. Being the first in Europe and fifth one in terms of production of white goods, Turkey export more than 3/4 of products in more than 150 countries. Exports in this industry are oriented to EU countries and other developed countries. It is important to mention that white goods sector requires high investment

mainly in research and development process in order to maintain competitor position in very difficult and dynamic in international market.

Especially in last years, companies operating in white good sector expanded their activity in international market by implementing different mode of entry strategies like merge and acquisition, strategic alliances and greenfield investment.

Main companies operating in white goods sector in Turkey have many brands. Table below illustrates is perfectly.

Table 5.3: Manufacturing Companies and Brands Operating in Turkey

Manufacturing Company	Brands Operating in Turkey
Arcelik	Arcelik, Beko, Altus, Grundig
B/S/H	Bosch, Siemens, Gaggenau
Candy Hoover	Hoover, Susler
Indesit	Indesit, Hotpoint
Kumtel	Kumtel, Luxell
Sersim	Simfer
Vestel	Vestel, Vestfrost, Regal, Sharp

Arcelik is major local manufacturer and four of their (Arcelik, Beko, Altus and Grundig) brands operate in local market. Arcelik and Beko have the major importance and company give them priority. These brands own their stores with name on them, while in other side Grundig products are mainly allocated in shops like Teknosa or MediaMarkt. Altus brand strategy is different and is focused more in hypermarkets says Satiroglu.

As we mentioned before, there are 8 main companies manufacturing white goods in Turkey's market, and their facilities are mainly in Istanbul, Ankara, Tekirdag, Kayseri and Eskisehir, because most of demand is coming from consumers living in these cities or

around them. Map below illustrate for each company their manufacturing facilities in which city is located.

Figure 5.5: Manufacturing Facilities in Turkey



(Avcıoğlu and others,2008: 12).

From the figure above, it is obvious that Arcelik own 6 out of 13 production facilities which is almost half of them. It is important to repeat that in these factories are produced not just products with Arcelik brand but also other brands owned by company.

5.3. General Information about Arcelik AS, History, Arcelik AS local and global

Arcelik AS is part of Koc Holding and is probably one of most successful companies in Turkey. Arcelik is listed in world top 500 companies and in the same time is most listed company in ISO list.

Arcelik is founded in 1955 and has become most important part of white goods in Turkey since that day. In 1959 for first time in Turkey washing machine was manufactured by Arcelik and one year later in 1960 first refrigerator is produced in Turkey again by Arcelik. In 1968 Arcelik decides to open a factory in Cayirova and during 1970-1980 diversifies its product range by opening a factory in Eskişehir for refrigerator in 1975, another one in Izmir for electric vacuum clean in 1979 and lastly in a dishwasher plant in Ankara in 1993.

Company keep performing in high standards, not just in local market, but in the same time in international markets. In 2002, Arçelik acquired Blomberg, a French home appliance manufacturer in Germany, which was active in the field of washer and dryer in Germany. By acquiring ElektraBregenz in Austria and Leisure and Flavel brands in UK, Arcelik was rapidly going further in EU market by offering products with different brands. Is important also the role that acquisition of major shares if Artic in Romany, which is leading refrigerator producer and seller company in that international market.

According to a research conducted by AC Nielsen about the first brand which comes in consumers head, starting from 2002 Arcelik have been selected nine-time leader brand. Another fundamental development for the time was the change of Arcelik logo in 2002 which had an important for company in terms of changing as well. This change leads the company to a new are of technology and consumer-oriented identity instead of industrialist identity as manufacturer.

Arcelik is considered the leader brand in home appliances in Turkey. For the 11th time in 2018 was selected most loved brand of white goods being in the same time most recognized and most preferred brand in Turkey.

Arçelik continued to invest in its brand values in 2018 and responded perfectly to the needs of customers through innovative products and services that combined the latest technology with the best designs.

Nowadays Arcelik AS is a very reputable company in consumer goods production, marketing and aftersales services. It counts more than 30.000 and owns 18 different production facilities in different countries starting with origin one Turkey followed by manufacturing plants in Romania, China, Russia, Pakistan and South Africa. In the same time owns 11 different brands like Arcelik, Beko, Blomberg, Grundig, ElektraBregenz, Artic, Leisure, Flavel, Defy, Dawlance and Altus and has 34 sales and marketing companies in 34 countries. Arcelik products are sold in more than 145 different countries.

Arceliks path up to now has been very long, and entering in all these markets was not a basic process according to Mr. Satiroglu. Asked about which of Hollansen rules they used during decision making for international market, he confirm that most of the time they use

strategy rule, evaluating every possible entry mode and taking into consideration all indicators of the target country.

During the interview also factors that influence the process of entering in a market are discussed. Related with this question Mr. Satiroglu says that main driving reason for Arcelik in long terms is their vision to make Beko a global brand, and in short-term is to gain more experience in international market. About factors taken into account before entering in a specific market, he says that external factors are the most important ones because company cannot have control over them. Factors like culture, direct and indirect trade barriers, market size and its growth are taken carefully in consideration. He emphasizes constantly the role of competition intensity have in white goods sector. Explained with an example, Mr. Satiroglu says that market size in China is huge, in the same time growth is constantly positive with almost two digits, but competitor's intensity is very high not just local brands and manufactures, but also all major global brands are active in that market.

Most implemented mode of entry results to be export modes. Arcelik brands operate in more than 150 country, and is impossible to have joint-ventures or acquisition in every country that company operate. Mr. Satiroglu gives also details why this mode find more usage than others. Firstly, it has to do with exports ability to be suitable to different situations that company can face. In the same time export mode give the company the advantage of not locating high financial and human resources in a market and risk is low. Export mode is also preferred because help companies to know more in that market about competition, consumers and market.

5.4. Arcelik as brands and brand strategy

As it is mentioned before, Arcelik AS owns 11 different brands overall, and having such a high number of brands create opportunity for company to apply more than one strategy. Arcelik most used strategy is multi-branding strategy, but in the same time they do use also co-branding, line expansion and new brand strategy. Brand strategies that Arcelik AS applies in home market, have differentiation with brand strategy that may be used in international markets. Satiroglu says that brand strategy used in Turkey is multi-branding but doesn't mean there only one brand strategy can be used. He also mentions co-branding that they have with LG in Turkey for air-condition products. But is important to underline

the fact that brand strategy can change during time in order to be more adopted with market conditions. According to Mr. Satiroglu, when Arcelik first acquired Artic, strategy in that market was brand extension, but in a short time with presence of Beko, Arcelik changed their strategy to multi-branding. During the interview, mr. Satiroglu confirmed that in general Arcelik operate with more than one brand in international markets.

5.4.1 Arcelik

As the leading brand of home technologies in their origin country, Arçelik keep going on to invest in its brand values in 2018 and responded perfectly to the needs of customers through innovative products and services that combined the latest technology with the best designs.

Being the very recognised and most preferred among all brands in Turkey, Arçelik once more has been named as Turkey's Lovemark brand in 2018 and became the most loved white goods brand of Turkey for the 11th time.

By consolidation its position which is very strong in design and technology through different campaigns and innovative products, Arcelik maintained perception for the brand of "worth paying more" in year 2018. Arçelik combined the most elegant designs with the latest technology by bringing gray glass surface to kitchens with the launch of its new Built-In Grion Series and maintained its leadership in the built-in category by supporting the advertisement campaign with the message "share the best moments in the kitchen" throughout the year.

Focusing on customer experience in 2018 with the next generation retailing model, Arçelik created living spaces that allow customers to spend enjoyable time while experiencing the new technologies in its stores. With these experience stores, Arçelik has won the best store design award of the world.

5.4.2. Beko

Beko is considered to be the international brand of Arcelik AS in sector of home appliances. Beko offers for its consumers in more than 140 countries different products like major appliances, air conditioners and small appliances. Beko is the second largest brand in white goods sector in Europe and has been the fastest growing brand in overall

European market in last seven-year period. Beko is inspired by peoples ever-changing needs and lifestyles and strive to help make consumers lives easier with their solution in smart home appliances. Being a successful international brand, Beko offers a white range of products which complete consumer's needs, which is not easy for a company when consumers differs from each other by their culture, personality and lifestyles since there are more than 140 countries in which they operate. service. As the leader of the solo white goods market in Europe and the leader of the overall white goods market in the UK and Poland, Beko is a global brand that facilitates life through its solo and built-in white goods, small home appliances, air-conditioning and electronic products in Turkey.

Mr. Satiroglu says that all brands are important for Arcelik, but Beko is their shining star in global market. Beko is a brand which tend to create a strong connection with youth generation. Since in the beginning of their journey, the vision to make Beko a global brand was very clear. Beko is a brand which has become international due advantages that different acquisitions in international markets provided to the brand and also due sponsorship in sports according to Mr. Satiroglu. He listed different sponsorships of Beko such being a sponsor of basketball league in Germany, Spain and Russia. Also being sponsor of one of most well-known football clubs like Barcelone gave Beko an advantage in increasing brand awareness globally. In the same Beko is sponsor of national teams like Besiktas in football and Fenerbahce in basketball. Mr. Satiroglu also point out the outstanding success of Bekos commercial with Barcelona players like Messi, Pique, Rakitic and Ter Stegen named Eat Like a Pro.

Returning back to the journey that Beko went through, Mr. Satiroglu underline the importance of close cooperation with distributors in the beginning. He mention that after working a period of time with distributors, maybe is estamblishin a sales office there can be a wise option. After that, the next step is to identify different possibilities for production facilities, R&D centers, joint-ventures or acquisition and make a huge step further.

5.4.3 Altus

Altus is a very well-known brand which offers for the consumers very qualitive products. Altus has more than 25000 employers and 11 manufacturing facilities in three different

country, Turkey, Romania and Russia. Altus is a brand owned by oldest company in Turkey's white goods Arcelik AS.

Altus brand is presented to consumers in around 4000 shops and has one of most intensive distribution networks. Altus present different products to consumer like white goods, vacuum cleaner, heaters and air conditioners.

Altus combines durability with functionality and present the latest technology to its consumers.

4.4.4 Blomberg

Blomberg is a brand which celebrated its 135th year of anniversary during 2018, and offer to its consumers very unique combination of eco-friendliness, easy use and technology. Blomberg offers eco-friendly products that provide power and water savings with 'In Harmony with Nature' slogan, aesthetic and stylish products with 'In Harmony with Home' slogan, practical products with 'In Harmony with You' slogan and prudential products with 'In Harmony with Future' slogan for its consumers. Blomberg consumers appreciate the brand strategy in offering environmentally-friendly products as part of their portfolio. In the same time company give priority in creating products which have high level of efficiency energy saving.

5.4.5 Leisure

The Leisure brand has over 120 years of range cooking history. Staying true to that history we ensure every range cooker we produce has the very highest quality and performance, combined with the latest cutting-edge design.

Since its beginnings over 230 years ago, Leisure has been synonymous with innovation. The most significant development resulting from this pioneering spirit was the introduction of the first ever range cooker in 1883. The rich history of the Leisure brand has helped us become one of the largest range cooker brands in the UK.

In 2002 the Leisure brand was acquired by Beko Plc, one of the largest domestic appliance manufacturers to the UK, the 3rd largest appliance company in Europe and one of the top ten appliance brands in the world.

5.4.6 Artic

One of the long-established brands of Romania Arctic counties to be the main and leading brand in markets of white goods. Preferred by every generation since its foundation, Arctic is known in the industry with the concepts of quality, trust and expertise. Making a difference with the value-added services it offers to its customers, Romania's iconic brand Arctic is one of the first choices of consumers with its experience approaching half a century and wide product range. Arctic continued its works at full speed in 2018 to better respond to the expectations of the times and to consumer demands, and grow its current loyal customer portfolio. By upgrading all its projects, built-in, dishwasher and small home appliances categories it realized in this context; Arctic has designed its brand identity to renew it according to today's conditions in order to directly connect with modern technologies.

For its unique service approach, very good brand positioning and very wide and innovative product range, BIZ Magazine which is one of most importants in Romania awarded Artic as "One of Top 100 Brands of Romania". Since 2002 Arctic is a brand acquired by Arcelik AS in major shares, an in the Coolid Devices Factory of Artic which is the largest refrigerator production facility in Europe are manufactured 60 main products and 450 derivates in high quality. It is important to mention that Arctic brand is one of biggest exporters in Romania and 83% of production is exported in more than 80 countries.

5.4.7 Flavel

The origin of the Flavel brand can be traced back to 1777, when John Flavel (1754-1834) acquired an iron foundry in Bilton near Rugby. John's son, William, revolutionised cooking with his invention of the Kitchener cooking range in 1829 to replace open fires and spits.

In 1833 Sidney Flavel continued his father's pioneering spirit, building the Easel foundry, acclaimed in an 1861 Great Western illustrated guide as 'the largest manufactory of its kind in the world.' At the end of the nineteenth century Flavel was again at the forefront of the second kitchen revolution with the introduction of a series of gas cookers.

In 2002 the Flavel brand was acquired by Beko Plc, one of the largest domestic appliance manufacturers to the UK, the 3rd largest appliance company in Europe and one of the top ten appliance brands in the world.

Flavel is synonymous with quality and innovation, and these values are maintained throughout the range today. We ensure the quality of the design, materials and construction of our products remain uncompromised. Modern manufacturing techniques used at the state-of-the-art production facility meet the exacting standards of quality required by today's consumers.

5.4.8 Grundig

Operating under Arçelik since 2007, Grundig offers service to consumers in more than 65 countries with its wide range of products from televisions to refrigerators and from personal care products to sound systems.

Offering innovative, high-quality, timeless and inspiring products, Grundig provides a perfect service experience to its consumers. Grundig takes care to utilize natural resources efficiently and sustainably in all its production processes without compromising from the concepts of aesthetic and quality for a better future.

Grundig makes a difference in competition with its product range created by inspiration from the concept of excellence and which is far beyond the expectations of consumers.

5.4.9 Defy

Defy is a brand which is recently joined Arcelik during 2011 and is considered to be in sector of home appliances number one producer in South Afrika. Defy owns three manufacturing plants. First one is Cooking Appliances and Drier Factory in Jabocs, and the other two are Refrigerator Factory in Ladysmith and East London.

Cooking appliances has been the foundation of Defy's product range and they turn home cooking into an entertaining ritual. Gemini Collection of Defy that has a stylish and sophisticated design allows cooking in high volumes with its Feast Master feature. Defy's proprietary Thermofan Technology allows cooking multiple dishes without mixing odors or aromas. Defy also has a comprehensive range of cooling products. Defy also has a wide range of no-frost refrigerators that have the Dual Cooling technology which offers better control of humidity, higher energy efficiency, better odor control and keeping food fresh

for longer times. Defy's refrigerators with up to 1-meter width also offer consumers the largest storage capacity in the market.

5.4.10 Dawlance

As the leading home appliances brand of Pakistan, Dawlance focused on offering quality-oriented reliable products and service experiences since 1980. Acquired by Arçelik in 2016, Dawlance creates a difference with its innovative products. Offering service to consumers with a broad dealer and service network, Dawlance earned the Number 1 Brand award in the Refrigerator, Freezer and Microwave Oven categories at the 2018 Brand Awards organized by IPSOS and Bulls Eye with the participation of 15,000 consumers in 50 cities and 500 villages. Dawlance ranked 9 among 2,000 brands in 56 categories in the list of "Brands Most Preferred by Consumers".

5.4.11 Voltbek Home appliances

Arçelik made a significant investment as part of its global growth strategy with the joint-venture established with Voltas, operating under Tata, India's leading group of companies. Offering Voltas Beko brand products to the Indian market, the Voltbek joint-venture company founded its refrigerator factory in the state of Gujarat. Offering its product range consisting of refrigerators, washing machines, microwave ovens and dishwashers to consumers under the motto 'Partners of Everyday Happiness', Voltas Beko opened 4 new stores in 2018 at Bokaro, Faridabad, Ranchi and Jamshedpur.

5.4.12 Elektabregenz

Elektabregenz is one of oldest brands in Austria in sector of white goods and in the same time one of most major brands in Austrian market. Electrabregenz is founded in 1892 and since 2002 is part of Arcelik AS brands. Elektabregenz brand offers for its costumers more than 300 different products in freezing, cooling, drying and laundering categories. Elektabregenz brand with its unique durable and innovative products have been selected many times for the prestigious awards like "Red Dot Design Award" and "Plus X Award". In the same time Elektabregenz brand is the only brand in home appliances sector which won the "Green Brand Award" with its implementation of technologies which are environmentally friendly.

5.5 Arcelik AS international market general information

Arcelik AS as we mentioned before operates with 12 different brands in local and international market. Some of it brands are very successful in international area, and the others are successful in national or regional basis. Arcelik is the second largest white goods company according to market share based on quantity of product sold. Their main international brand which is Beko is the second in overall white goods in Europe and is the first in UK and Poland while in France is the first in solo white goods market. Arcelik is market leader in Romania with its brand Arctic and in the same time with Defy in South Africa. Another market leader brand owned by Arcelik AS is Dawlance in Pakistans market.

Arcelik overall have 21 production plants, 19 research and development centers, 43 subsidiaries and branches and 2 Associates and Joint-ventures. Global network of Arcelik AS is perfectly illustrated in picture below:

Figure 4.6: Global Network of Arcelik AS



(Source: Annual Report: Arçelik, 2018: 28)

Table 5.5: Global Network of Arcelik AS

Production Plants	R&D Centers	Subsidiaries and Branches	Associates and Joint-Ventures
Refrigerator Plant – Eskisehir, Turkey	R&D Directorate- Istanbul, Turkey	Arçelik Pazarlama A.S.- Turkey	Arçelik-LG Klima Sanayi ve Ticaret A.S.- Turkey
Compressor Plant – Eskisehir, Turkey	Refrigerator and Compressor Plant-Eskisehir, Turkey	Token Finansal Teknolojiler A.S.- Turkey	VoltBek Home Appliances Private Limited- India
Cooking Appliances Plant – Bolu, Turkey	Washing Machine Plant – Istanbul, Turkey	Ar Dutch B.V.- Netherlands	
Dishwasher Plant – Ankara, Turkey	Tumble Dryer Plant – Tekirdag, Turkey	Ar Dutch B.V. Taiwan	
Washing Machine Plant – Istanbul, Turkey	Cooking Appliances Plant – Bolu, Turkey	Arch R&D Co. Ltd.- China	
Electronics Plant – Tekirdag, Turkey	Dishwasher Plant – Ankara, Turkey	Beko A&NZ Pty Ltd.- Australia, New Zealand	
Tumble Dryer Plant – Tekirdag, Turkey	Electronics Plant – Tekirdag, Turkey	Beko Appliances Malaysia Sdn. Bhd.- Malesia	
Electric Motor Plant – Tekirdag, Turkey	ODTU Teknokent – Ankara, Turkey	Beko Appliances Indonesia, PT- Indonesia	
Arctic Refrigerating Appliances Plant – Gaesti, Romania	ITU Arı Teknokent – Istanbul, Turkey	Beko Balkans D.O.O - Serbia	

Washing Machine Plant – Ulmi, Romania	Design Center – Istanbul, Turkey	Beko Deutschland GmbH- Germany	
Refrigerator and Washing Machine Plant – Kirzhach, Russia	Beylikduzu R&D Center – Istanbul, Turkey	Beko Egypt Trading LLC- Egypt	
Refrigerator Plant – East London, S. Africa	Small Home Appliances R&D Center – Istanbul, Turkey	Beko Electronics España S.L.- Spain	
Cooking Appliances, Tumble Dryer and Washing Machine Plant – Jacobs, S. Africa	WAT Motor R&D Center - Tekirdag, Turkey	Beko France S.A.S.- France	
Refrigerating Appliances Plant - Ezakheni, S. Africa	TOKEN Financial Technologies R&D Center – Istanbul, Turkey	Beko Gulf FZE- United Arab Emirates	
Washing Machine Plant – Changzou, China	Technology Management and Scouting Center – Boston, USA	Beko Hong Kong Ltd.- Hong Kong, China	
Refrigerator Plant – Rayong, Thailand	CoVii Computer Vision Digital Image Processing Application Center-Gaia, Portugal	Beko Italy SRL- Italy	

Refrigerator Plant – Hyderabad, Pakistan	Smart Product Technologies, Enhanced Materials Advanced Production Center – Cambridge, Britain	Beko LLC.- Russia	
Washing Machine and Refrigerator Plant – Karachi, Pakistan	Beko Wuxi R&D Center- Jiangsu, China	Beko Plc.- UK, Republic of Ireland	
Cooking Appliances and A/C Plant – Karachi, Pakistan	Electronic and Optic Applications Center – Taiwan	Beko Slovakia S.R.O.- Slovakia	
Voltbek Refrigerator Plant - Gujarat, India *		Beko S.A.- Poland, Czechia	
Arçelik-LG A/C Plant – Kocaeli, Turkey*		Beko Shanghai Trading Company Ltd.- China	
		Beko Thai Co.- Thailand	
		Wat Motor San. ve Tic. A.S.- Turkey	
		Beko Ukraine LLC.- Ukraine	
		Beko US INC.- USA	
		Changzhou Beko Electrical Appliances Co. Ltd.- China	
		Computer Vision Interaction S.A.- Portugal	
		Dawlance Electronics (Pvt.) Ltd.- Pakistan	
		Dawlance (Private) Ltd.- Pakistan	

		Defy Appliances (Proprietary) Ltd.- Republic of South Africa	
		Defy (Botswana)(Proprietary) Ltd.- Botswana	
		Defy (Namibia)(Proprietary)Ltd.- Namibia	
		Defy (Swaziland) (Proprietary)Ltd.- Swaziland	
		Elektra Bregenz AG- Austria	
		Grundig Multimedia A.G.- Switzerland	
		Grundig Multimedia B.V.- Netherlands	
		Grundig Intermedia GmbH Germany, Croatia	
		Grundig Nordic No AS- Norway	
		Grundig Nordic AB.- Sweden	
		SC Arctic SA- Romania	
		United Refrigeration Industries Ltd.- Pakistan	
		Pan Asia Private Equity Ltd.- British Virgin Islands	
		Vietbeko Limited Liability Company- Vietnam	

(Annual Report: Arçelik 2018: 29)

5.6 Arcelik AS international Market entries

5.6.1 Export Modes

Export mode is most implemented mode of entry for many companies and Arcelik is one of them. With their main international brand which is Beko, they export their products with brand Beko in more than 140 countries. Export mode is evaluated as the first

alternative when companies decide to go in international market and most of the time is applied. For Arcelik company, especially for brand Beko, export modes are considered to be the first step to enter in a market and create a strong brand in international markets. It is important to mention that export modes don't require high capital and human resources allocation in international markets. But exporting in the same time is not as simple as it may appears. For Arcelik company, finding the right distributor in international markets is the critical point of success. As example, Beko operate in Albanian market through Neptun stores, which is main hypermarket in Albania, and has very good constructed and consoled distribution network, not just in Albania but in all Balkans. The success of brand in international markets in which export mode strategy is applied is highly related with the success of distributor in that market, so choosing the proper distribution channel can be more important to become an international brand than even your products.

5.6.2 Intermediate Modes

According to above table, Arcelik AS doesn't prefer very much intermediate modes of entry. Two joint-ventures, one in Turkey in cooperation with LG created Arcelik-LG klima Sanayi ve Ticaret AS, which operates in Turkey in terms of air conditioning sector. This joint-venture is considered very strategic from Arcelik to have a better market position nationally in air-conditioning products. The other joint-venture used as mode to enter in Indian market is VoltBek Home Appliances. This kind of joint-venture in home appliances industry are required because India as market is huge and is difficult to success.

5.6.3 Hierarchical Modes

Arcelik AS most preferred mode of entry in international market is obvious to be hierarchical mode. Production plant shown in table above illustrate perfectly how this company owns 21 different production plant and most of them, exactly 12 of them are in international markets.

In the same time when R&D centers take into consideration shown that Arcelik own 19 research and development centers while 15 are located in Turkey, other 4 are located in international markets as USA, Portugal, China and Taiwan.

When we look subsidiary and branches of Arcelik AS is crystal clear that most of them are in international markets. Company owns 43 different subsidiary and branches which just 3 of them are located in local market, all other remaining 40 are located in

international market making Arcelik AS an important company in international market and their main international brand Beko a key player brand in home appliances sector worldwide.

5.7 Effects of export modes in international branding process

Entering in a market with export mode strategy may look very simple for many companies, and mostly is so. But for companies aiming to create regional, international or global brands is very strategic process which requires good evaluation before implementing this strategy. Export mode in most cases give the brand opportunity to meet consumers and understand the market better. Companies which implement this strategy should take in consideration all distribution channels, and select the proper one which is in accordance with brand personality. For brands to take a considerable market share in market, is necessary to work with best distributors and those who are having high performance in market. Brand success in market, and in its internationalization process is highly related with the success that distribution company will have in market. In many cases companies may think that implementation of this strategy will not lead them to create a strong brand, have high sales and be the leader in market because limited resources are used. There are evidences that this is true, but in the same time, there are cases which isn't true. For instance, Beko export in more than 140 countries, and is strong brand, have high sales amount and is leader in market in developed market like Belgium, in developing markets like Albania and Poland.

Mostly brand strategies used in these cases are line-extension in their products and new brands.

5.8 Effect of intermediate modes in international branding process

Intermediate modes of entry in international market is a strategy that requires more financial and human capital than export modes in many times. There are many methods that can help the brand to surpass the status of local brand to regional or international one. Licensing and franchising are maybe most applied methods that help internationalization of brand in short period of time. In these situations, it has a massive impact that company in local market which you are going to operate. In cases of Arcelik these methods aren't implemented. Instead of them joint-venture is considered to be more suitable method. Specifically, Arcelik has two different joint-ventures, one in Turkey with LG in terms of

air-conditioning products and one in international markets with Tata Group in India which they created Voltas-Beko. This joint-venture was very strategic in Beko's point of view in terms of continuing their road to become a global brand. Everyone knows that India is a huge market in which penetration is not simple, and joint-venture for Beko with a market leader Voltas in India gave opportunity to have high and quick penetration in Indian market. From international branding point of view, a joint-venture like this had a massive impact in Beko's brand in that market, and in overall their path to be a global brand.

Mainly brand strategies used in these cases when joint-venture takes place is co-branding.

5.9 Effects of hierarchical mode of entry in international branding process

Last category of mode of entry that companies may apply in international market is hierarchical modes. In these cases, international branding process is related directly with the main company's strategy. Acquisition as method of hierarchical entry is very used. Companies tend to buy brands in international market to secure high penetration in distribution channel, use the current position of the existing brand and use the facilities of acquired company to serve main company in terms of international branding. In fact this strategy requires high human and financial capital to be implemented. Giving examples from Arcelik company, acquisition of Arctic brand in Romania helped Beko very much, not just for penetration in market and use the distribution channels, but in the same time with manufacturing capacity. So, in manufacturing facilities which up to yesterday Arctic was manufactured, now also Beko brand products are manufactured.

Greenfield plays a critical role for brands in their international branding process, because the control is very high over production and marketing activities. In the same time, brand is closer with its consumers.

Sales and production subsidiaries are another method which have huge impact in international branding for companies and there are many reasons for that. Mainly by operating in a country with their production and sales subsidiaries brands can have pay more attention to international market and local production may increase their sales by underlining the fact that products of the brand are manufactured locally. Especially in developed countries when brand origin plays a huge role in consumers decision-making.

Also establishing a sales subsidiary can create chance for the brand to have wider distribution channel and more control over marketing activities.

Summarizing the effects that hierarchical modes have over international branding in international markets we can say that destiny of brand is depended directly in the way that main company will manage production, marketing and sales.



CHAPTER SIX:

CONCLUSION AND DISCUSSION

Summary of the study

The research subject of this thesis is to underline the impact that mode of entries has over international branding process. This cannot be explained properly if a good literature review isn't done. In the second part of this study brand, branding process and international branding are taken into consideration, while in the third part is explained main mode of entries that companies can implement in international markets. Fourth part is a case study for Arcelik AS company, its brands, mode of entry and the impacts that mode of entry has over international branding.

This research is constructed by two parts, first one which is literature review and second one is a case study formed by two document analysis and a semiconstructed depth-interview semiconstructed with mister R.C. Oguzkan which is Sales Director at Arcelik AS and worked for more than 13 in international markets for this company.

Nowadays for many pull and push factors companies find very important to be present in international markets by choosing different modes of entry.

In the same time, due to high competition the need to build a brand and distinguish products is determinant factor for firms. In today's business environment, when there are many products local and global in market, companies need to create brands in order to have continuous communication with consumers. Without any doubt, brand represent for companies' main competitive advantage in market. Brand effect directly consumers decisions and for the companies is the best way to distinguish their products and create loyalty among consumers.

If we analyze main global brands nowadays, it is clear that most of them started their journey by being small and local brands and in most cases, this is the path that most brands followed and brands which will be global tomorrow will need to follow.

The same path is also followed by Arcelik AS for their main international brand which is Beko. The journey for Beko started with clear vision of being a global brand in international markets, and today's even if is not considered a global one, everyone accept that Beko is an international brand in home appliance sector.

But for the Beko, international branding process was not easy, and didn't happened in some weeks. It took many years and maybe decades reach the current position.

Companies which are have passed a successful branding process in their local market, realize that is time to enter in more markets and go internationally. For many companies this is a step which they hesitate due to possible problems that may face in future, without having experience with similar problems. There are many factors needed to take into consideration for a brand to enter into international markets like social, cultural, economic, politic and environmental. But in the same time, mode of entry in international market is one critical decision for sure. Mode of entries in international markets is done through different methods which are grouped in three main categories, export modes, intermediate modes and hierarchical modes of entry. Each of them has its characteristics, advantages and disadvantages. It is important to underline that every company which want to be in international market can find the method that is suitable for them. For SMEs export is always a good option and in the same time for MNEs every possible entry mode is a good option. There must be a careful evaluation process to connect the mode of entry characteristics, with selected market characteristics and objectives of company in that market.

Objectives can be different, but is important to underline the importance that international branding have in international activity for companies. As is mentioned above, brands take very critical place in consumers decisions, and this is true not just in local market, but the same in international markets. So, said simple, international branding is as much important in international market, as is branding in local market.

There are many factors that effect international branding, and this research tend to underline the role that mode of entry decisions effects international branding for companies.

As company to study, Arcelik AS with their brand Beko if is not the best example, for sure is the second or maximum third one because is a very important international brand in home appliances, and operating in more than 150 countries which gives the opportunity to observe the effects that mode of entry has over international branding.

Export modes of entry, which most of the time is considered simple, quick and without many direct cost effects companies in international branding. All methods under exporting

mode of entry, some more and some less have direct impact in international branding process for companies, but is important to underline that in most cases when this strategy is implemented, to become an international brand take long time. In the same time, many companies may think that exporting modes doesn't give many spaces to their brands to increase their brand awareness, have a good brand image and maybe be leader in the market. It can be true, but situations must be evaluated within a specific contest, with specific characteristics for market and specific objectives of company. Beko, which use this method in more than 140 countries, is a perfect example of how a local brand, can become an international brand using this method. Two examples are extracted from the interview conducted with mister Rauf Candan Oguzkan which is Sales Director in Arcelik AS and worked for almost 13 in international markets. He explain the importance of selecting proper distribution channel in international market can make export mode considered more strategic than other modes of entry. He underlines that Beko has high brand image and is market leader in a developed country like Belgium or in a developing country like Albania, and this is mainly due to the strong distribution partner that their select.

Brand strategy mainly used by companies including Beko is line extension, in order to add new products which are adopted to the market, and multi-branding strategy which aim to cover wide consumer categories.

Another alternative for companies is Intermediate Mode of Entry which have many methods that can directly affect the international branding process for the company. Licensing and franchising may help companies to create a higher brand awareness in market and increase market share in the same time and are methods which doesn't require high allocation of financial and human capital. It cannot say the same for Joint-Venture method which requires strong financial resources. Joint-Venture not all the time can help the brand in its path to become international or global, because company can decide to name joint venture with new name, and create new brand. If we take into consideration how Arcelik AS, its important to mention that as Intermediate Mode of entry in international markets, Joint-Venture is used. During the interview, mister R.C. Oguzkan explained how this strategy effected international marketing process for Beko. India is a huge market which requires high financial sources to become a brand due its wide

geographic position and high number of people living there. In the same time very strong competition from local brands and global brands take place in India's market. He said that after long evaluation, JV result to be most suitable option. A strong cooperation with Tata Group which one of most important companies in India with high brand awareness, market share and powerful distribution channel was done by creating Volt-Beko or Voltas-Beko. This mode of entry in that market gave Beko company opportunity to become part of market very quick and penetration was easy.

Branding strategy in these cases can be many, but in this specific case co-branding strategy is implemented.

The last one is hierarchical modes of entries which also has many different methods like, greenfield, acquisition, regional centers ect... It is crystal-clear that this mode of entry requires high human and capital resources, but in the same time control over production, sales, branding process and marketing are in main company's hand. Said simple, the success in international branding process is high related with the strategy that main company with implement. Acquisition is considered to have high impact over branding process in international branding because main company buys a local company in that market, and may use its know-how, manufacturing facility, brand reputation and human capital to penetrate easier in market. Arctic in Romania is maybe the best example of acquisition from Arcelik AS which created opportunity for Beko to have high penetration, local manufacturing opportunity and use the distribution channel of Arctic in Romania. Same situation with Dawlance in Pakistan and Defy in South Africa.

Brand strategy when companies enter in international markets is mainly brand extension and multi-brand.

If I had to summarize with one sentence my research, I would say that there are evidences that every mode of entry can have positive effects in international branding process for companies, so is in companies hand to select the proper mode of entry that effect more internationalization of their brand, by evaluating their financial and human capacities, mode of entry characteristics and international market conditions.

REFERENCES

- Aaker, David A. *Brand Portfolio Strategy: Creating Relevance, Differentiation, Energy, Leverage, and Clarity*. New York: Free Press, 2009.
- . *Building Strong Brands*. New York: The Free Press, 1996.
- . *Güçlü Markalar Yaratmak*. MediaCat Kitapları, 2013.
- Aaker, David. *Managing Brand Equity. Capitalizing on the Value of a Brand Name*. New York: Free Press, 1991.
- Agarwa, Sanjeev, and Sridhar N. Ramaswami. "Choice of Foreign Market Entry Mode: Impact of Ownership, Location and Internalization Factors." *Journal of International Business Studies*, 1992: 1-27.
- Akat, Omer. *Uluslararası Pazarlama Karması ve Yönetimi*. Bursa: Ekin Basın Yayın Dağıtım Şirketi, 2012.
- Akdeniz Ar, Aydeniz. *Marka ve Marka Stratejileri*. Ankara: Detay Yayıncılık, 2004.
- Akgul, Onur. "Uluslararası Marka Oluşturmada Spor Sponsorluğunun Rolü, Türk Hava Yolları Örneği." *Yayınlanmış Yüksek Lisans Tezi*. Suleyman Demirel Üniversitesi Sosyal Bilimler Enstitüsü İşletme Anabilim Dalı, 2018.
- Aktepe, Cemalettin, and Mehmet Baş. "Marka Bilgisi Sürecinde Marka Farkındalığı ve Algılanan Kalite (Beklenti) İlişkisi ve Gsm Sektörüne Yönelik Bir Analiz." *Gazi Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi*, 2008: 81-96.
- Aktuğlu, Işıl Karpat. *Marka Yönetimi-Güçlü ve Başarılı Markalar İçin Temel İlkeler (Brand Management - Basic Principles for Strong and Successful Brands)*. Vol. 2.volume. İstanbul: İletişim Yayınları, 2008.
- Albaum, Gerald, and Edwin Duerr. *International Marketing and Export Management*. London UK: Pearson Education, 2008.

- Albaum, Gerald, Edwin Duerr, and Alexander Josianssen. *International Marketing and Export Management*. Harlow, United Kingdom: Pearson Education Limited, 2008.
- Altinbasak, Ipek. *Kuresel Pazarlama Yonetimi*. Istanbul: Beta Yayinlari, 2008.
- Altintas, M., and E. Ozdemir. "İhracat İşletmelerinin Uluslararasılaşması: Türkiye’de Faaliyet Gösteren Kobi'lere Yönelik Bir Araştırma." *Sosyal Bilimler Dergisi*, 2006: 183-204.
- AMA, (AMERICAN MARKETING ASSOCIATION). "Brand Image Definition." n.d.
- Anderson, Erin , and Hubert Gatignon. "Modes of Foreign Entry: a Transaction Cost Analysis and Propositions." *Journal of International Business Studies*, 1996: 1-26.
- Annual Report: Arçelik*. Istanbul: Arcelik, 2018.
- Arnold, David. *The Handbook of Brand Management*. Massachusetts: The Economist - Perseus Books, 1992.
- Arslan, Ismet Kahraman. "Kobiler'de Yonetim ve Pazarlama Araci Olarak Franchising." *Istanbul Ticaret Odasi Yayinlari*, 2006: 1-12.
- Avcıoğlu, Cem, Fırat Özata, Hakan Nirun, and Özge Soyuer Gürel. *Sektörel Görünüm: Beyaz Eşya*. Türkiye Sınai Kalkınma Bankası, 2008.
- Ayar, H. "Sinema filmlerinde marka yerleştirme stratejilerinin izleyicilerde marka farkındalığı yaratma etkisi: Toy Story III filmi üzerine bir uygulama." *Yüksek Lisans Tezi*. Cannakale, Turkey: Çanakkale Onsekiz Mart Üniversitesi SBE, 2011.
- Bakirtas, Ibrahim. *Stratejik Kuresel Pazarlama*. Ankara: Eflatun Yayınevi, 2009.
- Baldemir, Ercan, and Ismail Metin. *Ihracat İşlemleri*. Mugla: Mugla Üniversitesi, 2011.

- Balta, Yavuz. "KURUMSAL İLETİŞİMDE MARKA YÖNETİMİ VE HİZMETKAR MARKALAR Kurumsal İletisimde Marka Yonetimi ve Hizmetkar Markalar." Yayinlanmis Doktora Tezi, 2015. 60.
- Balyemez, F. "Perakende Sektorunde Magaza Imaji ve Magaza Sadakati Incelemesi: Istanbuldaki Kahve Zincirleri Uzerinde Bir Uygulama." Istanbul, Turkey: Marmara Universitesi Yayinlanmis Doktora Tezi, 2008.
- Barwise, Patric. "Brand Equity: Snark of Boojum?" *International Journal of Research in Marketing*, 1993: 93-105.
- Biel, A.L. "How Brand Image Drives Brand Equity." *Journal of Advertising research*, 1992: 6-10.
- Bowen, Gleen A. "Document Analysis as a Qualitative Research Method." *UALITATIVE RESEARCH JOURNAL*, 2009: 27-40.
- Bradley, Frank. *International Marketing Strategy*. Vol. 8th edition. London UK: Prentice Hall, 2005.
- Cakirer, Mehmet Akif. *Marka Yonetimi ve Marka Stratejileri (Brand Management and Brand Strategies)*. Bursa: Ekin Basim Yayin Dagatim, 2013.
- Canitez, Murat, and Cetin Bedestenci. *Dis Ticaret Isletmeler ve Uygulamalar*. Ankara: Gazi Kitabevi, 2009.
- Canitez, Murat, and Ferhat Ecer. *Uluslararası Pazarlama: Teori ve Uygulamalar*. Ankara: Gazi Kitabevi, 2005.
- Cengiz, Emrah, Ercan Gegez, Arslan Muge, Serdar Pirtini, and Mehmet Tigli. *Uluslararası Pazarlara Giris Stratejileri*. Istanbul: Beta Yayinlari, 2007.
- Corbin, J., and A. Strauss. *Basics of qualitative research: Techniques and procedures for developing grounded theory*. Thousand Oaks, 2008.

- Coşkun, Cem. "Impact of digital marketing on brand awareness." *YOK Yuksek Lisans Tezi*, 2016: 42.
- Couturier, Jerome, and Davide Sola. "International Market Entry Decisions: The Role of Local Market Factors." *Journal of Business Management*, 2010: 45-63.
- Czinkota, Michael R., and Ilkka A. Ronkainen. *International Marketing*. Chicago: The Dryden Press, 1990.
- Demir, Filiz Otay. "Reflection of the Country Origin to Brand Identity: IKEA." *Istanbul University Faculty of Communication Journal*, 2007: 46-47.
- Denecli, C. "Küreselleşmenin tarihsel gerçekliği." *The Turkish Online Journal of Design, Art and Communication - TOJDAC*, 2011: 1-11.
- DiPietro, Robin B. "The Case Against Multibranding Strategy." *Cornell Hotel and Restaurant Administration Quarterly*, 2005: 96-99.
- Doods, William, Kent Monroe, and Dhruv Grewal. "Effects of Price, Brand, and Store Information on Buyers' Product Evaluations." *Journal of Marketing Research*, 1993: 307-319.
- Douglas, Susan P., and C. Samuel Craig. *Global Marketing Strategy*. New York, USA: McGraw Hill, 1995.
- Dow, Douglas, and Jorma Larimo. "Challenging the Conceptualization and Measurement of Distance and International Experience in Entry Mode Choice Research." *Journal of International Marketing*, 2009: 75-98.
- Durmaz, Yakup, and Hatice Vildan Yasar. "Brand and Brand Strategies." *International Business Research* (9), 2016: 48-56.

- Faircloth, James, Louis Capella, and Bruce Alford. "The Effect of Brand Attitude and Brand image on Brand Equity." *Journal of Marketing Theory and Practice*, 2001: 61-75.
- Feng, Nan. "Building a Strong Brand and Managing Brand." *ASEE 2014 Zone 1 Conference*. Bridgeport, 2014.
- Fortune*. March 5, 2015. <http://www.fortuneturkey.com/coca-cola-kutulari-degisiyor-9479>.
- Galvez, Emilio Rios. "Increasing Brand Awareness in the Digital World." <https://studenttheses.cbs.dk/>. 2014.
https://studenttheses.cbs.dk/bitstream/handle/10417/4378/emilio_rios_galvez.pdf?sequence=1.
- Gannon, Michael, and Frank Bradley. "Does the Firms Technology and Marketing Profile Affect Foreign Market Entry." *Journal of International Marketing*, 2000: 12-16.
- Gardner, Burleigh B. n.d.
- Gardner, Burleigh B., and Sidney J. Levy. "The Product and the Brand." *Harvard Business Review*, 1955: 33-39.
- Gokce, Ilyas Deniz. "Logo Tasariminda Marka Stratejilerin Onemi." *Yüksek Lisans Tezi*. Samsun: Ondokuz Mayıs Üniversitesi Eğitim Bilimler Enstitüsü Güzel Sanatlar Eğitimi Anabilim Dalı Resim-İs Eğitim Bilim Dalı, 2017.
- Goksu, Nusret, and Murat Cantez. "Uluslararasılaşma Yolları." *Pazarlama Dünyası*, 1999: 16-21.
- Goldsmith, Elizabeth B., and Ronald E. Goldsmith. "Brand Personality and Brand Engagement." *American Journal of Management* 12 (2012): 10-11.

- Goodyear, Mary. "Reviewing the Concept of Brands and Branding." *Marketing and Research Today*, 1993: 70-75.
- Greising, David. *I'd Like the World to Buy a Coke*. New York: New York Times, 1999.
- Gülbuçuk, Ali. "Yeni Ürünlerde Markalama Stratejilerinin Önemi, Seçimi ve Değerlendirilmesi." *Mufad Journal*, 2009: 190-198.
- Gulmus, Buorhan. "Dünya Markası Geliştirme ve Türk Firmaları İçin Uygulamalar." *Yayınlanmış Yüksek Lisans Tezleri*. İzmir: Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü İşletme Ana Bilim Dalı Uluslararası İşletmecilik, 2008.
- Haigh, David. *Global 500*. Brand Finance, 2017.
- Haigh, David. *Global 500*. Brand Finance, 2017.
- Haigh, David, and Muhterem Ilguner. *Turkey 100 Brands*. Brand Finance, 2017.
- Hatch, Mary Jo, and Majken Schultz. *Organizational Identity*. Oxford, UK: Oxford, 2004.
- Heding, Tilde, Charlotte F. Knudtzen, and Mogens Bjerre. *Brand Management Research. Theory and Practice*. New York: Routledge, 2008.
- Hofstede, Geert. "Culture's Consequences: International differences in work related values." *Journal of Organizational Behaviour*, 1980.
- Hollensen, Svend. *Global Marketing*. Essex: Pearson Education Limited, 2011.
- Hoon Ang, Swee, and Elison Ai Ching Lim. "The Influence of Metaphors and Product Type on Brand Personality Perceptions and Attitudes." *Journal of Advertising*, 2006: 39-53.
- Kamins, Michael, and Lawrence Marks. "The Perception of Kosher as a Third Party Certification Claim in Advertising for Familiar and Unfamiliar Brands." *Journal of the Academy of Marketing Science*, 1991: 178.
- Kapferer, Jean-Noel. *Strategic Brand Management*. New York: 581, 1992.

- . *The New Strategic Brand Management*. London, UK: Kogan Page, 2008.
- Karafakioglu, Mehmet. *Uluslararası Pazarlama Yonetimi*. Istanbul: Beta Basim Yayin Dagitim A.S., 1997.
- Kaya, Ismail. *Pazarlama Bi'tanedir*. Istanbul: Babiali Kultur, 2015.
- Keegen, Warren, Moriarty Sandra, and Duncan Thomas. *Marketing*. New Jearsy: Prentice Hall, 1995.
- Keller, Kevin. *Conceptualizing, Measuring and Managing Customer-Based Brand Equity*. *Journal of Marketing*, 1993.
- Keller, Kevin Lane. "Conceptualizing, Measuring and Managing Customer Based Brand Equity." *Journal of Marketing*, 1993: 57.
- Keller, Kevin. *Strategic Brand Management*. 4th edition. Essex UK: Pearson Education, 2013.
- Keng, Ching-Jui, Van- Dat Tran, and Tuyet Mai Le Thi. "Relationships among Brand Experience, Brand Personality, And Customer Experiential Value." *Contemporary Management Research*, 2013: 247-258.
- Kerin, Roger, and Raj Sethuraman. "Exploring the Brand Value-Shareholder Value Nexus for Consumer Goods Companies." *Journal of the Academy of Marketing Science*, 1998: 260-265.
- Keskin, Selin. "Uluslararası Pazarlama Surecinde Marka Yonetimi." *Master Thesis*. Izmir: DOKUZ EYLÜL ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ İŞLETME ANABİLİM DALI ULUSLARARASI İŞLETMECİLİK PROGRAMI, 2011.
- Keywords King*. 2016. <http://www.keywordsking.com/dW5pbGV2ZXIgaY29tcGFueQ/>.

- Khadka, Bikash, and Sheriff Akande. "Market Entry Strategy." *Master Thesis*. Oulu, Finland: Oulu University of Applied Sciences, 2017.
- Khadka, Bikash, and Sheriff Akande. "Market Entry Strategy, Case Company- Mamtus." *Market Entry Strategy, Case Company- Mamtus*. Oulu, Finland, 2017.
- Klink, Richard, and Gerard Athaide. "Creating Brand Personality with Brand Names." *Marketing Letters*, 2012: 109-117.
- Knapp, Duanne. *The Brand Mindset*. New York: McGraw-Hill, 2000.
- Koch, Adam J. "Factors influencing market and entry mode selection: developing the MEMS model." *Marketing Intelligence and Planing*, 2001: 351-351.
- Kotabe, Masaaki Mike, and Kristiaan Helsen. *Global Marketing Management*. New York, USA: John Wiley & Sons Inc., 2010.
- Kothari, C.R. *Research Methodology, Methods and Techniques*. New Age International, 2004.
- Kotler, Philip. *Marketing Management*. New Jearsy, 1997.
- . *Marketing Management*. Millenium Edition. New York: Prentice Hall, 1999.
- . *The Principles Of Marketing*. Essex: Pearson, 2006.
- Kotler, Philip, and Gary Armstrong. *Principles of Marketing*. 4th. New Jearsy: Pearson-Prentice Hall Educations International, 2004.
- . *Principles of Marketing*. 14e. New Jearsy: PEARSON, 2012.
- L. Aaker, Jennifer. "Dimensions of Brand Personality." *JMR Journal of Marketing Research*, 1997: 347.
- Långbacka, Anna. "Pros and cons of different market entry modes – a study of Finnish companies entering the South Korean market." *Master Thesis*. Helsinki, Finland: Arcada University of Applied Sciences, n.d.

- Magnusson, Pamela. "Using agents as a market entry strategy." *Master Thesis*. Helsinki, Finland: Arcada University of Applied Sciences, 2017.
- Martin, Xavier, and Robert Salomon. "Knowledge Transfer Capacity and Its Implication for the Theory of the Multinational Corporation." *Journal of International Business Studies*, 2003: 356-373.
- Mason, Jennifer. *Linking qualitative and quantitative data analysis. Analysing qualitative data*. London, 1994.
- McCarthy, Michael, Timothy B. Heath, and Sandra Milberg. "New Brands Versus Brand Extensions, Attitudes Versus Choice: Experimental Evidence for Theory and Practice." *Kluwer Academic Publishers*, 2001: 75-90.
- Melemen, Mehmet. "Uygulamalı Dış Ticaret İşlemleri." *Türkmen Kitabevi*, 2003: Istanbul.
- Mucuk, Ismet. *Pazarlama İlkeleri*. Istanbul: Turkmen Kitabevi Yayinlari, 2007.
- Mutlu, Esin Can. *Uluslararası İşletmecilik*. Istanbul: Beta Basım Yayın, 2005.
- Oakley, A. "Gender, methodology and people's ways of knowing: Some problems with feminism and the paradigm debate in social science." *Journal of Sociology*, 1998.
- Onkvisit, Sak, and John Shaw. *International Marketing: Analysis and Strategy*. London: Routledge, 2004.
- Onur, Gulsevin. *Dis Pazar Arastirmasi Nasil Yapilir?* Ankara: T.C. Basbakanlik Dis Ticaret Mustesarligi Ihracati Gelistirme Etut Merkezi, 2007.
- Özüpak, Gamze. "Brand Extentions: The Role of Brand Familiarity, Similarity and Parent Brand Attitudes." *YOK TEZ (Yayınlanmış Yüksek Lisans Tezi)*, 2008: 12-13.

- Park, Whan, Bernard Jaworski, and Deborah MacInnis. "Strategic Brand Concept-Image Management." *Journal of Marketing*, 1986: 135-145.
- Percy, Larry, and John Rossiter. *Advertising and Promotion Management*. Singapore: McGraw-Hill, 1987.
- Pitta, Dennis, and Lea Prevel Katsanis. "Understanding Brand Equity for Successful Brand Extension." *Journal of Consumer Marketing*, 1995: 51-64.
- Puljeva, Anna, and Peter Widen. *The Influence of Internal and External Factors on Entry Modes*. Lulea, Sweden, June 4, 2007.
- Riel, Van. "Incorporating Business Unit Managers perspectives in Corporate Branding Strategy Decisions." 2002.
- Root, Franklin R. *Entry strategies for international markets*. New York: New York Lexington Books, 1994.
- Rosenbloom, Bert, and Trina Larsen Andras. "Wholesalers as Global Marketers." *Journal of Marketing Channels*, 2008: 235-252.
- Roth, Martin. "Depth versus Breadth Strategies for Global Brand Image Management." *Journal of Advertising*, 1992: 25-36.
- Rustemli, Elbrus. "Uluslararası Pazarlara Optimal Giriş Yönteminin Seçimi." *Yayınlanmamış Yüksek Lisans Tezi*. İzmir, Turkey: T.C. Dokuz Eylül Üniversitesi, Sosyal Bilimler Enstitüsü, İşletme Anabilim Dalı, Pazarlama Programı Yüksek Lisans Tezi, 2008.
- Ryans, Adrian, Roger More, and John Hulland. "Profitable Multibranding." *The Journal of Brand Management*, 1995: 183-196.
- Sadler, Philip. *Strategic Management*. London, UK: Kogan Page, 2003.

Sari, Bektas. "Uluslararası Stratejik Pazarlama Açısından İhracat Pazarlama Stratejileri ve İhracat Pazarlama Planlaması." İzmir: Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü İşletme Anabilim Dalı Pazarlama Programı Yayınlanmış Yüksek Lisans Tezi, 2007.

Şaylan, Murat. "Markalaştıramadıklarımızdan Mısınız?" *Marketing Türkiye Dergisi*, 2000: 67.

Schoell, William, and Joseph P. Guiltinan. *Marketing Contemporary Concepts And Practices*. New Jersey: Prentice Hall, 1995.

Simons, Helen. *Case Study Research in Practice*. 2009.

Sjöberg, Annette. "Influencing Brand Awareness through Social Media." Helsinki, Finland: Master's Thesis International Business Management Arcada University of Applied Sciences, 2017.

Sung, Yongjun, and Yooyoung Kim. "Effects of Brand Personality on Brand Trust and Brand Affect." *Psychology & Marketing*, 2010: 639-661.

Tas, Ilkay. "Uluslararası Marka Tescili." *Yayınlanmış Yüksek Lisans Tezi*. İstanbul: Marmara Üniversitesi Sosyal Bilimler Enstitüsü Hukuk Ana Bilim Dalı Özel Hukuk, 2007.

Tas, Robbert van der. *Entry Modes and Cultural Distance*. Tilburg, Netherlands, 2010.

Tek, Omer Baybars, and Engin Ozgul. *Modern Pazarlama İlkeleri*. İZMİR: Birlesik Matbaacilik Ltd, 2013.

Thomas, G. "A Typology for the case study in social science following a review of definition, discourse and structure. ." *Qualitative Inquiry*, 2011: 511-521.

Ulas, Dilber. "Çokuluslu Şirketlerin Ortak Girişim Stratejisini Kullanma ve Sonlandırma Nedenleri." *Ankara Üniversitesi SBF Dergisi*, 2004: 151-178.

- Ulker. January 01, 2003. <http://www.ulker.com.tr/en/whats-new/news-detail/a-special-fun-filled-day-for-women-from-ulker>.
- Ural, Tülin. *Markalamada Yol Haritası*. Ankara: Nobel Yayın Dağıtım, 2009.
- Uztug, Ferruh. *Markan Kadar Konus, Marka İletişim Stratejileri (Speak As Much As Your Brand, Brand Communication Strategies)*. Istanbul: Kapital Yayınlar, 2003.
- VanAuken, Brad. *Brand Aid*. New York, 2003.
- Verbeke, V.; Pieniak, Z.; Brunso, K.; Vermeir, I. "Consumers' quality perception as a basis for fish market segmentation in Belgium." *Journal of Food Products Marketing*, 2010: 166-183.
- Vermeulen, Freek, and Harry Barkema. "Learning Through Acquisitions." *Academy of Management Journal (Academy)*, 2001: 457-476.
- Vuran, Muge. "Ulusal Sirketlerin Uluslararasılaşma Stratejileri: Türkiye İlaç Sirketleri Örneği." *Yayınlanmış Yüksek Lisans Tezi*. Ankara: Ufuk Üniversitesi Sosyal Bilimler Enstitüsü İşletme Anabilim Dalı, 2010.
- Yıldırım, Yıldırım. "Popüler Televizyon Dizilerinin ve Dizi Karakterlerinin Marka Farkındalığı Yaratmadaki Rolü." *Master Thesis*. Kocaeli: Kocaeli Üniversitesi Sosyal Bilimler Enstitüsü, 2010.
- Yılmaz, R. Ayhan. "Marka Farkındalığı Oluşturmada Sponsorluk ve Rolü: Eskişehir Sinema Günleri'ne Yönelik Bir Değerlendirme." *Sosyal Bilimler Dergisi*, 2007: 592.

APPENDIX

Interview

Interview answer and questions

Hello Sir, my name is Gentjan ULAJ and I am doing my thesis for my MBA at Istanbul Sabahattin Zaim University. My thesis is about the effects that mode of entry in international markets have over international branding process. As part of my study, I have done a research about company that you are working (Arcelik A.S.) and I would like to ask you some questions directly related with my master thesis and your company. The interview is structured firstly to understand Arceliks national and international brands, Arceliks mode of entry in international markets, effects that mode of entry had over international brand in your company and lastly about international branding process. Interview is semi-structured, mean that questions are prepared before, but according to your answers, different questions can be added. Time estimated for this interview is 30-40 minutes. I would like to keep voice record during the interview.

Thanking you so much for your time and readiness, I would like to start.

1-Arcelik AS is an important company in home appliances sector in international markets. Which are the brands which operate locally in Turkey and brands which operate internationally?

Brands owned by Arcelik and operate locally in Turkey are Arcelik, Beko, Grundig and Altus. Products associated with Altus brand are generally founded in different hipermarkets, while Grundig products are mainly allocated shops like Teknosa or MediaMarkt. While main brands in local market which are Arcelik and Beko have their own stores. But in international markets, all brands that Arcelik owns are present, but for sure our main brand outside of Turkey is Beko.

2- What positives effect has the strategy to bring all brands together under Arcelik AS company, instead of operating separately?

All brand that today Arcelik owns used to operate separately and the structure was very complex. Just for Arcelik brand four different sales companies were operating. But collecting all our brands and our units under umbrella of Arcelik AS was done because we believed that huge synergy between all companies will be created and in fact that's

what it happened. Management thought that being together we would benefit much more from each other than operating separately.

3- Which brand strategy do Arcelik AS use more often (1-line extension, 2-brand extension, 3- multibrand, 4-new brands or 5-cobranding)

Arcelik having so many brands and operating in more than 150 countries applies all brand strategies that you mention. For example, in Turkey as we mentioned before we operate with four different brands, so in this case multi-brand strategy is implemented and it results very successful because in Turkey Arcelik and Beko are market leader in home appliances sector. In the same time Altus and Grundig are considered to be tactic brands, because in every store that isn't any Arcelik or Beko sings, Altus and Grundig are present. We, in te same time in Turkey apply also co-branding strategy in air-condition products with close cooperation LG.

Multi-brand strategy is many used even in international market and Beko brand is leading. In the same time with different acquisition that Arcelik AS has done in previous years we added in our brand family important brands. For example, in Romania Artic brand is market leader and by implementing multi-brand strategy Beko is also operating there. The same situation is in Pakistan when Dowlance is market leader and Beko is ranked second brand. In UK our main brandis Beko but in the same time Gruding. Leisure and Flavel brands are operating there. Another strategy used in international markets is co-branding and best example is VoltBek in India.

Is important to underline that in general our company in international markets operate with more than one brand. In situations when an acquisition, or joint-venture is implemented to a specific brand which in that market is leader, we start in the same time operating with Beko. In international market which this strategy isn't implemented (acquisition or joint-venture) Beko brand is all the time present, and we are doing our best to place Grundig with different brand position from Beko mainly in developed country when purchasing power is high.

4- How many international brands does Arcelik owns (names)? Which is leading brand in international markets?

As we mentioned before all Acelik brands operate in international market but for sure our shining start globally is Beko brand. Beko is a brand which tend to relate itself with youth

generation and is increasing globally due to innovation and sponsorship in football. For instance, Beko is the sponsor of Besiktas in Turkey in football and in basketball is sponsor for Fenerbahce. In last years was the sponsor of basketball league in Germany, Spain and Russia. In the same time is sponsor for Barcelona in football which is global. Especially the campaign 'Eat Like a Pro' in which Barcelona's football players took place was a very successful and had massive impact in Beko brands globally.

5- How many years took for that company to become an International Brand? Can you give details from (Beko s) journey from a local brand to a global one? What kind of positive sides has for a brand to become international or global?

Since in the beginning, Beko was created to be Arceliks global brand in sector of home appliances. So, the journey for Beko to be a global brand starts with Beko itself, and the path to become global brand is not short, especially in sector that we operate.

In the beginning close cooperation with distributors was very important. After a period of time when we start to know the market, consumers and conditions better we tend to establish our operating company there. After doing so the next step was to identify the possibilities for opening production facilities there, open R&D centers, joint-ventures or even acquisition.

In term of acquisition we preferred to buy different brands and their production facilities. In countries like Romania, Austria, South Africa, Pakistan and Bangladesh we bought local brands and this helped us to have fast penetration in these countries.

6- According to Hollansen, there are three rules which companies use to apply in decision making for international markets. First one is naïve rule, in which company apply the same strategy for all countries. Second one is pragmatic rule, when company use a strategy until it doesn't work anymore and third one is Strategy rule in which companies evaluate every possible mode of entry.

Which of these rules is mostly implemented in your company during decision-making process in international markets?

I can say that our company mostly prefer to implement strategy rule from options that you mentioned. This is important because mode of entry in international market depends very much in many conditions in that specific time. Maybe for other companies applying naïve rule or pragmatic rule is considered the best way, but for our company taking in

consideration every single detail about market when everyone knows how can markets in the same time be different and similar, and evaluation every possible mode of entry is very fundamental for our success in international markets.

7- What are main factors evaluated from your company before deciding to enter in a specific market?

In terms of internal factor our company probably in the beginning of this journey started with a clear vision to become a global brand, but the mission and short-term objectives were to gain international experience in markets. But if you ask for the moment, aim is to be global brand.

Factors which are most taken into consideration are external factors because most of the time you don't have control over them. When we decide to enter in a new market any possible culture component is taken into account in order to minimize gap between culture. Also, especially for countries which we implement export strategy direct and indirect trade barriers are taken in consideration very carefully. Market size and its growth in terms of our sector have a specific place in evaluation process as intensity of competition does also. For instance, in China market size is huge and growth is significant, but the intensity is very high not just from local brands there, but also for other global brands. According to your question in terms of characteristics that we want a mode to have, we underline the role of control over our brands, products, and marketing activities. Is very strategic for a company to have control over these parts in international market in order to reach the objectives in short period of time.

Maybe the most deciding factor which determine implemented strategy in international market is financial resources which you can allocate for that specific market.

8- Which is the most used mode of entry in international markets for your main international brand (Beko) (Export modes, Intermediate Modes, and Hierarchical modes).

If we have to answer this question mathematically in terms of in how many countries implement each of above-mentioned categories, for sure that exports mode of entry is most implemented strategy in international markets. But this issue is more complex than just mathematic point of view, is not just numbers matter. Beko operate in almost 150

countries and is quite impossible to enter in all markets with intermediate or hierarchical modes, so in most of countries we operate with export strategy in terms of number.

9- Which is the main reasons of selecting this mode of entry?

Every mode of entry has its characteristics which can be suitable do different situations. But if we consider exporting most implemented strategy sorted by number of countries that is applied, exporting allows you to enter in a market without having a high need for finance allocation. It is also very easy to implement. But which is most important about exporting as strategy of entry in international markets, is that is the first step to get in contact with market, consumers and competition in that country. Also export mode offers to companies in terms of risk more comfortable position than other modes of entry.

10- Export modes are used frequently by companies because have less cost and risk is low. But sometimes there are restrictions or many reasons that forces you to apply this strategy. How does this strategy effect branding process in that specific market?

Export strategy most of the time is not evaluated in proper way by brands. They have this believe that implementing exporting mode of entry they will have less involvement in market and objective in that market is to sell product surplus and not to become an important brand and market leader in that country. Exporting should be evaluated with its all potential because as I mentioned above can be the first step to become leader brand in that market. As example in our company, knowing that you are from Albania also, our company implement export strategy in Albania and cooperate very close with Neptun retail shops which have a huge distribution channel and are growing every year, and in Albanian market we are market leader in homme appliance sector despite Albanian people may be more familiar with Italian brands or even Slovenian brand like Gorenje. And this is due our decision to enter in that market with export mode of entry. If Beko would like to establish a company there, financially is very easy, but it will be very difficult to have the same market share or higher market share compared with what we archive up to now by implementing export mode of entry. The same situation is in Belgium, Beko is market leader there by implementing export mode. So, export mode of entry can have huge impact in brand and bradding process in one country. The main issue here is to find the right distribution channel, at least in-home appliance sector. For sure to have success in

international markets requires many aspects, but everyone must know that your brand success in that country is directly related with distributors success.

Also is important to mention that creating a brand, especially in countries when you implement exporting strategy brand communication thought different activities like advertisement, sponsorship and similar is very important. For example Bekos maybe best advertisement ever 'Eat like a Pro' advertisement is launched globally and such advertisement, especially in countries where you export and have low brand awareness can help very much to have better position.

11- Especially in developed countries consumes take into consideration also the brand origin country or the place in which is produced. Knowing that Turkey hasn't the best origin brand name in home appliances, how did Intermediate modes of entry like joint-venture or contract manufacturing helped Arcelik AS brands to overcome these difficulties in international markets and become international brands.

As our strategy for many years we don't use license agreement in any international markets but there are samples of our company doing joint-venture and have success to be an important brand for that country. For many reasons companies in our sector select joint-venture as their mode of entry and one of them is to avoid any problem with government or to take advantage if they provide for FDIs Joint-venture serves for both companies to unite forces to archive success.

For our company a productive joint-venture can considered the brand in India with name Voltas-Beko which is a joint venture of Voltas a domestic producer and brand in India and Beko, a well-known global brand in home appliances. In cases when penetration in international markets is difficult and with high cost, joint venture is considered to be an alternative option. Beko before this joint-venture didn't have any sales in India, which is a market with many local brand, and global brands from China and Korea which have been there for many years. Therefor to be successful in such markets you need to allocate high amount of financial resources and human resources which is easy to say but difficulty to implement. Beko which is a global brand in homme appliances, Voltas which is major actor in India market in air-conditioning products and had wide distribution channel came

together to help each other archive their objectives. For sure this joint-venture is not as simple to be done, because there must be a very detailed agreement to be done.

Brand strategy which is implemented by our company during periods that export is preferred as mode of entry is mainly multibranding.

Exactly in this case, after the agreement is end for different reasons, can Voltas be a threat in India's home appliance market by learning from Beko know-how or even associating their brand name with Beko?

In situations like this which are complicated main focus is in the agreement which is done. In the worst case, Voltas can learn the production process from Beko, while Beko can learn distribution channels in India from Voltas.

In the same time Arcelik have also a joint-venture with LG in terms of air-conditioning products. Arcelik and LG are competitors, but when the cooperation is needed, they do so.

Brand strategy used in these specific cases when joint venture is implemented as mode of entry is co-branding.

12-How does hierarchical modes of entry like Sales and Production Subsidiary, Greenfield, RC or Acquisition effected international branding of Arcelik AS brands. Can you illustrate with an example?

Hierarchical modes are separated in different categories. If we need to illustrate with example, in countries like Russia, Romania and Thailand our mode of entry under hierarchical ones is greenfield. Our company started its activity in those countries from nothing. In the same time as part of acquisition method in hierarchical strategy Arcelik's example are Arctic in Romania, in China is the same method used in acquisition of Changzhou Casa Shinco Electrical Appliances Co. Ltd which is a manufacturing company. The success that Dawlance brand and Arcelik company shows in Pakistan market is due to acquisition of that brand. Another acquisition with massive impact in market took place in South Africa where we bought Defy brand in September 2011.

In these cases, mentioned before brand extension is used as main strategy of branding. But is very important to underline that in these markets, our company is not operating with acquisitioned brands but in the same time with our main global brand which is Beko. So firstly, we implemented hierarchical modes as part of brand extension strategy and later

by representing our company with Beko brand also we used multi-brand strategy. For sure line extension occurs in every market, since products can face different problems in being standard and show little adaptation with market, culture and social conditions over specific country.

In almost cases final brand strategy used is multi-branding, and the main idea behind such a strategy for our company is to reach all possible income-levels in market. For instance, if Arctic brand positioning in Romania market is to represent people with low-medium incomes, Bekos brand positioning is for medium-high incomes segment.

Another hierarchical mode of entry that we used is region centers. For instance, Beko Balkan located in Serbia is responsible for Balkan countries like Serbia, Montenegro, Kosova ect. The same situation is for some countries in European Union. Beko in Belgium, Netherland, Luxemburg are managed from Bekos offices in Germany.

13-During your work experience in Arcelik AS you have been in charge in managerial position in China for years 2002-2008. Can you explain the problems which your brand faced in Chinas market?

In year 2002 the company decided to be part in Chinese market and the selected me as one of personals to establish Beko not just a company, but as a reputable brand in Chinese market. I worked in Chine as Business Developer from 2002 to 2006 and in my last two years up to 2008 I was GM of Beko in China. After establishing Beko there main goal was to understand in proper way the market how is working and consumers preferences. After reaching a certain sale amount in that market, due physical distance with Turkey which was the origin of product sold, we decided to change our mode of entry from export to hierarchical by acquisitioning manufacturing company mentioned above. It was necessary to support our brand with manufacturing department in China for many of our products. Products which are not produced in China mainly comes from Thailand and Turkey. So, we can easily say that in our path to be an international brand, takin place in countries with huge population like China and India helped us a lot, especially in brand awareness, because these two countries combined form almost 30% of world population. According to your questions main difficulty faced in international branding in Chinese market was the high competition level takin place in Chinese market. Almost all global brands which operate in home appliance sector, especially in white goods are present in

Chinese market. If we take in consideration also local brands in China which are very developed and have experience in that market, main problem faced was competition. It takes a long time and requires endless effort to handle the competition and create a stable brand in that market.

According to cultural differences I can not say that it wasn't present, but it was not one of major problems that we faced, but physical distance was a difficulty that was overcome by acquisition of a manufacturing company there.

14- Nowadays is trendy to change the mode of entry in a country. For instance, a company can start with export mode of entry, after having success in that specific market can implement intermediate mode of entries or hierarchical ones. How do you think that this change in mode of entry effect brand image, awareness and loyalty?

For every company which want to build an international or global brand in international markets is very critical to take the right things in the right time. If company fail to do so, the competitors that will come after you in a specific market will pass your brand. Probably it can copy your strategy and products, or it can do better than you. Mainly entering in international markets in the beginning we tend to operate with a distributor in that country. After some time, if brand reach a certain point of sales and market share, there is need to change mode of entry, probably establishing a subsidiary in that country. If you hesitate to do so, your competitor will act quicker and to so, and you miss your chance to increase your sales and market shares. Because generally establishing a subsidiary in an international market gives you the opportunity to work more than just one distributor, and conscience of this is higher sales for your brand, higher market share, higher brand awareness and more strong position for the brand. This strategy also can work for a specific period, but when things are going good for the brand, and above mentioned KPIs are archived, it will be necessary to establish a manufactory or R&D center to support your brand sales increasing satisfaction to consumers. One thing more about establishing a manufacturing division in one country, above its advantages, evaluated by brand point of view, in some countries can be key for success because in

many countries' consumers tend to have high consideration for the country when your product is manufactured. If is manufactured locally, compared with other competitors, you will have a considerable advantage.

According to me, international branding is like a stair, you cannot stay in the first one for long time, because others will come and take advantage over you.

