

Michelin Branding Strategy

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Abstract

As one of the leading tire companies globally, Michelin Group prides itself as a pioneer and a leader in tire innovation. The company has a long history of offering breakthrough solutions in terms of safety, fuel efficiency, and eco-friendliness of its products in the transportation industry. The company also prides itself of having a world-class brand portfolio renowned in different regions and two globally recognized brands—Michelin and BF Goodrich. The research paper discussed Michelin's global branding strategy, highlighting the strength of the Michelin brand in the passenger-car and light-car tire category. The author examined the strategic branding approach of Michelin in the global marketplace. In particular, the researcher conducted environmental analysis and identified the internal strengths and capabilities that would make Michelin stand out in the global economy. The researcher also explained what brand equity means. He also explained why it is important in the company's overall strategy and why it is important to further build this strategic asset. The paper discussed how Michelin builds customer intimacy and retains this relationship in the global market. More importantly, conclusions were arrived at with regard to the effectiveness and future opportunities for strategic branding.

CHAPTER 1: INTRODUCTION

Company Background

The Michelin Group prides itself as the global leader in tire innovation, providing forward-looking solutions to help the road transportation industry in its bid for attaining competitive edge and to meet society's ever pressing need for safety, fuel efficiency, and respect for environment. Michelin had been the first to patent the radial tires, which had been widely used and famous in the automotive industry. The company has had a century of progress and innovation in tire design and many product firsts.

At the end of December 2005, Michelin posted a 36-percent growth in its net income at €889 million (\$1.049 billion), with over €15.59 billion (\$18.40 billion) in net sales, up 3.6 percent from the previous year (Michelin Annual Report, 2005). While the tire industry continues to consolidate in the short term, Michelin has continued to expand its product line and to operate in new regional markets. Currently, the company has a global sales network in 170 countries, 71 manufacturing plants in 19 countries, six rubber tree plantations in Brazil and Nigeria, and an extensive brand portfolio that includes Michelin and BF Goodrich as the flagship brands of the company as well as two distribution networks namely Eurometer and TCI.

| Michelin Group | | |
|---------------------------------------|-------------|-------------|
| Consolidated Income Statement | | |
| For the year ending December 31, 2005 | | |
| (in EUR million) | | |
| | <u>2005</u> | <u>2004</u> |
| Sales | 15,590 | 15,048 |
| Cost of Goods Sold | (10,835) | (10,212) |
| Gross Profit | 4,755 | 4,836 |
| Operating Expenses: | | |
| Sales and Marketing Expense | (1,775) | (1,897) |
| Research and Development Expenses | (565) | (576) |
| General and Administrative Expense | (999) | (986) |
| Other Operating Expense and Income | (48) | (74) |
| Total Operating Expense | (3,387) | (3,533) |
| Operating Income | 1,368 | 1,303 |
| Non-recurring Income/Expense | 206 | (64) |
| Interest and Other finance costs | (274) | (254) |
| Income Tax | (411) | (331) |
| Net Income | 889 | 654 |

Source: (Michelin, 2006)

Despite the increasing material costs, Michelin has been able to increase its net sales and operating income significantly because of its strong brand portfolio of tire products.

Today, it is the world's number one tire manufacturer with a 19.4-percent market share. Michelin is currently the undisputed leader in the most demanding technical segments, and it provides design-advanced solutions to help the road transportation industry (Michelin, 2006).

Michelin offers a number of highly reliable products and services such as tires, distribution and services, mobility-enabling services, ground linkages and pressure monitoring systems, viaMichelin, and Michelin lifestyle products.

In addition, Michelin has an extensive brand portfolio. All market segments are covered by leading national brands and well-positioned private brands: a large portfolio of strong regional brands such as Uniroyal in North America, Kleber in Europe, Warrior in China – and the Group's 2 world-class brands: Michelin and BFGoodrich (Michelin, 2006).

Scope of the Study

The study is delimited to Michelin Group, assessing the group's brand strength in the self-constructed instrument. It aims to compare the brand position and branding strategy of Michelin against those of competitors.

In particular, the study intends to address the following sub-problems: 1) examine the strategic branding approach of Michelin Group in the global marketplace; 2) explain what brand management means and why it is important in the company's strategy and the global economy; 3) discuss how Michelin builds and retains relationships; 4) identify any further opportunities to enhance the strategic brand-relationship-marketing plan; and 5) deduce conclusions on the effectiveness and future opportunities of strategic branding.

A methodological limitation is the lack of quantitative measures utilized; the study is limited to the qualitative responses of the respondents interviewed for the research. Thus, the results may not be generalizable to all players in the tire industry.

Statement of the Problem

1. What is the strategic branding approach of Michelin Group in the global marketplace?
2. What does brand management and relationship marketing mean? Why are these important in competing in the global marketplace?
3. How does Michelin build and retain relationships?
4. What are further opportunities to enhance Michelin's strategic brand relationship-marketing plan?
5. What conclusions may be drawn from the effectiveness of brand positioning of Michelin products?
6. What are the future opportunities for strategic branding of Michelin Group?

Importance of the Study

To the company, the results of the study will provide critical information on how to enhance its brand management and relationship-building marketing strategies. The present macroenvironmental changes in the global marketplace make it necessary Michelin to customize these strategies. Those strategies should be consistent and supportive of the overall organizational goals.

Michelin should analyze its business norms to make them responsive to external changes while still maintaining competitive advantage. The current concentrates on its brand-marketing efforts.

CHAPTER 2: REVIEW OF RELATED LITERATURE

The literature review consisted of three parts: (1) Environmental Analysis, (2) Competitive Position of Michelin, and (3) The Michelin Brand. In the Environmental Analysis section, the author discussed the competitive landscape of the global tire and rubber industry and defined the nature of competition within the industry. The author also described the market size, volume, and growth of the industry. Moreover, the section delved into the segmentation of the market according to geographical location and tire category. The research also discussed the competitive position of the Michelin in the market. It provided an assessment of Michelin's strengths and weaknesses, and how Michelin can use its strategic assets to take advantage of the opportunity in the market. Lastly, the paper discussed key concepts in brand management and brand positioning. Moreover, it provided a brand positioning of Michelin's different product lines in the market using the BCG Matrix.

Environment analysis

Macroenvironment Analysis

For replacement tires of passenger cars and light trucks, the global market has shown modest value and volume growth since the beginning of the decade. This has occurred in the face of increasing input and product costs due to rising energy and rubber prices. Looking forward, global average prices are likely to decrease with increasing competition, but as companies are becoming more vertically integrated, it will be possible for them to keep costs down; as global demand will remain high, the outlook for the market is positive.

Global replacement tires' market value grew by 2.80 percent to \$27.9 billion in 2005; global replacement tires' market volume grew by 3 percent in 2005 to reach a volume of 736.4 million tires. In the last five years, the market value grew at a compound annual growth rate of 1.7 percent while market volume grew at a compound annual growth rate of 2.0 percent. 2001 and 2002 saw sluggish growth, which held down the market growth for the five-year review period. It was also during these years that the automobile market experienced slow market growth. Despite innovation being used to differentiate certain brands in the market, tires are close to being commodities, and competition from low-labor cost manufacturing exerted a downward pressure on prices, which held back value growth (Datamonitor, 2005).

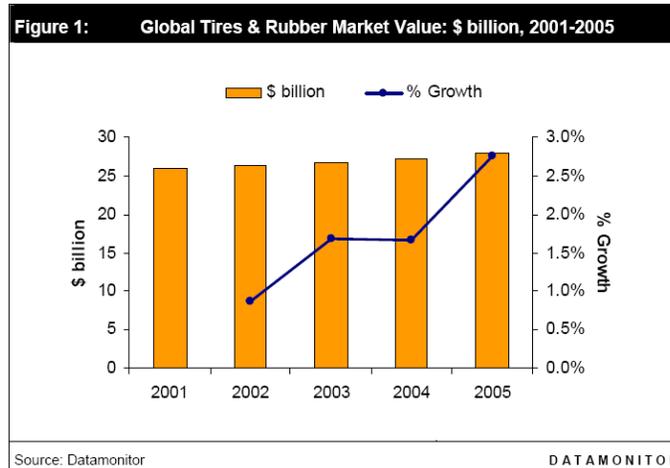


Figure 3. Global Replacement Tires and Rubber Market Value for 2001-2005. Source: Datamonitor (2005). Global Tire and Rubber: Industry Profile.

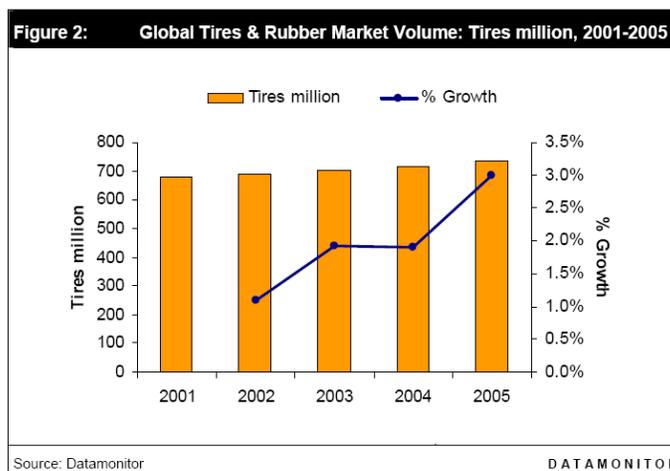


Figure 4. Global Replacement Tires and Rubber Market Volume for 2001-2005. Source: Datamonitor (2005). Global Tire and Rubber: Industry Profile.

Market Segmentations

Geographically, the European market is the leading revenue source for the global replacement tires and rubber market, accounting for revenues of \$9.3 billion in 2005. This is equivalent to 33.5 percent of the overall market value. In comparison, the Asia-Pacific sector is on a fast rise, generating as much as \$8.6 billion or 30.9 percent of the overall market value. The Chinese market is forecasted to grow strongly as income levels rise and make car ownership and maintenance accessible to more consumers there. This is likely to increase the Asia-Pacific contribution to the global market (Datamonitor, 2005).

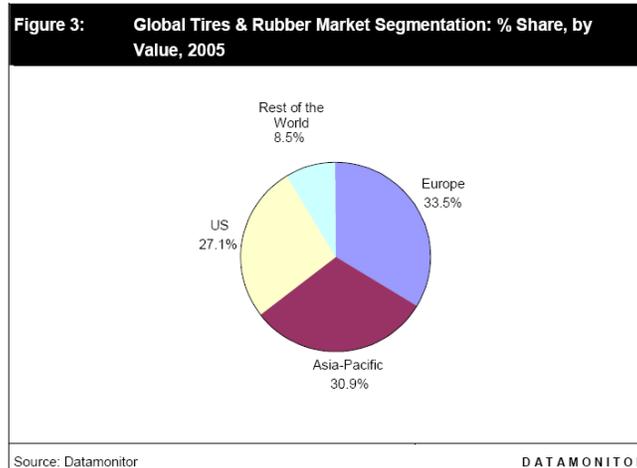


Figure 5. Global Replacement Tires and Rubber Market per Geographic Segments. Source: Datamonitor (2005). Global Tire and Rubber: Industry Profile.

The market is also segmented by tire category. The market consists of 75 percent replacement tires (RE) and 25 percent original equipment (OE). Passenger cars and light trucks account for 63.30 percent of the total market segment, and trucks account for 25 percent market share of the replacement tires (Michelin Annual Report, 2005).

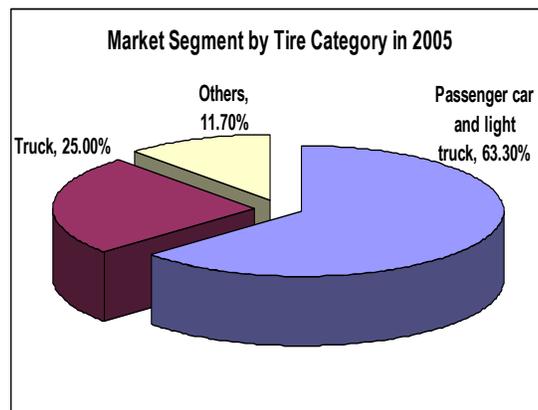


Figure 6. Market Segment by Tire Category

Competitive Landscape

After a trying decade, the outlook for the tire and rubber market is positive once again due to strategic acquisitions, innovative solutions, and reinvigorated consumer demand. The market therefore is concentrated. Bridgestone is the leading player, with a 20.9-percent market share while Michelin follows closely with 20 percent. Sixty-six percent of the market's total revenues are generated by the four leading players in the industry. One reason for this level of consolidation is that the market has fairly low margins. The original equipment manufacturers (OEM) market is dominated by a few large buyers (automobile manufacturers), who place pressure on tire manufacturers to innovate and also keep prices down. Smaller companies are unlikely to compete because

of insufficient scale economies to cope with the large buyers. While the aftermarket has more buyers, the largest tire companies are active in both OEM and aftermarkets.

Despite the decline in the European market, growth opportunities can be found in other regions such as the US and Asia-Pacific. The commercial aftermarket is growing in the US, where replacement tires now form the market's most lucrative sector. The original equipment truck tire market is showing renewed growth after the stagnation of the last few years, and the North American passenger car and light truck replacement markets are increasing as is the demand for aircraft tires. There has also been a surge in demand for non-tire rubber, which is now outperforming the tire sector on a global scale.

Tire manufacturers, as with other companies within the automotive aftermarket, are experiencing raw material and energy-related cost increases, which they have been unable to offset by increases in efficiencies and productivity. Many companies have begun to recycle rather than scrap defective products, preserving margins through decreased raw material usage. Maintaining a diverse range of consumers also preserve margins by insulating companies against specific market fluctuations. Innovation aids companies: the introduction of electronic stability control systems means that companies that are diversified enough to produce them can also protect their market share.

In addition, a number of acquisitions have also taken place in the last decade. For example, Goodyear acquired South Pacific Tyres, and Michelin acquired Shanghai Tire and Rubber Co. Most acquisitions and partnerships are now made in the Asia-Pacific region where production costs are generally lower. This has also enabled manufacturers to differentiate their operations between low- and high-margin tires. As a result, many of the low-margin tires available in the US and European markets are now produced in China where labor is cheaper. In January 2006, Bridgestone has established a new subsidiary in Guangdong Province, China, that begun operations at the beginning of 2008. Generally, low-margin tires are branded separately from the high-margin alternatives in order to strengthen the ability of players to increase prices.

Leading Companies in the Tire Industry

While the global replacement tire market is extremely consolidated and intensely competitive, the leading companies have strategically integrated their businesses vertically from material sourcing to manufacturing to logistics and distribution. With enough scale economies in distribution, manufacturing, and research and development, leading companies are able to generate stable cash flows. In addition, the establishment of strong brand reputations for quality and safety has aided their ability to implement price increases over the last few years.

The top industry players include Michelin Group, Bridgestone Corporation, Goodyear Tire & Rubber Company, and Continental AG. The following are the different competing sellers in the industry:

Michelin Group. Michelin manufactures a wide range of tires, publishes maps and guides, and operates digital services such as wireless application protocol (WAP) and mobile internet services. Its products include passenger car tires, truck tires, earthmover tires, agricultural tires, aircraft tires, two-wheel tires, and steel and aluminum wheels. The company has presence in 170 countries worldwide and is headquartered in France.

Bridgestone Corporation. Bridgestone Corporation is one of the world’s largest manufacturers of tires and other rubber products. The company is primarily engaged in the production of tires and tubes for passenger cars, trucks and buses, construction and mining vehicles, industrial machinery, agricultural machinery, aircraft, motorcycles, and scooters. The company has its operations in Japan, America, and Europe. The company is headquartered in Tokyo, Japan.

Goodyear Tire & Rubber Company. The Goodyear Tire & Rubber Company develops, manufactures, distributes, and sells tires and rubber products. The company has operations across the world and is headquartered in Akron, Ohio.

Continental AG. Continental is Germany’s largest manufacturer of tires for commercial vehicles. The company also manufactures power transmission systems, engine and suspension mounts, vehicle interiors, and electronic brake and traction control systems. The company has operations in the Americas, Europe, Asia, and Africa. It is headquartered in Hanover, Germany.

| | Michelin | Bridgestone | Goodyear | Continental |
|----------------------------------|----------|--------------|--------------------|---------------------|
| Headquarters | France | Tokyo, Japan | Akron, Ohio USA | Hanover, Germany |
| Employees | 126,470 | 113,700 | 84,000 | 69,000 |
| Revenues 2004 (\$ billions) | 19.5 | 21.5 | 19.72 | 17.2 |
| Net income 2004 (\$ millions) | 640.2 | 1,000 | 228 | 919.1 |

Table 1: Comparison of Key Figures of Leading Companies

Michelin’s Competitive Position

A company’s strategy consists of the competitive efforts and business approaches that managers employ to please customers, compete successfully, and achieve organizational objectives. It represents management’s answers to such fundamental business questions whether to concentrate on a single business or build a diversified group of business that caters to a broad range of customer or focus on a particular market niche. A strategy thus reflects the managerial choices among alternatives and signals organizational commitment to particular products, markets, competitive approaches, and ways of operating the enterprise (Hooley, Greenley, Fahy, & Cadogan, 2001).

Sustainable competitive advantage as argued by John Kay is only achieved if the company has distinctive capabilities or resources that its competitors does not have. Kay (1999) argues that resources can be considered as unique or reproducible. A unique resource, for example the brand name Michelin, can be considered as an important asset that can be a basis of sustainable competitive advantage. Reproducible resource and capabilities, on the other hand, pertain to assets that can be easily copied or reproduced by competitors and do not offer the company the distinctive competitive advantage. A good example of a reproducible resource would be the process of manufacturing of passenger tires. Many are now able to produce passenger tires on their own and can learn the process more quickly and easily; however, what differentiates industry leaders is their capability to vertically integrate their business, gain scale economies, and build on their strategic brand name (Kay, 1999).

In this section, Michelin's competitive position in the market using SWOT analysis is assessed to identify its sources for competitive advantage.

SWOT Analysis

As have been analyzed, the competing forces that could affect the overall success of Michelin in the global tire and rubber industry. Moreover, the need to be able to identify the strength and weakness of Michelin as well as external opportunities, and threats were recognized. Exhibit 3 illustrates a SWOT analysis of Michelin strategic capabilities.

The value of the SWOT analysis is its ease of use, its simplicity, and its flexibility. In addition, the SWOT analysis allows the synthesis and integration of various types of information, which are generally known but still offers the possibility to organize and synthesize recent information as well.

The insight to be gained in performing the SWOT analysis is the understanding of the core competency of the company that would give it a distinctive competitive advantage over its rival. More importantly, it provides the groundwork on (1) how the company's strategy can be matched to both its resource capabilities and its market opportunities, and (2) how urgent it is for the company to correct which particular resource deficiency and guard against to particular threats. It also raises questions about what future resource strengths and capabilities the company will need to respond to emerging industry trends and competitive conditions.

| Strength | Weaknesses |
|---|---|
| <ul style="list-style-type: none"> - Leading market position - Diversified operations - Global brand portfolio - Strong R&D capability | <ul style="list-style-type: none"> - Weak revenue growth in Europe - Unfunded pension obligations |
| Opportunities | Threats |
| <ul style="list-style-type: none"> - Booming car tire sales in the emerging market - Growing truck tire demand in Asia - Positive outlook in the Aircraft industry | <ul style="list-style-type: none"> - Increasing raw material costs - Intense competition - Decline in North American CV market |

Strengths

Leading market position. Michelin is the world's largest manufacturer of tires, with a market share of 20 percent in 2005. The company has a strong market position in truck tires, with a market share of over 38 percent in many geographic regions (Michelin, 2006). The company has an equally robust market position in light vehicles and specialty tires such as aircraft tires. This strong market position provides the company with a competitive edge and increased bargaining power.

Diversified operations. Michelin has diversified operations and a diversified geographic presence. It operates in over 170 countries. For the fiscal year of 2005, Europe, North America, and Asia-Pacific accounted for 49.2 percent, 35.5 percent, and 15.3 percent of the company's total revenue respectively. The company's revenue grew by 3.6 percent in 2005 as strong growth in North America and other countries offset weak revenue growth in Europe. In addition, the company serves several customer segments ranging from passenger cars to trucks to aviation. In fact, in its annual report for the fiscal year 2005, the passenger car-light truck division accounted for 55.3 percent of revenues while truck and specialty tires accounted for 32.5 percent and 12.2 percent of revenues respectively. Diversified operations, geographic, and customer segment reduce volatility in the company's revenues (Michelin, 2006).

Global brand portfolio. Michelin has strong brand equity in the global tire market. Michelin's logo, the Michelin Man or Bibendum, is well-recognized globally. The company has positioned Michelin and BF Goodrich as global brands. The regional brands of the company include Uniroyal in North America, Kleber in Europe, and Warrior in China. Strong brands provide the company with a competitive edge in the market place (Michelin, 2006).

Strong R&D capability. Michelin has a strong research and development (R&D) capability. Its R&D team has 4,000 engineers in Europe, the US, and Asia. During the fiscal year 2005, the company invested €565 million or 3.6 percent of net sales in R&D. Strong R&D capability has allowed the company to come up with innovative products such as Michelin X (the first truck tire to replace a twin mount) in 2000, the world's largest earthmover tire in 2001, the first anti-splash truck tire in 2002, Michelin Xeobib

(the first constant low-pressure agricultural tire) in 2003, and Michelin X-Ice North (studded snow tire for light vehicles) in recent years. Strong R&D capability has resulted in innovative products, which has helped Michelin gain market share in various geographic markets and product segments (Michelin 2006).

Weaknesses

Weak revenue growth in Europe. The company has fared poorly in Europe in 2005. Europe is the largest geographical market for the company, accounting for over 49 percent of revenues. Revenues from Europe declined by 2.6 percent (€ 7.66) billion in 2005 because of the weakness of the European truck tire market. Continued underperformance in Europe would depress revenue and profit growth (Michelin, 2006).

Unfunded pension obligations. The company has significant unfunded pension obligations. At the end of 2005, the company's pension obligations stood at € 6.49 billion and its pension assets only at € 4.69 billion. Unfunded pension obligations, as a result, stood at € 1.54 billion in 2003 to € 1.03 in 2005. Unfunded pension obligations would force the company to make regular cash contributions to bridge the gap between pension assets and liabilities. Regular cash contributions, in turn, would put pressure on the liquidity position of the company, which is already strained by falling operating cash flow (Michelin, 2006).

Opportunities

Booming car tire sales in emerging markets. Passenger car tire sales in emerging markets are forecasted to grow rapidly in the next five years. Passenger car tires are expected to post an average annual volume growth of 7 percent in emerging markets such as Russia, China, Mexico, and Brazil during this period. Michelin, with a strong market position in the passenger car segment, is likely to benefit from the growing demand for passenger car tires in emerging markets.

Growing truck tire demand in Asia. Demand for truck tires is rising in Asia, partially driven by a shift to radial technology and strong economic growth in countries such as India and China. Asia has now become the world's largest tire market in terms of volumes. Annual average growth rate in the Asian truck tire market (excluding Japan) is expected to increase from 33 percent in 2004 to 34 percent in 2008. Michelin has a strong position in many Asian countries. Growing demand for truck tires in Asia provide an opportunity for Michelin to boost revenue growth.

Positive outlook for the aircraft industry. The aircraft industry has been witnessing strong growth in recent times. Orders for large commercial aircraft exceeded 2,100 units in 2005, an all-time record and over three times the number ordered in 2004. Robust 2005 orders helped in pushing backlog of large commercial aircraft to over 3,600 units. Working off the existing backlog of undelivered aircraft is expected to keep production line busy through 2009. Michelin is a global leader in aircraft tires. A positive

outlook for the aircraft industry would lead to higher demand for aircraft tires of Michelin.

Threats

Increasing raw material costs. Higher raw material prices are adversely affecting the bottom line of the company. The prices of natural rubber rose by nearly 29 percent in 2003 and by over 18 percent in 2004. In 2005, the rise in natural rubber prices remained below 10 percent, but synthetic rubber prices increased by more than 18 percent. In 2006, natural rubber prices are forecasted to increase by 25 percent and petroleum-based products are forecasted to witness a price increase of 18 percent. This is likely to impact the margins of the company. The impact on Michelin's margins would be more if crude oil prices and natural rubber prices soar to higher levels (Michelin, 2006).

Intense competition. Michelin faces stiff competition from global companies such as Bridgestone and Continental. In many emerging markets such as India, the company faces competition from regional companies. Moreover, most of these regional companies have formed strong relationships with regional vehicle manufacturers. These regional companies also have better distribution and brand recall in the replacement market. Intense competition from global and regional tire manufacturers could force the company to reduce prices, which would depress margins (Michelin, 2006).

Decline in North American CV market. The North American commercial vehicle (CV) market is expected to record a decline in 2007. Volumes in the North American commercial vehicle market, currently robust, are expected to decline by anywhere between 16 percent and 25 percent in 2007. Overall, North America accounted for 35.5 percent of the company's revenues in fiscal year 2005. A decline in the North American commercial vehicle market in 2007 could lead to lower revenues and profits.

Michelin's Core Competence

By definition, core competence is "the capability of a company to perform a certain task relative to other competitors" (Thompson & Strickland, 2001; Kotler & Armstrong, 2000). It gives the company a competitive capability and thus qualifies as a genuine company strength and resource.

Michelin's core competence had been its proficiency in developing market-driven products that is more durable and technologically advanced in safety and fuel efficiency. With its global manufacturing footprint and strong company brand recognition for product innovation and quality, it only suggests that the company has the capability to diffuse and disseminate technical know-how from product development to production across many countries. Moreover, Michelin's expertise in developing innovative product and strong brands for different regional markets and tire category places the company in a distinct competitive advantage.

More importantly, Michelin's strong brand and product quality gives the company the pricing power to consumers and automotive manufacturers. The company can demand a premium price for its products with the benefits/features it offers to automotive manufacturers, which had been more price sensitive compared to consumers. Its pricing power over buyers gives it a competitive advantage while rising prices of natural rubber and oil continue to put significant pressure to the company's operations (Keller, 2002). With a history of product innovations, the brand recognition on Michelin tires has created a sense of trust on the product quality and superiority for its customers.

Product innovation and strong brand has been the key success factor for Michelin's strategy. Innovation resides in its people and in its intellectual capital. It is grounded on the knowledge transfer between departments and functional combinations of skills, resources, and technologies. Knowledge and intellectual capital, more than physical assets and tangible organizational resources, are the key ingredients of a core competence and a firm's competitive capability (Levinson, 2005).

Michelin Brand

Brand Equity

Increasing competition in a globalized economy has intensified the importance of identifying the drivers of sustainable competitive advantages. The search for such drivers is no longer restricted to tangible factors, but has been expanded to include intangibles. Indeed, the importance of intangibles such as 'corporate reputation,' 'brand equity' and 'customer-relationship management' (CRM) has grown rapidly in recent years as managers have recognized the significance of these factors in making their offerings stand out and in continuously attracting and retaining customers. Many scholars argue that 'brand equity', like 'corporate reputation', should be viewed as a strategic asset of a firm because brand names (such as 'Coke', 'Kodak' and 'Nike') add value to a product or service through their effects on the purchasing and non-purchasing behaviors of customers (Priem & Butler, 2001; Rust et al., 2004; Nguyen & Leblanc, 2001; Aragon-Correa & Sharma, 2003; Mcmillan & Joshi, 1997).

Although there has been increasing interest in brand equity in the past two decades, no consensus has been achieved on either the definition of brand equity or its measurement. The term 'brand equity' is thus understood in various ways (Feldwick, 1996) such as (i) favorable impressions, attitudinal dispositions, and behavioral predilections (Rangaswamy, Burke, & Oliva, 1993); (ii) brand knowledge and other proprietary brand assets (Aaker, 1991; Keller, 1993); and (iii) the added value endowed by the brand name. Among these various approaches, Keller (1993, p. 2) is interested in his explication of the term 'consumer-based brand equity', which he defined as 'the differential effects of brand knowledge on consumer response to the marketing of a brand.'

Keller (1993) thus viewed the concept of brand equity from the perspective of the consumer—basing his approach on customer knowledge of a brand, familiarity with the brand and associations with the brand. Such a consumer-based approach to brand equity has been extensively discussed by Washburn and Plank (2002), Yoo and Donthu (2001), and others. The present study follows this approach in viewing brand equity in terms of consumers' differential responses to a branded product (or service) and an unbranded product (or service) given that each has the same level of marketing stimuli and similar product (or service) attributes.

Any differential consumer response in these circumstances can be attributed to the brand name. This perspective facilitates an assessment of brand equity in terms of a specific product (or service) brand at the customer level rather than in terms of aggregate products at the industry level.

The key emphasis of this study is to determine Michelin's brand strength in enhancing the firm's competitive advantage and improving its competitiveness in the marketplace. The two popular perspectives on competitiveness are the resource-based view (Day, 1994; Dierckx & Cool, 1989) and the competitive forces of Michael Porter. The resource-based view describes that firms acquire its competitive advantage from its assets and capabilities (Dierckx & Cool, 1989). Assets are "the resource endowments the business has cumulated over time" (Dierckx & Cool 1989) while capabilities are "embedded in the organizational routines and practices that cannot be traded or imitated" (Dierckx & Cool, 1989). Kay (1999) argues that sustainable competitive advantage is attained when a firm has distinctive, hard-to-duplicate resources. On the other hand, Michael Porter describes that framework in assessing the market attractiveness of competing in a market segment. The competitive approach emphasizes the intensity of competition in the industry and market segment and its profit potential. Generally, it is advisable that firms seek market segments in which the firm has the necessary resources and capabilities to meet market needs and defend it against competitors (Porter, 1985).

Following the capabilities approach, management's task is to determine how best to improve and exploit these firm-specific resource. In addition, management's task is to identify and develop the requisite capabilities. What really matters is achieving a defensible cost and differentiation position in an attractive market and keeping rivals off balance through strategic investments, pricing strategies, and signals. The aim of both approaches is to determine sources of sustainable competitive advantage (Day, 1994).

Brand and Strategy

There are various reasons for a manufacturer to invest in branding. As long as the manufacturer has successfully registered its trademark, he obtains a legally protected right to an exclusive brand name, the capability to establish a unique identity, the right to reinforce through its advertising, and the right to increase the opportunity of attracting a large group of repeat purchasers (Furness, 2002). Opportunities from line extensions attract many organizations especially since creation, and development of brands is expensive. This is an illustration of a brand being stretched. Trust and other positive

association can help decrease the cost of new line additions of good brands with strong identities. Nonetheless, marketers must be careful about overstretching the core values of the brands (Doyle, 1989).

For years, Michelin has enabled the company to build customer relationship and win customer's trust in its innovative product design, product quality, customer service, and its pricing structure. As Fournier (1995) explains, branding has been an input factor in influencing consumer perceptions and attitudes in enabling the company to develop profitable relationships. While researches have emphasized brands as an input factor, evaluating the branding strategy provides insights in how marketing supports the brand, and ultimately it is reflected in the improvements of business process of Michelin. As Maklan and Knox (1997) explain, consumers are now looking holistically on the value-added process of the company that enhances customer value not only on the individual product features.

Nonetheless, the value of the Michelin's global brand portfolio to the company can be measured more than just its financial value of customer goodwill (Murphy, 1990). It is seen as a strategic asset (Heigh, 1997) that offers differentiating factor in the marketplace (Levitt, 1980) and brand as functional device trusted for its quality (Richards, 1997; Riezbos, 2002; Twivy, 2000). Michelin has long been trusted for the quality of its products and continues to adhere to its strict standards in procurement process of quality products. Its strong brand recognition and brand recall among consumers offers a strategic device warding off competitors and effectively enables the company to build relationship among its customers.

BCG Matrix

Various management tools have been developed to identify and determine the firm's strategic assets and staking out a competitive position in the market. In this case, the research looks into Michelin's Global Brand portfolio. One of the most used tools is the BCG Growth-Share Matrix. The research looks at how a firm can use the tool in understanding its brand/product portfolio and improving its competitiveness.

The BCG Growth-share matrix was developed after a series of mergers and acquisitions in 1960s. Executives needed an analytical tool to evaluate their diversification and to assist them in their investment and acquisition decisions. Boston Consulting Group (BCG) offered a unique perspective at strategic planning activities and investment allocations (Henderson, 1970, 1979). The BCG approach essentially approach a widely diversified conglomerate into a portfolio of businesses, each one offering a unique contribution to growth and profitability. Each business unit is independent and has its own strategic vision and mission to stake out a competitive position in the market. The BCG Matrix illustrates how each business unit contributes to the growth and profitability of the conglomerate.

CHAPTER 3: METHODOLOGY

The main method of researching and gathering information about the tire industry and Michelin had been done via the internet and using online data services. Materials on Michelin's financial performance, mission, and vision as well as strategies were readily available in the company's website. News and press releases on new product introduction, recent partnership and alliances, as well as company acquisitions were also available in the archives of general news sources such as the *Wall Street Journal* and CNN. Moreover, industry trade publications and website also provided good information on the industry size, growth, news, statistical trends, and future outlook.

Published materials such as financial reports and case studies are further analyzed to provide a clearer picture on the business environment in the tire industry and to create recommend strategies for the company. Financial analysis and the application of theories in strategic management such as SWOT analysis were also employed to give a clearer picture of the overall management's outlook and strategy.

The major limitation of the methodology is that the group was unable to obtain industry expert's or insider insights of the future outlook or trends in the global tire industry. The group believes that an interview with an industry expert would have provided deeper understanding on the industry dynamics in the tire business.

The focus of this study is to investigate the perceptions of consumers on the brand equity of Michelin. Both quantitative and qualitative approaches were used in investigating the current topic. The qualitative style of approach will allow certain flexibility within the study to take account of the perceptions of consumers on the Michelin portfolio of brands. On the other hand, there are also some considerations in adopting a quantitative data gathering technique through the use of survey questionnaires.

A survey is a means of gathering information about the characteristics, actions, or opinions of a large group of people referred to as a population (Salkind, 2000). There are several ways of collating data; surveys are the primary means through which data are measured and obtained. They have varied purposes, and encompass marketing surveys, opinion surveys, and political polls, among others.

Survey questionnaires that have been deployed for research have two specific objectives. One is the quantitatively depict certain facets of the group being investigated. The analysis of the questionnaires may be mainly focused on associations between variables or with making estimates in a descriptive manner to a well-defined group of respondents. Next, it is also an effective means of gathering data by soliciting individual evaluations through predetermined items or questions. Their responses, which may pertain to their own views, comprise the data set subject for statistical analysis (Salkind, 2000).

The familiarity with the subject and to explore initial constructs related to the subject is some of the objectives of undertaking survey research. In the dissertation, this data gathering technique has been utilized to probe on the broad array of answers that may probably be given in some other similar population. Moreover, it has been used to fine tune the instruments along its psychometric characteristics. The focal point of the exploratory survey is to assess which constructs to measure and the manner which is best fit for undertaking such measurement. Finally, it is also utilized to uncover and define new avenues and categories for research of the population under investigation (Salkind, 2000).

Numerous units of analyses were utilized in survey research; however, the counts for units in data gathering are conventionally “individuals”. By convention, their answers are cumulated for “larger units of analysis such as role, work group, department or organisation”. With regard to the objectives of the study, it may be adequate to utilize any of these units. Nonetheless, it is common for numerous respondents to be used since these individuals serve different functional units and occupy various levels of the organisational structure. In effect, they have peculiar views and evaluations on the topic at hand.

Primary data collection is concerned with the gathering of data that is unique to the peculiar requisites of the study. On the basis of the goals of the research and secondary data collection, a questionnaire was drafted to allow the gathering of primary data for this research. Questionnaires are often the only plausible means of covering a big number of respondents that will permit valid statistical outcomes. An effectively crafted tool that is utilized well can yield data beneficial for both the general performance of the test system in addition to data on its particular portions or components. Thus, this is the reason the researcher has selected a questionnaire a data gathering technique, particularly on gathering the demographic profiles of the respondents.

The questionnaire is a pencil-and-paper measurement instrument used when data are collected by means of self-reporting techniques (Chisnall, 1997). They are either mailed to the relative people or used on physical level with the coordinator being present to aid the person responding with any queries or problems. The information received is limited to the respondent's written responses to specifically constructed questions designed prior to the meeting between the two. Questionnaires either describe or measure individual/group characteristics such as values, attitudes, opinions, and others, and contain four types of questions: demographics, behavior, knowledge, and attitude. Finally, they can be classified according to the type of response required, or the type of questionnaire administered (Chisnall, 1997).

Questionnaire Design

The questionnaire has been self-constructed, dealing with the following items: competitive cost, convenience they provide, ambience of the branch, personalized service, promotional offers, varied clothing styles and lines, being a strong global brand, and other reasons.

These close-ended questions had fixed options given for each, and the respondent simply checked which option/s is/are applicable for him/her. Close-ended questions are questions that the researcher provides and which may be accomplished by putting a check mark on a box or by encircling a response that corresponds to your choice. Oppenheim (1992) suggests these questions are straightforward and thus easier and quicker to answer; they are very useful in testing specific hypothesis. Most probably, they shall be utilized in the beginning of the investigation since the unrestricted responses they attract create a better picture of the survey for the researcher. The main advantage of this kind of question is its ability to obtain a summated value.

Chisnall (1997) suggests that mail questionnaire is a predetermined set of questions that is sent to a predetermined sample. Its advantages over other methods include its low price, reassured anonymity, confidentiality, its large target scope, and its ability to keep certain standards. Mail questionnaires are advantageous when responses have to be obtained from a sample that is geographically dispersed, or it is difficult or not possible to conduct telephone interviews to obtain the same data without much expense. Respondents can take more time to respond at convenience. However, the return rates of mail questionnaires are typically low. A 30-percent response rate is considered acceptable. Another disadvantage of the mail questionnaire is that any doubts the respondents might have cannot be clarified. Another disadvantage is the restriction to verbal behavior; answers must be accepted as written without the benefit of additional explanations that interviewers could obtain by probing questions and overall lack of control on the settings of the research. Because of these constraints, the researcher decided to personally administer the tool to the respondents.

It was finally decided that the self-administered questionnaire would be used for the purposes of this research. This was attributed to limitations in monetary funds and time, as well as the fact the entire preparation, administration, and final discussion had to be solely assessed by the researcher.

There are some strong advantages that set apart the self-administered questionnaire over other data collection techniques (Bryman, 1992). When compared to the mail questionnaire, the chosen method secures a higher response rate and costs less. The first of these advantages can be attributed to the fact that it is handed out in person and that the interviewer is present. As a result, the overall atmosphere is warmer, friendlier, and less impersonal. Additionally, because of the presence of the interviewer, the participants are accorded a wider scope of clarity. If anything is not clear in the questionnaire, the researcher can clarify a particular question, achieving a higher degree of accuracy and consequently more reliable responses. With regard to the second advantage, the selected method can be followed at a comparatively low cost, as there is no demand for trained staff but solely the cost of printing the actual questionnaire forms.

Interview Design

It is suggested that personal interviews are capable of encouraging respondents and expounding on the meaning of questions, threshing out uncertain or indefinite areas and drafting more or additional items (Sekaran, 2001). In contrast with the mail questionnaire, this is a form that is handed out by the investigator to the respondents—in person—who are then asked to complete it in his presence and return upon completion.

The conduct of a pilot study is critical in the aspects of finalizing the sample size and instrument development. Chisnall (1997) points out that the value of a pilot study lies in validating the accuracy and consistency of sampling frames and planning the final sample size by measuring variability. According to Hunt et al. (1982), pilot testing pertains to testing the questionnaire on a limited sample of respondents to determine and eliminate potential problems. Therefore, the pilot test is done to five respondents in this research study. A pilot study has been conducted to ensure the clarity of the questions in both the survey questionnaire and the interview.

The pilot study allows the proponent to countercheck the comprehension of the interviewees of the research topic and the interpretation of its items. The respondents are asked to answer and comment on the questions. Based on their feedback, some changes are made to the questionnaire to improve the questions considered to be biased so that they would generate more honest and accurate answers. This piloting reveals that the duration necessary for accomplishing the survey shall not be over 10 minutes for each respondent.

Finalizing the size of the sample to be used is critical from both statistical and economic perspectives (Ghauri et al., 1995). Thus, the size of the sample should be determined carefully. Ghauri et al. (1995) suggests that the necessary sample size depends on the sample design and variability in the population. This variability is measured by a standard deviation gained from the pilot study. Because 30 is the minimum number of respondents necessary for using parametric statistics, the researcher ensured that the total number of respondents exceeded this minimum requirement for the quantitative portion of the study.

According to Chisnall (1997), validity is generally considered and established through the relationship of the instrument to the content, criterion, or construct that it attempts to measure. A lack of validity can lead to incorrect conclusion. To ensure the validity of this research, the face validity test is employed as a measure for this questionnaire. The content of questionnaire after the pre-test is shown to marketing and branding experts. They confirmed that the questionnaire basically approaches the appropriate direction. The questionnaire was also shown to two friends of the researcher, who are familiar with the subjects as judges. Both of them consider the questions and layout are appropriate and pitched at the acceptable level.

CHAPTER 4: RESULTS AND DISCUSSION

| Brands | % Base with this Awareness | | | | Total |
|-------------|----------------------------|----|---------|-------|-------|
| | FM | OM | Unaided | Aided | |
| Michelin | 17 | 6 | 23 | 3 | 23 |
| BF Goodrich | 8 | 12 | 20 | 5 | 25 |
| Bridgestone | 11 | 9 | 20 | 2 | 22 |
| Goodyear | 6 | 8 | 14 | 3 | 17 |
| Dunlop | 12 | 4 | 16 | 5 | 21 |
| Warrior | 7 | 2 | 9 | 8 | 17 |
| Uniroyal | 4 | 8 | 12 | 7 | 19 |
| Kleber | 4 | 6 | 10 | 5 | 15 |
| Kormoran | 8 | 3 | 11 | 6 | 17 |
| Sava | 3 | 5 | 8 | 9 | 17 |

Table 2. Brand Awareness for the 10 Top Passenger Car Tire Brands in the United Kingdom
(Base = Total 80 Respondents Interviewed)

Of the 80 interviewed respondents, 17 percent of the target population had Michelin brand as their top-of-the-mind brand, followed by Dunlop (12 percent) and Bridgestone (11 percent). Michelin has the highest brand awareness with a total of 23 percent, followed by BF Goodrich and Bridgestone at 20 percent.

| Response | Percentage |
|------------------------------|------------|
| Television | 45.6% |
| Magazines | 22.3% |
| EuroMaster | 12.0% |
| Newspapers | 8.5% |
| Friends/relatives/neighbours | 7.2% |
| Radio | 4.4% |
| Total | 100.00% |

Table 3. Advertising Media Channel Awareness for the Michelin Brand

Consumers learn about the Michelin brand through television advertisements (45.3% percent) of automotive racing competitions and magazine advertisements (22.3 percent). Twelve percent of respondents learn about the brand through purchase in EuroMaster service stations.

| Response | Frequency | Percentage |
|----------|-----------|------------|
| No | 18 | 22.50% |
| Yes | 62 | 77.50% |
| Total | 80 | 100.00% |

Table 4. Frequency and Percentage Distribution of Whether or not the Respondent Has Purchased a Michelin Passenger Car Tire within the Past Year

When asked whether the respondent has purchased a Michelin passenger car tire within the past year, 77.50 percent of the respondents expressed that they have made such a purchase. On the other hand, 22.50 percent said they have not.

| Attributes | Importance and Percentage | | | | | | | | Total |
|------------------------|---------------------------|----|----|----|----|----|----|----|-------|
| | 4 | % | 3 | % | 2 | % | 1 | % | |
| Safety | 68 | 85 | 8 | 10 | 4 | 5 | 0 | 0 | 80 |
| Competitive Price | 45 | 56 | 23 | 29 | 12 | 15 | 0 | 0 | 80 |
| Eco-friendly | 27 | 34 | 42 | 53 | 9 | 11 | 2 | 3 | 80 |
| Fuel Efficient | 56 | 70 | 12 | 15 | 8 | 10 | 4 | 5 | 80 |
| Product Quality | 40 | 50 | 23 | 29 | 12 | 15 | 5 | 6 | 80 |
| Design of Radial Tires | 50 | 63 | 13 | 16 | 4 | 5 | 13 | 16 | 80 |
| Brand name | 45 | 56 | 23 | 29 | 6 | 8 | 6 | 8 | 80 |

Note: 4 = extremely important; 3 = quite important; 2 = a little important; not that important

Table 5. Product Features/Attributes Important for Consumers in a Passenger Car Tire

Of the important attributes for consumer purchases, respondents view safety as one of the most important attributes for buying a passenger car tire. Seventy percent of respondents view fuel efficiency as the second most important attribute in considering purchase of a passenger tire. Competitive price and brand name also key determining factors for consumers in purchasing a passenger tire.

| Response | Percentage |
|------------------------|------------|
| Safety | 45.6% |
| Fuel Efficient | 18.3% |
| Design of Radial Tires | 12.0% |
| Competitive Price | 8.5% |
| Brand name | 7.2% |
| Product Quality | 4.4% |
| Eco-friendly | 2.8% |
| Other reasons | 1.2% |
| Total | 100.00% |

Table 6. Top 3 Reasons for Patronizing Michelin Brand

The top three reasons for patronizing Michelin tires are as follows: safety features (45.6 percent), designed to maximize fuel efficiency (18.3 percent), innovative design of radial tires (12.0 percent), competitive pricing (7.2 percent), brand name (8.5 percent), product quality (4.4 percent), eco-friendly manufacturing (2.8 percent), and others (1.2 percent).

| Response | Frequency | Percentage |
|-------------------|-----------|------------|
| Strongly Agree | 45 | 56.25% |
| Agree | 25 | 31.25% |
| Disagree | 5 | 6.25% |
| Strongly Disagree | 5 | 6.25% |
| Total | 80 | 100.00% |

Table 7. Superiority of Design in Terms of Safety and Fuel Efficiency and Overall Product Quality

For Michelin's superior design in passenger car tire performance in terms of safety and fuel efficiency, more than half of the respondents (56.25 percent) expressed that they strongly agree; 31.25 percent purported that they agree; and equal percentages of 6.25 percent said that they disagree or strongly disagree to the statement, respectively.

| Response | Frequency | Percentage |
|-------------------|-----------|------------|
| Strongly Agree | 39 | 48.75% |
| Agree | 32 | 40.00% |
| Disagree | 9 | 11.25% |
| Strongly Disagree | 0 | 0.00% |
| Total | 80 | 100.00% |

Table 8. Value for Money

Purchasing Michelin tires gives me value for money. 48.75 percent of respondents expressed strong agreement to this statement; 40.00 percent said that they agreed; 11.25 percent disagreed while 0.00 percent strongly disagreed.

| Response | Frequency | Percentage |
|-------------------|-----------|------------|
| Strongly Agree | 36 | 45.00% |
| Agree | 29 | 36.25% |
| Disagree | 15 | 18.75% |
| Strongly Disagree | 0 | 0.00% |
| Total | 80 | 100.00% |

Table 9. Personalized and High-Level of Customer Service

For the level of customer relationship at EuroMaster distribution center, 45.00 percent expressed strong agreement of high level of customer; 36.25 percent said that they agreed; 18.75 percent disagreed while 0.00 percent strongly disagreed.

| Response | Frequency | Percentage |
|-------------------|-----------|------------|
| Strongly Agree | 60 | 75.00% |
| Agree | 19 | 23.75% |
| Disagree | 1 | 1.25% |
| Strongly Disagree | 0 | 0.00% |
| Total | 80 | 100.00% |

Table 10. Being a Strong Global Brand

For being a strong global brand, 75.00 percent expressed strong agreement; 23.75 percent said that they agreed; 1.25 percent disagreed while 0.00 percent strongly disagreed.

| Response | Frequency | Percentage |
|-----------------------|-----------|------------|
| Strongly Satisfied | 39 | 48.75% |
| Satisfied | 41 | 51.25% |
| Dissatisfied | 0 | 0.00% |
| Strongly Dissatisfied | 0 | 0.00% |
| Total | 80 | 100.00% |

Table 11. Overall Satisfaction with Michelin Products

Lastly, for overall satisfaction with Michelin products, 48.75 percent were strongly satisfied; 51.25 percent were satisfied; and none were either dissatisfied or strongly dissatisfied.

Discussion

The interview of respondents indicates brand awareness with Michelin brand among consumers is very high. The findings suggest the top-of-the-mind share of Michelin is relatively higher compared to competing brands. This does not only suggest

brand recognition for Michelin, but a high brand recall among consumers (Keller, 2003). Michelin attributes to the increased per cent share-of-mind among consumers in its advertising campaigns and its commitment to delivering superior performance in safety and fuel efficiency. This is also seen as Michelin is popular among respondents. The data only denotes that the advertisements have effectively captured the attention of consumers and elicited a brand recall.

The results also show high consumer preference on the competitive pricing structure and the level of customer experience in EuroMaster in choosing a tire brand. Aside from price, the respondents also highly indicated personalized service and brand name as important criteria for purchasing decisions. The result is suggestive that while competitive pricing structure is one of the important considerations in purchasing at a retail store, broad retail stores are now differentiating their service by employing relationship marketing as well (Gummesson, 2002b; Fournier, 1995). More importantly, relationship marketing can affect a consumer's attitude, which in turn may influence his buying behavior and can be used to predict behavior (Dibb, 2000). As the researchers look at Michelin branding strategy, the researchers see consistency in building customer service and intimacy through delivering its superior product quality with its goal improving brand affiliation.

The findings also indicate that 77.5 percent of respondents have visited and/or purchased a Michelin tire within the past year. Respondent's top three reasons for patronizing Michelin are as follows: safety features (45.6 percent); designed to maximize fuel efficiency (18.3 percent); and innovative design of radial tires (12.0 percent). The findings are consistent with Michelin's continued investment in research and development to propose a better way of moving forward (Michelin, 2006). Brand name is also important criteria for the continuing patronage of Michelin tires as consumers are becoming more aware of the how products are produced with the company's eco-friendly campaign (Michelin, 2006). The campaign not only answers the various concerns consumers and businesses ask today such as sustainable development, but it effectively reinforces the brand image of quality in products more evidently seen in the business processes of Michelin.

CHAPTER 6: CONCLUSION

Michelin should leverage more on its consumer strategies, particularly establishing greater customer intimacy with its distributors and OEM. While Michelin continues to exhibit strong global brand, the company should constantly keep its cost competitive in order to deliver value for money to its customer. Moreover, in drafting its next branding strategic plan, it should aptly consider the following factors that are deemed improvement areas (lowest scoring items): eco-friendly tires. On the other hand, it may leverage more on its highest scoring items, namely, superior design in safety and fuel efficiency, product quality, and strong global brand.

The results propose that customers have a very obvious recognition of the overall brand image of Michelin as a tire company. More specifically, the company was perceived to have a clearly strong position within the European market and to be successful in communicating their brand to customers. The study suggested that there was some distinction in perceptions of the consistency of the service experience offered by, and connected with, the Michelin brands.

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APPENDIX
QUESTIONNAIRE

- 1) When thinking about passenger car tires, what brands come into your mind? What else?
- 2) [FOR BRANDS NOT MENTIONED, ASK:] What about (brand not mentioned)/ Do you know this brand?

| | Q1 | | Q2 |
|-------------------|---------------|---------------|-------|
| | First Mention | Other Mention | Aided |
| Michelin | 1 | 1 | 1 |
| BF Goodrich | 2 | 2 | 2 |
| Bridgestone | 3 | 3 | 3 |
| Goodyear | 4 | 4 | 4 |
| Dunlop | 5 | 5 | 5 |
| Warrior | 6 | 6 | 6 |
| Uniroyal | 7 | 7 | 7 |
| Kleber | 8 | 8 | 8 |
| Kormoran | 9 | 9 | 9 |
| Sava | 10 | 10 | 10 |
| Others (specify): | () | () | |
| | () | () | |

- 3) [FOR THE FIRST MENTIONED BRAND, ASK:] Where did you learn about this brand? Where else?

| | |
|------------------------------|-----|
| Television | 1 |
| Radio | 2 |
| Newspaper | 3 |
| Magazines | 4 |
| Friends/relatives/neighbours | 5 |
| Stores | 6 |
| Others (specify): _____ | () |
| _____ | () |

- 4) Have you shopped or purchase product of Michelin Tires? Yes No
- 5) What are your top 3 reasons for shopping or purchasing a Michelin product?

Please check three options:

- Safety
- Competitive Price

- Eco-friendly
- Fuel Efficient
- Product quality
- Design of radial tires
- Brand name
- Other reasons (specify): _____

I will now read to you a list of store qualities and characteristics which I would like you to rate according to how important each of them is to you when you are looking for a store. Would you say that the following is to you: (Please rate: 4 – extremely important, 3 = quite important, 2 = a little important, or 1 = not that important?)

| Attributes | Importance | | | |
|-----------------------------|------------|---|---|---|
| Competitive prices | 4 | 3 | 2 | 1 |
| Convenience | 4 | 3 | 2 | 1 |
| Design of radial tires | 4 | 3 | 2 | 1 |
| Personalized service | 4 | 3 | 2 | 1 |
| Promotional offers | 4 | 3 | 2 | 1 |
| Product quality | 4 | 3 | 2 | 1 |
| Being a strong global brand | 4 | 3 | 2 | 1 |

For the following questions, indicate your level of agreement to the statement by encircling the number that corresponds to your choice.

6) I buy Michelin products because of the superior design in terms of safety and product quality they offer when I make a purchase.

4- Strongly Agree 3- Agree 2- Disagree 1- Strongly Disagree

7) I buy Michelin products because it offers value for money.

4- Strongly Agree 3- Agree 2- Disagree 1- Strongly Disagree

8) I buy Michelin tires because of EuroMaster offers personalized and high level of customer service.

4- Strongly Agree 3- Agree 2- Disagree 1- Strongly Disagree

For the following questions, indicate your level of agreement to the statement by encircling the number that corresponds to your choice.

9) I trust Michelin being a global brand.

4- Strongly Agree 3- Agree 2- Disagree 1- Strongly Disagree

10) Indicate your overall satisfaction with the Michelin brand.

4- Strongly Satisfied 3- Satisfied 2- Dissatisfied 1- Strongly Dissatisfied

*****END OF SURVEY. THANK YOU FOR YOUR PARTICIPATION.*****