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Media Brand Portfolio Management: a Case Study on Sanoma

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Abstract

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The starting point of this research is the assumption that changes in media markets are driven by the digital revolution that bring new forms of media and encourage new consumption patterns. Media companies need to provide a multitude of products and services across various channels and platforms. As a result, large media conglomerates are faced with the challenge of transforming and developing diversified portfolios of brands in the digital world.

The research was conducted in order to find out how a traditional media conglomerate manages the brand portfolio in such a complex environment, what particular strategies are applied to the portfolio architecture, and why the management team chose those that are selected. In this thesis, we argue that knowledgeable media companies apply a systematic approach to their brand portfolio and handle that as a system of brands. To achieve a higher efficiency inside the brand system that comprises the portfolio, media companies use a specific combination of strategies. Findings demonstrate that a firm with high competence embraces a branded house strategy at the corporate level to increase synergy, but uses a house of brands on the product level to strengthen market positions in relation to customer segments.

The thesis presents the results of qualitative research based on a case study of the Finnish media conglomerate, Sanoma Oy. This company was chosen because it fulfilled the selection criteria: Sanoma is an established market player that has been operating for many decades; it is an international company with a presence in multiple geographical markets; it has a diversified portfolio of brands and, finally, it is adapting to the digital environment. The empirical data was gathered through desk research combined with face-to-face interviews with Sanoma managers who are knowledgeable about the company strategy and brand management. The sample was purposive.

The findings indicate that the case study company has a non-harmonised portfolio of product brands managed by independent divisions. They build their own brand universes. However, brand portfolio management within the company has one common feature: it is driven by business strategy rather than brand strategy. At the corporate level, the Sanoma brand made a shift from a ‘back office’ brand to a common denominator (parent brand) for the employees and B2B clients. This brand and its sub-brands (company name divisions) organise a synergetic connection on the corporate level. However, this issue has a historic nature and is not based on strategic concerns.

The findings and consequent recommendations contribute to the development of media branding theory, which is a new field of research and practice. The research also produced some practical implications for media managers that are responsible for brand development.

Key words: brand, brand architecture, brand management, brand portfolio, media branding, media, Sanoma

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1 Introduction: the Argument Summary

Media environments are challenging and demanding today. The digital revolution has encouraged new consumption patterns keyed to the development of new media that have changed the rules that explain how markets work for media firms. Successful convergent media companies provide a multitude of services and products across various platforms. Globalisation means the geographical borders are blurred as conglomerates operate across countries and regions. This accounts for a recent trend in the industry – the creation of a diversified product portfolio that allows developing of a niche for each product to better reach specific audiences, and a range of audiences across product niches. However, there is more than one reason why media companies build and manage product portfolios; and we can mention here more examples.

A portfolio also can be created around a company's core competences. Aris and Bughin (2009, p.267) give the case of Disney to illustrate this portfolio logic. The company markets unique Disney characters in as many forms as possible and produces more content around successful stories like *The Lion King* or *Finding Nemo*. Some companies build portfolios around cross-sector synergies because it is believed that cross-selling and cross-promoting the products from one division by another can result in significant additional revenues. According to Aris and Bughin (2009, p.270), one of the major players on European media market, the German conglomerate Bertelsmann, invested heavily in portfolio building due to these anticipated synergies. Moreover, in industries such as book publishing, film production and music recording, the portfolio approach is a way to manage against failure (Picard, 2002). One hit can cover the costs of ten failed products at a profit that can be sizable (e.g. the so-called 'blockbuster hit').

So there are many reasons that a company will create media product portfolios that can consist of a range of products and services. Managing and promoting a portfolio is a complicated task and therefore requires a systematic approach.

In this thesis, we examine branding and the brand system as being instrumental for successful development of a media conglomerate. The author argues that to be effective, big media conglomerates cannot rely on one brand strategy, but require a specific combination of branding strategies. Such a combination facilitates synergy at the corporate brand level and establishes a clear message regarding the company's reputation, values and the public benefit that is distributed within and across national borders.

At the same time, on the product level goods are branded individually. Such a strategy on the one hand creates distinctions between company services and products so that any cases of failure will not affect other products, as well as the company overall. On the other hand, such an approach to management and development of brands as a portfolio gives an opportunity to leverage the success of one product brand to improve the efficiency of other brands owned by the same company. Chart 1 represents the argument and shows how it is connected with the theoretical and practical issues that are covered in the theoretical framework (Chapters 2 and 3).

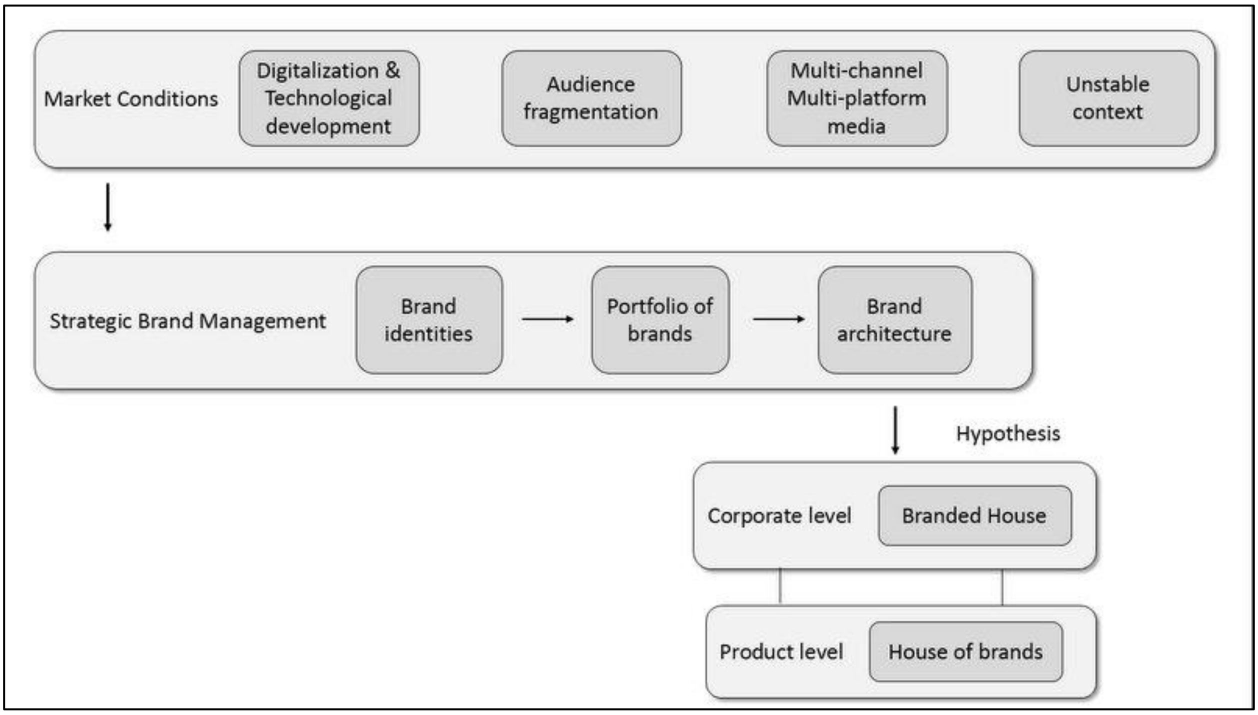

Chart 1: The Argument Summary

The research is limited to studying brand strategies at a macro level because the objective is to provide a general overview of brand portfolio architecture. It is important to keep in mind that a successful media company handles its business in an integrated fashion. Nevertheless, a company's respective divisions, and brands within these divisions, often operate under specific business models that can vary. Those models are developed for various products in relation to particular market segments, i.e. niches. They target various objectives and may appeal more to some segments than others. In other words, the level of generalisation does not intend to obscure differentiation at a micro level, this thesis however focuses on the big picture of a media brand portfolio rather than on details and a close-focus on particular aspects.

In this thesis we argue that:

a) Knowledgeable media companies apply a systematic approach to managing their brand portfolio by handling the portfolio as a system of brands.

b) To reach higher efficiency inside the brand system that comprises the portfolio, media companies use a specific combination of strategies. Firms with high competence embrace a branded house strategy at the corporate level to increase synergy but a house of brands on the product level to strengthen market positions in relation to customer segments.

The findings and consequent recommendations of this thesis are important for the media industry because the industry is trying to adapt to changes that digitalisation has created and to strengthen a firm’s position in unstable, uncertain markets. In this new situation the algorithm of success has not been developed yet. Media companies have to find their own ways to achieve their strategic objectives. The focus of this thesis is a case study of one of the biggest European media conglomerates, the Finnish firm Sanoma. The company is a big player operating in various markets with diverse products, so adapting to environmental changes is challenging. As a result, we can build insights on the basis of an interesting case by studying Sanoma to understand how this big company is managing the changes with regard to its branding strategies. The implications will be useful for other media firms. We believe that the role of branding and media brands will only grow in the new media market because companies in this sector need to promote and explain the benefits of the products to diverse customers who have a lot of options for choices in media consumption. In this situation constructing a dialogue with audiences through brands can be a very efficient and effective tool. Big conglomerates such as Sanoma have improved corporate identity in order to build the communication and marketing platform based on their brands.

This research will also contribute to deepening understanding about branding theory as that applies to media companies, with lessons to benefit media branding practices.

1.2 Definition of Terminology

In this section, we define seminal terms used in the study. To facilitate understanding of the terms and demonstrate how the elements are connected, please see Chart 2 below.

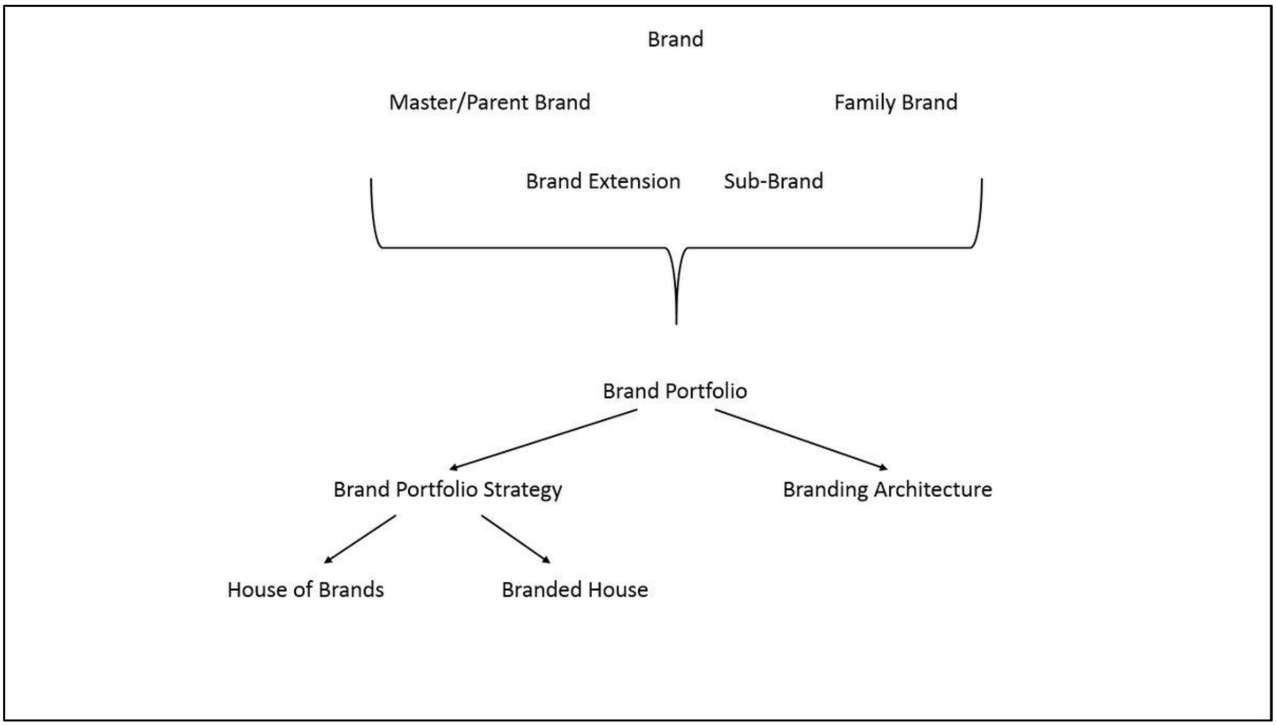

Chart 2: The Relations between the Key Elements

At the top we have the brand term because that is obviously the central concept. **Brand** is a name, a term, a sign, a symbol, a figure or some combination, intended for identification of goods or services of one seller or group of sellers (Kotler & Keller, 1997, p.304). It is therefore complex and can't be reduced to a trademark or a simple construct. According to the *Oxford Dictionary of Marketing*, a brand is a combination of attributes that gives a company, organisation product, service concept, or even an individual, a distinctive identity and value relative to its competitors, its advocates, its stakeholders, and its customers. Again, the complexity of the brand concept is evident. The attributes that comprise a brand are both tangible and intangible, and will include a name, a visual logo or trademark, a product or product line, related services, responsible or involved people, the characteristic of the marketed personality, a reputation, the possibility for brand loyalty, varied and often complex mental associations, roots in (often diverse) cultures, and some combination of implicit and explicit values. The essential intention is for the brand to create a memorable, reassuring and relevant image that has a sufficient degree of worth in the eye and mind of the beholder to encourage loyalty and preference (Oxford Dictionary of Marketing).

The next conditional level of Chart 2 is focused on the master/parent brand and the family brand. **Family brand** is a brand that is used for at least two and possibly many more individual products. This is typically a product group and at least one of the firm's 'product lines'. The individual members of the family brand also have individual brands to differentiate them from other family members. In rare cases there are family brands that have as members other family brands, each of which has individual brands (American Marketing Association Dictionary). For example, Virgin is a well-known example of a family brand. Richard Branson's group of companies operates under this name. There are Virgin Records, Virgin Films, Virgin Media, even Virgin Air and so on.

Master/Parent brand is the primary indicator of the offering, the point of reference (Aaker, 2004, p.43). For example, Intel is a master brand with several subsequent product offerings, such as Pentium, Centrino and Core Duo. Each product is different in terms of working capabilities and power, but the master brand that is Intel promises an equally high level of quality.

At the next level we have brand extension and sub-brand. Those are located under master/parent brand and family brand because they extend or otherwise modify those categories, which are more general. **Brand extension** is a product line extension marketed under the same general brand as products or services already established in the market, and which can therefore be leveraged to benefit the new offering. To distinguish the brand extension from other item(s) under the parent and/or family brand, one can either add a secondary brand identification or a generic brand identification. A brand extension is usually aimed at another segment of the general market for the overall brand (American Marketing Association Dictionary [AMAD]). For example, Colgate for Kids is toothpaste for the children market segment and Coca-Cola Zero is the Coke brand for the segment of low-calorie drinks.

Sub-brand is a brand that modifies the associations of a master brand or parent brand, which remains the primary frame of reference. The sub-brands can add associations, brand personality, or a product category. In doing so they stretch the master brand. In fact, one role of a sub-brand is usually to extend a master brand into a meaningful new customer segment (Aaker, 2004, p.44). If we return to the example on brand family, we can see that Virgin Media, Virgin Films and Virgin Records are sub-brands that extend the parent brand Virgin into meaningful new segments (in this case keyed to platforms).

Chart 2 demonstrates that the elements above the bracket form the brand portfolio. **Brand portfolio**, then, is the set of all brands and brand lines a particular firm offers to consumers in some product category or range of categories (Kotler & Keller, 1997, p. G1). Brand portfolio is related to two elements: brand portfolio strategy and brand architecture. **Brand architecture** is an organising structure for a portfolio of brands that defines the roles of each brand and their mutual relations (or absence) between brands and across contexts of a commodity market (Aaker, 2004). **Brand portfolio strategy** specifies the structure of the brand portfolio and the scope, roles and interrelationships of the portfolio brands (Aaker, 2004).

There are two major brand portfolio strategies that we examine in this thesis: house of brands and branded house. **House of brands** is a brand portfolio strategy that contains independent, unconnected brands in terms of how they are marketed (Aaker, 2004). **Branded house** is a brand portfolio strategy that uses a single master or parent brand to span a set of offerings operating with only descriptive sub-brands (Aaker, 2004).

We also have some additional general terms that need definitions in order to avoid confusion and misunderstanding. **Branding strategy** is the number and the nature of common and distinctive brand elements applied to the different products sold by a firm (Kotler & Keller, 1997, p. G1). **Management** is the organisation and co-ordination of the activities of a business undertaken to achieve defined objectives (Business Dictionary). **Marketing** is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (AMAD). Philip Kotler and Kevin Keller (1997, p.5) also explain that marketing deals with identifying and meeting human and social needs; according to the authors the shortest definition of marketing is that "meeting needs profitability". **Publicity** is the task of securing editorial space – as opposed to paid space – (typically in print and broadcast media funded by advertising) to promote something (Kotler & Keller, 1997, p. G6). **System** is a combination of interacting elements organised to achieve one or more objectives (ISO/IEC 15288, 2006, p. 4). **Value chain** is a tool for analysing the sources of competitive advantage and a systematic way of examining all activities of the firm and their interaction (Porter, 2004).

1.3 Process and the Structure of Thesis

The author chose the subject of brand portfolio management in media companies because her scientific interests are located in the relatively new field of media branding. Her Bachelor's thesis focused on the identification of trends and dynamic changes in brand portfolios of Russian media companies. Whilst completing Master's degree studies, the author aimed to deepen and expand her knowledge about media brand portfolio management with a particular focus on portfolio architecture and strategic decisions applied to that. This is a promising field for research for several reasons.

First, digitalisation creates enormous challenges in the transformation of traditional media portfolios and brands. This research can capture something important about what the company is doing, and why, to cope with this shift and observe both old strategies and new strategies, i.e. the dynamics of change. Second, theory about media branding is a new field that needs research because media companies only started utilising branding in the past decade or so. As a result, it is possible to produce new knowledge and contribute to the development of theory, and at the same time conduct a study with practical value for media managers dealing with media brands and branding in product portfolios.

The theoretical framework incorporates theories about branding created by David A. Aaker and Eric Joachimschtailer, as well as marketing management studies by Philip Kotler and Kevin Keller and several others. Their theories are well known and respected in both academic and business worlds and are focused on a type of product called Fast Moving Consumer Goods. Thus, the second important element of the theoretical framework are theories focused especially on media branding, drawing on work by Sylvia Chan-Olmsted, Mart Ots and others. We chose the studies that examine issues of media branding from the standpoint of digitalisation and the challenges that modern media companies are facing because that is a timely concern.

The qualitative research is based on a case study of the Finnish media conglomerate, Sanoma. We chose this company because it fit the selection criteria: Sanoma is an established market player that been operating for many decades; it is an international company with a presence in multiple geographical markets; it has a diversified portfolio of brands and, finally, it has an aim to transform into the digital realm. In this research we aimed to cover the following issues: how the media company sees its brand portfolio; what kind of strategies it applies to that and why; what is the role of the corporate brand in the portfolio and how it has changed over time.

The thesis consists of six chapters. Chapter One is Introduction. Chapters Two and Three present the theoretical framework, with connections to the media businesses context. Chapter Four describes the methods used for the study, with an explanation of particular choices the author made. Chapter Five explains and frames the case corporation, Sanoma. We decided to devote a separate chapter to that because in the media field brand development is closely tied to businesses and the history of a company's development. Thus, to produce a balanced study we need to examine the company from various perspectives: history of development, financial performance, and the strategic aims and objectives. Those are covered in Chapter Five, which features the findings of desk research about Sanoma's brand system. Chapter Six presents the findings of data collected during the interviews with Sanoma managers. Finally, Chapter Seven provides a discussion of the findings, summarises the study and considers the theoretical contributions and practical implications for media branding.

2 Brand Essence: the Delivery Platform for Superior Value

In this chapter, we discuss issues in brand portfolio strategies for media companies that are central to this research project. Because branding of media is still rather new it is important to understand the micro level as we begin. The following two sections provide an overview of brand theory and the history of its development to build an understanding of the brand concept.

Brands became an integral part of social life in the late 1800s and increasingly dominant in the 20th century. Today's consumers rarely see a product or service separately from the brand it represents. It is probably impossible to think of the iPod without thinking of Apple, or of the 20.30 news on TV1 without thinking about Yle. Such associations promise some expected level of quality and immediately secure trust, provided of course that the brand has a positive connotation. Expectations are based on experiences with performance of the product, service or company. A brand creates a distinctive position among alternatives, not only a position in the market but also in a person's mind. Earlier experiences with products are attributed to the parent company through association. Indeed, the promise of future satisfaction is the most important information that is distributed; what counts most is the nature of memories about earlier performance. A brand is therefore like a reputation, rather than something superficial like nice wrapping paper (Calkins, 2005, p.1,).

Early brands were quite different from those on the market now. The concept of branding was actively developed during the 20th century and has recently undergone a transformation from one of many marketing tools to a comparatively independent concept that requires a careful and wiser treatment by media managers. Examining the historic steps in broad strokes makes it possible to observe key changes and clarify the current outlook. The following graph represents the timeline of branding development, highlighting connections to social and historical happenings that made an impact on branding practices. Table 1 summarises the crucial changes and shifts the brand concept has undergone.

Time Period	**Brand Development Summary**
1990's-2010's Digital Revolution and Social networks	-Digitalisation encourages media to become multi-channel and multiplatform; -Brands get involved in an interactive dialogue with consumers.
1970's – 1980's The Beginning of Globalisation	-The fragmentation of markets and growing segmentation; -Rapid early growth in globalisation changes the scope of competition;

	-Branding focusing on fitting a lifestyle and projecting a sense of differentiated identity for consumers.
1950's-1960's Media Boom	-The development of advertising leads to brand maturation; -Brands gain personality and character.
1940's World War II Ending	-Increased competition in the market; -Growing need for product differentiation; -Brands start to focus on customers' emotions about the product.
End of 19th- early 20th centuries Industrial revolution	-Railways started to bring in goods to markets from outside a local economy; -Products become labelled and packaging develops; -Brands were about information that was important to the identity of goods.
Ancient times	-The birth of marking; -"Branding" animals in order to show the connection to an owner; -First signs and symbols.

Table 1: Brand Concept Development

The human desire to create a personal and social identity, to present oneself as both similar to and different from other people (e.g. to belong or to stand out) is the central intention of branding activity (W. Bastos & S.J. Levy, 2012, p.349).

The fundamental ingredients of branding phenomena are signs and symbols. Branding first appears as a mark of ownership in ancient times when it was applied to livestock and slaves (ibid., p.351). In 2700 BCE the Egyptians branded oxen with hieroglyphics. Likewise, the ancient Greeks and Romans used brands to make physical markings. Bastos and Levy explain that branding is richly ramified by application to oneself, to other people, and to property.

Furthermore, it takes both material and metaphorical forms. The word ‘brand’ was associated with fire and with the symbolic meaning of this term (e.g. bringing life, giving light to people). For example, the German expressions “*es brennt*” (it is burning) and “*der Brant*” (the fire, the burning) suggest that connotation. However, before the widespread adoption of branding as a business practice this was not associated with retail goods. That developed as a tool to facilitate mass marketing by differentiating generic goods such as coffee beans, cheese, and pickles (W. Bastos & S.J. Levy, 2012, p.354) with unique packaging, slogans and images. This was important as competition grew with the widespread construction of railways in the 19th Century because this enabled customers to choose goods from companies beyond their local economies. As a result, products actively became packaged, labelled, and promoted as brands in order to create a sense of higher value and greater desirability.

The identity of the source was added to the product, indicating not only an origin but also typically a claim of higher quality (in turn associated with the name of the manufacturer). That is how the name of a producer became regarded as a source of what is now called ‘added value’. A range of products exemplifies this:

Barnum & Bailey = the greatest show on earth

Bayer Aspirin = Bayer works wonders

Budweiser = the king of beers

Guinness = it’s good for you

Heinz = 57 varieties

Ivory Soap = 99% pure

Morton Salt = when it rains, it pours

Smucker's = with a name like Smucker's, it has to be good

The industrial revolution brought many life-changing innovations in mass consumption of products. However, at the time it was believed that good products sold themselves so the main role of advertising and branding was to make sure everyone knew the product existed, and to create a sense of specialness – what we now call 'differentiation'. Indeed, the classical school of marketing defines the brand as a name, a term, a sign, a symbol, a figure or some combination, intended for the *identification* of goods or services of one seller or group of sellers (Kotler & Keller, 1997, p.304).

The next important step in brand development took place after the end of World War II. The competitive situation became intense as prosperity returned and TV became a dominant medium. Productive resources created for the war effort, the accumulation of capital, and pent-up consumer demand (stifled during the war by rationing and shortages) led to a consumer revolution that was characterised by the proliferation of brands (W. Bastos & S.J. Levy, 2012, p.355). There was a keener need to differentiate products between companies, which encouraged putting the focus of branding on superior features, unique ingredients, and functional benefits. Here we observe a fundamental shift in the perception of branding: companies and advertising agencies focused on how a brand would make the consumer feel instead of what a product could do. Thus, emotional benefits became the core brand concept.

Branding became increasingly mature and sophisticated in the 1950s and 1960s with the rapid growth and expansion of media, especially TV and magazines. These media provided more sophisticated opportunities to advertise and encouraged the development of branding. Brands were engrafted with personalities and a sense of character, with focused effort to create specific associations and connections to values that are esteemed by various groups of people, conceived as market segments. Here the symbiosis between the functional and the emotional benefits of branding became the priority. From a simple label to mark ownership, to a trademark slogan to create awareness, the brand construct became an associational image that represents a complex assortment of attributes, some functional, others emotional and others value-laden.

However, during 1950s and 1960s branding was mainly seen as a short-term strategic issue that was applied to a monobrand or to a number of independent brands. This approach started to change during 1970s and 1980s. Companies were merging and going beyond national borders. Those first steps of globalisation changed the scope of competition. Markets became fragmented, brand portfolios – diverse and complicated. Branding became much more about fitting a lifestyle and projecting a sense of differentiated identity for consumers. The managers started to percept branding from a broader prospective. Company portfolios started to be developed not only as business portfolios, but also as brand portfolios. The value of branding increased and it became a part of a long-term strategy.

Over time, the non-material asset has therefore gained a stronger meaning and ascendant importance. Consumers can buy ‘knock-offs’ and ‘unbranded’ products that might do the same thing or have the same functions, but do not command the same price. The difference is largely due to the added value of a brand. In the 21st Century, branding became the essential platform for planning, designing and delivering superior values in products as well as services to customers (Kotler, 2005). This was crucial because competition became both global and more intense.

Most brand experts and researchers think the main purpose of branding is still differentiation, but some disagree. For example, Naomi Klein (2000, p.77) thought brands were creating uniformity and sameness on the markets. Furthermore, branding blurs the borders between the economy and culture, perhaps weakening a specific and extremely meaningful historic connection between art and industry, production and consumption, creativity and commerce (Schroeder & Salzer-Mörling, 2006, p. 10). Brands are seen by some as being like a “virus” in human culture – something that contaminates and distorts. Moreover, in Klein’s view, many companies prefer to invest in marketing rather than build their material assets (2000, pp. 23, 16).

One can perceive brands and branding practice either negatively or positively. From a competitive viewpoint it is necessary to admit that brands are essential and cultural i.e., inherently symbolic goods with a tangible worth. That is especially important for media products because they are often intangible. Some researchers now suggest the need to move from a company-centric (classical) approach in brand management to a brand ecosystem concept (Bergvall, 2006, p. 189). Such a shift provides a deeper awareness of how essential are the cultural processes (including historical context, governmental support and consumer perception) that affect contemporary brands. This perception can be very fruitful in terms of technological development and digital evolution.

According to Bergvall (2006, p.192-193), brands acting on the technological level are probably the most active parts of a brand ecosystem because they only live through others. In addition, technologies are not only part of the contents in delivery platforms, but also have capacity to create a brand image that can be used by companies interacting with digital tools. Such an association is defined as a threshold requirement to be part of the ecosystem. This concept is especially pertinent to media companies because they are extremely interested in digitalisation and strongly depend on that since it provides new distribution channels for content and new communication opportunities for engaging with audiences. It should be clear that branding has important long-term strategic significance, although not always appreciated by managers more interested in short-term numbers and performance (Calkins, 2005, p. 4).

In this section, we examined the history of branding development. Through the centuries, the concept of a brand evolved from a simple mark to identify ownership to become the delivery platform for superior value to the customer. We continue discussion about the concept of branding in the following section that provides an overview of its elements. This encourages a deeper understanding of the nature of a brand and helps one see it from various perspectives.

2.1 Brand Evaluation: Awareness, Perceived Quality, Loyalty and Associations

‘The brand’ is as complex a concept and the branding process needs continual improvement, support and development. One of the most common tools for measuring brand value is brand equity metrics, offered by David Aaker (1995, p.7). Brand equity is interested in what contributes to the value provided by a product or a service. Aaker developed the following categorisation for brand equity assets: brand name awareness, perceived quality, brand loyalty and brand associations. The last category is driven by brand identity. An identity is considered a key focus for building a strong brand because it provides direction, purpose and meaning. It is central to a brand’s strategic vision and the driver of one of four principal dimensions of brand equity: association. This is the heart and soul of the brand. Brand equity has a crucial importance for media firms with an advertiser-supported and –dependent business model. Advertisers tend to launch customised campaigns utilising specific shows and media brands in order to make the messages contextually effective. In other words, where their products are advertised, and how, has a strong bearing on which consumers know about them and how they perceive them. The media brand therefore becomes important to the advertised brands. Thus, strong brand equity directly leads to a better financial outcome for a media firm (Chan-Olmsted, 2011, p.3).

However, brand equity metrics has a weakness that is important to consider. Aaker developed this theory in 1995. The metrics he proposed rely on a brand's name and symbol. Almost 20 years later, brands are not understood as only being about a trademark or slogan, but rather a kind of index to a complex system of values and associations. Thus, from a strategic and managerial prospective it is important to develop our critical thinking about established theories in branding and think about the concept and practice from a broader prospective.

Mart Ots thinks there is a gap in academic research that is evident in uncertainty over what brand equity means for media companies. This industry is just beginning to develop an understanding what media brands mean, what kind of messages they distribute and what kinds of emotions they stimulate. Such issues are interpretational differences in consumers' minds, as well as in the usage of brands across media sectors. Equity building strategies for different media types and business areas would therefore be an interesting field of research for the future (Ots, 2008, p.3). This issue raises a fundamental question for corporate branding of media firms: is the company name just a name or is it a brand?

In some cases, it is clearly a brand in its own right. For example, Disney itself is the key vehicle for marketing new animated films via its division called Buena Vista. It stands for quality and a set of values that parents support and children enjoy. This is not as clear for many other media companies where the corporate name is used mainly for internal purposes and among narrow circle comprising a professional community. That was the case with our case study company, Sanoma. Audiences often recognised a particular product offered by the firm – a newspaper or a magazine, but not the company that owns the products. In thesis research, we will cover this issue and see if the Sanoma corporate brand has been transformed during recent years and what role it plays today in company life.

2.2 Brand Identity: the Driver for New Media Competition

Despite the fact, that there are some gaps in this field of study, branding has already gained vital meaning and keen importance for most media firms. We begin this section with discussion about the issues in branding and communication building as especially pertinent to the media industry. We then describe brand identity, is the core of successful communication with a customer.

During the last decade, brand practice shifted from a supplier of one simple message delivered by media to a communication platform for maintaining dialogue with the customer. That shift gives media some fruitful options for development. Today's consumer is overloaded by information and choices. As a result, the boundaries of competition are changing. Media compete for the audience not only with other market players, but also with services and activities that lie quite far from a traditional media landscape. Media not only fight with other operators but also must fight for a share of how the consumer spends time. That shift is observed in other industries, as well (Klein, 2000, p. 41). This is an extremely sensitive issue for media companies because media does not only provide information goods; media reflect, convey and cultivate social value (further detailed discussion in 3 Brand Portfolio Management and Media).

Competition across the media sector has adopted new paths of consumption. On the one hand, consumers want to be told what is cool or good to have, while on the other hand they want to make the decision by and for themselves. Therefore, communication planning becomes less about merely 'reaching' people and more about influencing their views (Young, 2010, p. 18, 35). This is just the tip of the iceberg. Today companies are finding different ways to communicate with audiences via brands in order to connect with, and perhaps also cultivate, values, purposes and lifestyles (Young, 2010; Klein, 2000).

Successful communication building requires a clear brand identity because that provides a direction, purpose and meaning for the brand. Identity has vital importance for a brand's strategic vision. It is considered to be a driver of one of the four principal dimensions of brand equity: associations (Aaker, 1995). Brand identity is a unique set of associations reflecting what the brand stands for and it implies a promise to the customer from the organisation. This generates a value proposition involving functional, emotional or self-expressive benefits (usually in combination) that takes a key role in the establishment of the relationship with customers. Brand identity consists of 12 dimensions that organised around four perspectives: 1) brand-as-product, 2) brand-as-organisation, 3) brand-as-person, and 4) brand-as-symbol. Brand identity structure includes a core identity and an extended identity (Aaker, 1995). This helps to clarify, enrich and differentiate an identity.

Brand-as-product is considered a core element of identity because it usually represents the trust consumers have in the product. Thus, it is vital to create a strong link from the product class to the brand to ensure adequate recall when the product class is mentioned. To reach this goal, the strategy should not neglect the product's scope and attributes, quality and values to be represented, and the uses and users that will be the key associations. Furthermore, associations with the country of origin can be significant (e.g. Made in the USA).

Brand-as-person contributes to a functional benefit by creating self-expressive associations that become a vehicle for the customer to express his or her personality. McDowell and Batten (2005, p. 44) suggested that using emotion-based strategy for building brand identity would be the most beneficial for broadcasters since it is the easiest tool to apply. Unlike traditional consumer goods, television programmes or radio shows are usually packed with emotion as the essential value being offered. Thus, the most important benefit for media goods to the consumer is emotional. McDowell and Batten (2005) argued that even such a factual asset as a news programme still brings an emotional pay-off for the audience. Emotions are an important tool when media companies need to develop the reputation of a brand. Indeed, when the manager creates advertisements for a promotional campaign, he or she needs to be clear about not only what the target audience should think, but also what they should feel.

Brand-as-symbol provides cohesion and structure to an identity. It helps customers recognise and recall brands from a variety of competitor offerings. A vivid, meaningful heritage also can sometimes represent the essence of brand. Disney has that quality because of their long history of making quality animated films for children. Brand-as-organisation should provide a message about innovations, a drive for quality, values and culture. Moreover, it is important to include the association that the company is good for society – not only for its own self-interest. Aaker underlined “profits with principle” as a philosophy that provides a dramatic source of differentiation. This certainly has a bearing on the social responsibilities of media. It has an internal impact on employees and an external impact on customers. Both are likely to feel closer to a company they respect because it shares their values.

Aaker’s concept of brand identity provides a useful overview on the issue in a practical sense. Nevertheless, some researchers argue about its theoretical depth because brand management literature does not adequately address the limitations of identity as a guiding metaphor or the assumptions behind it (Csaba & Bengtsson, 2006, p. 118). Another important thing missing in Aaker’s concept is the dynamic nature of a brand’s identity. It is generally believed that brand managers must act as cultural engineers and keep the identity development under strict control. Whereas in practice, from the time when a brand is established its consumers develop their own perceptions and associations, a relationship that is not always possible to control by the company (Csaba & Bengtsson, 2006, p. 123).

Digitalisation and the Internet provide a degree of independence to consumers that is unparalleled, allowing each person to decide how, when and where to consume many media products. Thus, consumers are an integral part of the brand building process; they should be understood as participants instead of recipients. The role of brand managers therefore changes to acting more like "hosts" because they do not develop the brand identity independently and can hardly avoid changes with it. Nowadays brand strategies need to apply a co-creation process, which often leads to reduction of brand source control (Chan-Olmsted, 2011, p. 6-7).

2.3 Corporate branding: Moving from Communication-Based to Brand-Based Strategy

In previous sections we looked at brand concept development as that indicates changing meanings and functions for the brand over time. Furthermore, we highlighted the brand elements. In this section, we focus on one particular aspect of branding – corporate brands. They have a particular importance for this thesis that investigates the corporate brand in a media portfolio; it is fundamental for the Branded House strategy that is applied at the corporate level.

Examining brands and brand portfolios enables one to observe changes in the role of the whole organisation with regard to branding strategies. Since big media conglomerates have begun trying to make the corporate brand recognisable for audiences, corporate branding is now quite meaningful. Increasing the role of the organisation in a corporate strategy supports our argument about the implication of the family branding approach as most appropriate at the corporate level. We believe that today the whole of the media company and its corporate brand should drive branding strategy. Thus, in this section we focus on corporate brands, their nature and meaning for media firms.

Corporate branding is a type of family branding, also called ‘umbrella branding’ (Hatch & Schultz, 2008). Its existence and functioning is strongly connected with strategic approaches to branding. Its main purpose is the application of brand work as the continuous development of meaningful differentiation, which is a combination of emotional attachment and functional performance (Bennett and Rundle-Thiele, 2005 as cited int Lowe & Palokangas, 2010, p.1).

Schultz and Hatch have a similar perspective in arguing that moving away from product branding to corporate branding means moving from a communication/marketing driven activity towards adapting a brand-based strategy for managing the organisation (Schultz & Hatch, 2006, p. 15). Corporate branding is an important feature of this shift. It implies the whole organisation is the foundation for brand positioning. Furthermore, it demonstrates that the company is able to make specific choices that are distinct to the organisation when compared with competitors. In this light, development of corporate brands is extremely important for media companies because of growing competitive pressure.

Technological revolution and the development of a global economy have collapsed national borders (Matteo & Dal Zotto, 2012, p.2). Foreign media products are now easily available as the biggest media conglomerates operate internationally. Corporate brands and their cultures and communities are much stronger than product brands and cultures (Balmer, 2006, p.35). Anthropologist John Sherry (1998, cited in Balmer, 2006) argued that the corporate landscape is becoming a ‘corporate brandscape’.

As mentioned earlier, today’s media business is orientated towards attracting multiple audiences across platforms, including especially television viewers, publication readers and radio or other audio service listeners. They must, at the same time, appeal to media buyers, advertising agencies and investors. In this context, *"Corporate brands serve as a powerful navigational tool to a variety of stakeholders for a miscellany of purposes including employment, investment and for the creation of individual identities"* (Balmer, 2006 p.35). Furthermore, the corporate brand can also act as a kind of genetic template for identity modelling. Indeed, it has a use for media conglomerates that must simultaneously manage broadcasting, publishing and Internet companies, and often with multiple channels in each, all of which comprise their portfolio. In addition, corporate brands represent a guarantee of quality and assurance against poor performance and thus lower financial risk (Balmer, 2006, p.38). *They provide a conduct by which the organisations' values and culture may be communicated, identified and comprehended and the brand cultures that often emerge as a consequence can be of immense value.* That gives companies a stronger preference among audiences since media content is hard to value before actual consumption; a good reputation has crucial importance for a media business.

Another important point here is the growth of the meaning of a media company's social profile. Media products are functionally equivalent, meaning that many and diverse products can fulfil a desire to be entertained or informed, etc. As a result, functional differentiation becomes very difficult (Lowe & Palokangas, 2010, p.11). Lowe and Palokangas pointed out that this is one significant reason that corporate policy is often situated as social policy, not only for media firms but quite generally. Brand differentiation is often connected to some social issues that reflect a company's core values, and are connected to its core business, because this has demonstrated importance to core consumers (Hulberg, 2006 as cited in Lowe and Palokangas, 2010, p.11). Developing social meanings is vital for a media company because these firms must develop essential functions such as enlightening, educating and acting as a discussion platform for arguments and issues that are important for democracy in society. Media has always about more than entertainment, although that is obviously important as well. Although the operational environment constantly changes, people still judge companies on the basis of their core values and wider roles, as well as on their demonstrated behaviour in society (Wilmott ,2003 as cited in Lowe & Palokangas, 2010, p.12). Thus, a company with heritage value is perceived as a market leader in many cases (Lowe & Palokangas, 2010, p.13) because the history and traditions have an established and meaningful importance in many peoples' minds.

Summary of Chapter Brand Essence

Classic brand management started in the early 1900s and has been continually developing throughout the century. Today the firms are operating with a diversified portfolio of products across many geographic markets. The environment encourages embracing a brand portfolio approach in order to achieve the necessary synergy for more effective competition.

Our thesis argument is focused on the brand portfolio of a media company and the strategy that explains how it works. Before turning to the portfolio of brands, we need to understand what the brand itself is because that is the main element of a brand portfolio. In this chapter, we discovered that the brand is not only carrying the name and logo in itself, but also conveys a personality, reputation, complex associations and explicit values. The brand can be understood as a dialogue with a customer. This is how we understand brands in this research and is the starting point for the research.

In addition, we examined brand equity metrics developed by Aaker because that has crucial importance for media firms that rely on an advertiser-supported business model. Our case study company, Sanoma, is of this type. It is a media company producing dual market goods because it sells content to audiences and advertisers at the same time. Thus, it has a certain degree of dependency on the advertiser-supported business model and understanding brand equity matters here. In our research, we are focusing on one particular aspect of brand equity – brand identity. We analyse the transformation of Sanoma corporate brand identity.

In this chapter, we highlighted the importance of corporate branding, not only product brands. The growing size and influence of media companies encourages the development of a conglomerate's social profile in order to create meaningful differentiation. In addition, with the arrival of the Internet, a new possibility has emerged: a shift from a one-way transmission (from the company to its consumers) towards an interactive dialogue with and between customers. That has especially affected media companies. Today they are supposed to provide 24/7 user experiences and content delivery as well as to fight for the customers. Thus, corporate branding becomes an important tool for media managers to reach the firm's goals. One element in our argument states that firms with high competence embrace a branded house strategy at the corporate level in order to increase synergy. That elevates corporate branding in our research: besides the examination of Sanoma's identity we also analyse what role the brand plays in the portfolio at the corporate level. In short, does it act as a foundation for a branded house strategy inside the portfolio or it is a back office or internal brand?

Next we examine the concept of a brand portfolio and why that is significant for media companies today.

3 Brand Portfolio Management and Media

We start this chapter with a description of market and environmental conditions affecting the contemporary media field in order to highlight the main challenges faced by the industry. This provides useful indications of what media branding is. Next, the author presents issues related to brand portfolio building and architecture construction as a consequence of market conditions. After that, the author will examine the two major brand portfolio strategies; the house of brands or a branded house. That brings us to the core of thesis argumentation.

3.1 What Branding Means for Media: Understanding the Context and the Challenges

Before turning to branding strategies in the media, we need to clarify what branding means for media; how it can contribute to company development; and why it can serve as a system platform for the firm. This section explores those issues.

To start with, we define the type of goods we are dealing with in media products. The majority of branding theories are concentrated on traditional customer goods. A media company is quite different from a general retailer or clothes manufacturer. Understanding media in the wider brandscape helps us define some important limitations. This implies that not all advice for, and examples of, industries more generally are pertinent when applied to media goods. The fundamental difference between media products and the other goods is that media content is increasingly immaterial. Even for those that are tangible, such as books and DVDs the content per se is not. These are symbolic goods that cannot be valued correctly or fully by a monetary price, or any other tangible assets. They are also experience goods, meaning their value is not known until consumption is done. That is why the reputation and image of a media company is especially important. It sends the consumer a signal and makes a promise (implicit, at least) about the quality of the product. In this thesis, we study the image of one media company, Sanoma, as a corporate brand to find out if it sends such a message to its customers.

Media brands play a vital role in providing market signals. They convey the credibility of the media content to a *potential* audience, which is essential for credence goods to succeed (Siegert, 2008, p. 12). For useful discussions about the various ways in which media goods are unique, see Reca (2006).

We also need to observe the industry landscape to focus on changes and challenges that media industries are going through to understand in the governing conditions within which media companies must function today. This has self-evident importance for decisions that media brand managers make. During the past decade, media industries have been challenged by significant shifts that dramatically affect operational requirements. The digital revolution has increased the portability, diversity and abundance of media platforms and all kinds of content. Audiences have demonstrated an appetite for more diversity of information and entertainment. As a result, the market is now highly fragmented and people consume more and new media channels – and at the same time also value traditional channels like TV (Young, 2010, p.20).

At the same time, and parallel with this, the character of media consumption has changed. Multichannel consumption is an important trend, even if not widespread yet among all segments. Some people, especially young audiences, watch television while also browsing news on their tablets or chatting with friends and family on Facebook or via a smartphone (called ‘second-screen’ media use). The importance of narrowcasting is growing. Media firms see the need to develop relationships with smaller and diverse audience segments (target groups) in order to satisfy the requirements of those audiences. Even mass media must deal with this trend, which affects the entire value chain from content development, through production, to scheduling and packaging (Chan-Olmsted, 2006, p.5).

In addition, there are new and powerful media competitors like YouTube, Google and Facebook, which aggregate and sometimes provide kinds of news and diverse types of content (even if only as distributors or as a conduit). Young (2010, p.14) highlighted one important implication for this study: the variety of sources has made media consumers more cynical and dismissive of corporate control over brand messaging. In addition, the audience wants to make an independent choice. This is a complicated issue and the trend definitely shows that media must compete for audiences to a degree that is much higher, and this inherently requires differentiation as well as clearly explaining the benefits of a particular choice to the media customer. Sylvia Chan-Olmsted (2011, p.2) found that the arrival of Web 2.0 has forced media industries to develop complex branding efforts to raise the awareness of the company and the products and services it provides. Fast technological development has affected the speed of market fragmentation and, as a result, made the competition for the audience increasingly intense.

Another challenging point for media and media branding is the fact that it must address at least two markets: audiences and advertisers (as dual market goods), and the message should be credible and consistent for both (Siegert, 2008, p. 14). In addition, media and advertisement businesses have always been closely related (a symbiotic relationship). Today advertisement campaigns have become multimedia and multichannel in structure and marketers must produce more creative ideas across platforms, as well as distribute brand messages effectively in different formats (Young, 2010, p. 21). In such cases, media must accommodate this shift not only to promote the company successfully, but also to provide an opportunity and the resources for media buyers and their campaigns. In short, a good contemporary media brand has a practical bearing on the company's business potential.

Media companies have a powerful advantage here in comparison to general retailers and manufacturers because they own and control communication channels and have specific knowledge about reaching and influencing audiences. That is the essential requirement for building brand equity, as earlier discussed (Ots, 2008, p.3). It makes good sense that media industries would use their corporate brands as resources in order to achieve marketing and margin targets.

Now we explain why branding is important for media companies. The issue is illustrated in Chart 3.

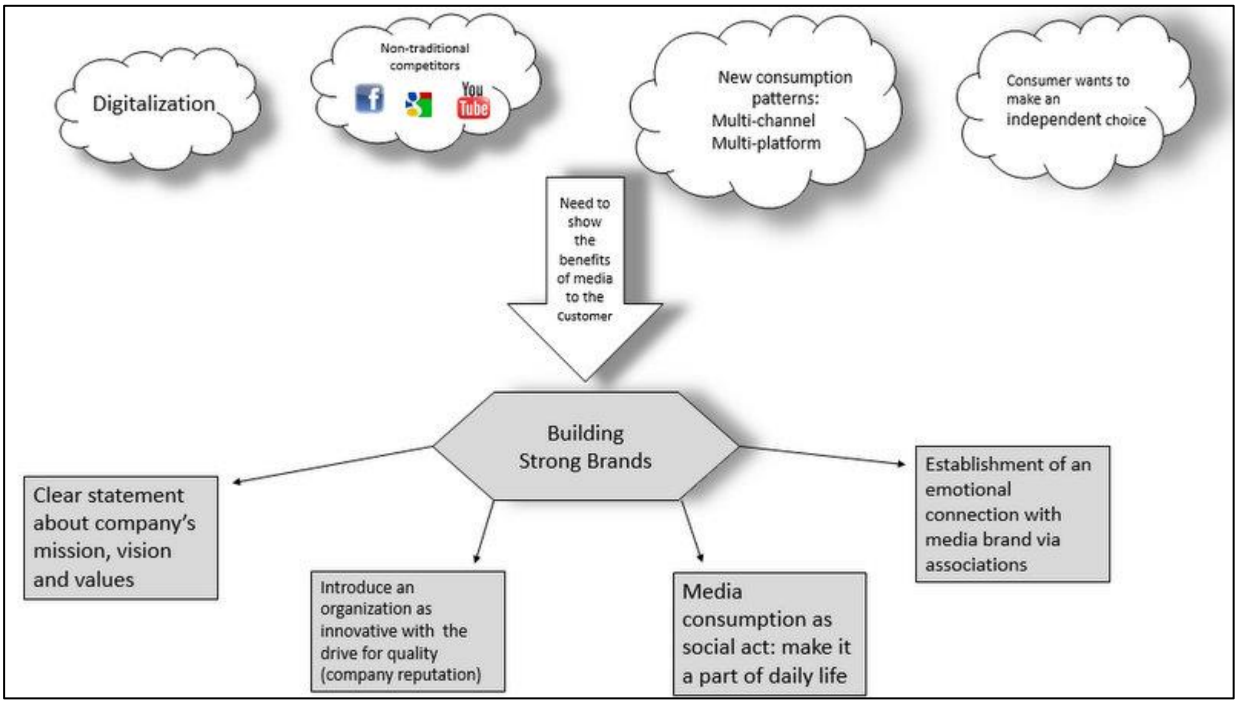

Chart 3: The Importance of Strong Media Brands Building

At the top of the chart, we observe four important trends in media industry that bring significant changes to media markets: digitalisation, new and non-traditional competitors, the drive to become multi-channel and multi-platform, and changes in consumer behaviour (the desire to make an independent choice). These market trends generate the need to show the benefits of a media consumption option to the customer. We suggest that building strong brands is a rational tool for achieving that objective. There are four general implications as to why branding is important for media companies and how it can help. Those are located in square blocks at the bottom of the chart.

The **first** implication is strongly connected to corporate branding as discussed in Chapter Brand Essence. Since media products have social importance, the company that produces them needs to distribute a clear message about its mission, vision and values. Building a strong corporate brand is a tool for that.

The **second** implication states that brands provide an opportunity to introduce the company as being innovative with a drive for quality of its products. The **third** and **fourth** implications respond to growing demand to provide 24/7 user experiences. A strong corporate brand makes the consumer feel more attached to the product. So, for example, a media consumer that feels attached to Sanoma might have a stronger preference to continue with the current newspaper subscription because it has become a trusted and valuable part of daily life. Furthermore, brand associations establish an emotional connection with the customer. The last box also opens opportunity to create a community around the brand and continue a dialogue with the customer.

Value Chain Modifications and Changes for Brands

The transformation of media products and systems has caused modifications in the value chains for media markets. Discussing the issue is relevant for this thesis because it raises some important questions about brand positioning, and especially about brand positioning inside the portfolio, which is the main object of thesis research. The value chain is a tool for analysing the sources of competitive advantage and a systematic way of examining all of the firm's activities and interactions (Porter, 2004, pp. 36-59). In this concept, all company activities are analysed in detail according to their respective strategic relevance in order to understand the behaviour of costs and the existing as well as potential sources of differentiation that matter to a firm's customers.

Media market content can today be delivered to users directly by producers and content media outlets are developing stronger participation through e-commerce activities. Media goods can be on sale in both digital and traditional forms, as well. As Chan-Olmsted (2006) found:

> The value chain variation is especially evident in the elimination of certain middlemen and the changing function of packages and technological facilitators. Specifically, faced with abundant media choices and narrowcasting options, the role of content aggregators/packagers, whose core activities are to assemble contents into packages that appeal to different segments of customers, is becoming strategically significant. (pp.6-7)

This issue raises a big challenge for the brand manager. On the one hand, if the content is delivered by traditional channels how does one promote and develop those products in more complex packages? For example, the magazine publisher's portfolio may contain the print version of the magazine, the website and sometimes a mobile application or tablet application. Should those digital products be positioned as brand extensions of the print brand or are they better conceived as sub-brands under a family brand? Media brand theory does not give us an answer to this question, so each manager has to find his or her own way to deal with this task. On the other hand, if a media company sells its products via an online store, how does one make sure that the brand will reach the customer when surrounded by so many competitors? Indeed, there is no direct algorithm for solving this problem either. But for both aspects, organising brands into a portfolio helps the manager to clarify the roles of each brand and their current position both inside the portfolio and in the market. Have a clear structure and systematic approach to the portfolio makes it easier to update the strategy and to find reasonable solutions.

Furthermore, distributing products through various channels and platforms means it is very importance for a media company to have expertise in marketing, brand management and publicity. The company's management team should be competent in all of those aspects, as well as in its capabilities to access popular mass-appeal content, produce niche content, and work with narrowcasting distribution. To optimise margins, it should also be able to repackage content for different user segments and distribution systems.

Technological advance increases the importance of software developers and hardware manufacturers as media product facilitators. These organisations add value to the product by, for example, enabling navigation provision and through the development of software programmes that enable easy access to media products. Chan-Olmsted (2011) assumed that these facilitators influence the media arena in two general ways. Technological organisations can become major players in creating and capitalising on newer media market segments. Moreover, such facilitators might participate in strategic alliances with traditional media organisations. Such value chain modifications promise new, nonconventional revenue potentials; for example, the direct sales of digital content and space.

Brand management expertise is necessary for operating in such a complex context. Matching the right product with the right audience segment in the right channels and packages at the right time requires a deep understanding of consumers and capability to develop different strategies to reach them in their diversity. Thus, branding is essential because perceptions and images are likely to influence consumers' decisions (Chan-Olmsted, 2006, p.7).

Brand Management and Media Practices

However, brand management for media is far from fully developed (Ots, 2008, p. 1). Media companies tend to use brand management practices for promotion rather than for strategy generation. Academic studies also mainly focus on brand extensions. Furthermore, the application of different brand building strategies, as well as uses of brands across media sectors and consumers' interpretations of those, are not adequately covered. Although there are significant gaps in media branding theory because it is a quite new research field, media firms have made some moves towards implementing branding strategies as corporate strategy. In this thesis, we study those moves and transformations by examination and analysis of the case study firm, with a focus on contributing to the development of media branding theory.

Over the past decade, media companies have started actively using brand management. Nevertheless, it has largely been with a tactical focus on logo and slogan designs rather than undertaken as a strategic managerial activity (Chan-Olmsted & Kim, 2001). However, building a strong brand is not enough, as important as that is; *managing dynamic change is a key for enterprise success* (Young, 2010, p. 88). That is why this thesis argues for a systematic approach, as well as far more strategic way of thinking about brands and branding work.

In these sections, we clarified that media companies produce symbolic goods for which the image and a strong brand is important because it cannot be evaluated before consumption, and to succeed media products need to signal a quality promise to customers. We highlighted the impact of the digital revolution and the increasing complexity of media markets. Media companies must be more competent in assuring that the right product reaches the right audience. In such cases, branding is a very effective tool. However, the growing number of products and services make the company take wiser decisions and to develop and manage a portfolio of brands. The industry and the competition drive the need for synergy. To increase synergy, developing a strategic view on the big picture has crucial importance. It provides an understanding of how brands can strengthen each other and support each other if necessary. Thus, a systematic approach to brands and portfolio development are needed. As we argue in this thesis, the portfolio approach encourages viewing the whole scene, not only bits and pieces, and gives an opportunity to develop synergetic connections between brands that would be benefitted.

Ideas about brand portfolios and synergy applications are discussed next.

3.2 Managing Brand Systems: a Call for Synergy

Media conglomerates use a combination of strategies to handle brand portfolios. The question is *how* they apply these strategies to reach goals and achieve objectives. The author argues that media companies are best off managing systems of brands in portfolios. We define the term **system** as a combination of interacting elements organised to achieve one or more objectives (ISO/IEC 15288, 2006, p. 4).

Some media firms operating with a diversified portfolio organise the portfolio into an assortment of products with no visible connections. This is a house of brands approach. Other firms prefer creating synergy between products and organise the portfolio as a branded house. In this thesis, we argue that big media conglomerates operating in multiple geographic markets with a diversified portfolio of products are wise to use a specific combination of the two approaches – a house of brands and a branded house strategy. That is only possible if the company creates a brand system.

In the previous sections, we clarified the importance of having strong media brands for the company's performance because that is effective for matching the right product with the right audience segment. But establishing a range of strong brands is not enough. The mass fragmentation of markets brings the need to organise brands into some system that makes sense for achieving the company's goals. This is necessary because a media company must today operate in various and multiple contexts, so modifying brand identities is necessary to continually achieve new upcoming objectives.

The conglomerate will possess a multitude of brands in diverse contexts for different kinds and segments of customers. That inherently requires dealing with a portfolio of diversified products. In the digital media landscape this issue has a particular importance because the media firm has to operate as a multi-platform, multi-channel and multi-product enterprise. The unstable market conditions do not allow a 'set it and forget it' approach. There is a constant need for on-going development and modification.

A key to managing brands in such a complex environment is therefore to create a **system** that serves as a launching platform for new products as brands and as a strong foundation for all the brands in a company's portfolio. This is vital for success as an entrepreneurial firm. All brands owned by a firm should work together, helping one another and not standing in the way of one cumulative success that is based on respective successes (Aaker & Joachimschtailer, 2003, p.158). Thus, a clear and cohesive structure is necessary as well as continuous improvement and careful development not only of the brands but also of the brand system. Chart 4 is a the graphic representation of the issues and stipulates four main objectives that legitimate a system of brands.

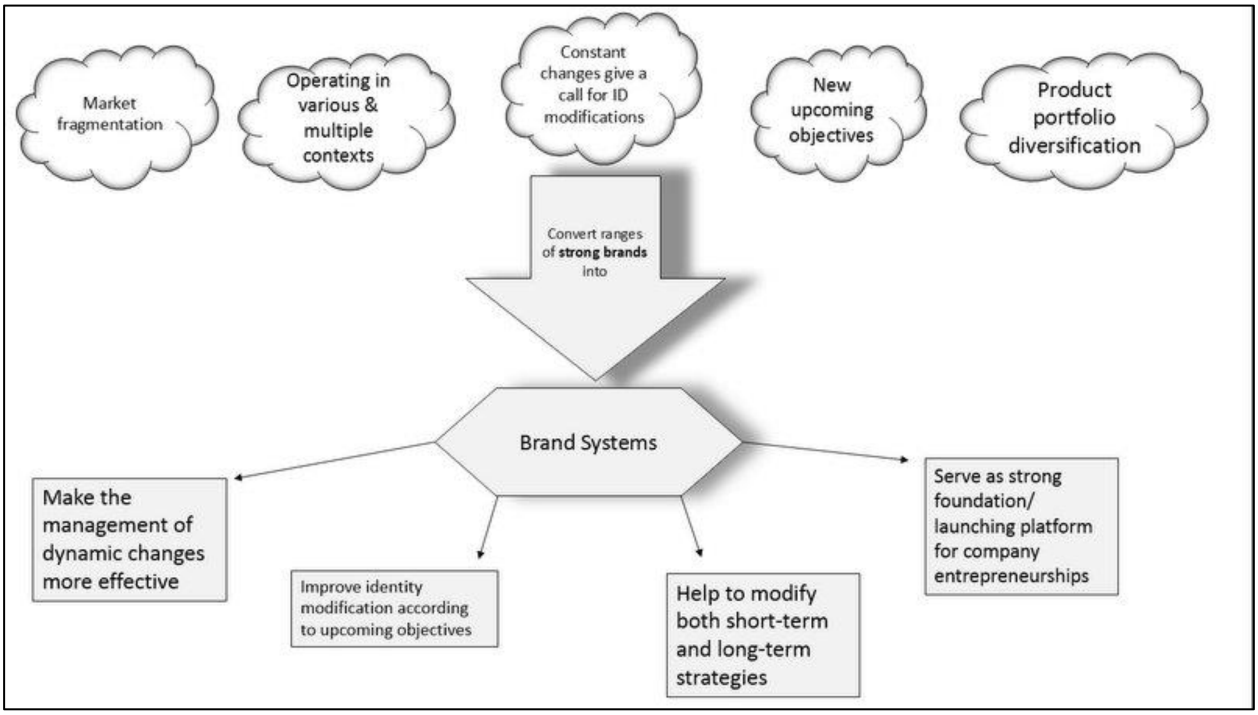

Chart 4: The Importance of Brand Systems

A brand system improves the management of changes, which is usually tricky and complicated. It makes the identity modification more effective because one can more clearly understand how changes in one brand or part of the system impact the whole. A brand system helps the firm to develop both long-term and short-term strategies and serves as a strong foundation for all the media company's entrepreneurial activities. Lowe and Palokangas (2010, p.17) emphasised the utility of strategic brand management as a balancing act. An important point here is that the whole organisation should be understood as having a part to play instead of thinking this is something for the marketing department to handle. Increasing the role of the organisation in a corporate strategy supports our argument that it is best to adopt a family branding approach on a corporate level. In this sense, corporate branding, family branding, the brand portfolio and a brand system all connect.

Historically a distinction between the corporate brand and its product brands was drawn in big diversified media conglomerates. For example, German Bertelsmann did not explicitly state its ownership of any product or service the media conglomerate provided. It served as a classical corporate brand that was more familiar to investors rather than media audiences. German-speaking TV viewers would recognise the RTL Group, while readers would recognise Penguin Random House Publishing. But it is unlikely that many would make the further connection to the ownership of both companies by Bertelsmann Group. Before April 2013, the Finnish media group SanomaWSOY took the same approach and did not promote its corporate brand among the wide range of products across diverse audiences. However, Sanoma's managers decided to move towards the synergetic, systemic strategy and undertook rebranding at a corporate level. This shift can be explained by changes in the environmental and market situation the conglomerate faces today.

As discussed in Chapter Brand Essence, media companies historically had a monobrand or, at most, dealt with a number of independent brands. Today media companies increasingly have a diversified portfolio of products in various geographic markets. Brand theory encourages creating synergy in the portfolio of brands. In this thesis we argue that the development of a strong corporate brand that becomes well known by customers, advertisers and employees is one of the most successful tools for achieving brand synergy.

Aaker and Joachimschtailer (2000, p.7-14) suggested a new brand management model that is pertinent, which they called **brand leadership**. This concept is rooted in the growing variety of market needs and challenges a company must handle. For example, the need to stretch the media product across the market horizontally and/or vertically makes the brand architecture more complex. Classical brand management, which focuses only on sub-brands and product extensions, is not able to deal with such complexity because it neglects portfolio building.

The focus of brand leadership is on making the architecture flexible because that is vital for on going success in an unstable market environment. Brand leadership emphasises brand identity in the role of driving both short-term and long-term strategy. Leadership as a part of the brand's core identities conveys strong benefits for corporate brands (Aaker & Joachimschtailer, 2000, p.66).

The brand leadership approach has an important global perspective, which is certainly important to media conglomerates. Managing brands across markets and in diverse national contexts changes the role of the brand manager from a co-ordinator to strategist and elevates competence as a communication team leader. Management of global brands brings specific challenges that are neglected in local brand management practice. Those challenges are related to communication with an international organisation and its audiences, both of which are crucial for building and maintaining dialogue with customers. Andres Wittermann (2013) specifies three challenges: How does one meet the needs of an audience that speaks multiple languages? How does one appear responsive when customers are in several different time zones? How does one segment and prioritise social media efforts?

We can add the fundamental need to know who the company's customers are and what their values are when dealing with such diversity across cultural and national contexts. Indeed, if the company plans to distribute the same media product on multiple local markets, it has to be sure the product will be suitable and understandable in the different national cultures. Very often it will have to make necessary changes to avoid product failure. To make the brands communicate successfully in both global and local markets, Wittermann (2013) suggests that companies must listen to audiences more carefully and create more relevant content; they must organise channels more thoughtfully; and allocate resources to enable engaging with multiple local influencers and communities. In short, the company needs to develop a comprehensive strategy for being global.

In sum, brand leadership will be helpful in this case because it is designed to make the architecture flexible, which is vital for on going adaptation in unstable market environments. It allows both short-term and long-term planning and gives an ability to develop corporate brands. Brand leadership perfectly responds to the four objectives in taking a systematic and systemic approach to brand management. Since the case study of this thesis is a big contemporary media conglomerate that has to operate in international markets and promote its products across several channels and platforms, the author will use the brand leadership model as a theoretical base for this research.

3.3 Portfolio and Architecture: Synergy-creation tools

Aaker and Joachimschtailer argue that it is no longer effective to manage brands separately. According to their brand leadership model, a company's products should be organised as a portfolio. Furthermore, the brand manager should construct a brand architecture for the portfolio. That involves deciding how brands should work together and how comparatively independent each needs to be. Those two tools, portfolio construction and architecture building, form the brand system - a combination of brands understood as interacting elements that organised to achieve one or more objectives in synergy.

David Aaker (2004, pp. 13-14) suggests that a good system of brands helps managers allocate resources in an optimal way because it demonstrates the potential impact that brands could have on each other and highlights priorities. It can help reduce brand identity damage if the differences across operational contexts or in varying roles would tend to undercut a brand. In addition, portfolio management helps the firm achieve clarity about its product offerings both in the several parts and, importantly, as a whole. Finally, the most important point is that the **systematic** approach to brand portfolio management facilitates adaption to on going changes, which is vital to remaining effective (1995, p.241-243).

Chart 5 provides a graphic representation of how the elements under discussion (portfolio, architecture construction and brand system) are connected in the example of our case study company, Sanoma, and the research argument (i.e. supporting application of two portfolio strategies: House of Brands and Branded House).

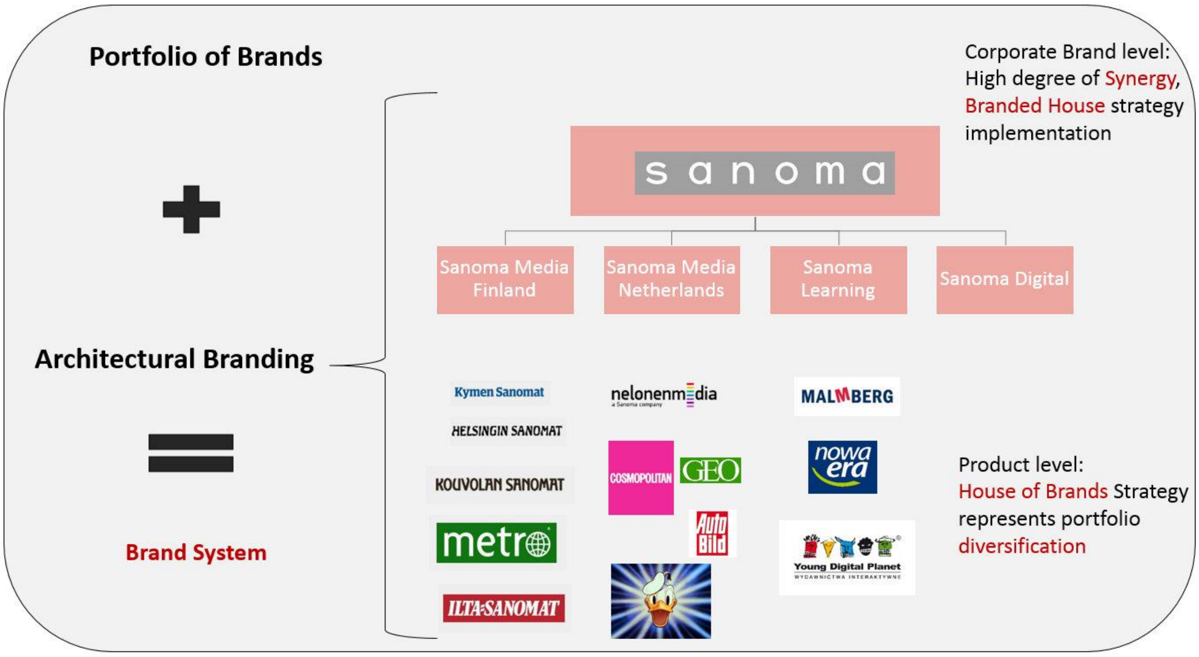

Chart 5: The Systematic Approach in Brand Portfolio

In the rest of this Chapter, we clarify those two elements of the brand system. First, we discuss issues about the brand portfolio including its connection to the product portfolio. Second, we cover the concept of brand architecture. After that, two major portfolio strategies conclude the chapter: house of brand and branded house.

Because each brand has strengths and limitations, building the portfolio is quite challenging. The media manager works to make wise trade-offs. One of the most challenging facts about portfolio management is that there is no clear answer as to which decision is right and which is wrong, at least in advance. Brand portfolio management is affected by many external corporate factors. For example, it is extremely difficult to construct a financial model for the portfolio that will indicate the options that could bring the biggest long-term profitability (Calkins, 2005, p. 111). At the same time, these managerial decisions have a major impact on the overall revenue and profitability of the company. In other words, they directly drive results but it is impossible to formulate a correct algorithm for how every decision will work out in practice. Another critique by Calkins (2005, p.110) is that portfolio decisions are exceptionally hard to reverse and managers usually get only one chance to launch a new product or service.

Media brands deal with the same challenges and media managers face the same dilemmas. McDowell and Batten (2005, p.18) provided the example of the autumn premiere weeks for American TV broadcasters; it is very hard to break old habits of audience viewing patterns and get people to sample new programming. Furthermore, portfolio decisions have both short- and long-term influences and not every manager is able to keep an accurate balance between those two perspectives. When there is lots of pressure on the bottom line managers are often unwilling to take chances that are necessary to achieve a game-changing result; they focus on the short-term situation rather than the long-term needs.

Despite complications, portfolio building is extremely helpful because each brand is assigned a reasoned, specific role. David Aaker and Eric Joachimschtailer (2003, pp.159-161) gave the following definition that is useful for insight: “**a brand portfolio** involves all brands and sub-brands attached to commodity offers, including joint brands with other firms”. The basic principle in the brand portfolio design is twofold. On the one hand, it is about maximising market coverage so the firm doesn’t ignore any potential customers. On the other, it is about minimising overlap between brand (to avoid cannibalising them), which will then not compete with each other to damaging ends for the firm overall (Kotler & Keller, 1997, p. 302).

Portfolio management has four essential objectives (Aaker, 2004, pp. 33-34):

1) Leverage brand assets in order to increase impact in the core market and to move brands upscale or into a higher value market;
2) Create and maintain relevance by adding sub-brands, endorsed brands and new brands when such are needed to support special offerings, which are vital to remain relevant in competitive terms;
3) Develop and enhance strong brands, the establishment if which is one of the key brand architecture goals;
4) Achieve clarity of product offerings not only for customers but also for employees and company partners, which makes the whole management process more effective since everyone knows what each is working for and how the portfolio functions as a system.

Media Product Portfolios

The brand portfolio is closely related to a company's product portfolio because each product is usually the thing that is represented by the brand. Furthermore, the decisions the company makes regarding the existence of certain brands are often related to decisions about the product itself. For example, a newspaper conglomerate may decide to close one of its papers because that product is not generating enough revenue or profit, and as a result this means excluding that brand from the portfolio. The company then reallocates resources based on the strategy for new development. Sometimes a brand is dropped because it has a negative impact on the overall company value, as evident in the case of *News of the World* owned by News Corporation after the phone-hacking scandal in 2011. In short, every brand portfolio decision isn’t made on the basis of the objectives for a single brand but rather for the overall best interests of the firm and, thus, its portfolio as a whole. General management issues are often behind such changes. That is why the author adds an additional paragraph about product portfolios: these have a crucial importance for branding since they serve as a foundation.

According to Picard (2005, pp. 2-5), each media firm was historically focused on one product. That is just the opposite situation that manufactures faced. They needed to produce a variety of components and products for different goods and markets. When a media company increases its number of products, this has typically implied the replication of an initial hit. Today this pattern has changed. Media product portfolios are appearing in every media industry and are enjoying rapid growth in media conglomerates. Understanding and managing portfolios of products can be considered key challenges for competence in media management in the 21st century. Understanding of the rationale and its influences on product success requires familiarity with structures and operations of product portfolios.

The strategic role of new platforms and the rationale for developing a multi-platform product portfolio features five reasons that Picard (2005, pp. 3-6) highlighted:

1) **Risk Reduction** of product failure, diminished demand, market disruptions when the company operation in various geographic areas and develops multiple products;
2) **Reaching Stability and Sustainability** by operating a portfolio for products with different stages of life cycles;
3) **Market Exploration** and company growth: opportunities to benefit through the provision of additional products;
4) **Breadth of Market Service**: Increasing contact with customers and providing additional services is the focus of the development for some portfolios. The ability to

provide multiple means of serving customers is seen as a critical means of developing loyalty;

5) **Efficiency**: this can occur through more efficient use of facilities and networks to achieve economies of scale and scope and by developing organisational structures that reduce transaction costs.

Company strategy may narrow or broaden the portfolio it seeks to develop as conditions change. The management team may decide to build portfolios along related product lines, complementary product lines, or unrelated products of another kind. Sometimes such diversification could lead the media company from a traditional field of operation to a completely different business, although that is probably rare. Each decision will influence company performance either positively or negatively, to varying degrees. Related diversification could bring a valuable improvement to the company whereas an unrelated development could transform a company by changing its position in the market. In addition, Picard points out that a firm based in traditional media may have difficulties operating a portfolio that includes new media because of differences in cultures and behaviours, and due to lack of expertise in non-traditional media.

The crucial question for this thesis is how to define product portfolios. As mentioned at the beginning of this section, there is a strong connection between brand and product decisions. To avoid confusion it is important to understand that we are taking the prospective suggested by Norbäck (2005, p.142), who considers brand portfolios as product portfolios. The logic behind the brand portfolio is that a brand can bring more value as part of a wider portfolio than on its own, and that products must be developed into brands to maximise success under competitive conditions. This is the work of positioning and brings a company advantages that include especially opportunity to develop global markets, pursue multiple market segments, keep in balance the increased power of trade, and take the advantage of economies of scale (Barwise & Robertson, 1992 as cited in Norbäck, 2005). Since many media companies are in a dependence relationship with advertisers as well as distribution- and sales-forces, gaining the ability to counterbalance diverse interests is of vital importance. Norbäck also emphasises the point that establishing a media product portfolio provides the opportunity to create synergies in such areas as marketing, content production and advertising.

Next we need to examine the second element of a brand system – brand architecture.

Brand architecture is an organising structure for the portfolio of brands, which defines the roles of brands and their mutual relations (or absence) between brands and contexts of a commodity market. In other words, it brings about a systematic approach. Brand architecture is especially important in the complicated operational conditions for multiple brands owned by a conglomerate. The occurrence of new types of competition, the complication of distribution channels, and the emergence of new product offers are implied in the need for brand architecture in the portfolio. Under conditions of competitive pressure, it is necessary for all of a firm’s brands to stand together. A competently built architecture in a brand portfolio is of vital importance for cumulative competitive successes (Aaker & Joachimschtailer, 2003, p.159).

In managing a brand portfolio it is constantly necessary for a company to monitor the condition of each and all of its brands: to strengthen the portfolio by adding new brands when necessary, and also by removing brands which have proven inefficient or no longer work well enough. Sometimes they are not entirely removed, but rather rebranded if that is demanded by a situation. Aaker and Joachimschtailer (2003, p.178) explains the **six basic missions of brand architecture**:

1. Creation of strong and effective brands;
2. Distribution of resources to brand creation;
3. Synergy creation;
4. Achievement of clearness of a commodity offer;
5. Increase of the capital of a brand;
6. Creation of a platform for the possible future growth.

Our research in this thesis is limited to studying brand strategies at a macro level because the objective is to provide a general overview of brand portfolio architecture. Thus, we take into consideration such aspects as mutual relations between brands (or their absence) and contexts of the commodity market. We are not studying the roles that brands play inside the portfolio, which is a different focus.

Nevertheless, we do not want to leave annoying gaps for the reader, so we can briefly mention the brand roles inside a portfolio. As mentioned above, each brand inside the portfolio should play a specific role, which helps the portfolio to become a system. These roles include: *strategic brand, endorser brand, sub-brand, "cash cow", and "silver bullet"* (Aaker & Joachimschtailer, 2003). The brand can play some roles simultaneously; not all roles are necessarily included in a portfolio; and there is an evolutionary scenario when the brand gradually passes from one role to another.

3.4 House of Brands and Branded House: Combination of Two Strategic Approaches

In previous sections, we emphasised the importance of branding for media because this is effective for matching the right product with the right audience. Indeed, market fragmentation and the need for media to become multi-channel and multi-platform in the digital environment are key challenges for media business today. These challenges force the company to adapt to various and multiple contexts, and furthermore to modify the identities of brands according to emerging developments that bring new objectives. This means that brands are constantly changing in alignment with the environment in which they have value.

It is comparatively easier to control, update and improve brand identities if the company deals with a small number of brands in a portfolio. But what if the firm has dozens? Then an effective structure and thoroughly considered strategy is essential. By clarifying the architecture of the portfolio the management team creates the flexibility that is necessary for successful performance on complicated markets, which characterise media.

There are two basic models for constructing the brand architecture of the portfolio: house of brands and branded house. However, companies often do not follow one or the other model; instead elements of both are combined to reach strategic goals (Calkins, 2005, p.111). It will be important to describe the characteristic features of each strategy.

The House of Brands

The house of brands is a portfolio that consists only of independent brands. Each brand has its own identity and they have no connections that are readily visible to consumers. In this strategy, each brand should influence the consumer as effectively as possible on its own merits. This strategy helps develop a distinct position for each product brand, based on their functional advantages. In addition, it promotes domination in targeted niche segments of a commodity market. In the house of brands, there is no necessity for compromises in brand positioning and it is not necessary to adapt any brand to contexts other than commodity markets. Therefore, this strategic model is most applicable when the firm finds it necessary to avoid negative associations of product brands with the corporate brand, needs to underline advantages of a new offer, wants to create a new class of goods with a strong name that has no other associations, or when it is necessary to avoid the conflict between channels of sales (Aaker & Joachimschtailer, 2003).

Thus, it is important to be accurate with each brand's positioning in order to make sure that all of them stand for different things. Furthermore, the house of brands allows the company to create a distinct corporate brand, which is mainly internal and for investors. Establishing this model allows the media firm to buy and sell brands without affecting the company image (Calkins, 2005, p.113). In addition, the house of brands approach also minimises the risks of product or service failure because the firm has multiple brands to rely on; if one fails there is lower risk of contamination for other brands. This model also has some disadvantages, however. Calkins argued that it might be hard to manage the house of brands due to its complexity. Managers cannot concentrate on each brand in the portfolio individually if the brand family is large. Another downside of this model is that the individual strategy for each brand will inherently lack synergy for the brand family overall.

The Branded House

A branded house strategy means promotion of the different brands under one corporate brand. The main advantage in brand strategy is the establishment of a consistent focus for the brand. The branded house can also maximise scale. Indeed, in this model the majority of marketing efforts are directed to support the primary brand, which leads to higher efficiency in marketing efforts (Calkins, 2005, p. 116).

There are downsides, however. This approach reduces investments in each new product brand, but if the parent corporate brand has trouble it usually influences the health of all the brands of the firm (Aaker & Joachimschtailer, 2003). Also if the number of company products and services offered as brands becomes too big, there is a danger of losing brand focus and the power of differentiation. Finally, the branded house model can be vulnerable in terms of innovation and growth. Managers cannot apply every good idea since each must fit under a general umbrella. As a result, good opportunities for growth and development are left aside because they do not fit into the parent brand's identity. The opposite situation is also possible, however: the new venture can fail if the parent brand is not successful and does not fit into a new market niche (Calkins, 2005, p.116).

Media companies usually have a specific brand architecture that makes them different from other businesses. According to Matteo and Dal Zotto (2012, p.4), a media company brand portfolio usually contains two levels: corporate brands and sub-brands. These levels are directly connected to a company's products or services. The researchers argued that one additional level is related to company employees, which will not be covered in this thesis because it is irrelevant to the topic of the study.

In order to be effective, large media conglomerates need to combine the two brand portfolio strategies. For a company that operates in multiple markets, the establishment of a clear message about the company's reputation, values and public benefit has crucial importance. That corporate image is distributed across national borders and a branded house strategy implemented at the corporate level provides a clear and distinguishing message to customers and other market participants. The message can be distributed with needed variations according to tastes and perceptions of audiences in a certain country, but the core elements stay the same (for example, the big yellow M in the McDonald's logo or Michelin's mascot Bibendum, known as the Michelin Man).

On the product level, the conglomerate has to operate with a diversified portfolio of products and services, so it is more effective to brand the goods individually. The house of brands strategy therefore creates a distinct position for each brand by concentrating on its functional advantages. Such an approach is also very useful in the context of market fragmentation because it provides a means for domination in niche media segments and defines the different and distinctive issues that each brand represents. Media conglomerates operating in multiple geographical markets with a diversified portfolio of products need to therefore use a specific combination of house of brands and branded house strategies in creating a brand system that is managed as a portfolio.

Summary of Chapter Brand Portfolio Management and Media

In this chapter we covered various issues that important to the research project. First, we defined the symbolic nature of media goods that cannot be fully valued only by tangible assets. Secondly, we have clarified that today's media firm has to go digital and become multi-channel and multi-platform due to changing environments. Media companies therefore need to develop diversified portfolios of branded products to match the right product with the right audience. For that purpose, brand management expertise is necessary and that has a lot to do with competence in managing a portfolio of brands.

We took the brand leadership model as a theoretical foundation because it was developed to respond to an unstable context and uncertain market conditions. On the basis of this model we defined the core elements of a brand system: portfolio and brand architecture. After that we covered two major models of brand architecture construction inside the portfolio: house of brands and branded house. We highlighted how those strategies are usually applied in practice, underlining the usefulness of application as a combination. The fact that theory does not provide an exact algorithm for how to apply those strategies makes the case study interesting and relevant. For our case, we will examine Sanoma's brand portfolio and will investigate the hypothesis about the application of the branded house strategy on a corporate level and of the house of brands on the product level. Before that, we need to clarify the methods used for this investigation.

4 Methods

This chapter explains the methods used for the research conducted for this thesis. The main objective of the research is to examine changes in brand portfolio management of the media conglomerate, Sanoma, in order to identify strategies that help the firm to achieve efficiency and synergy inside their portfolio. The research argument is formulated as follows:

a) Knowledgeable media companies apply a systematic approach to managing their brand portfolio, handling the portfolio as a system of brands.

b) To reach higher efficiency inside the brand system that comprises the portfolio, firms with high competence embrace a branded house strategy at the corporate level to increase synergy but a house of brands on the product level to strengthen market positions, in relation to customer segments. Thus, they use a combination of the two strategies for managing the brand portfolio.

4.1 Philosophical assumptions

We have chosen a post-positivist perspective as the philosophical premise. This is the successor of logical positivism, which has been a dominant form of research in most business and management disciplines (Myers, 2009). The fundamental assumption of logical positivism is the belief that the social world can be studied in the same way as the natural world. This implies methods for studying the social world that are value-free and believes that explanations of a causal nature can be found (Mertens, 2010).

Positivists attempt to test theory in order to increase predictive understanding of phenomena (Myers, 2010, p. 37). They hold that the use of the scientific method allows experimentation and measurement of what can be observed, and only that, with the goal of discovering hidden knowledge or obtaining objective answers. Thus, this philosophical paradigm is considered suitable for quantitative research, often characterised by experiments and theory testing. Positivists claimed that “scientific knowledge is utterly objective and that only scientific knowledge is valid, certain and accurate” (Crotty, 1998, p. 29 as cited at Mertens, 2010)

Post-positivist thinkers reject the view that the object of study is limited to what can be observed because fundamental components of human experience are not directly observable, such as complex feelings, ways of thinking, values, etc. (Mertens, 2010, p. 11). Post positivists also question the ability of researchers to establish generalisable laws when applied to human behaviour because it is complex and not fully or always ‘rational’, as that is generally understood in science. Similarly, objectivity is questioned because every aspect of research involves assumptions and judgment.

From an epistemological prospective, post-positivism assumes that objectivity is an essential ‘regulatory ideal’ for scientific practice, but that pure objectivity is impossible to achieve. Thus, the results of research are at best probably true (Guba and Lincoln, 1994).

A methodological emphasis is placed on "critical multiplism", which is an updated version of triangulation as an approach to falsifying (rather than verifying) hypotheses. The methodology aims to redress some of the problems noted in logical positivism by conducting inquiries in more natural settings, collecting more situational information, and reintroducing discovery as an element in inquiry. In the social sciences, particularly, soliciting emic viewpoints to assist in determining the meanings and purposes that people ascribe to their actions is a crucial task for the researcher (Glaser & Strauss, 1967; Strauss & Corbin, 1990).

All these aims are accomplished largely through the increased utilisation of qualitative techniques in order to legitimatise the results of a thesis by rationalising the methodological approach.

4.2 The Logic of the Study

The author applies abductive reasoning for this research. This can be explained as an approach that relies on ‘systematic combining’. The author selected this approach to reduce the weaknesses that are inherent to the case study method. Here we need to clarify why the abductive approach is appropriate for this study. The typical argument against conducting a case study is that it provides too little basis for scientific generalisation since the findings gathered from an individual sample won’t represent a population as a whole but only the case being investigated (Stark & Torrance, 2005, p.34).

This weakness could also be understood as opportunity because the in-depth case study allows a researcher to develop better understandings of the interaction between a phenomenon and its context (Dubois & Gadde, 2002, p. 554). The main characteristic of the abductive approach is maintaining a continuous intercommunication between the theoretical framework, empirical fieldwork and case analysis. This approach therefore provides extensive opportunity to develop insight about the interaction between strategic decisions in Sanoma’s brand portfolio and the context in which our case study company operates and make pertinent decisions.

Furthermore, systematic combining is considered to be a good tool for developing new theories (Dubois & Gadde, 2002, p. 554) and for researching a new field where theory formation is still immature. Dubois and Gadde (2002, p.555) suggest that the explanatory power of the case study itself should be improved by investing in theory. The abductive approach is an argument for a stronger reliance on theory in comparison to the inductive one.

The method of systematic combining consists of two sections, illustrated on the Chart 6: ‘matching’ between theory and reality and direction and redirection of the study.

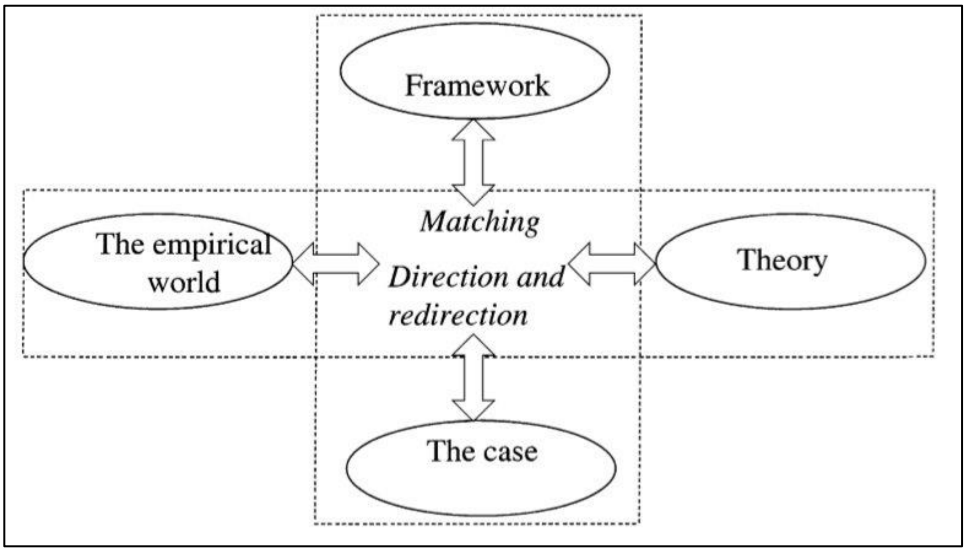

Chart 6: Systematic combining by Dubois and Gadde, 2002, p.555

This thesis mainly applies the first element – matching. After the theoretical framework has been created and the research expectations (argument) introduced, the investigator constantly works back and forth between the framework, data sources and analysis.

This choice is reasonable given the instability of the context in the field of operations for the case study firm. Sanoma undertook a rebranding project in Spring 2013. By the end of Autumn 2013 the company announced a new strategic focus and view on Sanoma. Changes started on the organisational level (for example, renewed corporate divisions were introduced) and in the brand portfolio as well (for example, some assets were excluded from the core strategic activities and placed on sale). Thus, the operational reality changes quickly and the research framework needs to be continuously updated. Therefore systematic combining is an appropriate approach for this study.

4.3 The case study method

This thesis explores the brand management field in media industry through the case study of Sanoma, and thereby seeks to contribute to the further development of media branding theory. We want to find answers to questions about how a media firm sees its brand portfolio today in a constantly changing environment, how it is managing the changes, and what the company does to improve brand development. We also would like to know why the company applies particular strategies to the portfolio and its architecture, and what all of these mean for media branding theory.

We can see that there are many questions regarding “how” and “why” in this research project. These are the defining features of case study method, its core focus (Myers, 2009, p. 73). A case study researcher looking at the management of a media firm seeks to understand how and why particular business decisions were made, or how and why a process works the way it does. We can use the empirical evidence from a practical organisation to prove or disprove our argument about how media brand portfolio is organised and managed, and in consequence make an original contribution to the literature.

Another argument for the suitability of the case study method for this particular research project hinges on the fact that the phenomenon of interest is strongly tied with the context. In other words, the context itself is part of the story (Myers, 2009, p.75). It should be clear from Chapter 3 Brand Portfolio Management and Media that media industries are going through enormous changes, both in range and intensity. Digitalisation has made a huge impact on media businesses and is driving their transformation. Efficient media will be multi-channel and multi-platform because the firm has to provide various contents though varied platforms. Media companies are searching for new ways to succeed in sharper competition and to make wise decisions regarding their brands and the brand portfolio, increasingly basing decisions on strategic objectives. Thus, in this research we cannot separate brand portfolio research from the context in which it finds value and applicability. The case study method allows one to examine context.

The research is more practical than descriptive because our objective is to find answers to questions about *how* media companies manage their portfolio of brands and *what* kind of systematic approach they apply to operate with a range of different brands. Thus, the researcher must establish the interactions that are characteristic between the phenomenon, the context and the theory, while acknowledging gaps. In such a situation, the case study is a reasonable choice.

A key strength of the case study approach is that it can take the direct examples of activities – ‘an instance in action’ (Stark & Torrance, 2005, p. 33). This allows a researcher to explore and test theory within the context of messy real-life situations (Myers, 2009, p.80). Furthermore, the research can use multiple methods and incorporate various data sources. Thus, by applying the case study one can achieve a detailed understanding of the transformation of a brand portfolio strategy.

There are two main weaknesses of the case study method, however. One main disadvantage is the difficulty of getting an access to the particular company. It is often hard to reach the managers one needs to interview because they are usually very busy and do not have time. In addition, a lot of vital information is proprietary. Annual reports, corporate presentations and other company publications are available, but it can be hard to acquire data that is not created for publication and is crucial for internal application for decision-making. Open company reports demonstrate a particular, crafted point of view and very often do not fully, accurately or precisely match the situation as described in such presentation documents.

Another key disadvantage of the case study is that the researcher has a very low degree of control over the situation. For example, if the key informant resigns when the process of data gathering and interviewing was just getting started, one cannot get the needed answers to some crucial questions simply because there is no person who is authorised to answer. The abductive approach helps us to reduce this weakness by going back and forth between the theoretical framework, data sources and analysis, but losing data sources is certainly a troublesome hazard. Thus, the abductive approach complements the case study method. To reduce this weakness we can also use scientific data and studies provided by other researches to can get an additional point of view.

4.4 Data collection techniques and Research Process

The thesis relies on qualitative research that consists of three major parts: a literature review, content analysis of the brand portfolio at Sanoma, and interviewing key decision makers who are responsible for managing the portfolio. The following table provides an overview on the methods applied for the study and describes the main objectives and expected results for each.

Method	Objective	Outcome
Literature review	Monitor modern views on branding, media branding; review the research area covered.	Theoretical framework established; develop a sound contextual understanding; argument identified.
Content analysis: on-site documentary analysis	Find the information on the Sanoma brand, its brand portfolio, strategy, financial performance and history.	Build a necessary description of the case; identify the questions for the interviews.
Personal Interviewing	Interview Sanoma managers knowledgeable about and responsible for the connection between corporate strategy and branding issues.	Gather the empirical data for the research; find answers to the questions that emerged during the previous stage; on the basis of the gathered data support or refute the research argument.

Table 2: The Research Process

At the end, we want to clarify the implications for media managers in order to provide a practical value for the research.

The author started the research by conducting the literature review. The author examined the history and identified the most influential theories on brand management. The latest studies on media branding were prioritised to establish an appropriate theoretical framework and formulate the argument of this thesis. After carrying out the literature review, the author worked with two types of data that we specify next.

The first type is the data that was gathered via desk research. In this phase the author examined Sanoma corporate documents that have been published, assessed the company's website and reviewed scientific literature about this media conglomerate. We applied a content analysis technique for these data.

The targets of content analysis are the Sanoma brand portfolio and its structure; product portfolio organisation and the changes in that; the history of this company's development in connection to its environmental context. Analysis focused on the following content units:

- Sanoma web site
- Corporate reports (annual, interim, group responsibility, 'view reports')
- Newspaper articles, magazine articles, expert blog posts
- Scientific literature
- Additional documents provided by the company (such as press releases, corporate mission statements, videocasts)

The outcomes of content analysis are: an overview of company history, financial performance, strategy, organisational structure and the brand portfolio. Corporate documents describe what the company is doing, but explanation of the specific steps in making decisions and why it chose particular options is very minimal in these documents. To provide an adequate explanation required additional investigation. To support the corporate data we therefore included scientific literature about Sanoma that partially covers explanatory gaps. Then we generated the questions for interviews with company managers, asking them especially to explain the rationale for moves Sanoma had made.

The second type of data was also gathered by the individual interviews with Sanoma managers. We were searching for those people who were able to provide an expert internal perspective on company strategy, the Sanoma business portfolio, the Sanoma corporate brand and its varied product brands. In the end we were able to reach two managers who agreed to participate in our research.

Interviewee # 1 was Tapani Pitzen, the Director of Sanoma Academy. This institution inside Sanoma is responsible for learning and development functions in Finland, and also partially at the international level. Mr. Pitzen was well informed about the conglomerate's strategic choices and business portfolio. Interviewee # 2 was Hanna Johde, the Communications Director in Sanoma Media Finland. Ms. Johde is knowledgeable about branding in Sanoma as well as about company strategy and development.

Both interviews were conducted in person. The duration of each was one hour. The interviews were semi-structured. On the one hand, the semi-structured interview provides flexibility in data gathering and allows one to go deeper into the issue of the study: during the conversation new topics may occur, new perspectives can be found (Myers, 2009). On the other hand, the semi-structured interview requires planning and framing to keep the focus and avoid switching to topics that are irrelevant for the study.

We generated separate lists of preliminary questions for each interviewee. This choice was made because the two informants have different areas of expertise. Thus, in order to get the full picture and produce higher quality data, we needed to choose questions wisely. Both lists consisted of 10 questions. That number was assumed to be manageable in the time limitations for each interview. The interviews were conducted in English and recorded with a Samsung Galaxy smartphone, then transcribed and the transcript was sent to each respective interviewee. No corrections were requested. Both interviewees gave permission to use their names in the published research.

The interviews were analysed using the content analysis method. The data were coded into several meaningful categories that are related to the focus and thesis:

- Sanoma Brand Portfolio
- Product Branding
- Corporate Branding
- Synergy Development
- The Future of Media Brands

In addition, we use hermeneutics as our data analysis approach because it focuses on the meaning of qualitative data, especially textual data (Myers, 2009, p.189). In other words, the main purpose of hermeneutics is an understanding what people say and do, and why. This approach fits the aim of our ambition to explain how Sanoma is managing its brand portfolio, what decisions managers make and why. Not all of our data were text, so we apply the concept of text-analogue. According to Myers (2009, p.183) this refers to anything that can be treated as a text, such as an organisation or its culture. Texts include written documents as well as conversations and even non-verbal communications. The hermeneutic task consists in understanding what a particular text mean.

In this Chapter we have explained the methods used in this study and why they were selected. The author has clarified strengths and weaknesses of each essential element, i.e. abductive reasoning, case study, and semi-structured interviews. In the next Chapter we provide an overview of the Sanoma media corporation. Findings are reported in Chapter 6, utilising a narrative presentation of outcomes. Chapter 7 provides discussion about research findings in relation to the thesis argument. The author provides an interpretation of the findings and considers the implications for media managers.

5 Sanoma Case

This chapter introduces our case study company, Sanoma Oy (Finnish abbreviation for Corp.), discussing the core operations and how the firm functions. We start with a description of the company's vision and values to understand what the Sanoma identity is about and then review the company's history, focusing on the shift Sanoma has made from a traditional newspaper publisher to become a diversified media conglomerate. We also discuss the impact Sanoma has had on the Finnish media landscape and what role it has played in Finland's history. Next, we assess the company's financial performance, especially in the period of global financial crisis since 2008. We will look at the divisions and operations of Sanoma. We conclude the chapter with discussion about Sanoma's new strategy, its current focus and the directions its managers have set for the firm's development.

Most of the substance is based on information published by Sanoma, supplemented with literature about the corporation published by other sources. To provide a full picture the published materials are complemented with additional investigation. The nature of the approach taken in this thesis requires reporting findings from desk research in this chapter, contrary to the ideal preference of reporting all findings in a separate chapter. Nevertheless, we only report the findings that are necessary for understanding the case sufficiently to ground the remainder of our study. The key empirical findings are reported in the findings chapter of this thesis.

Sanoma is one of the biggest European media companies and operates in 14 countries. It has a long and esteemed history of more than 100 years in Finland. Sanoma publishes the national daily newspaper of record, called *Helsingin Sanomat* (translated Helsinki's Newspaper). The company also has a strong presence in the magazine publishing market, in television, and in digital services and learning. By the end of 2013, the number of Sanoma employees was 9.035, making this a very large media firm by Finnish standards – and of considerable size even internationally.

This is how the Sanoma mission statement is formulated (2014):

> We help people access and understand the world. A world full of opportunities and experiences – a world to explore, influence or share. Working together with our customers, we create high quality, relevant, captivating content: information, inspiration, education and entertainment across media in multiple channels. We serve their individual needs to develop themselves and enjoy their lives.

Sanoma is focused on providing a variety of types of media content and educational solutions across platforms with multiple channels. The company developed a strategic story line they call the Sanoma Way (Sanoma, 2013) to formulate the enduring values of the corporation. This provides the guiding lines and principles for the firm's existence:

> We think and operate according to our values and the Sanoma Way: always curiously looking ahead, urging everyone to share views, opinions and experiences. We involve and activate people with the things that matter to them and want to create an impact every day.

In the Strategic Storyline (ibid.) Sanoma explains that employees are the core of the company and therefore emphasizes a positive work atmosphere, equal treatment of employees, and opportunity for flexible ways of working as fundamental values. “People are at the heart of everything we do. We believe that what we do makes a difference when it stimulates, moves and empowers”.

The early years of company historic can be described in two main periods. The first was from 1889 to 1904, characterised as an activist period in which the *Päivälehti* newspaper, predecessor of the *Helsingin Sanomat,* played a key role in the drive for achieving Finnish independence. The second period was from 1918 to 1930 when *Helsingin Sanomat* became the recognised national newspaper of record for Finland, as was the *New York Times* in the USA or *Pravda* in the USSR. Until 1943 Sanoma was a solely a newspaper company. The important steps of the expansion period are covered in a later section of this thesis (1943 to 2011).

Päivälehti was first published on 16th of November 1889. The newspaper was the voice of the Young Finns movement and was established by Eero Erkko and two friends, Arvid Järnefelt and Juhani Aho. The Young Finns called for taking active steps to promote Finnish language culture, education and the pursuit of political democracy. Thus, *Päivälehti* became known as the pro-Finnish newspaper that was distributing national and liberal values (Kolari, 2012).

The foundation of *Päivälehti* had crucial importance due to the historical context. In the 19th century Finland was an autonomous Grand Dutchy of the Russian Empire and ruled by a governor-general that represented the Russian Tsar. Before Finland became a part of Russia, it had been ruled for at least 500 years by Sweden (roughly 1300-1809). Swedish was the official language for education and government administration, and the language of the landed gentry and Establishment. Finnish became an official language only in 1863 and after a long project at considerable effort.

In 1899, however, the Russian authorities began strong efforts to integrate Finland more tightly with the rest of the Empire, in essence eroding its autonomy. Those moves were widely resisted and resented by the Finnish population (Kolari, 2012). With the decrease of Swedish influence, people did not want to be under the sway of the Russians. Thus, a Finnish national movement arose in consequence. It became important for people to identify themselves as Finns, and there was strong interest in speaking Finnish and in both experiencing and promoting Finnish culture. *Päivälehti* become the mouthpiece for this movement and its ideas.

Many of the great early Finnish thinkers, artists and patriots supported and contributed to the newspaper. Among some of the best known internationally were the poet, J.H. Erkko, the maestro, Jan Sibelius, and the writer, Juhani Aho. In addition, writer and social activist Minna Cant covered issues related to the position of women in Finnish society. Thus, it would be difficult to overestimate the importance and meaning of *Päivälehti* in the establishment of the Finns as a distinctive people and culture, and the early experience of the drive for independence in Finnish history.

In June 1904 the National Board of Publication permanently suspended *Päivälehti*. Censorship was an unsavoury fact of life in those days and every newspaper had a person or persons assigned to act as censors. They examined the texts before approving publication. In 1887 *Päivälehti* was delayed 40 times due to censorship issues; the following year the number more than doubled, rising to 98 times. In 1889 the newspaper had been banned for three months, and the same in 1900. However, the restriction order of 27 June 1904 was the last one for the paper. *Päivälehti* was closed (Kolari, 2012).

But of course the movement was not dead and the newspapers publishers were determined. The *Helsingin Sanomat*, one of the most popular Finnish newspapers today, was first published about one month later, on the 7 July 1904. This marks the date when the Sanoma Corporation was established. The successor newspaper continued to play an important role in Finnish history.

During the Civil War of 1918, shortly after independence was achieved, *Helsingin Sanomat* took an active part in debates about the future of Finland. The paper's editorial line argued that the country should be a republic and not a monarchy. Those debates split the Young Finns, however, and *Helsingin Sanomat* broke with the movement. The newspaper was radically restructured during 1920s and 1930s and grew to become the largest newspaper in the country. Market needs and the newspaper's development were combined to create a profitable business. Content featured professional reportage about news events, general happenings, sports, crimes, etc. *Helsingin Sanomat* cultivated a position of being a neutral, news-oriented periodical serving the general Finnish interest (Kolari, 2012).

After World War II the Finnish hunger for news increased in the Cold War context. In the 1950s Finns become move avid newspaper readers. The circulation of *Helsingin Sanomat* grew along with demand for a variety of politically independent newspapers. In 1955 *Helsingin Sanomat* officially declared itself as such newspaper; the number of its subscribers reached 250.000 and it was the largest newspaper not only in Finland but also in the Nordic Countries overall (although only publishing in Finnish, which demonstrates the Finnish interest in news).

5.1 Expansion Period

The expansion period for Sanoma started at the end of the Second World War and continued until 2011. This period began with the introduction of magazines into its portfolio, as well as the tabloid paper called *Ilta-Sanomat* (translated Afternoon-Newspaper). Viikkosanomat (Week newspaper) was the first magazine, acquired in 1944. Over the next 15 years *Reader's Digest*, the Finnish version of Donald Duck comics (*Aku Ankka*) and the women's magazine *Me Naiset* were added to Sanoma's portfolio. By 1990 the company portfolio included more than 20 magazines (Kolari, 2012).

In 1996 the Government of Finland granted a license to operate a fourth national television channel (and the second commercial channel after MTV3). The license was granted to Ruutunelonen and Sanoma was a principal shareholder. In 1997 channel Nelonen (translated Fourth) started broadcasting. Today Nelonen Media is part of Sanoma Media Finland. The corporation's broadcasting channels include three free-to-air channels, Nelonen (general interest), Liv (targeted for women) and Jim (targeted for men), as well as four pay-TV channels: Nelonen Pro, Nelonen Kino (movies), Nelonen Perhe (family) and Nelonen Maailma (world). The corporation also owns radio stations.

Nelonen channel is in the top-10 most watched channels. However, the leaders in the Finnish TV market are Yleisradio (a public service broadcaster that operates TV1, TV2 and Teema) and MTV3 (owned by Sweden's Bonnier Corp.). According to Finnpanel's TV Audience Measurement (TAM) results for 2012 among age groups 10 years and older, the shares of total viewing time for the main four channels were:

- Yle TV1 = 24.8%
- Yle TV2 = 13.2%

- MTV3 = 20.0%
- Nelonen = 9.0%

In 1999 Sanoma Corporation merged with the country’s largest book publisher, Werner Söderström Osakeyhtiö – abbreviated WSOY. This is another company with a long history. WSOY was established with six months of the start of Sanoma Corporation, in February 1914. As a result of the merger, SanomaWSOY was born. The conglomerate covered the entire media field at this point: newspapers and magazines, television and mobile communications, printing, multiplex cinemas, and so on. Tapani Pitzen, the Director of Sanoma Academy, explained that during this time expansion of a media firm’s portfolio into closely related activities such as the printing business was common: “It was natural that if you are in the printing business you could expand to the book business. However, already before that we had some parts of WSOY that was a publisher”.

In 2001 the corporation acquired the Dutch-based VNU Consumer Information company. VNU chose to concentrate on professional information services and expanded its business to the United States. The company put its consumer information group on sale because it could no longer concentrate on both areas: developing professional information services and holding a strong competitive position as a publishing house in the Netherlands (Van Kranenburg, 2005). Sanoma was interested in VNU’s offer, because the management team wanted the corporation to become an international market player. The management believed this step would help it reach relevant strategic objectives. SanomaWSOY soon became a major player in the European market, not only inside Finland, publishing more than 250 magazines in seven European countries (Sanoma, 2001). According to Jaakko Rauramo, the Group's Chairman & CEO in 2001-2013 (Sanoma, 2001):

> When SanomaWSOY was established in 1999, we set ourselves a series of ambitious growth targets designed to develop our businesses internationally and build on our existing strengths. These included increasing our net sales to EUR 2.5 billion by 2005 and achieving at least 20% of net sales from international operations by 2003.

In addition, the acquisition of Dutch operations would increase cash flow:

> By strengthening our core magazine publishing business, and bringing us valuable additional strong cash flow. The titles and businesses that we are acquiring will give us a presence on a number of new markets for us, and open up new opportunities not only for our magazine businesses, but for our other activities as well and provide an excellent platform for our future development as a truly European media player.

The merger with WSOY and the acquisition of VNU Consumer Information were important prerequisites for the development learning activities that are core parts of Sanoma's strategy today. The book publisher WSOY had some learning businesses that become a part of SanomaWSOY's portfolio. When the company entered the international market, it evaluated the opportunities and adopted the learning business perspective. Tapani Pitzen provided an explanation of the reasons why Sanoma came to this perspective:

> So I think it is partly by accident, but then when we went international we realised that it is a good business area. So we had 2 areas to expand: the 1st was media and the 2nd was learning. And then when we reached the end of the decade 2000 we realised that digitalisation is reaching old business areas and we can find some synergies now in the real world too.

During the following years, the corporation continued its expansion with several important steps. It 2005 it acquired one of the biggest magazine publishers in Russia, Independent

Media, and in 2011 Sanoma acquired SBS television operations in the Netherlands and Belgium. As a result, the Netherlands became Sanoma's biggest market.

Thus, Sanoma was dynamically developing and expanding during the 20th century. It shifted from being the publisher of “the voice of Finnish independence” with *Päivalehti* and the early history of *Helsingin Sanomat* to become an important international media conglomerate with a diversified portfolio of assets. The firm’s development was not always smooth and easy, however. The global financial crisis beginning in 2008 hit the media industry hard and Sanoma was no exception. The best way to understand what impact the crisis has had on the company is to look at its financial performance to see how the figures changed.

5.2 Financial Performance and Global Crisis

This section provides a brief analysis of Sanoma’s financial results based on corporate source materials: annual financial reports and corporate presentations. Understanding Sanoma’s financial performance is important because it indicates the motives and reasons for strategic decisions and major changes in the strategy and brand portfolio of the company. We investigate the period from 1999 to 2013, which can be logically divided into two parts: the first period of solid growth from 1999 until 2008, and the second period of decline from 2009 to the present.

The key financial indicators dynamics of Sanoma from 1999 to 2008 are illustrated on Chart 7. The bars demonstrate the net sales growth (measured in EUR million). The red line shows the growth and stabilisation period of the EBIT Margin (that is measured as a percentage of net sales). The Chart also indicates key happenings in company development and Sanoma’s business expansion on European markets.

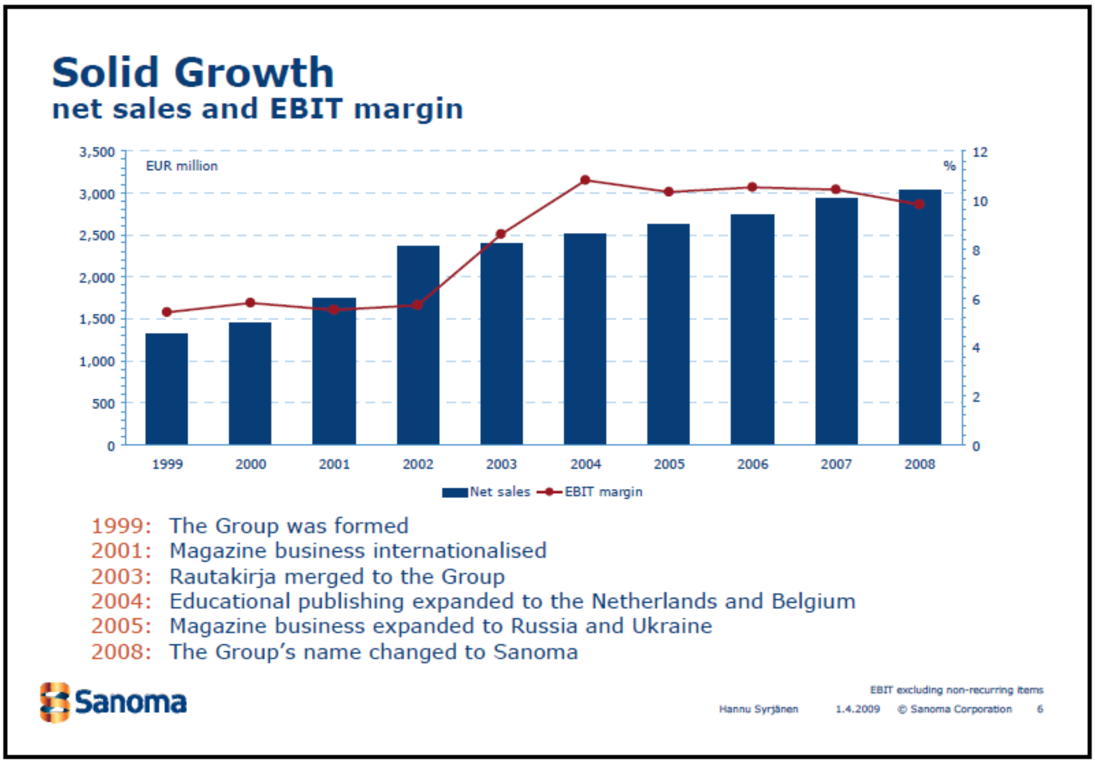

Chart 7: Sanoma Solid Growth. Source: Presentation of Sanoma's President and CEO Hannu Syrjänen "Sanoma's Year 2008, Objectives and Outlook for 2009"

Sanoma's financial performance was meeting the expectations set for its long-term goals as specified the company's Annual Reports. Those goals remain unchanged during the decade reported in Chart 7. The results indicate (Sanoma, 2003-2013):

- Increase net sales grew at a rate faster than GDP in its main operating countries.
- Sanoma maintained its strategic operating profit target (EBIT excluded non-recurring items/net sales) of 10-12%.
- Non-recurring items are included, gain and losses on sale, restricting expenses and impairments that exceed EUR 1 million.

The financial performance during 2004-2008 can be considered a success from the point of view of the specified targets. During these four years, the index increased from EUR 2.500 million to EUR 3.000 million.

In 2009 the situation changed. Sanoma's solid growth was replaced by decline. The global financial crisis had a negative impact on European media markets. For example, only in 2009 media firms in Central and Eastern Europe lost between 30% and 60% of their income and advertising revenues saw a double-digit drop (Ruduša, 2010). As a result, media companies had to adopt cost-saving measures, including volume reduction and staff layoffs. The global financial crisis had a long-term effect on media companies that continues to the present day.

Chart 8 demonstrates that over the last six years the number of Sanoma employees has halved, from 18.453 in 2008 to 9.035 in 2013.

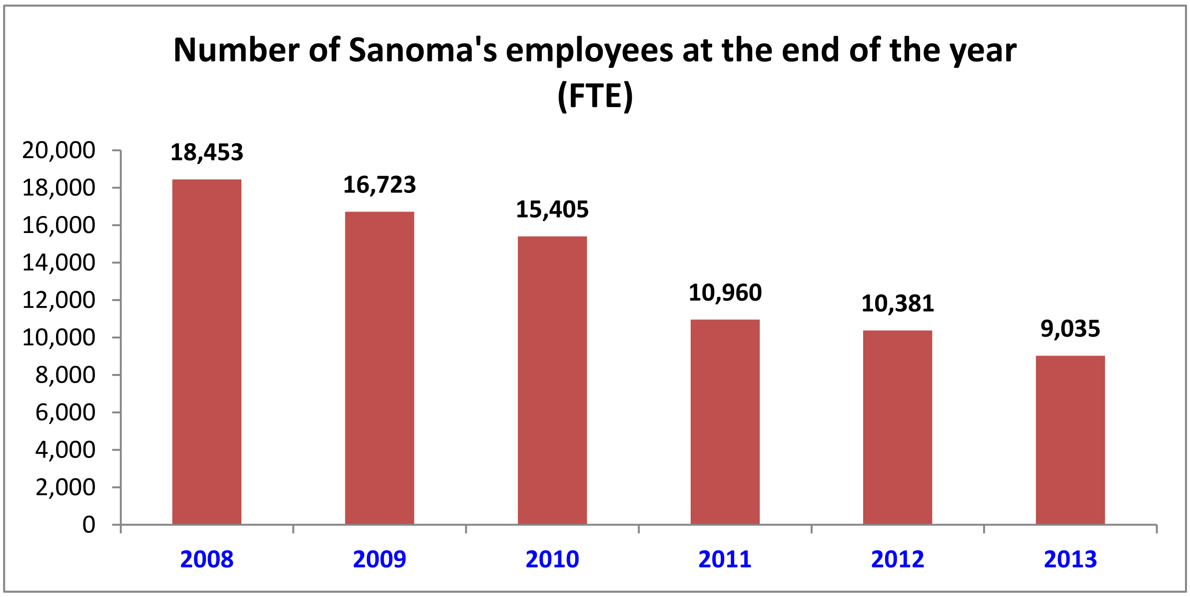

Chart 8: The Number of Sanoma Employees. Source: Sanoma Annual reports 2008-2013

Sanoma Net Sales decreased from EUR 3.030 million in 2008 to EUR 2.038 million in 2013, more than 31%. The EBIT Margin declined to 7.4%, which is significantly lower than the long-term target of 10%. Those results are visually represented on the Chart 9.

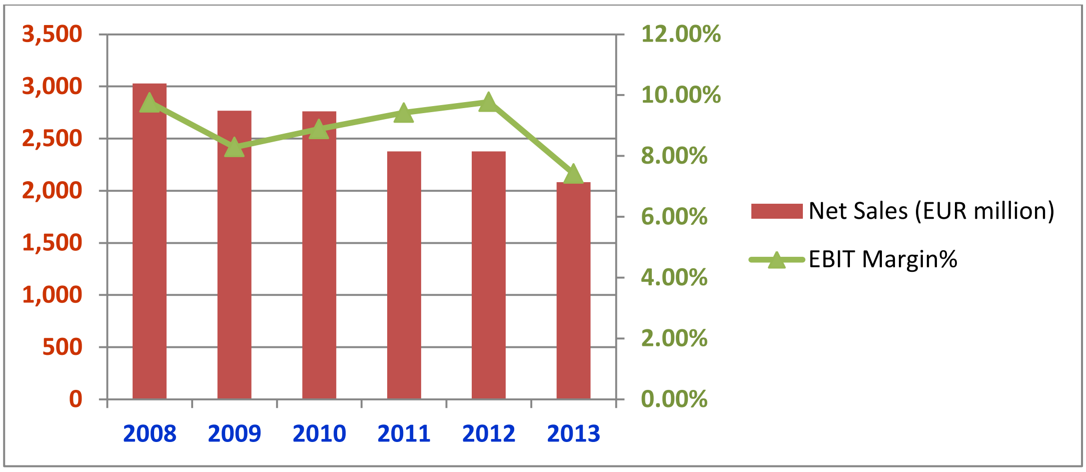

Chart 9: Sanoma Net Sales Decline. Source: Sanoma Annual reports 2008-2013

The company explains that during the past few years, the deterioration in circulation and advertising markets adversely affected net sales in media and news segments alike. As we can see in Chart 9, in 2012 decline was partially offset by the consolidation of the acquired SBS TV and print operations in the Netherlands and Belgium, as well as increased sales of the Learning segment and Nelonen Media in Finland (Sanoma, 2013). But we can consider 2013 as a year of deep crisis for Sanoma. CFO Kim Ignatus characterised that year as the most difficult for the company (Sanoma, 2013):

> Our industry is in the process of transforming from print to digital. Our traditional business is in decline, contributing to a decrease in net sales, profitability and cash. The balance sheet is under pressure, in part because of our past acquisitions, and we are still noticing the effects of the European economic crisis. These issues multiply one another.

Sanoma CEO Harri-Pekka Kaukonen during the end-year presentation explained that the company's organic growth was declining at a rate of 5%. He explained that a major part of this was due to declining advertising markets. "It went right through to the bottom line. We took substantial measures in terms of increasing our performance and profitability but the net effect was clearly a reduction in the EBIT" (Sanoma, 2014).

These "substantial measures" to improve profitability in 2013 were:

- A EUR100 million cost saving programme through the end of 2016. The run rate of savings after the first year of the programme is 34 million.
- Divestment of Czech, Serbian, Romanian and Bulgarian operations.
- Strategic review process for Belgium and Russia.
- Sale of the Sanomala printing plant, with a gain of EUR 33 million.

Sanoma management is not disclosing the margins of profitability levels for its separate brands. They traditionally have shown the key performance indicators only at the level of the company's business units. Chart 10 reflects the net sales split during 2013 from the perspective of how this reflects Sanoma's efforts in working with their business portfolio, and also in their efforts of managing the migration from traditional print operations to new media.

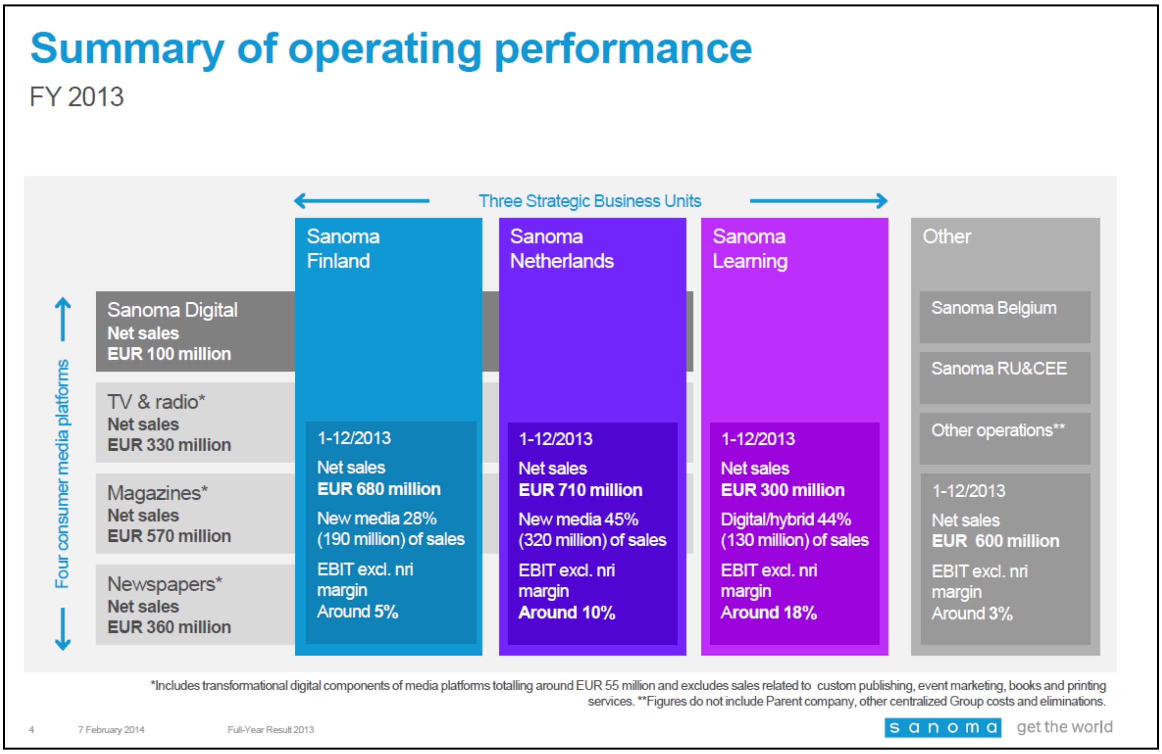

Chart 10: Summary of Operating Performance. Source: Corporate Presentation February 2014

A few things in this chart merit explanation. The media units in Finland and the Netherlands are both around EUR 700 million of Net Sales, but they are quite different in terms of their profile and performance. In Finland, the share of new media (non-print) is 28%, but much less than in the Netherlands. The Dutch share of new media is 45%. CEO Harri-Pekka Kaukonen has clarified: “In Finland we start from a much bigger print portfolio” (Sanoma, 2013).

The Dutch media business has a higher profitability with the EBIT margin at around 10%, while in Finland this index is less than 5%. The company plans to improve Finnish profitability by 2016. The bigger part of the EUR100 million cost saving programme is geared to Finland. Concerning the brand portfolio rationalisation, it’s important to keep this in mind:

- In the Netherlands, Harri-Pekka Kaukonen said Sanoma is re-focusing from 60 to 17 strong brands clustered around five content domains; Women, Parenting, Kids & Teens, Home Deco, and Automotive;
- In Finland, the company will focus on three areas: Women, Family, and Kids Media, the later now a separate business unit where the firm will specifically seek growth.

The Learning business unit has about EUR 300 million in net sales with an EBIT margin of 18%. This business unit has the highest profitability. Fully 44% of Sanoma’s sales in Learning are driven by its digital offerings. However, it should be mentioned that a lot of learning products are sold as a combination of digital and print versions.

In 2014, Sanoma expects the Group’s consolidated net sales (adjusted for structural changes) will decline somewhat compared to 2013. The operating profit margin excluding non-recurring items is estimated at below the previous year’s level (2013: 7.4% of net sales). CEO

Harri-Pekka Kaukonen noted the reasons for this pessimistic forecast: Sanoma will still have a rather big print portfolio and that will decline (Sanoma, 2014). Sanoma's outlook is based on three major factors:

1) Continued negative pressure on sales and operating profit due to declining print markets and weak economic development in Sanoma's core operating countries.
2) Strong positive impact from the EUR 100 million cost savings programme.
3) Increased investment levels to fund digital transformation and growth in Consumer Media and the expansion into tutoring and emerging markets in Learning. The expected impact is about EUR 20 million (Sanoma, 2014).

The mid-term outlook is based on the execution of the strategic redesign. Sanoma expects that from 2016 onwards the Group's consolidated net sales will return to organic growth. The operating profit margin, excluding non-recurring items is targeted to be around 10% of net sales (Sanoma, 2014).

5.3 Sanoma Strategic Shift and the Development of New Focus

The financial figures demonstrate how deeply negative has been the global crisis on the media industry. It is clear that Sanoma is still suffering. However, it is important to understand that problems facing the industry are not only caused by the economic crisis. Other factors have influenced the company's strategy development. As discussed in Chapter 3 Brand Portfolio Management and Media, digitalisation is a key factor. Sanoma has a big print media portfolio and the observed decline in demand for print products is significant. Consumers in their markets are well along in the switch over to screen-based devices and a related 24/7 user experience that is facilitated by smartphones, tablets and online platforms. Advertisers follow audiences and are going digital too. As a result, media companies are updating their strategic objectives, business models and conducting general and detailed examination about what the media business is today and what its role is likely to be for future market performance.

The impact of the Internet boom on print media was noticed long before the crisis in 2009. Total magazine circulation was flat or declining and advertisers were shifting to online solutions. However, during that time Sanoma was able to avoid the worse negative effects largely because it did not have a presence in English-, German- or French-speaking media markets (Aris and Bughin, 2009). The company was focused on Finland, Benelux and Central and Eastern Europe markets (Hungary, Romania, Russia, etc.) Tapani Pitzen explained the reasons for this focus of Sanoma before 2009. There were two reasons.

On the one hand, Central Europe was chosen because there was less competition here in comparison to big markets like Britain or Germany. The decision was aligned with the general strategy. On the other hand, with the acquisition of Dutch assets the company also acquired assets in Belgium and Eastern Europe that were part of the Dutch portfolio. So entering those markets was unplanned and not part of the general strategy. As Tapani Pitzen explained:

> The official strategy a couple of years ago was that we were concentrating on smaller markets in Europe and fast growing markets in Europe. So we were not intervening in the central European markets, big markets like Germany, France, Italy and Britain because the competition there was extremely tough.
>
> But why were we in the Netherlands and Belgium? That was partly accidental because there were some companies available in those countries and we were able to buy those in the Netherlands and they already had quite a lot of businesses in Eastern Europe and Belgium. So that was an accident.

As mentioned above, this decreased the impact of the Internet on Sanoma as a traditional media conglomerate. However, this also can be considered as a negative impact because whilst other companies were actively developing solutions for digital offerings Sanoma more or less waited, taking the observer’s position. Aris and Bughin (2010) suggest that Hannu Syjänen, CEO and the President of Sanoma from 2001 to 2011, was wondering if the company had waited too long to build a solid online presence, and whether it was in an ideal position to learn from the steps of their competitors. There is no clear answer to either question, but this indicates a reasonable amount of uncertainty with the firm’s leadership.

In the pre-crisis period when print media businesses were generating good profits, the industry remained stable for decades. The Internet was not perceived as a major destabilising element until fairly late. In fact, Sanoma had no clear decision about how much it should approach online development. This was undeveloped in comparison with the focus on continuing to grow its traditional businesses. As a result, Sanoma met this time of profound changes with a large and diversified portfolio that consisted of more than 400 products. Tapani Pitzen explained the company rationale for the diversification strategy, as well as the why Sanoma preferred such a large portfolio of products:

> Previously, the media business was quite stable and actually the best way of creating more value was buying or acquiring new businesses. When you can buy new magazines you can create more turn over, and you can create more cash flow in your company. So it was a quite stable business and it was quite normal that if you have reached a good brand, it will bring you money for many years. It was a growth strategy and all media companies in the European Union and in United States used to grow like this. But then digitalisation changed everything.

Digitalisation forced Sanoma's managers to update the firm's strategic objectives, to re-evaluate their views on the company and its business models. Some researchers believe the global financial crisis and digitalisation should be perceived together rather than separately, as one driver for change. The economic crisis pushed digital development forward at an accelerated rate. According to Ruduša (2010), the crisis forced outlets to increase efficiency as well as to invest in developing an online presence to follow their audiences on the Internet. This is relevant for the case of Sanoma, which renewed its strategy in 2013. According to Tapani Pitzen, the timing was driven by the economic situation combined with the digitalisation aspect of the media business.

> Last summer we realised that the economical situation has weakened the company a lot. At the same time, the business circle went down in both our main countries, Finland and the Netherlands. And at the same time digitalisation started really to hit Sanoma, especially regarding tablets. They changed the consumers' behaviour in many businesses and circulations started to drop. The behaviour of advertisement buyers is even more important than the circulation. Because of the business circle and because of digitalisation the behaviour of advertisement buyers has changed in both countries.

According to the new strategic objectives, Sanoma aims to switch from being a traditional media company to become a digital media company. That requires the cost savings programme and the establishment of a new structure, which was presented in January 2014, as a project for transformation to strengthen the offering in the core businesses and accelerate growth.

Sanoma's redesign is based on three strategic objectives, introduced in Chart 11.

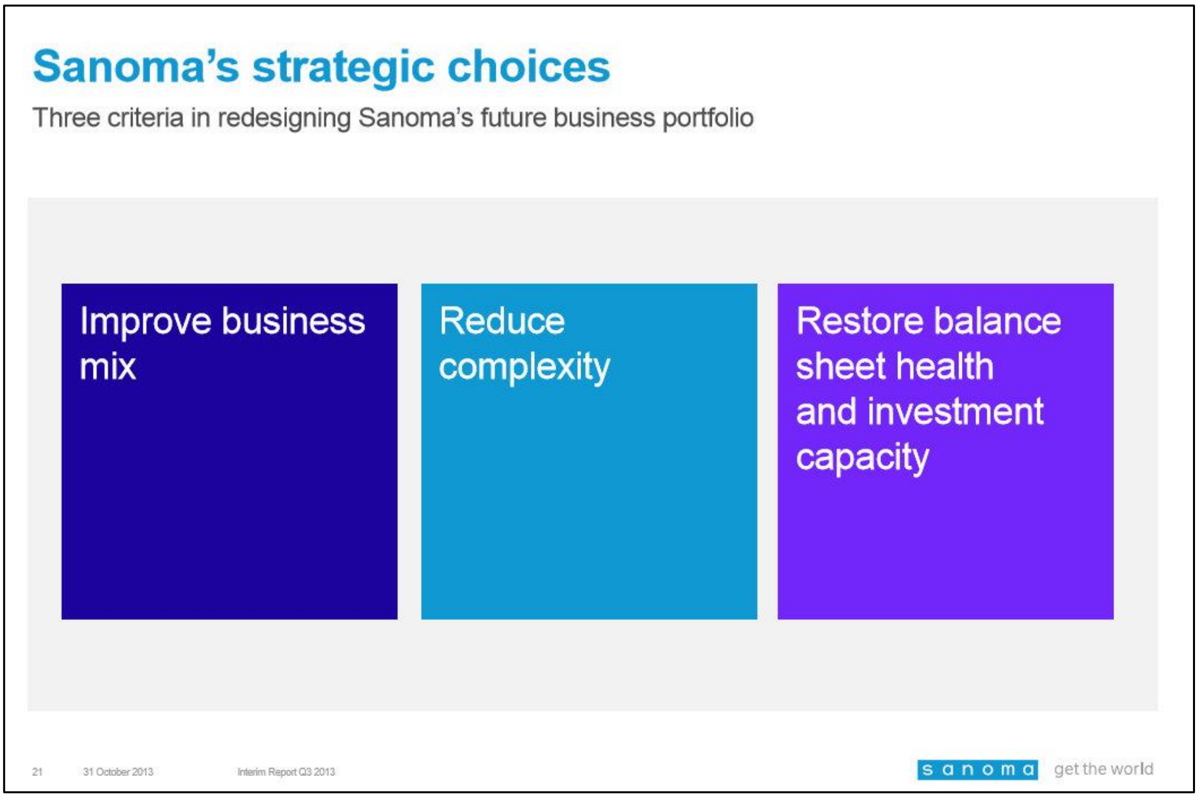

Chart 11: Sanoma Strategic Choices. Source: Q3 2013 Interim Report and Sanoma Redesign

Tapani Pitzen explained that to improve the business mix requires the company to concentrate on businesses where it sees the best opportunities in the digital markets. Not all media products have the same opportunities in a largely digital future. Sanoma completed a thorough analysis of its portfolio and made decisions about which assets to develop and which to sell or discontinue.

The second objective is relevant here: to reduce portfolio complexity. Tapani Pitzen explained that in practice this means Sanoma has to simplify both the portfolio and the organisation. Managing complex businesses requires large-scale resources. Sanoma wants to make the whole structure flatter and better focused so the company can reduce overhead and free up the funds that are needed for the digitalisation of its core assets:

> We had to concentrate in certain areas because taking a brand to the digital world is quite expensive. You have to build quite new ways of doing things; you have to invest a lot of money when it happens. We had a large portfolio, different kinds of brands. We calculated that we could not afford taking all these brands to the digital world and to the digital future. So we had to sell some brands to fund the journey and then we had to focus on making all our businesses digital, to put digital first and we had to use even a little bit of force to push our transformation. We had to accelerate it; we had to push it. Step up to the challenge.

Finally and regarding the third element, to restore the balance sheet and the investment capacity meant that Sanoma had to evaluate its assets on a different basis that is more realistic in today's competitive context in order to improve the balance sheet. According to Tapani Pitzen:

> When getting rid of some businesses in the current market situation we cannot always get the best price; and in some cases there is an over-value on our balance sheet for certain businesses. We had to be able to take these values in the realistic level. And it meant that we have to take care of our balance sheet … it may mean that we have to sell and we have to buy.

As we can see, a main strategic step Sanoma is now making is the reduction of their brand portfolio and developing a clear focus in order to transform the corporation from a traditional media conglomerate into a thoroughly digital media company.

Sanoma continues to develop its businesses by concentrating on two segments: media and learning. In the media field, the company wants to concentrate on two geographical markets: Finland and the Netherlands. Only these two markets were selected because Sanoma's management believes the company has good potential to be a strong leader in these two markets, which are their biggest operational markets. The portfolio in these countries will not remain the same but will be subjected to a rationalisation process. The company has not announced details about changes in the Finnish portfolio, but has presented information about how the Dutch portfolio will change this year.

There are 17 print titles that the company is planning to digitalise. These are introduced in Table 3 below, according to the five product categories they belong to (Sanoma, 2013):

Product Category	*Print Titles*
Women	Libelle,Margriet, Flair, Viva, LINDA, Flow, Story
Kids & Teens	Donald, Tina, Zo Zit Dat, Fashionista
Parenting	Ouders van Nu, Kèk Mama
Home Deco	vt Wonen, Ariadne at Home, Eigen Huis & Interieur
Automotive	AutoWeek

Table 3: The Core Brands of the Dutch Portfolio

Only 17 titles out of 137 were selected as a core focus from the Dutch portfolio. Those titles were chosen because Sanoma's management believes they have the capability to become high value digital media formats (Sanoma, 2013). In addition, the firm is investigating whether 32 titles can be merged with other Sanoma magazine titles or ought to be sold. Finally, the magazines that have not been sold and are no longer profitable will be closed (Sanoma, 2013).

The changes in learning operations are not as dramatic. Sanoma aims to become number one in all operating markets, which means the learning portfolio will contain all its current assets. Nevertheless, the company will change the focus here and plans to expand from textbook production into services and solutions, and to digitalise the offerings. In addition, Sanoma will enter the tutoring business and also the emerging markets.

5.4 Divisions and Operations

Before January 2014 when the company started the transformation, Sanoma's divisions were organised as following:

- Sanoma News
- Sanoma Learning
- Sanoma Media, including 4 subdivisions:
    - Sanoma Media Finland
    - Sanoma Media Belgium
    - Sanoma Media Netherlands
    - Sanoma Media Russia & CEE

The last subdivision, Sanoma Media Russia & CEE, included several extra offices that were not mentioned on the corporate website but were operated under the corporate brand in Eastern Europe: Sanoma Baltics (Estonia), Sanoma Hurst Romania, Sanoma Media Praha, Sanoma Media Ukraine. In addition, the company also was introduced in Croatia with Adria Media Zagreb and Adria Media Holding GmbH.

The main principle for this organisational structure was country-based. However, there were some exceptions from that principle. The first was for learning operations. Sanoma Learning had a business area-based focus because it had several countries and they were quite small. Tapani Pitzen stated that, for example, there was no sense in connecting small learning activities in Hungary to the small magazine activities in Hungary. They had to be run separately.

The second exception was in the Finnish operations. In Finland, the company had two divisions: Sanoma News and Sanoma Media Finland. The media covered TV operations and magazines. The news division was separate from other media activities and covered all the newspapers, and also some Internet services connected to that area. Tapani Pitzen explained, that the reasons for that distinction were historical:

> *Helsingin Sanomat* was the main product and the historical core of the Sanoma, so the board wanted to keep that separate when making this kind of arrangement. Before we had five divisions and that time, we had magazines as a different division and news as a different division. So it was historical reign… but it ended when we reorganised our businesses last autumn.

With the new strategic focus, Sanoma reorganised its organisational structure. The changes that are introduced in Chart 12 were presented in January 2014. The new organisational structure is tied to Sanoma's core portfolio.

CEO Harry-Pekka Kaukonen				
	Sanoma Media Finland CEO Pekka Soini	Sanoma Media Netherlands CEO Peter de Mönnink	Sanoma Learning CEO John Martin	Sanoma Media Belgium Sanoma Media Russia&CEE Other operations
Sanoma Digital CEO Arthur Hoffman				
Finance Kim Ignatius				
Human Resources Jacqueline Cuthbert				
Technology Mikael Nurmi				
Other support functions				

Chart 12: Sanoma Organization Chart. Source: sanoma.com

Sanoma wants to develop its media activities in two geographical markets, Finland and the Netherlands, as mentioned. As a result, the two divisions responsible for all media products in those countries are evident: Sanoma Media Finland and Sanoma Media Netherlands. At the same time, the Sanoma Learning division continues to manage learning activities of the conglomerate in the business-based focus, as established in the past. In addition, Sanoma Digital is created as a new division. This division will support company growth in digital markets, broadly construed. In other words, Sanoma Digital is responsible for all the solutions for all digital products of Sanoma Media Finland and Sanoma Media Netherlands (Sanoma, 2014). As Mr. Pitzen explained:

> We wanted to concentrate in a few business areas. There was Media and Learning and nothing else. There is Digital, which covers everything. So it is that you will get the metrics out of this, because there are several countries and areas, there are some features that covering everything. So will get some kind of metrics and I think when they decided that this is out of the core portfolio they just made a decision that this is the best possible way of organising it at the moment, but of course it can change later,

In the right corner of Chart 12 we see the column named “Sanoma Media Belgium, Sanoma Media Russia&CEE, Other operations”. This category includes all company divisions that were not considered as being core in Sanoma’s new strategic focus. Tapani Pitzen explained that such divisions as Sanoma Media Russia and CEE and Sanoma Media Belgium are still managed by the company and Sanoma will not let these businesses go because that will destroy the value of their trading assets. However, those are not a part of the company’s core portfolio, so Sanoma will not make big investments in those businesses for their development. Tapani Pitzen said:

> They are in the middle of transition period, and of course, when there is a decision to be made or when they are under strategic review, it means that they can be sold if we can find a suitable buyer and the price is good enough. It depends on our legislation how we can communicate that, but they are of course *not* in the core business. We are *not* investing huge amount of money there.

5.5 Product Portfolio

In this section, we present an overview of Sanoma's product portfolio. We divide the presentation into the two parts indicated in the new strategy: media and learning. Table 4 below provides an overview of the number and assortment of media products and services according to the geographic market. The products and services are calculated according to the information introduced on Sanoma's website and on the websites of their company divisions. It is important to remember that this table provides an overview of all company products including sub-brands and product extensions in accordance with how they are mentioned on the website directory 'portfolio'/ 'brands'/ 'our brands'. More detailed information on Sanoma's product brands for Sanoma Media Finland and Sanoma Media Netherlands is provided in the Appendix.

	Type of Media/Country	Finland	The Netherlands	Russia	Belgium	Central and Eastern Europe: Ukraine, Romania, Hungary, Estonia
Media	TV Channels	7	4	No	3	2
	Radio Stations	6	No	No	1	No
	Magazines	37	137	20	34	58
	NewsPapers	9	No	6	No	No
	Digital Products	15	195 incl. 39 mobile apps and 15 tablet apps	5	32	58
	Services and Others	TV Catch up Service, Corporate Magazine Production Service	Events (Agency)	Photo-Bank Service, Custom Publishing Service	3 Content Marketing Solutions	Custom Publishing Service

Table 4: Sanoma Product Brands Overview

Table 5 below represents Sanoma Learning products. Since the number of learning products is much smaller than the media ones, we decided to present those not with numbers but with full names. Since the list is not long, in this case it does not affect the clarity of the perception.

Country	Finland	The Netherlands	Belgium	Hungary	Poland	Sweden
Name of Learning Brands	Sanoma Pro	Bureau ICE Malmberg Rekenblokken StudySteps Van In	Bingel.be Van In	Lapot Kerunk NTK Perfekt	Nowa Era Diagnostics Nowa Era EduQrsor Vulcan Young Digital Planet	Sanoma Utbildning

Table 5: Sanoma Learning Products

Throughout the company's long history Sanoma constantly expanded its portfolio, in recent years opening divisions in several countries outside of Finland. The media company started its life as a publisher of one of the most important newspapers in Finland, *Helsingin Sanoma*t, and today is one of the biggest traditional media conglomerates in Europe. The data presented in this chapter demonstrate that the number of portfolio assets amounts to dozens of products and services in different segments that include TV, print and digital media. However, keeping such a big portfolio during the transformation of Sanoma into a thoroughly digital media company is extremely challenging, especially in today’s highly unstable and unpredictable environment. As a result, Sanoma has decided to lose some assets and even whole divisions, and this was decided on the basis of the strategic review that seems to have succeeded in developing a clearer focus. The changes will free up assets needed to invest in digitalisation for the development of core products, services and brands.

This research has captured the situation and rationale for Sanoma during an interesting and challenging period of its development. It is clear that such a large-scale transformation will not happen quickly. The establishment and clarification of the new portfolio and co-related organisational structure takes time to accomplish, especially for such a large company. The researcher of this thesis had a unique opportunity to study Sanoma’s portfolio during this transformation process to see how the company manages its brands. The next Chapter represents empirical findings about Sanoma’s brand portfolio.

6 The Findings

This chapter presents the findings of the thesis research. Since Sanoma’s portfolio is large, consisting of more than 400 brands and sub-brands, we split the presentation of the findings into several sections. Firstly, we provide an overview of Sanoma’s portfolio. Secondly, we discuss the issues of corporate branding in the company: what the corporate brand consists of, and which role it takes in the brand portfolio. Thirdly, we talk about the synergetic aspect in Sanoma’s Portfolio. Finally, we present the findings about the future of media brands.

6.1 The Sanoma Portfolio

Sanoma's Portfolio consists of two major categories: the corporate brand and the independent product brands. Chart 13 below provides an overview on the company portfolio.

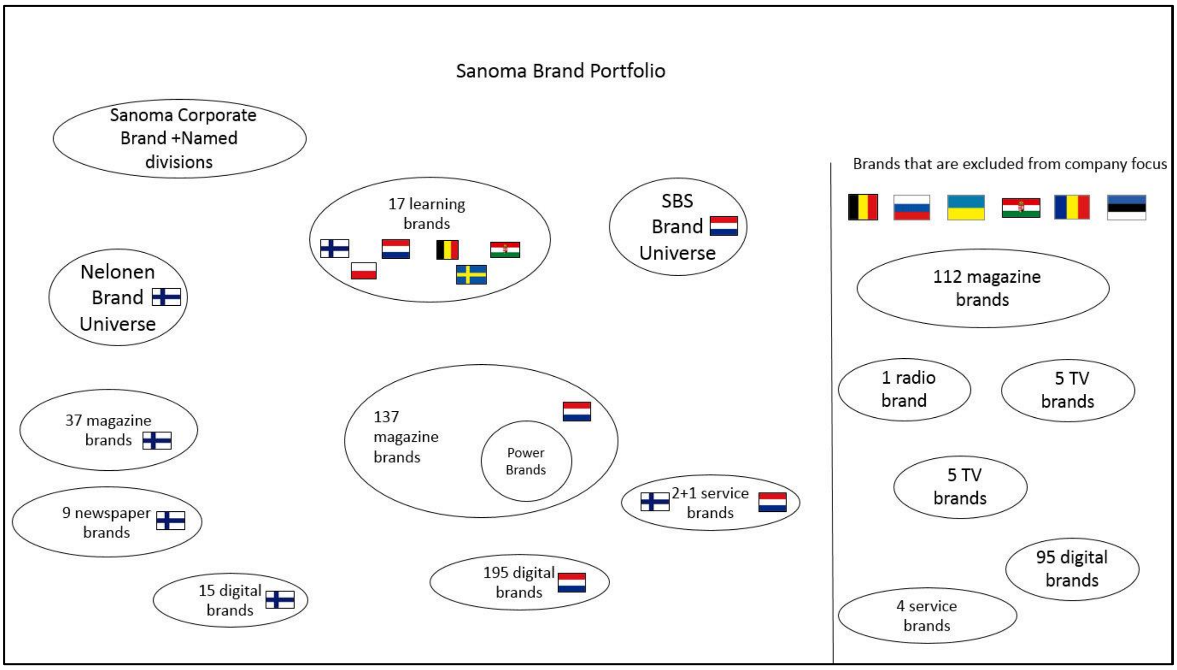

Chart 13: Sanoma Brand Portfolio

The brand portfolio can be characterised by the following features:

- It is very diverse and fragmented;
- It does not have a strict hierarchical structure;
- Portfolio units (i.e. brands) are managed independently;
- The management of the brand portfolio is driven by Sanoma's business strategy rather than by a specific brand strategy.

In the following paragraphs we draw on the data to provide an explanation of why the portfolio is constructed in this fashion.

The lack of harmonisation and unification in the portfolio is a result of the company's history and development. In the past, Sanoma was a holding company with a high degree of characteristic independence in the holdings. Hanna Johde explained:

> Historically there have been many independent companies of which the whole Sanoma consists. These independent companies have very independent brands. So the brand portfolio, as such is very scattered. It is scattered in these different companies, in these business units and its not managed as a whole at the moment. I could say, not at all. They [the brands] are very independent. We know of course which brands we have, but there is no strict hierarchical structure; and it is fully based on the history of the company and the organisation.

This reflects the degree of independence within those divisions, which has been extremely high. Each division could build its own structure for its portfolio of branded products. Sanoma did not influence or interfere in these decisions. Hanna Johde explained:

> Before Sanoma was just a holding company…that owned different brands and different companies under it. They could be really independent, they could build their own universes and they could operate how they wanted. And there has not been a very consistent way of co-operation or even an attempt to somehow harmonise and find target groups that could fit across the business units boarders.

This is not surprising because it is quite common for holding companies with a diversified portfolio of products to give a great deal of independence to their divisions and company units, which are actually responsible for the development of the products. As long as the financial results were suitable, Sanoma gave freedom to the divisions to manage the products and brands according to their own views.

As a result, several strategies have been applied to Sanoma's portfolio. The Sanoma brand portfolio is "very closely tied to the businesses", said Hanna Johde. Another important point to note here is the transformation Sanoma is undergoing with the aim of becoming a digital media house. Sanoma's brand portfolio was being modified and transformed at the time of this study, resulting in some earlier brands and products being excluded from the core focus. An example would be the assets of the Russian and Belgium divisions, which are still managed but will not be developed. Finnish and Dutch assets are the emphasis today in transforming the brand portfolio.

In the Netherlands, the brand portfolio is driven by a focus on 'power brands'. Seventeen of the most popular and successful titles are the heart of the Dutch the brand portfolio for Sanoma. These titles, such as Liebelle and Margriet, were noted in Chapter 5. Hanna Johde explains:

> For instance, in the Netherlands we have more of a business strategy and not just a brand strategy, but we are focusing on some of the power brands that we have. And we are actually considering on divesting brands that are not part of this group.

Since the brand portfolio is seen as the business portfolio, the position of other print titles is not yet defined. There are 32 brands that might remain in the portfolio and the rest definitely will not be kept in next the few years. However, those remain independent units inside the Sanoma brand portfolio. In addition, there are SBS divisions and its brands are also independent units.

The brand portfolio in Finland is also based on business strategy and consists, as well, of independent product brands. The Finnish brand portfolio is also managed on the basis of select 'power brands', although they do not use this term. Strong brands that have good potential for success in the digital transformation will become the core of Sanoma's brand portfolio for the future. Hanna Johde commented:

> We have made these kinds of distinctions that there are these power brands. In Finland we are based on this business strategy. We are looking at the brands that have good potential to expand and that can survive during the digital transformation and in the future. But as I said, it is not managed as a whole; we don't have a consistent harmonised brand strategy for all the brands.

Nelonen media, a Sanoma company in TV, has its own 'brand universe'. This part of the brand portfolio is platform-based: the company manages a variety of free-to-air and pay TV channels, video on demand services online, and radio stations. These are the organising units for Nelonen's part in their brand portfolio, says Hanna Johde:

> If we think about Nelonen, for instance, their brand portfolio is based on the media platforms that they have in use. They have different brands for TV-stations and different brands for radio stations. Also, even the Nelonen brand is not that much in use and they really [only] visible through media brands. Nelonen media is not such a brand that we would use.

As we can see, then, the general approach to brand portfolio organisation and management for Sanoma is oriented to the business strategy and is product-based. The brand management process is aligned to this thinking, as explained by Hanna Johde:

> I think the development will be driven by the needs of the business and at this moment, it comes first. We have to find the focus, what we do from the business side of things. Then we see what is left of the portfolio and what are the most important things that we do. I think at this point it does not start from the brand portfolio

> management point of view, but it starts from the business point of view and then ends with the brands that we have. So at the moment it is not something that is all that relevant. It is important of course, but our focus is on other aspects at this moment.

There is an important insight here. Much of what we have learned about how Sanoma approaches brand management hinges at the moment on the general complications for the corporation as a business. Clarifying and reorienting for a successful business in the digital environment is the core challenge and therefore all of the corporation's brands and sub-brands are mainly considered in the light of that challenge. Ms. Johde's remarks might suggest that in time as the challenge is met and presumably overcome, that is to say as Sanoma becomes increasingly successful as a digital enterprise, the approach to its brand management might as well change.

Ms. Johde also criticised the current approach to Sanoma's brand portfolio management, as hinted in the remarks above. On the one hand, the company's divisions have a high level of flexibility because they know their brands and can manage them to handle issues as they arise. Sanoma is a complex corporation and might well be argued that the holding company is not able to go in-depth with all issues related to each brand. On the other hand, such a high level of independence inherently means there is a lack of synergy. Such a fragmented portfolio cannot be fully utilised, Hanna Johde believes.

This managerial approach is very traditional and based on the firm's history. At least for now, it is arguable that the company cannot change all and everything that might be advisable. As Ms. Johde said:

> At this moment, we are still quite strictly following the organisational divisions for the brands. It is stupid, I think, that we are not fully utilising the portfolio. I totally

> understand that, but this is kind of a battle you cannot win now. It is just the way it is. It is based on history and on the structure we have now. We are moving towards [something else]. We are definitely trying to find consistent ways of doing it.

The data demonstrate that Sanoma's portfolio is highly fragmented at the moment. The divisions are responsible for the products and brand development has a high degree of independence in managerial decisions. There is not one unified standard of portfolio presentation and architecture construction. Nevertheless, there is one common feature for all the parts of Sanoma's portfolio: brand development is driven by the business strategy rather than by brand strategy.

In the next section we present findings about corporate branding issues in Sanoma. We demonstrate what the corporate brand objectives are, how the functions have changed over time, and clarify the current focus.

6.2 The Sanoma Corporate Brand

The corporate brand of Sanoma is represented in Graphic 1 below, which is the result of the Sanoma vision transformation that took place in 2013. The new house style was introduced in April 2013. The company presented the new logo to improve the identity of the corporate brand, developed new guidelines for the corporate design, created a strategic storyline about the company, and worked to establish a clear vision of the company.

Graphic 1: Sanoma Logo 2013 – Present

As discussed in Chapter 5, Sanoma sees itself as a media company that helps people access and understand the world. Furthermore, the company clarifies its objective as a focus on becoming a successful performer in the media and learning markets and creating a culture of high performance. The cultural part has a crucial importance for this rebranding result. Sanoma goes even further and establishes the principle of doing things the “Sanoma Way” (Sanoma, 2013):

> We think and operate according to the Sanoma Way. Look ahead — We are eager to know what is around the corner. Share views — We urge everyone to share views, opinions and experiences. Engage people — We involve and activate people with the things that matter to them. Make it happen — We create an impact every day.

In taking these steps, Sanoma has strengthened its corporate brand through a detailed clarification of its identity that also represents the changes and shifts the company is undergoing as understood by its executive managers.

The main reason that Sanoma launched the rebranding project and updated its vision and mission in 2013 was due to the need for a new focus and strategy. Firstly, the shift from a traditional print conglomerate to a digital company required significant change in all its mission statements. Secondly, Sanoma needed to develop a clear focus for what the corporation is supposed to be in this new orientation. The company has begun to promote itself as a media and learning enterprise instead of a multi-business conglomerate. That needed to be reflected in the company’s image. Hanna Johde explained:

> Sanoma had become scattered. We had so many businesses. We really had to focus on what we do best. And we decided that we are for media and we are for learning. And

> our old corporate statements [about] mission and vision, what we had before, they really said that Sanoma is a multi-business company in Europe. Basically, it was something more sophisticated than that, but that was what it was. Now we had to find a new focus, we had to find the new things that really do crystalise that media and learning [focus]. What do they have in common, what is Sanoma all about. It was based on this historical and strategic development.

Thus, the Sanoma corporate brand has the following functions:

- Distribute the message about Sanoma as a digital company with a particular focus in the media and learning fields;
- Act as a common denominator for different company businesses across geographic borders;
- Represent the company and its solutions for the B2B sector;
- Approach potential employees as a multi-media company.

The first point comes directly from what was discussed earlier. The corporate brand was renewed to reflect changes in Sanoma's new focus and digital strategy. We discuss the rest of these points next and provide some evidence to support these claims.

The need for a common denominator comes from the company objective to find more synergies between brands and platforms, and to develop co-operation in the B2B and B2C sectors. Hanna Johde explained:

> Now as we are both in Finland and in the Netherlands, we are really finding the synergies between different media brands and platforms and developing co-operation in B2B sales and B2C sales and so on. So this Sanoma brand has become the common denominator. That has increased its value automatically. And it was good luck

> basically that we started with brand renewal and made it more modern and made it something that people here can identify with. So now it fits the business needs.

The importance of synergy and its growth, especially notable for the B2B sector, increases the importance of corporate branding. First, we need to understand what is going on with the synergetic connections in Sanoma's business. Tapani Pitzen provided an explanation:

> In the past we were quite strongly invested in autonomy because not so much synergy could be found between brands, and now we have moved more and more towards the synergy direction. Especially in the sales. There is more and more synergy because we are selling solutions. And we can find more customers when we are offering different kinds of solutions for our customers' problems. And then we are using our whole portfolio, whether it's a television, digital services, print, and all the possible services. But also in the content producing side, we are trying to find more synergies; for example there are certain areas between magazines and newspapers.

Second, we can see how this affected the corporate brand. Today Sanoma does not sell separate advertisement slots in each magazine or any other product. It is focused on selling solutions, which in practice means advertisement packages. Now the firm approaches each client as Sanoma, the source and owner of solutions. It does not present the firm as a separate newspaper or TV-channel company. According to Hanna Johde: "For advertisers we are now selling as Sanoma. We are selling the solutions that cover many different media brands. So there we approach our customers as Sanoma".

The last and another core function of the Sanoma brand is keyed to employment. The corporate brand creates an attractive image for potential employees and for those who already work in the company. It represents Sanoma as modern multi-media and multi-channel company. Hanna Johde said:

> And then as an employer, I think the added value for Sanoma comes from this multi-channel, multi-media environment. And there is no other way to communicate but by using the Sanoma brand. And I think that is the difference; that is the way to differentiate us from other media companies – that we really have this multi-media presence. And in that sense we cannot approach the employees, the potential employees, just as *Helsingin Sanomat* or just as Nelonen [TV], but there we have to be as Sanoma to really differentiate from the others.

Thus, the Sanoma corporate brand plays a more important role in the company's profile today compared with earlier. It has the function of serving as a common denominator in many respects, both for clients and employees. It was not always this way. To provide a better understanding of the shift in the corporate brand we complement our findings with additional data regarding how the changes were made.

Historically the value of the Sanoma corporate brand was comparatively low. It was mainly used as an investment brand, said Hanna Johde:

> The history of it has been very low profile and not meaningful, [except] to investors. Sanoma only has existed as the "back office" brand, as an investment brand. Sanoma stock has been listed on the Helsinki stock exchange, so that has been, basically, the only outcome of the Sanoma brand before.

The first steps in the transformation from the "back office" brand to a common denominator were made in 2008 during an initial rebranding. In those days the media conglomerate was known as SanomaWSOY, a combined brand was widely known among the investors rather than among customers or potential employees. People were recognising the product brands such as *Helsingin Sanomat* or JIM television, but not the company responsible for the development of those products. Other than to investors, the corporate brand was not emphasised – only the product brands.

By the 1 October 2008 the company presented a new name and new visual identity. SanomaWSOY became Sanoma. In Graphics 2 and 3 we can compare the old logo and the new logo beginning in 2008.

Graphic 2: SanomaWSOY Logo

Graphic 3: Sanoma Logo 2008-2013

There were several reasons behind the company's decision to undertake the 2008 rebranding. We identified those reasons by examining Sanoma's Annual Report from 2008 (Sanoma, 2009), where they are highlighted:

- Company internationalisation and growth. The need to reflect those changes;
- The need to adopt the company name and make it recognised in all language areas;

- Create a clear picture of the company as a whole for customers, investors and employees;
- The need to adapt the name to the habits of employees and investors since they had been calling the company "Sanoma" for a long time;
- Recruiting new talent to make the company look like an attractive employer with the help of a strong established brand.

This rebranding extended the functions of the Sanoma corporate brand for the first time. The main objective was to unify the employees. "The new name is a strength in investor and customer relations. It also helps our employees see the Group as one and feel that they belong. The importance of community spirit can never be stressed enough", said Jaakko Rauramo the Chairman of the Board during 2001-2013 (Sanoma, 2009). Employees working in different expert areas and businesses needed to develop the feeling that they are all part of one major company. This is important to increase leadership and drive the company forward.

We can observe that the changes in Sanoma corporate brand happened gradually. Although various reasons are given, the main objective of the rebranding in 2008 was to make the brand image recognisable amongst company employees. As a result, the company made the brand name simpler and easier to use in all language areas by removing the abbreviation WSOY, which meant nothing outside of Finland and among Finnish speakers. In the rebranding of 2013 Sanoma developed the prospective of the organisation as the brand. The message about Sanoma's corporate brand contains all the necessary points that brand theory associates with the organisational perspective; the company provided a message about its desire to innovate and strive for quality, and it was explicit in telling its values to foster the "Sanoma Way" for developing corporate culture. That is how the brand started to communicate not only with employees, although with them as well, but also with investors and diverse customers, distributing a clear message of what Sanoma is and how it works. The corporate brand has the potential to become a strong platform and foundation for all of its divisions that operate on the corporate level. The position and the role of Sanoma corporate units are very interesting and controversial. We cover this issue in the next few paragraphs.

Sanoma Divisions

The objective of the 2008 Sanoma rebranding was to increase the community spirit and make the company more united, as reflected in the outlook of the company's divisions. A more concise and expressive name was introduced. This conveyed a clearer picture of Sanoma as a whole. The Interim Report Q3 (Sanoma, 2008) introduced five major units that all contain the corporate brand in their names: Sanoma Magazines, Sanoma News, Sanoma Learning&Literature, Sanoma Entertainment and Sanoma Trade (see Chart 14). The different divisions continued their expert work in their respective fields, but the emphasis was more on the common good, on the big picture as it were.

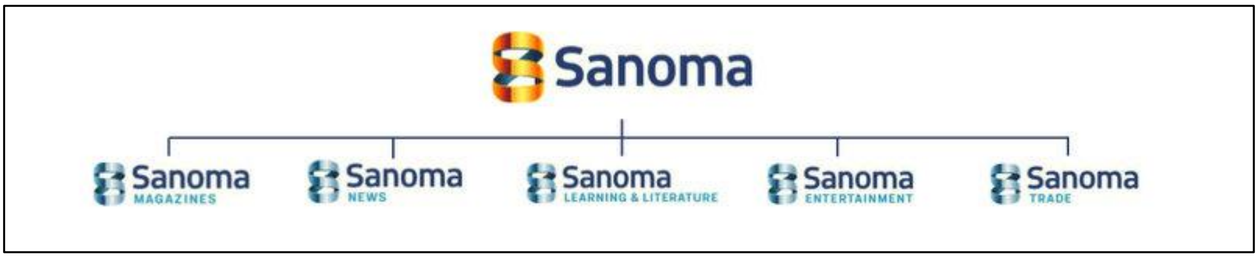

Chart 14: Sanoma Units 2008

Looking at Chart 15 below, we see how the units of Sanoma are presented in 2014. The main changes in the units' outlook hinges on the fact that all of them have their own names, which is incorporated with the Sanoma brand name, and use the corporate brand logo.

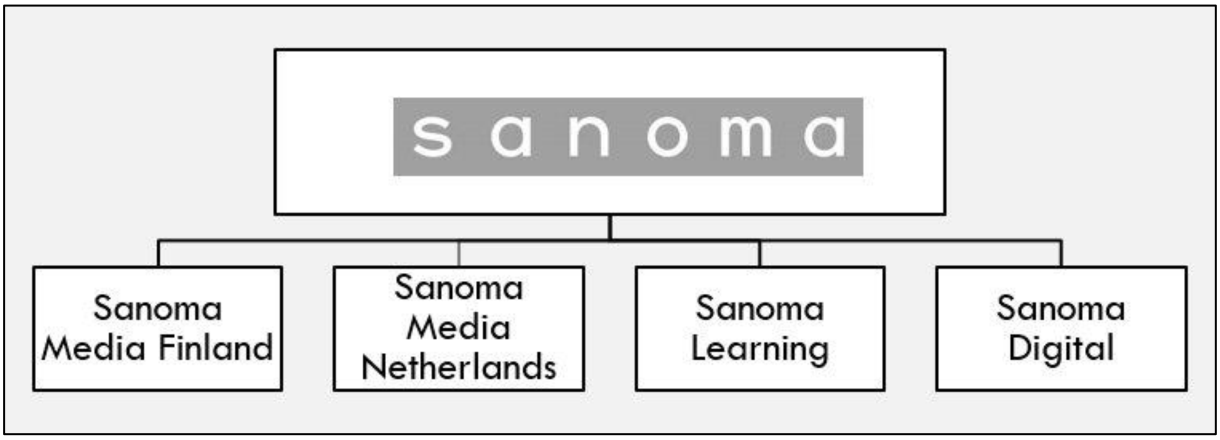

Chart 15: Sanoma Units 2014

Hanna Johde explained the changes:

> We made this whole brand renewal and this new brand thinking. We created it last year, 2013. And at that point it was quite clearly decided that we would all go under one Sanoma brand and we have just one logo, we do not all have logos, for instance, for Sanoma Media Finland or Sanoma Learning, so we all use the same logo, the same visual guidelines and the same branding.

The position of those units inside the brand portfolio is not clear, however. On the one hand, those were established as division names and they are perceived as such. On the other hand, in some situations they act as brands and carry the message about the company. Furthermore, sometimes they act on their own as classic sub-brands, meaning they extend the master brand Sanoma to a meaningful category. That is evident, for example, in Sanoma Media Finland that represents company media businesses in Finnish territorial market. Sanoma Learning stretches the master brand to the learning field, etc. It is interesting to point out that Ms. Johde also calls those divisions sub-brands while describing the issues discussed above:

> In practice when we look at Finland for instance: I work in this company, Sanoma Media Finland. And we have to make this company known to our advertising clients

> and as an employer as well. So we have to talk about Sanoma Media Finland as well, we cannot talk just about Sanoma in Finland. Because in Finland we also have Sanoma Pro, they are part of the Sanoma Learning division. So just in practice it has become quite clear that we also have to use these sub-brands. However, there is definitely the overall target and mindset that we will all be under the Sanoma brand and we will look the same, we will talk in the same tone. But then in practice we still have to use these sub-brands, well, not sub-brands…but sub-like… how would you call it…the names of the company.

The data demonstrate the dual nature of the Sanoma divisional names. Whilst company employees see those names only as names, the divisions take the sub-brand functions in certain situations. Thus, our claim about the branded house approach on the corporate level is partially confirmed. This happened over time and was planned strategically.

In addition, Ms. Johde pointed out that the viability of corporate sub-brands is questionable. In her perspective, Sanoma is moving towards the corporate brand:

> I think it will get simplified. And I am pretty sure that we will find the way to be more strictly one Sanoma brand. I think there is no other way. Sanoma is moving to the same house this year. And there will be very physical and very concrete changes that definitely have the impact on the brand as such. So I think that structure will simplify. There will be these divisions: there will be Sanoma Media Finland, Sanoma Media Netherlands. But I think we are all the time walking towards just using Sanoma and trying to play around the company names.

6.3 Synergy in the Sanoma Brand Portfolio

Sanoma is actively searching for and developing synergies inside its brand portfolio. According to Ms. Johde, the importance of synergy at the corporate brand level will grow. The synergetic connection will be utilised in two aspects: B2B sales and employment branding. As mentioned above, Sanoma approaches advertiser customers not with a single product but with a portfolio solution that is offered by the company; not as independent product units, but as a fully integrated media corporation. Thus, a strong corporate brand provides the context and this aspect will continue to develop.

The aspect of employer branding is supposed to represent Sanoma as a modern digital company. All of the company's divisions will be supported by the Sanoma corporate brand with the goal of cultivating the image of an attractive employer. Hanna Johde said:

> So I would say that the importance of the portfolio and the synergy within will grow. It will become even more important when we talk about the employer image and when we truly find the synergies in B2B sales - advertising sales… I think that this employer image and this employer branding that (presents) Sanoma as employer, as digital marketing journalistic company, it will become more visible and it will be of course more guide the way for this whole corporate image. It will give the content for the corporate image as well.

On the product level there will be two development tracks. The 'power brands' will remain independent even if the new brands have a connection to the corporate brand. The 'power brands' could stay separate because those are strong and self-sufficient. Synergy development can lead to confusion for customers. Thus, Hanna Johde explains that the message distributed by these 'power brands' should be clear and simple:

> Then there are the consumer brands. There are *Helsingin Sanomat*, *Ilta-Sanomat*; I think there is no way we can have like two layered branding for instance for the consumers. They must keep it simple and keep it relevant for this one brand. We still have to sell the products as they are. There will be new media brands that will have a clear connection to Sanoma, but there are still the old brands. For consumers there will still be current consumer brands that we have.

The other aspect, as noted here, is that new brands will have the higher level of synergy between each other and with the corporate brand. As Ms. Johde went on to say:

> When it comes to these new brands, I think, they can be something closer to the corporate brand. I think there is no objection to that. But when it comes to these older brands, they are still very traditional and very well established brands; for them it is quite difficult still to add Sanoma to the brand. And there is really no added value for the consumers either. But for [new] brands and for these new platforms – why not?

Today Sanoma is actively searching for new synergetic solutions for its product portfolio. The company is now developing a content aggregation platform. This product is designed as a mobile and tablet app. It shows content from different Sanoma magazines and newspapers and the name of this product is “OmaSanoma” – ‘Your own Sanoma’. This working title may change when the application appears on the market, but it well illustrates the drive for synergetic solutions.

However, our interviewee pointed out that the connection with the corporate brand brings one important feature that should be utilised: the quality promise:

> ... and also when it comes to these new aggregated media brands, I think being part of Sanoma, as all the content comes from different units of Sanoma it still has kind of

> quality aspect to it. And if we say that this is from Sanoma, I think it kind of gives the platform the more prestige and like having a quality stamp on it. And I think we should not miss it because the only common factor that these different brands have. So I think we also should find a way to utilise it. It is should not necessarily be called Sanoma, but there has to be something that still combines it with corporate brand.

As we can see, then, Sanoma managers are interested in the development of synergetic connections between their assets. We can identify three main tracks. Firstly, new brands will appear on the market and they will represent aggregated content platforms, and thus have a synergetic connection to those brands that produce the content. Secondly, the value of the synergetic aspect for the corporate level will grow from perspective of both the employees and B2B. The third track is the so-called 'power brands', which will continue to develop on their own and where the drive for synergy will not be a core concern.

6.4 The Future of Media Brands

At this point we can discuss the future of media brands, a final area of interest pursued in this thesis project. Hanna Johde explained the role of branding for media products in the future at Sanoma. Building brand communications in the media field is extremely challenging due to its multi-dimensional nature. A media company operates on both B2B and B2C markets. Moreover, it provides a multitude of products via various platforms in several geographic markets (if it is an international firm, at least). In addition, it should also have an attractive image as an employer because creative employees are the drive for innovation and development. Thus, the corporate media brand should incorporate all these perspectives:

> "Trying to find the thing that perfectly describes Sanoma and still fits the B2B sales, and fits employing branding purposes, and fits these under-divisions for instance. And

> trying to make it as a lucrative and interesting value adding as possible. And trying to capture the good things… I think that the multi-dimensional aspect of this is the most difficult", said Hanna Johde.

Furthermore, she stated that the brand itself is not that important for media products. What matters is the extended identity: the brand's surroundings and environment, the experience it provides to the customer, the visual image, etc. Ms. Johde said that brands "have to create a consistent harmonised entity that speaks with its own voice".

Even though it is extremely hard to find that 'tone of the voice' for the brand because of the multi-dimensional aspects noted above, the media brand is quite valuable because it defines the entity of the product, service and the whole company it represents. Hanna Johde said:

> I do think that it definitely has value. I think the value is in creating the entity; that there are elements that fit perfectly together. It [the brand] has to go deep into the content as well. It is like the full experience.

In Sanoma the future development of product brands will have two main tracks. The power brands are one track, and these brands will remain notably independent, and the brands that represent the aggregation platforms like OmaSanoma are the second track.

> I think there will be two tracks. This kind of aggregation…But there also will be the future for these big power brands. That [process of development for power brands] will continue. There will be multi-media brands. They will have the print extension, they will have their online, and mobile and whatever extensions. But there will be these two kinds of brands.

In essence, then, Sanoma will pursue a specific approach to managing its brand architecture that consists of a house of brands on the one hand, applicable to the power brands that have established, stable and successful positions in competitive markets, and a branded house on the other – which is especially important for new brands and in the context of succeeding as an international digital media corporation. In Chapter 7 we provide discussion about the outcomes of the research, talk about future research and highlight the implications for media managers.

7 Conclusions and Implications

This study investigated how an important international media corporation, Sanoma, understands and manages its brand portfolio. We have clarified the approach taken by the firm for brand portfolio management and the role of media brands in a rapidly changing context characterised by high instability.

Today traditional media companies are working out solutions for a fundamental challenge: how to move traditional media brands into the digital environment. Media technology is developing fast as new solutions and new tools appearing on the market routinely. All these changes are happening in the context of complex real time operations and there are no established algorithms yet regarding how to build successful digital brands or how to move existing brand portfolios to the digital market. Each company is finding its own way to manage the changes.

Previously, media businesses were very stable entities. Media conglomerates developed their portfolio of assets according to the requirements of a continual growth strategy. New business acquisition was considered as one of the best ways to create value. The digitalisation of media changed the foundation on which expectations were grounded. The earlier emphasis on growth strategy has had to give way to a strategy keyed to focus. The digital revolution has been further complicated by the economic recession since 2008, which has deeply affected media firms – both consumers and advertisers. Media companies have lately realised that all brands that have been historically important can successfully make the transition to the digital world.

Our case study company, Sanoma, faced all these changes and began with a fragmented portfolio of product assets. It began to change its portfolio in 2008 and had further narrowed it to a clearer, tighter focus in 2013. In this study, we had a valuable opportunity to observe how this important media company is managing the changes and developing its brand portfolio. The results are relevant for both theory development and application by managers because we are able to contribute to growth in media branding theory and to practical implications for media brand management.

In this last chapter we first present an overview on our thesis argument from the standpoint of the findings. Next, we demonstrate how the field of knowledge has been expanded and complemented by the study – with how our findings contribute to developing media branding theory. We then discuss some important implications for media managers regarding management of the media brand portfolio and development. We conclude with recommendations for the future research.

7.1 Results Interpretation

The findings demonstrate that the first part of our argument was only partly proven. Sanoma is a knowledgeable media company and it does apply a systematic approach, but that is applied from the perspective of its business strategy rather than a brand system:

Knowledgeable media companies apply a systematic approach to managing their brand portfolio, handling the portfolio as a system of brands.

Sanoma's portfolio indeed has a systematic approach. That element was confirmed. However it does not provide an integrated approach, it manages its portfolio as a collection of systems with high levels of independence. Each company division has been responsible for a collection of products and applies its own organisational structure to the portfolio.

For example, Sanoma Media Netherlands uses the concept of 'power brands' and those are the core of the Dutch portfolio, whether other brands are withdrawn or integrated. Sanoma Media Finland is currently rethinking its approach to its portfolio and identifying the strong brands that are the core, as well as developing new aggregated platforms that aim to become the core of Finnish portfolio. At the same time, Nelonen, which is a part of Sanoma Media Finland, applies the platform-based portfolio organisation for its TV and radio assets. However, those are business systems rather than brand systems. Thus, we can conclude that in our case, the company uses a systematic approach but handles its portfolio as collections of branded products.

The second part of our argument has been partially proven, as well. The statement was formulated as follows:

To reach a higher efficiency inside the brand system that comprises the portfolio, media companies use a specific combination of strategies. Firms with high competence embrace a house of brands on the product level to strengthen market positions in relation to customer segments and the branded house strategy at the corporate level to increase synergy.

On the product level Sanoma's portfolio is organised as a collection of brands. Those are highly independent because they have no connection to each other that will be visible to the consumer. The house of brands approach was formed under historical conditions: Sanoma's divisions had a high level of independence and were able to build their own brand universes.

Thus, the house of brands approach at Sanoma has a historical nature rather than a strategic design.

At the corporate level, today the Sanoma brand is moving from a ‘back office brand’ to become a common denominator that provides the context for the firm’s named divisions, and supports them. Moreover, the divisions are beginning to act as sub-brands in this relationship; they extend the parent brand to new product categories: Sanoma Media Finland, Sanoma Learning. Perhaps more important is how those categories are used in company life: Sanoma approaches advertisers through them to offer B2B solutions. Thus, at the corporate level Sanoma indeed functions as a branded house. The corporate brand, Sanoma, provides a clear focus and supports all the sub-brands. However, we need to remember the essential approach is historical than strategic in nature. That is beginning to change, as demonstrated, but these are early days in the transition project.

7.2 Contributions to Theory

The findings complement Norbäck (2005), who stated that brand portfolios can be considered product portfolios. Indeed, it is hard to make a distinction between the two concepts. The case of Sanoma demonstrated that the development of brands is closely tied to the needs of the business and that the company develops brands according to its business strategy. Norbäck also underlines that the establishment of a media product portfolio provides the opportunity to create synergies in areas such as marketing, content production and advertising.

In the case of Sanoma we observe that the company is actively developing the synergetic connections inside its product portfolio. Firstly, it approaches advertisers with packages and solutions instead of single products. Secondly, the company is searching for solutions regarding how to create content for different brands and different platforms in ways that are more efficient. “How can one person make articles for *Helsingin Sanomat* and *Gloria Ruoka* *ja Viini*, how can this one person change the tone and the whole brand experience based on different media brands", Hanna Johde explained the issue the company is working on. The managers aim to search and create those synergies through the company's product portfolio. Thus, our study supports the work and conclusions from Norbäck.

The results of our research also corroborate the brand ecosystems theory advanced by Bergvall (2006). He argued that technologies have a capacity to create a brand image and those are not only a part of the contents in the delivery platforms. Sanoma's case demonstrated that the content aggregation solutions that the company team is developing at the moment play a significant role in these terms precisely. The company is creating the new delivery platform because managers believe OmaSanoma can become a strong brand in itself and there should be more aggregation products in the Sanoma Portfolio. Here the brand image is created through a technological solution.

Our research results demonstrate that there are two main tracks for media brand development: power brands driven by strong and established images and reputations on the one hand, and new aggregation brands driven by technology and changes in the market on the other. The study provides some answers to a fundamental question raised in our literature review: is the media company name just a name or is it a brand? Mart Ots assumed there is a gap in academic research about what brand equity means for media companies (2008). We wanted to contribute to better understanding this issue with our results.

The case study demonstrated that Sanoma is definitely a brand with a significant value for the company as a whole. However, this corporate brand is not focused on the B2C field now. The aim of it is largely to facilitate more success in B2B sales. The company approaches its advertiser clients as Sanoma with packages and solutions rather than with a portfolio of independent product brand, such as *Helsingin Sanomat* or *Liebelle*. Thus, the brand carries the message about being an innovative digital company that can offer the best and up-to-date solutions to its clients that want to collaborate with digital and new media.

The second function of the corporate brand is to create an image of being an attractive employer and to support developing a more unified corporate culture. As we can see, the corporate brand for Sanoma carries these important functions and thus becomes a valuable asset to and for company life. Nevertheless, it is important to understand that Sanoma's corporate brand serves clients and employees rather than audiences.

The results conflict with Balmer (2006) in one particular aspect. He argues that corporate brands and their cultures and communities are much stronger than product brands and product brand culture. At least for Sanoma today, we discovered that the corporate brand has very limited influence at the product level. We cannot compare the product brand and the corporate brand because the two serve different purposes. This is an essential finding, we think.

Both of the interviewed managers pointed out that on the biggest company markets, in Finland and the Netherlands, audiences recognise product brands but do not recognise Sanoma as the owner of those products. They both stated that the 'power brands' have value and strength to stand on their own and they do not need to be supported by their corporate brand, and that attempting to do that might weaken rather than strengthen because it could lead to confusion in the consumer's mind. Moreover, some strong product brands also have a strong community around them. For example, the Finnish parenting magazine, *Vauva Lehti*, has a strong online community and discussion forums.

7.3 Implications for Managers

On the basis of the Sanoma case we can provide some implications for media managers regarding brands and brand portfolios.

Digitalisation is of course a main driver of change in media industries. Big media conglomerates like Sanoma need to take their brands through the digital journey in order to develop successful and profitable multi-channel and multi-platform products. However, it is difficult to make the changes within a company with a large and diversified product portfolio. Thus, the first implication is the crucial need to keep the focus tight and to develop a thorough understanding about how to organise brands according to the firm's essential focus. Our interviewees emphasise the challenges in taking brands to the digital world, which requires considerable effort and a great deal of resource. Thus, the manager should make a realistic evaluation of the potential of a brand to survive in this new environment before he starts the transformation.

A second implication takes into account the need to harmonise the brand portfolio. The business approach to the media brand portfolio, in the case of Sanoma, was viable during the era when the media industry was stable. This approach has a weakness that becomes apparent in the shift to the digital world. A fragmented brand portfolio that is not harmonised is hard to change and to utilise. Thus, we recommend adding the brand strategy and organising the brands not only in relation to the business strategy but also with clear connection to a brand strategy the company decides to apply to its portfolio. Some brands can remain independent and be managed as a house of brands. However, the presence of a strategic approach brings more strength and understanding of the direction the company wants to go for its future.

Another argument for the increasing importance of a branding strategy for media portfolios is in the need for synergy between product brands. We observed that Sanoma is actively searching for those inside its business units and products. A harmonised brand portfolio can facilitate synergy and provide a clearer understanding of how the brands could stand for each other and support each other to their mutual benefit.

The last implication for media managers is not to underestimate the value and the potential of the corporate brand. The media business has a dual nature: in operates in both B2C and B2B sectors. Whether audiences recognise the product brands and not the corporate brand is important, it is wise to not forget the second category of clients – the advertisers and also investors who care greatly about the corporate brand. This research demonstrated that advertisers are keen for package solutions that can be developed by the conglomerated media company, not mainly in a single product brand. Thus, the company should present itself as a knowledgeable owner and manager of different products, platforms and channels and, thereby, as a generator of solutions for B2B markets. The corporate brand is a highly useful tool for this.

Finally, we should note that Sanoma completed the 2013 rebranding in order to promote itself as multi-media digital company. This rebranding suggests another important aspect: the importance of having a highly contemporary image of the firm as an employer. It is important to be attractive to those who already work in the company and to appeal to those who want to ‘join the team’. In that regard the corporate brand is also a solution. Talent recruitment and the corporate community formation are features that good corporate branding can facilitate.

7.4 Future Research Recommendations

In this thesis, we studied media brand portfolios from the macro prospective due to the research objective of providing a general overview of brand portfolio architecture and how a media firm manages that. The study demonstrated that the company's respective divisions and brands within these divisions operate under specific business models that can vary. Those models need to be researched to improve understanding of how media brands operate on the product level. Those models are often developed for various products in relation to particular market segments, i.e. niches. The micro level is important because differentiation at this product level can be high given the fact that the models serve various objectives and may appeal more to some segments than others. As this thesis is focused on the big picture of a media brand portfolio, future research could examine the details to develop a closer focus on particular aspects of media product branding.

The study discovered the 'power brand' concept that has good potential in term of future research and contribution to knowledge about media product brands. The most interesting aspect is the transformation of a strong traditional brand into a digital one. It would be interesting to study in particular how the corporate identity changes and a new modern image is constructed, and also what the new channels of the communication with customers actually become in realisation Finally, it would be important to investigate how the managers of a firm facilitate the shift to digital.

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Appendix

№	Product Brand	Subbrands	Focus
1	Gloria	Glorian Koti, Glorian Antiikki, Glorian Ruoka&Viini	Women magazine
2	Kodin Kuvalehti	Kodin Kuvalehti Puutarhassa, Kodinrakentaja	Women magazine
3	Me Naiset	Me Naiset SPORT	Women magazine
4	Prinsessa	Prinsessakerho	Girl's magazine
5	Meidän Perhe	None	Family magazine
6	Vauva	None	Family magazine
7	ET-Lehti	None	Senior people magazine
8	Aku Ankka	Aku Ankka mobile app	Donald Duck comics
9	Nalle Puh	None	Winnie the Pooh comics
10	Roope-setä	None	Comics
11	Auto Bild Suomi	None	Car magazine
12	GTi Magazine	None	Car magazine
13	V8 Magazine	None	Car magazine
14	Geo	None	Travel magazine
15	Matkaopas	None	Travel magazine
16	Lasten Oma Kirjakerho (bookclub)	Lasten Oma Kirjakerho Minit	BookClub
17	Hyva Terveys	None	Useful information and wellbeing
18	Nordea Private Banking Magazine PB	None	Custom publishing
19	Prima	None	Financial magazine
20	Rakennuslehti	None	Industrial magazine
21	Talotekniikka	None	Industrial magazine
22	Blue Wings	None	In flight magazine
23	Suuri Käsityö	None	Crafts magazine
24	Tiede	None	Science-pop
25	Tietokone	None	Computer
26	Pelit	None	Digital gaming magazine
27	MB	None	Magazine for men interested in digital technologies
28	3T	None	Technological magazine

Table 6: Magazine Brands in Finland

№	Product Brand	Subbrands	Focus
1	Nelonen	Nelonen Pro 1 and 2, Nelonen Prime, Nelonen Maailma and Nelonen Nappula.	Pay-TV channels. Each channel is focused on providing a certain type of content: sports, movies and series, documentary, etc.
2	JIM TV	None	Men channel
3	Liv TV	None	Women channel
4	Radio Suomipop	None	Finnish pop and rock music
5	Radio Rock	None	Rock radio station
6	Radio Aalto	None	Radio station targeted at women
7	Loop	None	"The voice of the community and a trendsetter"
8	Groove FM	None	Music radio
9	Metro Helsinki	None	Local radio in Helsinki
10	ONLINE: Ruutu.fi	None	Catch-up TV service

Table 7: TV and Radio Brands in Finland

№	Product Brand	Subbrands	Focus
1	Apollo.lv	None	News website
2	Hintaseuranta.fi	None	comparison shopping website
3	Huuto.net	None	Online auction
4	Keltainenporssi.fi	None	Advertisement
5	Kuldnebors.ee	None	Advertisement (Estonia)
6	Mitäsaisiolla.fi	None	Outlet
7	Netwheels	None	Functional decisions for car
8	Oikotie.fi	Oikotie Asunnot, Oikotie Autot, Oikotie	Advertisement
9	Omataloyhtio	None	Online platform (housing)
10	Puutarha.net	None	Online platform (housing and gardening)
11	Rakentaja.fi	None	Online platform (construction)
12	Sähkövertailu.fi	None	Online platform (energy consumption)

Table 8: Digital Brands in Finland

№	Product Brand	Subbrand	Focus
1	Helsingin Sanomat	None	Daily traditional broadsheet now formatted as tabloid
2	Ilta-Sanomat	Ilta-Sanomat TV-lehti, Ilta-Sanomat´s special editions	Daily Tabloid
3	Keltainenporssi.fi	None	Advertisement service
4	Kouvolan Sanomat	None	Local newspaper
5	Kymen Sanomat	None	Local newspaper
6	Metro	None	Daily newspaper
7	Urheilusanomat	None	Sports newspaper
8	Uutisvuoksi	None	Local newspaper
9	Vartti	None	Local newspaper

Table 9: Newspaper Brands in Finland

№	Product Brand	Subbrands	Product Category
1	101 Woonideeen	101woonideeen.nl	Magazine platform
2	Actieauto.nl	None	Cars
3	Allesbrocante.nl	None	Second-hand markets
4	Ariadne at Home	AriadneatHome.nl	Magazine platform
5	AutoTrader.nl	ClassicTrader.nl MotorTrader.nl	Cars
6	AutoWeek	AutoWeek.nl AutoWeek Classics	Magazine platform
8	Avrobode	Avrobode.nl	Magazine platform
9	Beau Monde	BeauMonde.nl	Fasion
10	Belegger.nl	None	Finance
11	BladCadeau	None	Online shop
12	Blogtoday	None	Blog
13	AprilAndMay	None	Blog
14	Beautyill	None	Blog
15	'Beeld' and 'stijl,'	None	Blog
16	Bluebelle	None	Blog
17	By-aranka	None	Blog
18	Chantalbles	None	Blog
19	Dailylin	None	Blog
20	Esthervuijsters	None	Blog
21	Interiorator	None	Blog
22	Isntitdivine	None	Blog
23	Jenniefromtheblog	None	Blog
24	Madebyellen	None	Blog
25	Margje	None	Blog
26	Mimifashionland	None	Blog
27	Neginmirsalehi	None	Blog
28	RedreidingHood	None	Blog
29	Shout-outtoyou	None	Blog
30	Sillysilsil	None	Blog
31	Stylehasnosize	None	Blog
32	ThatGirlFromAmsterdam	None	Blog
33	Vosgesparis	None	Blog
34	YourLittleBlackBook	None	Blog
35	Creatorsofdesire	None	Blog
36	Dailymotion	None	News platform
37	delicious.	delicious. Site	Magazine platform
46	Formule 1	Formule 1 (Formule1.nl)	Magazine platform
47	Gamer.nl	None	Videogames
48	GoGoeieVraag.nl	None	Question and Answer site
49	Golf.nl	None	Golf
50	Grazia	Grazia (Grazia.nl)	Magazine platform
51	hettestpanel.nl	None	Testing platform
52	Hockey.nl	Hockey.nl	Magazine platform
53	Hoefslag	Hoefslag.nl	Magazine platform
54	Home and Garden	HomeandGarden.nl	Magazine platform
55	InsideGamer.nl	None	Videogames
56	Kek Mama	KekMama.nl	Magazine platform
57	Kidskamer.nl	None	Design
58	Kieskeurig.nl	None	Comparison website
59	KIJK	KIJK.nl	Magazine platform
60	Kinderen	Kinderen.nl	Magazine platform
61	Kleurinspiratie.nl	None	Design
62	Knip Mode	KnipMode.nl	Magazine platform
63	Kpnvandaag.nl	None	News
64	Langlevejehuis.nl	None	Lyfestyle
65	Leef.nl	None	Online shop
66	Libelle	Libelle.nl	Magazine platform
67	LINDA.	LINDA.nl	Magazine platform
68	Magazine.nl	None	Online shop
69	Makkie.nl	None	Comparison site
70	Margriet	Margriet.nl	Magazine platform
71	Marie Claire	MarieClaire.nl	Magazine platform
72	MEN TODAY (MENTODAY.nl)	None	Shopping guide
73	More Than Classic	MoreThanClassic.nl	Magazine platform
74	MOTO73	MOTO73.nl	Magazine platform
75	MOTOR Magazine	MOTORMagazine.nl	Magazine platform
76	Motor.nl	None	Cars
77	myhomeshopping.nl	None	Shopping guide
78	Net5.nl	None	TV portal
79	Nieuwe REVU	NieuweREVU.nl	Magazine platform
80	Nouveau	Nouveau.nl	Magazine platform

Table 10.1: Digital Brands in the Netherlands

№	Product Brand	Subbrands	Product Category
81	NU.nl	NU.nl/reizen, NU.nl/tvgids (extensions) NUfoto.nl, NUjij.nl, NUsport.nl, NUtech, NUwerk.nl, NUzakelijk.nl	News portal
82	Ouders van Nu	OudersvanNu.nl	Magazine platform
83	Overzicht.nl	Auto.overzicht.nl, Lifestyle.overzicht.nl, Gsm.overzicht.nl, Dating.overzicht.nl, Spelletjes.overzicht.nl, Vacature.overzicht.nl, Vakantie.overzicht.nl, Wonen.overzicht.nl	Search service
84	Panorama	Panorama.nl	Magazine platform
85	Playboy	Playboy.nl	Magazine platform
86	Procycling	Procycling.nl	Magazine platform
87	Roots	Roots.nl	Magazine platform
88	SBS (SBS6)	SBS6.nl	TV channel platform
89	Scholieren.com	None	School and education platform
90	SchoolBANK.nl	None	Social network
91	Seasons	Seasons.nl	Magazine platform
92	Startgames.nl	None	Videaogames
93	Startpagina.nl	Startpagina.nl/kids	Website categorizer
94	Stepaday	None	Lifestyle
95	Story	Story.nl	Magazine platform
96	Styletoday.nl	None	Women
97	Televizier	Televizier.nl	TV guide

№	Product Brand	Subbrands	Product Category
97	Televizier	Televizier.nl	TV guide
98	Tijdschrift.nl	None	Online shop
99	Tina	Tina.nl	Magazine platform
100	Totaaltv.nl	None	TV guide
101	Truckstar	Truckstar.nl	Magazine platform
102	Tuinieren	Tuinieren.nl	Magazine platform
103	TVFilm	TVFilm.nl	Magazine platform
104	TVGids.nl	None	TV guide
105	Vakantie.nl	None	Lifestyle
106	Veronica	VeronicaMagazine.nl, Veronicatv.nl	Magazine platform
107	Viva	Viva.nl	Magazine platform
108	Volgens Mama	None	Interactive platform
109	voor-thuis.nl	None	Online shop
110	Vorsten	Vorsten.nl	Magazine platform
111	Vrouwonline.nl	None	Women
112	Vtwonen	Vtwonen.nl	Magazine platform
113	Weekmenu	Weekmenu.nl	Magazine platform
114	Woonbrochureservice.nl	None	Design
115	Woonwebsite.nl	None	Design
116	WTF.nl	None	Tabloid
117	Xobi.nl	None	Videogames
118	Yixx.nl	None	Online shop
119	Zeilen	Zeilen.nl	Magazine platform
120	Zie.nl	None	Video platform
121	Zin	Zin.nl	Magazine platform
122	Zo Zit Dat	ZoZitDat.nl	Magazine platform

Table 10.2: Digital Brands in the Netherlands

№	Product Brand	Subbrands	Focus
1	ByDanie	None	Women magazine
2	December verwenbijlage	None	Women magazine
3	Flair	None	Women magazine
4	Holland Special	None	Women magazine
5	Libelle	Libelle Balance, Libelle Blos, Libelle Brocante, Libelle Feestmaand, Libelle Biking & Walking, Libelle jubileumspecial, Libelle Kerstrecepten, Libelle Mode & Stijl, Libelle Oranjefeest, Libelle Tuinen, Libelle Woonplannen, Libelle Woonwinkelen, Libelle Zomerspecial	Women magazine
6	LINDA	None	Women magazine
7	Margriet	Margriet More - Happy Body, Margriet More Eropuit!, Margriet More Happy World, Margriet More In en om de Tuin, Margriet More Lekker Feest, Margriet More Mooi Wonen, Margriet More Zomer	Women magazine
8	Ouders van Nu	Ouders van Nu VoordeelPas, Ouders van Nu Zwanger- en BabyBox	Women magazine
9	Viva	Viva en Flair Zomerspecial, Viva Hotspotsgids, Viva Mama	Women magazine
10	Vorsten	None	Women magazine
11	Vtwonen	None	Women magazine
12	Uitcetera	None	Women magazine
13	Zwanger (Ouders van Nu)	Zwanger (Kinderen)	Women magazine
14	Ariadne at Home	Ariadne At Home Brocante Special	Home and deco magazine
15	Eigen Huis & Interieur	None	Home and deco magazine
16	Home and Garden	None	Home and deco magazine
17	More Than Classic	None	Home and deco magazine
18	Kek Mama	From Kek wonen met kinderen	Lifestyle magazine
19	Het Vermoeden	None	Design magazine
20	Tuinieren	None	Garden magazine
21	Fashionista	None	Shopping guide
22	Shop & Style	None	Style magazine
23	Zeilen	None	Sailing guide
24	Kassa	None	Shopping magazine
25	Kortingsbonnenboekje	None	Coupon booklet
26	Grazia	Grazia Man	Fashion magazine
27	Marie Claire	Marie Claire Deux	Fashion magazine
28	Nouveau	Nouveau Juwelen & Horlogespecial	Fashion magazine
29	Katrien	None	Girl's comics
30	Tina	None	Girl's magazine
31	Parenting Modespecial	Parenting Vakantiespecial	Mother and kids magazine
32	Donald Duck	Donald Duck Extra, Donald Duck Extra specials, Donald Duck junior	Comics
33	Nickelodeon Magazine	None	Children magazine
34	Zo Zit Dat	None	Children magazine
35	Panorama	Panorama 100 jaar in beeld, Panorama winterspecial, Panorama zomerspecial	Men magazine
36	Playboy	Playboy.nl	Men magazine
37	AutoWeek	AutoWeek Classics, AutoWeek Eindejaarsspecial, AutoWeek GTO, AutoWeek Occasiongids, AutoWeek Testjaarboek	Car magazine
38	GTO	None	Car magazine
39	MOTO73	Motorscooterspecial	Motorcycle magazine
40	MOTOR Magazine	Motor Magazine Jaarboek	Motorcycle magazine
41	Fiets	Fiets Actief, Fiets Koopgids, Fietsen! Bindinc. Adverteren	Motorbyke magazine
42	Truckstar	Truckstar Zwaar en Speciaal Transport	Truck magazine
43	Formule 1	None	Formule 1 magazine
44	Golfers Magazine	None	Golf magazine
45	GOLFjournaal	None	Golf magazine
46	Hockey.nl	Hockey.nl (online)	Hockey magazine
47	Hoefslag	None	Horse magazine
48	Nieuwe REVU	None	News, Sports, Entertainment
49	Procycling	None	Cycling magazine
50	Roots	None	Leisure time
51	Seasons	None	Country life magazine
52	Delicious	None	Food magazine
53	Weekmenu	None	Food guide
54	Kinderen distinguishes	Kinderen Woonspecial	Story magazine
55	Knipmode	Knippie	Dress-making magazine
56	Flow	None	Me-time magazine
57	Moederdag Verwenbijlage	None	Mother's day magazine
58	Beau Monde	Beau Monde In shape	Celebrity magazine
59	Story	Story Zomerspecial	Celebrity magazine
60	Avrobode	None	Radio and TV guide
61	KRO Magazine	None	Radio and TV guide
62	Mikro Gids	None	TV guide
63	The NCRV-gids	None	TV guide
64	Televizier	None	TV guide
65	TVFilm	None	TV guide
66	Kunst & Cultuur	None	Art & classic music magazine
67	Geldspecial Bindinc. Adverteren	Gezondheidsspecial Bindinc. Adverteren	Financial magazine

Table 11.1: Magazine Brands in the Netherlands

№	Product Brand	Subbrands	Focus
68	eXtra Doelbewust	eXtra LiefLijf, eXtra Money, eXtra Reisspecial, eXtra Switch, eXtra We Connect	Magazine on social affairs
69	KijK	Magazine has a synergetic connection with Kijk TV, but the subbrand connection was not established by the company	Science and technology magazine
70	Know How	None	Science pop
71	101 Woonideeën	None	Craft magazine
72	In de Strengen	In de Strengen International	Equestrian magazine
73	Paard&Leven	PaardenSport	Royal Dutch Equestrian Federation magazine
74	Phryso	None	Royal Association 'The Friesian Horse Studbook
75	VARAgids	None	Magazine on social affairs
76	Zin	None	General interest magazine

Table 11.2: Magazine Brands in the Netherlands