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Executive Summary

When a company enters new markets and moves outside its familiar domestic market problems may arise, as a company might implement new approaches in order to adapt to new conditions and cultures. In this connection a company can decide whether to apply a standardised or an adapted marketing strategy on its different markets or a combination of the two approaches.

The empirical foundation of our thesis is the Danish dairy company Arla, its strategy “Closer to Nature”, and how this strategy has been implemented in Arla’s marketing with focus on Denmark and the UK. Hereby, the thesis examines Arla’s marketing and branding on the Danish and British markets. To identify Arla’s marketing strategy the two main schools of thought standardisation and adaptation have been studied. In order to establish if Danish and British cultures and consumer trends influence the way Arla markets and brands itself internationally, an analysis of these aspects has been carried out. Finally, it has been necessary with a clarification of branding theories to assess whether Arla’s marketing influences the company’s branding decisions.

In this way, the aim of the thesis is to make: *an analysis of Arla’s marketing on the Danish and British markets with a view to identify how the company communicates its brand on these markets.*

In answering our problem statement methodical choices have been made regarding the empirical data. The primary empirical data consists of a combination of qualitative and quantitative methods comprising two online questionnaires and a telephone interview. In this way we have gained general knowledge (questionnaire) but also more specific knowledge (interview) within the areas investigated. Our secondary empirical data features studies from books and articles as well as information retrieved on websites. In order to process the empirical data a hermeneutic approach has been applied, and in our interpretation of meaning the hermeneutic circle has been used.

The theoretical framework of the thesis is based on theorists within the field of international marketing, cultural studies, market communication, branding and consumer trends. In the section on international marketing Theodore Levitt and Arthur Fatt have contributed with key aspects concerning standardisation, while Clifford Geertz and Jean-Claude Usunier have been included to stress the importance of cultural diversity – a central element of adaptation. Additionally, a cultural analysis of Denmark and the UK has been conducted on the basis of Hans Gullestrup and Geert Hofstede’s cultural understandings. Philip Kotler’s communication principles have formed the foundation of our analysis regarding Arla’s market communication, and David Aaker has been applied as the primary source within branding theories. Finally,

in our examination of consumer cultures today, we have dealt with Douglas Holt's view on this aspect, supplemented by other theorists such as David Scott to highlight various present consumer trends.

In our thesis we have been able to show differences in the way Arla markets itself and communicates its brand on the Danish and British markets. On a global scale Arla uses a mixing of the standardised and adapted school of thought in order to reach a broader spectrum of consumers than with an entirely standardised approach. In this respect, Arla's marketing in Denmark and the UK varies a great deal due to differences in the two cultures, the awareness of the Arla brand in both countries, the company's implementation of present consumer trends in its marketing and the way the Arla brand is communicated.

The most evident difference is that Arla's "Closer to Nature" strategy has not been implemented to the same extent in the UK as in Denmark, given that the strategy has only been present on the British market since the beginning of 2011. The strategy has been implemented in Denmark since 2008, and we have shown that many Danes are aware of the strategy "Closer to Nature", but it has had both a positive and a negative reception by Danish consumers. The common feature is however; the way Arla has attempted to add increased value to its products via the Arla brand and its core identity of being *closer to nature*. By using knowledge from our comparison of the marketing in the two countries, we have demonstrated similarities as well as differences between Arla's marketing and the way the company communicates its brand on the Danish and British markets.

1. Introduction

1.1. Introduction

Globalisation has made the world smaller, as markets and people have become more accessible to each other for instance due to advances in communications, especially the Internet is one of the major forces assisting globalisation (Morrison, J. 2009: 40). In this way, globalisation has made it easier for a company to do business in various geographical locations around the world. However, when a company moves from its home market to foreign markets, it can be necessary to implicate new strategies and concepts on these markets. This means that a company may decide how to act within other cultures with potential new values. In the light of this, a company can take into account whether cultural differences should be implemented in the marketing strategy, and whether the marketing should be standardised or adapted on all markets.

International marketing has become more demanding today, as it is not just the tangible assets of a product that are important in relation to marketing, but the intangible assets as well. In this connection we believe that Arla is an interesting company to examine with emphasis on its “Closer to Nature” strategy, which to a large extent seeks to add intangible assets to the Arla brand. As subject to our analysis of Arla’s marketing and branding we have selected the Danish and the British markets as the focal point, because from a functionalist point of view these markets may be considered as similar markets. However, in Denmark Arla has been criticised several times, while the company is also financially successful; this makes Arla an interesting company to investigate. The criticism of Arla may indicate that the company has an image problem which needs to be managed in order for Arla to achieve better credibility in Denmark. On the other hand, Arla has recently started its journey of raising awareness of the Arla brand in the UK and creating its brand identity through various marketing initiatives, where the company seeks to implement the “Closer to Nature” strategy in the UK as well (Appendix 2: 4). Therefore, we find it relevant to analyse Arla’s branding approach, but also prospective cultural differences on these markets, and whether these differences are implemented in Arla’s marketing.

Arla’s marketing strategy “Closer to Nature” has been selected as focus area because it is Arla’s most comprehensive and expensive marketing initiative to date (Graversen, F. 2010). Additionally, it is a global strategy intended to fit all of Arla’s markets. Based on questionnaires, telephone interview, commercials, Arla’s websites and other published material from the company, an analysis of Arla’s marketing and branding will be carried out in the light of the “Closer to Nature” strategy.

We consider that a company’s marketing must be attuned to different cultural contexts. Therefore, the

purpose of the thesis is to obtain a theoretical and practical understanding of how Arla markets itself on the Danish and the British markets with a view to making an assessment of Arla's approach concerning the "Closer to Nature" strategy on these markets.

1.2. Problem statement

In this way, the aim of the thesis is to make:

An analysis of Arla's marketing on the Danish and British markets with a view to identify how the company communicates its brand on these markets.

In the light of Arla's "Closer to Nature" strategy we have composed a number of sub-questions to meet the aim of the thesis:

- What type of global marketing strategy does Arla use?
- Which marketing-related initiatives are carried out on the Danish and the British markets, respectively?
- What role do prospective cultural differences play in Arla's marketing strategy?
- How do consumer cultures have an impact on Arla's marketing?
- In what way does Arla's marketing influence the company's brand?

2. Method

In the following chapter we will account for our methodological considerations in the thesis on the basis of our own prejudices and pre-understandings. The purpose of the method section is to show the specific methodological choices applied in the attempt to answer the problem statement, and thereby ensure a coherent approach throughout the thesis. We will account for the empirical choices, the scientific theoretical direction, the theoretical choices, and in closing the delimitation of research areas in the thesis.

2.1. Empirical data

In this section we will describe our choice of empirical data, and account for why we have made our choices. The empirical section is the descriptive part and can be defined as a description of what is observed and experienced in the real world. Empirical data originates from the Greek word “*empeiria*” and means *experience* (Andersen, I. 2005: 25). Empirical data can be primary and secondary empirical data, and is based on observations made ‘in the field’. In this thesis the empirical data consists of both primary and secondary empirical data.

Primary empirical data is data collected by the group.

Er det forskeren selv (eller dennes hjælpere), der personligt har indsamlet data, benævner vi dem primære data (Andersen, I. 2005: 151)¹

Within primary empirical data it is possible to collect quantitative and qualitative data, and according to Sociology Professor Julia Brannen it is possible to combine qualitative and quantitative methods in three ways: by letting the quantitative methods dominate, by letting the qualitative methods dominate or to attach equal importance to both methods (Brannen, J. 1992: 24ff). For our thesis we have decided to make use of the latter and implemented both methods, as we seek to illustrate the same phenomena by means of several sets of data – this is referred to as triangulation. So in order to strengthen the argumentation in our study quantitative and qualitative data are applied. Therefore, the primary empirical data in this thesis features two online questionnaires and a telephone interview. The quantitative method (questionnaire) provides us with general knowledge while the qualitative method (interview) gives a more specific knowledge within the area discussed. Additionally, we wrote an e-mail to Arla Foods UK with questions in order to gain more insight into Arla’s marketing on the British market (Appendix 3). However, we never received a response from Arla Foods UK.

¹ “If the researcher has collected the data personally, it can be defined as primary data”

For our telephone interview we have interviewed Arla Foods' senior vice president, Hanne Søndergaard, who is responsible for the BSM² business globally. The reason for selecting Hanne Søndergaard is because she has thorough knowledge of Arla Foods' global business, and until 2010 she was the deputy CEO of Arla Foods UK. Besides, Hanne Søndergaard can be considered as a spokesperson for the company due to her influential position. As a senior vice president within global business she may provide us with a broad understanding of the topics explored in the thesis.

However, we are aware that there are both advantages and disadvantages by using a telephone interview. The advantages are that it is a fast and cheap way for us to carry out an interview, as we save time and travelling expenses. In addition, it is possible to achieve a high quality of data due to the two-way communication, which provides the opportunity of an elaboration on answers and a clarification of prospective misunderstandings. A disadvantage is that an interview with a single interviewee may contain more personal accounts and details, so in the light of this we are aware that Hanne Søndergaard can give us answers containing a subjective point of view.

Therefore, we found it relevant to search for knowledge of a larger group's behaviour by means of questionnaires as the method. By using this approach it is possible to cover a large area in a short time without any costs. Unfortunately, the response rate is often low within questionnaires, as a lot of people do not bother to fill in the questionnaire and return it, even though most are sent out online. Besides, sending out questionnaires via e-mail is an unstable approach as regards spam filters, etc. which is why we selected Facebook as our primary source to reach many respondents. However, this also implied that we did not achieve response from a broad segment, but mainly respondents aged 21-30 who might be students and share similar buying behaviours.

As mentioned, we have also included secondary empirical data in our thesis, which is data collected by the group in for instance books and articles.

*Er data indsamlet af andre personer, forskere, institutioner mv.,
benævnes de sekundære data (Andersen, I. 2005: 151)³*

It can be difficult to estimate the validity of secondary empirical data since it has been collected by other researchers. For that reason, it is relevant to assess whether the secondary empirical data is reliable before applying the source in the thesis, which we have done by reading a lot of different books and articles within the various focus areas in order to be able to select the correct literature for our thesis.

² Butters, spreads and margarines category

³ "If the data is collected by other people, researchers, institutions et cetera, it can be defined as secondary data"

In order to get a broad picture of Arla as one of the leading dairies in both Denmark and the UK, we have applied studies from books and articles as well as websites (such as arlafoods.co.uk) and annual reports constructed by Arla – this can be described as ‘desk research’.

Our secondary empirical data is a necessity to process and answer our problem statement, which cannot happen solely on the basis of the primary empirical data.

2.1.1. Interview guide

The interview guide applied in the thesis is based on Steinar Kvale’s⁴ principles. This means that our starting point has been our research questions in our problem statement and related sub-questions, and on this basis we have prepared a number of questions in everyday speech, in order to establish the problem area (Kvale, S. 1996: 131). We have done a semi-structured interview, because we had prior theoretical knowledge of the subject we wanted to explore on the basis of empirical data (Andersen, I. 2005: 168). A semi-structured interview can be characterised by a number of topics that need to be covered and a number of questions in a certain order. However, throughout the interview there is openness in changing the order in type of questions, in order to follow the answers given by the interviewee (Kvale, S. 1996: 126ff). Steinar Kvale defines a semi-structured interview as;

An interview whose purpose is to obtain descriptions of the life world of the interviewee with respect to interpreting the meaning of the described phenomena (Kvale, S. 1996: 5)

Before making the interview we prepared an interview guide, but throughout the interview we were still open to directions or topics the interviewee wanted to elaborate, when the topics were within the area of research. We have selected this approach because we did not want to preclude ourselves from important knowledge or important attitudes from the interviewee. However, we have attempted to leave out our opinions from the interview, and we have tried to eliminate leading questions which could create diverging answers. We have emphasised that the questions must relate to the topic of the interview thematically, and that they should encourage dynamic, positive interaction to keep the interview going, and to motivate the interviewee to talk (Kvale, S. 1996: 130). With this interview method we received answers on the aspects we needed and could ask additional questions which might give more profound answers. The interview guide is attached as appendix 1, and the interview is attached as appendix 2.

⁴ Steinar Kvale is Former Professor of Educational Psychology and Director of the Centre of Qualitative Research at the University of Aarhus Denmark

2.1.2. Questionnaires

In order to collect quantitative data for the thesis we have constructed two Internet-based questionnaires in the program Google Docs⁵; one to Danish consumers, and one to British consumers. Questionnaires are a method used to collect quantitative data from a large number of respondents. This makes it possible to cover a larger target audience than with a personal interview, but the data from the questionnaires is less informative.

Nevertheless, there are several advantages of using Internet-based questionnaires. First and foremost a questionnaire can be distributed in a fast and cheap way, and it is easy to process the answers as they are received digitally. On the other hand, these questionnaires also have some disadvantages. One of the disadvantages is that Internet-based questionnaires have become very popular as a research method, and they are used widely which means that fewer people are willing to answer, and some even consider them spam. Another aspect is that it is important to have respondents to answer the questionnaire which may not be a problem in the home country, but when dealing with a foreign country it may be difficult to collect a sufficient amount of data.

Arla can be considered having a large target audience, and therefore we have sent out the questionnaires via Facebook and e-mail in order to reach a broad segment. The reason for supplementing Facebook with e-mail is that we, especially in Denmark, may reach an older segment. The two questionnaires contain three elements; background information (e.g. gender and age), questions of behaviour, and attitude towards Arla. The reason for including these three elements is that it is important to have a wide range of empirical data which can be analysed and used in accordance with the problem statement.

It is also significant to consider the language applied in the questionnaires as it cannot be too academic, because the respondent may not be able to understand it. Additionally, we have added an explanatory text written in grey beneath some of the main questions, and in this way the risk of misleading answers (due to differences in the respondents' perception) is reduced – even though it can never be avoided completely (Olsen, H. 2006: 29).

We have strived to make the two questionnaires as short as possible, since long questionnaires are more at risk of having a low response rate. It takes about five minutes to fill out each of the questionnaires, and we have estimated that this is an acceptable amount of time for the respondents to use.

The Danish questionnaire has primarily been posted on Facebook, whereas the British questionnaire has been posted on several websites like Facebook and Topix.co.uk⁶ (Appendix 6), and via e-mail. The reason

⁵ Google Docs is a Web-based word processor, spreadsheet, presentation, form, and data storage service offered by Google

⁶ Topix is the leading news community on the Web

for selecting various communication channels for the British questionnaire is because it has been more difficult to collect a sufficient amount of data from respondents in the UK, as opposed to Denmark. Due to the few answers from the UK (21 answers) we have not been able to make a generalisation, but instead we were able to highlight tendencies because the answers did not vary a lot from each other, whereas we have received more answers from our Danish questionnaire (163 answers) with a larger diversity where it was possible to approach a tendency to a greater extent.

The questionnaires are attached as appendix 4 and 5, respectively.

2.2. Theory of science

Theory of science is not a science per se, but a theory about science. Theory of science can be defined as an attempt to set up some general rules for what science is, and how it is produced.

With reference to the thesis, theory of science is interesting and relevant as the focus is on choices and assumptions assigned to certain claims. Within theory of science one may distinguish between different directions containing different theories and schools of thought. So the choice of theoretical direction has decisive importance for this thesis, which we will try to illustrate in the following section.

The thesis is positioned within the human and social sciences, and for this reason we believe that absolute truths cannot be produced in the way that advocates of positivism strive for. On this background the thesis is based on an interpretive approach, which acknowledges an understanding and interpreting of the consumers' opinion of brands and marketing. Therefore, brands and marketing can be interpreted in different ways depending on for instance culture, and in this way a brand may have various meanings to different people. The reality of brands and marketing is then perceived as social constructs, as people's experiences of the surrounding world are socially constructed. Hereby we dissociate from the positivistic idea where an observable world is independent from the researcher.

2.2.1. Hermeneutics

As this thesis examines the terms branding and marketing, as well as the consumers' perception hereof, we will apply a hermeneutic approach in order to answer the problem statement. Hermeneutics is the study of understanding and how we must proceed methodologically to gain understanding (Føllesdal et al. 2005: 86). Hermeneutics is a school of thought of how texts or other meaningful aspects are understood and interpreted. The philosopher Hans-Georg Gadamer⁷ states that in order to understand a phenomenon we must have a pre-understanding of the case we wish to understand in order to understand it (Den Store Danske, 2011a).

⁷ Hans-Georg Gadamer is a former German philosopher and Professor best known for his chief work "Truth and Method" [1960], and as a decisive figure in the development of twentieth century hermeneutics

The interpretation of meaning can be characterised by the hermeneutic circle which refers to the idea that in order to understand a part of a text, we must have an understanding of the text as a whole. At the same time we can only understand the whole when understanding the individual parts – this makes it a circle. In the hermeneutic circle the researcher will always have a pre-understanding of the aspect which is explored, but it can be revised through experience, as a new pre-understanding is gained through interpretation of the surroundings. This may seem as an infinite process, but in practice it ends when a reasonable meaning without significant contradictions is reached (Kvale, S. 1996: 47). According to associate Professor and historian Torsten Thurén pre-understanding characterises the way we experience reality, as we are socialised to see the world in a certain way (Thurén, T. 2008: 70). A new understanding based on experiences can change the pre-understanding. In other words, the single parts may contribute to an illustration of the whole (Føllesdal et al. 2005: 95). The hermeneutic circle is often a suitable method to overcome prejudices and reach a better pre-understanding (Thurén, T. 2008: 70).

The hermeneutic circle's interplay can be illustrated as below:

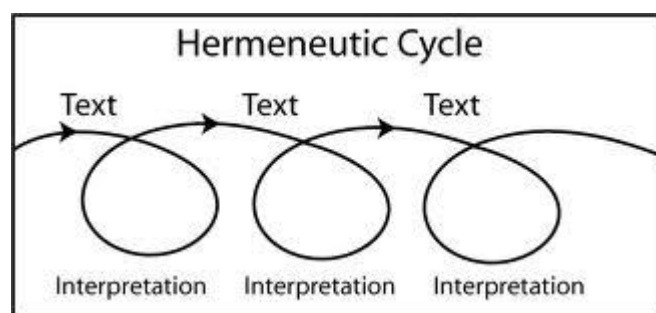


Figure 1: The hermeneutic circle (Blass, 2011)

An example of our use of the hermeneutic circle in the thesis is the telephone interview with senior vice president Hanne Søndergaard from Arla Foods. During this interview we learned new aspects of Arla's marketing and branding in the UK, which gave us a new pre-understanding of the subject. This means that we have revised our interpretation of Arla through experience (the interview) on the basis of the hermeneutic circle. In this way, we might have reached a better pre-understanding of the matter discussed.

2.3. Theory of science in the thesis

This interplay between the individual parts and the whole is very relevant in relation to this thesis. In order to understand Arla's global marketing and branding (the whole) it is necessary to clarify the individual parts in the shape of relevant theories and perspectives, e.g. culture and consumer behaviour, with the purpose of gaining a more substantial understanding of these phenomena.

By applying the hermeneutic approach, interpretation is subjective to a certain extent as it is based on the interpretations of the studied topic, which is expressed in utterances and in the interviewee's and

researcher's (our) pre-understanding.

In our choice of theories and in our argumentation we aim at providing a varied picture of Arla's global branding and marketing. This will be carried out by being critical of the theories and arguments used.

Another way to ensure quality of our analysis is that we as researchers put ourselves in Arla's place in order to get an understanding of the company's motives, and why they act like they do by reading material published by Arla and through the interview.

In this thesis we intend to produce new knowledge, but in order for this new knowledge to be relevant it must be useful in practice. This can be achieved through an insight into Arla as a company in order to make a recommendation of whether the company's branding and marketing can be considered suitable.

2.4. Choice of theories

After having clarified the methodological basis, the choice of theories in the thesis will be accounted for.

In several books and articles we have studied different theorists, who we find relevant in accordance with our problem statement.

International marketing

The theory section on international marketing is based on different theorists. Standardised marketing takes its starting point in Ted Levitt's⁸ article *"The Globalization of Markets"* (1983) combined with Arthur Fatt's⁹ article *"The Danger of 'Local' International Advertising"*, because both Levitt and Fatt are acknowledged theorists within this area, while they also have several applicable statements about standardised marketing for the global market. Even though Levitt's article is from 1983 and Fatt's article is from 1967, they are still relevant today and assessed to be applicable interpretations of standardised marketing. Especially Levitt's article has been republished several times, and advocates of standardisation often refer to this article.

Nevertheless, the global market place has changed remarkably since the articles were published the first time, so this era of globalisation must certainly have challenged Levitt's and Fatt's foundation.

Contrary to standardisation is adaptation where advocates of this school of thought emphasise the importance of paying regard to cultural differences in marketing. The definition of adapted marketing is based on two theorists; Clifford Geertz¹⁰ and his article *"Thick Description: Toward an Interpretive Theory of Culture"* (1973), and Jean-Claude Usunier¹¹ and his book *"Marketing Across Cultures"* (2009). Combined these theorists' definitions help illustrate the essence of the concept 'adapted marketing'. We find Usunier's theoretical universe interesting as he proposes that there is no 'global consumer', because

⁸ Theodore Levitt is former Professor at Harvard Business School

⁹ Arthur C. Fatt is founder of Grey Advertising and former Chief Executive of the company

¹⁰ Clifford Geertz is former Anthropologist and Professor at Princeton

¹¹ Jean-Claude Usunier is Professor of Marketing at Lausanne, Switzerland

people are influenced by their culture. Phillip Kotler¹² will also be introduced as he advocates of a mixing of the two schools.

Cultural theory

In connection with our problem statement it is also relevant to investigate Danish and British cultures and make them tangible. For this reason we will make use of Hans Gullestrup¹³ and his analytical tools regarding cultural layers and segments collected in his book *“Cultural Analysis – towards cross-cultural understanding”* (2006) and his article *“The Complexity of Intercultural Communication in Cross-Cultural Management”*, among other things. We find Gullestrup’s reflections relevant because he deals with central concepts about the understanding of cultural dimensions and the possibility of influencing these.

Additionally, we consider his cultural terms as a good tool for analysing and interpreting our empirical data. Hans Gullestrup is our primary theoretical resource, but Geert Hofstede’s¹⁴ literature will be brought into play as well, as a supplement to Gullestrup in order to obtain a broader perspective and insight into a culture.

As it appears from our problem statement, culture is not the predominant focus area of our thesis, but we find it necessary to incorporate aspects of culture to be able to compare Arla’s marketing on the Danish and the British markets.

Market communication

Given that we are going to study Arla and how the company markets itself on the Danish and the British markets, we find it important to know factors concerning the company’s market communication. This includes elements that may have an influence on Arla’s marketing. For this purpose we have decided to use Philip Kotler’s¹⁵ principles for market communication, where we aim at including the most important parts of market communication. Lasswell and Shannon & Weaver’s models for market communication will also be presented in our theory, however we have selected Kotler’s market communication model as we find it relevant for representing communication in different media, especially on the Internet via websites, as the model contains the functions ‘response’ and ‘feedback’. In the effort to achieve a sufficient picture of the elements in the model, we will supplement with theories from the book consumer behaviour (Schiffman et al. 2008).

Kotler’s model falls under the interaction paradigm which is also represented by other models like Frank Dance’s helical model of communication, whose purpose is to illustrate the dynamic nature of

¹² Philip Kotler is Professor of International Marketing at Northwestern University, Illinois

¹³ Hans Gullestrup is Professor in Social and Economic Planning at Aalborg University

¹⁴ Geert Hofstede is a Dutch researcher of management and culture

communication (McQuail et al. 1993: 20). However, it does not contain specific parameters for closer examination such as 'medium' and 'feedback', besides it is not applicable in illustrating online communication which is part of our analysis.

Branding

The section on branding encompasses methods and tools for analysing branding. To achieve a sufficient definition of the concept 'branding' – comprising Brand Equity, Brand Image and Brand Identity – we have mainly selected David Aaker¹⁶ and primarily the books *"Managing Brand Equity"* (1996) and *"Building Strong Brands"* (2010), and they are utilised to carry out an overall review of brand understandings. The selection of Aaker as primary brand theorist is due to his status as a pioneer within branding, and because he provides us with good tools for understanding and analysing the concept. In order to substantiate Aaker's theories we will include other views on branding from Per Mollerup¹⁷ and Alexander L. Biel¹⁸. Combined these theorists' view on branding may contribute to a clear framework for our analysis of Arla's brand in both Denmark and the UK.

Consumer culture

The consumer theories applied in the thesis are selected, because they contribute to a profound and more varied understanding of the factors that might influence the development of Arla's marketing today. Moreover, Gullestrup's cultural theories provide our investigation with further depth. In the effort to reach an understanding of the phenomenon 'consumer culture', we will use Douglas B. Holt's¹⁹ characterisation of consumers today in his article *"Why Do Brands Cause Trouble?"* (2002), as we find his view on this aspect applicable in connection with our study. Additionally, we will highlight current consumer trends in the form of political consumption, health, motivation for consuming and social media to achieve a comprehensive understanding of factors that may influence marketing and branding. In our survey of present consumer trends we have included various theorists like for instance Abraham Maslow²⁰, Christian Janzen²¹ and Per Østergaard²² for the section 'motivations behind consumption', and marketing strategist David Scott for the exposition of 'social media'.

¹⁶ David Aaker is former Professor of Marketing at the University of California, Berkeley

¹⁷ Per Mollerup is Professor of Communication Design at Swinburne University, Melbourne

¹⁸ Alexander Biel is Head of the International Consulting Firm *Alexander L. Biel & Associates*

¹⁹ Douglas Holt is Professor of Marketing at the Harvard Business School

²⁰ Abraham Maslow is an American psychologist

²¹ Christian Janzen is Head of Institute for Communication and Psychology at Aalborg University

²² Per Østergaard is associate Professor PhD at the Institute of Marketing and Management, University of Southern Denmark.

2.5. Delimitation

Our thesis is delimited due to several aspects. We have selected Arla's "Closer to Nature" strategy as the main area of focus, because it is the newest and largest initiative within Arla's marketing and branding, and for this reason we will only include empirical material prior to the launch of this strategy to a limited degree. With the "Closer to Nature" strategy as platform it may provide a representative picture of the company, and the decisions Arla makes today.

The cultural analysis only concerns Denmark and the UK, because due to our line of study we see relevance and interest in the English-speaking markets. Therefore, our thesis is delimited to encompass the Danish and British consumers' behaviour, and with a starting point in Arla's marketing we will investigate the perception of Arla's brand on these markets. We seek to describe, analyse and understand the consumers in the light of current consumer cultures.

On the basis of this we estimate that it is partly possible, on a higher level, to identify certain degree of homogeneity in the Danish and British consumers' interpretation of the surrounding world, respectively. However, we are aware that even though consumers are from the same country they can still have different consumption patterns, but this thesis delimitates itself from going further into this matter. Yet, we have included the marketing aspect in a way where we emphasise how consumers can affect marketing today.

Finally, we only refer to Arla Foods a.m.b.a by writing "Arla" in the thesis, in order to simplify the company name and given that Arla Foods mostly refers to itself as "Arla" in written material.

3. Theory

In this chapter we will account for our theories, and also how these theories are used methodologically. In the theoretical approach to an analysis of Arla's marketing and branding it is necessary to illustrate different elements consisting of relevant theories and perspectives in order to reach an understanding of the individual elements, and furthermore how they are connected. The relevance of the theories and perspectives is assessed on the basis of their contribution to analysing and discussing the problem statement.

This theory chapter consists of various aspects of international marketing with emphasis on *Standardised* and *Adapted Marketing*, a clarification of *Cultural Theory* containing Gullestrup's model of cultural analysis as well as different characteristics of *Market Communication*. Subsequently, we will account for the term *Branding*, and finally various aspects of *Consumer Culture* will be highlighted.

3.1. International marketing

One of the most important strategic decisions for an international company is to determine what marketing strategy to apply. Two main schools of thought can be identified regarding international marketing; *standardisation* and *adaptation* which are depicted in figure 2.

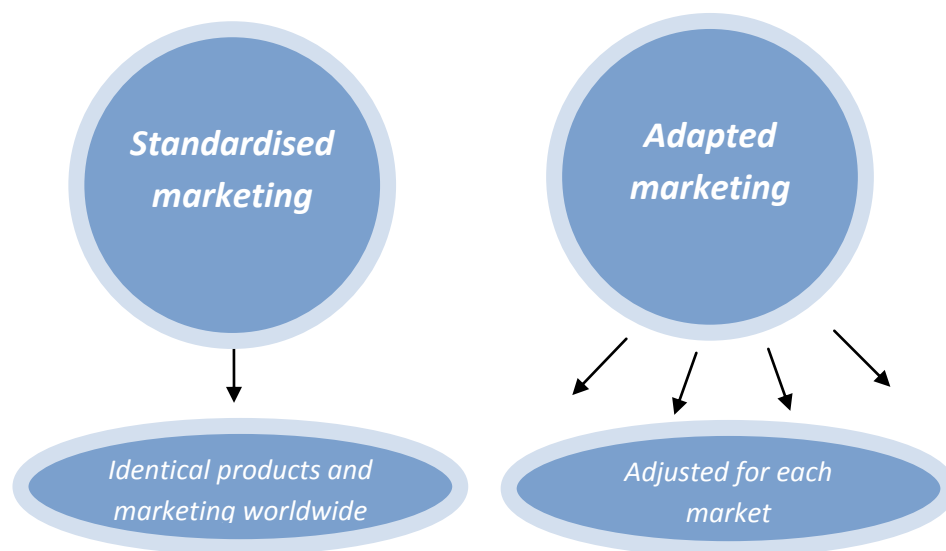


Figure 2. Marketing Strategies (Designed by the authors)

The debate over the 'standardisation vs. adaptation' issue has involved advertising researchers since the 1950s and is still discussed today, for which reason we find it relevant to include as an aim of the thesis is to investigate Arla's marketing on the Danish and British markets.

Advocates of the standardised school of thought emphasise that companies must focus on consumer similarities around the world rather than cultural differences (Fatt, 1967; Levitt, 1983), whereas advocates of the adapted school of thought argue that companies must consider differences among countries, e.g. culture (Geertz, 1973; Usunier, 2009). In the following the two views regarding international marketing will be clarified and discussed in accordance with their applicability.

3.1.1. Standardisation

The ultimate form of standardisation means offering identical products worldwide at identical prices via identical distribution channels supported by identical sales and promotion programmes (Mooij, M. 2010: 11). This means, when a company implements a standardised approach to marketing it generally has the same approach to various cultures, which may induce fewer costs while also being time-saving for a company.

Traditionally, studies within trade and management concerning efficiency, productivity and profitability have emphasised the advantages of increased standardisation throughout the world (Norlyk, B. 2006: 77). According to one of the first advocates of standardised marketing, Arthur C. Fatt, all global competition can be characterised as a universal logic, meaning an international advertising campaign with a truly universal appeal²³ can be effective in any market (Fatt, A. 1967: 61). This logic will eventually result in a business structure characterised by a global 'best practice'²⁴ in each individual country all over the world, as Fatt argues that universal appeals, communicated in the local language, can be more effective than automatically changing all marketing to suit the individual characteristics of each country (Fatt, A. 1967: 60).

Another advocate of standardised marketing is Theodore Levitt (Feder, B. 2006). In his famous article "The Globalization of Markets" from 1983 Levitt states;

Companies must learn to operate as if the world were one large market – ignoring superficial regional and national differences (Levitt, T. 1983: 1)

In his article Levitt argues that new technology has created a new commercial reality, meaning an emergence of global markets for standardised products. Levitt argues that global corporations will manage better in this new reality, because they do not cater to local differences as the world's needs and desires have been homogenised. Furthermore, those differences are overwhelmed by the global corporation's ability to market standardised products of high quality at a lower cost than the competitors, due to economies of scale in production, distribution, marketing, and management (Levitt, T. 2006: 131ff). In this

²³ Fatt considers universal appeals as, e.g. the desire to be beautiful, freedom from pain and glow of health

²⁴ Global management recipes (Blenker et al. 2006: 63)

line of thought companies need to globalise at several levels such as production, distribution and marketing if they want to stay in business, because it is more important to focus on intercultural similarities among various cultures instead of focusing on the cultural differences.

According to Levitt standardised marketing allows economies of scale in production and thus lower costs. This entails products being kept at a low price level while resources are released for product development. Moreover, he predicts that global companies will have a standardised approach, as more or less all consumers demand high quality products at a low cost for which reason companies should not take cultural differences into consideration (Levitt, T. 2006: 148);

If a company treats the world as one or two distinctive product markets, it can serve the world more economically than if it treats it as a three, four, or five product markets (Levitt, T. 2006: 137)

So from a cost-conscious business perspective the standardisation concept is highly attractive, as it is cost-saving as regards e.g. production and marketing. In addition, standardised marketing may lead to more effective planning and a central control of the marketing and management (Fatt, A. 1967: 62). Another business perspective that makes standardisation attractive is the emergence of globalisation; this has created global patterns of demand and thereby a global consumer segment, which can be profitable for an international company to exploit (Levitt, T. 2006: 133).

3.1.2. Adaptation

For a company, adaptation is adapting products and marketing material in order to meet the demands from the individual cultures. When a company adapts its products/marketing to different markets, it acknowledges that different cultures have various 'webs of significance' and different reasons for buying the product in question. This is why advocates of adaptation believe marketing should be adapted to each market.

The former anthropologist Clifford Geertz defines culture as a system of symbols, or as 'webs of significance';

The concept of culture I espouse [. . .] is essentially a semiotic one. Believing, with Max Weber, that man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretive one in search of meaning (Geertz, C. 1973: 5)

In the quote above, Geertz implies that various 'webs of significance' have influence on the way products are perceived across markets. This means that culture may help us learn and manage what is meaningful as

well as what makes sense to us and others in a certain context. Culture becomes a universe of meaning, which people use to conduct and interpret events and actions around us in a meaningful way (Askehave et al., 2006: 19).

According to Clifford Geertz the cultural 'webs of significance' are constructed by religious beliefs and practices, cultural customs, social interactions, attitudes and behaviour – everything around us constructed in a specific culture (Geertz, C. 1973: 12-13).

In a similar vein, Professor in marketing Jean-Claude Usunier also advocates of the idea of adaptation in terms of products and marketing. Adaptation adjusts the product and marketing material to meet the demands of consumers in the individual cultures.

Although consumer behaviour has strong universal components, its cultural variations cannot be ignored
(Usunier et al. 2009: 69)

Usunier has a more cautious view on globalisation than Levitt and Fatt, as Usunier emphasises that cultural diversity at the international level is a reality and will always exist, so it is important to take national differences into consideration because cultural variations and existence cannot be ignored (Usunier et al., 2009: 69). This originates in Usunier's view on opportunities in creating adapted marketing and thereby gaining a competitive advantage in different markets (Usunier et al., 2009: 100-101). Cultural diversity appears through consumption habits and personal preferences²⁵ across nations, and will always diverge. This means that personal preferences across cultures inevitably will have an influence on the way a specific product is perceived by a consumer (Usunier et al., 2009: 98).

According to Usunier the central paradox regarding globalisation is that local and global consumption patterns exist side by side. Besides, companies are increasingly becoming more and more global, while consumers largely remain local (Usunier et al., 2009: 98ff).

Despite convergence on macro-level (for instance demographic and socio-cultural factors) there is no real convergence on micro-level, meaning that we might buy the same products, but for many different reasons. At micro-level, researchers find that culture influences and is influenced by consumption patterns, but it depends on for instance product type, product/service category, situational factors and reasons for purchase (Usunier et al., 2009: 103). Besides, Usunier believes that some products are culture-specific. Products like food are more culture bound than for instance high-technology products, as food is a non-durable product that seems to appeal more to tastes, habits and customs. So the very nature of the product has some degree of influence on the level of universality of needs (Usunier et al., 2009: 108).

²⁵ Personal preferences reflect a person's taste, values and convictions (Usunier et al. 2009: 72)

In short, Usunier's main point is that cultural differences should not be disregarded by companies, but instead considered as an opportunity rather than a threat. Adaptation recognises that different cultures have different 'webs of significance', reasons to buy, etc. and must be targeted accordingly. So to sum up, advocates of adaptation disregard a global 'best practice'.

3.1.3. Standardisation vs. adaptation

Both standardisation and adaptation have pros and cons, respectively. If standardised marketing is assessed from a cost-conscious perspective, the standardised concept is highly desirable as it will minimise a company's marketing and production costs generally. It can be cost-beneficial with regard to packaging, distribution and marketing, due to the homogeneous preferences throughout the world. Globalisation has made the world smaller, as markets and people have become more accessible to each other, because of increased mobility throughout the world and advances in communications technology and transport. An aspect of standardisation which is often considered as an advantage is having a uniform global brand. However, it can be discussed whether such a uniform brand exists since different cultures might perceive brands differently on the basis of their individual 'webs of significance', which may become a disadvantage rather than an advantage for a company. A drawback of standardised marketing may be that the decision-maker is often far away from the individual markets, and therefore it can be difficult to pay regard to cultural differences on the different markets.

Levitt's and Fatt's arguments are more than 20 years old and their statements have been challenged since then. Doctor in Communications, Marieke de Mooij, argues that the market place has changed radically since then, and today it is characterised by much more competition. The implication of this is that many companies have learned the standardised approach is not necessarily effective. Needs may be universal, but attitudes, motivations and expressions of needs can vary across nations. Mooij argues that there is no evidence of converging consumer behaviour, and she questions the existence of a global consumer segment where people share similar lifestyles, values and needs across borders (Mooij, M. 2010: 11).

As opposed to standardisation, adaptation is more adaptable when it comes to marketing. The market segment can be targeted more precisely, as the marketing is adapted to the individual cultures. In this way a product is presented so it fits with the individual culture's 'webs of significance'. The disadvantages with this type of marketing approach can be that a company's economies of scale vanish if they are not able to produce the same type of products and packaging on a global scale. In some cases this can mean that consumers do not recognise the product or packaging. Besides, adaptation generally entails greater costs due to the variation within marketing.

Mooij highlights a third perspective to international marketing; the more moderate contingency

perspective, which is a mixing of standardisation and adaptation. This approach is based on the idea that the most effective marketing strategy varies depending on the situation (Mooij, M. 2010: 16). According to Philip Kotler, the mixing of the two schools of thought is the best approach, because he contends that there are circumstances where a company can gain through increased standardisation of its product and marketing mix, and circumstances where this strategy would hurt the company (Kotler, P. 1986: 13). In other words, the most effective marketing strategy varies depending on the situation. Therefore, Kotler recommends that international managers must judge how much adaptation is needed in an international context on the maxim “plan global, act local” (Kotler, P. 1986: 15).

Today, the tendency among the large international companies with strong global brands is to combine the two marketing strategies standardisation and adaptation. A large global company like McDonald’s is a good example of how the two approaches can be combined. McDonald’s standardises its products and marketing, but at the same time the company has adapted its product portfolio because of cultural differences around the world. For instance, when studying McDonald’s’ core menu in the US it mainly consists of burgers with beef (McDonald’s, 2011). However, McDonald’s’ Indian core menu does not have beef in its range of burgers (McDonald’s India, 2011), which may be due to the fact that about 80 per cent of Indians are Hindus and do not eat beef (Den Store Danske, 2011b).

After having included and discussed various perspectives to the standardisation and the adaptation issue, it can be difficult to estimate what approach is the most suitable for international marketing. Numerous variables like the business environment, cultural and social variables (local taste, habits, etc.) and the product category may influence the decision to standardise or adapt. Additionally, we live in a global world where consumer needs may seem homogenised, but at the same time local cultures are still an important factor. This global-local paradigm can be a paradox to international companies when developing effective global brands and marketing, as consumers may not only think globally, but also according to their own cultural background.

3.2. Cultural theory

As discussed in the previous section, culture may influence the way a company markets and brands itself internationally. Therefore, we find it relevant to include cultural theory in our analysis in order to examine what role prospective cultural differences may play in Arla’s marketing strategy. Culture can be an intangible character which is mostly visible when people for instance visit another country, and discovers that one’s “normal” way of doing things can be misunderstood and interpreted in different ways.

The term culture can be defined in many different ways, and arouses various associations depending on the connection in which the term is used. In the thesis cultural theory is applied as the fundamental basis of

how population groups think and act through shared norms and values, which is characterised as a number of common features within a specific population group.

From this point of view, we have applied Hans Gullestrup's theory of cultural understanding as his terms are comprehensive as well as applicable, because he constructs models for cultures as a whole.

Furthermore, Geert Hofstede's cultural dimensions will be clarified and used in accordance with Gullestrup's theories to facilitate the overall cultural understanding. In this way, we find Gullestrup's and Hofstede's models applicable as our aim is to provide a general representation of Danish and British societies, and the general values that characterise the two cultures.

3.2.1. Hans Gullestrup

From Gullestrup's article "The Complexity of Intercultural Communication" (2002) it appears that he represents elements from the functionalistic thinking, but also the interpretive thinking. In the article he agrees with advocate of the interpretive approach, Clifford Geertz, and his definition of culture, while also agreeing with a functionalistic understanding of culture, which has a more operational view on analysing culture.

Gullestrup's understanding of culture is covered by the following definition;

Culture is the philosophy of life, the values, norms and rules, and actual behavior - as well as the material and immaterial products from these - which are taken over by man from the past generations, and which man wants to bring forward to the next generation - eventually in a different form - and which in one way or another separate individuals belonging to the culture from individuals belonging to other cultures
(Gullestrup, H. 2002: 2)

It appears from Gullestrup's definition that culture is something people inherit from past generations within the same culture. To a great extent we agree on this claim, however, the definition does not take into account that cultures are influenced by other cultures. This is especially relevant today, as we are affected by other cultures through media, among other things, where particularly the American culture is trend-setting. Culture is dynamic and continuously changing, as Gullestrup also stresses (Gullestrup, H. 2006: 55).

In the light of the definition above, Gullestrup sees culture as having two elements – core culture and a manifestation of this core culture, and they are more or less equally important parts of the culture.

To gain an insight and an understanding of another culture it is important to have a method for analysing it. For this purpose Gullestrup has created two cultural dimensions – the horizontal and the vertical, for how a culture is constructed in its complexity; these provide a good framework for investigating and

understanding different cultures.

These dimensions are relevant in relation to our analysis of the Danish and British cultures, because culture is not only determined by superficial national boundaries but also by informative dimensions like behaviour, values and attitudes. Furthermore, these dimensions make the culture manageable by establishing settings for understanding culture.

3.2.1.1. The horizontal dimension

The horizontal cultural dimension consists of the elements in a given culture which can be perceived – something one can hear, see, feel, smell and taste. The horizontal dimension includes eight cultural segments elaborated below, and is called horizontal because the different segments are manifested at the same level, and because they are equally important to cultural understanding. The individual segments may be manifested in numerous ways and combined in different ways (Gullestrup, H. 2002: 11). Gullestrup focuses on these eight cultural segments which are represented below in an abbreviated form:

- 1. How nature is processed – *technology***
 - 2. How the output is distributed – *economic institutions***
 - 3. How the individuals live together – *social institutions***
 - 4. Who controls whom – *political institutions***
 - 5. How knowledge, ideas, and values are disseminated among individuals and groups – *language and communication in the widest sense***
 - 6. How the individuals and the unit are integrated, maintained, and developed – *reproduction and socialization***
 - 7. How a common identity is created and preserved – *ideology***
 - 8. How the view of the relationship between life and death is manifested – *religious institutions***
- (Gullestrup, H. 2006: 11)

When analysing a specific culture one may analyse all of Gullestrup's eight cultural segments and in this way obtain a comprehensive knowledge of the culture concerned. However, by restricting ourselves to use only one or two segments within the area of research we can provide the thesis with a more thorough cultural analysis. This is whether the purpose is to gain insight into the culture or understand intercultural relations (Rasmussen et al., 2010: 74).

In our effort to analyse what role possible cultural differences may play in Arla's marketing strategy on the Danish and British markets, we do not find it necessary to implicate all of the horizontal cultural segments,

but only the ones we find relevant. So this thesis will process three of the segments, which all focus on social aspects of culture;

Segment 3 – The Social Segment (Social institutions)

Every culture experiences a need for having a set of rules for how people exist together. These rules are manifested in social interactions. In this way, the social segment deals with norms determined by culture, for instance how people live together which social conventions maintain between age- and population groups, etc. This encompasses the family, urban communities, nationally, in companies and different international connections, e.g. the EU. In these places it is necessary to set up some rules in order to achieve a successful social interaction, and ensure that these rules – written and unwritten – are respected (Gullestrup, H. 2006: 70-71).

Segment 5 – The Conveyance Segment (Language and communication)

The conveyance segment deals with the way whereupon messages are communicated through language and communication. It is obvious that cultures are very different from each other when it concerns the conveyance of knowledge, ideas and attitudes to each other. The language (both the written and the spoken) is very important, but also non-verbal elements are of great importance; for instance a brand may reveal something about the status of the individual – ergo external characteristics which convey certain messages of attitudes and values. Hence, a culture's form of communication can tell a great deal about a given culture (Gullestrup, H. 2006: 72).

Segment 7 – The Identity Creating Segment (Ideology)

The identity creating segment portrays the elements that separate one culture from another. So a characteristic segment in each culture is the way a common identity is created and maintained. The segment is the processes through which people create a common social identity and a feeling of affiliation, but the segment also plays a decisive role in the single individuals' experience of themselves – i.e. their identity which for instance can be consumer identity (Gullestrup, H. 2006: 73).

Among the additional horizontal elements we find that segments like the economic and political institutions point towards political authorities, and the segment for religious institutions point towards religion which is not relevant according to our analysis.

3.2.1.2. The vertical dimension

The fundamental perception of the vertical cultural dimension is a hierarchy of observations, in which a deeper penetration from the “immediately observable symbols” to the “fundamental philosophy of life” will create a continuously more profound insight into the culture observed, and thereby its values, attitudes and world view (Gullestrup, H. 2002: 11ff).

The vertical cultural dimension has six levels. Three of these levels (1, 2 and 3) belong to the visible part of the culture – the manifest culture – whereas the other three levels (4, 5 and 6) represent the more invisible, but also more fundamental core culture. The six levels of culture are characterised in what follows (Gullestrup, H. 1998: 38);

1. The level of immediately observable **symbols or symptoms**
2. The **structures** that are difficult to observe
3. The governing **morals, patterns, and norms**
.....
4. The partially **legitimizing values**
5. The generally accepted **highest values**
6. The fundamental **philosophy of life**

The manifest cultural layers

The level of immediate observation is the layer that separates one culture from another, in other words things that are immediately observable, for instance food, music and language. Often different cultures do the same thing, but in different ways and according to Gullestrup it should be considered as a visible indication of the more decisive cultural layers; that is the core culture (Gullestrup, H. 2007: 82).

The structures that are difficult to observe is the layer that deals with patterns of behaviour, i.e. single individuals in each culture behave differently towards other individuals in the light of age and status in society, etc. This layer describes the skeleton in the culture, which clarifies the way certain social connections and systems are built (Gullestrup, H. 2007: 83).

The layer of *governing morals, patterns, and norms*. The moral rules in a culture can be considered as an expression of the underlying values and the fundamental world view. Hence this layer is the rules of behaviour which states how people should treat each other. As it appears from the name of the layer, traditions and habits are observed in a culture, and it is expected for the members of the specific culture to comply with these traditions and habits. Besides, it is possible to have an idea of the culture’s formal and informal rules and norms, for instance work ethics (Gullestrup, H. 2007: 85).

The core cultural layers

The partially legitimating values are values that decide how individuals relate to working with other people. This might form the basis of confidence or lack of confidence which also determines the level of an individual's solidarity. Furthermore, these values determine what humans consider as pretty/ugly, healthy/ill, etc. It can be difficult to make an empirical analysis of this layer as people are not always aware of their own values, and these can differ from the common values of a culture (Gullestrup, H. 2007: 87ff).

The layer of *the generally accepted highest values* consists of values that determine the single human's sense of responsibility towards nature, animals, social responsibility with other people, taboos, the relation to humour and irony, etc. Though, it can be difficult to make an empirical analysis of this layer, as there might be several interpretations of values, and of what is good and what is bad (Gullestrup, H. 2007: 90ff).

The fundamental philosophy of life. The cultural values for what is good and what is bad have not emerged coincidentally. These values are the result of a long historical process, which is attached to the way a given culture perceives the world around it. Common for all cultures is their search for answering questions such as, how the earth was created, what happens when you die, who rules the world, etc. The answers are equally central and different for each culture, and separate it from other cultures. The answers frame the world view in a certain culture and are regarded as the only true explanation, and thereby they compose the foundation for the values and thus the manifest layers in the culture (Gullestrup, H. 2007: 95ff).

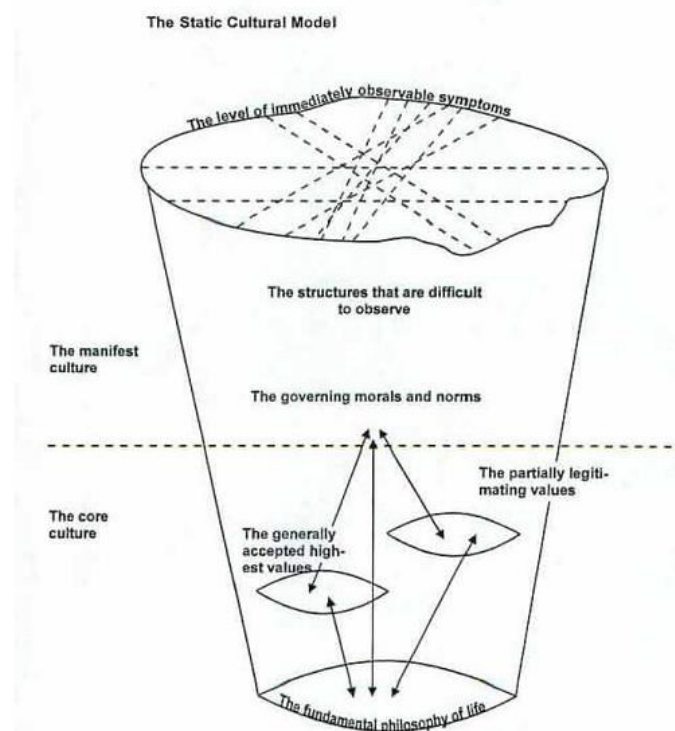


Figure 3. The Static Cultural Model (Gullestrup, H. 2002: 13)

The distinction between the manifest culture and the core culture can be characterised in the static cultural model (cf. figure 3). It is not our intention to elaborate the model further, but merely to use it as an illustrator of the vertical cultural dimensions.

3.2.2. Summary

According to Gullestrup a culture can be divided into horizontal and vertical layers. The horizontal layers include segments of the culture that are important for society's existence, and these are equally significant for the culture. The vertical layers describe various levels of a culture from the visible to the invisible.

Basically, the top three layers portray *what* the population does, and the bottom three layers describe *why* they do so in relation to a certain context. By analysing the horizontal and vertical dimensions one might be able to provide a snapshot of a given culture at a given time. However, the data used in the cultural analysis depends on the object of the cultural analysis and the resources available (Gullestrup, H. 2002: 12).

Gullestrup's cultural dimensions can be problematic, though, as the core culture of the vertical dimension is impossible to observe per se without analysing the manifest layers. In this way one has to analyse the manifest layers before gaining an insight into the core culture. Additionally, it is not possible to ask people about their values, because generally they are not aware of them. Instead one needs to analyse the way people interact, and how their values are expressed.

Analysing a culture in depth can be very complicated and resource demanding, and the main purpose of this thesis is not to make a thorough cultural analysis of all of these levels in Denmark and the UK, but to use it as a framework to identify cultural differences and possible implications in the marketing and branding process.

3.2.3. Geert Hofstede

Geert Hofstede composed a model in the 1970s for describing national cultural values from four dimensions. Hofstede bases his model on the following four dimensions, which he considers to be cultural universals: power distance, uncertainty avoidance, the masculine or feminine dimension and individualism or collectivism (Askehave et al. 2006: 11). The dimensions may reveal how cultures affect societies, especially family relations, organisations, politics and consumptions patterns on a score from 0-100.

Power distance refers to a culture's acceptance of differences in power and authority. Cultures with high power distance are characterised by authority and social hierarchy, for instance an employee would accept a large difference between manager and employee, as the manager has power and authority, and given that the employee is assigned to respect his/her decisions. In cultures with low power distance people strive for equality for all and independence, there are for instance less authority and the employees have an active part in a decision making process. Here a society does not emphasise differences in people's status, power or wealth (Hofstede et al. 2005: 45ff).

Uncertainty avoidance describes a culture's need for structure and procedures. For instance, cultures with a high degree of uncertainty avoidance expect that their working life is assigned to rules and regulations. In cultures with low degree of uncertainty avoidance they will feel restricted in their working performance if they are constantly subordinated by rules, and are not allowed a certain amount of freedom and flexibility. Ergo, such a society is less rule-orientated, readily accepts change and is willing to take risks. People from countries with high degree of uncertainty avoidance can seem busy, restless, emotional and aggressive, whereas people from countries with low uncertainty avoidance can seem boring, quiet, relaxed and controlled (Hofstede et al. 2005: 155ff).

The masculine or feminine dimension reflects soft and hard values within gender roles in society. In masculine dominated cultures the so-called hard values like status, performance and competition are important, and it is significant in order to signal masculinity. Furthermore, males tend to dominate a significant portion of the society and power structure, whereas the females must be caring and modest. In feminine dominated cultures people emphasise equal rights between genders, and that females are treated equally to males in all aspects of the society. Moreover, the soft values like modesty, caring for others and quality of life are prevailing in the society. If a person behaves with confidence and differs from the norms in feminine countries, he or she may be ridiculed (Hofstede et al. 2005: 116ff). In this connection Hofstede mentions the Jante law, which is considered a result of feminine values in Scandinavian countries (Hofstede et al. 2005: 137).

Individualism or collectivism reflects relations between people. This aspect focuses on the degree to which a society reinforces individual or collective achievement and interpersonal relationships. If a country has a high degree of individualism it indicates that individuality and individual rights are dominant. Individuals in these societies tend to form relationships with a large number of people, but these relationships are often weak. In individualistic cultures it is a virtue to speak one's mind, and people tend to strive for achieving self-realisation. A low degree of individualism points to a society that is more collectivist in nature. In such countries the ties between individuals are very strong and the family is attached more importance to. In collective societies members lean towards collective responsibility, are interested in harmony and seek to avoid confrontations, as it is important not to lose face (Hofstede et al. 2005: 74ff).

3.2.4. Summary

Hofstede's four cultural dimensions contain both strengths and weaknesses. The strength is that the four dimensions consider cultural values while they also make significant comparisons between national cultures. This constructs a fundamental understanding of the cultures in each country, which is why Hofstede's cultural dimensions are useful in our analysis, as it brings a good overview. The weakness of the

dimensions is first of all that his model is over 30 years old, and in some areas it might be obsolete to apply for a world which no longer exists. Another point of criticism is that Hofstede's investigations are made in IBM companies where the employees presumably have a certain level of education, for which reason their attitude may not be representative to other members of the culture. This means that Hofstede does not consider cultural differences among the individuals in each country, instead each culture is considered as homogeneous and thereby a general conclusion is drawn. However, Hofstede does compare cultures between countries, but the problem is that cultural borders and national borders are not always the same, and that a culture is not always defined by national borders.

3.3. Market communication

In order to analyse how Arla communicates, we find it relevant to include a review of different communication models. After a discussion of both pros and cons of using the various models, we will emphasise the model applicable for our thesis.

In many ways, market communication is based on basic assumptions that communication can be a one-way communication process from an active sender to a passive receiver, but also a two-way communication process from an active sender to an active receiver. Different communication theories have been developed from these assumptions, and they have some common features. In the following section different communication models will be presented – at first we will briefly discuss two classic communication models within the transmission paradigm and subsequently a market communication model within the interaction paradigm.

3.3.1. Transmission paradigm

One of the first theories within communication is Harold Lasswell's communication model from 1948. The famous model can be encapsulated in the following formula: *"Who says what in which channel to whom with what effect"* (Lasswell, H. 1948). In this way, Lasswell attempted to incorporate the sender as well as the receiver, in figure 4 depicted below:

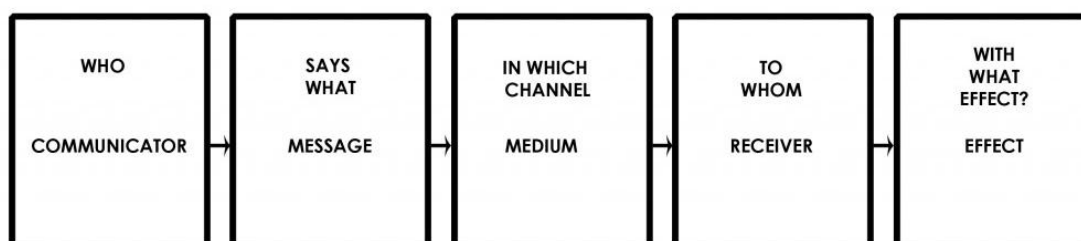


Figure 4. Lasswell's Communication model (McQuail et al. 1993 : 13)

Lasswell's model can also be referred to as the 'hypodermic needle theory', because the message is injected into to receiver who is considered to be passive (Frandsen et al., 2004: 35). However, Lasswell is not the only theorist who describes communication as a linear process from sender to receiver.

Another classic representative of the transmission paradigm is Claude Shannon and Warren Weaver's communication model. Shannon and Weaver also imagine that communication is a simple linear process where it moves through a number of elements: from information source to destination (cf. figure 5).

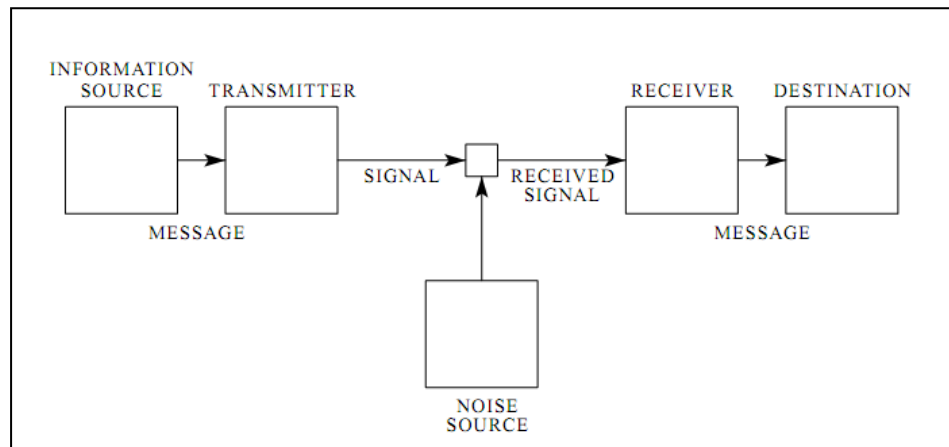


Figure 5: Shannon and Weaver's Communication Model (Shannon, C. 1948)

Originally, the model was developed to communication between people and machines, but it can also be transferred to interpersonal communication between people. This model has several similarities with Lasswell's communication model; however, Shannon & Weaver's communication model also contains the element 'noise', which for instance can be poor pronunciation when communicating in a foreign language (Frandsen et al., 2004: 35). The advantages of Shannon and Weaver's model are that it is a simple, easily understood model, and the model can be applied to most types of communication.

Nevertheless, these transmission models have been criticised by for instance Denis McQuail and Sven Windahl because the receiver is passive, and since the communication situation takes place from the sender to the receiver, the possibility of feedback from the receiver is precluded (McQuail et al., 1993: 15). Additionally, the models can be criticised for their assumption that the sender and the receiver think alike, and it is therefore not taken into consideration that the receiver may decode the message another way than the intended (Thorlacius, L. 2002: 27).

We agree with these points of criticism, as a message can easily be misinterpreted – for instance because of cultural differences. Furthermore, feedback can be seen as an important part of market communication today, especially due to the onward march of social media (cf. pp. 51ff) where the sender interacts with the

receiver.

For this reason we find the interaction paradigm more relevant according to our thesis, as social interaction is incorporated in this paradigm, which will be elaborated in the following section.

3.3.2. Interaction paradigm

An example of a communication model representing the interaction paradigm is Philip Kotler's model of market communication (Frandsen et al., 2004: 36). This model has the linear models as its starting point where the sender forwards a message through a medium to the receiver. The receiver, though, has the opportunity to be active through feedback. Kotler's model of market communication is illustrated in figure 6 below:

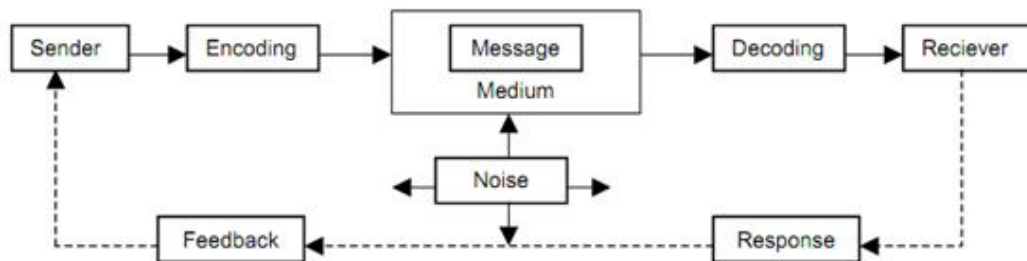


Figure 6. Kotler's model of market communication (Kotler, P. 2003: 565)

The model contains nine elements. Two of the elements represent the two main characters in every communication situation; *sender* and *receiver*. Two of the elements represent two important communication tools; *message* and *medium*. Four other elements represent important communication functions; *encoding*, *decoding*, *response* and *feedback*. The last element in the model is *noise*, which for instance can be competing messages that may interfere with the intended communication (Kotler, P. 2003: 565).

According to Kotler, the model emphasises the key factors in effective communication. The sender needs to know what audience he or she wants to reach and what response he or she wants to receive. The sender must encode the message so the target audience is able to decode it; moreover, the sender is obliged to ensure the message is sent through an effective medium that reaches the target audience. Finally, the sender should develop feedback channels to monitor the responses from the receiver (Kotler, P. 2003: 565).

Kotler's nine elements will be presented and elaborated in the following in order to use these for analysing Arla's market communication on the Danish British markets. In the description of these elements we have included other theorists, in the effort to achieve a broader perspective of different phenomena.

3.3.2.1. Sender

The sender is the one who constructs the specific linguistic and visual components of the market communication – this will typically be a company (Kotler, P. 1997: 606). The sender can be a formal or an informal source. A formal communication source is often a company or a charity. An informal source may be a parent or a friend who gives you advice about a product. Consumers often rely on informal communication sources in purchase decisions, because unlike formal sources the sender is here perceived as having nothing to gain from the receiver. That is why a company must try to encourage and initiate positive ‘word of mouth’²⁶ communication about their products and services (Schiffman et al., 2008: 282).

3.3.2.2. Message

A message can be *verbal* (for example spoken or written), *non-verbal* (such as a photograph, an illustration or symbol) or *a combination of both*. A verbal message, whether it is spoken or written, usually contains more specific product information than a non-verbal message. The two message forms will naturally provide more information combined, and can often be the best solution for a company (Schiffman et al., 2008, pp. 283). Marketers frequently try to develop logos and/or symbols that are associated exclusively with their products as these may achieve high recognition (Schiffman et al., 2008, pp. 283).

When a company wants to forward a message, it needs to be encoded in such a way that the target audience is able to decode the message, because the message is effective when the sender’s encoding process connects with the receiver’s decoding process (Kotler, P. 1997: 607).

3.3.2.3. Medium

The medium is where advertising meets the receiver; therefore it is crucial for the effect of the communication. The purpose of the medium is to construct a combination of media that secure the optimal effect in proportion to the communication goals and budget (Kotler, P. 1997: 607).

When selecting the type of medium to convey the communicated message, the receiver should be considered. Each type of medium has advantages and disadvantages that may help a company make the appropriate choice of medium (Ellwood, I. 2002: 78).

There are many different types of media for advertising today. In our thesis we only intend to study Arla’s advertising in some of these media, so in the following we will highlight the media applicable for our analysis.

²⁶ ‘Word of mouth’ communication is said to be more powerful than other forms of marketing, because hearing good news about a product from a friend is much more influential than being exposed to hundreds of commercials every day (Kimmel, A. 2005: 194).

Television

The television has a high level of persuasion and is a good medium for communicating emotions. If a company has a large target audience the television is also a good choice of media as it reaches large groups of people (Buch-Madsen, K. 2005: 182). Even though television advertising is highly seductive, in some cases it is not the most suitable tactic; television is a mass marketing tool, and if the brand is targeting a narrow group with a specific message, then most of the money will be wasted (Kotler, P. 1997: 651).

Internet

When a company uses the Internet as medium, it is possible to target the receiver better than for instance with television. An Internet site can be updated regularly, and the receiver is able to participate through interaction on a website. In this way a company can also collect a great deal of knowledge about the receiver which may be a great help in further marketing. However, Internet advertising may be challenging as the consumer can easily be distracted due to the many impressions and opportunities the Internet offers, and this is what Kotler characterises as *noise* (Kotler, P. 1997: 731ff).

Outdoor

Outdoor advertising is often used as a secondary or reminding message combined with advertising in another medium. The message is often read by people on the move, so the instant impact is essential. These types of advertising are most effective in raising awareness of a brand, rather than specific communication leading directly to action by the consumer (Ellwood, I. 2002: 81).

3.3.2.4. Receiver

The receiver consists of individuals; this is important to take into consideration because the receiver may decode the message differently on the basis of his or her individual experiences or cultural background (Mostov et al. 2005: 28). To achieve effective communication the receiver's decoding process must match the encoding of the sender, which means the receiver understands and interprets what the sender is trying to communicate. Furthermore, the more knowledge the sender has about the receiver, the better the sender can understand his or her needs and communicate more effectively (Kotler, P. 1997: 607).

3.3.2.5. Response/feedback

The receiver's reaction after seeing, hearing or reading a message is known as a response. In this connection feedback is very interesting, because it is the part where the receiver's response is communicated back to the sender. Feedback closes the loop in the communications flow, and lets the sender monitor how the intended message is decoded and received (Kotler, P. 1997: 606).

Feedback is an essential component of both interpersonal and impersonal communications, which permits

the sender to reinforce, change or modify the message in order to ensure it is understood in the intended way (Belch et al., 2004: 145).

When a company uses mass media like e.g. TV, it can be difficult to obtain feedback, as the sender is not in direct contact with the receiver, which might be considered a weakness. However, the emergence of digital media such as the Internet may enable a company to obtain feedback via blogs, websites, etc., where the company can interact with the receiver.

3.3.3 Summary

In accordance with Kotler's model of market communication, communication is 'effective' when the receiver's decoding of the message content produces the same meaning as intended by the encoder. In this way the content of marketing communication is closed, but accessible to a competent receiver. However, this has been criticised by for instance Professor of Marketing Richard J. Varey²⁷, because he stresses that people contextualise received messages – and co-orientation is unlikely once the message is realised out into others' interpretive frames. Furthermore, Varey considers Kotler's model as a linear series of encoding and decoding acts which do not explain human interaction (Varey, R. 2002: 22). According to Elisabeth Hoff-Clausen²⁸ there are other patterns of communication today. The Internet is contrary to 'old' media like radio and TV, a medium where receivers search for and select information themselves; this means that the receiver has entered a new role and thereby shifted the balance of power, which traditionally was characterised by linear communication from sender to receiver (Hoff-Clausen, E. 2002: 18ff).

Another problematic issue as regards Kotler's model is that it appears rather static and support ideas of standardisation, as the model considers communication as being 'effective' when the receiver's decoding of the message content produces the same meaning as the encoder intended. Nevertheless cultures differ and messages may be decoded in several different ways on the basis of each receiver's cultural background. Along these lines, when an international company wants to deliver a message, where it addresses cultural differences, it may be more dynamic in the encoding/decoding process and allow for different interpretations and responds of the intended meaning. On this background messages might become more effective.

Even though Kotler's model has been exposed to criticism we find the model of market communication useful in our analysis, and a good tool for analysing Arla's marketing due to its interactive elements in the form of feedback and response. Besides, in our analysis we seek to take the influence culture might have on

²⁷ Richard J. Varey is Professor of Marketing, and a specialist in social marketing, human interaction in commercial situations, and systems of managed communication (Waikato Management School, 2011).

²⁸ Elisabeth Hoff-Clausen is PhD in rhetoric in digital media at Copenhagen University, and author of several books and articles concerning this matter (Institut for filosofi, pædagogik og retorik, Københavns Universitet, 2011).

the way a message is decoded by the receiver into consideration, by analysing the cultural differences between Denmark and the UK, and how messages eventually can be interpreted differently.

3.4. Branding

Other than investigating how Arla markets itself we also intend to study how the company communicates its brand. In that respect one may ask "what is a brand?" which is a question that cannot be answered unambiguously, as it depends on different perspectives. For this reason the following chapter investigates what the term 'brand' covers through an assessment of central understandings of what branding encompasses. Therefore, the purpose of this section is to identify the overall branding perspectives and elements.

Historically, a brand was a sign that stockbreeders burned in their cattle to avoid confusions and theft. Later on when the cattle had to be sold the brand could function as a quality sign (Møllerup, P. 2008: 25). The concept 'a brand' encompasses a company or a product, their presentation and resulting image (cf. brand image).

There are various interpretations of what a brand can be defined as;

A brand is a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or group of sellers, and to differentiate those goods or services from those of competitors (Aaker, D. 1991: 7)

A brand is a complex bundle of images and experiences in the customer's mind. A brand represents a promise by a particular company about a particular product; it is a sort of quality certification (Keegan et al. 2003: 400)

A brand is a complex symbol. It is the intangible sum of a product's attributes: its name, packaging, and price, its history, its reputation and the way it's advertised (Ogilvy, 1955 in Søndersø-Olsen, H. 2003: 176)

In general these brand definitions are very similar. However, the definitions above highlight the brand concept from different perspectives. Aaker focuses on making products stand out and differentiating them from competitors' products, whereas Keegan has more focus on how the brand is perceived in the mind of the consumer, and Ogilvy emphasises the attributes of a certain product. Combined, we believe that these theorists' definitions help illustrate the essence of the concept branding. However, in our conceptualisation of a 'brand' in this study we agree with David Aaker's definition of the term as he encapsulates the concept rather precisely, according to the focus area in our analysis.

The objective of branding is to provide the brand with a personality which is both attractive and unique for

the company's potential consumers (Aaker, D. 1991: 7). Branding of a product is seen as a multiple and multi-layered process, where a company makes decisions concerning the name of the product, marketing as well as additional decisions; these create symbolic increased value in connection with the product's profile on the market. Overall, the purpose of branding is to ensure that the target audience is able to recognise the product from the competitors' products (Andersen et al. 2005: 413). So when the consumers know a company's name and logo, the company may not have to work as hard at gaining visibility.

3.4.1. Brand Equity

Brands vary in the amount of power and value they have on a market. The increased value, which is added to the product via its brand, can be characterised as brand equity. Aaker defines brand equity as;

A set of asserts (and liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm's customers (Aaker, D. 2010: 7)

In other words, the term refers to the value (both tangible and intangible) that a brand adds to a product. This value derives from the consumer's perception of the brand's superiority, the social esteem that is provided when using the brand, and the consumer's trust and identification with the brand (Schiffman et al. 2008: 239). Furthermore, brand equity may result in consumers showing preference for one product over another when they are basically identical, and are willing to pay more for a specific brand (Kotler, P. 2003: 422). Brand equity is very important for low-involvement purchases, such as inexpensive consumer goods that are bought routinely and with little processing of information. A study (Osselaer et al. 2000) found that very strong brand signals – for instance the ones conveyed by brands with high equity – have an advantage as competitors of a strong brand will find it difficult to 'teach' brand-loyal consumers about the benefits of their own brand (Schiffman et al. 2008: 240).

According to Aaker brand equity can be divided into four major asset categories (Aaker, D. 2010: 8):

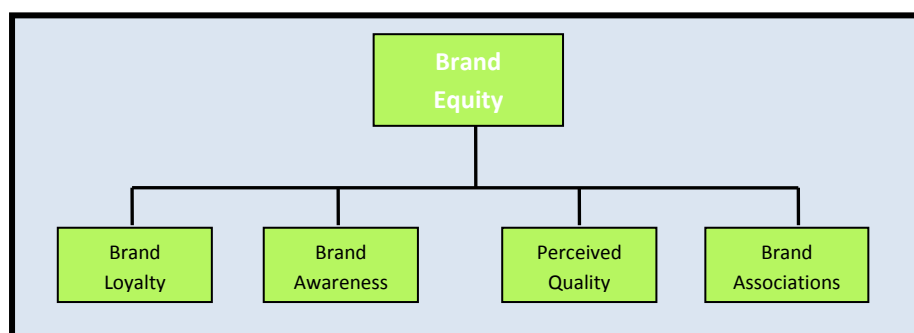


Figure 7. Brand Equity (Aaker, D. 2010: 8)

These four categories of assets underlie the brand equity and they create value for the consumer and the company. Brand equity may help a consumer interpret, process, and store huge quantities of information about products and brands. The categories are mutually related and represent different dimensions of the brand, and they will be elaborated in the following.

3.4.1.1. Brand loyalty

Brand equity has the potential to add value to a company by creating for instance brand loyalty, and thereby creating awareness and competitive advantage. Aaker defines brand loyalty as;

A measure of the attachment that a customer has to a brand. It reflects how likely a customer will be to switch to another brand, especially when the brand makes a change, either in price or in product features
(Aaker, D. 1991: 39)

Aaker identifies five levels of brand loyalty in his *brand loyalty pyramid* (cf. figure 8), ranging from very loyal to no brand loyalty (Aaker, D. 1991: 40).



Figure 8. Aaker's Brand Loyalty Pyramid (Aaker, D. 1991: 40)

However, these five levels do not always appear in the pure form as depicted above. Some consumers may tend to have a combination of these levels, for instance buyers who like the brand and have switching costs. Nevertheless, the pyramid provides a framework for the variety of forms that loyalty can take and the impact it may have on brand equity (Aaker, D. 1991: 41).

Brand loyalty is a very important element in branding, because a highly loyal consumer base can be expected to generate a predictable sales flow, which might lead to increased market share and greater profits (Aaker, D. 2010: 21). It is important for companies to show consumers that their product is the best, to encourage repeated purchase and ultimately, to develop loyalty to the brand name and brand equity for

the company (Schiffman et al. 2008: 240). Therefore, the consumers' relations and loyalty towards the brand should not be underestimated by a company, as lack of loyalty makes the company vulnerable to competition.

3.4.1.2. Brand awareness

Awareness refers to the strength of a brand's presence in the mind of a consumer, and can be defined as;

The ability of a potential buyer to recognize or recall that a brand is a member of a certain product category
(Aaker, D. 1991: 61)

Awareness can be measured along with the different ways in which a consumer remembers a brand.

According to Aaker awareness is divided into four levels (Aaker, D. 1991: 62).

- **'Top of mind'**. The first brand recalled by the consumer.
- **'Brand recall'**. The first brand recalled unaided by the consumer in a specific product class category.
- **'Brand recognition'**. The consumer recognises the brand name and the product category to which it belongs, but only when prompted.
- **'Unaware of brand'**. The consumer does not know the brand.

(Aaker, D. 1991: 62)

Brand awareness plays an important role because if the brand is recognised by the consumer, there is an increased probability that the brand will be chosen over other brands. Awareness may also have an effect when a consumer is in a buying decision, for example a consumer may have decided only to buy known or well-established brands. However, for low-involvement products (purchases of minimal personal importance) even a small amount of recognition can be enough to lead to a buy (Schiffman et al. 2008: 230). Besides, awareness affects how brand associations are understood and how strongly they are acknowledged. Attitudes towards a brand cannot be developed or changed if the consumers are unaware of the brand's existence (Apéria et al. 2004: 45), so awareness is a key factor in encouraging consumers to try new products. Tests from ACNielsen Bases²⁹ have shown that the relationship between product trials and awareness is almost proportional, so if awareness doubles in the media then the quantity of trials doubles as well, which may result in double volume (Apéria et al. 2004: 46).

3.4.1.3. Perceived quality

Perceived quality is often the key positioning dimension for brands that range over product classes (such as Kraft). These brands span product classes, and are therefore less likely to be driven by functional benefits,

²⁹ ACNielsen Bases is a global marketing research firm that provides new product forecasting.

and perceived quality will most likely play a larger role (Aaker, D. 2010: 19). Perceived quality can be defined as;

The consumer's perception of the overall quality or superiority of a product or service with respect to its intended purpose (Aaker, D. 1991: 85)

Ergo perceived quality is an intangible overall feeling about a brand. The term is usually based on dimensions including characteristics such as reliability, performance and symbolic significance, which are attached to the brand (Aaker, D. 1991: 86).

In many contexts, perceived quality of a brand provides the consumers with a 'reason-to-buy', and it has an influence on which brands are included and excluded from their consideration, when the brand is to be purchased. Perceived quality is linked to purchase decisions, and it can make a marketing campaign more effective, because if the perceived quality is high advertising is more likely to be effective (Aaker, D. 1991: 87).

Moreover, perceived quality may enable a company to charge a price premium, which is when a consumer is willing to pay more for the brand than for a brand that offers similar benefits (Aaker, D. 2010: 320). The price premium may also be a good way of measuring brand equity because it captures the loyalty of the consumers. If the consumers are loyal they should be willing to pay a price premium; if they are not willing to pay more, the loyalty level is assumed to be low (Aaker, D. 2010: 321).

3.4.1.4. Brand associations

Brand associations are anything mentally linked to a brand. These associations can include product attributes, a celebrity, or a particular symbol. It is a necessity for a brand to have positive associations in order for consumers to relate a brand with something positive.

Brand associations are the attributes of the brand which come into the mind of consumers when the brand is mentioned, and it can be defined as;

The degree to which a specific product is recognised within its product category (Aaker, D. 1991: 272).

In this way the associations represent the basis for purchase decisions and for brand loyalty. Positive brand associations are developed if the product, which the brand portrays, is durable, marketable and desirable. It helps a company gaining goodwill, and obstructs the competitor's entry into the market (Aaker, D. 1991: 272). Therefore, it is always relevant for a company to work with brand associations in order to prevent a deterioration of the image.

3.4.1.5. Source criticism

In our description of brand equity we have used Aaker's model, though the model has been exposed to criticism. One of the critics is Professor of Marketing and Management, Patrick Barwise, who states that Aaker's four active categories are not verified in practice – meaning that they are no guarantee of success in the long run (Barwise, P. 1993: 93-104). This means that the model can be difficult to apply as qualified basis for decision in a company.

Furthermore, Aaker's brand equity model can be seen as a tool to simplify reality, because in reality it can be difficult for marketers to control a brand, and thereby influence consumers as they have more influence on the branding process today (cf. pp. 47). Besides, we are aware that in reality all the elements do not necessarily appear as constructed in Aaker's model; however the model creates a good overview of important elements in branding. We find it good at describing what consumers obtain from using a brand as well as the advantages that the owner of a strong brand has.

In order to make a sufficient analysis of branding in general, it is important to include aspects of brand image and brand identity which will be introduced in the following section.

3.4.2. Brand image

Consumers develop their own set of brand beliefs about each brand, and the set of brand beliefs make up the brand image, which can be defined as;

A cluster of attributes and associations that consumers connect to the brand name (Biel, A. 1993: 71).

These associations can be *hard*, as they are specific perceptions of tangible functional attributes such as price premium, experience and design. They can also be *soft* emotional attributes such as innovation and fun. Products with a soft brand image often fulfil consumers' needs for group membership and affiliation (Biel, A. 1993: 71).

The brand's image is the recipient's perception of the brand, and it is created by the company, but it is also affected by external factors – among these e.g. the recipient's culture (Mollerup, P. 2008: 13). Furthermore, the brand image is shaped on the basis of the recipients' numerous encounters with the brand which each have an experienced value. The individual consumer's perception is characterised by the brand's image, but also by the context – the situation in which the brand is experienced (Mollerup, P. 2008: 18).

Sometimes a brand needs to change its image in order to remain relevant or to adapt to a new strategic direction. The image change may be the most important objective, and an eventual sales success of an extension of a company's portfolio may not have first priority. However, extension can reinforce the brand image and thereby provide a brand-building function instead of weakening the brand name and draining its

goodwill (Aaker, D. 2004: 210).

The essence of successful marketing is the image that a product has in the mind of the consumer – that is its positioning (Schiffman et al. 2008: 187). Therefore, it is important to have a good position in the mind of the consumer, as it takes a long time to build a good brand name, whereas if a company receives bad publicity its reputation can quickly get ruined. Consequently, a good brand image holds great importance and has the advantage that it cannot be copied from the competitors (Andersen et al. 2005: 443).

3.4.3. Brand identity

After having explained the term brand image, we will now include the term brand identity. The reason for clarifying this term is that it varies from brand image. *Brand image* is how the brand is perceived, whereas *brand identity* is how a company wants the brand to be perceived (Aaker, D. 2010: 71).

There are several brand identity models that can serve as a tool for controlling the brand identity. Kapferer's brand prism (2008) and Aaker's identity structure (2010) is considered as two of the most relevant models. The essence of both models is the combination of several aspects that make the identity unique. Kapferer has main focus on the identity of the brand (Kapferer, J. 2008: 183ff), whereas Aaker sees brand identity as an element of brand management within companies (Aaker, D. 2010: 85ff). Aaker's identity structure is not as specific as Kapferer's prism, but it has one characteristic that the prism does not contain; the core identity. For this reason Aaker's brand identity structure will be elaborated in the following.

According to Aaker, brand identity consists of a core identity and an extended identity, which the figure below portrays. The core identity represents the fundamental values, while the extended identity depicts the brand as a whole and can be adapted to different markets.

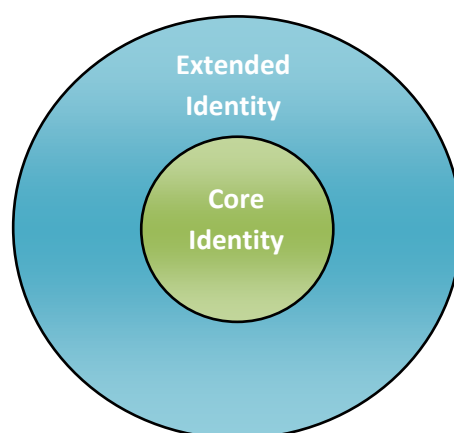


Figure 9. The Identity Structure (Aaker, D. 2010: 86)

3.4.3.1. The core identity

The core identity represents;

The timeless essence of the brand. It is the center that remains after you peel away the layers of an onion
(Aaker, D. 2010: 85)

The core identity contains the associations that are most likely to remain constant over time. It is central to the meaning and the success of the brand, and it contains values and associations of the brand that remain unchanged when the brand enters new markets (Aaker, D. 2010: 86). Aaker stresses there should be a close correspondence between the values of the company and the core identity. So the core identity must include elements that make the brand both unique and valuable, and contribute to the basis of the brand's credibility. The core identity may contain several aspects; for instance the central values of the brand (B&O: *Design*), the core competences of the company (Volvo: *Safety*), or the most important attributes of the product (Coca-Cola: *The real taste*) (Aaker, D. 2010: 86ff). As a result, the core identity elements make the brand sustainable, unique and valuable.

3.4.3.2. The extended identity

As opposed to the core identity, the extended identity is changeable. It includes elements like logo, sub-brands, slogans and brand personality which provide the brand with details that portray what the brand stands for, and are in line with the core identity. Sometimes a slogan can express elements of the core identity. For instance "just do it", suggests that Nike is committed to enhancing peoples' lives through athletics, and "I'm lovin' it" suggests that McDonald's serves food people love. The extended identity provides the company with the opportunity to add useful details to complete the brand identity, like for instance a logo; McDonald's' *Golden Arches* and Nike's *Swoosh* symbol. According to Aaker, a reasonable hypothesis is that within a product class, a larger extended identity means a stronger brand—one that is more memorable, interesting and connected to consumers' lives (Aaker, D. 2010: 88).

The extended identity functions as supplement to the core identity, and combined they form the total identity of the brand. This does not make the extended identity less important to the brand, as an extension of the brand's personality will give the consumer a possibility of creating more positive associations around the brand.

3.4.4. Summary

As a starting point branding is about differentiating a company from competitors. For this purpose a company can for instance work on the aspects brand equity (brand loyalty, brand awareness perceived quality, brand associations), brand image and brand identity. For companies it is important to show

consumers that their brand is the best and to develop brand loyalty. However, brand loyalty differs from the other three elements as it requires prior purchase and user experience. The importance of brand awareness is that a well-known brand is more likely to be chosen by a consumer rather than an unknown brand. Perceived quality may affect the consumer's decision and loyalty in connection with the brand. Brand associations can make the consumer feel attachment and loyalty to the brand. It is therefore important for a company to have its brand associated with something positive, as this may create a good brand image and a bigger chance of sale. However, a company is not only dependent on consumers' perception of the brand; a company also has the opportunity to influence how it wants its brand to be perceived by creating a good brand identity through core identity and extended identity. In this way a company is able to add value to its brand and influence the brand as a whole.

3.5. Consumer culture

In this section we will illustrate different factors that may have an impact on a company's branding and marketing with a starting point in consumer culture based on Douglas Holt's studies of branding and consumer culture in the article *Why Do Brands Cause Trouble?* (2002). Consumer culture can be related to Gullestrup's 7th segment 'ideology' where people try to create a common ideology within a culture through sustainable consumption, among other things.

In Holt's article he suggests an interaction between the two terms branding and marketing, as society develops and argues for a new consumer culture where consumers today have more influence on the companies and their marketing than earlier.

Holt presents two rather opposing definitions of consumer culture;

The concept "consumer culture" refers to the dominant mode of consumption that is structured by the collective actions of firms in their marketing activities (Holt, D. 2002: 71)

Consumer culture is the ideological infrastructure that undergirds what and how people consume and sets the ground rules for marketers' branding activities (Holt, D. 2002: 80)

The first definition originates in a traditional marketing understanding of consumer culture, where companies through their marketing can set the agenda for how consumers consume. This means that consumer culture is considered from a classic stimulus-response perspective where a consumer is affected in the purchase decision. Stimulation can be paired with a brand name, which may teach the consumer to feel hungry, thirsty or aroused when later exposed to brand cues (Solomon et al., 2010: 247). An example can

be the Coca Cola advertisement in the cinema where consumers hear the sound of a glass being filled with Coca Cola; after seeing this advertisement many people feel an urge for a Coca Cola.

The second definition makes up a newer understanding of consumer culture, because the consumer in this definition is the one to set the agenda for the companies' marketing activities. Holt explains that this is the result of increasing wealth combined with the consumers' ability to see through the techniques of branding and marketing (Holt, D. 2002: 80).

Compared with the first definition of the relation between consumer cultures and branding, the second definition stresses a transfer of power as it is consumer culture that decides the branding and marketing activities in present society. Holt suggests branding has its starting point in assumptions of the existing consumer culture as these two elements are connected (Holt, D. 2002: 80). In other words the critical consumer has a more central role than earlier, and consumers have some degree of control over the market as they can defy the dominance of the companies by making demands on products, production and communication through their deliberate consumption.

We estimate that the second definition is the best way to illustrate consumer cultures today, since consumer trends like political consumption, organics, health, sustainability, etc. are addressed to a larger extent. For this reason various consumer trends will be elaborated in the following section, on the background that Holt emphasises their influence on branding and marketing today.

3.5.1. Consumer trends

There is no lack of terms when modern consumer trends are described. Today, consumers tend to have an increased focus on a healthy lifestyle, political consumption including organics, and consumers are to a great extent driven by emotions rather than physical needs. Additionally, many companies use present society trends in their strategic work within central business areas such as product development and marketing.

3.5.1.1. The political consumer

Political consumption has increased in the last couple of years, and today political consumers can use their buying pattern as a weapon against companies they do not like, and hereby support companies that reflect values similar to the consumers' own. In this way a political consumer can select products according to a company's ethical behaviour; this includes respect for human rights, animal protection, environmental friendliness and support for various beneficial courses (Solomon et al., 2010: 50). A political consumer can be defined as:

*En person som tager væsentlige værdimæssige hensyn, når vedkommende bevidst køber eller afstår fra at købe bestemte varer med den hensigt at fremme et politisk mål*³⁰ (Andersen et al. 2001: 12).

Consequently, a political consumer is not a person who for instance buys organic food due to the taste or healthy qualities, but due to the societal consequences of consumption. In other words, the consumer is engaged by the wanted or not wanted consequences the consumption has for the production methods, and the possibility to use one's right to vote as a consumer (Andersen et al. 2001: 19). An example of this tendency is a study made by The Danish Consumer Council in 2007. Here it appears that most of the Danish consumers buy organic products due to healthy qualities, ethical production methods, animal well-being and because the consumers wish to support organic farming. Given that more consumers buy organic products, it can be considered as a consumer trend which will continue in the future (Hersom, C. 2007).

As mentioned, the tendency of selecting specific products for political reasons has been increasing; more than a third of the Danish population in the last couple of years has selected or deselected products for political reasons. This is also the trend in many other European countries where a lot of people buy or refuse to buy specific types of food or brands to express an opinion about a political or social issue (Halkier et al., 2007: 395).

Today, consumers are more well-educated and well-informed than before (Larsen et al., 2000), and this may be one of the reasons why consumers expect companies to be aware of their responsibilities. Companies have become part of society, and consumers have become part of companies. Thereby the traditional importance of pure profit has been expanded with concerns about the society. Now issues such as the environment, social responsibility and business ethics engage companies, and this might assign the political consumers' control as they are able to set an agenda (Larsen et al., 2000).

3.5.1.2. Health

Health consciousness is one of the dominant drivers of consumer markets in the 21st century. In food markets many products are marketed by addressing health concerns, and even basic foods address issues of calorific content, additives, organics, salt- and sugar volumes. So being healthy has become an area of focus, and people's knowledge and interest in a healthy lifestyle have never been bigger – not only in the media but also in real life (Langer, J. 2005: 101). Generally, people are more absorbed in maintaining and strengthening their physical and mental state of health; this is expressed as people flock to fitness centres, and watch the many lifestyle programmes in TV which offer short cuts for 'eternal health' (Langer, J. 2005:

³⁰ "A person who takes significant considerations when the person in question intentionally buys or refuses to buy certain goods with the intention to advance a political goal"

103), like for instance Chris MacDonald³¹ who regularly appears on Danish TV where he advocates for a healthier lifestyle (MacDonald, C. 2011).

In 2005 the search engine Google had 685,000,000 hits on the search word “health” (Langer, J. 2005: 103), whereas if “health” is googled today the hit rate is 2,190,000,000³². The latter suggests an increasing focus and interest in health and healthy lifestyle. However, health per se does not sell products, but the image of health does. The reason is that health also has become a field of identity creation, and at the same time the health wave is of great importance to the food business. Therefore, many companies have changed some of their products due to consumer demands of healthier products. In consequence, companies such as Arla and Carlsberg have started to focus on products with low calorie and sugar content (Lassen, L. 2010).

Another aspect of the health wave is the fitness/wellness industry which has become very popular.

According to Trendwatching.com³³ a good health is now as important to some consumers as having status symbols, and for this reason a growing number of consumers will expect healthier products and services from companies to improve the quality of life. It also means that consumers are likely to buy products with embedded health benefits, but at the same time the product has to be tasty, well-designed and so forth (Trendwatching, 2011).

3.5.1.3. Motivation for consumption

Motivation is the driving force within individuals as it impels them to consume. This driving force is produced by a state of tension which exists as the result of an unfulfilled need. It is this need for reducing tension that drives the individual consumer to engage in behaviour, where the need can be satisfied and the tension reduced (Schiffman et al., 2008: 105).

Traditionally, consumption was about fulfilling basic human needs, but today consumption is to a great extent about self-realisation. Abraham Maslow has illustrated these needs in the pyramid ‘Hierarchy of Needs’ below (cf. figure 10).

³¹ Chris MacDonald has an MSc in Human Physiology at Copenhagen University and has created several popular TV shows on the Danish TV channel DR1 like “By på skrump”, “Chris på Vægten” and “Chris på Chokoladefabrikken”.

³² Google search March 23, 2011, 10:16.

³³ One of the world's leading trend firms which scans the globe for emerging consumer trends. They report on their findings in free, monthly Trend Briefings sent to 160,000 subscribers.



Figure 10. Maslow's Hierarchy of Needs

According to Maslow the individual consumer has five different needs. The lowest needs in the pyramid are the most important, and the needs are therefore satisfied from the bottom and up. Today, the consumers primarily focus on the upper needs that concern experiences, emotions and dreams, and these needs are covered through consumption (Søndersted-Olsen, H. 2003: 85). We stage ourselves with our consumption. This means that products must have an attribute besides a functional one, because through consumption people express who they are. Consumers also buy products that fit with -and are able to signal their lifestyle through the product's emotional significance – the product must to a great extent appeal to the heart rather than the brain (Dahl, H. 1997: 14).

According to Christian Jantzen and Per Østergaard the modern consumer can be characterised as an emotional being, a daydreamer or a hedonist. In other words, a person's consumption is not controlled by physical needs, but instead by the feeling of pleasure as humans strive after achieving pleasurable sensations, and on this basis purchasing decisions are made. Given that consumers today have most of their basic needs fulfilled, they attempt to add quality and pleasure to experiences and products. For instance expensive designer furniture is not a physical necessity given that IKEA furniture fulfils the same physical need, but it is a purchase motivated by desire (Jantzen et al., 2007: 84).

In the light of the above, the modern consumers are not propelled by physiological needs like hunger, thirst, etc. but instead by other elements like desire, pleasure and status. This aspect is significant for a company to take into consideration, both in its product range and its marketing.

3.5.1.4. Social media

The last consumer trend to be highlighted is social media; this is one of the most considerable changes within consumer culture and marketing in recent years. Consumers have started to interact more on the

Internet for instance via Facebook, Twitter and blogs, where people join communities of interest, make status updates and give comments and feedback on different subjects (Dinesen, K. 2008: 16). The reason might be that the modern consumer has a bigger need than earlier of joining communities, which provides the consumer with a feeling of identity and affiliation.

There is no precise definition of the concept social media. However, literature is filled with various reflections over the concept and many rewritings. Marketing strategist David Scott is a well-known social media speaker, and has composed the following definition which we believe covers the concept very well;

Social media provides the way people share ideas, content, thoughts, and relationships online. Social media differs from so-called "mainstream media" in that everyone can create, comment on and add social media content. Social media can take the form of text, audio, video, images, and communities (Scott, D. 2010: 38).

Various tools exist within the social media concept, and these social media tools all encompass ways for users to express their opinions online (Scott, D. 2010: 37). Some of the most familiar are:

- **Social networking** sites like Facebook, Twitter, and LinkedIn. Here people are in a community of friends where they share information.
- **Blogs**, a personal journal or diary, function as a small website where an active community of readers can comment on the author's posts.
- **Content communities** like YouTube and Flickr simplify the process of sharing and commenting on photos and videos.
- **Forums, chat rooms and message boards** serve as online meeting places which give the consumer the possibility of participating in online discussions.

(Scott, D. 2010: 37)

From a company's point of view these different social media tools bring new possibilities to marketing as they allow a company to communicate directly with its buyers. Therefore many companies have implemented a concept within social media called *online viral marketing*, which refers to the strategy of getting consumers to "sell" a product on behalf of the company that creates it (Solomon et al. 2010: 403), for instance via forwarding an online commercial from YouTube.

The reason behind social media's spreading among modern consumers may be that social media is a new and efficient way for a consumer to satisfy needs like information searching, personal identity, social interaction and entertainment.

Another aspect is that consumers are increasingly sceptical of companies' advertising messages and the promises they make, instead consumers trust more in the network and companies they have a relation to. According to Paul Chaney³⁴ consumers have more faith in recommendations from friends and family over companies' marketing. This means that the most important communication today may no longer be the traditional linear marketing, as highlighted by Lasswell, but more a dialogue that takes place among consumers for instance via social media like Facebook (Chaney, P. 2009: 3). Given that consumers have little trust in marketing messages, companies have to work much harder for their attention and more importantly, their trust. A way can be to implement social media in order for companies to reconnect with consumers, rebuild trust, renew consumer loyalty and re-humanise the company.

3.5.2. Summary

In this section we have attempted to illustrate different factors that may affect companies' branding and marketing. We have included various theorists who have several understandings of the different aspects within consumer cultures, and the elements which may influence marketing. However, a common feature is changes within consumer cultures, as consumers have more influence on a company's marketing, and where current society trends like social media and political consumption play a significant role. Therefore studying consumer cultures may enable companies to understand and predict consumer trends in the marketplace; it is not only concerned with what consumers buy, but also with how and why they buy.

³⁴ Paul Chaney is Internet marketing director for Bizzuka, he also serves as President of the International Blogging and New Media Association (IBNMA).

4. Arla Foods

In the present section we will submit a presentation of the company Arla in general. The purpose of the section is to provide the reader with an understanding of Arla, its markets and its ambitions. Besides, we find it necessary with thorough background knowledge of the dairy company, in order to make a sufficient analysis of Arla's marketing and branding on the British and Danish markets.

The section begins with a company profile comprising e.g. Arla's history and ownership. Subsequently, we will account for Arla's ambition, referring especially to strategy 2015, and finally a profile of Arla Foods in the UK will be presented.

4.1. Company profile

Arla Foods is one of the world's largest dairy companies. Our products are marketed in more than 100 countries. We employ 16,215 people (Arla Foods, 2010a: 3)

This is how CEO of Arla, Peder Tuborgh, describes the company. However, the story behind Arla goes back more than 120 years where independent farmers had a desire of creating better products by joining forces, and the idea of a co-operative society was born (Arla.com, 2011b). Arla came into existence at April 17, 2000 as the result of a merger between the Danish MD Foods and the Swedish Arla (Bigum, J. 2007: 509), and is today a global dairy company and co-operative owned by 7,178 Danish and Swedish dairy farmers (Arla.com, 2011a). Arla has production facilities in 12 countries, e.g. Denmark, the UK, China and Brazil, and its products are sold globally although its two main markets are Scandinavia and the UK. Arla is one of Europe's leading dairy processors and also ranks within the top ten globally. It all started in Scandinavia, and today Arla is a leading global company – also within organic dairy products – which seeks to make modern technology and nature go hand in hand (Arla.com, 2011b).

Nevertheless, during Arla's 11 years of existence the company has not been entirely successful. In the period 2003-2008 Arla went through a lot of negative publicity in the media due to five major crises: A *lawsuit* from Hirtshals Dairy regarding a violation of the competitive legislation led to heavy criticism of Arla in Denmark, a *reduction in members* in consequence of increasing food prices and low transfer prices to the members of the co-operative society, the *Cartoon Crisis* where Arla experienced a total consumer boycott in the Middle East and criticism in Denmark from politicians and consumers, an *unsuccessful merger* with the Dutch dairy company 'Campina', and finally the "*Milk powder scandal*" where Arla's joint venture in China produced milk powder polluted with melamine (Springborg, S. 2011; Politiken, 2006; McLaughlin, K. 2008).

After many years with negative publicity in the media and a predominant negative perception of Arla among the Danish consumers, a more positive picture appears today. Therefore Arla conducts measurements each year in order to measure the consumers' perception of the company (Arla.com, 2010: 29).

Arla's objective is to be the consumers' preferred dairy. In Northern Europe – with a wide range of dairy products, in Southern Europe – with selected ranges of cheese and butter, and outside Europe – with a product range adapted to the individual markets. With Northern Europe as its natural domestic market, Arla provides consumers with a broad range of dairy products sold in more than 100 countries and encompass e.g. cream, milk, cheese and butter. So from a solid base in Denmark and Sweden, where the company has its roots, Arla aims at maintaining close links with consumers in all key export markets through a large range of dairy products (Frode, B., 2011).

Arla has a broad range of products and is active in all the main sectors of the dairy market. Fresh products, including liquid milk, cream and yoghurt, generate about 45 per cent of the turnover, followed by cheese at just over 25 per cent and milk powder on 13 per cent. Butter and spreads, including Arla's flagship Lurpak brand, account for 13 per cent of the turnover (Food and Drink Business, 2010).

4.2. Ambition

Arla has one ambition – to create one global Arla. The ambition is called *one* and covers the company's *mission, character (values), vision and strategy 2015* (Arla.com, 2011d: 3).

4.2.1. Mission

Arla's company mission is *"to offer modern consumers natural, milk-based food products that create inspiration, confidence and well-being"*. The mission describes the value Arla wishes to create for consumers who buy its products, and the work in creating this value for consumers happens throughout the value chain from cow to consumer – which Arla characterises as one of the company's strengths. Furthermore, Arla wishes to increase consumer safety and well-being by offering high quality dairy products. This means that not only taste and food safety need to be satisfactory, but also that the products are produced in an ethically responsible and sustainable way (Arla.com, 2011d: 4).

4.2.2. Character (values)

Within Arla the values are based on an ambition of creating one global Arla through the central values: *Lead – Sense – Create*. The company strives to have a leading mindset, a sensing approach and a creating culture (Arla.com, 2011e).

- **LEAD** is about taking the lead, being in the driver's seat in all the company's actions. It revolves around being passionate, striving for leadership and identifying the highest potential in people, business and relationships.
- **SENSE** is about perceiving the company's people, consumers and the world around it. It focuses on showing integrity, having an open mind, seeing opportunities and high potential in people, business and relationships.
- **CREATE** is about developing and being creative in acquiring expertise, products and market relationships. It focuses on creating and developing strong potential in people, business and partnerships.

(Arla.com, 2011d: 5)

These features reflect who Arla is, what the company stands for and believe in, and how the company will achieve its goals. *Lead – Sense – Create* must define Arla in every aspect, for which reason the company has incorporated the characters into the daily work, as Arla believes that with a common set of values the company can achieve the targets set out in the company mission, vision and strategy (Arla.com, 2011d: 5).

4.2.3. Vision

Arla's vision is to be the leading dairy company in Europe through strong value creation, and active market leadership in order to achieve the highest possible milk price. The aim is to be the most attractive dairy company for owners, employees, customers and suppliers, while creating value by meeting the demand for natural, inspirational, safe and healthy dairy products.

As the market leader Arla has a strong negotiating position with competitive prices, products and services, but at the same time the company must continue to pursue ethical guidelines and show respect for the surrounding world. This is part of the responsibility Arla assumes as market leader (Arla.com, 2011d: 5).

4.2.4. Strategy 2015

In the effort to become the leading dairy company in Europe, Arla has a business objective of creating the best dairy products to more than 250 million consumers in Northern Europe/UK. This objective is called "strategy 2015" and was presented in 2008 as a part of the new Arla brand and a new logo (cf. pp. 59), and includes a revenue target of DKK 75 billion in 2015. The strategy is based on three cornerstones – innovation, growth and rationalisation – and the target will be met by means of the following five strategic ventures (Arla.com, 2011g):

- ✓ Market strategy
- ✓ Three global brands
- ✓ Innovation
- ✓ Whey protein
- ✓ Reduce CO₂

According to Arla's CEO, Peder Tuborgh, the focus of the strategy 2015 is on markets where the company is or can be leader, among other things. He characterises the strategy as focused, ambitious and demanding as it is a challenge for Arla to achieve its objectives and gain ground (Food and Drink Business, 2010).

4.2.4.1. Market strategy

Arla has three different types of markets which the company prioritises: core markets, growth markets and value markets.

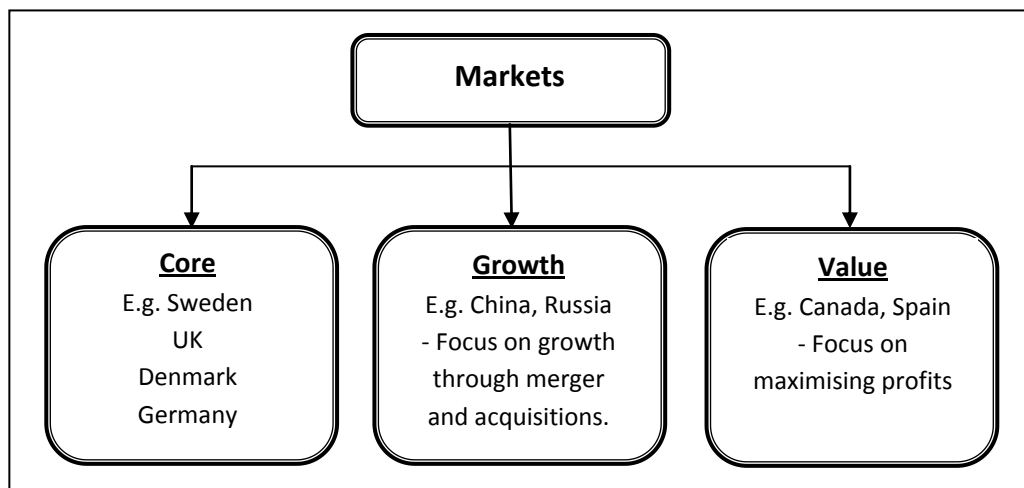


Figure 11. Arla Foods' Markets (Arla.com, 2011c)

Arla has identified seven *core markets* where the company will build strong positions within liquid milk as well as a full range of dairy products for the retail sector. In addition, Arla has three emerging markets with high *growth* potential, where the company will invest in acquisitions and new ventures to strengthen its positions in butter and spreads as well as dessert cheeses. The last type of market Arla defines as *value markets*. Here the focus is on maximising profits and moving milk from bulk to value added products, full-roll out of category leadership positions and further develop through potential partners with shared interests (cf. figure 11) (Arla.com, 2011g).

4.2.4.2. Three global brands

Arla wants to build a strong Arla brand and to be a global leader in added value butter and added value

cheese. Therefore the company has identified three strong brands; Arla, Lurpak and Castello which will be in focus on a global scale (Appendix 2: 4).

- **The Arla brand** – Closer to Nature³⁵ – will be both a corporate brand and a brand across all product categories.
- **The Castello brand** will be a first-class cheese brand on a global scale.
- **The Lurpak brand** will be the leading brand for butter and spreads, globally.

(Arla.com, 2011f)



The three brands will cover virtually all Arla's products and the purpose is then to create a strong impact on consumers across the world, and the marketing thereby affects more of Arla's products by gathering these under only three brands. However the Arla brand is used both to market the company and as a brand for all the company's products, except for Lurpak, Castello, low price products and the supermarket chains' own brands. In 2009 there were 75 brands under Arla, and the company has continued to consolidate these into fewer brands in 2010 (Arla Foods, 2009a: 11).

4.2.4.3. Innovation

Arla's intention with product innovation is to increase the number of new and existing products by doubling the company's development budget. The company intends to use more power and financial resources on product development, as research and innovation are considered an important foundation for Arla.

Besides, the product development may ensure that the consumers' wishes are accommodated (Arla Foods, 2010a: 12). There are two main groups within Arla's product development; *health* and *organic products*.

Health

Within health there are three things Arla tends to develop: Girlpower, Milk for Life and Milk's nutrition.

- *Girlpower* – Many teenage girls stop drinking milk. Therefore, Arla wants to develop interesting products for teenage girls who have stopped drinking milk in order to recreate or maintain this target group.
- *Milk for Life* – Arla develops products that reach all ages, which is why the company wants to make it attractive for consumers to continue drinking and eating dairy products throughout their lives.
- *Milk's nutrition* – To maintain the nutritional value of the milk, Arla wants to research the link between cow feed and the impact this has on milk's nutritional value (Arla.com, 2011h).

³⁵ Arla has an ambition to offer as many natural products as possible. Therefore, the company strives to bring the consumers "Closer to Nature", as a part of the company philosophy.

Organic products

In connection with Arla's new logo and the slogan "Closer to Nature", the company will attempt to maintain its position as the world's largest organic dairy, while also continuing to recruit more organic farmers and to launch new organic products (Arla.com, 2011h).

Arla believes that due to its size and character the company can make a significant difference as regards organic dairy products, and thereby make organic products available to a large group of consumers. Therefore, the organic products need to be payable to the consumers, without reducing consumers' demands on the individual products. In this connection Arla strives to set new standards for quality and innovation within organic products. Furthermore, Arla wants to develop various co-operations with interest groups, institutions and dairies in order to create an interesting and dynamic market place. This should be a part of the aim to double the weighing of organic milk in Denmark and Sweden within four years (Arla Foods, 2011a).

4.2.4.4. Whey protein

Arla's ambition is to become the world's leading supplier of whey proteins through innovation, research and acquisitions. Whey protein is the product left over from cheese production, and is used in ice-cream, yoghurt, infant formula, food supplements for athletes and the infirm, bakery products and a number of other food products. The key is for Arla to improve access to whey because without the raw material the company might fail to exploit the huge potential in the markets (Arla.com, 2011i).

4.2.4.5. Reduce CO₂

This part of "strategy 2015" goes further than the year 2015, as it is more time demanding. The focus is to minimise Arla's carbon footprint, so the company seeks to reduce its emissions of greenhouse gasses from transportation, production and packaging by 25 per cent in 2020 (Arla Foods, 2010a: 12). In total there are four focus areas within Arla's climate strategy where the company tries to reduce CO₂ emissions; Cattle farm, transport, food productions and packaging (Arla Foods, 2011b).

4.3. The Arla logo

In connection with Arla's new strategic plan "strategy 2015" Arla has made a change of its logo and a change in the marketing efforts since 2008. The reason is that Arla had a wish to unify its many brands, and instead concentrate the effort around Lurpak, Arla and Castello. At the same time the main message in the marketing is for Arla's products to be natural, produced free from artificial additives and on the whole "Closer to Nature", which should be reflected in the new logo (Attrup, L. 2008).

The new green logo is a substitute for the previous red consumer logo and the green supplier logo. Chief marketing officer at Arla, Anne With Damgaard, explains that the change of logo is a part of Arla's journey:

Det her er meget mere end bare et logoskifte. Det her er en helt ny retning for Arla som brand, og det er et logo og et brand, som vi kommer til at arbejde med i mange, mange år fremover. Samtidig betyder det, at vi fremover kun skal arbejde med ét logo, hvilket alt andet lige bliver billigere (Springborg, S. 2008)³⁶



Furthermore, the new logo is a part of the new image that Arla seeks to build, after several years with negative publicity. So the new logo is supposed to symbolise naturalness and environmentally friendliness as it is not only about building a new and fresh look (Rasmussen, K. 2008).

4.4. Arla Foods UK

Arla Foods UK can trace its roots back to 1864, but the major milestone in Arla Foods plc and Express Dairies plc's recent history was on 22 October 2003 when the two companies merged and formed Arla Foods UK plc – the UK's leading dairy company (Arla Foods, UK, 2011a).

Accounting for over a quarter of group sales, the UK is central to Arla's future development. Therefore, Arla has invested heavily in its UK business and will continue to do so as part of its growth strategy for this important region in the future (Food and Drink Business, 2010).

Arla Foods UK plc is the UK's largest supplier of fresh milk and cream, producing approximately two billion litres of milk every year (Arla Foods, UK, 2011b). In addition to being a major supplier of liquid milk and cream to the top retailers, Arla Foods UK leads the butter, spreads and margarine sector, and the company is home to some of the UK's leading dairy brands including Cravendale, Lurpak and Anchor, which Arla concentrates its marketing on. Cravendale is the number one milk brand in the UK and is worth £142 million, growing at 20 per cent year on year. The Anchor butter and spreads brand is produced under licence from Fonterra, the New Zealand co-operative, and is valued at more than £100 million. Lurpak is the number one butter brand in the UK and is worth over £200 million, while it is also an independent brand (Food and Drink Business, 2010; Talking Retail, 2011c). Therefore, the Arla brand per se is not a well-known brand among consumers in the UK, whereas the retail chain knows Arla very well due to the company's leading position (Appendix 2: 4).

³⁶ "This is much more than just a change of logo. It is a new direction for Arla as a brand, and it is a logo and a brand which we will be working with for many years to come. At the same time it means that we will only be working with one logo in the future, which is going to be cheaper"

As part of Arla Foods UK growth strategy, the company plans to build a new one billion litre liquid milk processing facility on the outskirts of London. The new facility will be the largest and most technologically advanced of its kind in the world. Intended to create a platform for Arla Foods UK to grow its fresh milk business, the new dairy will be operational in 2012. CEO of Arla Foods UK, Peter Lauritzen, also believes that the company faces a great future in the UK;

Arla is totally committed to a long-term sustainable future in the UK and the construction of the new dairy demonstrates that commitment. Incorporating the most sustainable building techniques the dairy will be the largest, most efficient and environmentally advanced in the world (Arla.com, 2011j).

According to Arla, the new London dairy will set new world-class environmental and efficiency standards, and be a positive step forwards, allowing UK farmers to work more closely with their Danish and Swedish counterparts – by increasing their stake in Arla Foods UK (Arla.com, 2011j).

5. Analysis of Arla's Global Marketing

As illustrated in the previous section, Arla is a major global company present on many different markets around the globe. Other than being a major global company, Arla wants to be one of the world's leading dairy brands. Therefore, the company is working on unifying its global organisation and marketing around the company's identity, objective, strategy and mission (Arla Foods, 2011c). Arla has made various marketing initiatives on the global market, and these indicate elements of both a standardised and adapted marketing approach. Arla's marketing initiatives are based on three brands; Arla – an umbrella brand for a number of products, Lurpak and Castello.

In the following section we seek to analyse and account for Arla's global marketing strategy on the basis of the Arla brand and the strategy "Closer to Nature" in Arla's advertising, annual reports and on its websites.

5.1. "Closer to Nature"

Almost three years ago Arla implemented the "Closer to Nature" strategy as a part of the strategy 2015 in order to obtain a global market position, among other things. Arla has developed the idea "Closer to Nature" by working with trend agencies, and from a quantitative consumer study among 3,700 consumers in seven countries which indicated how consumers across borders have preferences for natural food (Kunde & Co., 2011a).

The aim of the strategy is to bring all marketing of the Arla brand and sub-brands (e.g. Kærgården, Cravendale) together under the "Closer to Nature" strategy, as Arla wants to create a high level of global visibility. To implement this goal Arla has developed the same marketing platform for all markets, but with some variations according to local requirements (Arla.com, 2011k).

In this connection, brand director of Arla Foods, Karin H. Sommer states;

We must, of course, ensure that we don't become so global that we lose our sense of being local. This means that all local marketing colleagues will be involved and share in the responsibility for enhancing the unique position we have chosen with "Closer to Nature" (Arla.com, 2011k)

Karin H. Sommer's statement signifies that Arla plans global but at the same time acts local. This means Arla has an overall global marketing strategy; however local colleagues are also involved in promoting the strategy locally which indicates a mix of a standardised and adapted marketing approach.

5.2. The marketing of “Closer to Nature”

In order to communicate the “Closer to Nature” strategy, Arla has selected a global approach concerning the commercials with similar marketing material on all its markets, instead of launching a Danish inspired campaign (Appendix 2: 4). Arla has hired the international experienced British advertising agency AMV BBDO, to manage the Arla brand globally as Arla wants to have a more homogeneous communication (Graversen, F. 2010). According to Arla, another reason behind this global approach is that it has been possible to make a larger production in better quality by joining several markets’ marketing resources (Arla Foods, 2010b). This is in line with the standardised school of thought that stresses it can be complicated to have culturally adapted material, as representatives from the given cultures are needed which may hamper and slow the process (cf. pp. 21ff).

The marketing of “Closer to Nature” has required a huge marketing effort which is reflected by an increase in Arla’s 2010 marketing budget by 30 per cent compared to 2009 (Arla Foods, UK, 2010). For the “Closer to Nature” TV commercials 11 countries’ marketing efforts have been joined in one production, and this is also the largest campaign Arla has launched to date with six master commercials recorded and produced in Los Angeles (Graversen, F. 2010).

Generally, the commercials have more or less the same theme (Arla.com, 2011n); scenes from our hectic modern lives where people spend too much time indoor with TV and computers – and subsequently the incredible experience people can have by getting outside and *closer to nature*. The first commercial Arla launched depicts a boy playing computer, but when he drinks the Arla milk a cow appears, and they walk from the busy city and into the idyllic nature. This commercial is used in many markets without much modification as an advert for Arla milk. However, the milk brand is adapted to the local products.



Sweden³⁷



Denmark³⁸



Netherlands³⁹

³⁷ Arla Foods, Sweden, 2011

³⁸ Arla Foods, 2011h

³⁹ Arla Foods, the Netherlands, 2011a

In Denmark it is a commercial for Arla Lærkevang, in Holland for Arla Biologische Melk and in Sweden for Mellanmjölk, shown in the screenshots above.

The screenshots below depict commercials for Arla Apetina from four different countries. The commercials are also completely identical with the same storyline (cf. screenshots below) besides the text and the varieties of Apetina at the end of the film, which have been adapted to local language and products. These are also to a great extent an example of Arla's global standardised marketing.



Russia⁴⁰



the Netherlands⁴¹



Norway⁴²



Finland⁴³

In these commercials Arla standardises its marketing in a way where the company has the same approach to different cultures, and assumes the message to be perceived in the same way by receivers across the world. This closely agrees with Levitt's hypothesis where consumer preferences have become more homogenised across the globe (cf. pp. 21). Arla can achieve cost-savings only by making a few commercials that fit all markets, because if the company believes the message is perceived in the intended way it is not necessary to adapt the marketing further to local markets.

According to Karin H. Sommer the themes of the commercials have been selected because electronics such as TV, computers, etc. dominate the modern world for which reason people have a longing for nature (Graversen, F. 2010). With this approach Arla identifies a global consumer segment for its marketing, with a common need; the longing for nature. This means, with the marketing of the strategy "Closer to Nature", Arla has generally used the same approach to various cultures, as it has been a necessity in order to make a large and expensive campaign. Additionally, Arla believes the message of the commercials is relevant in every market it is shown, as they express something emotional which consumers across borders can relate to (Arla Foods, 2010b). This claim substantiates Arla's use of a rather standardised approach in its global marketing of "Closer to Nature", as the company indicates the message is something all people understand and are able to decode regardless of their cultural background.

⁴⁰ Arla Foods, Russia, 2011

⁴¹ Arla Foods, the Netherlands, 2011

⁴² Arla Foods, Norway, 2011

⁴³ Arla Foods, Finland, 2011

5.3. www.arla.com

Arla's website is also used as a part of the company's global marketing. In 2008 Arla launched a new website: www.arla.com which is based on Arla's global positioning of the Arla brand and its strategy "Closer to Nature", and the website has been translated into 12 languages (Kunde & Co. 2011b). The website is constructed after a model designed by Arla's Corporate Marketing Department where the idea is that Arla must appear uniform in each market (Arla Foods, 2009b). Arla.com can be used for retrieving general information concerning Arla and the strategy "Closer to Nature", campaigns and information about products and brands, for instance Cravendale, Anchor, etc. on the UK website as they are specific UK brands, and the cheese brand Tre Stelle on the Canadian market.

After examining Arla's websites in different countries they seem similar in the design, but some of the content varies from country to country. The countries that represent Arla's core markets, especially Denmark and Sweden, have more content and possibilities of interaction with Arla on the site such as the Arla Forum, recipes and different activities (www.arla.dk and www.arla.se).

Other countries such as Russia, Poland and Greece have a more simple website containing product and company information and the strategy "Closer to Nature", but the sites have a more spartan content than the Danish and Swedish sites.

Overall Arla's websites appear quite standardised, because they have the same design in each country with more or less the same information, however the product information has been adapted to local products, and some of the sites contain more information than others. The latter may suggest that Arla takes cultural differences into consideration on the websites, as the information on the sites has been adapted to a local market and possibly local needs; even though the overall design appears standardised.

5.4. Other examples of Arla's marketing

As mentioned earlier, the "Closer to Nature" strategy is Arla's largest campaign to date, and in this connection Arla has also developed different types of adapted marketing to its local markets. Arla's range of products and brands differ on each market which might be why the company has adapted some of its marketing. According to Hanne Søndergaard, the marketing mix on the various markets differs as it depends on for instance how much social media is used and if in-store marketing is possible, while she also stresses that it is important to understand the needs of the target audience in the individual markets (Appendix 2: 7).

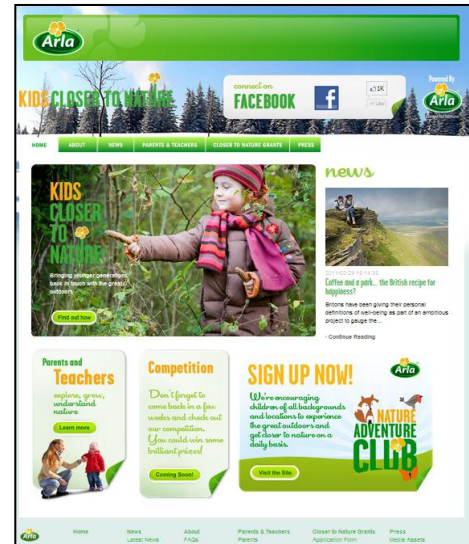
Examples of Arla's adapted advertising are illustrated below:

Kids Closer to Nature/ Kinder - Der Natur ein Stück näher



For the German and the British markets, Arla has developed the concept “Kids Closer to Nature”/ “Kinder - Der Natur ein Stück näher”, where Arla encourages children to experience nature. In Germany it is a project in cooperation with Wildlife Protection Society of Germany, which starts in the autumn of 2011 with a national Week of Action where thousands of children will participate in experiences in nature (Arla Foods, Germany, 2011).

On the British market “Kids Closer to Nature” has its own website where Arla emphasises that children are increasingly spending time indoors on computers, for which reason Arla has created the Nature Adventure Club that provides parents, teachers and children with incentives to go outside and learn about all aspects of nature. On the “Kids Closer to Nature” website children can also interact with Arla by playing games, uploading their pictures of nature and connect with Facebook (Kids Closer to Nature, 2011). The reason behind this adapted marketing might be that Arla sees potential in using social media in the UK, as social media has gained a foothold on the British market (cf. pp. 74). Arla’s



“Kids Closer to Nature” will be elaborated in the analysis of Arla’s marketing in the UK.



Greek commercial for hard cheese

In this advert a ‘Denmark’ seal is placed in the left corner and on Arla’s products which differs from Arla’s usually global approach in marketing. The seal may have been added because people in Greece perceive a Danish country of origin as a quality assurance of the products. Besides the seal, the advert has the global “Closer to Nature” design in terms of colour and theme, but the text has been translated into local language (Arla Foods, Greece 2011).



Finnish commercial for yoghurt

In Finland Arla has launched a campaign developed for the premium yoghurt Ihana, which means *lovely*. The commercial differs to a great extent from Arla's "Closer to Nature" commercials due to a different choice of theme, colour scheme, etc. (White Sheep, 2011). However, Arla has maintained its green logo on the commercial in the upper right corner to

encourage consumers to link the product with the Arla brand.

As it appears from the different types of marketing above, Arla does not only use standardised marketing, but also marketing adapted to local needs. According to advocates of adaptation marketing adapted to a specific country/culture is more effective as it can be adapted to local 'webs of significance'. This means that Arla may use elements of adapted marketing in addition to "Closer to Nature" in order to reach a broader consumer segment.

5.5. Annual Reports

In our attempt to provide a picture of Arla's global marketing strategy, we have also examined the company's annual report from 2008. We have selected the edition from 2008; it is relevant to our frame of investigation, as Arla's strategy "Closer to Nature" was launched in 2008, and therefore the report contains more information about the strategy and Arla's marketing in relation to the latest editions from 2009 and 2010. Arla's annual report includes information, strategies and key figures about the company's activities. It creates an overview of what goes on in Arla, its mission and how the activities are implemented worldwide with regard to employees, social/environmental responsibility and consumers.

After a thorough study of Arla's 2008 annual report, several indicators of the company's global marketing strategy appear; these indicators represent elements of a standardised and adapted marketing approach.

5.5.1. Standardisation

In the annual report from 2008 Arla states:

Our mission is to provide modern consumers with natural milk-based products that create inspiration, confidence and well-being. (Arla.com, 2008:1)

Consumer demand is also growing for natural products without unnecessary additives, which is completely in line with our Closer to Nature™ concept (Arla.com, 2008:25)

In these quotations Arla emphasises an overall target audience; *the modern consumers*, who basically have the same need for natural products worldwide. This can be connected with standardisation, where advocates of this approach stress consumers are more or less the same in the global society (cf. pp. 21). With these points of view and Arla's strategy "Closer to Nature", the company has focus on intercultural similarities between consumer groups from the different national cultures instead of focusing on cultural differences and the potential problems that may occur due to cultural differences. This is to a great extent in accordance with Levitt's view on marketing as he is an advocate of a standardised approach in international marketing.

Furthermore, Arla has launched a global advertising campaign with the appeal "Closer to Nature" which the company considers a universal appeal, effective in any market. This is in line with Fatt's arguments (cf. pp 21), as a standardised universal appeal communicated in the local language is more effective than adapted marketing for each country.

The annual report also refers to the global consumer:

Our customers are becoming increasingly global and we cooperate with many across national boundaries. Through good cooperation, we can work with our customers to offer healthy and inspiring products that have been sustainably produced. (Arla.com, 2008:25)

Here Arla explains that consumers are becoming increasingly global which is in accordance with the standardised school of thought. It emphasises that the emergence of globalisation has created global patterns of demand and thereby a global consumer segment, which may be profitable for a global company to take advantage of (cf. pp. 22).

With this quote Arla indicates that the world's needs and desires have become homogenised, for which reason a prevailing standardised global marketing strategy can be a useful approach.

With the launch of Closer to Nature™, we want to position ourselves as the company that offers the most natural products. Using the same logo for the company and our products defines our profile more distinctly while reducing long-term costs (...) The new focus will make it easier to set priorities and to communicate Arla's values. (Arla.com, 2008:25)

Another example that argues for Arla's use of standardised marketing is seen above. It appears that Arla uses the same logo for the company and for its products to local markets when the company's values are communicated. Perhaps Arla recognises that the same logo for the company and the products may lead to more effective planning and a central control of the marketing and management in line with Fatt's

arguments and hence 'global best practice'. In this way Arla might consider standardised marketing as being attractive, because it is potentially cost-saving both as regards production and marketing.

5.5.2. Adaptation

In the annual report there are also several indicators of an adapted marketing approach where Arla adjusts products and marketing to meet the demands of consumers in the individual countries.

We maintain an ongoing and important dialogue with consumers through a variety of channels, which are most advanced in Denmark, Sweden and the UK. (Arla.com, 2008:29)

In the quotation above Arla stresses the importance of having a dialogue with consumers in different countries. The company may recognise that an overall standardised marketing is not always the optimal approach; instead a combination of standardised marketing and adapted marketing developed through consumer dialogue in different countries is a more effective approach.

According to the adaptation school of thought a company adapts its marketing to different markets, because it acknowledges different cultures have various 'webs of significance' and different reasons for buying a product. Additionally, these webs have influence on the way products are perceived across markets.

In the Danish market our previously low score for image has improved significantly in recent years, and we are working to become more appreciated as a company by Danish consumers. (Arla.com, 2008:30)

In the quotation above, Arla emphasises how people may have different perceptions of the dairy company. In Denmark Arla has for many years been known as the behemoth in the dairy industry, for which reason many Danes have refused to buy products from Arla (Appendix 4: 14ff). As a result the company has been obliged to develop marketing and communication targeted at improving the image among the Danish consumers, because with a global standardised marketing campaign without local adaptations it may be difficult to improve the Danish consumers' perception of Arla. The reason is that a global standardised campaign typically has focus on universal appeals and intercultural similarities, instead of addressing how products are perceived in the individual markets. In this way Arla indicates that personal preferences across cultures can have an influence on the way a specific product is perceived by a consumer.

We constantly develop new services using modern technology in our effort to reach new and younger target groups. For instance, in Denmark and Sweden we offer cookbooks for the mobile phone and downloadable MP3 files. (Arla.com, 2008:30)

Above is another example that illustrates Arla's use of an adapted marketing strategy. For the Danish and Swedish markets Arla has created specific marketing in the shape of cookbooks for mobile phones and downloadable MP3 files. According to Usunier, who advocates of adapted marketing, there are opportunities in adapted marketing, as it may enable companies to gain a competitive advantage in different markets (cf. pp. 23).

For this reason Arla might have seen opportunities in making these initiatives on the Danish and Swedish markets, and opportunities in making different initiatives on other markets.

In order to sum up Arla's global marketing strategy from the 2008 annual report, we can point out that the company uses a combination of standardised and adapted marketing. In the report Arla emphasises it has a global consumer segment (the modern consumers) (cf. pp. 22), and through its global campaign with the universal appeal "Closer to Nature", the company focuses on cultural similarities rather than differences; this potentially enables Arla to reduce long-term costs. However, at the same time Arla is also a global company that uses the adaptation concept in order to reach a broader spectrum of consumers, to target people's diverse reasons to buy a product and their diverse cultural backgrounds.

5.6. Summary

One of the key concepts in Usunier's theoretical universe is how consumer behaviour does not follow one universal standard, because even though we have common characteristics globally cultural variations exist and influence consumers, for which reason 'the global consumer' does not exist. Therefore, companies must take cultural variation into consideration when communicating across cultures, according to Usunier. However, Arla has developed one global standardised marketing strategy in connection with the "Closer to Nature" strategy in line with Levitt's and Fatt's beliefs. Globally, the visual communication does not vary; this means all cultures are exposed to identical material, which advocates of adaptation find unsuitable as opposed to the standardised school of thought. Arla believes its global marketing strategy will eventually reduce long-term costs, but although Arla follows a rather standardised marketing strategy with "Closer to Nature" the company still realises that the world consists of different cultures and not just a global culture, as Arla has local marketing colleagues involved in the marketing as well. This paves the way for locally adapted initiatives, because in addition to the marketing of "Closer to Nature" Arla has marketing adapted to specific markets such as Ihana in Finland. This mixing of the two schools of thought is in line with Kotler's ideas (Kotler, P. 1986: 13), as he recommends a company may estimate how much adaptation is needed in an international context. So the locally adapted marketing suggests that Arla realises the importance of marketing on a local level as well, because adapted marketing may have more relevance when it is adjusted to different cultures' 'webs of significance'.

6. Cultural Analysis

In the following section we will carry out a cultural analysis of Danish and British cultures, respectively, based on Hans Gullestrup's model for cultural analysis, but also Geert Hofstede's cultural dimensions which are used as a supplement to Gullestrup for understanding the two cultures. The Danish cultural researcher, Gullestrup, has developed a rather comprehensive and detailed model for analysing and exposing an entire culture in an anthropological study, for which reason we will only focus on selected factors relevant for the description of Danish and British cultures.

At first the horizontal dimensions, comprising the three selected segments; *the social segment*, *the conveyance segment* and *the identity creating segment*, will be analysed in order to analyse the manifest superficial and perceivable part of Danish and British cultures. Subsequently, the vertical cultural dimension will be analysed as we intend to apply the most dominant cultural layers for analysing down to the core of both cultures. In these dimensions (horizontal and vertical) Hofstede's theories will also be included in order to substantiate the analysis. The purpose of this section is to provide an overall frame for how Danish and British societies are reflected today, and to show the general values that characterise the two cultures.

6.1. The Social Segment

The social segment consists of the processes through which people live together and how they relate to each other due to the degree of hierarchy in the culture in question (Gullestrup, H. 1998: 31). An analysis of this segment is important because it might reveal the rules counting in human interaction and the values behind.

6.1.1. Denmark

Today, family is not a necessity for survival but an individual choice that most people still lean towards, as family fulfils a central need of intimacy, presence and social interaction (Reimick et al. 2011: 62). In Denmark an average family consists of two parents and 1.9 children, but statistics show a tendency of more divorces and that many people become single parents in Danish society (Tystrup, A. 2010). This may indicate that underlying values in society like independency and individualism exist to a great extent. Hofstede also ranks Denmark high as regards individualism (score: 74) (Hofstede et al. 2005: 78), which is reflected within family life, where the Danes tend to look after themselves and immediate family, for instance in the relationship between husband and wife, and parents and adult children (Hofstede, G. 2011). These values are often manifested in the fact that a typical Danish home is designed with one room for each person in the family (Rasmussen et al. 2010: 19). This means that the Danes can be very independent and they choose their own affiliation, which may present an obstacle when interacting with other cultures.

When dealing with social interaction in Danish culture it is very relevant to include the Danish word '*hygge*'⁴⁴. It is a term that is associated with Danish values and it can be difficult to translate the term into other languages as it covers many things; for instance, social interaction with family or friends in homely surroundings. It can be associated with pleasure, relaxedness, candles, great food, movies, parlour games, etc. When a work day is over and various obligations are over, the evenings in Denmark are often spent on '*hygge*' at home with the family, as there is also a strong element of feeling secure incorporated in '*hygge*' (Jenkins, R. 2011: 41).

6.1.2. The UK

Like Denmark, family life is changing in the UK. The typical British family headed by two parents has undergone substantial changes in the twentieth century. In particular, marriage levels in the UK are low, because for every three weddings there are two divorces, which is the highest rate in Europe. Therefore it is estimated that by 2020 there will be more single people than married people in the UK. This shows a tendency of individualism in the UK and that women decide to have children as a single parent. So the average family in the UK consists of 2.4 people living as a family in one home, which is smaller than the average in most other European countries. These statistics lean a lot towards the average Danish family today, which may also be an indicator of high individualism in the UK (score: 89) (Hofstede et al. 2005: 78), where people either prefer to live alone or in small families, eventually due to socioeconomic conditions. In the UK the Danish term '*hygge*' is equivalent to a British tea party, where people are socially gathering at an afternoon event. British tea consumption is a great characterisation of British culture and national pride, and the British rely a great deal on the miraculous properties tea is considered having, and they enjoy 'a cuppa tea' whenever they have the time. Furthermore, the British also use tea as an excuse when feeling awkward or uncomfortable in a social situation – they go and put the kettle on to make tea (Fox, K. 2004: 311-312).

6.2. The Conveyance Segment

The conveyance segment consists of the processes through which people convey and pass on knowledge and attitude towards and about each other as well as the surrounding social and physical environment. Language is, of course, the most important form of communication, but the communication processes also encompass symbolic language and actual behaviour (Gullestrup, H. 1998: 31ff).

⁴⁴ Danish cosiness

6.2.1. Denmark

Everyday communication with other people takes place in school, at work, and through books and newspapers. In Denmark it is old-fashioned to be on formal terms with each other and address people with Mr/ Mrs and Sir/Ma'am as opposed to the UK, and the Danes are in general too straight-forward in their behavioural patterns for the British taste (Jenkins, R. 2011: 40-44). Today the tendency in Denmark is to be on first-name terms, also with people to whom you have no close relation – both male and female. The fact that people speak to each other in an informal way may be due to the low power distance that characterises Denmark (score: 18) (Hofstede et al. 2005: 44). According to Hofstede the communication between people is generally conducted in a nice and easy tone of voice with no major emotional outbursts, and the Danes may therefore be able to communicate with other cultures.

However, the most powerful communication tool for conveying knowledge and attitude in Denmark today is not communicating with other people, but through the media. The media can be able to change our perception of people, things and situations, while we may also be affected by other cultures, for instance through foreign movies. In Denmark people have a wide range of media like TV, Internet, outdoor ads and magazines, which are exploited to a great extent (Jensen, K. 2008: 81). Especially, for many Danish companies and organisations social media is an important asset in their marketing, as the use of social media among Danish consumers is increasing. Today 2.2 million Danes use social network services corresponding to every other Dane (Danmarks Statistik, 2010: 25). Additionally, Denmark is one of the leading countries in using Facebook measured by population (Kastrup, M. 2009).

The above-mentioned conveyance processes are based on verbal communication, but non-verbal communication may be quite as effective. One of the examples of this is communication through consumption. There are many aspects of Danish consumption that might reveal something about Danish culture for instance food consumption. Foods like Danish pastries, roast pork, meat patties, old-fashioned ice-cream wafers and stewed berries with cream are traditional dishes from the Danish cuisine. In addition, the Danes have an enthusiasm for combining eating with drinking and 'hygge' at for instance Christmas lunches, which are closely connected with the notion of Danish culture and tradition.

When it comes to food, Danish consumers are great supporters of organic food consumption and 62 per cent of Danish families buy different organic products (Danmarks Statistik, 2011). The consumption of organic food is growing in Denmark, while many other European countries have experienced a decline in organic food consumption as a result of the global financial crisis. Within organic consumption in Europe, Denmark is the largest consumer of organic products, while organic consumption in the UK is only on the 6th place. However, the general consumption of organic is still increasing in both countries (Farming UK, 2011). Buying organic products is today considered being exclusive in Denmark, and a recent study made by

Interresearch (Jensen, K. 2011) shows that many Danish consumers tend to lie about buying organic products – presumably to produce higher status or create a symbolic value to fellow Danes. Even though there is an increasing demand after organics, it is still a tendency that many consumers consume after price, especially when it comes to staple foods (Appendix 4: 13).

6.2.2. The UK

In the UK the form of addressing is more formal than in Denmark. When meeting with people you do not know the British prefer to be addressed with Mr, Mrs or Miss, and in some cases his or her job title. So at a first meeting, the British may immediately seem rather formal, but after a breaking of the ice they are just as informal, humorous and ironic as many Danes, and the British then address each other by first names in all ranks and in all sexes (Fox, K. 2004: 94, 151). The more formal way of addressing other people in the UK may be an example of a little higher power distance in the UK (score: 35) than in Denmark (Hofstede et al. 2005: 44), as the British emphasise rank and status more than Danes.

In the daily communication in the UK the media also has an influence on the way messages are conveyed. The way media like TV, Internet, radio and newspapers select and present their news may change British views and perceptions of society. A fact that substantiates companies' need for using media as communication tool is the consumers' increasing use of media; the British consumers spend 45 per cent of their waking hours on watching TV, using their mobile phones and other communications devices. A reason for this might be the growing popularity in smartphones and social media (Ofcom, 2010).

As well as the Danish consumption reveals something about Danish culture, the British consumption also reveals something about their culture when consuming food, for instance organics and special types of British food. Even though the consumption of organic products is increasing in both Denmark and the UK, the Danes are far more aware of the benefits of organics than the British. This is reflected in the consumption per person in Euro in 2009, where Denmark spent 139 € (first place in Europe) and the UK spent 34 € (6th place in Europe) (Farming UK, 2011). Nevertheless, it is possible that the British are more aware of organic benefits today, as a non-profit organisation has launched a "Why I Love Organic" campaign in order to raise awareness and change the perception of the organic industry in the UK. Food issues like naturalness and restricted use of pesticides are important to British consumers, for which reason the increase in organic consumption shows that the consumers like to spend more money on quality items (FarmingUK, 2011). Besides consuming organic food the British are generally eating special types of food that characterises the British such as their large consumption of tea, English breakfast, Sheppard's pie, Fish'n'Chips, etc. At the same time the British are large purchasers of ready meals, as the ready meals sector, both frozen and chilled, is one of the fastest growing food markets in the UK. It shows growth rates of nearly a doubling in number of ready meals from 1994-2002, boosted by increased home

ownership of freezers and microwave ovens (Pira International et al., 2004: 3), but perhaps also by the high individualism in the UK (cf. pp. 72).

6.3. The Identity Creating Segment

The identity creating segment is the processes through which people create a common social identity and a feeling of affiliation. A common identity can be created through history and symbolic language, and it is a way for a culture and its values to differ from other cultures.

6.3.1. Denmark

Danish culture is a product of its values; the things that separate Denmark from the rest of the world and makes Denmark individual as a nation. The common identity is derived from a common culture which covers who the Danes are and what characterises the Danes (Gundelach, P. 2004: 26).

Danish culture has changed through time and is a country with a long history, closely related to the rest of Scandinavia. Danish language – an important symbolic value – is characterised by this, as it is rather similar to Norwegian and Swedish (Jenkins, R. 2011: 81). Naturally, the language has altered in the course of time; old words have vanished, new words have appeared, and the various regional dialects are slowly disappearing. Besides, English words have to a great extent become a larger part of Danish language, especially in the business world where Danish companies expand across borders, but also in the everyday language, TV and commercials (Hjarvard, S. 2008: 141).

A feature that especially characterises the Danes is the Jante law – a concept which is having more and more influence on people's everyday lives. The Jante law is a pattern of behaviour towards individuals, which negatively portrays and criticises individual success and achievement as unworthy and inappropriate (Jenkins, R. 2011: 45). The general rule of the Jante law is *'Don't think you're anything special'*, so many Danes emphasise the Danish ideology of equality, which insists that *'We should all be the same'* (Jenkins, R. 2011: 45), and this can be one of the explanations of the low power distance in Denmark (cf. pp. 73).

The Danes have a strong national feeling and they are proud of their country, which is manifested in the Danish flag "Dannebrog". At every festive occasion there are Danish flags in different sizes on the tables, and when Denmark competes against other nations in a football match or other sports the flag is an obvious symbol of community and common identity in Denmark (Jenkins, R. 2011: 22, 130ff). This must be considered as a special Danish phenomenon.

Another thing that characterises the Danes and Danish culture is their humour. The Danes are famous and notorious for the dark humour, in particular after the Mohammed cartoons. The dark humour indicates that the Danes are self-ironic, relaxed, and great supporters of manifesting themselves and making fun of everything. This type of humour is also found in Danish music and television comedy of for instance the TV

comedians 'De Nattergale'⁴⁵ (Jenkins, R. 2011: 55).

However, the Danes do not only create a common identity through cultural values like symbolic language, the national flag and humour, they also create an individual identity through the value that consumption induces, because people try to build an identity through consumption. It is not enough for the Danes to buy what is necessary; they also want to use consumption as a way for signalling who they are – “You are what you buy” (Kjeldgaard, D. 2011) (cf. pp. 74). This might show a people with the desire to be more individualistic and create individual values and an individual identity.

All these aspects, which are a part of Danish culture and the symbolic values hereof, are things the Danes are surrounded by and live out in their everyday lives.

6.3.2. The UK

The cultural identity of the UK has been influenced by many factors such as the nation's island status and history. It is very important for the British to distinguish between England, Great Britain and the United Kingdom; Great Britain encompasses England, Wales and Scotland, while the UK includes Great Britain and Northern Ireland. Besides, Scots, Welshmen and Irishmen do not want to be referred to as being English – they are British (Fox, K. 2004: 14-17). The UK history is also a part of the national identity, as it goes many hundred years back in time and is in particular known for its colonial exploitation in countries around the world. This may be one of the reasons why English language today is the main language of globalisation. The British are a people proud of its nationality, and especially the English language is a part of the British identity. Therefore they hope that the spread of the language has produced an appreciation of British values and British culture in other countries (Sevaldsen et al. 2005: 17). The British seems to some extent tolerant and open to other cultures, but a European study of value shows that the British are proud of their nationality, heritage and history and thereby not particularly interested in other cultures. Therefore many Danes consider the British as being very reserved, conservative and “pin-striped”, as they are an island nation that seeks to keep distance from the rest of Europe (Rasmussen et al. 2010: 93).

Moreover, British humour has played a role in the Danes' perception of British people, perhaps because the humour in the UK does not differ a great deal from Denmark. The British have always been known for a more self-critical and dark humour, like for instance Mr. Bean, which is a stereotype for a typical British man according to many Danes. Nevertheless, many UK comedy TV shows of British humour have gained ground internationally and have become a strong direction for the representation of British culture to an international audience (Tebbe, T. 2007: 5; Felsch, C. 2004: 3-4).

The dominant values in British culture are material success (primarily money and material goods), and

⁴⁵ The Nightingales

values like, status and dominance are paramount which is also highlighted in their advertisements and consumption. Especially cars are for men seen as a status symbol in the UK, which might be the reason that cars and accessories are more frequently advertised in the UK compared to other countries (Usunier et al. 2009: 392). As opposed to Danish consumption, there is a British tendency to consume from a quality oriented point of view by buying more expensive goods like organic food (Appendix 5: 29) in order to display success and status and indicate that people are social responsible (cf. pp. 74). A reason for this development might be that in a society like the British, where there is a great hierarchy, people consider e.g. organic food and other expensive food as a status symbol signifying that the consumer has a good taste and the distinction (and wealth) to choose high quality food with a premium price tag.

6.4. The Manifest Culture

Immediately, two cultures may seem identical if only the manifest cultural layers are observed, but the cultures may have widely different core cultures. So in order to avoid drawing faulty conclusions about the two cultures and attributing a culture with a wrong set of values, we wish to carry out an analysis of the vertical dimensions. The manifest culture belongs to the visible part of a culture and is pretty much similar to the horizontal part of the cultural analysis, so we do not find it relevant to analyse the same aspects of the culture again, viz. the things in a culture that can be observed, such as behaviour, social structure, traditions and social etiquette (cf. pp. 71ff).

6.5. The Core Culture

The concept of values can be difficult to manage as it is not a measureable dimension. First of all both individual and collective values exist, and secondly people are not always aware of their core values.

6.5.1. Denmark

The Danes can be considered a people that live scheduled lives; in other words, the Danes live within a daily framework. The reason that the Danes push themselves to maintain a schedule is the partially legitimating values and the generally accepted highest values. The Danes have a desire to become the traditional nuclear family, and in order to achieve this both parents usually need to work in order to afford it. At the same time some Danes are a materialistic people, who seek to impress fellow human beings with materialistic things to show status. It can be a fancy car or clothes, but also regular staple goods like for instance organic products. Especially the last-mentioned is a way for the Danish consumer to display political awareness and responsibility for nature and animal well-being. In the Danish legislation it is also mentioned;

*Loven skal medvirke til at værne om natur og miljø, så samfundsudviklingen kan ske på et bæredygtigt grundlag i respekt for menneskets livsvilkår og for bevarelsen af dyre- og plantelivet*⁴⁶ (Møller et al. 2001: 841)

Practically, this is reflected in several aspects in Danish culture, because a lot of Danes choose organic products to protect the environment. At the same time Denmark has an efficient system for returnable bottles, cans, etc. to conserve the environment. This signifies a society with focus on sustainability as an important aspect of life.

A factor that characterises both the individual Dane's identity and his/her generally accepted values is the relationship to humour and irony. Common to all Danes is their tendency to take the ups and downs of life with a touch of irony – often self-irony. The Danes also interact with strangers in an informal and friendly style put up with an amount of humour and self-irony, which people from other cultures may misinterpret (Pateman, R. 2006: 60). Most foreigners consider the Danes as modest, honest and straightforward, but this attitude may also generate scepticism.

From a socio-psychological point of view the Danes are considered among the happiest and most contented people in the world, according to "people rating" surveys made by World Values Surveys (CNN.com, 2008). The general feeling of well-being of the Danes can be partly attributed to the core values in Danish culture, for example a successful democracy with social equity, welfare society and the free choices in how to live their lives.

6.5.2. The UK

The British can generally be considered a nation with a predominant tendency to emphasise values like equality and opportunities. Nevertheless, the British is also a society with high individualism which is manifested in the partially legitimating values – the degree of trust in others. The British have a relatively high degree of trust in public institutions (46 per cent), while the trust in other people is rather low (29 per cent) (Gundelach, P. 2004: 94-99). There seems to be a logic connection between individualism and the low trust, as it can determine the limits for the individual's solidarity; it may be unthinkable for individuals to help others to achieve success, because everybody is the master of his/her own fate.

The generally accepted highest values are expressed in the actual behaviour of the British in connection with their responsibility towards nature and social responsibility towards other people, and the increasing consumption of organics might actually be a way for the British to display responsibility. The ideal of social responsibility influences the British consumption of food and other commodities, as making socially responsible choices like buying organic food is a way for British consumers to handle present and future

⁴⁶ *"The legislation shall protect nature and environment so the development of society can happen on a sustainable basis in respect for humans condition of life and for preservation of animal life and vegetation"*

societal problems of sustainability. It symbolises naturalness and is valued by consumers who long for a life closer to nature, and this type of consumption is a way for the British consumers to display political awareness and responsibility towards nature and animals (Ger et al. 2011). However, the responsibility and awareness are not the only relations that can be equated with the British core culture, the relation to humour and irony is an important aspect as well, as it reveals something about the culture. Compared to Denmark the British also have a relaxed relation to humour and irony, and the British also use irony on a daily basis in their daily interactions. British jokes tend to be subtle with a dark or sarcastic undertone, as there is usually a hidden meaning (Pegg, S. 2007). Therefore, British irony and humour may be difficult to understand for some cultures.

6.6. Summary

One of the key aspects in a cultural analysis is that no cultures are similar. For cultures like the Danish and the British they may seem alike on the outside, but when analysing deeper into the layers and the core of each culture they are different in various areas. Gullestrup divides culture in horizontal and vertical layers. The horizontal layers cover a number of segments in a culture, equally important to the existence of society and culture. The vertical layers describe the various levels of a culture, from the visible elements people meet the first time they encounter the culture, to the more fundamental and abstract values, which people in a specific culture may not even be aware of.

In the effort to make a thorough analysis of these two layers, Hofstede has also played a significant role as his theoretical findings substantiated our analysis in order to analyse the two culture in the most profound way. Due to the differences in Danish and British culture it has been necessary for us to divide the analysis of each culture into Denmark and the UK, respectively. The most significant differences between the two cultures are elements such as the divergence in power distance, ways of consuming, identities and core values. Even though the two cultures seem similar on the outside, the core values and identities are rather diverging. The humour and responsibility towards nature and animals for instance when consuming are rather similar, but elements like language, laws, national pride and nationality vary to a great extent. The Danes are very proud of being Danish and they use every possible occasion to use one of the national prides; the Danish flag "Dannebrog", whereas in the UK they do not use their flag to the same extent to symbolise national pride. So taking cultural differences into consideration is essential for a company when marketing itself in cultures across borders in the effort to gain a foothold on a new market.

7. Analysis of Arla's Marketing

Arla's presentation of itself in various countries is controlled by the company's identity, objective and strategy. In order to analyse Arla's marketing in Denmark and the UK we have conducted a cultural analysis with focus on consumption patterns and trends, and an analysis of Arla's global marketing. The reason is that marketing in different countries may depend on various aspects such as culture and consumer trends. In the forthcoming analysis it has not been possible to analyse all aspects of the marketing in the two countries; therefore we have made a selection of adverts in Denmark and the UK which will be subjected to analysis. Finally, after clarifying Arla's marketing we intend to make an assessment of the impact consumer culture might have on Arla's marketing.

7.1. Denmark

In this section we seek to analyse how Arla has marketed itself on the Danish market in the shape of television, outdoor prints, online marketing including Arla's use of social media. Additionally, we intend to investigate how Danish culture may have affected the company's marketing.

Arla's strategy "Closer to Nature" will frame our analysis of Arla's marketing on the Danish market, as most of Arla's brands in Denmark are sub-brands to the Arla brand and belong under the "Closer to Nature" strategy. This is in connection with the Strategy 2015 (cf. pp. 56) where Arla intends to unify many of its sub-brands under the Arla brand, for instance Kærgården and Buko which are now marketed as Arla Kærgården and Arla Buko.

In the strategy "Closer to Nature" Arla 'encodes' the message, and attempts to put the intended thought with the strategy into the mind of the consumer – the encoded message is *'if you buy Arla products you get closer to nature'*, so Arla seeks to create an association between its products and the nature. This message is consistent throughout the marketing in Denmark.

Arla's message in the "Closer to Nature" adverts has received a mixed response on the Danish market. In December 2010, The Danish Consumer Council and The Danish Society for Nature Conservation reported Arla to The Ministry of Food, Agriculture and Fisheries for deceptive advertising. The Danish Consumer Council stated that Arla is misleading the consumers to believe they buy more natural products than they actually do, and provides the consumers with a wrong impression of modern food production. (Sørensen, T. 2010). In addition, our questionnaire shows how people are having very different opinions when it comes to the commercials for "Closer to Nature", which will be processed in the following sections where an analysis of Arla's marketing on the Danish market will be carried out.

7.1.1. Television

This communication channel is the most expensive type of advertising, and Arla has invested a lot of money, time and effort in the “Closer to Nature” commercials (cf. pp.63). In Denmark, Arla’s commercials have had a lot of airtime which is reflected in our questionnaire where 80 per cent of the respondents have seen them. The content of the commercials does not differ much on the Danish market other than the products, which are adapted to local Danish products. The commercials advertise for: Arla Lærkevang, Arla Yoggi, Arla Kærgården, Arla Buko and Arla Karolines Køkken. So in Denmark the adverts are used to promote the strategy “Closer to Nature” as well as the Arla brand and its sub-brands.

As emphasised in Arla’s global marketing section, the commercials reflect our stressful lives with computers and mobile phones – but when consumers drink/eat Arla’s products something ‘fascinating’ happens and they get *closer to nature*. However, this communicative message may potentially backfire, especially in Denmark because the company has been subject to a lot of criticism on the Danish market (cf. pp. 54). In our questionnaire, one in five respondents believes the commercials are unreliable, and the common explanation is that Arla is a major global company with modern productions methods. For instance one of our respondent stresses: *”Desperat forsøg på at fremstå som en moralsk virksomhed der bl.a. forsøger at vise ansvarlighed over for naturen og miljøet (...)”*⁴⁷ (Appendix 4: 19).

Consequently, there may be a poor coherence between the message of getting closer to nature and Arla’s modern production methods. Furthermore, Arla is considered ‘the giant’ of the dairy industry in Denmark which affects the small farmers’ livelihood (Appendix 4: 14ff). As a result, this perception will inevitably influence how Arla’s message is decoded on the Danish market and potentially result in criticism both from the media and the consumers, as equality as well as the Jante law are considered important parts of Danish culture as established in the cultural analysis. Additionally, if Danish consumers decode the message in another way than intended by Arla, the message is unsuccessful according to Kotler (1997: 607).

On the other hand, one in three of the respondents has a positive impression of Arla’s “Closer to Nature” commercials. This may originate in the element of Danish culture “*hygge*” and caring for nature and animal well-being, because the idyllic scenery created in the commercials is perceived as a fascinating ‘Narnia’⁴⁸, dreamland by these respondents, where animals and humans thrive and “*hygge*” together. For instance one respondent expresses that *“De har lidt eventyr over sig - i flere af dem falder de igennem et hul ligesom*

⁴⁷ “A desperate attempt to appear as a moral company which tries to show responsibility towards nature and the environment”

⁴⁸ Narnia is a fantasy world created by C. S. Lewis where humans enter the Narnia-world from 'our world' or Earth. In Narnia some animals can talk, mythical beasts abound, and magic is common.

*Alice i Eventyrland eller ligesom Narnia hvor de går igennem et skab og ind i en eventyrverden (...)*⁴⁹

(Appendix 4: 19). Especially the animals in the commercials are noticed, for which reason Arla's message may also be decoded as better animal well-being and better production methods in the modern dairy industry. When the commercials are perceived positively they may have a high level of persuasion, because they communicate emotions towards what it means when nature is part of one's life.

Furthermore, the relationship between humans and animals is almost romanticised in the TV commercials, maybe to dissociate Arla from today's modern production methods.

However, when the respondents were asked if the "Closer to Nature" commercials had made them choose Arla's products over other brands, only two per cent answered yes, whereas 98 per cent stated no, so even though some respondents liked the commercials, only a few deliberately changed their buying habits. On the other hand 13 per cent of our respondents have changed their perception of Arla in a positive way after seeing the commercials, which suggests that Arla's natural direction to some extent has a positive effect on the Danish consumer.

7.1.2. Outdoor advertising

In addition to the TV commercials, Arla has also implemented outdoor advertising in Denmark, which may have been applied as a secondary message to remind the consumers of the company's natural direction, but according to our respondents Arla's printed commercials has not raised as much awareness as the TV commercials (Appendix 4: 20).



In a recent outdoor campaign Arla promoted its sub-brand Harmonie, an organic milk brand in Denmark. For this campaign Arla developed two

posters, depicting a caring farmer who reads and plays the guitar for his cows (cf. pictures; Rosendal, J. 2011).

The posters appear as a rather unrealistic story about caring, but this is in line with the universe of the "Closer to Nature" commercials where the relationship between animals and humans also seems quite unrealistic. In the Harmonie adverts both of the



⁴⁹ "They are quite fairytale-like – in several of the commercials they fall through a hole just as Alice in Wonderland, or like Narnia where they walk through a closet and into a fantasy world"

posters have the same message: *“Omsorg er vejen til harmonie”*⁵⁰. The message can be interpreted as: if a farmer cares for his animals it leads to better harmony and hence a better product. There could be several reasons why Arla has developed this type of campaign for the Danish market, but it may originate in Danish culture. In our cultural analysis we identified that Denmark is a leading nation within organic consumption, and that Danes care very much about animal welfare.

Furthermore, organic consumption is to a great extent used to show responsibility, but also to impress others (cf. pp. 74). These values are very much reflected in these two posters, but also the Danish concept *“hygge”* radiates in them, as it appears as a cosy situation. The adverts appeal to people’s emotions, and communicate if consumers buy Arla Harmonie they support animal well-being. In this way Arla provides consumers with the opportunity to display responsibility and political awareness through their consumption. This is possibly a very calculated approach in Denmark, because an advert with a caring farmer may not work in a country like China or Russia, where animal well-being and organic consumption are not high on the agenda as in Denmark (Politiken, 2009).

However, these adverts for Arla Harmonie seem provocative to some Danes; this is especially expressed in blogs on the Internet. On several blogs (Drejer, J. 2011; Lechsen, L. 2011), consumers state and discuss how they feel ridiculed by the Harmonie commercials, because they are so unrealistic. For instance Jens Drejer states: *“Alligevel ser man gang på gang, at Arla reklamerer med glade køer (...) Men det kunne ikke være længere fra virkeligheden. Mange danske køer har aldrig været uden for de store mørke stalde! Arla driver vildledende markedsføring og jeg synes det er dybt uanstændigt”*⁵¹.

Also on the Danish communications professional network Kommunikationsforum⁵² the campaign is criticised, as it is too romantic and unoriginal, and the fact that it is a nice farmer depicted and not a modern manufacturer makes the commercials even more unreliable in the light of Arla’s modern productions methods (Rosendal, J. 2011). The criticism suggests that some Danes perceive the commercials negatively, because they are informed about how factory farming takes place today, and how animals are treated which might not agree with the adverts’ scenery (Drejer, J. 2011; Lechsen, L. 2011). It could originate from Danish culture, because these bloggers might want to impress others with their political awareness and responsibility in order to signal who they are.

⁵⁰ Caring is the way to harmony.

⁵¹ *“Nevertheless, Arla once again advertises with happy cows (...) but this could not be further from the truth. A lot of Danish cows have never been outside the large dark cowshed. Arla’s marketing is misleading, and I believe that it is indecent”*

⁵² Kommunikationsforum is a business site for everybody interested in communication, and it is a fast growing Danish portal for professional communication on the Internet.

7.1.3. Online marketing

Other than TV commercials and outdoor prints Arla also makes great use of the Internet on the Danish market. Arla's Danish website's design is similar to the global website; however it has much more content (cf. pp. 65). The Danish site is characterised by Arla's mission of unifying the Arla brand and its sub-brands, because all of the brands and following information are compiled on www.arla.dk, as opposed to other countries where some of Arla's sub-brands have their own website (cf. 95ff). On www.arla.dk consumers can find information about: organic production, Arla's products, healthy lifestyle, the strategy "Closer to Nature", activities for kids, recipes and Arla Forum, among other things. As a result, the site contains a lot of information and options for the consumer in order to inform the public about Arla's initiatives towards creating better, healthier and more natural products as well as showing the public a more open and credible company.

The Danish questionnaire survey shows the tendency that many Danes have a bad perception of Arla, as the company has a low credibility, and furthermore our analysis of the outdoor and TV commercials suggests that it is difficult to change this negative perception of Arla on the Danish market with this kind of advertising. Therefore, Arla may have found it necessary to market the company in a less conventional way in the form of social media, because many Danes spend a lot of time online which presents an opportunity for Arla to break with its bad image and unreliability.

7.1.3.1. Social media

Arla attaches great importance to the use of social media in marketing, as part of getting a better reputation. Due to heavy criticism in the media Arla implemented the internal project "The new Arla in Denmark" in 2005 with new corporate values. The project has brought more openness and direct communication with the Danish consumers about Arla and its products (Arla Foods, 2011d). Accordingly, Arla was one of the first large companies that started to blog in 2005, and since then Arla has expanded its social media activities on the basis of how social media can be valuable to Arla and provide a competitive advantage (Herdal, S. 2010).

This suggests that especially the Danish consumers' bad perception of Arla's has been the decisive factor in showing more transparency when it comes to Arla's position and activities.

In our cultural analysis of Denmark, we discovered that the use of social media among Danish consumers is increasing, and almost half of the Danish population use social networks on the Internet (cf. pp. 73) So from Arla's point of view the use of social media in Denmark has induced new possibilities of marketing, as the company is able to communicate directly with the Danish consumers. Therefore, if Danish consumers are able to interact with Arla – the giant of the dairy industry – Arla might have a chance to change the

negative perception, rebuild trust and re-humanise the company, as well as prove that Arla listens even though it is a large global corporation. This interaction also allows Arla to get feedback in different matters, and potentially gain insight into consumers' attitudes, preferences and present trends.

Arla Forum

As mentioned, Arla introduced the Arla Forum in 2005, which is an umbrella term for all the places where Arla is in contact with its consumers. Each year Arla Forum is in contact with 115,000 Danes who ask questions and give some good advice (Hansen, K. 2009).

Arla's contact with consumers consists of physical consumer contact established through for instance farm visits and the computer-based contact on www.arla.dk.

The online contact consists of three elements that can be characterised as social media; an online question-answer function where consumers can ask questions to Arla and receive answer, an online chat function where people can chat with Arla and interaction on different blogs.

In Arla Forum people can ask Arla all sorts of questions about products & assortment, Arla & society, and food & health, among other things (cf. screenshot above). When people upload their questions or critique to the Arla Forum the consumer can mark a box to make the question public, in this way everybody can follow the activity which indicates that Arla does not want to hide anything, and even critical opinions can be expressed and answered (Arla Foods, 2011e).

With this approach people can receive a personal answer from Arla, and many consumers have also reported back on Arla's answers. In the Forum there are several examples of people giving thanks to the answers, but some also criticise the answers given. For instance one of Arla's consumers writes: *"Hej igen... og tak for det hurtige svar på brev... men er desværre ikke helt tilfreds med svaret (...)"*⁵³ (Arla Foods, 2008a), followed by an explanation of the problem. When the Arla Forum is studied, it comes to light that Arla receives a lot of response where people express what they think of the company, and what Arla can do better. The company has especially been exposed to a lot of criticism on the Forum due to its monopoly on the Danish dairy market, which a consumer emphasises in the following: *"Mange forbrugere leder simpelthen efter produkter som I ikke har haft jeres indflydelse på, da I næsten har ødelagt den frie*



⁵³ "Hello again... thank you for the quick reply on the letter... but I am not satisfied with the answer (...)"

*konkurrence. Det er naivt at tro, man er bedst på markedet, bare fordi man er størst (...)*⁵⁴ (Arla Foods, 2008b). The latter may be an indication of Arla being a part of a dialogue with the Danish consumers compared to earlier, and that consumers are willing to engage in dialogue with the company.



Besides, the chat and the question-answer function, Arla also has blogs which offer possibilities for interaction. Arla's blogs are divided into different categories, e.g. the kitchen blog, the consumer blog and the organics blog, in which the host writes short entries for the consumers to comment on and discuss (Arla Foods, 2011f) (cf. screenshot). Arla's incentive for making blogs may be to establish a relationship with the consumers and humanise the company and the employees, because consumers are

increasingly sceptical of companies' advertising messages and the promises they make, as consumers have more trust in companies they have a relation to (cf. pp. 53). Therefore, when Arla tries to build a relationship with its consumers through dialogue and blogs, it might be easier to convey a message and communicate Arla's version of the truth if the company is criticised in the media. Through the Arla Forum the company also receives feedback on its commercials, products, strategies and so on, which may enable Arla to monitor how its marketing is decoded and received in order to develop better marketing for the Danish market.

Activity on other blogs

Several examples can be found on the Internet where Arla is active on other blogs than its own – especially in connection with the strategy "Closer to Nature". This shows the bloggers (consumers) that 'the giant' is willing to be part of discussions in other places than its own website and in individual blogs with relatively few readers (Madsen, K. 2010; Christiansen, A. 2010). There has been a positive response to Arla's entry on e.g. Kristian Levring Madsen's blog (Madsen, K. 2010) since the company took the time to engage in dialogue.

According to Chaney (2009: 3), the dialogue that takes place among consumers e.g. on blogs is the most important communication today, so by participating in this blog communication it might have a positive effect and contribute to a re-humanisation of Arla.

⁵⁴ "Many consumers simply look for products you have not had an influence on as you have almost ruined free competition. It is naive to believe that being the largest on the market is being the best (...)"

Facebook

Today, consumers have little trust in marketing messages, so a company like Arla has to work hard for their attention and more importantly, their trust – especially on the Danish market. A good tool for this may be Facebook because every other Dane is on Facebook which presents an opportunity to connect with a lot of people at a comparatively low price.

Arla has many different sites on Facebook for instance: Arla Forum (309 likes⁵⁵), Karolines Køkken (5,761 likes) and Vild med Økologi⁵⁶ (974 likes)⁵⁷.

When the pages are studied it appears that there is a lot of activity on the sites both from Arla, but also



from consumers. The sites are used to post different information like new products, opinion polls, discussions and competitions. These pages enable Arla to connect with its consumers, as Facebook-users can be friends with Arla, show their loyalty to Arla, and consumers can show their friends that they like Arla and its products. On Arla's Facebook site "Vild med Økologi", people can participate in discussions about organic consumption, and signal to their friends that this is an important matter and a way to display political awareness. As revealed in our cultural analysis it is important for many Danes to signal who they are, for instance through organic consumption, so when Arla establishes a site like this it may suggest that many consumers are willing to be involved in the company and recommend Arla to their friends. In this way Arla can potentially develop a more effective and reliable market communication and renew consumer loyalty.

YouTube

As another way to promote the "Closer to Nature" strategy, Arla has used viral marketing in uploading its commercials on YouTube by means of its profile 'arlavideos'; here consumers can see all of Arla's different commercials, and they have the opportunity to share the commercials with their friends. However, Arla's Danish commercials for "Closer to Nature" do not have a lot of views; for instance Arla Lærkevang has

⁵⁵ "Likes" is a button for users to share content with friends on Facebook. When the user clicks "Likes" on a Facebook site a story appears in the user's friends' News Feed with a link back to the site.

⁵⁶ "I love organics"

⁵⁷ Retrieved at July 20, 2011

1,433 views while Arla Buko only has 1,030 views⁵⁸. This suggests that the consumers have not been interested in sharing the commercials with each other, nevertheless a few Danes have commented on the videos on YouTube, but these comments are mostly regarding the song in the commercials which seems popular.

Some Danish commercials have been able to generate a lot of awareness and get a lot of views on YouTube, for instance Viasat's 'Havenisser - Efterår' (123,872 views) and TDC's commercials with 'Britta & Claus - Motormund' (58,154 views)⁵⁹. These commercials have humour in common, and most of the comments on these videos are about how funny people think the characters and commercials are. Given that humour is an important aspect of Danish culture, as established in the cultural analysis, it could be the reason why many Danes have viewed and shared Viasat's 'Havenisser' and TDC's Britta and Claus commercials. In the light of this, Arla could implement more humour in its commercials if the company wants to have more popularity and awareness in this type of medium.

7.2. The UK

In the following section we intend to study Arla's marketing in the UK, which will be carried out on the basis of an analysis of the company's marketing in television, outdoor prints, on websites and in social media. Arla's "Closer to Nature" strategy will frame our investigation of how and to what extent the strategy has gained foothold on the British market, because it has not been incorporated there for as long time as in Denmark. The explanation is that Arla Foods UK concentrates its marketing around the brands Lurpak, Anchor, Cravendale and Lactofree, for which reason Arla has communicated with its consumers through these brands for many years. It has not been the strategy to market Arla until 2010, so most British people do not know that Arla is the brand behind these household brands. The objective is therefore to raise the awareness of the Arla brand from basically zero to 60 per cent among the British consumers by 2015 (Walsh, H. 2011), and in order to do that Arla has decided to start implementing the "Closer to Nature" strategy in the UK. For this reason Arla kicked off 2011 by raising its company profile and spreading the message about its "Closer to Nature" ambitions. The strategy is a part of a long journey where the aim of making Arla a well-known brand will take place by communicating through the already existing brands in the UK (Cravendale and Anchor), and through new products launched under the Arla brand (Lactofree) (Appendix 2: 4). Arla has no plans of promoting its brand through Lurpak, presumably because the trademark is owned by the Danish Dairy Board and cannot be changed (Lurpak, 2011).

According to Arla's senior vice president, Hanne Søndergaard, the marketing of the newly introduced strategy "Closer to Nature" has not had a significant clout on the British market. One of the reasons is that

⁵⁸ Retrieved at July 20, 2011

⁵⁹ Ibid.

Arla has been absorbed by creating growth within the three brands already present on the British market – Lurpak, Anchor and Cravendale (Appendix 2: 5). Therefore, Arla has started implementing the “Closer to Nature” strategy in the UK as a part of the company’s strategic communication to the consumers of becoming *closer to nature* when buying Arla’s products. Arla seeks to create an association between its dairy products and nature, and this message is both spoken (television), non-verbal (e.g. outdoor prints) and written (e.g. the Internet). Given that Arla uses various ways of passing on the message to the target audience there is a greater chance that the message will penetrate in the mind of the consumer, and thereby provide as much information about the strategy as possible.

7.2.1. Television

The reason why Arla has selected television as communication channel might be that it is one of the best communication tools according to Kotler (1997: 651), when the company wishes to reach the largest possible target audience and to communicate emotions. Using TV as a marketing tool is a good strategy for Arla in the UK, as our cultural analysis showed that many people in the UK spend almost half of their time awake watching TV, which may increase the chance of reaching the target audience. Since milk and dairy products in general are staple foods that already speak to a broad range of consumers, it may seem more important for an unknown company like Arla to play on the emotions. In the UK Arla has made television commercials for Cravendale milk, Lactofree dairy products, Anchor Butter and Lurpak Butter, but the Arla logo only appears in the commercials for Cravendale and Lactofree. The Anchor products will be marked with Arla’s logo in 2012 (Ford, R. 2010), and the Lurpak trademark is committed to the Danish Dairy Board as mentioned earlier. Naturally, the TV commercials in the UK are not characterised a great deal by nature because most people in the UK are not aware of the “Closer to Nature” strategy (Appendix 2: 4), but common for the commercials is how they play on the emotions by using humour, and how they portray single people instead of family life which could be in line with the high individualism in the UK (cf. pp. 72), and the fact that socioeconomic conditions can make it easier for women in particular to be single providers.

The TV commercial for Cravendale is named “Cats with Thumbs”. The commercial brings a man’s fantasy to life as he ponders on what might happen if cats were to grow thumbs, and how the cats would seek to get the Cravendale milk they love so much. The cats are at first portrayed as being cute and adorable, but when meeting with other cats they create a gang in order to procure the Cravendale milk



by means of these thumbs. Overall, the commercial seems to have generated the desired interest among consumers, which is for instance reflected in the large amount of YouTube views (cf. pp. 98), and some of our respondents even buy Cravendale milk solely on the basis of the commercial, because their kids love it (Appendix 5: 33). This commercial plays a great deal on emotions and humour, and has actually become so popular that Cravendale has backed up the ad with a Twitter account, a Facebook fan page and the microsite <http://www.milkmatters.co.uk/cats/>, where people can follow the leading cat in the commercial named Bertrum Thumbcat. Besides making advertisement for the milk product, Arla has been capable of promoting itself by showing its logo and brand name in the right bottom corner at the end of the commercial along with Arla's strategy name and slogan "Closer to Nature" (cf. picture pp. 89) as a way to raise awareness through commercials.



In connection with Arla's launching of the Lactofree milk in the UK, the company has made two commercials with focus on the idea that if consumers are giving up lactose they do not have to give up the dairy – "*Dump the lactose, not the dairy*". The two commercials are called "*Flatmate*" (cf. upper picture) and "*Doorstep*" (cf. bottom picture), and the plot unfolds around typical everyday situations such as a row between roommates and a break-up situation. Most people are able to relate to the issues highlighted in the commercials and from that point of view Arla aims at a large target audience. Even though lactose intolerance is a serious issue both commercials are characterised by a great deal of



dark humour, which is one of the features of British identity, by letting the boyfriend and roommate portray a glass of milk. The purpose of these two commercials is to a great extent to raise awareness around the Arla brand, which is depicted at the end of the commercials along with the products, but also to help the consumers recognise the possibility of enjoying real Lactofree dairy products, as there are three times more people diagnosed with lactose intolerance in the UK than in Denmark (Talking Retail, 2011d).

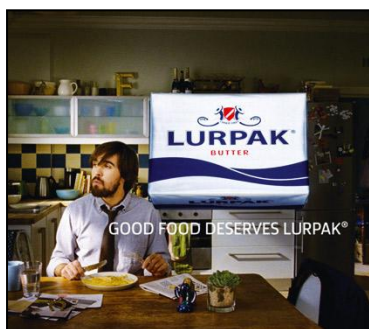
The commercial for Anchor Butter is called "*Made by Cows*" and celebrates the heritage of UK's oldest butter brand and the fact that it has been *Made by Cows* since 1886. The commercial shows how cows make butter in the Anchor dairy by starting out working early in the morning, queuing up at grass-dispensing vending machines during lunchtime and packing up the delivery van at the end of the day. Once again Arla has created a commercial with big entertainment value and humour which appeals to the

emotions of viewers of all ages. It plays on the emotions as it takes the brand in a new direction by reminding the consumers of Anchor's heritage; this might generate consumer loyalty in the Anchor brand and the reason why they repeatedly purchase Anchor Butter, as the British have a



tendency to consume by brands they know (Appendix 5: 32ff). Furthermore, the commercial seems to have had the desired effect with the consumers, as the commercial won the UTalkMarketing People's Choice⁶⁰ in July 2010, only two months after the publishing. The commercial won in the category *"Which of the adverts made you want to buy the product or service advertised?"* where it received 27 per cent of the votes (UTalkMarketing, 2010). The commercial first appeared on British television in May 2010, but the cow advert was so popular that it returned to the TV screens nationwide in March 2011. The reason could be that consumers are fond of the "Made by Cows" advert, as more consumers are engaging socially with the Anchor cows on social media like Facebook and YouTube (Talking Retail, 2011a). The repeated advert will probably increase consumer awareness of the Anchor Butter brand, which may seem as a problem for Arla due to the fact that the company logo does not appear neither in the TV advert nor on the products. Nevertheless, as a part of the implementation of the "Closer to Nature" strategy in the UK, Arla has decided to introduce the Arla logo on the top of Anchor products from 2012 as a way to raise awareness of the Arla brand⁶¹.

In the latest Lurpak campaign of 2011 named *"Good Food Deserves..."* Arla is encouraging consumers to use Lurpak to make quick and simple meals. Arla has made various Lurpak commercials as a part of this



campaign, all addressed to the British market. Especially, the commercials with omelette, Sheppard's pie and the weekend breakfast are indicators of typical British food (cf. pp. 74). We have analysed only the first commercial published called "Kitchen odyssey", which features a man who has arrived home from work, looking in the refrigerator being torn between reaching for a ready-meal or preparing something himself. He decides to make an omelette cooked in Lurpak. The message Arla tries to communicate with this advert is that even a simple midweek cooking task deserves Lurpak. It may possibly

⁶⁰ A weekly poll where 1,000 members of the public are asked to vote for their favourite advert currently in the marketplace.

⁶¹ After finishing the analysis of the Anchor Butter TV commercial "Made by Cows" Arla launched a new TV commercial called "Cow-eoke" in connection with Anchor's 125th anniversary. It is going to run for four weeks in the UK and is supported by outdoor promotion and online activity (e.g. on Facebook). Unlike the "Made by Cows" commercial the Arla logo and slogan this time appear in the end of the commercial, which may be a reflection of Arla's implementation of the "Closer to Nature" strategy in the UK.

encourage consumers to make food decisions that are fulfilling as well as easy to make, when they have the opportunity of adding Lurpak to the cooking.

In the commercial it is obvious that the “Closer to Nature” strategy is not a significant part of the Lurpak campaign, and the reason can be that the strategy is still not fully implemented on the British market combined with the fact that Lurpak is also an independent brand (cf. pp. 60). Furthermore, Arla’s logo does not appear in the commercials or on Lurpak’s products, and it probably never will due to the ownership of the Danish Dairy Board, as mentioned earlier. Therefore, these commercials will not generate much awareness of the Arla brand.

7.2.2. Outdoor advertising

Arla has used outdoor advertising in the UK as a secondary message, to remind consumers of the products they offer and to link them with the television commercials.

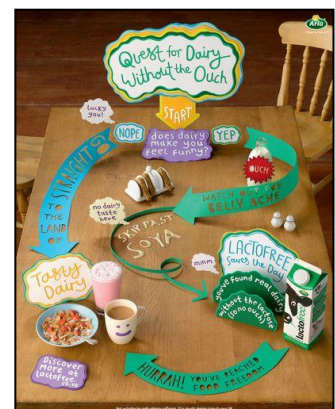


Cravendale has selected an alternative way to reach its consumers – an outdoor campaign as a part of the “Cats with Thumbs” campaign promoting milk. It was an interactive roadshow tour in some of the UK’s largest supermarkets in the period April 2011 – June 16, 2011. When shoppers visited the supermarkets they could have their photograph taken on a floor sticker as an illusion of them surfing

alongside with the “Cats with Thumbs”.

When launching an outdoor campaign like this one, the objective may to a great extent be to focus on the consumers’ reactions to the TV advert and the brand, and one of the ways to do that is by obtaining direct feedback from the consumers. In this way it is possible for Cravendale to know whether the consumers have decoded the message of the commercials in the intended way. Due to the size of the outdoor advertising the campaign was intended to draw in large crowds of consumers and promote the milk brand to consumers of all ages and talk to them about the benefits of Cravendale (Field Marketing and Brand Experience, 2011).

In order to promote Arla’s Lactofree products to the British consumers, the company has launched a print campaign across the UK as a sequel to focus on the “Dump the lactose, not the dairy” message. The campaign started in January 2011 and has been printed in for instance the Metro newspaper. The print ad seeks to unravel the confusing world of lactose intolerance, and the ad therefore takes the readers into this world for a better



understanding. According to the Brand Manager for Lactofree, Samantha Peel, the story encourages the readers to avoid the pitfalls in order to find dairy freedom with Lactofree (Wieden and Kennedy, 2011). Given that the ad is run in the Metro newspaper, it is likely to reach a broad spectrum of people in the cities around the UK in their travel time which is not only a great thing for the people diagnosed with lactose intolerance, but also for Arla as its logo appears in the upper right corner of the print ad (cf. picture pp. 92) and it might then generate more awareness.

As a supplement to the “*Made by Cows*” television commercial, Anchor has launched an outdoor advertising campaign. The outdoor advertising originates in a television commercial where a wall in east London is painted during the night, and an outdoor ad has then turned up on this background (Talking Retail, 2011b). The outdoor ad has been staged as a mural to create attention to people passing by and awareness around the brand, because it is not a typical location to place an outdoor



advert. The advert contains an emotional trigger as the tractor on the advert can be seen as an indicator of Anchor’s old heritage, and it may thereby create a consumer affiliation and loyalty to the brand. Due to the diverse placement of an advert, this outdoor ad may have raised awareness and attention around the Anchor Butter brand in a rather simple and visually catchy way. Unfortunately, it does not raise any awareness of the Arla brand as the Arla logo does not appear on the advert yet, for which reason it can only be of Arla’s interest to appear on Anchor’s products and advertising in the future



Lurpak has created a campaign with a number of adverts running both as outdoor advertising and print adverts and they may seem visually catchy and delicious for the eye and mind. The Lurpak campaign features real homemade food made by food bloggers, as they embody the values Lurpak places on the importance of home cooking, which is imperfect but more delicious (Lurpak.co.uk, 2011). Generally, Lurpak differs from other types of typical outdoor advertising, not only in using food bloggers, but also in using digital screens to encourage travellers to put e.g. pies or Saturday’s breakfast higher on the agenda which our cultural analysis revealed as an important part of British food culture. The aim of the advertising is, of course, to raise awareness of the product and the brand, but also for the consumers to explore the pride

and sense of achievement felt when cooking from scratch instead of eating a ready-meal, frequently used

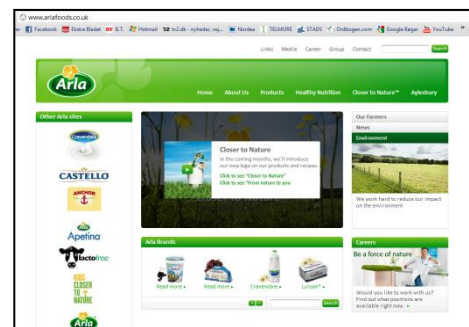
in the UK (cf. pp. 74). The use of food images is a good and clever way to reach the target audience, as most people are not able to control whether their stomach considers a food as being delicious. By using the type of advertising that talks to the consumers' eye, Lurpak makes the consumers visualise, e.g. their perfect weekend breakfast and it may encourage them to make Lurpak the butter of their choice.

7.2.3. Online marketing

Arla has also selected the Internet as a way to promote the company and its products in the UK. The reason for making the Internet a part of Arla's communication channels is presumably that the British spend a lot of time here, which was also revealed in our British questionnaire where 70 per cent of the respondents have obtained knowledge of the "Closer to Nature" strategy through this medium. In addition, it is a cheap and great way to reach the target audience, while it is also possible to keep the consumers up-to-date all the time.

7.2.3.1. Arlafoods.co.uk

When Arla launched the www.arla.com website in 2008 as a part of the "Closer to Nature" strategy, the company also launched a number of websites to each market in which they are present (cf. pp. 65), and translated it to the language of the market in question. Compared to the Danish Arla website the British website www.arlafoods.co.uk is not very comprehensive. When entering the UK website the consumers



are not loaded with a lot of content and information, but only simple facts about other Arla sites and the brands through which Arla markets themselves in the UK. So the reason for the little information on Arla's website might be that consumers in the UK have little knowledge of the Arla brand; instead the company has emphasised the UK brands' own websites (Cravendale, Lactofree and Lurpak).

The overall design of the website matches Arla's other websites, as a part of the "Closer to Nature" strategy. This shows how Arla has made use of a standardised approach with regard to the design, which can be a cost-saving factor, whereas the contents are adapted to the British market. Besides providing the consumers with information about the company, its products in the UK (Cravendale, Anchor, Lurpak and Lactofree) and the "Closer to Nature" strategy, Arla's website does not give the consumers the possibility of interacting with the company. Instead most of the communication with Arla happens through the individual brands' own website and in social media (cf. pp. 97).

7.2.3.2. Cravendale

In 2008 Arla launched the Cravendale website called Milk Matters (Talking Retail, 2008). So from 2008-2011 the website was characterised by the campaign of that time with cartoons of a cow, a pirate and a cyclist –

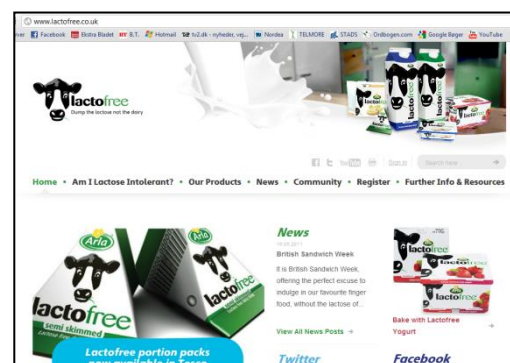


a theme which Arla's "Closer to Nature" strategy did not match particularly. During the first six months of 2011 the Cravendale website www.milkmatters.co.uk has changed radically. At the beginning of 2011 the Arla brand was not present anywhere on Cravendale's website; this has now changed so the Arla brand and "Closer to Nature" is visible in the bottom both when

entering the front page and on sub-sites, so consumers are constantly reminded of the connection between Arla and Cravendale. An important part of Cravendale's current website is how it gives the consumers the opportunity to link with Twitter, Facebook and YouTube. In general, the website is provided with various ways of creating interaction with consumers, for instance in the shape of FAQ with the possibility to ask "the wise old cow", how to "make your tea", a disguising of your own can of Cravendale (with stickers), and to register as "friends" with Cravendale and thereby receive the newsletter. Additionally, Cravendale has carried out a clever way for ensuring returning consumers to the website and a repeated purchase of the milk brand. On Cravendale's website it is possible for consumers to obtain a bunch of freebies for their kitchen when collecting points on packs of Cravendale products; they even obtain more points by registering on the website and by inviting friends to the "event" (Milk matters, 2011).

7.2.3.3. Lactofree

When entering Arla's Lactofree website www.lactofree.co.uk, consumers are able to link the website with social media like Facebook, Twitter, YouTube and Flickr. Compared to Arla's other sites Lactofree targets a smaller segments, as it primarily provides the consumer with information about lactose intolerance which mainly seems relevant to people with the diagnose. Nevertheless, the website might also be relevant to visit for relatives to people diagnosed with lactose intolerance for searching information. Besides, it is possible to communicate with other patients of lactose intolerance by sharing recipes in the club, joining the forum for latest news, and registering to become a member of the Lactofree community. The Arla brand is to a great extent visible on the Lactofree website, both on the products depicted and at the bottom of the page with the logo and slogan "Closer to Nature". The fact that Arla is visible at several



places on the website has the impact that consumers visiting the page are constantly reminded of the link between Arla and Lactofree.

7.2.3.4. Lurpak

Compared to Arla's marketing on the other Arla websites, www.lurpak.co.uk contains more possibilities for the consumers to make interactions. Besides being able to link Lurpak's page with Facebook, Twitter, YouTube and Flickr the consumers can join the recent established Bake Club, which gives them the opportunity to invite friends to join and to connect online with others who share the same passion. In keeping with Lurpak's slogan "*Good Food Deserves...*" Arla has recently launched an iPhone App called Good Food Finder as a resource for food lovers to share and recommend their favourite place for finding the best ingredients. Both the Bake Club and the iPhone App are examples of how social media can generate brand awareness; instead of being associated with the classic Danish Butter brand known for the quality and taste it is probably another way to appeal to a younger target audience. Furthermore, the Lurpak website offers the consumers a monthly newsletter, free recipes for inspiration from Lurpak and Jamie Oliver, and that consumers can grow their own herbs with Lurpak. The latter is connected with Lurpak's products as they offer herbs on packs, which were launched late May 2011 as a value-added promotion. Lurpak rewards the consumers for their 'good food choice' by encouraging them to grow herbs at home (Talking Retail, 2011c). So at the website it is possible to achieve information from FAQ, ask questions to an herb expert, find herb recipes, etc. in order for the consumers to get the best from their cooking experience. This may provide Lurpak with the possibility to create more awareness around its brand. Unfortunately, Arla's brand and name is nowhere present on the website, which must be considered a disadvantage when the company seeks to raise more awareness around the Arla brand in the UK (Appendix 2: 4).

7.2.3.5. Kids Closer to Nature

As part of promoting and creating more awareness of Arla's "Closer to Nature" strategy on the British market, the company launched a campaign in January 2011 called "Kids Closer to Nature" to encourage more children to enjoy the great outdoors instead of spending so much time indoors on computer and TV. Targeted at families and children the programme links Arla up with The National Trust⁶² for a range of activities throughout 2011, including a TV documentary to raise awareness of the decline in children's interaction with nature (Arla Foods, UK, 2011c). The "Kids Closer to Nature" campaign is centred around a Facebook fan page and the website www.kidsclosertonature.co.uk, where children, parents and teachers can apply for community grants and join the Nature Adventure Club established to inspire children

⁶² The National Trust is a charity for preservation of historical buildings and beautiful natural resorts.

frequently go out into their backyard, local parks or school playing fields. To ensure as many children as possible benefit from these initiatives, Arla is also working with the National Schools Partnership⁶³ on a number of primary school teachers to encourage pupils to explore and understand nature by improving the pupils' know-how.

The design of the website is relatively similar to Arla's main websites; its dominating green colour portrays naturalness and pictures of beautiful natural areas are factors which may affect consumers to become *closer to nature*. Again it shows how Arla has chosen a standardised approach to the design of its websites, which can be considered from a cost-conscious point of view but it might also be a way to link Arla, "Kids Closer to Nature" and the "Closer to Nature" strategy together. Furthermore, "Kids Closer to Nature" is one of Arla's greatest and newest initiatives in the UK in the effort to raise awareness of the Arla brand through the "Closer to Nature" strategy. For this reason things like colours and logos on the "Kids Closer to nature" website can be linked with Arla (Appendix 2: 5-6).

7.2.3.6. Social Media

On the British market Arla is a diligent user of social media like Facebook and YouTube, through which the company seeks to involve the consumers in order to know their preferences and trends. The use of social media is an intelligent tactic as our cultural analysis revealed that there is a growing popularity within smartphones and social media in the UK. The advantage of social media is, moreover, that both Arla and the consumers can create, comment on and add social content. The type of social media Arla has made use of on the British market is social networking (Facebook and Twitter) and content communities (YouTube).

Facebook

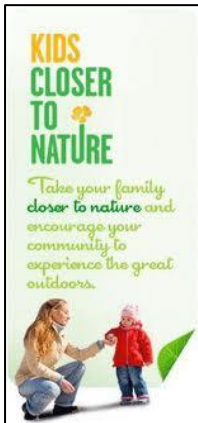
Arla is present on Facebook with all its UK brands: Cravendale (20,114 likes), Lactofree (2,443 likes), Anchor (24,462 likes) and Lurpak (16,600 likes), but also the "Kids Closer to Nature" campaign is present on Facebook (1,321 likes)⁶⁴. Besides creating a Cravendale Facebook page for consumers, the lead cat in the TV commercial "Cats with thumbs", Bertrum Thumbcat, also has his own Facebook account. Arla's main purpose with Facebook pages for the individual brands is primarily used to create interaction with the consumers through campaigns, events, sharing experiences and photos/videos – in general humorous activity that challenges and supports the choices people make around food. At the moment⁶⁵ e.g. Cravendale runs both an outdoor campaign which gives people the opportunity to share their "Cats with thumbs-photo" on Facebook, and a tea event which shares knowledge of how to "make the tea" especially

⁶³ National Schools Partnership is an organisation that specialises in reaching the youth and family market through education.

⁶⁴ Measured in July 20 2011

⁶⁵ May 2011

addressed to the British Facebook consumers who are large users of tea (and milk). Lurpak is among other things using Facebook for promoting its newest campaign “Grow your own herbs with Lurpak”, and celebrated the British Sandwich Week in May 2011 by involving the consumers with their opinions of the



perfect sandwich for high tea.

The Anchor brand stands out on Facebook as it relies to a great extent on communicating with consumers via Facebook, because the butter brand does not have a website for people in the UK. The large number of fans on Anchor’s Facebook site may additionally be due to the fact that the consumers only have the Facebook site to gather information from and to interact with the company.

The “Kids Closer to Nature” Facebook site is a good example for

displaying Arla’s implementation of the “Closer to Nature” strategy on the British market. In the beginning of 2011 the Arla logo was nowhere present on the “Kids Closer to Nature” Facebook picture (cf. left picture), while it has now changed and the Arla logo appears on the Facebook picture (cf. right picture) to show Arla’s connection to “Kids Closer to Nature”.

Arla’s wide-ranging use of Facebook can be considered a new approach to target consumers digitally, and the reason for this approach might be to reach a younger target audience. So by making this type of interaction with the consumers the individual brands have the potential to grow, because it encourages people to get involved and maybe even share it with friends as well. For instance the butter brands Lurpak and Anchor are by many of our respondents considered quality food items, and many British consumers may therefore become ‘members’ of these Facebook sites in order to display status symbol to other friends.

YouTube

In addition to the individual TV commercials Arla has selected the content community YouTube as a viral marketing tool to market these commercials. This may be a clever supplement to the TV commercials as many people today do not have much faith in companies’ marketing; instead the consumers may consider the marketing more trustworthy when a YouTube commercial is forwarded by friends or family (cf. pp. 53), and a message can then be scattered via thousands of people in short time. In this type of social media the consumers have the opportunity to forward Arla’s commercials to friends (via email, Facebook or Twitter) and give feedback and comments to the individual video, which may be a way of giving the consumer a feeling of affiliation as the consumers connect both with each other and the company behind the commercial. The number of views on the individual UK commercials varies a great deal, which may be due to the company’s effort in promoting the commercial and the consumers’ interest and knowledge in the

brand. Cravendale's "Cats with thumbs" is the most seen commercial with 3,450,597 views, then Lurpak's "Kitchen Odyssey" follows with 328,915 views, Anchor Butter's "Made by Cows" with 132,631 views, and Lactofree with 7,437 views for the "Doorstep" commercial and only 3,575 views for the "Flatmate" commercial⁶⁶. The fact that Cravendale's commercial is the newest of them all and the one with most views indicate how Arla has managed to produce a commercial with the right combination of dark British humour and facts about the product, which has captured the consumers' interest. Furthermore, the large interest in the Cravendale commercial may be beneficial for Arla in the effort to raise awareness of the Arla brand as it appears in the end of the commercial along with the "Closer to Nature" slogan.

7.3. Summary

Generally, Danish and British cultures seem quite similar, but when analysing the two cultures more closely they are fairly different from each other. As revealed in our global marketing section Arla operates from an overall global approach with a global marketing strategy, but at the same time Arla also acts local, which is in line with Kotler's idea: "plan global, act local". This means that Arla operates from a global mindset, but still manages to act in accordance with the different cultures that exist around the world, despite of globalisation. For this reason Arla has selected a diverse marketing mix in Denmark and the UK, respectively; this might originate in cultural diversity and Arla's level of brand awareness in the two countries. Arla's starting point in Denmark is quite different from the UK because Arla's reputation has suffered due to heavy criticism from the public and the media, which has not been the case in the UK where the Arla brand has a different market position.

In Denmark the Arla brand and a lot of its sub-brands, such as Arla Kærgården and Arla Buko, have a high degree of brand awareness. Accordingly, the focal point of Arla's marketing in Denmark may not be to create brand awareness but merely to generate a better reputation among consumers. In this way the Danish marketing of Arla has been carried out through various media, especially in social media like blogs and Facebook.

As opposed to Denmark the awareness of Arla in the UK is very low, for which reason the aim of the marketing is adjusted as Arla's objective is to raise the awareness of the Arla brand in the UK from basically zero to 60 per cent by 2015, and the awareness of Arla's "Closer to Nature" strategy.

In our analysis of Arla's British advertising, the "Closer to Nature" strategy is not very apparent; on the other hand humour is an important factor, especially in Cravendale's "Cats with Thumbs" and Anchor's cow-commercials. These commercials have obtained a lot of awareness on YouTube, in particular, with a lot of views, which might be a result of the humorous way the products are advertised, as humour is an

⁶⁶ Retrieved on July 20, 2011

important part of British culture. In the UK, Arla has developed marketing adapted for its individual brands, not unified visibly under the “Closer to Nature” strategy. However, as a new initiative towards promoting the Arla brand and the “Closer to Nature” strategy, Arla has created the “Kids Closer to Nature” campaign in order to generate awareness.

In Denmark the “Closer to Nature” strategy frames Arla’s advertising, as the marketing of Arla and its sub-brands is compiled under this strategy. As a result, the advertising has more emphasis on naturalness and animal well-being than humour, even though humour also plays an important part of advertising in Denmark. The primary focus on naturalness in Arla’s advertising does not seem to have captured the interest of the majority of the Danish consumers. For instance, the views of Arla’s Danish YouTube commercials are limited, and our questionnaire indicates that many consumers have a bad perception of Arla and its advertising. In order to enter into dialogue with Danish consumers and potentially encourage a better perception of Arla, the company has established Arla Forum as a way to communicate directly with Danish consumers – an initiative which may not be of immediate importance on the British market due to the low awareness.

Our analysis of Arla’s marketing in Denmark and the UK has shown that Arla to a great extent uses a different marketing mix on these markets. In our cultural analysis we revealed that the apparently similar two western countries differ in various core areas, which might be the reason why Arla has developed adapted marketing for these countries as it may be consistent with the different ‘webs of significance’ in a country. Hereby, Arla has the possibility to target specific segments more precisely than with an entirely standardised approach.

7.4. Consumer Culture

According to Holt, the present society is characterised by a consumer culture where consumers set the agenda for a company’s marketing activities, compared to earlier times when the consumers had no influence on the marketing in particular. Arla has embraced this development to a large extent, and when Arla started the idea of implementing the new marketing strategy “Closer to Nature”, the company made a thorough survey in order to reach consumers successfully. On the basis of work with trend agencies and after a quantitative study among 3,700 consumers in seven countries, it was revealed that consumers today have a preference for “natural food” (cf. pp. 62) (Kunde & Co. 2011a). This study may have contributed to Arla’s choice of naturalness as the driver for its marketing strategy. In the light of this, Arla defines an objective of making natural products available to everybody in the effort to bring the consumers *closer to nature*. On one side Arla promises its consumers natural products, and on the other side the company seeks to take responsibility and show consideration for nature through production and distribution (cf. pp.

55). This indicates that consumers have had a significant influence on Arla's recent marketing activities, because they were consulted in the development of the "Closer to Nature" strategy.

In a similar vein, political consumption is a deciding factor for Arla in planning its marketing and its development of the 2015 strategy. These activities where Arla works towards becoming a more sustainable company may originate in consumers being more well-informed and interested in how companies operate in areas such as organics, social responsibility and environmental footprint. This means that political consumption may function as an advantage for Arla when the company seeks to be a sustainable company in working with naturalness. On the other hand political consumption can also be a disadvantage if Arla does not take sustainability into consideration, as consumers may use it as a weapon against Arla. This could for instance be in a situation where the company's values do not reflect the consumers' own. So if Arla's methods are considered unethical by some consumers, they might refuse to buy the company's products and use their option to purchase as a weapon. For instance, in connection with Arla's violation of the Danish Competition Law, many consumers criticised Arla and deselected its products (cf. pp. 54). Due to criticism of Arla in Denmark the company has entered into dialogue with Danish consumers in order to create more openness and a better reputation. In this connection Arla started to use social media in its marketing, a growing trend both in Denmark and the UK, with the aim of having direct communication with consumers. This interaction has enabled Arla to obtain feedback and gain insight into both Danish and British consumers' attitudes and consumption preferences, but also to promote the Arla brand in a new and interactive way – especially on the British market.

Nevertheless, many consumers have the ability to see through Arla's marketing techniques today, because consumers are better educated and more well-informed than earlier, according to Holt; this is illustrated in our Danish questionnaire, because the "Closer to Nature" commercials have experienced a mixed response among Danish consumers. The respondents who disliked the commercials considered them as unreliable, because the scenery in the commercials is not perceived as being consistent with Arla's modern production methods. Having a dialogue with these consumers, for instance via social media, might help change the negative perception of Arla and humanise the company in Denmark. Therefore, by embracing this consumer trend Arla has been able to market the company through more direct communication with consumers via e.g. blogs and Facebook, which could help Arla become a more credible company in Denmark and create more awareness of the Arla brand in the UK.

Another prevailing consumer trend is that the modern consumer can be characterised as an emotional being or a hedonist, as consumption is not controlled by physical needs but instead by the feeling of pleasure and self-realisation (cf. pp. 51). To purchase a specific type of milk, which is more natural and/or

organic, is not a physical need, it is merely a purchase the consumer makes on the basis of inclination. When a consumer watches Arla's commercials for "Closer to Nature" and the natural idyllic scenery with 'cute' animals, it may unconsciously create a motivation within the consumer, as the commercials appeal to the heart rather than the brain. So by drinking/eating these natural Arla products, a consumer is able to take part in a more natural and harmonious living that might create wellbeing within the consumer and construct a certain identity. Therefore, when Arla attaches symbolic value to its products, the products enable consumers to express who they are and their status through the consumption of Arla's organic and natural products.

In this way the orchestration of Arla's commercials may seem motivating when consumers see them, because if they produce positive emotions in the shape of pleasure or self-realisation within the consumer, it might generate a motivation for buying Arla's natural products, as the feeling of pleasure can be considered as the motivation and goal of the consumption. On the other hand, even though some consumers have not noticed Arla's commercials they can still be affected by them in an unconscious way by the music and the visual impressions, e.g. the natural universe with animals, which might also entail an impulsive purchase of Arla's products.

Another aspect that might affect consumption today is that we live in a time where overweight, stress and unhealthy lifestyles characterise the everyday life of many consumers world-wide. As a result, health consciousness has become one of the dominant drivers of consumption, which is also a tendency incorporated in Arla's operations. Arla's websites, the strategy 2015 and the company's product range show many signs of health being prioritised. This is evident both on Arla's Danish and British websites which contain a "health" tab. In Denmark the health aspect seems to have high priority on the website as it contains tests, recipes and general information about a healthy lifestyle, unlike the UK website where the information mostly concerns healthy nutrition. Furthermore, in Denmark Arla has more than 50 products labelled with The Keyhole symbol⁶⁷ (Arla Foods, 2011g), which may be an indication of Arla seeking to offer healthier products to consumers in accordance with consumers' demand of healthier products today. Overall, in Arla's global operations, health plays a significant role as it is part of the company's product innovation within the 2015 strategy, as Arla wants to offer natural and healthy products to consumers around the world.

⁶⁷ The Keyhole is a voluntary Danish food label that identifies healthier food products within a product group (Nøglehullet, 2010)

8. Analysis of Arla's Branding

A brand can be used to differentiate a company like Arla and its products from the competitors on the Danish and the British market. Branding is a way to provide a brand with a personality which is credible, appealing and unique to the potential consumers. However, this can be a difficult task as marketing and branding must be based on thorough knowledge about consumers, as it may be important with an understanding of the context Arla is in when dealing with different cultures.

In the following section an analysis of Arla's brand, consisting of brand equity, brand image and brand identity, will be carried out by means of Aaker's theoretical branding universe. The purpose of the chapter is to analyse how Arla communicates its brand in both Denmark and the UK by examining how Arla brands itself to Danish and British consumers.

8.1. Brand Equity

Brand equity can be considered an important factor when a company like Arla wants to add tangible and intangible value both to its products and its brand name. Buying Arla's products can be characterised as a low-involvement purchase in both Denmark and the UK, as Arla's products are bought routinely by consumers in the supermarket. Therefore, it is important for Arla to have strong brand signals because these are essential in order to be selected over competitors' like Thise in Denmark or Dairy Crest in the UK (Boyle, C. 2009), which can be obtained through strong brand equity (cf. pp. 40). Arla has tried to create brand equity on the Danish and the British markets through TV advertising, outdoor promotion and online marketing in the attempt to generate brand loyalty, brand awareness (particularly in the UK), perceived quality and brand associations. These assets underlie the brand equity and are important because they create value for both the consumers and Arla, so these assets will be analysed in what follows as they represent different dimensions of the brand.

8.1.1. Brand Loyalty

According to Aaker, consumers' loyalty towards a brand is an important aspect for a company as it may generate a predictable sales flow and a competitive advantage. Brand loyalty can reduce the marketing costs for Arla as it is cheaper for the company to retain consumers than to require new ones. For instance, if a consumer is used to buying products from Arla's competitors in Denmark or in the UK it can be expensive for Arla to convince him or her to buy Arla's products instead, as this potential new consumer may lack motivation for switching to a new product.

Denmark

The tendency among consumers in Denmark is that they are very price sensitive, which is reflected in our Danish questionnaire where 76 per cent of the respondents considered price one of the most important factors when purchasing dairy products. Only 7 per cent considered 'brand' as one the most important factors, which suggests that Danes are not very brand loyal when it comes to dairy products. In the light of this, it can be difficult for Arla to create brand loyalty in Denmark because Danish consumers tend to attach more importance to price than brand when purchasing staple foods like dairy products. Another aspect that seems to have had an impact on Arla's brand loyalty in Denmark, is the bad publicity Arla experienced in a five year period from 2003-2008 where some consumers deliberately deselected Arla's products. In this connection Arla has presumably lost some of its brand loyal consumers with the result that it has been necessary for Arla to spend more time and resources on re-establishing brand loyalty with these consumers, and show Danish consumers that Arla is a sustainable company which concerns about nature. It seems like Arla has some success in convincing the consumers with its "Closer to Nature" strategy, which is reflected in BrandIndex's⁶⁸ brand survey from 2010 of popular brands in Denmark where Arla moved from a 110th place to a 75th place within a one year period (Christiansen, A. 2011). In this way it is possible that consumers would purchase Arla's products and eventually develop loyalty to the Arla brand in Denmark.

The UK

In the UK, on the other hand, the tendency is that quality plays a more important role than price and brand. According to our British questionnaire, 86 per cent of the respondents emphasised quality when purchasing dairy products, whereas 62 per cent focused on price and 19 per cent purchased from a brand oriented point of view. Compared to Denmark, consumers in the UK have a better potential of being brand loyal to the Arla brand as they are not as price sensitive, instead quality and brand are more important. Yet, in order to build the brand loyalty in the UK, Arla needs to create awareness of the Arla brand because this brand is relatively new on the British market among consumers (Appendix 2: 4). However, a factor that could create difficulties in generating brand loyalty to the Arla brand in the UK is how Arla markets itself through the already established brands: Cravendale, Anchor and Lurpak. Therefore, it may induce consumers who are loyal to for instance the Cravendale brand at the expense of the Arla brand which means that the loyalty, in the mind of the consumer, lies with Cravendale instead of Arla. Nevertheless, Arla might have a competitive advantage regarding brand loyalty, as many of its sub-brands on the British market are well-known (Appendix 5: 30), and have been present there for many years such as Anchor.

⁶⁸ BrandIndex is a daily tracking of the Danes' perception of more than 250 brands.

8.1.2. Brand Awareness

A necessary requirement in the process of Arla's branding is to create awareness of its products, because awareness and recognition are essential to Arla as these aspects may lead to a purchase. In order to achieve high awareness Arla has promoted the strategy "Closer to Nature" through television, outdoor promotion and online marketing both on the Danish and the British markets. In Denmark the strategy has mostly been promoted with the purpose of creating a more sustainable company in the mind of the consumer, by symbolising that Arla is *closer to nature*. In the UK the aim has been to boost the awareness of the Arla brand from less than 10 per cent to 60 per cent by 2015, as a part of the "Closer to Nature" strategy (Ford, R. 2010).

Denmark

Our Danish questionnaire indicates that Arla has a high awareness among consumers in Denmark, as 80 per cent of the respondents in the questionnaire have seen Arla's TV commercials for "Closer to Nature". The reason behind Arla's high awareness in Denmark may be due to its presence on the market for many years, the negative publicity in the media and Arla's large marketing campaigns, especially "Closer to Nature", which has required a huge marketing effort and an increase in Arla's 2010 marketing budget. In order to raise high awareness of the "Closer to Nature" strategy and the Arla brand, the company has used TV, outdoor and online media to get a lot of exposure. However, the awareness generated by the "Closer to Nature" strategy has not been entirely positive, because even though the majority of Danish consumers may have Arla as a 'top of mind' brand, some consumers are still critical of Arla, as established in Arla's marketing in Denmark. Nevertheless, it may be possible for Arla to develop more positive consumer attitudes towards the Arla brand in the long term, as the consumers are already aware of the brand's existence which is considered beneficial for Arla.

The UK

As opposed to Denmark, the brand awareness of Arla in the UK is very low, as a lot of the British are unaware of the brand. According to our British questionnaire 43 per cent were aware of the Arla brand; however the answers are subject to where the questionnaire has been posted online, for instance on "Kids Closer to Nature" and Cravendale's Facebook site for which reason it may not be representative for the UK population. Furthermore, the awareness of the Arla brand in the UK can be difficult to track as the brand has recently started its journey on the British market in the effort to raise awareness. This journey takes its starting point in marketing of the Arla brand through existing brands on the British market (Cravendale, Anchor and Lurpak), but also in the establishment of the "Kids Closer to Nature" campaign as an initiative to raise awareness of the Arla brand in the UK (Appendix 2: 6).

8.1.3. Perceived Quality

According to Aaker, perceived quality is a vital positioning dimension for brands that span over various product classes, such as Arla which offers butter, cheese and milk, among other things. On both the Danish and the British markets Arla has the aim of positioning itself as the most *natural* choice within dairy products, and in this way add value to the products. We live in a highly globalised world where many artificial additives are added to food, for which reason Arla provides the consumers with a reason to buy Arla's products, given that the company offers more natural products with reduced use of additives and responsible manufacturing (cf. pp. 59). This is all part of Arla's commitment in becoming the world's most natural dairy (Arla Foods, UK, 2008). With the "Closer to Nature" strategy Arla seeks to add symbolic significance to its products and its brand. The aim is to make the consumers regard the naturalness in the products as a perceived quality which could eventually make them choose Arla's products over competitors' in both Denmark and the UK.

8.1.4. Brand Associations

Arla has various associations attached to its brand name. Some of the associations origin from the Arla brand itself, and others are attached to both Arla's sub-brands and the "Closer to Nature" strategy with focus on naturalness. These associations convey Arla's concept and the meaning of the strategy in terms of how it fulfils consumers' need for naturalness. A consumer may for instance define him or herself as politically aware in paying attention to the environment when buying Arla's natural products. As part of Arla's strategy the company also implemented a new logo in order to symbolise Arla's natural direction. The intention of the green logo with the flower may have been to generate positive associations towards nature in the minds of the consumers, given that positive brand associations can represent the basis for purchase decisions and create brand loyalty. It is therefore vital that Arla's products live up to naturalness in order to develop positive brand associations among consumers in both Denmark and the UK, because without a positive attitude towards the products there might not be a purchase. On the other hand, a brand association like naturalness may generate criticism from the public given that Arla is a highly modern production company, but Arla tries to show that even though the company is global, it is still possible to be *close to nature*.

Denmark

From our Danish questionnaire the tendency is that consumers have very different associations linked to the Arla brand. Especially, the associations *quality*, *monopoly*, *large assortment*, *high price range* and *Arla being a global company*, were stressed by the Danish consumers in our questionnaire. This shows that the Danes have associations which are both positive (e.g. quality, large assortment) and negative (e.g.

monopoly, high price) connected to the Arla brand, which means that many consumers perceive Arla's products as quality products with a large assortment, but at the same time the company's way of doing business is criticised in terms of having monopoly on the Danish market.

The UK

On the other hand, our British respondents do not provide us with an unambiguous picture of the associations linked to the Arla brand in the UK. This may be due to the low awareness of the Arla brand in the UK, for which reason it can be difficult for our respondents to have any associations linked to the brand. Nevertheless, Arla markets itself through the already existing brands Cravendale, Anchor and Lurpak, as they have a much higher awareness in the UK than the Arla brand. Therefore, various associations are attached to these brands; Lurpak – quality and taste, Cravendale – taste and quality, Anchor – price, brand, taste and quality. The fact that Cravendale, Anchor and Lurpak have positive associations among many British consumers may have an influence on the Arla brand and eventually the company can gain goodwill from the sub-brands.

8.2. Brand Image

Overall Arla's brand image is shaped by consumers' perceptions of the Arla brand, but it is also affected by the culture in question, because a brand image may vary from one country to another. Additionally, the consumers' numerous meetings with the Arla brand, for instance in the supermarket or via advertising, may also influence the perception of Arla's brand image.

Denmark

For many years Arla has had a strong position on the Danish market, but from 2003-2008 the company was exposed to a lot of criticism from the media and the consumers, as mentioned earlier. Eventually, this might have been the reason why Arla developed a new strategy to establish a better image and build a more contemporary brand image that connects with present consumer trends, and thereby generate renewed interest among Danish consumers. In other words, by promoting Arla through the "Closer to Nature" strategy the company may achieve goodwill and a stronger position in the mind of the consumer. Arla's TV commercials for the "Closer to Nature" strategy have obtained some positive feedback, as a third of our Danish respondents found the commercials credible. This may have placed Arla in a favourable position in the mind of many consumers, and thereby opened up to a potential improvement of Arla's brand image in Denmark.

As mentioned in the section 'brand associations', there are various associations attached to the Arla brand in Denmark, and these can be seen as an aspect of the brand image. These associations are emotional

attributes that appeal to the Danish consumers who want to identify themselves with the emotional values connected to Arla's products; a lifestyle *closer to nature*. Moreover, the uniqueness of "Closer to Nature" may influence the brand image, as the natural standpoint represents a competitive advantage over rivals and a unique selling proposition. By introducing the "Closer to Nature" strategy in Denmark it is particularly important that Arla connects with their thesis of being *closer to nature*, as the company has a tarnished reputation which needs to be improved in order to maintain a good brand image, and because a well-established brand image cannot be copied by competitors.

The UK

As illustrated in the 'brand awareness' section Arla has a low degree of awareness in the UK, for which reason it can be difficult to assess Arla's brand image in the UK. According to Hanne Søndergaard, the process of promoting the Arla brand and create an image on the British market is still new, and therefore there has not been any tracking results on the Arla brand in the UK yet (Appendix 2: 6). Nevertheless, the Arla brand continues to appear on more products in the UK, which may lead to an increase in awareness of the Arla brand among consumers. Besides, as a part of the "Closer to Nature" strategy Arla has created several activities in its own name. For instance Arla's "Kids Closer to Nature" campaign has achieved positive feedback from the consumers which is reflected in our British questionnaire, but also on the "Kids Closer to Nature" Facebook site where people are involved in uploading pictures, making status updates and so on. This can be a contributing factor for Arla in creating a good reputation and in the longer run obtain a good brand image on the British market. However, it still requires a lot of strategic work to establish a strong Arla brand in the UK, as it is a long journey for the company (Appendix 2:4).

8.3. Brand Identity

Brand identity varies from brand image, as the brand image is how the Arla brand is perceived by the consumers and the brand identity is how Arla wants its brand to be perceived. It appears that Arla's brand identity consists of a core identity which is consistent on all of Arla's markets, and an extended identity where some of the identity elements are adapted to specific markets.

8.3.1. Core identity

According to Aaker, any company may have a desire to keep its core values, and the sense that all of the company's products 'belong together' when a company moves into the global world. Arla concentrates its global organisation and marketing around one common identity: the "Closer to Nature" strategy (Kunde og Co. 2011b). As a way to execute the common identity Arla has implemented the same logo, slogan, and unified the design of Arla websites in order to communicate Arla's new brand position "Closer to Nature". These factors may contribute to the maintaining of Arla's identity and uniqueness as well as a

strengthening of the image, given that Arla seeks to keep its core values about being *closer to nature* on a global scale, as established in the global marketing section.

The latter also means that Arla's core identity appears similar in both Denmark and the UK. Arla has the same value offering in both countries, as the company cares a great deal about nature in terms of social responsibility, animal well-being and environmentally friendly production. For instance, Arla has a thorough CSR strategy incorporated in the company, and each year the public has the opportunity to gain insight into the company's CSR activities through Arla's CSR report "Our Responsibility" (Arla.com, 2011l). Additionally, Arla uses ISO standards⁶⁹ as part of the corporate quality policies and high quality standards in order to ensure product quality in a natural way (Arla.com, 2011m). As a result, Arla's product attributes can be characterised by naturalness and quality, which appeals to consumers who for instance are interested in sustainable production and natural products.

In our analysis we have demonstrated that Arla seeks to offer natural products of good quality, and that many of our Danish and British respondents associate Arla and its sub-brands with quality. In this way there is a correspondence between how the consumers perceive Arla and its core identity. Presumably, this can be considered a positive asset which may contribute to Arla's brand credibility.

8.3.2. Extended identity

According to Aaker, the extended identity differs from the core identity as it is changeable, but it is still in line with the core identity. Furthermore, the extended identity consists of different elements that can vary from one country to another, and it enables Arla to attach more details to its brand identity. In Denmark and the UK Arla's extended identity consists of adapted components like product scope, sub-brands and relationship, etc. However, Arla's green logo with the buttercup, representing naturalness, stays the same on both markets.

Denmark

Arla's slogan "Closer to Nature" has the same meaning globally, however it has been translated into the local language in many countries. In Denmark Arla has decided to translate the slogan into Danish saying "Tættere på Naturen", and the reason for making this approach may be a way for Arla to connect with the Danish consumers, despite the fact that most Danes would be able to understand the slogan if it was marketed in English. In Denmark the Arla identity is modified for sub-brands such as Lærkevang, Yoggi, Harmonie, Cheasy, Kærgården, Karolines Køkken which are only a selection of Arla's product range. This

⁶⁹ ISO standards are standards that many companies try to meet in order to improve their business, quality, and service. They can be used in any type of business and are accepted around the world as proof that a business can provide assured quality.

means that Arla has a large variety of products in Denmark including milk, cheese, butter, yoghurt, and many organic varieties. This is reflected in our Danish questionnaire as many respondents associate Arla with a wide range of dairy products. In Arla's product range it is especially important for the company to make products with no preservatives added in order to follow Arla's strategy of being *closer to nature*. For instance, on Arla Buko's products 'no preservatives' is highlighted on the packaging. It may be part of Arla's extended identity of developing natural products for Danish consumers and to offer products in line with consumer demands (Appendix 2: 7-8).

Another aspect of Arla's extended identity is how Arla seeks to connect with Danish consumers' lives via online and physical contact in order to create a relationship (cf. pp. 85). The online recipes on Arla's website are a way for the company to be part of the consumers' daily food inspiration which could entail goodwill from the consumers and provide value to the Arla brand.

The UK

Like in Denmark Arla has sub-brands that contribute to Arla's extended identity on the British market. However, the Arla brand is not present on all its products in the UK, but the green logo appears on for instance Cravendale and Lactofree. As opposed to Denmark these sub-brands do not clearly portray Arla's core identity, because Cravendale, Anchor and Lurpak are strong brands per se with their own brand strategies, for instance in the shape of individual websites. For this reason the sub-brands may not be a contributing factor for Arla to complete its brand identity to the same extent on the British market as in Denmark. As a result, it can be difficult for the consumers to see the link between Arla and its British sub-brands. Nevertheless, as established in the analysis of Arla's marketing in the UK, Arla seeks to create more correlation between the Arla brand and its sub-brands in the future.

On the other hand, the "Kids Closer to Nature" initiative provides Arla with a brand personality as it portrays what Arla stands for in line with the core identity of getting *closer to nature*. The initiative suggests that Arla is committed to making more children enjoy the great outdoors and in this way enhance people's lives through nature. "Kids Closer to Nature" seeks to build a relationship between Arla and the British consumers and to become part of outdoor activities, which should generate fun associations to Arla's brand identity.

8.4. Summary

There has been a difference in the way Arla has tried to create brand equity in Denmark and in the UK, but a common feature is how the company has attempted to add increased value to its products via the Arla brand and the focal point "Closer to Nature". Overall, Arla's brand equity revolves around being "Closer to Nature" as naturalness is one of the strongest brand signals which is communicated through Arla's

marketing. In the effort to generate brand equity on both markets Arla seeks to provide its products with a perceived quality of naturalness, generate positive brand associations to the Arla brand, create brand loyalty and awareness, in order to provide the consumers with a 'reason-to-buy'.

Arla is perceived differently by consumers on the Danish and the British markets, which has the result that Arla's brand image varies on these markets due to the company's level of awareness, among other things. It has been difficult to assess Arla's brand image in the UK, whereas Arla has been exposed to a lot of criticism in Denmark entailing a weakening of the company's brand image, but in the last couple of years Arla has worked towards an improvement of its brand image on the Danish market.

Furthermore, Arla works on implementing naturalness as a part of its brand identity, in order to create a link between the Arla brand and being *closer to nature* which represents Arla's core identity. Arla's extended identity, such as its sub-brands and brand personality, changes on the Danish and the British markets, but the core identity generally remains the same.

Combined, these aspects of branding treat how Arla can differentiate itself from competitors by dealing with brand equity, brand image and brand identity, and in this way potentially create a better brand and competitive advantage.

9. Discussion

In this chapter we will discuss different issues covered throughout the thesis. The discussion is divided into a Danish section and a British section because Arla's presence and awareness on these markets are very different, meaning that the company uses various approaches on each market. With emphasis on how applicable Arla's marketing has been on the Danish and the British markets, we find it interesting to discuss whether Arla's approach on these markets has been prudent, and whether some of our theories have been insufficient in our analysis.

Denmark

In Denmark Arla has used the "Closer to Nature" strategy as communication platform for most of its sub-brands based on a similar theme and design with nature and animals as the focal point. The reason is that Arla intends to unify its sub-brands under the Arla brand, and in this way achieve coherence between the Arla brand as well as the sub-brands and the "Closer to Nature" strategy. So in the effort to create awareness of the "Closer to Nature" strategy, Arla has used various communication channels in its marketing on the Danish market. Actually, this seems as a good approach in order to spread the "Closer to Nature" message, and hereby reach a broad spectrum of consumers via different media. However, on the Danish market Arla's message of being *closer to nature* can be considered a risky message, because many Danes are aware of the fact that Arla is a large global corporation utilising economies of scale and modern production methods.

In this respect, Arla may seem unreliable as a lot of Danish consumers realise it can be difficult for Arla to deliver its promise of being *closer to nature*. This is also reflected in the perception of the company's commercials, because with reference to our Danish questionnaire many of the consumers consider the 'Narnia universe' in Arla's marketing as being too unrealistic. A reason for facilitating more positive perceptions of the commercials could be to incorporate humour in them, as humour is an important part of Danish culture. Generally, Arla does not use much humour in the "Closer to Nature" advertising we have examined, compared to popular Danish commercials like TDC's 'Britta and Claus' and Viasat's 'Havenisser' where humour is an essential ingredient. In this connection we assume that a contributing factor for TDC and Viasat's success on YouTube may be that these commercials contain a larger entertainment value than Arla's "Closer to Nature" commercials (cf. pp. 88). In this way it is more likely consumers will forward these humorous commercials to friends and family.

According to Aaker, there is an increased probability that brands with high awareness, like the Arla brand, are successful and will be selected over other brands. However, we have learned from our analysis that his theory does not always prove correct. Arla has a high level of awareness in Denmark while the company has also experienced a lot of adversity. This aspect is not clarified in Aaker's theory, because he does not highlight the possibility that having high brand awareness can also have negative consequences, as we have discovered that many Danes have a negative perception of Arla as the 'giant' of the dairy industry. So even though many Danish consumers are highly aware of the Arla brand they still deselect Arla's products, clearly reflected in our Danish questionnaire, among other things.

Arla has been considered 'the giant' of the Danish dairy industry for many years, and since equality is an important part of Danish culture the 'giant' label attached to Arla has had a negative effect on the consumers' view on Arla. To improve this perception Arla has entered into dialogue with consumers via social media like Arla Forum, blogs and Facebook. An approach like this is considered well suited for the Danish market as the company shows openness and is willing to accept and answer criticism from consumers. In addition, we assess that it might contribute to better credibility on the Danish market when Arla prioritises responding to the consumers' questions as well as suggestions. The dialogue between Arla and the consumers is a good tool for Arla to gain insider-knowledge of consumer habits, deal with criticism and involve the consumers in the company. This might entail goodwill from consumers and eventually create a better brand image for Arla in Denmark as opposed to only communicating through 'traditional' media like TV.

Combined, Arla has implemented various types of marketing in Denmark in order to promote the "Closer to Nature" strategy and to improve Arla's brand image on the Danish market. According to Kotler, communication is effective when a company's encoding process connects with how a receiver decodes the message. Unfortunately, Arla's "Closer to Nature" advertising on the Danish market has been decoded differently than the intended way by one fifth of the consumers in our questionnaire but also on different blogs (cf. pp. 86). Moreover, our questionnaire revealed that one third actually found Arla's "Closer to Nature" commercials credible, which indicates that Arla has an applicable concept; however Arla needs to develop its concept further on the Danish market in order to connect with more consumers and eventually achieve a more effective marketing and a stronger brand.

The UK

In the effort to analyse the British culture we have experienced it can be difficult to make a thorough analysis of a culture which we are not a part of ourselves. According to Gullestrup, his model is a supplement for organising the impressions and observations people might have in the meeting with other

cultures. Yet, due to our resources, it has not been possible to visit the UK and examine the British culture firsthand which can be considered the best approach for gaining a profound insight into another culture, and in this way benefit from Gullestrup's model adequately. For this reason we have found it necessary to read a lot of different literature regarding British culture in order to acquaint ourselves with this culture, and finally to analyse it in relation to Arla's marketing and the "Closer to Nature" strategy.

The "Closer to Nature" strategy has not gained a foothold on the British market to the same extent as in Denmark which the marketing of Arla's British sub-brands characterises. The reason is that Arla markets itself through the well-established brands Cravendale, Anchor and Lurpak, and this marketing is not closely in line with the "Closer to Nature" universe. There are both pros and cons by selecting this method; these brands are in a strong position on the British market and in the mind of the consumers, but at the same time Arla may stand in the shadow of these brands which could induce difficulties both in establishing the Arla brand on the British market and in raising the brand awareness. Therefore, future initiatives in line with "Kids Closer to Nature" may be a suitable approach in order to increase the degree of knowledge in the UK and potentially unify the sub-brands under the Arla brand by naming them, e.g. Arla Cravendale like in Denmark where the Arla brand is implemented in the product name such as Arla Buko and Arla Kærgården. This could potentially create more awareness of the Arla brand in the UK.

Arla's UK advertising takes its starting point in an important part of British culture – that is humour. As opposed to Denmark, Arla's commercials in the UK have achieved high popularity in a content community like YouTube, and a contributing factor may be they are humorous and therefore more interesting to forward to friends and family. This suggests that humour has been instrumental in creating awareness of the British sub-brands, and not to a great extent the Arla brand even though the company has an intention of raising awareness of the Arla brand in the UK.

As a way to execute the latter, the company works towards incorporating the Arla brand in its existing UK brands, but this angle of approach does not necessarily create higher awareness, because Arla's presence on, e.g. Anchor's products and advertising is limited. In this way, many consumers may not know Anchor belongs under the Arla brand, and that Arla is a large individual brand, compared to Denmark where most consumers are aware a sub-brand like Buko belongs under the Arla brand. The fact that the Arla logo is not present on all of its products in the UK may be a disadvantage in raising awareness, and cause a poor connection between the sub-brands and the Arla brand. As a consequence British consumers can develop brand loyalty to sub-brands like Cravendale and Lurpak which may not have an influence on the Arla brand, and additionally the Arla brand may not benefit from the consumers' loyalty to its sub-brands.

Therefore, Arla's initiative in creating the "Kids Closer to Nature" campaign is an innovative move towards

creating Arla awareness and promoting the “Closer to Nature” strategy in the UK, since a lot of the elements in the campaign are derived from the “Closer to Nature” strategy in the shape of similar choice of colour, theme, design, name, etc. In this way the campaign is an applicable marketing-tool on the British market in the effort to promote “Closer to Nature” and boost the awareness of the Arla brand to the desired 60 per cent. If elements from the “Closer to Nature” strategy were incorporated to a greater extent in the marketing of Arla’s sub-brands in the UK, it could produce a better coherence between Arla and all of its sub-brands in order to appear as the umbrella brand it is, and reflect affiliation to the “Closer to Nature” strategy.

As established in the company profile Lurpak is the number one butter brand in the UK. Arla can take advantage of this in promoting the Arla brand on the British market; however Arla has not implemented its brand on Lurpak which may be due to the Danish Dairy Board’s ownership of the Lurpak brand. We believe it would be beneficial for the Arla brand to be placed on Lurpak’s products and in the commercials, as it might have an influence on and create awareness of the Arla brand in the UK. So we have found it interesting to examine this aspect for which reason we wrote an e-mail to Arla Foods UK in order to gain insight into Arla’s strategic choices in the UK concerning Lurpak, unfortunately without any response from Arla Foods UK.

We estimate that when a company implements and understands cultural differences, it is the key to successful marketing across borders. Understanding the different motivation factors for consuming is decisive in relation to understanding cultural differences, and the way a brand is perceived. At the same time understanding is also essential in the development of the context in which a brand appears – from culture to culture, in diverse markets.

Arla seems to understand this context since we assume that the company has achieved an understanding of cultural differences in many of the countries Arla operates in, given that the company has implemented adapted marketing which we have demonstrated through analysis of Arla’s Danish and British marketing. This understanding may have contributed to Arla’s transition from being a large Danish dairy to becoming a successful global brand.

10. Conclusion

The purpose of this thesis has been to analyse Arla's marketing and branding on the Danish and British markets in the light of a cultural analysis and present consumer trends. In the attempt to answer our problem statement regarding *An analysis of Arla's marketing on the Danish and British markets with a view to identify how the company communicates its brand on these markets*, we have used both primary and secondary empirical data. Our primary data includes quantitative (questionnaires) and qualitative data (interview) collected by the group, whereas the secondary data includes various theorists for bringing methodological clarity to Arla's marketing and branding. In order to analyse Arla's marketing we have found it necessary to identify prospective cultural differences in Denmark and the UK, and subsequently relate these to Arla's marketing. In our investigation of Arla's brand and consumer cultures' potential influence on Arla's marketing, we have constructed a questionnaire for Danish and British consumers, respectively. However, the questionnaires have shown a discrepancy in the results which we have taken into account. As a result, it has been difficult to compare the answers from the two questionnaires as we only received a limited number of responses in the UK (21 responses), whereas we had a higher response rate in Denmark (163 responses), but with many answers from people in the 21-30 age range for which reason we have allowed for similar preferences and buying habits.

Our use of the hermeneutic approach and the hermeneutic circle has been fruitful in answering the problem statement of the thesis. By using the hermeneutic approach and the hermeneutic circle, we have been able to revise our pre-understanding through experiences in the shape of the two questionnaires and the interview with Hanne Søndergaard from Arla. These have contributed to a profound understanding of the subjects explored. However, our framework and limited resources have induced that we were not able to analyse all aspects of how Arla markets itself, and how consumers perceive the Arla brand, especially on the British market. Nevertheless, we have studied the most significant aspects in relation to our problem statement.

In the thesis we have identified that Arla uses the "Closer to Nature" marketing strategy on a global scale with the aim of unifying the company's marketing and hereby gain more global visibility. The focal point of Arla's marketing is naturalness, as the company offers products that are *closer to nature*. We estimate that this slogan holds the core in Arla's marketing, particularly manifested in the "Closer to Nature" strategy. For this strategy Arla uses a standardised marketing approach where the company reaches a global segment with the universal appeal of being *closer to nature*. Hereby Arla aims at reducing costs as the overall marketing largely remains unmodified, especially in Arla's TV commercials for "Closer to Nature" and on

the websites, because these appear similar globally. We estimate that Arla's marketing in connection with "Closer to Nature" is based on cultural similarities rather than differences in accordance with Levitt and Fatt's theories on standardised marketing.

At the same time, our analysis has revealed that Arla adapts some of its marketing for local products, as Arla has developed local marketing initiatives in different countries. In this regard, we have demonstrated several examples of adapted marketing, which Denmark and the UK are great examples of, suggesting that Arla has taken cultural differences into consideration in line with Usunier's ideas of cultural diversity. Therefore, our examination has shown Arla uses a mix of standardised and adapted marketing, advocated by Kotler, as Arla plans global, but at the same time acts local in order to reach a broader segment of consumers.

From our analysis of Arla's marketing in Denmark and the UK we can conclude that differences in the company's marketing exist in the shape of content, theme and products, and this may origin in cultural differences between the countries. Furthermore, we can also establish that Arla takes consumer cultures into account in its marketing in the two countries, in particular through a comprehensive use of social media. Holt stresses that consumers are being more influential on a company's marketing activities today compared to earlier, which could be the reason why Arla seeks to show responsibility and consideration for nature through its marketing. In this way Arla provides consumers with the opportunity to display responsibility and political awareness through consumption.

In Denmark the majority of Arla's products and sub-brands are unified under the "Closer to Nature" strategy, meaning that the marketing revolves around naturalness and animal well-being. The "Closer to Nature" advertising has achieved high awareness, however it has been perceived differently as a substantial part of Danish consumers consider Arla unreliable, and it has affected the perception of the commercials negatively. This may origin in Danish culture where equality is paramount, for which reason Arla is considered to be 'the giant' that affects the small farmers' livelihood. Nevertheless, other Danish consumers have positive associations linked to the "Closer to Nature" marketing, because the commercials communicate Danish cultural values like '*hygge*' and animal well-being. In order to improve Arla's credibility the company uses the growing consumer trend social media such as blogs, forum and Facebook as a way to engage in dialogue and establish a relationship with consumers which might improve the company's image in the longer run.

On the other hand, we can conclude that the "Closer to Nature" strategy is not present in the UK to the same extent as in Denmark, because the awareness of the Arla brand is quite low. The reason for the low brand awareness is that Arla primarily markets itself through the commercials of the existing brands Anchor, Lurpak and Cravendale where naturalness, animal well-being, etc. are not the focus areas.

Instead the focal point in these commercials revolves around humour and other aspects like British tea-culture and traditional foods like Sheppard's pie, because these are considered important parts of British culture as established in the cultural analysis. In the effort to raise awareness of Arla's brand in the UK the company has developed marketing initiatives such as the "Kids Closer to Nature" campaign and marketing through social media. Nonetheless, most of Arla's marketing in the UK is not closely in line with the "Closer to Nature" universe, and it could be one of the reasons why the British have little knowledge of the Arla brand given that it has not been promoted to the same degree as in Denmark. Overall, this creates a poor cohesion in the marketing on the British market as most people in the UK are not aware of the link between Arla and the brands, Cravendale, Anchor and Lurpak, so in order to raise awareness of the Arla brand in the future the company must seek to create more marketing activities in its own brand name.

In the thesis we have emphasised that Arla communicates its brand differently in Denmark and the UK. Most evidently is the level of brand awareness in the two countries, because the Arla brand has high awareness in Denmark while it has low awareness in the UK. A common feature, though, is how the Arla brand attempts to add symbolic significance to its brand by being the most natural choice on these markets.

We can conclude that Arla does not need to market itself to achieve awareness in Denmark – instead the company's marketing, with social media as the primary tool, is used to create positive brand associations and a better brand image as Arla has been exposed to a lot of criticism. For this reason, the company seeks to shape its brand identity around the "Closer to Nature" strategy and hereby symbolise naturalness, in order to create a link between the Arla brand and being *closer to nature*, representing Arla's core identity. In the UK it is especially important for Arla to market itself in a visible way to achieve brand awareness and create brand associations. However, it has been difficult to assess whether Arla's marketing with visible logo through the existing brands has had an effect on Arla's brand associations and brand awareness, as the "Closer to Nature" strategy is a new marketing initiative on the British market. In connection with the "Closer to Nature" strategy Arla has tried to establish its own brand name in the UK, e.g. through the "Kids Closer to Nature" campaign which in the longer run could induce a stronger and more independent Arla brand in the UK. In order to market the Arla brand through sub-brands, it can be difficult to see the link between the products and Arla as opposed to "Kids Closer to Nature", which provides Arla with a brand personality in line with Arla's natural universe and its core identity of getting *closer to nature*.

By means of our analysis we can conclude that Arla markets itself differently on the Danish and British markets by implementing a diversified marketing strategy on both markets, where cultural differences and present consumer trends are taken into consideration. In Denmark the marketing has its starting point in

the “Closer to Nature” strategy, whereas the strategy has been incorporated in the UK marketing to a limited degree. Even so, “Closer to Nature” has undoubtedly been Arla’s greatest venture in terms of marketing and branding initiatives globally. Through the strategy Arla communicates its core identity of being *closer to nature* through the same logo, slogan and unified design on the websites, as a way to execute a common identity on a global scale. In the communication of Arla’s brand in Denmark the company seeks to generate a better brand image and positive brand associations through the well-established “Closer to Nature” strategy, as Arla seems unreliable to a substantial part of the Danes. The communication of Arla’s brand in the UK is not centred around this strategy; instead it has primarily been communicated through existing brands such as Cravendale and Anchor in order to raise awareness of the Arla brand. In this respect, it could be beneficial for Arla to develop the “Closer to Nature” concept further in order to enhance its own brand in the UK.

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