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Declaration of Research Work Integrity

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature of any degree. The thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document I confirm and agree that I have read RU´s ethics code of conduct and fully understand the consequences of violating these rules in regards of my thesis.

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Preface

I would like to thank Kristinn Arnarson, Björgvin Björgvinsson and Guðný Káradóttir of Promote Iceland, Netquest, Reykjavík University, Universidad Carlos III, Julia Pérez, and all of my interviewees for their contributions to this work.

Abstract

The subject of this research is the brand equity of Icelandic bacalao (salted cod) in Madrid. Bacalao is an immense part of Spanish culinary tradition. Spain has for a long time been one of the most important markets for exported Icelandic bacalao. Although there has been a gradual decline in consumption of traditional bacalao in Spain, substitute products such as light-salted cod have been expanding the market. Madrid represents one of the most important bacalao markets in Spain, but Icelandic bacalao has always held a relatively weak market position there, compared to some of its competitors.

Conjoint marketing efforts, aimed at fortifying the brand of Icelandic bacalao as a whole are led by Íslandsstofa (Promote Iceland). It is of considerable value to the Icelandic economy to maintain and strengthen its status as the market leader. Still, little research has been conducted to provide insights that can optimize the brand management of Icelandic bacalao for the Spanish consumer.

In 2013, a brand audit for Icelandic bacalao was conducted by Kristinn Arnarson. It measured brand awareness and brand image of Icelandic bacalao in Barcelona, Spain. This study utilizes a consumer survey and in-depth interviews with chefs in Madrid to provide comparative results, but for the Madrid area. Further, its aim is to bridge a gap in knowledge in whether or not consumers clearly distinguish between traditional and light-salted baclao and how they perceive these products. Lastly, the study provides understanding of which value propositions should be emphasized in marketing communication in Spain.

The main conclusions are that in comparison with Barcelona, Icelandic bacalao holds a relatively weak brand awareness and brand image within the Madrid market. Professionals know the Icelandic bacalao and rate it highly, but not higher than its Norwegian and Faroese counterpart. Consumers claim to know the difference between traditional and light-salted bacalao, but this terminology is very unclear to them. Iceland should emphasize both product related and non-product related value propositions such as taste, pureness and sustainability in their branding strategy towards end consumers, but only product related value propositions, such as texture, whiteness and thickness towards chefs.

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1. Introduction

1.1 Icelandic Bacalao and the Spanish Market

The bacalao (salted codfish) is profoundly interwoven with Spanish culinary tradition. This can be traced back to the 15th century, when Basque sailors used to salt cod caught in the North-Atlantic for preservation (Espinosa & Sánchez, 2013). A certain method was developed, and the maturation of traditional bacalao is a process that takes over a month (Pálsson, 2012). Since then, advancements in technology have made this method obsolete as a means of preservation, but the unique flavor and texture is still sought after by Spaniards, creating a permanent market for traditional bacalao in Spain. The traditional bacalao is never frozen, yet it needs to be de-salted before consumption. For many Spaniards, the bacalao represents a product that is unlike any other, occupying a space somewhere between being a meat and a fish, and is considered an excellent replacement for meat. There has always been a degree of seasonality in the consumption, with peaks during Christmas and fasts, when Catholics are prohibited from consuming meat. Spain cannot be considered a homogenous market. Much rather, it is a regionalized area, where provinces and even towns differ significantly when it comes to bacalao traditions. Unequivocally, the markets with the richest traditions are Catalonia and the Basque Country (Espinosa & Martínez, 2012). However, Madrid is also a very large market and a distribution center for all of Spain.

The fishing industry is one of Iceland´s most crucial sources of income, employing approximately 9000 people (5,3% of Iceland´s working population) and directly accounts for 11% of Iceland´s income (Statistics Iceland, 2014). The number rises to 25% if all derived effects of the industry are taken into account. Spain is one of the most important export markets for Icelandic fish, especially bacalao. In 2013, 20650 tons of Icelandic bacalao were exported from Iceland to Spain, which is good for around 20% of the total volume of bacalao exported from Iceland. (Þórarinsdóttir, Björkevoll, & Arason, 2010). Bacalao is an essential part of Spanish culinary tradition. It is by far the largest species in the salted fish markets of Spain, with 81,4% of volume sold, while other species, like tuna, remain largely irrelevant (Alimarket, 2013). Bacalao represents 6,6% of the total value of fish consumed in Spain in 2012 which accounts for a total market of more than 300 million euros yearly (Espinosa & Sánchez, 2013). Even a small increase in market share of the

Icelandic bacalao in such a large market would have a significant effect on the industry in Iceland.

Over the past years, the consumption of traditional bacalao in Spain has been in gradual decline. However, the total volume of salted cod sold has remained stable, largely because of increase in sales of light-salted cod, products that although different in texture and easier to both produce and cook, serves as a quality substitute for traditional bacalao. The product is produced by inserting a small amount of salt into the flesh of newly caught cod, using modern salting technology, and then freezing the fish. The product is ready to cook when thawed (Pálsson, 2012). In Spain, this product is known as *bacalao a su punto de sal* (bacalao with correct amount of salt). However, little is known about whether consumers actually differentiate between these two fundamental products, and this study aims at clarifying the matter. Iceland has emerged as one of the market leaders in sales of the cheaper light-salted product, and many consider that the current development is set to continue, so that light-salted products will consume an ever larger slice of the market. On the other hand, there are those who consider that the light-salted fish is mostly expanding the market, not replacing the older traditional product (Tómasson, 2015). In the below table, the market development is quite clear. At the turn of the millennium, the frozen light-salted bacalao started gaining on the traditional bacalao in respect to volume sold. These numbers have been in relative equilibrium over the past few years.

Table 1

Volume of exported bacalao from Iceland to Spain by year. The author´s own elaboration of data from Statistics Iceland.

	2000	2005	2010	2013
Traditional salted (t)	10.720	10.846	4.409	4.425
Frozen salted (t)	2.494	6.948	9.100	9.701
Total (t)	13.214	17.794	13.509	14.126

The total import of bacalao to Spain is shown in the table below. While it is certainly a strong market, a slow decline in both volume and value is apparent in the span of three years between 2010-2012.

Table 2

Total imported bacalao to Spain in terms of volume and value. Source: author´s own elaboration of data from Alimarket.

	2010	2011	2012
Volume (t)	21.667	19.606	18.486
Value (M€)	87.45	89.48	82.97

These changes are being driven by changes in consumer preferences and a decline in purchasing-power. Costumers are increasingly opting for cheaper substitutes and convenience is a more significant factor than before (Alimarket, 2013). Traditional bacalao is a rather expensive product, that takes a considerable amount of time to mature, and also to prepare, as it needs to be de-salted. To summarize, the traditional bacalao, while heavily rooted in the Spanish culinary tradition, is a product that has for a long time been in its state of maturity and slow decline in sales. The light-salted bacalao, however, is still in a state of growth, as is evident from its relative rise in sales.

The difference between these two products, as they appear to their exporters and should appear to the consumer given that they know the products, is best explained with positioning matrix of certain differentiating attributes. One of the aims of this study is to find out if consumers differentiate between these products and if so, how they perceive these differences.

Table 3

Approximate positioning matrix of two types of Icelandic bacalao in Spain, scale from 1-5. Source: author´s own elaboration from conversations an own experience.

	Distinctive Flavor	Superior quality	Not easily copied	Convenience	High Price
Traditional	5	4	5	1	5
Light-salted	3	3	2	4	3

Producers of bacalao are meeting this trend by increasingly emphasizing convenience and health as the drivers of the product category. Many of the bigger companies have invested in new machinery and plants to update their product portfolio. The new products being introduced include variants like de-salted bacalao and frozen light-salted bacalao ready for cooking. These products are aimed at attracting younger consumers and at reducing seasonality of the products.

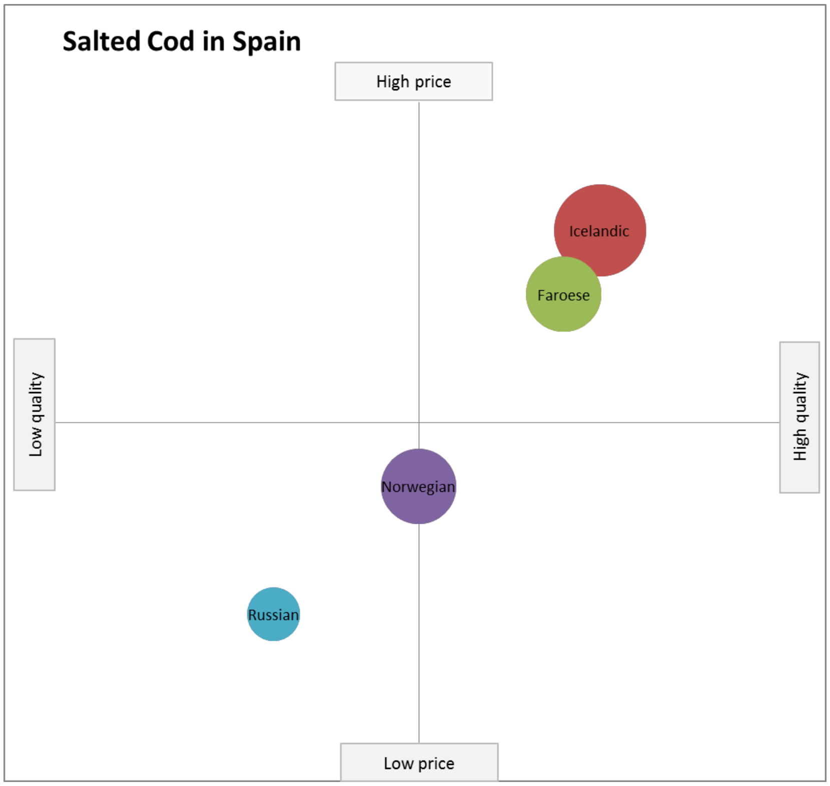
Contrary to many others, the bacalao sector is dominated by manufacturer brands rather than distributor brands. Manufacturers are increasingly promoting their own brand rather than relying on the brand of a supermarket or a wholesaler. An example of this is Ubago, located in southern Spain, the main provider of bacalao for the supermarket powerhouse Mercadona. Although Mercadona still sells most of their production, all of their smoked and salted fish is now sold under the brand Ubago. Thus, producers seem to be discovering the importance of building a brand equity to associate with their products (Alimarket, 2013).

Iceland´s main competitors on the market are Norway, Faroe Islands and to a lesser degree Russia/China. Iceland is currently the overall market leader in Spain (Ministerio de Economía y Competitividad, 2015). The species most sought after by Spaniards (*gadus morhua*) dwells in colder northern seas within the jurisdictional areas of Iceland and Norway, primarily. Among the attributes considered most vital for the Spanish market is the color (white being considered better) and thickness (with thicker being perceived as superior). Iceland salted cod is widely considered the product that best fulfills this description (Björnsson, 2015). In Spain, Icelandic bacalao has for a long time been considered a quality product and better than other origins, along with the Faroese (Valdimarsson & Bjarnason, 1997). Another closely related competitive advantage Iceland possesses is that most of its fisheries are also producers and exporters. This gives them absolute control over all aspects of the production process, which predominantly results in a better product.

The volume of Iceland´s imported salted fish to Spain was 30,6 M€ in 2012, with the Faroe Islands coming in second with 18,26 M€ (Alimarket, 2013). The Faroe Islands are almost entirely focused on traditional bacalao, not light-salted. Norway is quite far behind with 13,4 M€ sold in 2012. Norwegian bacalao has historically been considered inferior to the Icelandic one as they have failed to master the production methods. They freeze all cod at sea before they process it, resulting in poorer texture (Hjálmarsson, 2015; Tómasson, 2015). The Norwegians have spent copious amounts on advertising and are gaining traction in brand awareness, the young generation especially, as was shown by Kristinn Arnarson (2013). Russia and China are relatively new actors within the market, but have been selling an increasing amount of light-salted bacalao in supermarkets. Russia has access to seas rich in bacalao, but China is only a processing country. The bacalao that comes from China is normally Russian bacalao that is processed in China and is without exception twice-frozen, resulting in considerably poorer quality and texture (Hjálmarsson, 2015; Tómasson, 2015). Although all these numbers might seem to indicate an excellent market position for the Icelandic one, it is interesting to see that a country with such a tiny GDP as the Faroe Islands is not further behind than this. Currently and historically, they have retained a strong presence in Madrid, which is one of the markets that Iceland should be looking at for expansionary purposes. Given all this, the approximate positioning of the main competitors can be seen in figure 1, where price is on the Y-axis and perceived quality on the X-axis, and the size of the circle represents market share.

Figure 1

Perceptual map of Iceland and competitors on the Spanish bacalao market. Own elaboration.



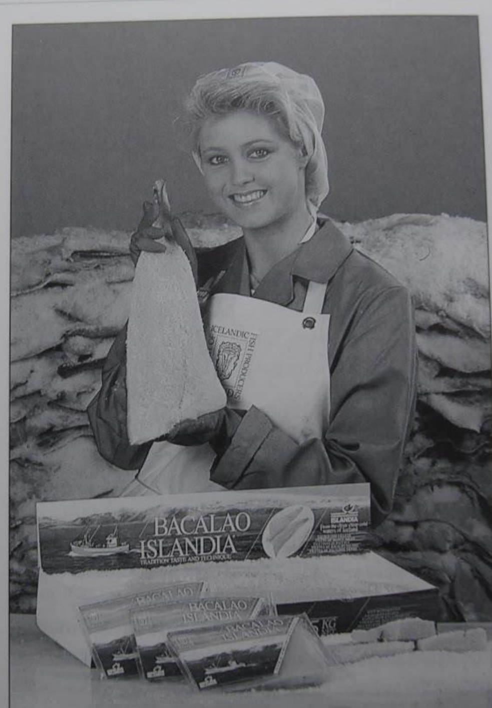
Icelandic bacalao is a product already firmly established on the Spanish market. It is certainly considered a high quality product and priced above most of its competitors (Arnarson, 2013). Nonetheless, the market is divided. In the province of Madrid, which is the largest fish market in terms of value (Espinosa & Martínez, 2012) and a center of distribution all around Spain, the position of the Icelandic bacalao remains relatively weak, especially in traditional bacalao (Bragason, 2015). Madrid is the third strongest province in Spain in terms of income per capita and the second in terms of GDP (Instituto Nacional de Estadística, 2015). It ranks just behind Catalonia in total imports for 2014 and the two are the leading provinces by a wide margin. According to the sources available, the Faroese bacalao seems to enjoy a stronger position on the high end spectrum of the bacalao market in Madrid (Espinosa & Martínez, 2012). A quick search in Madrid´s yellow pages seems to support that hypothesis, as two bacalao retailers in the Madrid area directly allude to a Faroese origin of their products in the names of their stores, while none do so which have an an Icelandic origin. This seems to indicate that in the minds of Madrid´s consumers, the Faroe Islands are the primary country of origin (CoO) when it comes to bacalao. To verify this and to examine the underlying reasons behind this is the subject of this study. The author believes it is extremely relevant for present day Icelandic producers and sellers of bacalao to gain understanding of how their branding can be optimized for the Madrid market. To capitalize on and to further strengthen its brand equity, Icelandic firms must gain insight into how their products are perceived, both by the end consumers and professionals, and adopt a strategic approach to their branding.

1.2 Past Marketing Efforts

From 1932-1993 all Icelandic bacalao was marketed under the common banner of the now defunct SÍF (Union of Icelandic Fish Producers). The common brand was simply called *Bacalao Islandia*. Over the years, Icelandic bacalao earned reputation for being the most stable and best quality product on the market. Generally, Icelandic bacalao had more efficient quality control than competitors and this slowly created positive brand equity (Tómasson, 2015). Bilbao and Barcelona were the most important cities from the onset; Bilbao came first but was soon surpassed by Barcelona which became the main market for Icelandic bacalao (Valdimarsson and Bjarnason, 1997). The seed for the strong brand image and awareness in parts of Spain today was sown during this period. There are more lingering effects of this period (the early 20th century) in the division of the markets. Spanish wholesalers of bacalao formed their own unions during this time, to have more negotiating power with the importers. They divided the market between the different countries of origin. Bilbao and Barcelona were chosen for the Icelandic products but the

Figure 2

The beauty queen Hólmfríður Karlsdóttir, Miss World at the time, poses with Bacalao Islandia in print-media campaign. Source: Saltfiskur í sögu þjóðar.



VII. SALTFISKVERSLUNIN 1946-92

Neytendapakkningar SÍF frá árunum 1987-90. Í þessum umbúðum voru seld flök og hér sýnir Hólmfríður Karlsdóttir, alheimsfegurðardrottning, þau en SÍF fékk hana til þess að vekja athygli á íslenska saltfiskinum, Bacalao Islandia, í auglýsingum. Í stóru 5 kg öskjunni voru flökin seld heil og einkanlega ætluð veitingahúsum. Í smærri pakkningunum, 400 g, voru flökin skorin niður og seld í stórmörkuðum.

Faroese bacalao ended up in the Madrid market. That was done in part to avoid complaints arising from having different products with different attributes on the market. Thus, Faroese bacalao has held a strong position in the Madrid area ever since whilst the Icelandic one dominates the Barcelona and Bilbao areas (Tómasson, 2015).

However, not much effort was made to reach out to the Spanish end consumers for the majority of the 20th century, and they were not made aware of the origin of their bacalao. Finally, in 1990, a specific media publicity campaign was launched. Print media, television and radio advertising was used under the slogan *Bacalao today, Bacalao Islandia*. A recipe book full of dishes cooked with Icelandic bacalao was printed in the run of 10.000 copies. The campaign opened with a week-long festival in Barcelona where Icelandic bacalao was cooked non-stop and various important people attended, including the mayor of Barcelona, who personally opened the fesivities (Union of Icelandic Fisheries 1990). After this, the campaign continued on for several months, with a mixture of radio, print media and TV commercials. A lot of point-of-sale material was produced: brochures, posters and badges. Strong association with Iceland was leveraged in the imagery used on the posters, showing

Figure 3

Old poster and logo (in Catalán). Source: Gunnar Tómasson‘s private collection.

the vast and pure ocean, nature, fishing boats and fishermen, etc. As of 2013, some of the posters from that era can still be seen on the markets in Barcelona (Tómasson, 2015). SÍF even incorporated images of Icelandic Miss World winners in their campaigns. Beauty queen Linda Pétursdóttir was flown to Barcelona on behalf of SÍF to participate in a high-profile food ferry and Hólmfríður Karlsdóttir posed on various posters for Bacalao Islandia. His Majesty Rey Juan Carlos even appeared in the Spanish media eating Icelandic bacalao (Hjálmarsson, 2015). The logo used strong naturalistic imagery that evoked volcanoes and the immense ocean (see figure 6). This logo could be found on all packaging of products, advertisements, warehouses, ships and even in retail stores. This logo is used almost unaltered by Iceland Seafood for the brand *Islandia* today.

To summarize, it is clear that although the seeds for the strong brand equity of the Icelandic bacalao were sown early on and through superior quality and connections to the Barcelona market in particular the marketing efforts of the early 90´s signaled the first real intent to reach out to the final consumer and played a crucial role in solidifying the brand of the Icelandic bacalao on the market.

SÍF underwent drastic changes in 1993. It was changed from being a sales union into a corporate entity on the stock market. The exporters received stocks in the newly founded company, but some of them sold their shares right away. The monopolized export system was lifted which meant that a lot of different companies started exporting to Spain under various brands. Companies no longer paid a percentage to the common marketing fund of SÍF which meant that extensive marketing campaigns were out of the question (Valdimarsson & Bjarnason, 1997). Further, the overall quality control was weakened and the superior quality of the Icelandic products on the market eroded. The new SÍF entered into a brief joint venture with Spanish giants Copesco that proved unfruitful due to conflicting interests (Björnsson, 2015). SÍF would later merge with Iceland Seafood and emerge as a force on the Spanish market but the days of extensive marketing efforts and brand equity building were over.

Nowadays, a lot of different companies export bacalao to Spain. Some are small family businesses, while others are larger corporations. Over the past two decades, there are primarily two companies that have engaged in marketing activities in Spain, Iceland Seafood (formerly SÍF) and Icelandic. Both companies have offices in Spain and have fairly established brands on the market. Most of the others sell through a third party and often not even under their own brand (Kristinn Arnarson, 2013).

In short, not a lot of pull strategies were employed on behalf of the exporters since the changes to SÍF in 1993 and up to 2008. Interaction with end consumers was also scarce. Since that period, consumers were not exposed to a common Icelandic brand. Push strategies were successfully utilized, with emphasis on market communications with retailers and wholesalers. As an example of a push strategy used during this time, the retailers that sold the most amount of Iceland Seafood´s products were given the chance to win a trip to Iceland (Björnsson, 2015). The focus has been on market intermediaries. It might even be argued that long-term strategy has been neglected at the cost of short-term tactics and sales efforts that have overshadowed marketing efforts. Still, the Icelandic bacalao has kept its position as market leader as it benefits from previously established brand equity. However, as many marketing scholars have argued, push strategies should ideally be complimented with pull strategies (Keller, 2012).

Since 2008, Icelandic bacalao is marketed in Spain under the common label of Icelandic Responsible Fisheries (IRF). The project was inaugurated by stakeholders within the fishing sector, but is primarily managed by Promote Iceland (Íslandsstofa). This label is

Figure 4

IRF and Bacalao de Islandia logo. Source: Promote Iceland.

intended as a marketing tool and as an assurance of quality, sustainable fishing and advanced production methods (Iceland Responsible Fisheries, 2015). The logo (figure 7) was originally intended primarily as a guarantee of responsible fishing methods but has instead become a sign of origin on almost all packaging of exported bacalao. That logo has considerable value to supermarkets that wish to seek insurance against being associated with lack of respect toward sustainability, but it has limited reference to Iceland and the overall concept of the project. The imagery is somewhat vague, showing a graphic that could be a shoal of fish underwater. Furthermore, it remains unknown whether the value proposition “responsible fishing” has much value for the average bacalao consumer in Spain, and this study offers insight into that.

The producers of bacalao formed a new union in 2012, called Icelandic Producers of Salted Fish (ÍSF). On their initiative, a marketing project was launched in 2013 in cooperation with Promote Iceland, intended to increase presence of Icelandic bacalao in Southern Europe. The goal of the project is to build on the image of Iceland as a CoO to strengthen brand equity of Icelandic bacalao as a whole, not that of specific companies or products. Pull-strategies are being used once again with communication with end-consumers. The project has a home page where introductory videos have been published, with the participation of respected Spanish chefs and Hispano-Icelandic scholar Kristinn R. Ólafsson. Participation in food ferries, social media marketing, search engine optimization and public relations marketing have been applied and are showing good promise (Promote Iceland, 2014).

Participation in the project is not mandatory and some exporters have decided to withdraw but all the major players have remained. The logo that was chosen for the project is seen on figure 7. This logo can be seen on the project´s homepage, but it is not very visible on packaging, point of sale material, advertisements or anywhere else where a logo would normally be placed to establish awareness among consumers. If the search words “Bacalao de Islandia” are typed into Google, the logo only appears as the sixteenth image, way behind Iceland Seafood´s Islandia logo. In addition, the logo, although simple and sleek in design, lacks powerful imagery associated with Iceland.

Overall, Iceland seems to be in an ideal position to leverage a country image for the benefit of their branding strategy. Icelandic exporters of bacalao should try to expand and strenghten the brand equity that is already in the Icelandic Responsible Fisheries logo. The logo and its imagery suggest a sustainable and eco-friendly industry to the consumer. The logo, however, does not fully capture it´s Icelandic origin and the imagery is vague. There are plenty of more associations with Iceland that marketing efforts should try to capture e.g.

clean and cold ocean, vastness, beautiful nature and centuries of fishing tradition. As is revealed in the literature review section, evidence suggests that Iceland should not hesitate in directly relating the product to its CoO. Iceland is an island that is unequivocally associated with cleanness, pureness, wilderness, uniqueness and nature. For a European country it has a strikingly high percentage of untouched land. The distances to the nearest continents are 300 km to Greenland in the north-west and 970 km to Norway in the east. The country attracts thousends of visitors from Spain each, and the number grows by 10% yearly (Icelandic Tourist Board, 2014) . These people come to witness the *aurora borealis*, volcanic eruptions, etc. Some examples of useful imagery, currently being used by Promote Iceland, can be found on figures 2-4, showing the vast horizon on the ocean, the traditional fishing villages and the *aurora borealis*.

Figure 5

Vast and clean ocean. Source: Promote Iceland.

Figure 6

A country built on fishing tradition. Source: Promote Iceland.

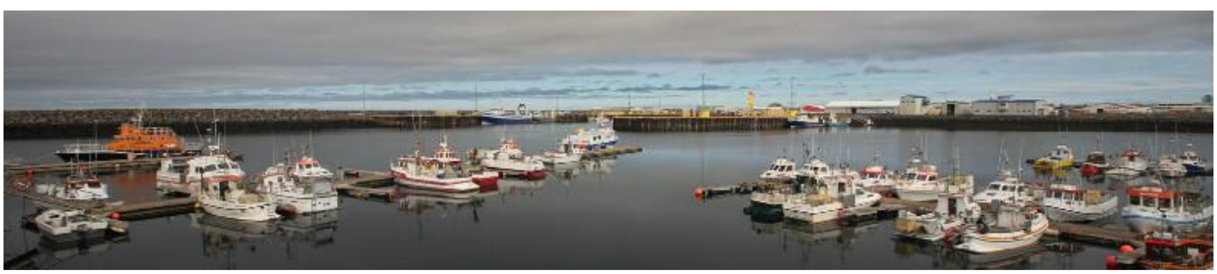


Figure 7

Aurora borealis, a solitary lighthouse, cold and pure. Source: Promote Iceland.

1.3 Conceptual Framework

The subject of this research is the *branding* of Icelandic bacalao in Spain, more specifically in Madrid. A *brand* is a name, term or symbol intended to identify goods and services of a seller and differentiate them from those of the competitors (Keller, 2011). Brands are not a new phenomenon. The ancient Egyptians placed symbols on their bricks to identify the producer for instance (Farquhar, 1990). The first signs of branding and brands in Europe date back to medieval times when craftspeople were required to put trademarks on their products to protect customers from inferior quality (Kotler & Keller, 2011). Brand names, however, did not appear until the early sixteenth century, when whiskey distillers began to burn their name on top of each barrel (Farquhar, 1990). In many cases the brand can be a company´s most valuable asset (Keller & Lehmann, 2006) and where potential consumers are faced with a choice, branding can be applied in virtually every instance (Kotler & Keller, 2011).

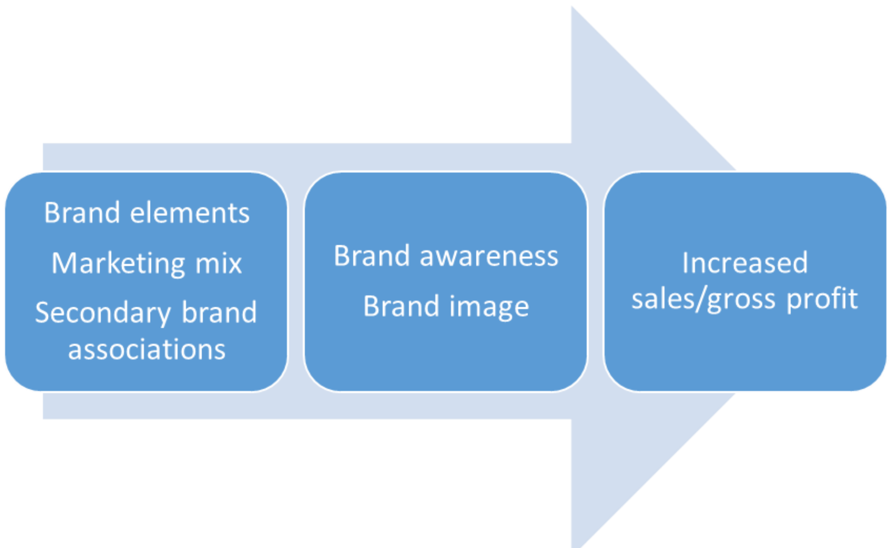
The true attributes of an object are not included in the definition of an image of a brand. They are perceptual entities that reflect the perceptions of consumers (Jaffe & Nebenzahl, 2006). However, brands are certainly rooted in reality. Brands serve as abstract symbols for attributes of products. These symbols, for example a CoO (Iceland), quickly evoke these attributes and impact perceptions on customers (Kotler & Keller, 2011).

According to Kapferer, some observers consider branding as merely a bluff, something that has no foundation in reality and it is only aimed at maintaining a sometimes undeserved market share (Kapferer, 2004). That may well be the case in some businesses, however, as Kapferer goes on to explain, those explanations fail to recognize the nature of dynamic competition and the permanent factors of creative processes involved, that give brands their meaning and purpose. A strong brand requires time in order for the accumulation of innovations to yield lasting benefits.

Brand equity has been a frequent subject of marketing studies ever since the 1980´s as it is believed to be a good predictor for brand purchase intention. Two scholars have shaped most of the subsequent research on the topic. Aaker defines brand equity as a set of assets and liabilities linked to a brand that add to or subtract from the value of a product or a service to a company and/or its customers (Aaker, 2009). In this case, the Icelandic bacalao and Spanish companies and consumers. This school of thought proposes brand awareness, brand associations, perceived quality and brand loyalty as the core dimensions of brand equity. Another way to look at brand equity is as the net difference of customer´s response between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes *(Yoo & Donthu, 2001)*. This definition originates from Keller (1993). According to Keller, brand equity can be strengthened through choice of brand elements, marketing mix and secondary brand associations.

Figure 8

How dimensions of brand equity are influenced (Keller, 2011).



Further, brand equity is comprised of *brand awareness* and *brand image*. The former can be divided into *brand recognition* (being able to confirm prior exposure to brand when presented with the brand as a cue) and *brand recall* (being able to retrieve the brand from memory when given product category), which requires a stronger bond to the brand in the mind of the consumer. This is especially important when purchasing decisions are not made at the point of sale, as often is the case (Keller, 1993). Brand image is made of the consumer´s perceptions of a brand, positive or negative. A positive brand image links strong, favorable and unique associations to the brand in the consumer´s memory (Keller, 1993). This research considers the brand equity of the Icelandic bacalao as a whole, not that of specific companies or different products. Its aim is to measure both top of mind brand recall and total brand recognition by providing a cue.

Brand identity is also a concept closely related to brand equity. Brand identity represents the tangible part of brand management, such as a logo, color, packaging, etc., and can be easily managed and controlled by a company (Keller, 2012). The brand image is more difficult to control as it is created in the mind of each individual consumer and can develop over time with different experiences and impressions (Rindell, 2013). *Brand loyalty* is something that a brand manager always strives to achieve. Brand loyalty occurs when a consumer buys a brand repeatedly and consciously above other brands because of faith in that particular brand (Jacoby & Kyner, 1973).

One of the main means of strengthening brand equity is through *strategic brand management*. Strategic brand management involves the design and implementation of marketing programs and activities to build, measure and manage brand equity (Keller, 2012). One of very few ways to build sustainable advantage over competition is through branding, and that is the goal of strategic brand management. The sources of that kind of brand equity are a company´s production, servicing, staffing, innovating, distributing, pricing and advertising: all of which create associations embedded in a client´s long term memory (Kapferer, 2004). As suggested by Kotler & Keller, brand differences can be related to the product itself but also to non-product related factors. The two are not mutually exclusive and should be combined wherever possible. The challenge of marketers is to make sure that customers have the right type of experiences with products, services and marketing efforts to create the desired brand knowledge structures (Kotler & Keller, 2011).

An example of a non-product related source of brand equity is a *country of origin* (CoO). It is a symbol that joins together a broad range of products that have some common desirable and undesirable attributes. The importance of a country´s brand and the special bond it can build with its foreign investors is becoming more important in today´s globalized markets (Jaffe & Nebenzahl, 2006). This is very much the case with Iceland and its bacalao, particularly as their competitors begin to deliver better products, and changes in customer preferences among the upcoming generation of consumers in Spain suggest a gradual shift towards products that are more easily copied, such as light-salted bacalao (Espinosa & Martínez, 2012).

It is vital for brands to establish a clear *positioning* through their *value propositions*. Anderson and others argue that properly constructed, customer value propositions force companies to rigorously focus on what their offerings are worth to their customers. According to Keller, *points of difference* are strong, favorable and unique brand associations that are not shared by others. *Points of parity* are those that are equal between brands and can be classified into *category* and *competitive* points of parity. Category points of parity represent the minimum associations which are required to be considered a legit competitor within a certain category. Competitive points of parity are associations that exceed the minimum requirements but are still shared between brands. A part of effective branding strategy is to understand which associations are points of parity and which are points of difference, to understand which of those are an important value propositions for the target segments and then to choose a focus to their marketing mix efforts accordingly. This can be tricky, considering that many positive associations tend to be negatively correlated (e.g. *cheap* and *high quality*). Consumers will typically want to maximize both of the negatively correlated associations. This is why the challenge of competitors is often to get their point of difference from an association that is negatively correlated with their core value proposition (Keller, 2011). An example might be if Norway is able to convince their customers that the Norwegian products possess the same quality as that of Icelandic although they carry a lower price tag.

Benefit assertion is a common pitfall of many customer value propositions. In those cases the brand falsely assumes an attribute is beneficial to the consumer. Another one is confusing *points of parity* with *points of difference*. To avoid such obfuscation, the *resonating focus* approach to value proposition steadfastly concentrates on a few points of difference that deliver the greatest value to the target consumer (Anderson, Narus, & van Rossum, 2006). Thus, a part of the present study is to obtain an insight into what value propositions consumers in Madrid deem as the most important concerning bacalao, and whether past marketing efforts and positioning are in line with such expectations. Therefore, it can allow Icelandic exporters to clarify the focus of their branding strategy.

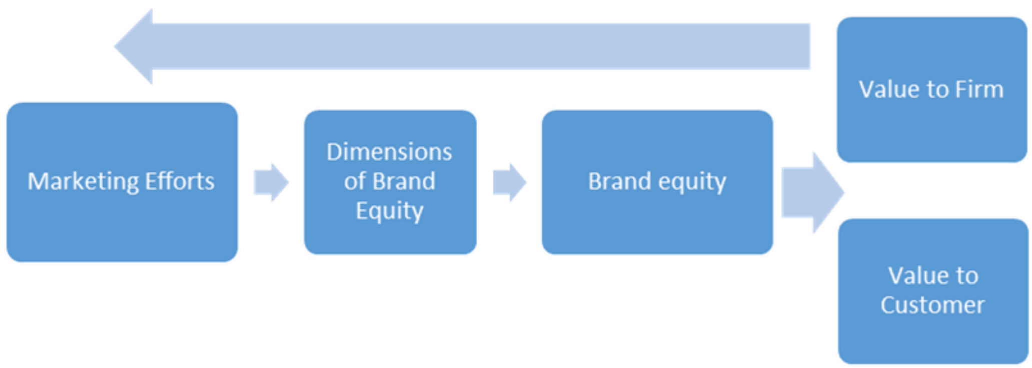
1.4 Brand Equity and its Measurement

Any measurement of brand equity must focus on its sources. A brand equity measurement system is a set of research procedures designed to provide timely, accurate and actionable information on brands for marketers so they can make the best possible tactical decisions in the short run and strategic in the long run. The goal is to achieve a full understanding of the sources and outcomes of brand equity and to relate the two (Keller, 2012).

Various measurement methods and scales exist for measuring brand equity, some of them deal with the relations customers have with the brand (*customer-based equity*) and others try to directly measure it in capital (*firm-based equity*). The latter group requires access to financial information from companies and fails to identify the sources of brand-equity (Christodoulides & de Chernatony, 2010). Furthermore, it has limited predictive power towards the future (Mizik & Jacobson, 2008). They can also be classified into direct and indirect methods. The direct methods aim to measure the effects of brand knowledge on the response to certain elements of the marketing mix, but shed limited light on the sources of brand value. Indirect approaches to brand equity measurements are based on brand awareness and brand image, thus revealing the sources of brand equity (Christodoulides & de Chernatony, 2010). For the sake of this study, the author will apply a customer-based indirect method. The model used is primarily based on a work by Kevin Lane Keller (2012). This approach is based on fulfilling the needs of the customer more than anything else. It requires that we understand the dimensions that create the brand equity. By working with those dimensions a brand can create positive customer based brand equity. This can be achieved through investment in marketing efforts that focus on the brand equity´s dimensions. Once brand equity is strengthened, more resources will be available for marketing efforts.

Figure 9

The creation of consumer-based brand equity (Yoo, Donthu, & Lee, 2000).



One way to measure brand equity is through a *brand audit*. A brand audit is a comprehensive examination of a brand in terms of its sources of brand equity (Keller, 2012). Brand audits can be very helpful in setting a strategic direction for the brand. A brand audit requires an understanding of the sources of brand equity both from the perspective of the firm and the consumers. Therefore, Keller identifies two types of a brand audit. Firstly, the aim of a *brand inventory* is to provide a current, comprehensive profile of how products or services sold by the company are marketed and branded. Secondly, a *brand exploratory* is the type of brand audit that is conducted to understand what consumers think and feel about a brand and its corresponding product category to identify sources of brand equity. That part can give a good idea of how efficiently a brand is applying strategic brand management, and to update and revise factors that need improving. For a comprehensive brand audit, both of those should be performed (Kotler & Keller, 2011).

A multi-attribute model has been a common departure point of most measurements of brand image. Because one measure captures a particular aspect of brand image, multiple measures must be applied to capture its multidimensional nature (Keller, 2012). This study will use an indirect, multi-attribute approach to the measurement. Firstly, it will assess brand awareness through aided and unaided memory measures. Secondly, it will measure certain associations of brand image that are thought to be important to consumers when it comes to selecting bacalao against those of Iceland´s main competitor. Lastly, it will measure which of those elements are most important to the consumers when choosing bacalao.

In 2013, Kristinn Arnarson conducted a full brand audit for Icelandic bacalao in Barcelona. This study repeats the brand exploratory part of that research, by utilizing Keller´s methodology. In his brand inventory, through extensive interviews about the positioning of Icelandic bacalao on the Spanish market, Arnarson identified certain associations or value propositions that are critical for the positioning of bacalao in Spain. Those associations are then used to measure brand image, one of the two components of brand equity, against that of Norway, Iceland´s main competitor on the market (Arnarson, 2013).

2. Literature Review

In this chapter researches related with some of the core concept of this study will be reviewed. Firstly, recent researches on customer value propositions will be reviewed. Three of the pursuing subchapters present research about brand equity, and how it can be managed and measured. The last and longest subchapter reviews researches relating to the CoO of products, and how that is related to brand equity.

2.1 Value Propositions

There is no universally accepted definition for what constitutes a value propostion. It is a term widely used in the fields of customer experience management (CEM), customer relationship managment (CRM) and in brand positioning, to name a few (Schmitt, 2010). Value propositions can be aimed at employees, customers, and other stakeholders. All through history, founders of creat companies have striven to deliver superior value to their customers and employees so thet investors could profit over the long haul (Reichheld & Teal, 2001). This study, however, focuses on *customer value propositions*. For brand loyality to be acheived, the right value propositions need to be both properly advertised and executed.

Speaking very broadly, customer value propositins deliver value in cost, technology or service. The process of developing customer value propositions normally involves three stages: Identifying customer benefits, linking these benefits to mechanisms for delivering value and mapping the basis for differentation (Ries, 2011).

A research was conducted that aimed at identifying competitive customer value propositins can create competitive adventage in the retailing. It proposed 4 key dimensions of customer value: economic, functional, emotional and symbolic. The main findings were that economic and functional custompre value propositions are more likely to represent points of parity while emotional and social customer value propositions tend to represent points of difference for competing brands (Rintamäki, Kuusela, & Mitronen, 2007).

Another research focused on diagnosing and improving value propositins thr stratecig value curve analysis. The research was theoretical in nature. It proposed a framework for underperforming companies to robustly evaluate whether they are properly executing the wrong value proposition or failing to execute the right value proposition. The method is based in graphs where promised valure propositions and delivered value propositins are visually compared (Sheehan & Bruni-Bossio, 2015).

Another theoretical research focused on the dynamics of value propositions from a service-dominant logic viewpoint, drawing on recent literary critique on the subject. It found that the ability to communicate a firm´s value propositions strategically and effectively is a new area for development of competence at the core of competitive advantage (Kowalkowski, 2011).

2.1 Strategic Brand Management, Brand Equity and Company Performance

Vorhies, Orr and Bush looked at how to improve customer-focused marketing capabilities and firm financial performance. The research was conducted in various firms in consumer goods and services, both in B2C and B2B settings. One of their key findings is that higher levels of brand management and customer relation management capabilities result in higher financial performance (Vorhies, Orr, & Bush, 2011).

In 2008, Berthon, Ewing and Napoli compared the effects of strategic management in large organizations vs. small to medium sized enterprises. They found out that companies that have implemented a strategic management program are normally more successful, independent of the size of the company. Small enterprises that have limited resources can improve their financial performance even more than the larger organizations by implementing a strategic management program (Berthon, Ewing, & Napoli, 2008).

A 2011 research showed that a positive correlation between brand equity and financial performance of the brands, regardless of price, market share, and amount of goods sold by a brand. Further, it showed that the importance of good distribution in building brand awareness in the packaged goods category (Huang & Sarigöllü, 2012).

2.2 Brand Equity Measurement Dimensions

Plenty of attention has been given to the development of standardized methods for measuring brand equity. Almost all of them are based on the work of Aaker (1991) or Keller (1993).

Yoo and Donthu conducted a research to support and validate a multidimensional consumer-based brand equity scale. They evaluated 12 brands from three product categories (the same as Yoo et al. (2000), films, athletic shoes and televisions. The results showed for instance that brand loyalty, perceived quality and brand awareness/associations make reliable and valid dimensions of brand equity in all of their samples (Yoo & Donthu, 2001).

Netemayer et al. also developed and validated measurement of dimensions of customer-based brand equity. They suggested a framework of four primary dimensions of brand equity: perceived quality (PQ), perceived value for cost (PVC), uniqueness and willingness to pay a price premium for a brand (WPPB). In their model, brand awareness is featured only as a nomological correlate of the core dimensions. They found evidence of internal consistency and validity of those dimensions over 16 brands in six categories. They also found that PQ, PVC and uniqueness are potential direct antecedents of WPPB and the WPPB is a potential antecedent for brand purchase behavior (Netemeyer et al., 2004).

Yasin, Noor and Mohamad´s 2007 research on country-of-origin effect on brand equity also revealed that the most important dimensions of brand equity are brand distinctiveness, brand loyalty and brand awareness/associations (Yasin, Noor, & Mohamad, 2007).

Most researches in this field include Keller´s dimensions in some form, although often fragmented and deconstructed. Other proposed dimensions can usually be placed either under *brand awareness* or *brand image*.

2.3 Relationship between Marketing Mix and Brand Equity

Yoo et al. conducted a research on the relationship between certain marketing-mix elements, the dimensions of brand equity and brand equity. They examined three different categories of consumer goods: films, athletic shoes and televisions. Their main findings were that price deals and promotions are associated with low brand equity, while advertising, high price, retailer image and distribution intensity are associated with high brand equity (Yoo et al., 2000).

Valette Florance, Guizani & Merunka investigated the impact of brand personality (a long-term brand management instrument) and sales promotions (a short-term marketing-mix instrument) on brand equity. The product categories examined were cars, coffee and athletic shoes. They found an overall positive impact on brand personality and negative impact of sales promotions on brand equity. The positive effect of the former was found to be stronger than the negative of the latter. Further, they identified three different consumer segments that reacted differently in terms of impact on brand personality and sales promotions on brand equity (Valette-Florence, Guizani, & Merunka, 2011).

Kim & Hyun investigated the influence of certain marketing-mix efforts and corporate image on brand equity. The Korean IT software sector was the context of their investigation. In their model, corporate image was placed as a mediator from the marketing-mix efforts to the dimensions of brand equity. Their conclusions were that all marketing-mix efforts (channel performance, value-oriented price, promotion and after-sales service) positively affect brand equity, while corporate image mediates that effect (Kim and Hyun, 2011).

Bui, Chernatony & Martinez investigated the role of advertising and sales promotions in brand equity creation using Aaker´s (1991) dimensions of brand equity. Their focus was on advertising spend and individuals´ attitudes towards advertisements. They surveyed a total of 302 UK consumers on certain actual brands. They found that consumer attitudes toward the advertisements play a key role in influencing all brand equity dimensions. Also, while advertising spending clearly improves brand awareness, it was not shown to positively influence brand associations and perceived quality. Lastly they found out that monetary promotions tend to have negative effect on perceived quality but non-monetary promotions have a positive effect on brand image (Buil, de Chernatony and Martinez, 2013).

Rajh (2005) performed a research on the effect of certain marketing-mix elements on Keller´s dimensions of brand equity, brand awareness and brand image. The study was on three categories and ten brands of packaged goods. The main conclusion was that increased brand image and awareness are positively correlated with higher brand equity. Further, it was found that price promotions are associated with low brand image, while increase in marketing communication is associated with increase in the dimensions of brand equity. The image of the retailer that sells the brand was also found to greatly influence the brand equity dimensions. All this seems to hint at the importance of building brand equity rather than focus only on sales.

2.4 Relationship between Country of Origin (CoO) and Brand Equity

2.4.1 Early work

Some brands refer implicitly to their CoO, as is the case with *Iceland Responsible Fisheries* and *Bacalao de Islandia,* the two brands related to the current marketing campaign of Icelandic bacalao in Spain. Thus, the country image of Iceland is closely and deliberately intertwined with the brands.

The CoO effect has been a hot topic in research for a long period. Some early work laid the ground for establishing CoO as a relevant source of brand equity. A framework was developed to match product category and country image perceptions in 1992. According to that research, a product-country match occurs when perceived strengths of a product match the product characteristics. Further, the research showed a strong correlation between country image and willingness to buy if the product category matches country image (Roth & Romeo, 1992). Tse & Gorn discovered that in contrast to the general consensus, CoO can be equally salient and more enduring in consumer evaluation than a well-known brand (Tse & Gorn, 1993).

2.4.2 Later work

Nowadays, CoO research represents one of the most studied topics in international marketing literature. Most studies that have been conducted on the subject confirm that CoO matters (Al-Sulaiti & Baker, 1998), even for low-involvement products like foods (Ahmed, Johnson, Yang, Chen, & al, 2004). There is, however, no general consensus in the literature regarding the degree to which it influences customers and opinions differ widely (Ozretic-Dosen, Skare, & Krupka, 2007). Some researchers have suggested that the country-of-origin effect is less salient in B2B markets than in B2C markets (Chen, Su, & Lin, 2011). This seems logical, given that actors in a B2B setting are generally better informed in their decision making and rely to a lesser degree on CoO stereotyping than the general public. However, both scenarios are relevant to the export of Icelandic fish.

In 2006-a research was conducted to empirically prove the impact of the CoO effect on consumer-based brand equity. The dimensions measured were brand awareness, brand associations, perceived quality and brand loyalty. The data was collected through mall intercepts in Australia. The main findings suggested that brand equity varies according to the CoO of the brand and product category. Further, it showed that when a brand offers a variety of product categories, the brand equity must be tracked separately, because of country-category associations (Pappu, Quester, & Cooksey, 2006).

There are copius amounts of very recent studies existing on this particular subject. A research was conducted on the CoO effects on brand equity in the pharmaceutical industry. It used a cross-sectional survey on 134 pharmacists in Iran. It revealed that there is a direct and positive impact on brand equity from CoO effects. There is also an indirect positive impact on brand equity through brand awareness, brand image and brand loyalty (Bahrinizadeh, Esmaiilpoor, & Haraghi, 2014). A similar study of the same industry was conducted in India on the CoO effect on branded generic drugs. The study uses factor analysis to show that dimensions of brand equity are positively and significantly affected by CoO. Similarly, the result also showed an indirect but significant positive effect on brand equity through those dimensions: brand strength and brand awareness (Sanyal & Datta, 2011).

An interesting study made an effort to translate CoO effects into prices. The respondents were informed that products in 11 categories (among those were food products) were made in China and then asked for price premiums if the product was made in certain other countries. The Chinese are emerging as mass producers of light-salted bacalao on the Spanish market and Iceland would like to be priced well above them. The results indicated significant price premiums for all categories, especially in drinks and toothpaste (Drozdenko & Jensen, 2009).

An extensive report on CoO´s by FutureBrand finds that consumers increasingly choose brands based on their CoO. The definition of CoO´s is also becoming sharper. Nowadays, it is not enough to be simply identified with a country – a company needs to physically present the country and to show that the products have emerged from talent or resources in that particular country. In other words, there is increased demand for authenticity, whereas in the past it might have been enough to borrow associations from a country for pure marketing purposes (FutureBrand, 2014)

2.4.3 Iceland as a CoO

Various studies have been published that seem to provide evidence that an association with Iceland as a CoO helps to strengthen the brand of Icelandic fish on the Spanish market.

A study was conducted on the effects of brand origin (BO) in two different product categories on two dimensions of brand equity (Hamzaoui-Essoussi, Merunka, & Bartikowski, 2011). The results were that positive images associated with BO (Brand origin) relate positively to both image and perceived quality of a brand. Furthermore, the more typical a brand is of its BO, the stronger the associations are between the brand and the BO (macro and micro images). The effects are thus strengthened. This suggests an interesting position for Iceland, a country that is known to be an isolated island surrounded by the vast and pure North Atlantic.

Another research was conducted on CoO effect on consumers´ decision to purchase luxury products and found that the factors *brand* and *CoO* are far more influential in purchasing decisions of buyers of luxury goods than non-luxury goods (Godey et al., 2012). The Icelandic bacalao is positioned as a high quality product and should therefore benefit more from connotations with the CoO.

A research from 2009 made a valiant effort to describe in detail the internal structure of country-image, based on semiotics and discourse theory. Among its findings were that socioeconomic stereotypes generate more negative feelings than positive, while a country’s nature or climate are more neutral and tend to raise positive connotations, optimism and joy (Brijs, Bloemer, & Kasper, 2011).

Koschate-Fisher, Diamantopoulos and Oldenkotte studied experimentally whether a brands CoO affects a consumer’s willingness to pay and the extent to which the consumer´s familiarity with the brand moderates this relationship. They used three complimentary experimental studies and used actual brands and different countries as stimuli. They found that CoO certainly has a positive impact on customers´ willingness to pay. They also found a negative moderating influence of brand familiarity on the CoO effect in high-involvement settings, but not in low-involvement settings (Koschate-Fischer, Diamantopoulos, & Oldenkotte, 2012).

Baldauf, Cranvens, Diamantopuolos and Zeugner-Roth studied the impact of product-country image (PCI) and marketing efforts on retailer-perceived brand equity (RPBE). The retailer represents an essential participant in the value chain selling bacalao to the consumers in Spain and little investigation has been dedicated to retailersin brand equity context. The results showed e.g. that both marketing efforts and PCI affect retailer-based brand equity and PCI as well strongly enhances brand profitability performance. Among other results is that price promotions tend to have negative effect on RPBE, as is the case with consumers. Both pull and push marketing effort strategies have a positive effect on RPBE (Baldauf, Cravens, Diamantopoulos, & Zeugner-Roth, 2009).

3. Research Methodology

First of all, the research required getting a snapshot of the Spanish bacalao market, and what it aimed to add to previous studies was achieving a deeper and more thorough look, using Spanish sources along with Icelandic ones. That part was exploratory and quantitative and was based on secondary data. Published data from *Instituto Nacional de Estadística* (National Institute of Statistics) and *Ministerio de Agricultura, Alimentación y Medio Ambiente* (Ministry of Agriculture, Alimentation and Environment) and the databases *alimarket.es* and *datacomex.es* form the backbone of the secondary data required on the Spanish market. Information from Matís, Statistics Iceland and Promote Iceland along with data provided by Icelandic exporting companies doing business in Spain are the principal source for information on the Icelandic side of the setting. The goal was to put the subsequent research into context by answering questions such as: *How much bacalao is consumed in Spain? How is the regional division? How much Icelandic bacalao is exported to Spain? Who are Iceland´s main competitors on the market? Where are possible opportunities for growth?*

As pointed out by Kumar, Aaker and Day (2002), the use of secondary data is often the cheapest and easiest means of access to information, and is often the prerequisite to collecting primary data. The aim was to draw up an accurate picture of the market in Spain as it stands, relative to the Icelandic bacalao.

The subsequent research is three-fold, with each step further explained in the following pages. It is a study aimed at measuring the brand equity of Icelandic bacalao and to provide Icelandic companies with valuable information on Spanish consumers. The methodology for measuring brand equity is based on the work by Kevin Lane Keller. The first goal of the research is to measure brand awareness and brand image through a *brand audit*. As previously discussed, Keller divides a brand audit into brand inventory and brand exploratory. Fairly recently, a brand inventory of Icelandic exporters of bacalao to Spain was conducted by Kristinn Arnarson (2013). The brand exploratory part of the present study yields results that have comparative value with his findings. There was however no need to duplicate the brand inventory in this study, as those findings are equally relevant to the Madrid market as the Barcelona market, both being part of Spain.

3.1 Research Purpose and Questions

Although a brand audit for Icelandic bacalao has been performed in Barcelona, no similar research has been conducted in Madrid. The main goal of this study is to measure brand equity of Icelandic bacalao in Madrid and compare the findings with Barcelona, and research questions 1-3 address this issue. Questions 4 and 5 are intended as logical continuations of the brand audit. They aimed at providing practical data that addresses a gap in knowledge on the market and can help managers utilize the findings of the research for their branding strategy. Questions 6 and 7 are mainly addressed by qualitative data obtained from the in-depth interviews of the third part of the research and intended to broaden the practical value of the research.

Research Purpose:

To gain insight into what kind of branding strategy is effective for Icelandic bacalao on the Spanish market, specifically in Madrid.

To encourage Icelandic companies to take a strategic approach to their branding.

Research Questions:

1. How is consumption of bacalao in Madrid compared to Barcelona?

2. What brand awareness do consumers in Madrid have of the Icelandic bacalao, compared to Barcelona?

3. What brand image do consumers in Madrid have of the Icelandic bacalao, measured against Norwegian bacalao and compared with Barcelona?

4. Which value propositions do consumers in Madrid consider important when it comes to bacalao?

5. Do consumers in Madrid differentiate between traditional bacalao and light-salted bacalao?

6. How is the bacalao market in Madrid developing?

7. How are Icelandic companies and Promote Iceland appealing to Spanish consumers with their branding strategy?

3.2 Research method: Pre-interviews

Qualitative research using primary data.

Pre-interviews with three major Icelandic exporters of bacalao to Spain were utilized to get an initial insight to the research questions and to formulate the questionnaire of the consumer survey: Icelandic, Iceland Seafood and Vísir. They also provided feedback on the terminology used for the survey. Furthermore, the survey was tested on three natives of Madrid who provided feedback on language, clarity of questions and terminology. All this was also done to get an initial feedback and insight to the research questions and to formulate the consumer survey.

3.3 Research method: Consumer survey

Quantitative research using primary data.

This part of the survey measures brand equity of Icelandic bacalao in Madrid and compares it with Kristinn Arnarson´s 2013 findings in Barcelona. The author did not have access to raw data from Arnarson´s findings so this task required extracting data from tables and charts from a physical copy of his research. That limits the scope of possible statistical analyses to a certain point, but in turn gives the possibility of comparison. The results are shown in simple visual graphs that are aimed at capturing their essence without over-complication.

All translation work, both of survey questions and raw data from Spanish to English and vice versa was carried out by the author.

A survey was conducted on consumers of bacalao in Madrid. Also, the survey was designed to provide insight into whether consumers distinguish between traditional and light-salted bacalao, and which associations or value propositions are most important to them when it comes to choosing bacalao. This quantitative survey was conducted in the form of online survey. Participants were 250 residents of Madrid that consume bacalao at least once a year. 67 were filtered out because they consumed less than once a year, and 157 because gender and age quotas were full.

Table 4

Gender of respondents

1. **You are...**	**#**	**%**
Female	132	53%
Male	118	47%
Total	**250**	**100%**

Table 5

Age of respondents

2. **What is your age? (Groups)**	**#**	**%**
20-29	35	14%
30-39	55	22%
40-49	52	21%
50-59	40	16%
60-+	68	27%
Total	**250**	**100%**
Weighted average	**45,3**	

The survey was conducted through a professional online consumer panel, *Netquest*. It was the evaluation of the author that this was the best way to reach the target group. Other methods are either unreliable (social media) or overly expensive (CATI). Despite the recruitment process being handled by professionals, the survey design was entirely in the hands of the author, set up in the *Survey Monkey* online survey platform, extracted to and processed in Microsoft Excel.

The sample size for a consumer survey, according to Aaker, Kumar, Day and Leone, depends on four factors: number of subgroups, the value of the information and the accuracy required, research budget, and the variability of the population (Aaker, Kumar, Leone, & Day, 2012). The deciding factors for the sample size in this investigation (a sample of 250 respondents) were budget constraints and the comparison with similar studies. One of possible *ad hoc* methods in determining sample size is by using similar studies as a guide (Aaker et al., 2012). Sudman argues that for a regional research with few or no subgroups the appropriate amount of samples lies between 200 and 500, based on a summary of several hundred studies (Sudman, 1976). In that spirit, Kristinn Arnarson used a sample size of 307 in his 2013 research of Icelandic bacalao in Catalonia (Arnarson, 2013).

According to Collins, multivariate analysis techniques compare unfavorably to the simpler approach of data reduction (DR) when it comes to thinking strategically about brand image data (Collins, 2002). Multivariates tend to draw attention only to minor deviations or affinities without revealing the important, and often obvious, patterns. Secondly, they fail to make use of prior knowledge. The aim of DR is to detect the vital patterns of the data and present it in “layman´s terms”. Furthermore, the method proposed by Collins offers ability to differentiate between users and non-users, something that is vital when we are dealing with evaluative measures, as they tend to only reveal whether people use the product or not. Collins´ method is based on calculating a corrected score for each attribute, bearing in mind the bias in some attributes brought about by some brands being more known then others. For that reason, and to be able to compare with Kristinn Arnarson´s 2013 results from Barcelona, the author chose Collins´ data reduction technique to process the brand audit data on brand image associations. The elements of association are the same as used in Kristinn Arnarson´s research and were determined by his brand inventory of Icelandic exporters of bacalao to Spain.

To explain Collins´ corrected score, the first step is to calculate the *raw score*. This is done by dividing the amount of respondents that selected a certain association with the total amount of respondents that answered that question and then multiply by 10. For example, a total number of 117 chose Iceland for the association *Fresh raw material*, with a total of 250 respondents. That means that Iceland has a raw score of 117/2 * 100 = 47 = (a) for that particular association. Then an average score is calculated for raw score of each association (b = 56), for each CoO (x = 45) and for all associations and all countries of origin (y = 53). The corrected score is then calculated by applying the formula (a - (b*x)/y). This means that the corrected score for Iceland for the association Fresh raw material is (47 – (56*45)/53) = -1. Norway´s score is always the inverted score of Iceland. Thus you have the final product, a brand image score that gives good comparative value because it is cleansed of the bias brought about by one brand being more known than the other. The strength of the minimum score must be +/-5 in order to be considered significant. If the value is lower, there is a risk that it is caused by coincidence (Uncles, Kennedy, Nenycz-Thiel, Singh, & Kwok, 2012).

The survey is not only a brand exploratory. It also aims at clarifying certain issues regarding consumers´ attitudes and perceptions on different bacalao products. Firstly, it measures which value propositions (or brand image associations) are most important for consumers of bacalao. In that sense, it goes further than to just say how Icelandic bacalao is perceived, by also determining whether those elements are important to the consumer or not. Secondly, it looks into whether consumers know the difference between light-salted and traditional bacalao.

According to Aaker et al., attitudes are important because they are precursors of behavior and it is generally more feasible to ask attitude questions than to observe behavior because of their capacity for diagnosis or explanation (Aaker, Kumar, & Day, 2003). Scales are necessary to measure attitudes, as statistical analyses can be performed only on numbers. Scaling is the process of creating a suitable continuum on which objects are located according to the amount of the measured characteristic they possess. Interval scales are well suited for attitude measurements as equal increments mean that differences can be compared. A common departure point for most attitude measurements are that the scales need to contain multiple items because attitudes are a complex construct and can barely be captured through a single scale question (Aaker et al., 2003).

Semantic-differential scales are widely used to describe the set of beliefs that comprise a person´s image of a brand or a product. Stapel-scales are a subcategory of semantic-differential scales. What differentiates them is that they are unipolar, not bipolar. They are generally easy to administer and do not require adjectives or phrases of clear bipolarity that tend to be complicate things in the mind of the respondent (Aaker et al., 2003). For the comparison of customer attitudes toward traditional and light-salted bacalao, a stapel-scale was selected because it enabled a clear and precise presentation and comparison of the multiple attributes measured.

For the evaluation of the importance of value propositions to customers, multiple rating list scale was selected. It is a similar method, and for consistency reasons the same digits were chosen. The interval data produced is well suited for diagnosis. This type of scale is often used to measure buying intent. The scale´s linearity and simplicity are among its strengths. It facilitates visualization to the point that the mental map of the participant´s evaluation on this scale is evident both to the researcher and the rater (Cooper & Schindler, 2006).

3.4 Research method: In-depth interviews

Qualitative research using in-depth interviews.

Research questions:

1. Do consumers know the difference between light-salted and traditional bacalao or are the results caused by flawed terminology?
2. What are the main reasons behind high brand awareness of Norwegian bacalao in Madrid?
3. Why do younger people tend to identify Spain as their top of mind brand, but older people Norway and Iceland?
4. Which attributes do chefs value in bacalao?
5. How do chefs perceive Icelandic bacalao in comparison with its competitors?
6. How can sellers of bacalao better meet the needs of chefs and restaurants?

Interviews were conducted with seven chefs of seven restaurants that sell bacalao in Madrid. The interviews were first revised without coding, and then coded before analysis. The codes were related to the research questions, and some had sub-codes. The length of each interview was around 20 minutes. The interviews were conducted in Spanish and all translation work was the author´s. The additional research questions for the in-depth interviews are not the core research questions of this study but are intended to compliment them. They were formulated when results of the consumer survey were already established.

In-depth interviews were chosen as a means of obtaining a deeper knowledge on the subject matter. It is a method that should be considered more often by researchers because it is cheaper and free of many of the limitations of focus groups or CATI´s. It offers more quality, more depth and more efficiency, among other aspects (Aaker, Kumar, & Day, 2003).

In-depth interviews are conducted face to face with the respondent, and the subject matter is explored in detail. They can be classified into two basic groups, nondirective and semistructured. While in the nondirective, respondents are given maximum freedom to respond, the semistructured allows for the interviewer to cover a specific list of topics. The exact wording and time allocated to each question are left to the interviewer´s discretion. That is the approach of this study (see questionnaire in appendix 2). The open structure gives way for unexpected information, that might otherwise have been blocked by constraints of a structured survey, to be revealed (Aaker et al., 2003).

A good way to better cooperation is to offer insight into study results to establish a quid pro quo between the interviewer and the interviewee (Aaker et al., 2003). Therefore it will be beneficial in two ways to ask chefs about the survey results, as it provides them with relevant information about their field of work while their insights help explain the answers obtained in the survey.

Restaurants represent one of the most vital means of accessing the Madrid market and are prioritized in Promote Iceland´s marketing strategy. All of those restaurants are highly regarded for their bacalao in particular. Julia Pérez, a Madrid journalist, played an essential role in establishing contacts with the chefs, as one cannot hope to get an interview in this business setting without local contacts. First and foremost, the interviews were intended to shed further light on the findings of the consumer survey and understand the underlying reasons for the views of the consumers as well as to get an understanding of how the market is developing.

Among the prominent characteristics of qualitative research is that it provides insights and an understanding of the problem setting (Malhotra & Dash, 2011). In B2B context, in-depth interviews are sometimes the only viable option due to the geographical dispersion of the respondents and as Kumar, Aaker and Day point out, qualitative methods are acceptable when gaining insights into topics that might be impossible to pursue with structured research methods (Aaker et al., 2003). According to Churchill and Iacobucci, among the main strength of the in-depth interview is that it can provide a deeper and richer description than normal surveys (Iacobucci & Churchill, 2009).

It is clear that in order for Icelandic exporters of bacalao to be able to sell at their desired price; its brand equity is of great importance. Spanish chefs should have a clear idea of what their end-customers value. They share a common goal with the Icelandic fisheries: to appeal to their end-customers. Their views are of great value for Icelandic firms and promotion agencies trying to establish Icelandic bacalao as a strong brand on the Spanish market.

By carrying out this three-fold investigation the study will provide data that will address the research questions in an adequate manner.

4. Findings – consumer survey – brand exploratory

In this chapter, results on brand recall of countries of origin of *quality bacalao* in the Madrid area will be reported and compared with Kristinn Arnarson´s (2013) results in Barcelona. Brand awareness was measured as top of mind brand recall and aided brand recall. The same will be done with brand image, where Iceland will be measured against Norway, its main competitor, and the results compared with that of Barcelona. Further, consumption of Madrid consumers will be compared with Barcelona.

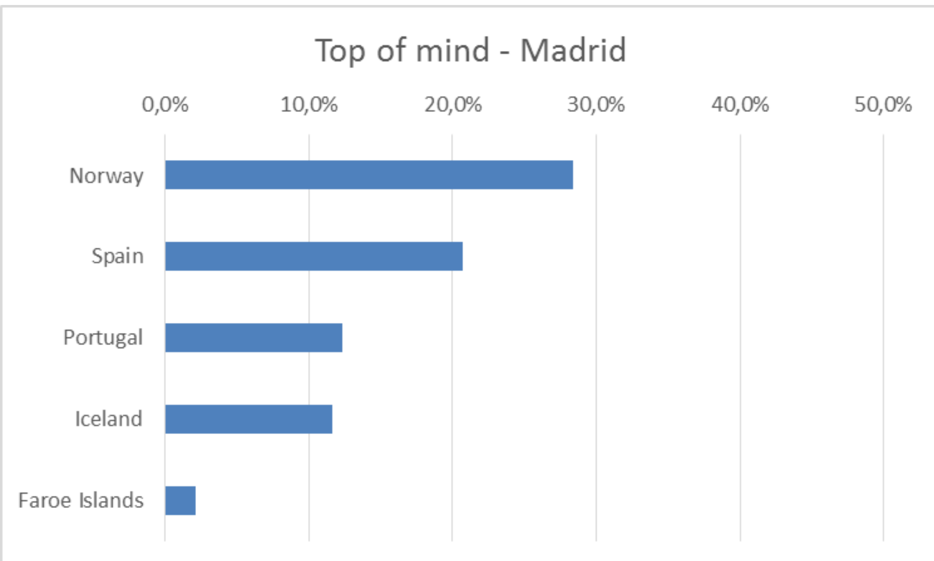
4.1 Top of mind brand recall

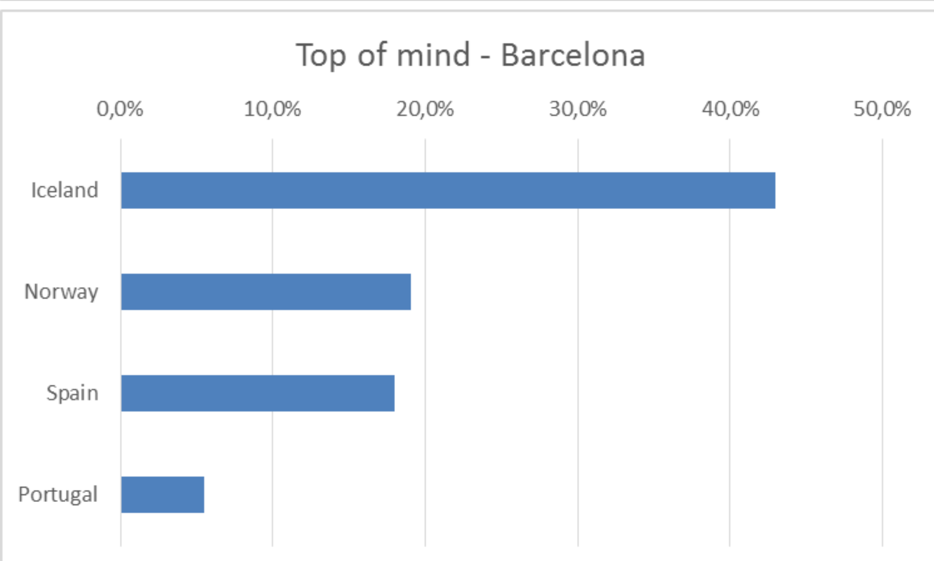
When all 250 participants are considered the results show that Norway has by far the strongest brand recall in Madrid. 28,4% of respondents answered Norway, 20,7% answered Spain, Portugal is above Iceland with 12,3% of answers and Iceland finishes fourth with 11,6%. The Faroe Islands are hardly relevant with only 2,1%, although they are well known among professionals and sell a considerable amount of bacalao in Madrid. China is non-existent as a CoO in spite of large volume sold.

This contradicts with Arnarson´s (2013) findings in Barcelona, where Iceland was clearly the number one CoO for quality bacalao with 43% brand recall. Norway (19,1%), Spain (18%) and Portugal (5,5%) are weaker than in Madrid.

Figure 10

Top of mind brand recall in Madrid and Barcelona.



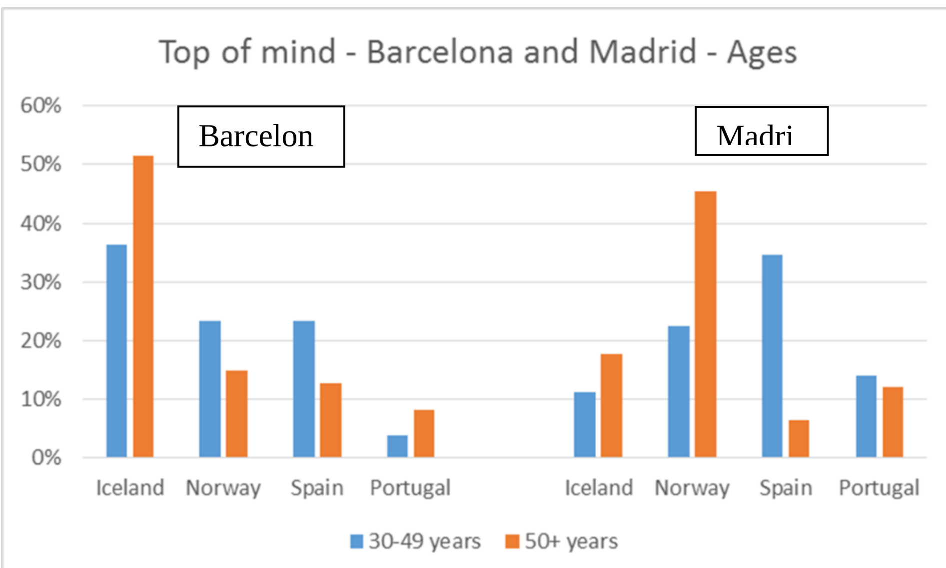


A very interesting pattern is revealed when top of mind awareness is observed by age-groups in Madrid and compared with Barcelona. Iceland is clearly much better known among the older age bracket of 50 years and above in both places. In Madrid, 17,6% of respondents 50 years of age or more thought first of Iceland as a CoO while only 11,2% of the younger group said Iceland. Norway is also much stronger among the older participants, with 45,4% compared with 22,4% among the younger. Spain is almost only known as a CoO by the younger group, with 34,6%, but only 6,5% among the younger group.

Iceland is also much stronger among the older group in Barcelona, with 51,5% and 36% among the younger group. Both Spain and Norway are weaker among the older group than the younger in Barcelona.

Figure 11.

Top of mind in Barcelona and Madrid by ages.

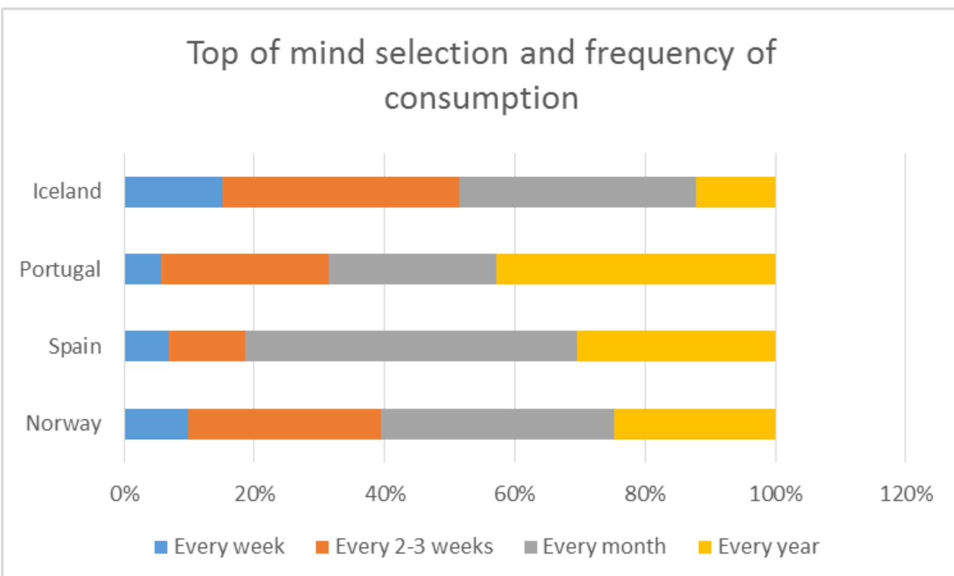


Analyzing the four most frequent top of mind CoO´s in terms of frequency of bacalao consumption reveals some interesting patterns. The below figure shows that of those who chose Iceland as a top of mind CoO, 48% consume bacalao every 2-3 weeks or more. Those who chose Norway are also frequent consumers, 40% of them eat bacalao every 2-3 weeks or more. This number is only 19% among those who chose Spain as the top of mind CoO. This is important because it suggests that those who have good knowledge of bacalao tend to remember Iceland and Norway as CoO´s rather than Spain or Portugal, who are more frequent among those who consume once a month or less.

Data on frequency of consumption is not available for Barcelona. Faroese bacalao was too irrelevant as a top of mind CoO to be included in this analysis.

Figure 12

Frequency of consumption of each CoO



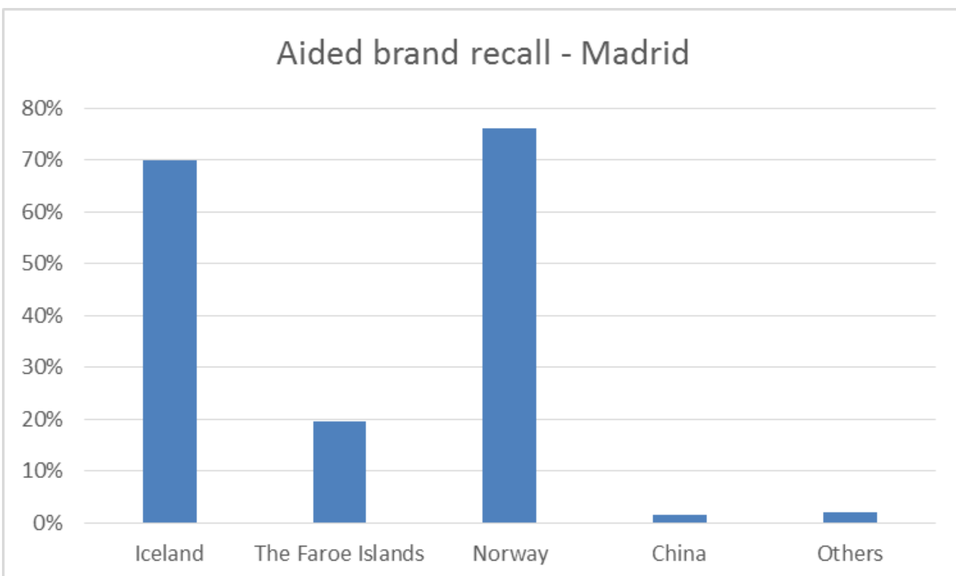
4.2 Aided brand awareness

In this question, respondents were given four options: Iceland, The Faroe Islands, Norway and China. The following table reports the total brand recall, so those who answered *Iceland* as the top of mind CoO are added to those who could only remember it when provided with a cue. Norway still measured the strongest with 76%, but the gap was considerably smaller with Iceland measuring 70,1%. The Faroe Islands still lag far behind, although rising up to 19,6%. China is non-existent as a CoO in the minds of consumers, although they sell large quantities in supermarkets.

Data on aided brand recall is not available for Barcelona.

Figure 13

Aided brand awareness in Madrid



4.3 Brand image

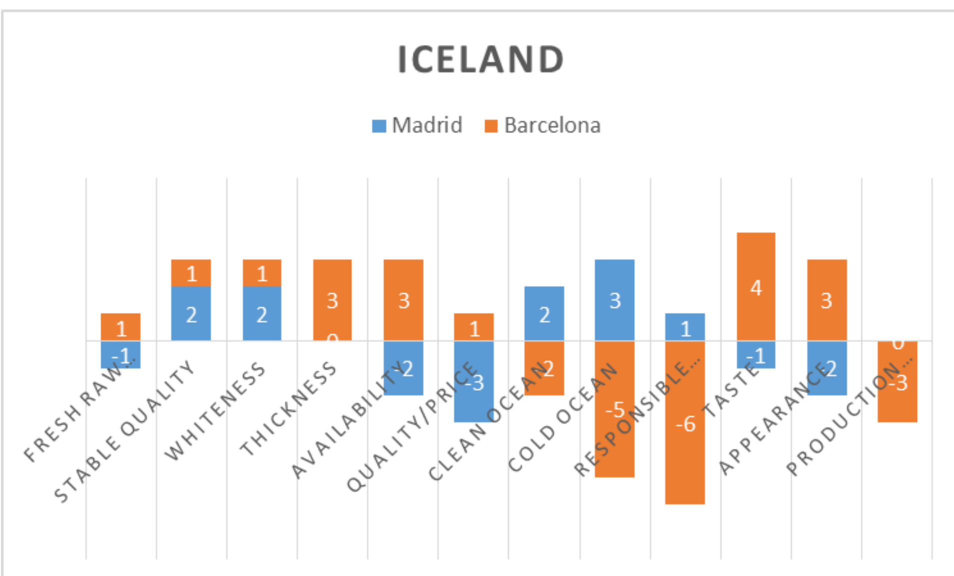
When all respondents are considered there were four value propositions that had a positive association to Icelandic bacalao when measured against Norwegian bacalao in Madrid. Those are *stable quality* (+2), *whiteness* (+2), *clean ocean* (+2) and *cold ocean* (+3). There are five propositions that associate negatively to Icelandic bacalao. Those are *fresh raw material* (-1), *availability* (-2), *quality/price* (-3) *taste* (-1) and *appearance* (-2). None of those are significant, as the minimum significant association is considered to be +-5. In the figure below, these results are compared with those of Barcelona.

In Barcelona, the results are more critical. There are no significant positive associations, but significant negative associations with the elements *cold ocean* (-5) and *responsible fishing* (-6).

The scores for Norway in both places are the inverted scores for Iceland.

Figure 14

Brand image elements in Madrid and Barcelona



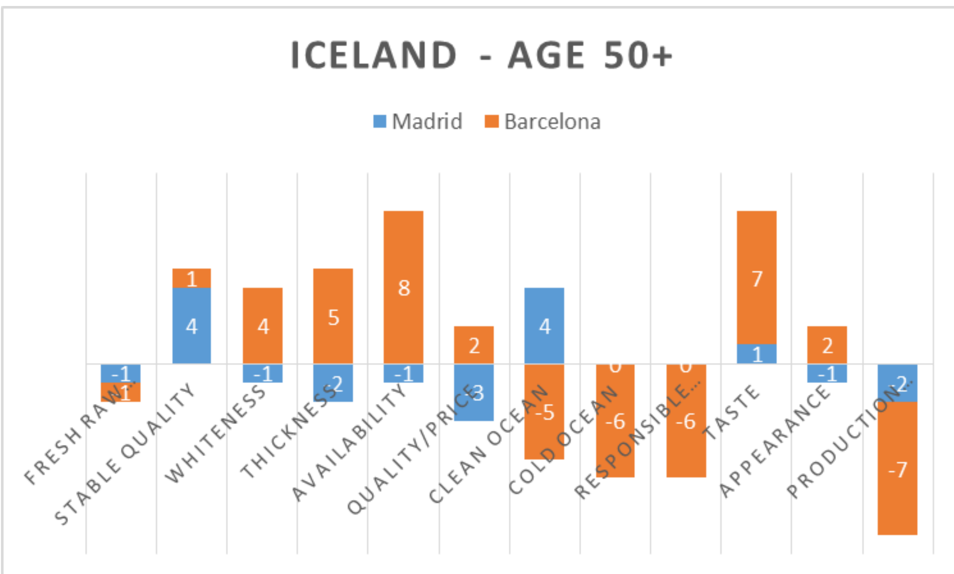
The results are slightly more critical when divided into two age groups. In Madrid, the older group of 50+ years has a positive association of +4 to the elements *clean ocean* and *stable quality*. There are, however, still no significant associations in that group.

In Barcelona, a significant positive association is detected with the brand elements *thickness* (+5), *availability* (+8) and *taste* (+7). Further, there are negative associations with the elements *clean ocean* (-5), *cold ocean* (-6), *responsible fishing* (-6) and *production methods* (-7).

The scores for Norway in both places are the inverted scores for Iceland.

Figure 15

Brand image elements in Madrid and Barcelona – age 50+



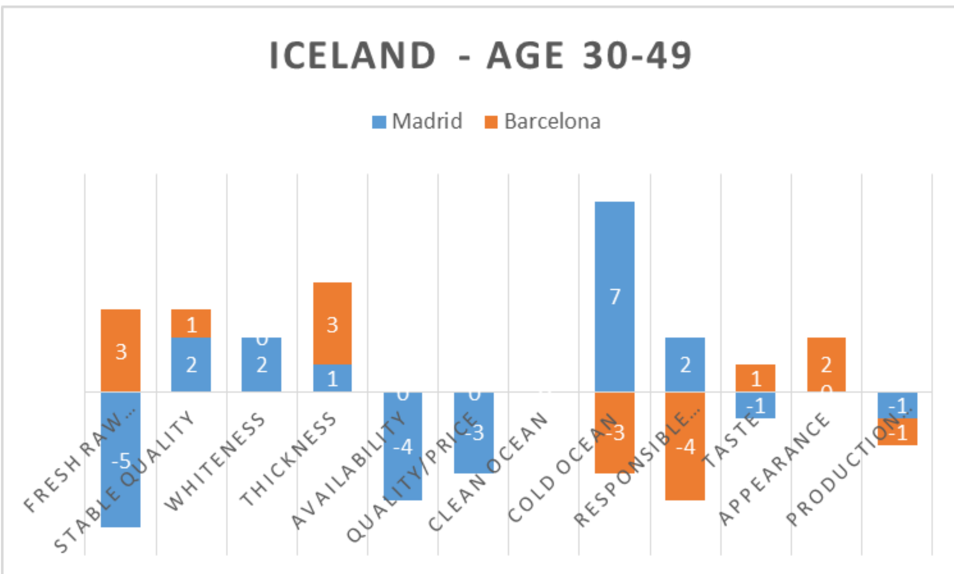
In the younger group, significant positive association was detected with the brand image element *cold ocean* (+7) in Madrid. There was a significant negative association with the element *fresh raw material* (-5) in the same age group. *Availability* also had a negative score of -4.

For Barcelona in that age group, no significant association with any of the value propositions was reported, but a negative association of -4 was reported with *responsible fishing*.

The scores for Norway in both places are the inverted scores for Iceland.

Figure 16

Brand image elements in Madrid and Barcelona – age 30-49

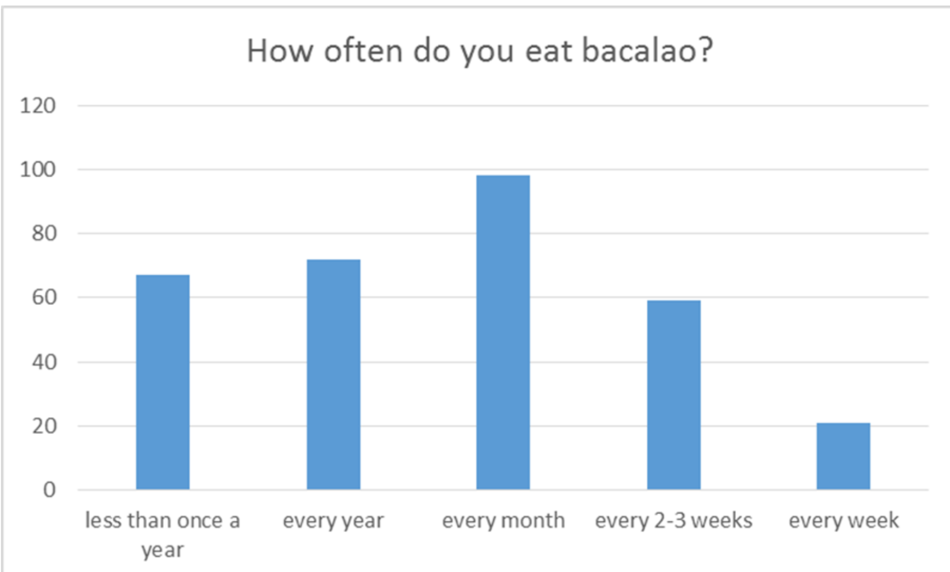


4.4 Consumption

The total number of respondents for this part was 317, later 67 were filtered out because they consume bacalao less than once a year. Of those that were filtered out, 33 were 30-49 years of age but only 17 were 50 years of age or more (still those groups were evenly represented in the group of 250 respondents that finished the survey). The largest group in Madrid consumes bacalao once a month, or 98 respondents. Those who consume it every week are very few, or 21.

Figure 17

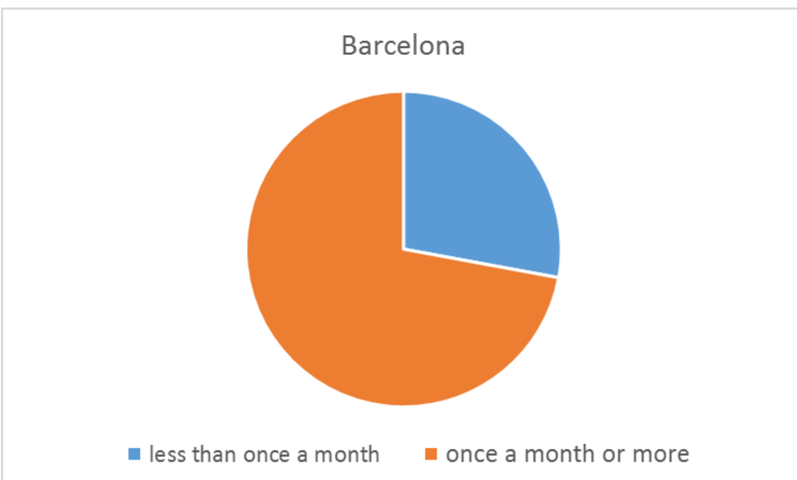
Total consumption in Madrid



On average, people consume more bacalao in Barcelona than in Madrid. This is evident in the fact that 56% of all respondents in Madrid consume bacalao at least once a month, while 72% do so in Barcelona.

Figure 18

Madrid and Barcelona: total respondents grouped by frequency of consumption



While people of the older age group are slightly more frequent consumers of bacalao in Madrid, the difference between age groups is much more critical in Barcelona, where 81% of the older group claims to consume bacalao at least once a month but only 66% of the younger consumers. Those numbers are 61% and 56% in Madrid. This is shown in the next two figures.

Figure 19

Consumption in Madrid by ages

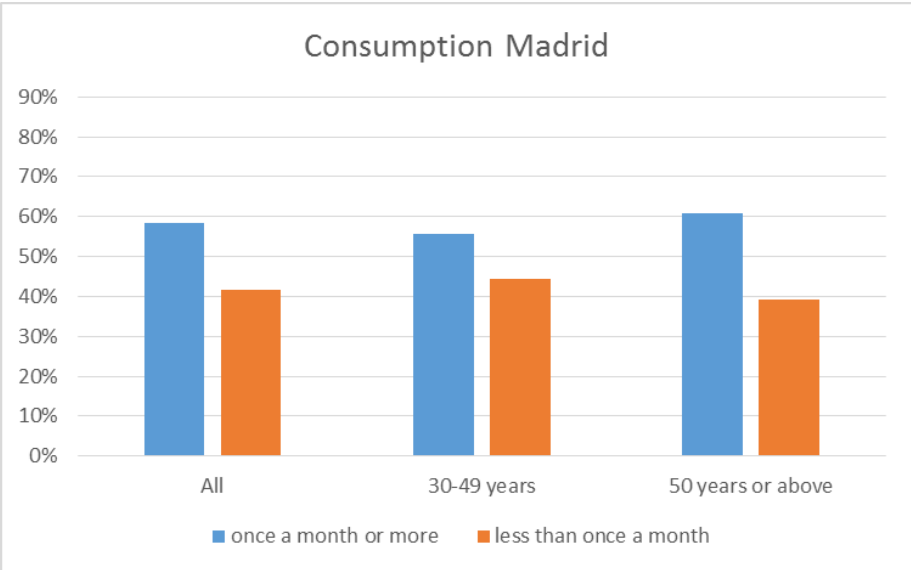
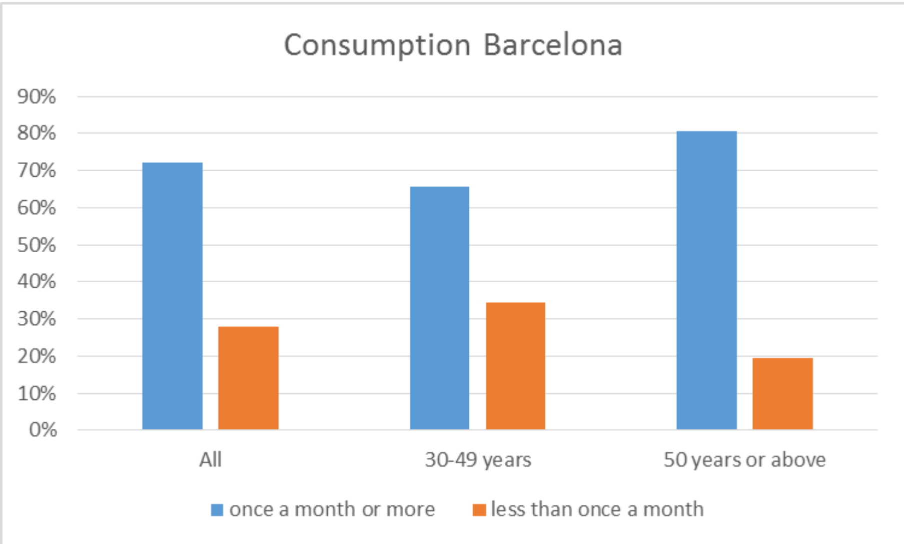


Figure 20

Consumption in Barcelona by ages

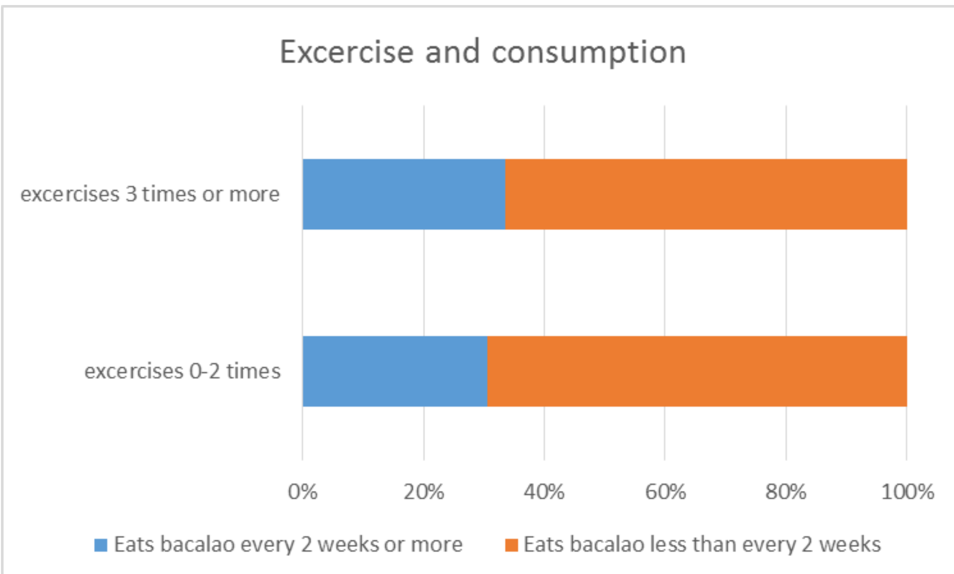


Only a very slight relation was found between frequency of physical exercise and consumption of bacalao. 33,6% of those who exercise 3 times or more a week consume bacalao at least every 2 weeks while 30,6% of those who exercise only 0-2 times per week do so, as is shown on the figure below.

Data on physical exercise is not available for Barcelona.

Figure 21

Consumption by frequency of physical exercise in Madrid



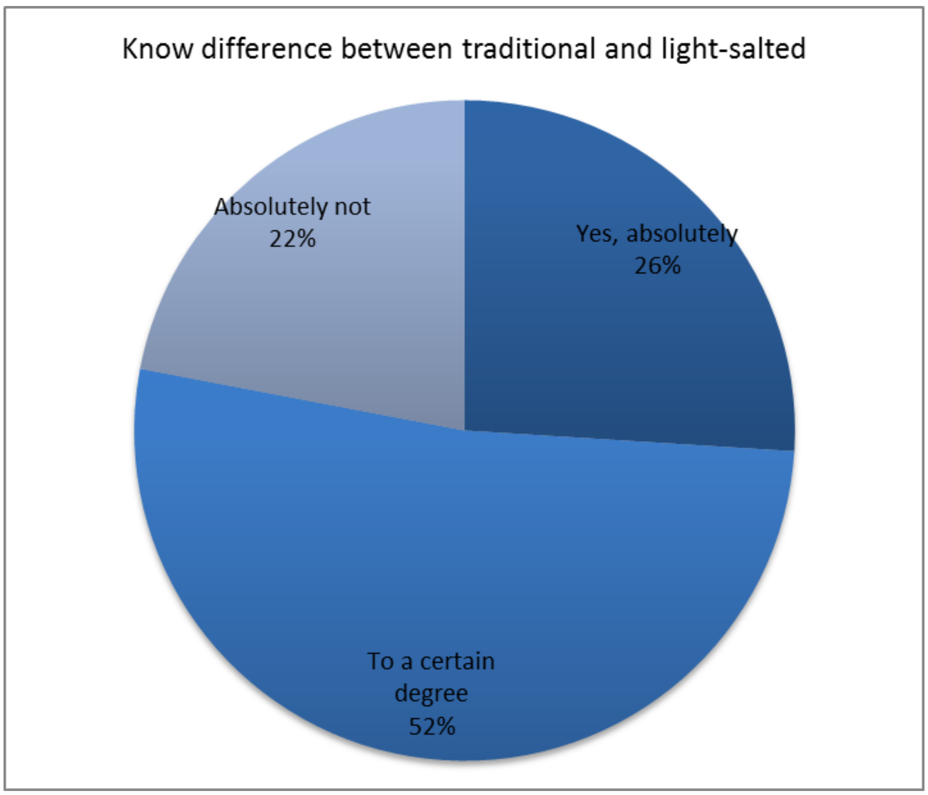
4.5 Further findings

From this point on in the research, there is no comparable data with Barcelona.

78% of respondents claimed to be able to distinguish between traditional and light-salted bacalao. The in-depth interviews part of the research revealed that these results are flawed, as the terminology used is not understood correctly.

Figure 22

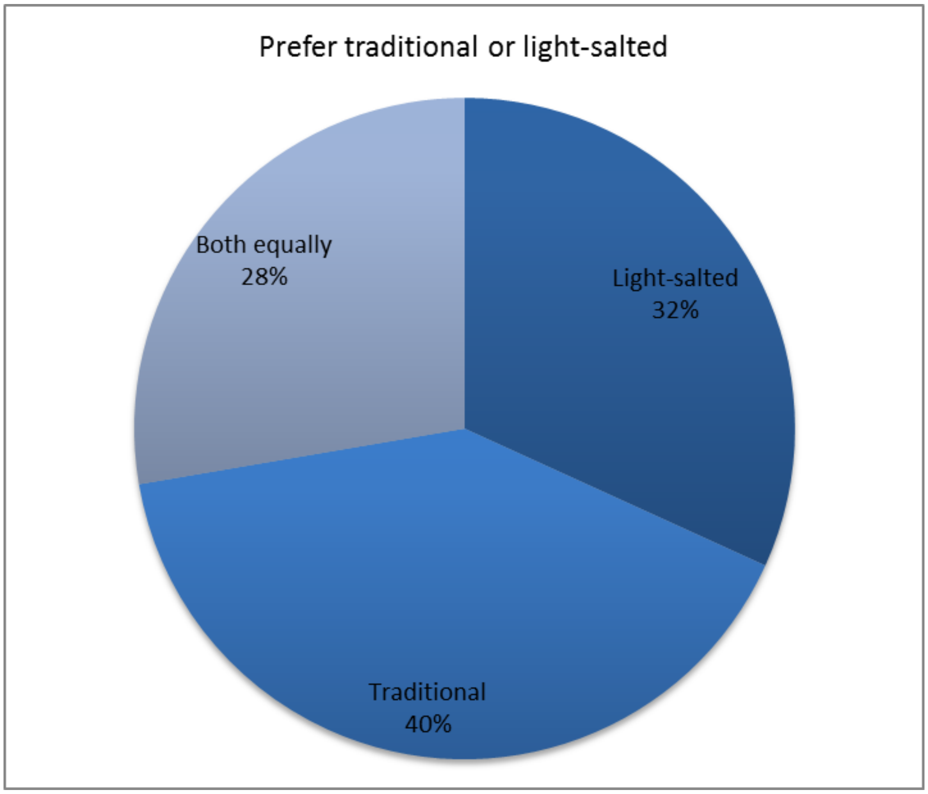
Percentage of respondents that claimed to distinguish between traditional and light-salted bacalao



Those who claimed to know the difference didn´t show a very clear preference for either of the products, although the traditional bacalao was preferred in 40% of the cases.

Figure 23

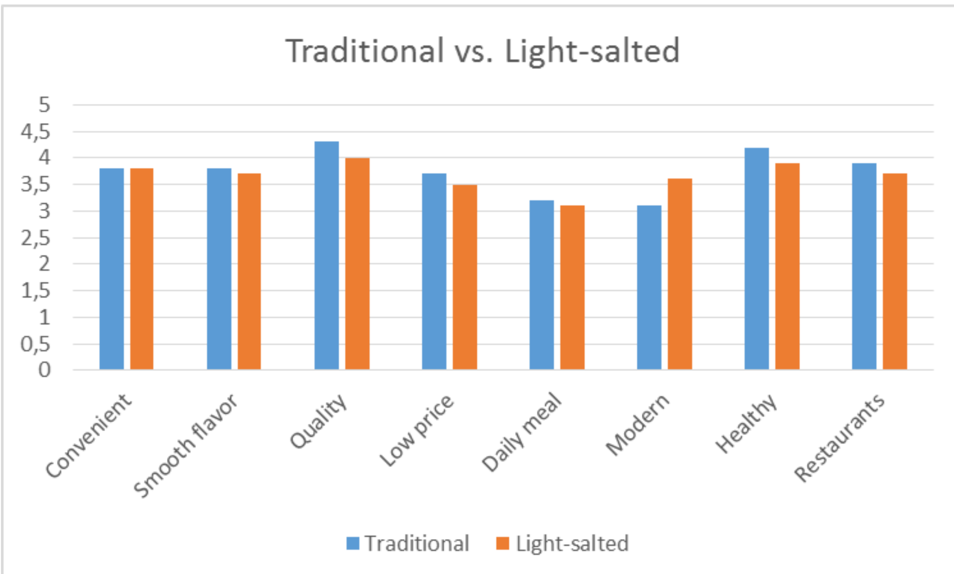
Preference of respondents that claim to know the difference between the products



When asked to compare these two products according to certain attributes on a scale from 1-5 the evenly distributed mean score reveal the respondents´ lack of understanding of the terminology used in the question. The biggest difference was in the attribute *modern*, where traditional scored 3,1 and light-salted 3,6. This difference is best explained by the words *traditional* and *modern* being almost antonyms, rather than actual knowledge of the products.

Figure 24

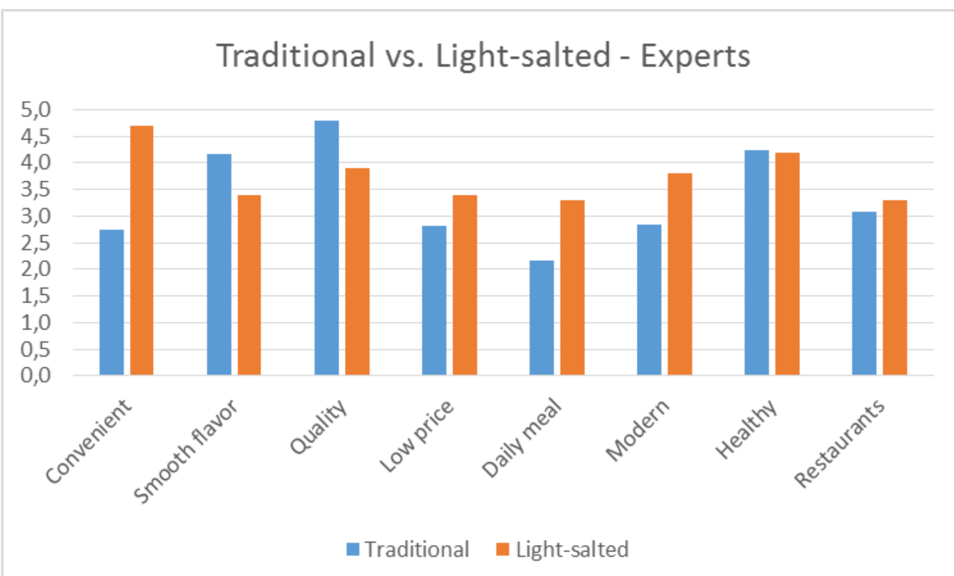
Mean scores of compared attributes of the two products on a scale from 1-5



These results called for further research. The mean scores strongly suggested flawed data, as the two products should not be perceived so similarly. Therefore 12 representatives of Icelandic firms that export bacalao to Spain, that have expert knowledge on the two products and are participants in the *Bacalao de Islandia* project managed by *Promote Iceland*, were asked to evaluate the two products on the same scale and with the same attributes. The result supports the hypothesis that consumers did not understand the terminology used, as the deviation is much more critical. While it is not part of this study to go in detail of these scores, they clearly show the difference that exists between the two products, and are well in line with what was expected and with how the two products have been described in this study. This is well exemplified with the attribute *convenient*, which scored 2,7 for traditional and 4,7 for light-salted. Considering that light-salted bacalao comes ready to cook, while traditional bacalao required de-salting for a couple of days, this result is logical.

Figure 25

Mean scores of compared attributes of the two products on a scale from 1-5 by experts

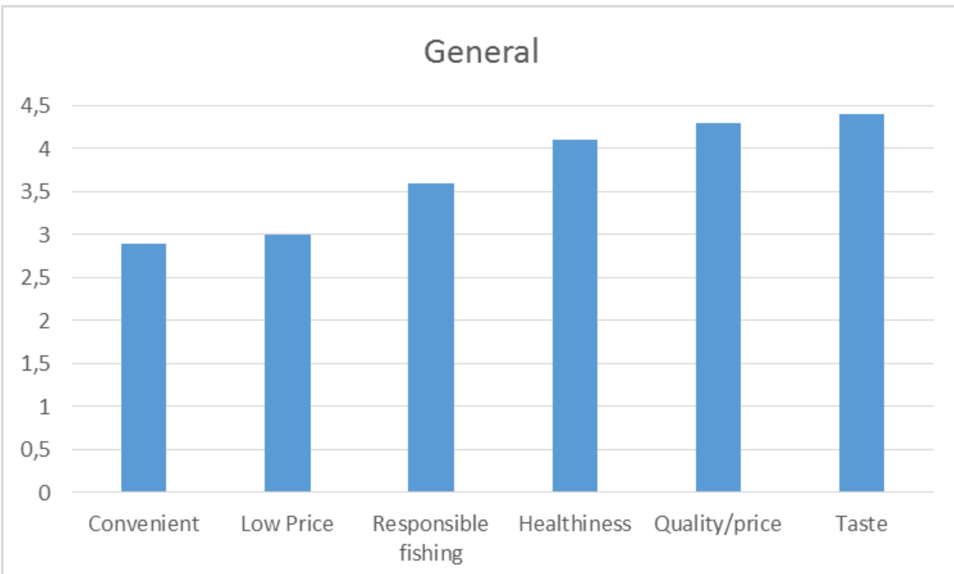


All respondents were asked to evaluate certain general value propositions of bacalao according to their importance when choosing bacalao. The results reveal that *convenience* and *low price* are considerably less important to the consumer than *healthiness*, *quality/price* and *taste*. *Responsible fishing*, which is a value proposition emphasized by current marketing efforts in Spain, ranks well below these three attributes.

Iceland registered a positive association with *responsible fishing* in Madrid, but a negative association with *quality/price* and *taste*.

Figure 26

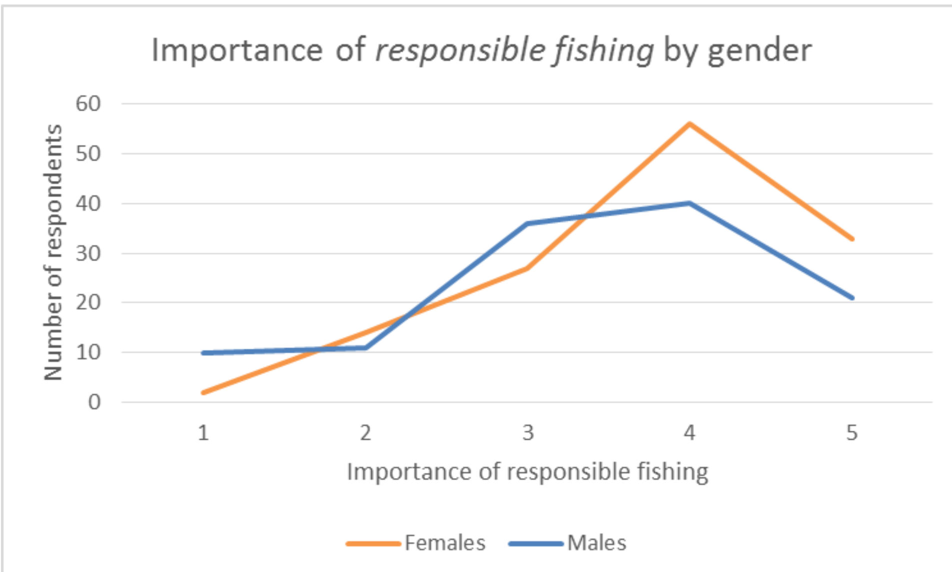
Mean scores on importance of general attributes of bacalao

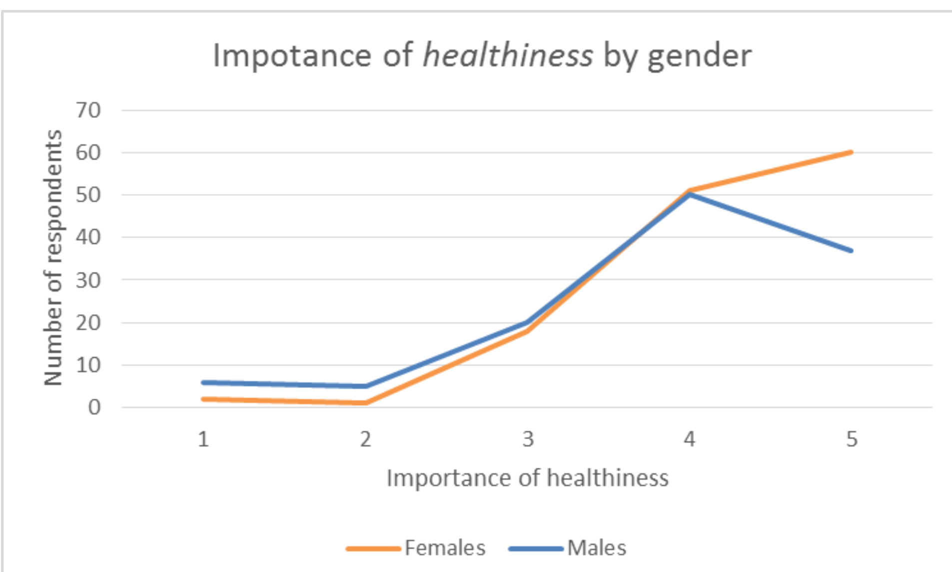


In two of these value propositions, a very pronounced difference between genders was revealed. Male respondents care less about responsible fishing and healthiness than their female counterparts. The mean scores for responsible fishing are 3,8 for females and 3,4 for males. The mean scores for healthiness are 4,3 for females and 3,9 for males.

Figure 27

Importance of responsible fishing and healthiness by gender



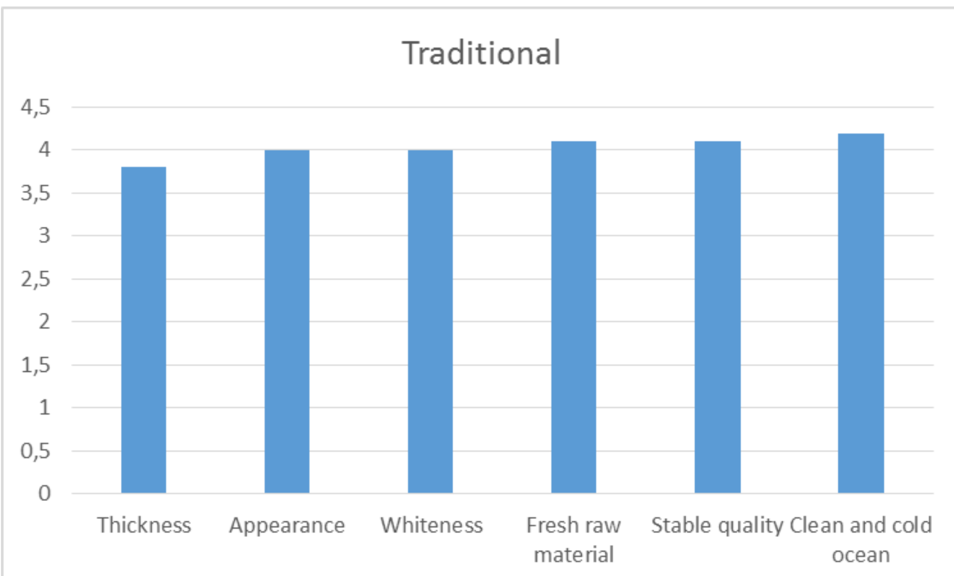


Those who claimed to know traditional bacalao were additionally asked to evaluate certain attributes associated with that product exclusively. The difference in mean scores is much less critical than with general attributes, and all the attributes score quite high, and are therefore important to the consumer. However, *thickness*, with a mean score of 3,8 can be considered less important than *clean and cold ocean*, with a mean score of 4,2.

Iceland registered a positive association with the attributes *whiteness*, *clean ocean*, *cold ocean*, and *stable quality*, and a negative association with *appearance* and *fresh raw material* in Madrid.

Figure 28

Mean score on importance of attributes of traditional bacalao



5. Findings: In-depth interviews

This part of the study aims at clarifying certain questions related to the main research questions. Some of those questions arose after the results of the consumer survey were collected. The interviews were conducted with seven chefs in Madrid restaurants that feature bacalao prominently on their menu. One of the restaurants (chef 4) had the distinction of working for a restaurant that specializes only in bacalao. That restaurant serves typical fried Madrilenian bacalao in dough. The servings are typically large and the dishes are very simple.

The other restaurants are more influenced by Basque cuisine, and serve dishes that are more elaborate, normally in smaller servings, even in the form of tapas.

Table 6

Data on the chefs interviewed.

	Prefers which CoO	Knows/Uses light-salted	Values which attributes	Volume sold per week	Role within restaurant/purchase decision maker?
Chef 1	Isl, Nor, Far	Yes/no	Texture	35kg	Owner & chef/yes
Chef 2	Isl, Nor, Far	No/no	Texture/color	200 servings	Chef/yes
Chef 3	Isl	Yes/no	Texture/color	25kg	Chef & owner/yes
Chef 4	Far	Yes/yes	Texture/thickness /color	700 kg	Manager & owner/yes
Chef 5	Nor, Far	Yes/no	Texture	20kg	Owner & chef/yes
Chef 6	Isl, Nor, Far	Yes/yes	Texture/color	n/a	Chef/no
Chef 7	Isl, Nor, Far	Yes/no	Texture/color	n/a	Chef/yes

Do consumers know the difference between light-salted and traditional bacalao or are the results caused by flawed terminology?

All of the chefs interviewed understood the term *al punto de sal* as de-salted traditional bacalao rather than light-salted. Although it is what says on the packaging of the light-salted product, the term has obviously still not entered the customer´s mind as a name associated with a different product. It literally means “with the correct amount of salt”, so it can easily be understood as traditional bacalao that has been de-salted and is ready for cooking.

They all agreed that the general consumer would be likely to see it the same way, if they had any idea about the product in the first place. One chef spoke about the lack of knowledge in the general consumer.

> “Most of the consumers have no idea. I would conclude that they actually think they are eating traditional bacalao if they are given light-salted. In that case, ignorance is bliss.”

What he meant by the last remark, is that because traditional bacalao is held in such a high regard as a delicatessen, the consumer is happy to think that he is indeed consuming that product. If he knew he was eating a different product, he might be disappointed.

Five of the chefs claimed to know the light-salted product and three of them use it. When they use it, it is for dishes that do not reveal the texture of the raw material to a large extent, for example *ajoarriero* or *croquetas*. For dishes that are made using a whole fish fillet, like *pil-pil*, it must be traditional bacalao, because its texture and flavor play a big part in making the dish work.

Which are the main reasons behind high brand awareness of Norwegian bacalao in Madrid?

All of the chefs knew Norwegian bacalao. All of them preferred bacalao from the North Atlantic, but five of them did not have a clear preference as to whether bacalao comes from Norway, Iceland or the Faroe Islands. One chef that has some friends from the journalist sector made this remark:

> "The Norwegians advertise a lot. One out of every two journalists has been invited to visit the Lofoten area to witness the hunting and catching of the skrei!"

At least three of the chefs currently had a dish that incorporated Norwegian skrei. The skrei is a seasonal product, heavily advertised by Norway during the skrei season. They even have a registered trademark for it, so no other CoO can claim to offer skrei. All of the chefs recognized it and spoke rather highly of it. It is fresh cod, not salted, so it does not fit within the definition of bacalao that this study uses and is in fact a different product. The chefs hinted at a spillover effect from brand awareness of that product and other seafoods from Norway into the bacalao.

> "The Norwegian salmon is also very famous. If people only know about one country of origin of seafood, it is likely to be Norway."

Three of the chefs expressed their surprise that the Faroe Islands are not better known as a CoO among consumers. All of them knew about the quality of that bacalao and the majority of them use it. They had no specific explanation for this, other than the heavy advertising by Norway.

Why do younger people tend to identify Spain as their top of mind brand, but older people Norway and Iceland?

The chefs also found it interesting that so many of the younger people cite Spain as a top of mind CoO, in spite of very small market share. One of the chefs had a clear explanation for this:

> "The young people are thinking of the Basques. They think that because the dishes that they are eating at the restaurants originate from that area, so must the bacalao itself."

Two other chefs were asked to evaluate his hypothesis, and agreed that the explanation might be that they relate bacalao to the Basque cuisine, and simply that they have less knowledge than the older ones.

Which attributes do chefs value in bacalao?

All of the chefs talked about how texture allows them to see and feel whether the bacalao is good quality or not. Some of them also talked about color and thickness. It was very obvious that they are primarily concerned with the product itself. Some of the value propositions that are non-product related have way less importance for the professionals than they have for the regular consumer: for example *clean and cold ocean* and *responsible fishing*. CoO could also be placed on that list, to a certain degree. One of the chefs talked about how he likes to undercook rather than overcook, and how texture is extra important to him because of that.

Those of them who had been in the business for a long time talked about how the products have improved over time:

> "Before, there used to be a big difference in quality and color, even if you always used the same provider. Nowadays, (the product) is almost as if it has been painted, it's so perfect! This goes for any country of origin."

How do chefs perceive Icelandic bacalao in comparison with its competitors?

The chefs have a strong tendency to look at Norway, Iceland and Faroe Islands as the best countries of origin, without having a specific preference. One had a preference for Icelandic and two for Faroese, but no chef had a specific preference for Norwegian bacalao. Three of them were even not sure of the origin of the bacalao that they use, but stated that they trust their provider to give them a top quality product.

> "I trust my provider. I have had the same provider, a Basque company, since I started in this business over 30 years ago. He always gives me excellent quality products, and whenever there is a problem a solution is quickly found. It is a question of building trust."

One of the chefs had a clear preference for Faroese bacalao and has visited the Faroe Islands several times. Once again the conversation drifted towards the provider:

> "I have a feeling that whenever my provider gives me Icelandic bacalao, it is second class, because he mostly deals with Faroese."

The providers play a pivotal role in this business setting. Historically, more Faroese bacalao has gone to Madrid than any other. This is not because of strong brand equity of Faroese among consumers, as the brand exploratory revealed. However, they are very well known among professionals and some of the larger distributors, who provide for some of the interviewed restaurants among others, deal mostly with Faroese.

How can sellers of bacalao better meet the needs of chefs and restaurants?

Unfortunately, very little was revealed in this question. One chef talked about how he would appreciate more thorough information available on the Internet, to be able to compare different products, prices, etc. Generally, they were very happy with their providers, and did not appear to be actively looking for different options or comparing different products available. They maintain a close relationship with their providers, and personally know their sales representative.

6. Discussion

The primary goal of this study was to measure Icelandic bacalao´s brand equity (awareness and image) in Madrid and compare it with Barcelona. The secondary goal was to gain knowledge on which *brand image associations* or *value propositions* are important to Spanish consumers and chefs, and whether they differentiate between light-salted and traditional bacalao.

Research Question 1

How is consumption of bacalao in Madrid compared to Barcelona?

In general, people consume less bacalao in Madrid than Barcelona. This is hardly a surprise considering that Barcelona is one of the cities richest in bacalao tradition in Spain. However, it is interesting to see that the younger group of customers is not as far from the older group as in Barcelona in terms of consumption. This suggests that the consumption is suffering a less gradual decline in Madrid than in Barcelona, thus this makes Madrid a more interesting territory for Icelandic exporters to move into.

Only a very slim difference exists between the consumption of those who exercise regularly and those who don´t, so bacalao consumption does not appear to be associated with a healthy lifestyle to a large extent.

Research Question 2

What brand awareness do consumers in Madrid have of the Icelandic bacalao, compared to Barcelona?

Norway holds a dominant position when it comes to top of mind brand awareness. They have invested a lot of money on marketing and reap the rewards accordingly. Norway also dominates other sectors of the seafood market, for example in salmon. A Norwegian sandwich in Madrid means a sandwich with smoked salmon. If people only know about one

CoO in seafood, it is likely to be Norway. In Barcelona, the roles are reversed, where Iceland is the top of mind leader, especially among older consumers.

This is the result of both extensive marketing on behalf of Norway and of historical division of regions in Spain, where Barcelona and Bilbao have from the very beginning been the centers of commerce for the Icelandic bacalao while in Madrid the Faroese and the Norwegian bacalaos have had to battle it out.

Iceland seems to exist in the minds of many consumers, but only when given a cue, as is shown by the aided brand awareness, where Iceland is not far behind Norway. A lot more respondents choose Iceland over Norway in that question, but when *top of mind* and *aided brand awareness* are added up, Norway still finishes with 76% ahead of Iceland´s 70%. This suggests that there is indeed some brand awareness there that just needs to be exploited and tapped into. This is possible to achieve through strategic brand management.

Iceland and Norway are more frequently named as a CoOs by frequent consumers of bacalao, but Spain is named by those who consume less frequently. This implies that in the minds of those who have more experience and knowledge of bacalao Iceland and Norway are more known as CoOs.

In spite of a strong presence on the market in terms of sales, the Faroe Islands hardly exist in the minds of consumers. It registers only 2% in top of mind but goes up to 20% in aided brand awareness. That means it is by far the CoO that proportionally gains most from being cued. The Faroe Islands are very well known among professionals and often considered the best product. The full reasons for their low brand awareness remain unknown, and the chefs were unable to shed further light on this. The Faroe Islands have held a strong market position in Madrid for a very long time, as has been mentioned, but still have not entered the minds of the final consumer. It goes without saying that a country like Faroe Islands is unable to match Norway in marketing expenditure. As a result, they are unable to communicate with end-consumers, but rely to this day on push-strategies and good communication with market intermediaries. One of the chefs has been to the Faroe Islands on multiple occasions. He is by far the biggest seller of the chefs interviewed.

China is completely irrelevant as a CoO of bacalao, in spite of selling large quantities of light-salted bacalao (that originates in Russia) in supermarkets.

Research Question 3

What brand image do consumers in Madrid have of the Icelandic bacalao when measured against Norway, compared to Barcelona?

Consumers in Madrid relate the Icelandic fish to *cold and clean ocean*, *stable quality* and *whiteness*. The first of those elements seems to play an especially important role for consumers. The most salient negative association is *price/quality*, as Madrid consumers believe they can get better quality for the price they pay for Norwegian bacalao. 81 of those respondents that rated *quality/price* as a *most important* value propositions associated Norwegian bacalao with that same proposition, but only 50 Icelandic bacalao. This is a cause of concern for Icelandic companies because that is a valuable proposition for the consumer, according to the measurements of this study. No significant associations were found in Madrid when the total amount of respondents was analyzed.

The results are more critical in Barcelona, where Iceland has a significant negative association with *responsible fishing* and *cold ocean*. *Thickness*, *taste* and *appearance* (all product-related value propositions) all compare favorably with the Norwegian product, although not significantly.

The difference in deviation between Madrid and Barcelona can partially be influenced by generally more consumption and thereby more knowledge and stronger opinions of bacalao in Barcelona than Madrid.

Research Question 4

Which value propositions do consumers in Madrid consider important when it comes to bacalao?

The general consumer seems to value *healthiness*, *taste*, *quality/price* and to a lesser extent *responsible fishing*. *Low price* and *convenience* seem to be considerably less important. Those who buy traditional bacalao value *cold and clean ocean* most, but all of the attributes measured seem to be quite important. Chefs are only preoccupied with product-related propositions such as *texture*, *whiteness* and *thickness*.

Research Question 5

Do consumers in Madrid differentiate between traditional bacalao and light-salted bacalao?

They claim to do, but the conclusion of this study is that they do so because they do not recognize the terminology used, although this terminology was verified by representatives of three different Icelandic exporting companies and tested on three Madrid natives for feedback. This is clearly revealed in figures 24 and 25, where results are compared with those of experts at Icelandic firms, who undoubtedly know the products. Their evaluations completely contradict the consumers´ that show no clear deviation. That means that either they think that this means de-salted traditional bacalao, which is what the chefs suggested and is supported by figures 24 and 25 or that they have no idea what they are talking about. This is material for further research, but most evidence supports the former hypothesis.

If that is the case, the benefit for Icelandic firms of differentiating between the products is questionable. It is possible that consumers would be thrown off if they knew that they are actually not eating traditional bacalao, but a product that is cheaper and easier to make. However, whether it is a good long-term strategy to trust that consumers remain unaware of the difference and continue to make no special effort to differentiate between the products is doubtful. As it stands now, producers of light-salted bacalao are benefitting from this confusion but producers of the traditional are perhaps losing ground in the minds of the consumers.

Another possible approach to that problem is to market the two separately to avoid confusion, to place traditional bacalao as a luxury delicatessen and light-salted as a more affordable option.

Research Question 6

How is the bacalao market in Madrid developing?

Historically, the traditional way of eating bacalao in Madrid is to have it fried in dough, similar to orly. This is still a very common dish in the area but Basque cuisine is very influential in most of the finer restaurants that serve bacalao. Portuguese restaurants can also be found, and primarily use flattened and dried bacalao, a product that has some features very unlike those sought after by the majority of consumers in Spain. Catalan restaurants cannot be found in Madrid, even though that area is the richest in bacalao tradition along with the Basques. Everyone who has the slightest understanding of Spanish politics and history knows that the main reason for this is the deep rivalry and disdain between these two powerhouses of the Spanish economy.

There is certainly a switch towards light-salted products in Madrid just like in all Spain. It seems unlikely, however, that light-salted will replace the traditional bacalao over time, since it is too significant as a part of Spain´s culinary history.

All of the chefs seemed rather optimistic on the development of consumption of bacalao in Madrid. All of them recognized an increased demand for bacalao dishes at their restaurants, rather than decreased. However, one of the chefs offered some insights that might help to explain the overall gradual decline in consumption, especially among younger consumers.

> "It is necessary to educate the palette of the tongue, just like it´s necessary to teach kids to appreciate books and culture. Food preferences are nearly always related to memories of one´s youth, if you eat only noodles and rice when you are young you are unlikely to grow up to appreciate traditional bacalao. This is what is happening with the younger generation."

The chefs spoke of how they are incorporating novelties to attract a younger audience to bacalao consumption. This factor varies a lot between the restaurants, as some of them define themselves as very traditional and others more modern. One of the chefs spoke of how he has kept the same family recipes virtually unchanged for decades. The traditional restaurants do offer *platos de degustación*, where you can taste various classic bacalao dishes. The more modern restaurants are more adventurous but all of them expressed their desire to respect and be loyal to the traditions in whatever twists they take on the bacalao. They all rejected the hypothesis that bacalao is a dying tradition in spite of the fact that older people generally consume more bacalao.

Research Question 7

How are Icelandic companies and Promote Iceland appealing to Spanish consumers with their current branding strategy?

Strategic band management has been repeatedly proven to improve the overall performance of brands (Berthon, Ewing, and Napoli, 2008; Vorhies, Orr, and Bush, 2011). It is considered important that a brand has both product related and non-product related associations in the mind of consumers (Keller, 1993).

For the general consumer, non-product related value propositions are just as important as the product itself. *Clean ocean*, *cold ocean*, *responsible fishing* and even *country of origin* are examples of such propositions. Still, too little emphasis is being placed on various product-related factors, for example *taste*, *healthiness* and *quality/price*. Any marketing efforts should bear this in mind.

Non-product related attributes are way less important when it comes to chefs and restaurants. In marketing communication with that branch all emphasis should be placed on the product: its *texture*, *whiteness* and *thickness*.

In his 2013 brand inventory, Kristinn Arnarson defined the current brand management of the Icelandic bacalao. According to his findings the target segments are poorly defined among companies that export bacalao. He found out that the positioning is based mostly on product-related value propositions such as *thickness* and *whiteness*. The only common non-product related proposition among the various companies is *responsible fishing*. The present study has shown that the importance of that particular proposition is inferior to other non-product related propositions such as *cold and clean ocean.* Further, it has shown that *taste*, *price /quality* and *healthiness* are among the most important product-related value propositions. According to Arnarson´s brand inventory, none of those currently feature prominently in the brand´s positioning.

Arnarson also talks about how the emphasis is only on push strategies and communication with market intermediaries. The only constant communication with end-consumers is through the packaging of the products. Even there, there is little emphasis on delivering a clear value proposition or building brand equity. For example, the packaging does no mention that the raw material used is fresh (never frozen), unlike most of the Norwegian bacalao.

A lot of research shows that strategic brand management can help financial performance of companies and customer´s willingness to pay a premium (Yoo et al., 2000). However, it is quite understandable that each individual company that needs to thrive from day to day on the highly competitive bacalao market of Spain is more concerned with sales than building brand equity long-term. Therefore, it must be the role of Promote Iceland to design, implement and execute a strategic brand management program. It must define its value proposals to deliver a strong and multifaceted message to the customers, and take full advantage of modern channels of communication.

7. Suggestions and Limitations

As was revealed in the interviews, the skrei has become a well known product/brand, at least among professionals. The skrei is not a salted product, it is fresh cod, so it should not have been the subject of this study, but it came to be so, because it was evident that part of the strong brand equity that Norway holds on this market is through their marketing of skrei. The word bacalao is in reality only the Spanish name of the species cod. In that sense, skrei is also bacalao, although in traditional Spanish cuisine, bacalao has come to signify salted cod. This creates confusion and ambiguity in the mind of the consumer and it would be interesting to know how much of a spillover there is from *skrei* brand awareness into *bacalao* brand awareness.

The terminology used for light-salted bacalao proved to be inaccurate. This was the case, even though feedback from both Icelandic exporters of bacalao and testees in Madrid suggested otherwise. This underlines just how large the gap in knowledge was. However, in retrospect, it would have been extremely interesting to probe into what people understand by those terms. One simple way to do this would be to ask directly what do respondents understand by bacalao tradicional/al punto de sal, and give options. This could also be done with the skrei to determine whether that product is taking a slice of bacalao brand awareness.

In many cases, the chefs seem to trust their provider. They are not overly concerned about the origin of their bacalao and if they have a preference they trust their provider to provide that origin. The providers have no obligation to inform the chefs correctly about the origin of their bacalao (nor do the chefs to their customers). Some of the biggest wholesalers in Madrid deal with bacalao of various origins. There is a reason to speculate whether correct information is always passed on down the supply chain, when certain origins are valued more than others, but often little difference exists between the products and sometimes little knowledge among buyers. An interesting continuation of this study would be to look at the wholesalers´ part in the supply chain, as they do direct business with Icelandic companies.

In the future, repeated measurements of brand equity both in Madrid and Barcelona could help track the success of marketing efforts in those regions. Ideally the measurements would be standardized, for greater comparative value, and carried out with regular intervals. This would make it possible for Iceland to take a strategic approach to their branding and increase brand equity.

Another interesting research that could be carried out would be aimed at determining which channels of communications are the most effective to reach out in Spain. This is extremely vital for an organization with limited resources like Promote Iceland.

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Appendix

Appendix 1: Consumer Survey

Page 1

1. How often do you eat bacalao?
   ( ) Every week ( ) every 2 – 3 weeks ( ) every month ( ) every year
   ( ) Less than once a year or never

Page 2

2. Which country of origin do you think of first when you hear "quality bacalao"?
   ____

Page 3

3. Which other countries of origin can you associate with "quality bacalao"?
   ( ) Iceland ( ) The Faroe Islands ( ) Norway ( ) None
   ( ) Others, which ones?________________________________

Page 4

4. What is important to you when it comes to choosing bacalao? Please rate the following attributes on a scale from 1-5 according to their importance.

	1	2	3	4	5
Low Price					
Convenience					
Healthiness					
Responsible Fishing					
Quality – Price					
Flavor					

Other attributes, which?____

Page 5

5. Quality bacalao from which country or countries of origin do you feel is related to each of those statements? (Please mark all the countries that apply to each statement).

	Far	Nor	Ice	Chi	None
I can trust that fresh raw material is used to make this kind of bacalao					
I can trust that the quality of this bacalao is stable all year					
When I am looking for white bacalao, I choose …					
When I am looking for thick bacalao, I choose …					
I can always trust that this bacalao is available in my store					
When I buy this bacalao I am getting good quality for the price					
I can trust that this kind of bacalao comes from a clean ocean					
Bacalao of this origin comes from cold sea					
I can trust that this country of origin uses responsible methods of fishing					
When I want to eat tasty bacalao I choose …					
When I want to buy bacalao that looks good I choose …					
I can trust that the best production methods were used while processing this bacalao					

Page 6

6. Do you clearly distinguish between light-salted and traditional bacalao?
   ( ) Yes ( ) No
   If yes – next page. If no – page 9.

Page 7

7. If yes, please compare and rate the two on a scale from 1-5 in terms of the following attributes, where 5 means that the attribute describes the product perfectly and 1 means not at all.

	Convenient	Smooth Flavor	Quality	Good Price	Everyday Meal	Healthy	Modern	Eaten in restaurants
Traditional								
Light Salted								

Page 8

1. What is important to you when it comes to choosing **traditional** bacalao? Please rate the following attributes on a scale from 1-5 according to their importance.

	1	2	3		4	5
Whiteness						
Thickness						
Fish from clean and cold ocean						
Fresh – not frozen – raw material						
Stable quality						
Appearance						

Page 9

10. What is your gender? Male ( ) Female ( )
11. What is your age? 20-29 ( ) 30-39 ( ) 40-49 ( ) 50-59 ( )
    ( ) 60 or more
12. What is the net monthly income of your household?
    ( ) less than 999 euros
    ( ) 1000 – 1999 euros
    ( ) 2000 - 2999 euros
    ( ) 3000 Euros or more
13. How often do you exercise per week (sports, hiking, running, gym, etc.)?

( ) Never ( ) Less than once ( ) 1-2 times ( ) 3-4 times ( ) 5-6 times
( ) 7 times or more

Appendix 2: Questionnaire for in-depth interviews

In-depth Interview

Introduction

This interview is a part of my Master´s studies at Reykjavík University in Iceland. My study is on the branding of Icelandic bacalao, and the point of the interview is to get your view on certain issues regarding the bacalao market in Spain. You are not obliged to answer all of the questions. I will record the interview and then I will write it down, and when the research is complete, I will erase it.

Your name will not appear in the study and the answers will not be traceable. The study will not be publicly accessible for 1 year after its publication. No one else will read or listen to this interview.

Do you accept carrying out the interview under those terms?

Background questions:

1. Where are you from, and does that influence your cooking?
2. What is your role within the restaurant?
3. Are you in charge of purchasing decisions of products for your restaurant?
4. For how long have you worked in this field?
5. What is your education?

Bacalao:

1. How would you describe bacalao as a part of Spanish culinary tradition?
2. How is Madrid different from other regions in that sense?
3. Is bacalao a luxury item or everyday meal to Spanish families?
4. What novelties are being introduced in bacalao to attract younger consumers to bacalao?
5. How do you understand the terms *tradicional* and *al punto de sal*?
6. Do you know *light-salted bacalao* (meaning is explained if required)?
7. Do your customers know the difference between light-salted and traditional bacalao? How about the general public?
8. Do you use both products?
9. Which countries of origin produce the best bacalao? Which do you use?
10. What is most important to you about bacalao? How do you know whether a product is high-quality or not? What do you need to know about a bacalao before using it?
11. Do you know Icelandic bacalao?
12. How do you perceive Icelandic bacalao?
13. (Would you consider serving Icelandic bacalao at your restaurant?)
14. (What would need to change in order for you to start serving Icelandic bacalao at your restaurant?)

15. Are you aware of the strong brand awareness of Norwegian bacalao in Madrid? How would you explain that?
16. According to our survey, the Faroe Islands are hardly present in the minds of consumers as a country of origin of bacalao. How would you explain that?
17. Younger people seem to identify Spain as an important country of origin of bacalao. Do you agree with that? How would you explain that?
18. Who is your provider of bacalao?
19. How much bacalao do you sell weekly in terms of volume?
20. What do you think could be done by sellers and marketers to better fulfil the needs of chefs and restaurants?
21. Are traditional bacalao consumers generally older people?
22. Is traditional bacalao a dying tradition?
23. Is light-salted bacalao going to replace the bacalao over time, or will they co-exist on the market?
24. What do you personally think is going to be the development in bacalao consumption in Spain over the next decade?