The Mystery at the Crossroad of Brand Authenticity and Firm Growth

André Cornelßen
Camille Versaevel

Advisor: Marie Bengtsson

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Authors:
André Cornelßen and Camille Versaevel
Advisor:
Marie Bengtsson

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ABSTRACT

TITLE
The Mystery at the Crossroad of Brand Authenticity and Firm Growth

AUTHORS
André Cornelßen and Camille Versaevel

SUPERVISOR
Marie Bengtsson

DATE
26 May 2014

BACKGROUND
Exploring, on the one hand, the literature stream of authenticity and brand authenticity, and on the other hand, that of firm growth, to further connect the two phenomena

AIM
Researching whether firms can achieve both above-average industry growth and brand authenticity

METHODOLOGY
The study entails 21 firms evolving in three industries (beer, cosmetic and food-processing). Brand authenticity is measured through a consumer survey, while growth is measured through a comparison of financial numbers in an official database (Amadeus).

FINDINGS
Companies can achieve both above-average industry growth rate and brand authenticity.

KEYWORDS
Authenticity; Brand Authenticity; Firm Growth; Consumer perception; Cross-industry study
ACKNOWLEDGEMENT

A paper about being true to oneself naturally owes an acknowledgement to the many people that helped contribute to it. Our deepest appreciation goes to our supervisor, Marie Bengtsson. She gave us valuable guidelines and recommendations, while always giving us the freedom and autonomy to run with our ideas. Without her priceless help, this thesis would not have been materialized. We also owe an important debt to Martin Klinthäll, whose assistance on our analysis chapter was very beneficial.

We also would like to offer our special thanks to the members of our thesis group, Yichu Chung, Andreas Jonsson, and Hasan Imam, whom we made read and read again the many pages of our thesis when it was still a draft, and who generously provided us with helpful comments, suggestions and encouragements. Our meetings were always a delight to attend to. Many thanks also to Gabi Martin and Christian Grotkopp, who gave us the most constructive feedback we could ever wish for during the Pre-Final Seminar. They took great care of their role of critical reviewers, and we are greatly thankful to them.

An acknowledgement to Eggers et al., Napoli et al., and Beverland, authors in brand authenticity, is required. Their works caught our interest and inspired us to study brand authenticity and firm growth.

Many thanks also to all the anonymous participants of our three surveys, who spent on average ten minutes to answer the questionnaires. We would particularly like to thank our acquaintances, who took time to widely spread the questionnaires; thank you Jean-Guy and Geneviève Versaevel, and Hélène Dal for your kindness and patience!

We greatly enjoyed every moment of the work. We are happy we got to write our thesis together; this experience left us more fulfilled than ever before. Hopefully, this thesis embodies the feelings of excitement, struggle, and achievement experienced these last five months.

We hope that you find this thesis as enjoyable and interesting to read, as we found it enjoyable and interesting to write.

Linköping, 26th of May, 2014
“To thine ownself be true,

And it must follow, as the night the day,

Thou canst not then be false to any man.”

-Shakespeare-Hamlet
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1 INTRODUCTION

MYSTERY AND RELEVANCE

Two words: authenticity and growth. Authenticity is synonym of genuineness, sincerity, traditions, meaningfulness, perpetuity. Growth is synonym of expansion, progress, development, innovation, change.

After countless papers on its rise and its struggles, Starbucks needs no real introduction. The rate at which it grew, opening 20,000 stores and hiring 160,000 people, within 16 years was rarely matched in the history of economics (Schultz, 2012; Starbucks, 2008). Growing at this tremendous rate - which meant to open on average three shops every day - took its toll. More and more processes were redesigned and restructured for more efficiency – among others, the coffee beans were not ground in the venues anymore, which caused the loss of the authentic smell of freshly grinded beans. This and other measures to enforce growth became problematic enough for the CEO Howard Schultz to lament about this dangerous drift towards mediocrity in a mail to his employees (Sutton and Rao, 2014). Since 2009, Starbucks has faced a critical situation, in which the authenticity and excellence that once fueled its growth have been evaporating.

Starbucks is however not the only firm that experienced a growth spurred by building on authenticity. Apple had several assets in the past years. Aside from being ran by a CEO who was appreciated by customers to a degree that the term ‘worshipped’ comes to mind, Apple also often had products first to the market. Yet, while some products undoubtedly were ahead of the market when introduced, many others like laptops were not technologically superior to their competitors. One of the reasons why customers were still willing to pay often up to twice as much for an Apple product than for a competing product can be found in the authentic design and feeling (Gilmore and Pine, 2009). Steve Jobs died almost three years ago, yet Apple has not lost much of its authentic appeal, still being the most valuable brand in the world (Forbes, 2014).

These examples show that authenticity today does not prevent growth as strictly as it used to centuries ago. In the era of enlightenment and in the ancient worlds of Rome and Athens, authentic goods were cherished by monarchs and emperors, who hired recognized artists to paint, draw, and shape sculptures of them (Yacoby, 2012). In this era, artists, also called masters, took a couple of apprentices under their wings, aiming to safeguard their artistic heritage (Smith,
1981). The master-apprentice relationship consisted of, on the one hand, the master acting as a
mentor of his apprentices, and, on the other hand, the apprentices learning from the works-of-act
performed together with their mentor (Bengtsson and Lindkvist, forthcoming). It appears that,
because having to personally teach each of their apprentices, the artists could not scale up their
work in big proportions. For that reason, the era of craftsmanship enabled authenticity to be
perpetuated in small businesses, but seemed to prevent them from growing big.

Jumping back to the present, it is however not necessary to only look at NASDAQ listed firms to
spot stories related to authenticity. The merely 20 years old cosmetic company Lush represents an
interesting embodiment of a success story of authenticity, building on the quality and sincerity
aspects of authenticity. Emphasizing on genuine products that are often sold unpacked after
being freshly cut, it offers vegetarian soaps, and strictly rejects animal testing (Lush, 2014).
Despite being a young firm in a mature industry, it already features more than 6,500 employees,
a turnover of 426 million Euros and a growth rate of 20% per year (Amadeus, 2014).

As the two last examples featured firms that grew rapidly selling authentic products, it is now
required to flip the coin again, and show the other mysterious side of authenticity. We stay in the
same industry and direct our attention to the South of France. The area around Marseille has a
proud tradition of creating natural soaps, the ‘Savons de Marseille’, which have been crafted in
one of the region’s most famous soap factories since 1900. The factory builds on a tradition of
‘savoir-faire’, and to this day emphasizes that the soaps are handmade by master craftsmen
(Marius Fabre, 2014). Surprisingly, while both Savon de Marseille and Lush render authenticity,
the former counts no more than 25 employees, and scores a turnover of only five million Euros
(Amadeus, 2014), and is thus considered as a small firm that has never grown big (European
Commission, 2005).

The aforementioned four examples of two rapidly growing firms, one completely stagnating and
one that lost its essence, feed the mystery lying at the crossroad between authenticity and growth,
by demonstrating that authenticity can act as a catalyst as well as an inhibitor for growth. This
makes us wonder, which of these two trajectories is more common among businesses?

PHENOMENA AND MOTIVES

Despite authenticity’s historical value, its relevance in very different business areas, such as
tourism (Di Domenico and Miller, 2012), luxury (Turunen and Laaksonen, 2011), food (Tellstrom,
Gustafsson, and Mossberg, 2005), and cars (Beverland, 2009), and today’s undeniable significance, authenticity is a nascent concept in business that lacks studies investigating its connection with firm growth – the literature on the topic counting up to solely one study (Eggers et al., 2013). In our opinion, this is surprising and should be changed for several reasons.

Firstly, as authenticity is regarded as the new anchor of marketing that attracts customers in a world of saturated markets, we believe that there should be a strong connection with one of the main determinants of growth, namely ability.

Secondly, juxtaposing the aforementioned examples of Starbucks, Apple, Lush and Savon de Marseille, four authentic companies that disclose entirely different growth patterns, reveals that authenticity is able to affect the growth of a company.

Lastly, despite the eminent place that growth occupies in the business literature, failing to grow remains the fate of most nascent firms. Merely 20% of newly-founded firms achieve growth (Churchill and Lewis, 1983; Hurst and Pugsley, 2011). This is remarkable given that the first stage of growth consists of a battle of survival (Hurst and Pugsley, 2011). Hence, despite more than half a century of intense studies, the factors that make a firm succeed at achieving growth still represents an enigma (Hansen and Hamilton, 2011). Nevertheless, it is argued that growth represents a snowball phenomenon. As soon as the business is founded, and as early signs of success appear, founders and their staff are on the treadmill of forced growth (Penrose, 1959; Steinmetz, 1969), which makes them strive to render their efforts fruitful until achieving above-average industry growth rate. The aforementioned reasons call for a study investigating a potential connection between the two seemingly paradoxical concepts.

STARTING POINTS

To shed light on this potential connection, this thesis takes two studies as starting points. The study by Napoli et al. (2013) created a new model on how to measure brand authenticity, through asking consumers about their perception of brand authenticity. Another study, by Eggers et al. (2013), attempted to prove the connection between brand authenticity and firm growth with the intermediary of trust, through interviewing CEOs. The former sounds promising, but needs to be empirically tested, since it was only theoretically created (Napoli et al., 2013). The latter draws conclusions based upon a biased method, namely asking CEOs about their own perception of their firm’s brand authenticity (Eggers et al., 2013).
THEORETICAL CONTRIBUTION

Employing the aforementioned studies as starting points, this thesis suggests a third approach (see Figure 1). It utilizes the two studies through, on the first hand, drawing inspiration from the idea of Eggers et al. (2013) on an existing connection between brand authenticity and growth, and through on the other hand, empirically applying the model created by Napoli et al. (2013) on how to objectively measure brand authenticity (see Figure 1). It then goes beyond the scope of these studies by creating a theoretical framework as well as an empirical research, which directly connect brand authenticity and growth, thus solving the mystery that lies at their crossroad (see Figure 1). It is worth mentioning that the two existing studies are recent since they were developed in 2013, thus offering plenty of opportunities for our thesis.

![Figure 1 – The theoretical contribution of the thesis](image)

RESEARCH QUESTIONS

Therefore, it is to be researched whether there is a connection between the two seemingly paradoxical phenomena of brand authenticity and firm growth. This leads to the research question of this thesis: CAN COMPANIES ACHIEVE BOTH ABOVE-AVERAGE INDUSTRY GROWTH RATE AND BRAND AUTHENTICITY? Answering this primary research question allows us to simultaneously explore three related questions: Is there a connection between the perceived brand authenticity of a firm and its profitability? Is there a connection between the perceived brand authenticity of a firm and its age? Is there a connection between the perceived brand authenticity of a firm and its size?
EMPIRICAL RESEARCH

For answering the primary research question and its related questions, two empirical researches are conducted. The first one consists of a data collection and analysis of the growth of firms owning a brand. The second empirical research entails the conduction of a survey asking consumers about their perception of the selected brands’ authenticity.

AIMS

These methods are used aiming to shed light on the connection between authenticity and growth. The analysis will reveal whether the firms having an authentic brand feature a growth rate that is higher or lower than the industry’s average. This analysis will also unveil whether the firms having an authentic brand feature a higher profitability, an older age and a smaller size, as often suggested, but rarely proven by the existing literature (Beverland, 2005; Gilmore and Pine, 2009). Consequently, the results will uncover whether firms can achieve both above-average industry growth rate and brand authenticity, and whether there is a connection between the perceived brand authenticity of a firm and its profitability, size and age. The answers to the research questions hopefully spur both the academic arena to dig deeper into the matter, and owners and managers to consider authenticity as a precious asset.

THESIS SCOPE

The analysis presented in this thesis regards manufacturing companies exclusively, which are located in France and Germany. Regardless, the results are applicable to other developed countries (Napoli et al., 2013). To optimize the degree of impartiality of the results, the thesis is concerned only with independent companies, which own no more than one major brand. The type of growth considered is thus solely internal. Moreover, to reduce industry bias, this thesis regards companies belonging to three industries, the beer, cosmetic, and food-processing industries. Finally, since the perception of brand authenticity by end-consumers is to be

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1 The performance data compared in this study could be biased by a parent company creating unnatural growth caused by its investment, or creating artificially-reduced profits and growth caused by cross-financing other companies part of the same conglomerate.

2 Since companies only report their total earnings and total profits as well as total employees, a company having different brands would need to be split up in order to evaluate how the authentic or inauthentic brand is influencing the company’s performance.

3 Industry bias had to be taken into consideration in this thesis because the perception of authenticity greatly varies across industries. Moreover, the choice to select these specific three industries lies in our respective knowledge, and in the database search Amadeus.
measured, the chosen companies have to operate in the **B2C business**. Clarifying the two apparently alike terms *consumer* and *customer*, while defining the scope of the thesis, is in order here. A customer is a person who buys a product (Simons, 2014). A customer can also be a consumer if the latter both buys the product and consumes it for direct use or ownership (Simons, 2014). This thesis deals with ‘consumer perception’ of brand authenticity, because it is argued in the literature that authenticity is the new ‘consumer sensibility’, implying that people seek authenticity in both their purchase and their consumption (Gilmore and Pine, 2009). Our empirical study embodies the distinction between the two terms, since it differentiates consumers (users of the studied brands) from people who just heard of the studied brands, and deals with customers when only considering the purchasers of a firm, without intending that these persons also consume its products.

Figure 2 provides the research’s overarching architecture, as well as the content and aim of each chapter.
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<td>The introduction represents the bone of the thesis. It aims at presenting its core elements: its mystery and relevance, its phenomena and motives, its starting points, its theoretical contribution, its research questions, its empirical research, its aim, and its scope. In brief, the introduction displays what the readers can expect of this thesis.</td>
</tr>
<tr>
<td><strong>Theoretical Frame of Reference (2.)</strong></td>
<td>The theoretical frame of reference depicts the first layer of flesh of the thesis. It constructs a full understanding of the key concepts: authenticity and growth. The thesis is about connecting the yet-unrelated literature streams of authenticity and growth. It is in this chapter that we dive into the unknown and explore the connection between the two phenomena. To do so, a model is created. In brief, Chapter 2 represents the culminating point of our studies, in terms of our competences for critically understanding, selecting, synthesizing, and analyzing different streams of literature.</td>
</tr>
<tr>
<td><strong>Methodology (3.)</strong></td>
<td>The methodology embodies the second layer of flesh of the thesis. It is composed of four elements: the empirical research, the research process, the research quality, and the research data. In brief, Chapter 3 guides the readers towards what they can expect in terms of the methods used for this research. It also shows our ability to conduct a research.</td>
</tr>
<tr>
<td><strong>Analysis and Discussion (4.)</strong></td>
<td>Chapter 4 represents the empirical analysis of the thesis. It displays the findings that resulted from our empirical studies. It includes the control factor, industry-specific and cross-industry analyses. From Chapter 4, the readers can expect the answer to the research questions. It also reveals our analytical and reasoning skills.</td>
</tr>
<tr>
<td><strong>Conclusion (5.)</strong></td>
<td>The conclusion symbolizes the finishing touches of our thesis. It comes back to the mystery of the thesis, its theoretical contribution, and its research questions. It also summarizes the findings of the empirical research, displays the limitations, and suggests new avenues for research and hints for owners and managers. The conclusion allows the readers to close the loop that constituted our thesis, and have a clear overview of the whole research.</td>
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*Figure 2 – The overarching structure of the thesis*
2 THEORETICAL FRAME OF REFERENCE

The theories used for this thesis belong to two main literature streams, namely authenticity and firm growth (see Figure 3). Figure 3 depicts these as two seemingly paradoxical phenomena, which converge at a central position – a position representing the crossroad of brand authenticity and firm growth. In Chapter 2, the concept of authenticity is first laid bare aiming to fully grasp its multifaceted meaning and connotations. It is then linked to branding, and brand authenticity is thoroughly explained. The literature area of authenticity then steps aside for firm growth, depicting the determinants of growth, its stages, as well as its techniques. The last part of Chapter 2 explores the mystery that lies at the crossroad of brand authenticity and firm growth, by theoretically connecting the two phenomena (see Figure 3).

2.4 The Connection between Brand Authenticity and Firm

Figure 3 - The two literature streams of the thesis

2.1 AUTHENTICITY

“To thine ownself be true,
And it must follow, as the night the day,
Thou canst not then be false to any man.”

-Shakespeare-Hamlet

In today’s economy, called experience economy, authenticity is expressed as the new consumer sensibility, after its antecedents, availability during the agrarian economy, cost during the industrial economy and quality during the service economy (Gilmore and Pine, 2009; Mermiri,
Just as firms were focusing on controlling their costs during the industrial economy when consumers were price-sensitive, companies now have to embrace the phenomenon of authenticity, and render it in order to match consumers’ needs for consuming true, real and meaningful. This authenticity part of Chapter 2 aims at describing the theoretical background of the concept, and at making its tacit nature easier to grasp (see Figure 4). We will first dig into the history of authenticity from a philosophical and artistic viewpoint, and then dissect the concept in order to build a common understanding of it (see Figure 4).

**2.1.1 PHILOSOPHICAL AND ARTISTIC BACKGROUND**

As authenticity is initially grounded in the art and philosophical worlds, we owe to come back in time and pay tribute to renowned philosophers and artists. Coming back to the quote of Shakespeare, the prominent playwright states that individuals must seek truth in themselves in order to be able to appear true to others.

Sartre (1946 and 1960), a philosopher well-known for his views on existentialism, asserts that authenticity defines the human being as a master of his/her own life. Essence is preceded by existence, implying that humans exist and create their own life by the actions that they intentionally make. Sartre further clarifies his existentialist view by claiming that humans differ from animals, because humans are free to become what they want to become as selves, whereas animals are pre-conditioned. Oneself is free to want his/her freedom and that of others. From an
authentic point of view, those who refuse their inherent freedom are called ‘cowards’ or ‘bastards’. This understanding is found in the opening quote by Polonius in Shakespeare’s Hamlet, declaring that those cannot be considered as true by others, since they are not true to themselves.

Heidegger (1962), using the German term ‘dasein’, asserts that being should also include the potential of ‘being’, rather than just the actual ‘being’ and, therefore, dissects the term in the German parts ‘da’ and ‘sein’ (‘there’ and ‘being’). Like the concept of authenticity, the philosopher affirms that ‘dasein’ is always contextual, as it is connected with the environment and historical conditions, which again limit the possibilities of ‘being’ a person has. Furthermore, he includes the aspect of time, which, in his opinion, is not a thing but a condition. Consequently, the primordial meaning of ‘dasein’ itself is temporal, and the context of whether it is discussed in the past, the present, or the future is relevant to the discussion. While not being identical, the views of these two existentialist philosophers overlap in many areas, so that comparing both viewpoints allows a sound common understanding of authenticity.

2.1.2 DISSECTING AUTHENTICITY

This leads to one aspect of authenticity, which is subjectivity. Defining something as authentic varies across individuals, and depends strongly upon the values and environment of a person (Liedtka, 2008). This is to say, it is not objectively possible to define the authenticity of an object.

ORIGINAL AUTHENTICITY

The first use of the term authenticity refers to something genuine, because it is true to its essence, because its origin is not in question, and because it is not an imitation or copy (Jones, 2010; Van Leeuwen, 2001). Authenticity defined as originality requires genuineness, being designated as the quality of an inventive work that has been designed and produced firsthand (Peterson, 2005; Gilmore and Pine, 2009). According to this definition, Apple products for instance can be appraised as authentic, since they are original in their design (Gilmore and Pine, 2009). However, by this definition, some worthless artifacts can be considered as authentic, whereas some of the works-of-art of the most revered artists can be regarded as inauthentic, in the sense that they are imitations of their respective masters’ works, given that this definition regards imitating, copying, adapting and re-creating as unaccepted practices (Van Leeuwen, 2001). Hence, original
authenticity cannot be pursued or compelled, because as soon as oneself tries to force being authentic on purpose, authenticity cannot be achieved. In other words, this definition of authenticity includes the values honesty and uniqueness (Kolko, 2009).

**Authenticity as genuineness can also be described in terms of ethnic and cultural identity.** For instance, by this definition, a Chinese restaurant employing Swedish staff members is not authentic. This concept is nevertheless somehow elastic, as Peterson (2005) illustrates through the example of professional Salsa dancers, which people claim to be authentic, because they were from the Mediterranean, trained in Cuba, or simply “Hot Blooded” (Peterson, 2005, p.1087).

Some scholars have an extreme view on authenticity. Van Leeuwen (2001, p.393) states that authenticity is an “internalized, deeply embedded sentiment of constant and unified character that at best, slowly evolves and matures, but that is never altered or compromised”. Jones (2010) and Gilmore and Pine (2009) reaffirm this approach by asserting the materialistic standpoint on authenticity, which claims that something is only authentic when unmodified, and when its context (human and geographical environment) stays unchanged. This definition of authenticity can also be called natural authenticity, since solely something in its natural state, untouched by humans – for example, organic food and raw materials - can be appraised as authentic (Gilmore and Pine, 2009). This approach basically does not accept innovation, and is for the two aforementioned reasons highly unfeasible in modern business environments.

Although some authors (Van Leeuwen, 2001; Jones, 2010; Gilmore and Pine, 2009) express an extreme view on original authenticity, other definitions of original authenticity allows its usage in the business arena. Originality and genuineness, key components of a product according to the definition of original authenticity, can be drawn by firms (1) from specific locations, (2) from being created in a specific time, (3) from being hand-crafted by specific persons, communities or cultures, (3) from being originally designed, or (4) from being told (as in story-telling) (Tellstrom, Gustafsson and Mossberg, 2005). All these materializations of authenticity make the product appear honest, unique, and high-quality to consumers, and belong to what we call in this thesis, quality, heritage and sincerity dimensions of brand authenticity.

**MEANINGFUL AUTHENTICITY**

The second use of the term authenticity can be found in individuals seeking meaningful experiences, and going to places that are supposed to be strongly connected with something they
feel attached to. This type of authenticity is also called referential authenticity. Something, tangible or intangible, taps into someone’s memories, and uncovers an event of the past. Though, it is noteworthy that the degree of meaningfulness of an object can widely vary according to the person in relation to it. One may consider the example of real luxury products versus counterfeit goods (Turunen and Laaksonen, 2011).

Meaningful authenticity is applicable in the business and branding arena. Consumers increasingly look for meaning in their consumption (Beverland and Farrelly, 2010; Eggers et al., 2013; Gilmore and Pine, 2009; Mermiri, 2009; Pine, 2009). A product affects consumers by revealing them a sense of familiarity with their past (Gilmore and Pine, 2009; Mermiri, 2009). Therefore, consumers accept, and believe in, a certain product from facts or experience, and feel connected with it, which consequently makes the relationship between the product and the consumer reliable and trustworthy.

Meaningful authenticity is materialized by the heritage dimension of brand authenticity, which entails a high cultural symbolism and sense of tradition, as well as the feeling of nostalgia. Hence, consumers recognizing this definition of authenticity are likely to identify with, and thus purchase from, brands possessing a strong heritage dimension.

**AUTHORIZED AUTHENTICITY**

As previously noted, authenticity is subjective. This begs the question of how, and by whom, it is defined or assigned to an object. Something is authentic because it is declared as authentic by an authority. In this sense, authentic can mean “authorized, approved, bearing a genuine signature, stamp or seal of approval” (Van Leeuwen, 2001, p.393). In some areas, the authority that decides which products are authentic seems to be experts functioning as arbiters, while in others the consumers as a mass decide about it (Peterson, 2005). Other sources divulge that authenticity is a product of the relationship (network) between people across generations, places, and things, and that this network provides ‘voicefulness’ to an object, which is thusly accepted as authentic (Jones, 2010).

Other authors follow the so-called constructivist approach. The constructivist approach defines authenticity as something created from a social context, in which an authority has approved the authentic value (Turunen and Laaksonen, 2011). This may even include fakes or copies. A similar view is also taken in Bengtsson’s and Lindkvist’s paper about replication and masters, who solely
had to draw parts of the final image, but not all of it, as long as it was agreed beforehand, which parts were to be drawn by them (Bengtsson and Lindkvist, forthcoming; Jones, 2010).

In addition to possibly consisting of a selected few or a wide mass of consumers, the authority can also be increased by firms, through purposeful marketing efforts (Brown, Kozinets and Sherry, 2003). Delivering what consumers desire from the brands they consume - quality commitment, heritage and sincerity, according to Gilmore and Pine (2009) and Napoli et al. (2013) - increases the perception of the firm’s authenticity.

**INFLUENTIAL AUTHENTICITY**

The last definition of authenticity is called influential authenticity. Individuals in quest for influential authenticity look for something relevant and substantial in their eyes that calls them to a higher goal (Gilmore and Pine, 2009). Andriotis (2011), a researcher in authenticity in tourism, discloses that influential authenticity stems from the search of people for feelings of nostalgia for the vanished past, when life was more natural, purer and simpler. Consequently, influential authenticity is materialized by the heritage dimension of brand authenticity, which entails a strong feeling that the past was better than the present. Hence, consumers recognizing this definition of authenticity are likely to identify with, and thus purchase from, brands possessing a strong heritage dimension.

Influential authenticity can also exist when individuals are affected by something that exerts a positive influence on their daily actions (Gilmore and Pine, 2009), because this something seeks the good to the people as a community. Brands actively engaging in, and supporting their consumers’ community are likely to be appraised as more authentic, since they show commitment to do good to them (Beverland, 2009).

Gilmore and Pine (2009) inform that the wave of sustainability and ethics in companies stems from this type of authenticity. Brands that show transparency and sincerity are considered as models, and thus good influences, to consumers. For instance, companies may appeal to influential authenticity when committing to fair-trade practices, or when participating to charity work, through the inherent process of making consumers feel seized in a feeling of goodness.
2.2 BRAND AUTHENTICITY

While the existing literature on brand authenticity covers very different areas of business, such as tourism, vineyards, and computers, this section of the theoretical frame of reference presents the unifying factors of brand authenticity and its commonalities, which are widely agreed upon. It does so by connecting with the dimensions of brand authenticity used in our empirical study (consumer survey) - quality commitment, heritage, and sincerity -, and by providing examples of how these are materialized in a firm. A cornerstone of this section is the book “Building Brand Authenticity” by Beverland (2009), which offers a variety of cases and examples that are displayed to clarify this otherwise very theoretical concept. The book is complemented by scientific articles on brand authenticity, aiming to present a suitable overview of the phenomenon.

2.2.1 BRANDS AND THE 21ST CENTURY

On paper, the definition of a brand seems simple. Kotler (2003) defines a brand as a feature on a product that signals the origin to the buyer. In the past decades, companies have spent enormous amounts of their marketing budgets to establish and reinforce their brands. A former CEO of Coca-Cola goes as far as stating that “All our factories and facilities could burn down tomorrow but you’d hardly touch the value of the company; all that actually lies in the goodwill of our brand franchise and the collective knowledge in the company” (Kotler, 2003).

While this quote stresses the importance of intangible values, such as the brand perception in the mind of consumers, the rise of the Internet in the late 20th and early 21st century has confronted marketers with a new challenge. While 20 to 30 years ago the knowledge of consumers about a brand was basically identical with the information spread by marketers, consumers today have the chance to critically question a brand through conducting online research by themselves on how much of the marketers’ tales are drawn from actual acting, and which parts are simply made up (Beverland, 2009). Brands today, if managed poorly, can quickly establish a reputation for parasitical behavior (Holt, 2002), or be known for unethical acting, such as poor working conditions, or even child labor (Klein, 2000) - either of which can lead to strong feelings of rejection by consumers. This growing movement of “antibranding” (Holt, 2002, p. 70) is met with an intensified focus on brand research, which has led to a variety of new terms and concepts,
such as brand aura⁴ and brand orientation⁵ (Alexander, 2009; Baumgarth, Merrilees and Urde, 2013; Beverland, 2005; Brown, Koizinets and Sherry, 2003; Urde, 1999).

2.2.2 WHY AUTHENTICITY MATTERS

The reason why authenticity is more important to companies than it was in the past, is because of a higher consumer demand for something authentic (Beverland, 2005, Beverland and Farrelly, 2010; Gilmore and Pine, 2009). Additionally, traditional marketing approaches now pose the threat to fail if the outward appearance of the brand built by the company is not in line with what consumers demand, or if the image is revealed as fabricated (Beverland, 2009; Beverland, Lindgreen and Vink 2008; Klein, 2000). Emphasizing authenticity as compared to just running an expensive marketing campaign represents a new challenge for firms (Beverland, 2009). As described by Beverland (2009), the brands of Snapple and Dunlop Volley greatly illustrate this phenomenon. While the former was promoted using traditional marketing techniques, despite a large budget, the company that bought the brand for US$1.7 billion was forced to sell it later for only US$300 million. The Volley, on the other side, saw a second era of fame, because the firm that was faced with a unique situation - in which teenagers chose the shoe as the new iconic item to wear -, used very little marketing, and just nurtured the movement, rather than tried to reap the highest possible short-term revenues. Authenticity also helps companies withstand crises. Here the companies Morgan and General Motors, and their respective situations after the financial crisis are compared. While Morgan celebrated its centenary by fans admiring its authenticity, GM - producing a lot less authentic products - had to be rescued by the US government in order to save thousands of jobs (Beverland, 2009).

Apart from this, creating authenticity in a brand has very unique consequences when it comes to market expansion. On the one side, there are limitations for the brand as certain market segments might be excluded, since expanding into very different areas will cause a loss of authenticity. In a well thought-through expansion however, the brand can benefit from its authentic appeal (Spiggle, Nguyen and Caravella 2011). To illustrate this practically, the luxury car manufacturer Aston Martin developed the Cygnet, a micro car, destroying its brand authenticity, which was proven by disastrous sales figures of only 150 per year as compared to expected 4,000 (BBC, 2013). Rather than gradually developing its product range, Aston Martin

⁴ Defined as the essence of the brand that customers feel surrounding them when buying a product or using a service of an authentic brand (Brown, Koizinets and Sherry, 2003)

⁵ Defined as “A mindset for building brands into strategic resources” (Urde, 1999, p. 117)
entered a new market by “putting a grill and a fancy interior on what was basically a Toyota iQ” (BBC, 2013), which was sold at twice the price. Developing a luxurious and sporty SUV as a quality car manufacturer, such as Porsche did with its Cayenne, did not have such an effect. Taylor (2011) argues that the Cayenne was not only a more logical choice but also a better managed one.

Apart from these external consequences, striving for authenticity also demands the firm to take market internal consequences into account. This means that, for certain products, especially in the luxury segment, a high market penetration may counteract the perceived authenticity of the firm, because owners may move on from a brand if they see products of it too frequently used by others.

### 2.2.3 THE PRACTICAL SIDES OF BRAND AUTHENTICITY

As previously shown, the concept of authenticity, while dating back hundreds of years within art and philosophy, is rising as a new prerogative within marketing (Beverland, 2009; Gilmore and Pine, 2009). The next sections describe the diverse aspects of brand authenticity, which are used in the empirical study that is the basis for this thesis (Napoli et al., 2013), through ascribing different practical sides to them.

**HERITAGE**

The heritage dimension of the survey from our empirical research draws upon the participants’ memory of a past that was better than the present, and can thusly be related to the definitions of authenticity as both meaningfulness and influence. The memories of days that passed by are often very vivid in individuals, and common themes of these memories are the childhood and past relationships (Bessing, 2011). This longing for things from the past has led to the revival of dozens of retro brands and the introduction of new retro-products (Brown, Kozinets and Sherry, 2003). It is therefore not surprising that the statements about heritage in the survey asked about the tradition or the resemblance of a brand with a ‘golden age’.

The values connected with this dimension cover nevertheless a wider scope. To begin with, firms striving to increase the appeal of their heritage can opt to be part of the community of their consumers. This idea can be found in the article by Jones (2010), who describes authenticity as the “relationship between people, places and things that appear to be central” (Jones, 2010, p.181). This definition relates to the designation of authenticity as approved by an authority, and as
influence. An example that embodies this relationship can be found in the book by Beverland (2009), who mentions the Morgan car company, which not only founded the community magazine for owners of its cars, but also keeps sponsoring it. This continuous involvement and support allow the firm to remain close to its customers, while keeping a project alive, such as the mentioned community magazine, which is closely connected to its heritage.

Secondly, deep and convincing stories woven around the firm and its brand bring an aura of authenticity to firms. Common themes of these stories are the place where, or the time when, the company was founded, or the company’s founder and family, thus emphasizing on the originality and genuineness of the brand’s products. As convincing stories often represent an influence on consumers’ buying behavior (Beverland, 2009), it is possible for companies to join the power of storytelling with their own heritage. Peterson (2005) describes the example of how tea retailers in London not only constantly remind their customers of the age of the place, but also that their tasters were directly trained by the son of the founder, thus connecting both the heritage and the quality of their products through story-telling.

Last but not least, firms can build their brand authenticity’s heritage dimension through sticking to their roots and gradually introducing changes. The example of Dublin Dr. Pepper Coke, which, based on a franchise agreement from 1925, only sells its product in a 44 mile radius around the city of Dublin (Texas), using not only the original recipe but also machines that are a hundred years old for the bottling process (Beverland, 2009), may appear extreme. However, its behavior of maintaining characteristic product traits even throughout product generations can also be spotted in larger companies. The first version of Porsche’s most iconic car, the 911, had its engine behind the rear wheels. While no other mass-produced sports car with this configuration survived, Porsche has stuck to this technology, and has been successful ever since (Hudeck, 2013). Maintaining this tradition of doing things the way they used to be, allows customers to relate the heritage of the company to the past times they have good memories of.

As a result, emphasizing the company’s heritage allows it to offer an additional value to customers, connecting with them on a personal and emotional level.

QUALITY COMMITMENT

Sticking to the roots of the company leads to the second dimension of brand authenticity employed in the survey: quality. It is worth noting that quality, in this sense, includes aspects of
matching quality standards and improving quality, but also incorporates aspects aimed at a different understanding of quality. In this second meaning, both the quality of the used ingredients and the craftsmanship play a central role, as they emphasize three core authentic features, namely originality as in genuineness, meaningfulness, and authority. This understanding of quality comes from the fact that authenticity entails hand-crafted products, and that the process of handcrafting often does not allow making exact copies of a product. While this can be seen as a flaw, sticking to traditional craftsmanship techniques is cherished by consumers. In the case of premium wines, Beverland (2005) explains how producers of luxury wines, while employing generic marketing techniques, distance themselves from appearing as industrialized products, by sticking to their roots and emphasizing the craftsmanship that ensures the superior quality. They intentionally, instead of marketing themselves as industrialized products, communicate their long-held quality standards and the attention to detail applied in the production process. This highlights three core authentic values: genuineness, meaningfulness and authority.

Interestingly, craftsmanship is not necessarily connected with superior quality. Owners, who are passionate about what they do, and who ideally do not work for money, can be perceived as equally authentic. Beverland (2009) describes these persons as being committed to quality even though they might lack the formal education, and calls these persons ‘artisanal amateurs’.

The last commitment to quality represents at the same time the first requirement of the sincerity dimension of brand authenticity; it is labeled market immersion. This requires from firms to go beyond asking customers what they want. The connection with quality is established through the ability to emphasize the qualities most cherished by the target customers, of which they are however often unaware. One illustration for an immersed company, brought by Beverland (2009), lies in Tata Motors. Before designing the Tata Ace, car engineers visited villages with the target group they wanted to sell the car to, and gradually became part of the village life. They listened to, and observed the people, and progressively understood that, in these regions, the number of wheels on a car had a strong impact on the amount of marriage proposals men received. Hence, while most other cars only had three wheels, Tata Motors decided to design a small and affordable car, which would still feature four wheels (even though that was not necessary from an engineering perspective, and more costly from an economical one).
These albeit different aspects of quality relevant for authenticity show that there is a variety of paths a company can pursue to commit to high quality. It also explains why half of the questions of our conducted survey focused on this single aspect.

**SINCERITY**

The third dimension of brand authenticity lies in the sincerity of a brand. The aforementioned market immersion plays an active role in this part, as only a firm understanding its customers can do what is necessary to treat them honestly and sincerely, and thus show them influential authenticity. While market immersion covers a firm’s outward presence, Beverland (2009) suggests an indoctrination of staff to respond to inward sincerity commitment, and to acquire genuineness. This involves forming the people in the desired way of the company as described by Weinberger (2008). He explains, on the one side, how employees at Husk were trained on riding motorcycles in order to better absorb the values of the firm. On the other side, committing to inward sincerity entails caring for employees beyond what the contracts or laws dictate. By ensuring that the employees are personally interested in the products of the firm, and taken care of, the firm ensures that its principles live on, as the employees are more likely to understand what the firm stands for. Combining these two factors create an outward and inward sincerity.

Furthermore, it is important that big companies admit failures, because consumers can connect to them and accept them when they are well-communicated. Beverland (2009) goes on explaining that there are firms, such as Microsoft, which try to spin failures around, rather than admitting them (Windows Vista), while others, such as Vespa and BMW, accept their mistakes and display even the unsuccessful products with pride in their company museums. Finding the right balance between this sincerity towards consumers and perpetuating the image of high-quality represents one of the challenges for firms striving for authenticity.

Another aspect connected with sincerity lies in ‘loving the doing’. Consumers appreciate it because they admire the courage of the people that are passionate about what they do, even if it means to fight fierce resistance from the established system. A matching example is stated by Beverland (2009), who explains the story of James Dyson, who invented a new kind of vacuum cleaner. After all the major manufacturers denied him the chance to produce this more effective and longer-lasting concept in their facilities, the inventor decided not to give up, and started a company by himself. The superiority of his product allowed him to quickly taking over market leadership. This sort of passion about what a firm does however needs to be shown to
consumers, either through guided tours throughout factories, allowing them to experience the place where their cherished products are made, or – to close this circle again – through stories about them.

Peterson (2005) explains that authenticity in stories is, when first told, a claim that can either be accepted or rejected by consumers. Benefits of these stories around a brand are twofold. For the firm, they shape the identity, which often helps motivate employees and create a common goal. For the customer, stories (especially those about struggles, in which critical situations are finally overcome) help identify with the brand and increase its perceived sincerity (Beverland, 2009).

Sincerity, therefore, should be very easily achieved, as it means being honest with customers – and being honest is supposed to be less difficult than maintaining a fake and pretentious image. Nevertheless, in order to allow consumers to seize this sincerity, companies need to be able to communicate, and connect with their customers in the most convincing way. Firms also need to perpetuate their long-held values and principles, and treat their employees as assets.

### 2.3 FIRM GROWTH

Firm growth occupies an eminent place in business literature. Yet, there is still a considerable amount to ascertain (Hansen and Hamilton, 2011), as only 20% of small firms achieve growth (Hurst and Pugsley, 2011). Despite being an important and frequently discussed topic in business literature, progress on the matter has been slow (McKelvie and Wiklund, 2010). Hence, exploring the connection between growth and authenticity can only facilitate the understanding of how growth may or may not be achieved. The following sections dig into the literature stream of growth, to be linked to brand authenticity further on in Section 2.4.

To begin with, a firm is a bundle of resources that produces goods and services, which are on sale on the market, and which aim at creating value through profit (Penrose, 1959). This definition of the firm is critical to bear in mind, because the factors of growth, presented in the following sections, and this thesis’ empirical research, depend on it. This thesis defines the term growth as an increase in amount occurring as a result of a process of development (growth stages), which leads to a series of changes, as suggested by Penrose (1959). The empirical research of this thesis regards the phrase ‘increase in amount’ in terms of turnover and employment, because these factors are the most commonly used ones (Davidsson, Achtenhagen and Naldi, 2005; Wu, 2013),
and because of limitations in terms of data collection. For these reasons, turnover and employment represent the growth measures used in this thesis’ empirical research and analysis.

While there are different factors that can be used to measure growth, it is worth clarifying that growth needs to be seen as a relative phenomenon. In growing industries, the majority of firms achieve growth, whereas in declining sectors, most of them shrink. In order to adequately measure the connection between authenticity and growth, it is necessary to compare the relative growth of a firm with its competitors. Consequently, this thesis considers growth as above-average industry.

It is thusly essential that the starting point of this growth part is the phrase ‘above-average industry growth rate’ from the primary research question of this thesis. As a result, the deductive question we owe to answer is: why would firms achieve above-average industry growth rate? In order to analyze this part of our research question, it is required to answer the underlying and more basic question: why do firms grow? As underlined in the aforementioned definition, growth encompasses three components, namely determinants, stages, and techniques. These components are respectively demonstrated below, and linked to one another.

### 2.3.1 GROWTH DETERMINANTS

*Why do firms start growing?* There are three determinants of growth: need, opportunity and ability (Davidsson, 1991; Morrison, Breen and Ali, 2003; Wiklund and Shepherd, 2003). The prevalence of these determinants shapes the growth motivation within a firm. For example, this means that the stronger the ability to grow, the stronger the motivation to grow. This increased motivation, in turn, leads to a stronger actual growth (Davidsson, 1991).

First and foremost is the need for growth – also called ‘intention’. Growth is more likely to occur when the firm is willing to grow, and when innovating is at the heart of the firm’s strategic intent (Hansen and Hamilton, 2011; Upton, Teal and Felan, 2001; Wiklund and Shepherd, 2003). Growth-relevant need is reduced by the owner’s age, or maturity, and by firm size, implying that the need for further expansion declines with increasing age and size (Becchetti and Trovato, 2002; Davidsson, 1991).

Second, the firm is more likely to grow when seizing a chance for progress and advancement, which is called opportunity (Davidsson, 1991; Delmar, 1996; Hansen and Hamilton, 2011). Characteristics such as access to capital and labor, entry barriers, industry fragmentation, market
size and growth, are relevant indicators of opportunity for growth (Davidsson, 1991). Penrose (1959) affirms that growth is driven by the dynamic interaction between the firm’s productive resources, and its market opportunities. Furthermore, locating a business opportunity is necessary to both start, and run a firm (Low and MacMillan, 1988).

The third determinant of growth is the claim that a firm must have the ability to grow. The growth-relevant ability is enhanced by human and financial capital (Cooper, Gimeno-Gascón and Woo, 1997), which includes education (both general and business-related), entrepreneurial experience, managerial experience, and industry experience (Davidsson, 1991). The ability to expand also encompasses the ability to accumulate resources, to produce and market products, to build an organization, to manage a network, along with other abilities that owners and their organization must have (Hansen and Hamilton, 2011; Low and Macmillan, 1988). **Ability is needed in order to materialize the desired outcomes.**

Regardless of the three aforementioned growth determinants, and regardless of the famous quote by Friedman (1970) that business is concerned merely with profit, when asked at the beginning of the formation of their business, the majority of owners claim that they “do not wish to grow big or to innovate along observable dimension” (Hurst and Pugsley, 2011, p.112). Expectations of changed work conditions, encompassing non-pecuniary motives, such as “flexibility over schedule”, “work from home”, “enjoy work”, “have passion for it”, and “be ones’ own boss” (Hurst and Pugsley, 2011, p.98) represent primary concerns for nascent business owners (Wiklund and Shepherd, 2003). In other words, founders’ initial goals may act counter to growth. Nevertheless, it is argued that their early expectations rapidly shape, and drive, their motivation to run, and expand their business (Wiklund and Shepherd, 2003), **especially when combined with an opportunity and ability to grow** (Davidsson, 1991; Morrison, Breen and Ali, 2003).

**2.3.2 GROWTH STAGES**

In spite of the striking figure that 80% of nascent firms have no intention to grow, it is evident that **success requires growth** (Penrose, 1959; Steinmetz, 1969). “The minute he [the businessman] commits himself, he is on the treadmill of forced growth” (Steinmetz, 1969, p.36). The businessman cannot “entertain the notion of hope that his business will stabilize. He must press or his business will die” (Steinmetz, 1969, p.32). What happens once the spiral of growth is engaged? **Why do firms continue growing?**
Despite the fact that the lifecycle of firms was not a selection criterion for our empirical research, it has a rightful place in this thesis’ theoretical frame of reference, since a paper about the connection between growth and authenticity naturally owes a section about growth stages, because the ways a company achieves perceived authenticity depends on the stage it is in. This thesis’ empirical study, therefore, features companies from every growth stage, except from the introduction stage, as companies at this stage are not well enough known to be part of a consumer survey. Some of the firms were less than 20 years old, featuring a high growth rate, while others were more than 100 years old and showed a declining activity.

It has been known since the 60s that the typical growth pattern features an S-curve (Anderson and Zeithaml, 1984; Steinmetz, 1969). The S-curve consists of multiple stages of growth, which firms pass through as they develop. It is typically composed of a phase of introduction, growth, maturity, and decline (Anderson and Zeithaml, 1984). Even though these phases are agreed upon in the literature, their distinctive characteristics, and relation to brand authenticity vary.

INTRODUCTION STAGE

The first stage, stage of introduction for some (Anderson and Zeithaml, 1984; Penrose, 1959), is also called the ‘live or die’ phase (Steinmetz, 1969). The firm is now founded, and signs of success make the few employees of the firm strive to work hard. Though, problems often start occurring when the firm starts growing, personnel must be added to the payroll, and paperwork multiplies, which result in deadlines more likely to be exceeded. Moreover, facilities often become crowded, and the owner might lack good ideas, experience and social skills (Steinmetz, 1969). Regardless, the typical internal growth barrier at the introduction stage concerns the human capital of the firm, lying in the employees’ lack of education and training (Davidsson, 1991). This lack of education and training can be due to a deficiency of financial assets, which represents another initial growth barrier. The firm, lacking money, faces difficulty at attracting educated and qualified personnel, and at financing in-job trainings (Durst and Wilhelm, 2011). Insufficient financial assets have dramatic consequences, mostly because the firm does not have the ability to materialize the desired goals (Davidsson, 1991). For example, a lack of financial assets can be the cause of a deficiency of physical assets, which represents another barrier to growth. Therefore, a firm’s early expansion can be slowed down by an inappropriate work-environment, or crowded facilities (McCoy and Evans, 2005). This reveals that, while the opportunity and the need to grow
for a company are usually very strong in the introduction phase, it might lack the ability to seize the chances it faces.

Furthermore, sales are small and market penetration is low because customers are few since products are little known (Grant, 2013). The young firm experiences high costs and low quality, and all difficulties encountered at the introduction stage become issues of crisis proportions. However, the motivation to make the business idea successful is generally higher than ever, and drives the few employees to the treadmill of growth. The firm is also offered chances to meet customers’ needs more authentically, by interacting more personally, and tailoring products to fulfill the individual requirements.

**GROWTH STAGE**

Companies that succeed at making it through the introduction phase, step onto the growth phase - also called success, expansion, or take-off phase (Anderson and Zeithaml, 1984; Churchill and Lewis, 1983; Scott and Bruce, 1987). The firm is stabilized and its owner has the options to either sell the firm at a profit, keep it stable (and thus allow more time for other things such as hobbies), or exploit it and scale up business. Usually, the last alternative comes naturally, because the firm experiences an increase in market penetration, due to technical improvements and increased efficiency, which opens up the mass market, thus rewarding the hard work of its few employees (Grant, 2013).

There are three main failure risks at this stage. First and foremost, firms starting with a high profitability have a great chance to reach high growth later on, whereas firms starting with a high growth are likely to lose it, and never become very profitable (Steffens, Davidsson and Fitzsimmons, 2009). Coad et al. (2013) confirm this phenomenon and go further. High-growth firms often show the inability to repeat their high growth over more than one year. The path that a firm takes plays a significant role in the chances for survival. Firms that start at a below-average growth rate for two years and then manage to increase their rate of growth to above-average, show a comparably low risk of going out of business (9,09%) whereas firms that start with above-average growth, and that face reduced growth later on, have a significantly higher chance of bankruptcy (25,78%) (Coad et al., 2013). Secondly, it is critical to endeavor to invent, research, and innovate (even though the current products are extremely successful) because, once the
maturity stage of the industry is reached, these products start becoming obsolete and stagnate on the market, thus threatening the firm to perish if not replaced (Grant, 2013). Thirdly, the changing context in which firms evolve can create a lack of properly functioning infrastructure, a lack of market demand, and a lack of skilled employees, which represent an external barrier to growth labeled environmental barrier (Kovalainen, 2006). Consequently, it is critical not to get stuck in a routine, and remain open-minded.

**MATURITY STAGE**

Firms that managed to stabilize after surviving the introduction phase, and that took off, gradually continue their path, and now enter the maturity stage. The main feature for firms entering the maturity phase is that long-term managers and employees struggle with the more rigid and less flexible structure the firm requires (Grant, 2013), which frequently causes them to resign (Steinmetz, 1969). These phenomena lead to organizational knowledge loss, which weakens the firm. Turnover (resignation) can be deadly for firms at the maturity stage, because of the difficulty of substituting for knowledge loss (Durst and Wilhelm, 2011). Hence, the retention of knowledge, and thus replacement of personnel, must be managed and planned. It is estimated that the loss of one key employee may lead to direct costs of over 100,000 Euros (Durst and Wilhelm, 2011). Therefore, the biggest challenge for firms at this stage is to develop mechanisms to stay flexible enough for a changing environment, and remain appealing to their employees (Churchill and Lewis, 1983).

While general costs are lowered, due to an increase of production volume (Kotler and Armstrong, 2010; Steinmetz, 1969), competition has become established, advanced and fierce, which often causes the firm a loss of market share (Kotler and Armstrong, 2010), to which it can respond by emphasizing brand differentiation and feature diversification. Nevertheless, the implementation of regulations may create informal barriers to growth, involving corruption or unfair competition from the informal sector (Kovalainen, 2006).

In brief, after peaking during the growth phase, the growth rate during the maturity stage falls, leading to a more stable level of growth. This results from markets becoming saturated, and while products are widely accepted by consumers, the demand has reached a peak. In order to avoid obsolescence of their products caused by novelty introduced by competitors, firms in the maturity stage need to focus on being the one introducing the novelty in the market themselves, ensuring that the demand for their products will not fall (Grant, 2013). Mature companies also
have to build upon their strength, while ensuring that costs are kept at reasonable levels, in order to be able to react to new market entrants, that are more agile, and may have the advantage of labor costs if they enter the market from a less developed country (Grant, 2013).

**DECLINE STAGE**

As the firm’s products become obsolete, and as competitors introduce technologically superior substitutes to the market, the firm enters its **decline stage** (Grant, 2013). As already underlined, “it is the climbing of the stairs that is important, not the arrival at a plateau” (Steinmetz, 1969, p.36). Firms that endeavor to innovate all along their introduction, growth and maturity stages usually engage into growth stages repeatedly, since they are able to introduce novelties to consumers before rigidifying and stagnating, thusly postponing their death (Grant, 2013; Steinmetz, 1969).

To conclude, the **phases of growth can be contaminated** by three major internal growth barriers (human, financial and physical), and by three main external growth barriers (structural, informal, and environmental), which are **intertwined** (Kovalainen, 2006), and which make the phenomenon of growth increasingly complex to achieve, and interesting to study. Overcoming these barriers thus constitutes a reward for both employees and employers and, therefore, drives the **spiral of growth**. Yet, while it is important to remind that triggering growth should only be done after the business model becomes viable and after profits allow long-term expansion, this growth can be labeled a **snowball phenomenon**. As soon as the early signs of success appear, giving up on the business idea and selling the firm or making it stagnate are not commonly considered as options anymore.

### 2.3.3 GROWTH TECHNIQUES

Reaching an above-average growth rate often requires making pivotal decisions about the way to achieve growth. There are two main ways of scaling up a business. The first way is growth through **mergers and acquisitions**. If a firm decides to grow through this path, **its strategy lies in buying existing companies** (competitors, suppliers, customers or even unrelated), and **obtaining their resources** (Larsson and Finkelstein, 1999; McKelvie and Wiklund, 2010; Moeller, Schlingemann and Stulz, 2004). As a result, the firm is able to deliver either an even better product than each individual firm could have done by itself, or to use synergy effects, such as scale economies or increased buying power (Bohlin, Daley and Thomson, 1998). Firms following
this path exchange a share of their financial assets, and obtain everything that belonged to the firm they bought, including human capital and intellectual property, such as patents and brands.

The second growth technique is organic growth. This requires the firm to grow from its core by building up assets, technologies, employees, and new products from its resources (McKelvie and Wiklund, 2010). Creating assets can be done in different ways. On the one side, physical assets can be built or bought (new machinery), but on the other side, non-physical assets can be created, for example through training of staff (Lockett, et al., 2011). While organic growth provides a set of positive consequences for the company, such as opportunities for employees for a better position, and the creation of a system better suited to the needs of the company, these two common examples also show its main weakness: it demands the most organizational capabilities. Recruiting new employees and training existing ones cost time, and prevent employees from doing their regular job. Moreover, very few machines work by themselves and, expanding organically generally requires joining very different, and often complex resources, which makes it tempting to simply acquire an already-existing set of combined resources through acquisition (Lockett, et al., 2011). Regardless, for firms striving for authentic brands, organic growth appears to be more promising, in order to preserve the authentic characteristics of the firm, as more thoroughly explained in the next section.

2.4 THE CONNECTION BETWEEN BRAND AUTHENTICITY AND FIRM GROWTH

Section 2.4 takes us to the crossroad of brand authenticity and firm growth. After depicting the theoretical background of both concepts independently, it is time to jump into the unknown. It is in this part of the thesis that authenticity and growth are theoretically connected. Doing so allows us to discover what hides behind the yet-unexplored relationship between brand authenticity and firm growth. This chapter was written to show to the academic arena that the blend between the two concepts hides a considerable amount of secrets, which are worth discovering for the sake of progress in the business world.

It is nevertheless paramount to mention that analyzing the causality of the relationship between the two phenomena does not lie within the scope of this study. When analyzing the interplay between the two concepts, researchers are facing three different options on how these phenomena could be connected. First, phenomenon A could cause phenomenon B. Second,
phenomenon B could cause phenomenon A. Third, there could be a third phenomenon, such as marketing spending, influencing both others at the same time. The focus of this paper is to extricate whether a connection exists and, coming back to the primary research question, whether a company can achieve both seemingly paradoxical, yet desirable, goals at the same time. The problem of which of the two may cause the other is therefore purposely omitted.

This part of the thesis exhibits a model framing the insights resulting from our reflection on the matter (see Figure 5). The model is explained to help grasp the apparently complex relationship between brand authenticity and firm growth. Section 2.4 consists of three parts: growth need to produce authentic, growth ability to produce authentic, and growth opportunity to produce authentic.

Being authentic requires many different aspects, but at its core it demands being true to oneself (Jones, 2010; Kolko, 2009; Liedtka, 2007; Sartre, 1946; Van Leeuwen, 2001). A firm being true to itself possesses an aura of authenticity, which entails a sincere and long-held commitment to quality, an intrinsic ‘love for the doing’, as well as a genuine preservation of its heritage, and a natural perpetuation of its long-held values (Beverland, 2005; Beverland, 2009; Beverland, Lindgreen and Wink, 2008; Napoli et al., 2013). Hence, mergers and acquisitions cause a problem, as buying a firm means that the acquired firm’s structure, values, and heritage will be different from that of the acquirer. In addition to altering the values and heritage of the acquired firm, the acquirer cannot but merge the quality requirements of the two firms, thus modifying the long-held quality commitments of both firms, and possibly destabilizing the ‘love of the doing’. Therefore, when bringing two firms together through utilizing synergy effects, authenticity is likely to be lost for one, if not, both firms. Hence, we argue here that organic growth is the most relevant growth technique for this thesis, because a firm can achieve both authenticity and growth better by growing organically. Even though excluding all firms growing mostly through mergers and acquisitions was not formally required by the selection criteria of our empirical research, the requirement of firms having only one main brand led us to choose only organically-growing companies, as often brands of acquired companies are kept.

### 2.4.1 Growth Need to Produce Authentic

When establishing connections between each of the three determinants for growth and actual growth, Davidsson (1991) observes that the strongest connection lies between the need to grow and actual growth, which is why it serves as a starting point (see blue boxes in Figure 5). The
need to grow in his view can arise from different influences. This finding was corroborated by Wiklund and Shepherd (2003), as well as by Morrison, Breen and Ali (2003). A firm can be too small to be economically feasible (not reaching sufficient economies of scale), or the owner can be interested in increasing his/her revenues from managing the firm. Both these factors are likewise considered as a need to grow.

When a firm aims to grow, its common goal is to increase its earnings from sales. In very basic business arithmetic though, the income from sales in a company can be increased through two different paths; either the profits from existing sales can be increased, or new customers can be attracted. For increasing profits, again there are two options. A firm can either become more efficient, earning more on the same level of sales, or it can increase its margins by demanding higher prices. A firm striving for an increased efficiency will leave the path we depicted now, as improving economies of scales is not directly related to delivering authentic products. It is also noteworthy that an increased efficiency, unlike increased sales, does not necessarily generate a growth in employment. If manual labor is replaced by increased automation, it may in fact lead to a reduction in employment. If the firm, however, decides to raise margins through increased prices, or to attract new customers, one of the available tools is to serve the existing demand for authenticity (Gilmore and Pine, 2009). Authentic products are not only cherished by consumers - who, in turn, bring additional customers through word-of-mouth –, these consumers are also willing to pay an increased price for an original, influential and meaningful brand. In order to access this additional pool of consumers, and the ability to charge higher prices than its competitors, the firm needs to render authenticity.

The need to grow that a company experiences depends more on the industry it operates in, than on its growth stage. A bottling plant like the mentioned example of Dublin Dr. Pepper can achieve economic viability only serving a local market, as it saves on investing into new machineries and product development. A car or an airplane manufacturer however faces significant pressure to expand business in order to use scale advantages in order to finance required technological developments.

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7 The various detailed ways of strategic positioning and marketing techniques through which this goal can be achieved will not be discussed in this paper; good overviews for those can be found in Grant (2013) and Kotler and Armstrong (2010).
2.4.2 GROWTH OPPORTUNITY TO PRODUCE AUTHENTIC

The opportunity to grow is the second determinant identified by Davidsson (1991), and confirmed by Wiklund and Shepherd (2003), causing actual growth (see green boxes in Figure 5). The researchers discovered that the probability that a firm grows is higher when it has the opportunity to do so. This opportunity encompasses a wide array of factors. Access to a new market offers an opportunity to grow, so does a certain industry structure (e.g. very fragmented), or a change in the existing laws. While observably not all of these factors are necessarily related to authenticity, we argue that, among other factors, the desire by consumers to obtain authentic products can result in the opportunity to grow. The emphasized values of authenticity, namely heritage, quality, and sincerity, increase the perceived authenticity by consumers, which in turn allow a firm to expand its brand, thus creating new opportunities to grow. The concept of market immersion appears as particularly suitable, since understanding consumers’ desires can drive an increased capability to detect existing opportunities. The access to new and promising markets will, in turn, translate into enlarged sales and revenues.

While during the introduction and growth stages companies rarely lack the opportunity to grow, in the later stages the opportunities might be less frequent, due to less flexibility. Employing authenticity as a mechanism to create new growth opportunities, consequently, seems to be a strategy most suitable for mature companies, or those in decline trying to stabilize their operations.

2.4.3 GROWTH ABILITY TO PRODUCE AUTHENTIC

The ability to grow is the last determinant studied by Davidsson (1991) and Morrison, Breen and Ali (2003) (see yellow boxes in Figure 5). The ability to grow is acquired when a firm possesses the necessary resources for its growth. Financial capital is vital, as growth involves investments in new products, new distribution channels, and new production facilities (Cooper, Gimeno-Gascón, and Woo, 1997). Yet, financial capital has no close relation to the authenticity of a firm (even though there is a chance that, in the long-run, authenticity could generate improved financial capabilities, which is not the core subject of this paper). Nevertheless, there is the possibility that spending the available financial resources on marketing (aimed to influence the consumers’ perception of the brand) can increase the perceived authenticity of a company. Aside from the ability to obtain the financial resources required to grow, both the article by Davidsson
(1991) and that by Morrison, Breen and Ali (2003) emphasize the requirement of other factors, included in the human capital of a firm, such as education, previous experience, and an entrepreneurial spirit. The researchers show that human capital factors are indispensable in order to scale up successfully.

We argue that the positive influences of human capital can even exceed its already-proven effects in the original studies by Davidsson (1991), Cooper, Gimeno-Gascón and Woo (1997) and Wiklund and Shepherd (2003). One of the most cherished aspects by consumers in authentic brands is the high-quality, the craftsmanship, and the attention to detail involved throughout the production process, to create the products they desire. Yet, these commitments to authenticity are brought by the firm’s human capital. Utilizing and strengthening these commitments will lead to a better ability to produce authentic products, which in turn will fuel actual growth. Nevertheless, human capital can also limit the growth of a firm. If authenticity is gained through a high level of craftsmanship, or other forms of human capital that are hard to replicate, firms may struggle to grow, despite having the need and the opportunity to grow because they lack the ability.

The strong connection between human capital and authenticity becomes obvious for other reasons. A company that is able to maintain its staff with little turnover (resignation) will have higher chances in succeeding to perpetuate its traditions and heritage. Meanwhile, long-term employees are valuable for most firms in other ways. While Durst and Wilhelm (2011) point out the economic reasons why staff should be retained, creating a loyal and consistent base of employees in a firm also has a positive effect on the sincerity dimension, as these employees are better able to foster the firm’s long-held values and principles.

The ability to grow authentic thusly needs to be considered from two angles. While companies in the later stages of growth have better access to financial capital required to increase authenticity, human capital is not limited to the maturity or the decline phase. Especially in the inception stage, the company is strongly influenced by its founder, and therefore, its authenticity depends on his/her personality. Later on with increased size, a firm striving for authenticity should focus on a recruitment policy that takes this strategic goal into consideration (Weinberger, 2008).
Figure 5 - The connection between brand authenticity and firm growth
This framework has explored the crossroad between brand authenticity and firm growth. Section 2.4 of the theoretical frame of reference has attempted to prove in a few consecutive steps how simple it is to establish why and how brand authenticity and firm growth can be connected.
3 METHODOLOGY

This methodology chapter exhibits what practically was done along the five-month work in order to adequately answer the thesis’ primary research question and its related questions. The chapter was written to make the readers aware of the different stages of the research, and of the procedures and methods that were used in order to obtain and analyze data. To do so, we start by describing and arguing for our empirical study. After that, we introduce the research process, representing our methodological guide, in which the specific steps of the research are detailed. Before closing the chapter with a description of the data selection, collection and analysis, we elaborate on the research quality of the thesis. The sequential logic of this chapter is illustrated in Figure 6.

![Figure 6 – Sequential logic of the methodology chapter](image)

3.1 EMPIRICAL RESEARCH

Section 3.1 portrays what we did in terms of research. This thesis involved two empirical researches. The first one consisted of analyzing firm growth, through the usage of the database search Amadeus. Amadeus is an official database search that lists financial data of European companies (Amadeus, 2014). It is available to all business students at Linköping University. The second empirical research of this thesis involved analyzing the perception of brand authenticity, through the launch of a consumer survey.

3.1.1 EMPIRICAL RESEARCH 1: DATABASE SEARCH AMADEUS

The first empirical research of the thesis consisted of analyzing firm growth. This work was divided into two tasks. First, we had to search for brands of European companies. Second, we needed to collect enough data about these firms’ financial situation and evolution.
The rationale behind the use of Amadeus is twofold. The first reason lies in the high-quality and effectiveness of the database, which are dual: depth and length. Firstly, it holds detailed information about companies. It includes 60 different search criteria, in addition to any possible combination of search, and ranges from exportable-to-Excel graphs showing the evolution of turnover, operational cash flow, solvency etc. during the last ten years of firms, to their entire balance sheet and income statement. Secondly, the access is remarkably wide since Amadeus lists more than three million European companies, ranging from micro enterprises to large corporations. In other words, the depth and width of business information that Amadeus allowed us to collect exceeded by far what we could have obtained through designing our own searches. The second reason for using Amadeus lies in its convenience and efficiency. It represented a tiny fraction of the resources – time and cost – that would have been involved in carrying out data collection ourselves, thus allowing more resources to be spent on the analysis.

For these two reasons – effectiveness and efficiency –, we weighed that using Amadeus for this thesis’s first empirical research was sound. However, the usage of Amadeus came with slight unpleasantness. Even though Amadeus was a very well-designed database search, a short period of familiarization was necessary. As it was an official database, the range of variables and the way the variables were coded was standardized, which required to establish a common understanding of it. Moreover, only a limited control over Amadeus was possible. For instance, very recent data (employment and turnover) from 2013 could not yet be found for most firms.

The numbers obtained from Amadeus can be appraised as relatively unbiased. Not only does the database search contain data that have to be submitted in order to comply with governmental regulations, but this data are also cross-checked by third-party organizations such as auditing organizations (Amadeus, 2014).

To finish, the use of Amadeus can be regarded as secondary nature. Secondary sourcing encapsulates data originally collected by another researcher or entity, according to Bryman and Bell (2011). Amadeus can also be labeled as a quantitative method since involving a numerical data collection and analysis (Bryman and Bell, 2011). To conclude, it is worth noting that the quality, effectiveness, and efficiency of Amadeus as a quantitative secondary data collection greatly surpassed the few inconveniences coupled with the first use of this complex database.
3.1.2 EMPIRICAL RESEARCH 2: SURVEY

The second empirical research of this thesis consisted of the analysis of consumers’ perception of brand authenticity. More precisely, the article by Napoli et al. (2013) particularly caught our attention, as the authors developed a new model – a survey - on how to measure brand authenticity. Their model especially aroused our curiosity because it was theoretically developed, and needed to be empirically tested. We saw a great opportunity for our thesis, and thus decided to use this yet-untested survey to conduct our study, instead of creating a new framework or engaging into interviews or consumers’ observation. The survey focuses on measuring the three dimensions of brand authenticity - heritage, quality commitment and sincerity - that prevailed in Napoli et al. (2013)’s study, such as displayed in Figure 7.

<table>
<thead>
<tr>
<th>Heritage dimension:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The brand has a strong connection to an historical period in time, culture and/or specific region</td>
</tr>
<tr>
<td>The brand has a strong link to the past, which is still perpetuated and celebrated to this day</td>
</tr>
<tr>
<td>The brand reminds me of a golden age</td>
</tr>
<tr>
<td>The brand exudes a sense of tradition</td>
</tr>
<tr>
<td>The brand reflects a timeless design</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality commitment dimension:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality is central to the brand.</td>
</tr>
<tr>
<td>Only the finest ingredients/materials are used in the manufacture of this brand</td>
</tr>
<tr>
<td>The brand is made to the most exacting standards, where everything the firm does is aimed at improving quality</td>
</tr>
<tr>
<td>The brand is manufactured to the most stringent quality standards</td>
</tr>
<tr>
<td>The brand is a potent symbol of continued quality</td>
</tr>
<tr>
<td>The brand is made by a master craftsman who pays attention to detail and is involved throughout the production process</td>
</tr>
<tr>
<td>The firm is committed to retaining long-held quality standards for the brand</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sincerity dimension:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The brand refuses to compromise the values upon which it was founded</td>
</tr>
<tr>
<td>The brand has stuck to its principles</td>
</tr>
</tbody>
</table>

Figure 7 - The survey questions, based on Napoli et al. (2013)
Four sections follow, which describe, and argue for, our second empirical research: (1) model designed by Napoli et al. (2013), (2) self-administered questionnaire, (3) Likert scale, and (4) Survey Monkey.

**MODEL DESIGNED BY NAPOLI ET AL. (2013)**

Striving to increase our efficiency and widen the scope of this thesis from merely doing a survey or a database analysis to combining both, we decided to use an existing, yet empirically untested, survey on how to measure brand authenticity. Using the model of other researchers (Napoli et al., 2013) for our survey enabled us to use the available resources – time, as first-time surveyors, and cost - to their full capacity. This also permitted us to allocate more resources for data analysis, and to integrate two empirical studies within one master thesis. The quality of Napoli et al. (2013)’s model, designed as a psychometrical measure of brand authenticity from a consumer’s perspective, is discussed below.

- Based on a deductive approach, Napoli et al. (2013) generated an initial list of 157 items, reflecting seven dimensions of brand authenticity from the literature, namely: brand heritage (26 items); quality commitment (21 items); craftsmanship (14 items); sincerity (43 items); nostalgia (23 items); cultural symbolism (21 items); and design consistency (9 items). They started with this many dimensions of brand authenticity in order to ensure that the survey would capture the entire essence of the concept, thus covering the quality requirement that any quantitative research must fulfill, namely measurement validity.

- In the first step of refining results, five marketing experts were asked to assign the items to one of the mentioned dimensions. Only these items, to which four out of five experts agreed on, were kept, which resulted in the elimination of 90 out of 157 items, thus rendering the meaning of brand authenticity sharper.

- A second panel of four experts was then assigned to rate the remaining items in their respective scales, evaluating how well they represented the dimension. Only items rated by at least three out of four of these experts as ‘clearly representative’ were kept. 34 out of the remaining 67 items were eliminated during this step.

- In the next step, 40 undergraduate students were asked in a survey how well the items represented each category, thus resulting in only one change of dimension for one item, and sharpening the requirement of measurement validity.
Then, the **purification stage** began with asking 247 undergraduate students in a survey to think of a very authentic brand and then rate that brand on the remaining 33 items. This step aimed to ensure the **internal reliability** and **consistency** of the model. The data obtained in this step was run through several statistical models, leading to 14 items being removed from the study, and proved the **correlations** between items and their respective categories. Hence, the survey being developed was internally valid and consistent.

Finally, the remaining 19 items were tested in two additional samples, one consisting of 203 students, the other one of consumers, who were asked to rate a ‘somewhat authentic’ brand in these dimensions. Comparing the results of both surveys, another round of statistical computing generated the final 14 items, which were the results of the study. This last stage confirmed the **degree of systematization and quantification** of the survey research.

To sum up, in spite of the challenge it represented to understand the depth of detail of the quality criteria of Napoli et al. (2013)’s model, **we were convinced by the quality of their results**.

However, while appreciating the thoroughness that Napoli et al. (2013) spent on developing their model, a few downsides need to be addressed. Firstly, their model was published in 2013. Therefore, no further studies were made on the topic that corroborated or counter-proved the relevance of the model, which may contain unknown pitfalls that are thus reproduced in our research (Bryman and Bell, 2011). One known pitfall lies in the technical jargon used. During the pilot study, some of the participants of the survey mentioned that they thought the questions were **difficult to answer**. This issue was addressed by allowing participants to skip single questions they thought were beyond their own knowledge. Secondly, the very thoroughness applied in designing the model poses a problem. Having gone through various refinement steps in selecting the criteria to be used, not all of the seven initial dimensions survived in the final model (Napoli et al., 2013). While three dimensions can be found indirectly in the remaining ones\(^8\), **cultural symbolism** is neither directly nor indirectly included in the dimensions. It is thusly concluded that cultural symbolism is not a driver for brand authenticity because, while brands become symbolic for certain values, these values are not seen as authentic by consumers (Napoli et al., 2013). Future studies on the relationship between cultural symbolism and brand authenticity are consequently in order.

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\(^8\) The three remaining dimensions are heritage, sincerity and quality. However, nostalgia for example can be found in the sentence “The brand reminds me of a golden age” (Napoli et al., 2013, p.3).
When it comes to methodological jargon, we can claim that this consumer survey represents a **quantitative strategy of primary nature**. Bryman and Bell (2011) define quantitative strategy as involving numerical data collection and analysis, and primary nature as referring to data acquired first-hand. To conclude, despite some weaknesses that Napoli et al. (2013)'s model may contain, our choice to use it as a primary quantitative methodological tool was driven by the **systematic, efficient, effective and promising nature of their survey**.

**SELF-ADMINISTERED QUESTIONNAIRE**

As already explained, this survey research entailed the collection of data about consumers’ perception of brand authenticity, by using an already-existing model. This model was, in fact, a self-administered questionnaire. A self-administered questionnaire refers to a poll composed of questions, to which respondents answer on their own, which leads to discern patterns of association in the focal concept (Bryman and Bell, 2011). Our questionnaire was launched online in March 2014, thus measuring perceived authenticity at that precise point in time. **Perception of brand authenticity is a long-lasting phenomenon**, implying that consumers’ perception of brand authenticity must not have changed between two years ago and March 2014, as noted by Beverland (2009, p.190) who argues that “authenticity takes years to build”. We thusly assume that a gap of 15 months between asking customers and data used in the comparison poses no problem.

In addition to explaining the reasons for using Napoli et al. (2013)'s survey, we now present the benefits and pitfalls considered before deciding to use an online self-administered questionnaire instead of using other types of survey. To begin with, it is certain that our online questionnaire was **economical** - low-cost and quick - to administer (Bryman and Bell, 2011), while still **being distributed in large quantities** over the web (mainly through social networks and emails). It also had the advantage of being **convenient to respondents**. The questionnaire took maximum fifteen minutes to answer, and the respondents could answer the questions whenever and wherever they wanted (it was even possible to answer the survey using a smartphone), which could not be the case if using the methods of observation or interviews.

There are three stereotypical hazards of using a self-administered questionnaire. The first particularity of a self-administered questionnaire is that the researchers cannot help the respondents if they encounter difficulties at answering questions and hesitate about concepts, thus **creating ambiguity in answers**. This issue was tackled in two ways. Firstly, the ambiguity that respondents may have felt was desired, as the questions were specifically asking for their
perception. This was stressed in the introduction page of the survey (see Appendix 3). However, the intense testing of the questions by Napoli et al., during which all ambiguous statements were removed, provided us with the confidence that the vast majority of our participants would understand the questions in the intended way. Secondly, if respondents were still insecure about any particular question, they were free not to answer this question. The second particularity of the self-administered questionnaire was that it did not allow additional data collection, for example about each respondent’s own definition of authenticity, or knowledge of brands. Though, additional data was not needed for the results of the thesis, since we made sure to include questions for every required piece of information. Last, the response rate of a questionnaire is typically unsure. However, the survey was decontaminated from this possible hazard by checking the quality (number of questions answered) and the quantity (number of surveys answered) on a daily basis, thus promoting the survey more if the data obtained was insufficient in quality and quantity (see Appendix 5).

**LIKERT SCALE**

The study contained an online self-administered questionnaire, sampling consumers; this questionnaire was, in fact, made of a Likert scale. The latter had the advantage of being a multiple-indicator measure of a set of attitudes related to a particular area, namely the perception of authenticity of brands. There was one specific advantage of using a Likert scale for this study, namely measuring the intensity of feelings about the perception of brand authenticity. The Likert scale contained 14 statements, or ‘items’ (Bryman, 2012), about a particular issue. There were three issues in total, to which respondents had to rate their level of agreement from one to seven (as shown in Figure 7 above)*. The multiple indicators allowed capturing the full range of the concept of authenticity. As a result, we could get access to a wider range of aspects of the concept. Due to the high tacitness of the concept of authenticity, only one indicator would have either captured only a portion of the sub-concept, or, involved an excessive generalization on the sub-concept. Again, given the high intangibility and subjectivity of the concept of authenticity, multiple indicators in the questionnaire also allowed identifying finer distinctions. Having only five scales for example would have weakened the results, since preventing from maximizing the array of respondents and their perception of authenticity (Bryman, 2012).

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* 1= I strongly disagree, 2= I disagree, 3= I partially disagree, 4= I neither agree nor disagree, 5= I partially agree, 6= I agree, 7= I strongly agree
SURVEY MONKEY

We launched our questionnaire online, through the usage of Survey Monkey. Survey Monkey is an official online survey tool, featuring a customizable design and reporting, and counting over 15 million users worldwide (SurveyMonkey, 2014). Survey Monkey was used in this thesis for three main reasons. Firstly, it allowed skipping questions unanswerable by the participants. The interest of the research lies in the perception of respondents who knew the specific brands. It made no sense to interview respondents who did not know a brand on their perception of that brand’s authenticity. Secondly, the website offered all the technical features required in the different kinds of question (seven-point scale, multiple choice etc.). Lastly, Survey Monkey offered a built-in analysis function of the produced results, and downloads into Excel for additional computation.

3.2 RESEARCH PROCESS

The research was conducted in four different steps, each of them being the requirement for the consecutive one. The methodological logic behind these steps will be explained at the end of this section (in 3.2.5).

3.2.1 RESEARCH STEP 1: BRAND IDENTIFICATION

One of the requirements of the study was to have small-sized companies as well as larger ones represented because, in total figures, small firms easily outnumber larger ones (European Commission, 2005). Finding sufficiently many brands that customers knew and had an opinion about, however posed a problem. While almost everyone knows Starbucks, McDonalds and Toyota, SME brands are usually not nearly as well-known, or only known to a regional group of people, or those with shared interests. For instance, the gourmet jams made by the food-processing brand L’Epicurien are well-known among people who can enjoy and savor fine food, and who have the financial means to afford these high-end products. The beers of the brand Gaffel are often distributed in Kegs as they are sold in glasses of 0.2l in bars or restaurants. Since these small glasses are only common in Western Germany, the beer is more known in this region.

Measuring how authentic a brand was perceived by customers in the first step required finding brands that are well-enough-known to a large-enough sample of customers. Apart from the aforementioned restrictions and limitations, this further limited the companies available for this
study to companies that produced products for end-consumers or, in other words, those operating in B2C. To find sufficiently many of those firms, the Amadeus database was used. It allowed using filters, such as the number of employees or industries, which was crucial when specifically looking for SMEs from the same industry. A total of **29 companies with brands from three different industries** (French food-processing industry (8 companies), French cosmetic industry (10 companies), and German beer industry (11 companies)) were identified. In each of the chosen industry, two big companies were chosen along with six-to-nine SMEs, in order to have a more representative sample of the reality in these industries (European Commission, 2005). Having a sample of companies in the study that represented the industry structure of France and Germany respectively demanded, not only to have small as well as large firms, but also firms from different geographical regions. A detailed overview of which firm has its headquarters in which geographical region of the country is shown in Appendix 4. Concerning the cosmetic industry, two non-French (English and Swiss) companies were included, because the French market is highly composed of foreign companies importing their products (MarketLine, 2013b), and because finding French companies fulfilling the selection requirements proved to be difficult. The chosen brands are listed below in Figure 8.

<table>
<thead>
<tr>
<th>COSMETIC INDUSTRY</th>
<th>FOOD-PROCESSING INDUSTRY</th>
<th>BEER INDUSTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weleda</td>
<td>St Michel</td>
<td>Dithmarscher Pilsener</td>
</tr>
<tr>
<td>Lush</td>
<td>Marie Morin</td>
<td>Flensburger</td>
</tr>
<tr>
<td>Yves Rocher</td>
<td>L'Epicurien</td>
<td>Einbecker</td>
</tr>
<tr>
<td>Fragonard</td>
<td>Michel et Augustin</td>
<td>Gaffel</td>
</tr>
<tr>
<td>Savon de Marseille</td>
<td>Pierre Herme</td>
<td>Köstritzer</td>
</tr>
<tr>
<td>Le Châtelard</td>
<td>Rians</td>
<td>Schneider Weisse</td>
</tr>
<tr>
<td>Florame</td>
<td>Andresy Confitures</td>
<td>Darmstädter</td>
</tr>
<tr>
<td>Distillerie Bleu Provence</td>
<td></td>
<td>Barre</td>
</tr>
<tr>
<td>Le Petit Olivier</td>
<td>Favor</td>
<td>Stralsunder</td>
</tr>
<tr>
<td>Clarins</td>
<td></td>
<td>Veltins</td>
</tr>
</tbody>
</table>

Figure 8 - Brand list
3.2.2 RESEARCH STEP 2: PILOT STUDY

Conducting a quantitative research about the selected brands, involving the launch of a consumer survey, required to make a pilot study. The three questionnaires (one for each focal industry) were first sent to five-to-ten people each, in order to be tested. Conducting a pilot study proved to be fruitful since the respondents of the pilot study provided feedback on how to improve our questionnaires. The changes made from the comments received mainly concerned two elements. The introduction needed to be more explicit on what the surveys were about. Moreover, some answers had to be made mandatory in order for the respondents not to skip some necessary answers. We did not change the main questions of the survey (other than in terms of language) though, despite few of the participants of the pilot study mentioning that some questions were hard to answer. We chose not to do so in order not to falsify the results by diverging from the questions Napoli et al. (2013) developed. Instead, we asked the participants on the introduction page to answer the questions to their best knowledge. If this was not possible, we allowed them to skip these questions. After some minor improvements suggested by the participants of the pilot study, the questionnaires were launched.

3.2.3 RESEARCH STEP 3: EVALUATING THE FOCAL BRANDS

In step 3, the model developed by Napoli et al. (2013) was applied to the chosen firms. To remove some bias from only studying one industry, firms from three different industries and two countries were selected. After conducting the pilot study, Napoli et al.’s questionnaire was launched online, asking the participants 14 questions about the brands they stated to know. Additionally, the participants were asked, if they only knew the brand, or also bought products of it. When participants stated that they did not know a brand, no further questions were asked about that particular brand. This was a necessary choice in order to limit the questions for participants, and an obvious one because it made no sense asking people detailed questions about a brand they never heard of. The surveys were conducted online, and spread through social media. In cases in which the amount of qualified results (i.e. people who actually knew the chosen brands) did not reach satisfying levels, the surveys were also spread on specialized forums for the respective industries. The fact that the survey was spread online through social media and forums bares the risk to attract only a certain type of people. This risk was reduced by spreading each survey on multiple forums. Regardless, the population of the survey cannot be
described as representative. A comprehensive overview of the population of each survey can be found in Appendix 5.

### 3.2.4 RESEARCH STEP 4: COMPARING AUTHENTIC BRANDS WITH THEIR COMPETITORS

In the last step of the study, the chosen brands were compared among each other. In order to uncover whether companies can achieve above-average industry growth rate and brand authenticity, three key figures were analyzed. The growth of both revenues and employment were used as those are the most frequent measurements for evaluating growth in companies (Davidsson, Achtenhagen and Naldi, 2005). The third criterion was the annual profits. While there is little discussion about the revenues of a company or the employment of its workforce, the financial figure of profit knows many different definitions and concepts. As the key concern of this study was establishing whether the assumed relation between growth and brand authenticity exists, and not to discuss if Return on Equity is a better indicator for profit than Return on Assets, the solution to determine which profitability indicator was to be used was relatively simple. We used the one that was by far the most commonly reported one on Amadeus: after tax profits or losses. Only half of the beer brewing companies did not report this figure, but these four companies did not have any numbers for measuring profits at all reported on Amadeus. In order to compare the values for profitability, the average earnings of the last three years were taken, ignoring the year 2013 if already available on Amadeus. This allowed ignoring the effects from economical upturns or downturns, because all firms in the dataset would have experienced them alike.

As an additional factor, the age of firms was taken into consideration, and the time horizon during which growth was measured was set to ten years. For companies that omitted to report data for all of these ten years, the available maximum of years on Amadeus was used instead. The minimum time period used for a firm however was five years, which allowed drawing conclusions about the general trend with which the focal firms were developing.

### 3.2.5 CONCLUDING REMARKS ON THE RESEARCH PROCESS

As presented in Chapter 1 Introduction, our research was grounded in the opportunities offered by the yet-untested theoretical model by Napoli et al. (2013), and by the interesting but subjectively-tested idea of merging authenticity and growth by Eggers et al. (2013). Aiming at theoretically exploring the connection between brand authenticity and firm growth, a primary
research question and further related questions were deducted. In turn, the research questions were supported by two empirical researches. The first one consisted of utilizing the official database Amadeus. The second one included surveying consumers through the launch of questionnaires. Instead of being self-designed, the latter was already existing (Napoli et al. 2013). It was used as a basis for our secondary analysis, consisting of a comparison between the selected firms’ growth and the results of the consumer survey. The results revealed whether companies can achieve both above-average industry growth rate and brand authenticity. The approach of this process is illustrated in Figure 9.

In technical methodological language, this research approach is labeled ‘deductive’ (Bryman and Bell, 2011). A deductive approach refers to grounding a research on literature and on an academic problem, to further make observations based on theory, which will lead to findings. This method is opposed to the inductive approach, which involves observing a practical problem and making it the subject of the research, to further support it with theory (Bryman and Bell, 2011). Figure 9 illustrates the deductive approach of our work.

Furthermore, the article written by Eggers et al. (2013) was the starting point of this thesis’s research questions. At this point in time, using Amadeus as a pillar of the research for selecting brands and further analyzing the firms’ growth was a sound choice. While these data were being collected, we went back to theory and made the decision to use the questionnaire designed by Napoli et al. (2013). We then proceeded to empirical data and launched the survey. This step-by-step process of weaving back and forth between the theory and empirical data is called ‘iterative’ (Bryman and Bell, 2011).
This deductive and iterative process implied comparing the results of **three industries** (see Appendices 1 and 2); our study is thus called ‘**comparative**’. The form of such research is labeled ‘**cross-national**’ since those industries were from two different countries (France and Germany) (Bryman and Bell, 2011). While this posed the threat that the phenomenon of brand authenticity could imply different meanings in different countries, the existing literature on this topic suggests that it is equally cherished, not only in different countries, but also in different industries. Beverland (2005) asserts that the importance of authenticity is equally high for vineyards in Australia, France, Portugal and New Zealand. There is therefore a strong reason to believe that, while nuances of the concept of authenticity may differ, the general meaning of the concept is the same in countries so culturally close as France and Germany. Despite a slight cultural difference in terms of power distance (France: 68, Germany: 35), both France and Germany put an emphasis on individualism (France: 71, Germany: 67), uncertainty avoidance (France: 86, Germany: 65) and pragmatism (France: 63, Germany: 83), and both countries score somewhat in the middle in terms of indulgence (France: 48, Germany: 40) (Hofstede, 2014). In addition to being comparative and cross-national, our study is **cross-sectional**, as the survey collected data from respondents at one specific point in time, while gathering data from 29 different companies from three different industries.

### 3.3 RESEARCH QUALITY

Because the research relied on a quantitative strategy, three quality criteria needed to be taken into consideration: reliability, replication and validity (Bryman and Bell, 2011). Due to the cross-cultural nature of our survey, we also had to regard another criterion, specifically the quality of questionnaire translation. These four criteria are explicated below. Before starting the discussion, it is worth mentioning that the three criteria, reliability, replication and validity, are similar when evaluating a cross-sectional and a comparative research design. The fourth criterion, namely questionnaire translation, applies to cross-sectional research regardless of the type of research design.

#### 3.3.1 RELIABILITY

Reliability is difficult to achieve in a master thesis because time limitation does not allow testing the **consistency and stability** of concepts over a longer period of time (Bryman and Bell, 2011). Yet, the reliability of our study can certainly be appraised as **only moderately biased**, as we did
not have any influence on the official financial data reported by the companies in this study. It can however be argued that different authors would have chosen different companies, or reached out for different participants in the survey. The former ideally should not matter in case there is truth in the phenomenon we strive to research. We tried to overcome the latter by having a relatively large sample of participants in our survey (a total of more than 800).

Moreover, the indicators used were only partially stable over time. On the one hand, the financial data taken from the Amadeus database was very stable, and reported every year in exactly the same way. On the other hand, the data obtained from our own survey was less stable over time. Using the same questions as Napoli et al. (2013), we were able to show that the concept of brand authenticity and the three dimensions used by them has not changed since they started with their study a few years ago.

### 3.3.2 Replication

Replication embodies the degree to which a study is replicable by other researchers (Bryman and Bell, 2011). The replication of our study is feasible since we spell out our procedures in great details. We do so, first in the section called Research Process (3.2) by guiding the readers throughout the different steps of the study, and second in Appendix 3, clearly exhibiting the questionnaires.

### 3.3.3 Validity

The most decisive criterion when dealing with a quantitative business research is validity (Bryman and Bell, 2011). Validity represents the integrity of the conclusions that are generated from a piece of research (Bryman and Bell, 2011). There are four different types of validity.

First, measurement validity represents the adequacy of measures that are devised from a concept (in this case, authenticity), and the degree to which these measures reflect the concept that is supposed to be denoting (Bryman and Bell, 2011). Measurement validity is strong because Napoli et al. (2013) confirmed the measurement validity of their model, through running an in-depth research of the measurements devised from the concept of brand authenticity. As already explicated in 3.1.2, they proceeded to different refinement and purification steps, used three different questionnaires featuring a Likert scale to optimize the quality of responses, and sampled different people to best represent reality.
Second, external validity represents the degree to which the results of the study can be generalized beyond the specific research context (Bryman and Bell, 2011). **External validity can be considered as modest.** Considering the second empirical research conducted (survey about consumers’ perception of brand authenticity), the population from which data was collected was gathered by spreading the surveys through social media. We followed **no specific pattern when sourcing our population** in order to maximize the participation rate (see Appendix 3). The high participation rate was a requirement resulting from the selection of small and less well-known companies. Thusly, the external validity of our second empirical research can be considered as weak. Now regarding the first empirical research conducted (firms’ selection and analysis through Amadeus), we were extremely keen to generate a **balanced sample of our selected companies.** In fact, and as more exhaustively explained in Section 3.4.1 Data Selection, we aimed to remove industry bias\(^\text{10}\). We selected firms that are not owned by a parent company, and thus that are growing internally, AND that feature only one brand, which, additionally, is well-known and from unconsolidated industries. We applied these four requirements as our selection criteria, aiming to make our first empirical research more externally valid. This strong external validity of our first empirical study, combined with a weaker second empirical study, results in a modest overall external validity.

Third, ecological validity embodies the naturalness of a study (Bryman and Bell, 2011). **The ecological validity of the study may have been jeopardized by the usage of a questionnaire as the research instrument.** Indeed, a questionnaire reflects an artificial setting (Bryman and Bell, 2011), which may not have captured the perceptions of consumers as expressed in their everyday consumption life.

Last but not least, internal validity refers to causality and whether the results of a study represent a true reflection of the causes (Bryman and Bell, 2011). The thesis’ primary research question and its related questions purposefully exclude any associations between brand authenticity and firm growth. We study whether companies can achieve both brand authenticity and growth, without regarding any causal relationship the two concepts may hold. As a result, **this research does not have to respond to the criterion of internal validity.**

\(^{10}\) Nevertheless, further research needs to prove whether the same results can be found in other industries as well as in non-manufacturing brands.
3.3.4 QUALITY OF QUESTIONNAIRE TRANSLATION

We come from two different European countries, namely Germany and France, which are not considered as too far culturally. Despite a slight cultural difference in terms of power distance (France: 68, Germany: 35), both France and Germany put an emphasis on individualism (France: 71, Germany: 67), uncertainty avoidance (France: 86, Germany: 65) and pragmatism (France: 63, Germany: 83), and both countries score in the middle in terms of indulgence (France: 48, Germany: 40) (Hofstede, 2014). Moreover, the language that we spoke and wrote was only English. The survey conducted for the study imposed to be launched in both France and Germany, thus raising the question of questionnaire translation. There are three potentially-arising risks when dealing with cross-cultural studies, semantic, conceptual and normative. Behling and Law (2000) argue that these are most of the time ‘far too complex’ for being able to build a common methodology helping researchers solve them. Each study is unique. The following paragraphs explicate how translation was dealt with in this research.

Solving the semantic problem required identifying the words and phrases in the target language (Behling and Law, 2000), namely German and French, which had similar meanings to those used in the source language, namely English. This hazard was minimized because we are German and French, our first language is thus respectively German and French, and English is our second language. Consequently, we had a clear overview of the differences of words, phrases and connotations associated with them, as we constantly thought about, and reflected on, the concepts in both languages, namely German and English for André, and French and English for Camille. In brief, regarding this semantic problem represented a fairly easy procedure in the course of the work, yet necessary, since it safeguarded the quality of our questionnaire.

The second step in the questionnaire translation involved solving the conceptual problem. This entailed identifying the differences of cultures between Germany and France. The conceptual problem normally occurs when the concept used in the source instrument - independent of the words and phrases operated to represent it - does not exist in the same form in the thinking of members of the target culture (Behling and Law, 2000). The similarity of the conceptual understanding of brand authenticity in the countries where the survey was conducted was proven by the researchers who studied this very phenomenon in the focal countries beforehand (particularly, French and Australian vineyards, and the German car industry (Beverland, 2009)). Even though the typical conceptual problem did not appear as troublesome in the course of
the work, we still made sure to understand it in order to ascertain the consistency of our survey.

The last problem common to questionnaire translation refers to the differences of norms and conventions across countries, called normative problem (Behling and Law, 2000). It normally occurs to cross-cultural researchers when the norms and conventions of the country of reference for the study differ from the norms and conventions of the target country. Behling and Law (2000) give the illustration of the manner with which ideas are expressed, or the openness with which certain topics are discussed. Again, this potential risk did not represent a problem for our thesis since neither of the countries where the survey was conducted have norms and conventions that prevent from freely discussing brand authenticity.

3.4 RESEARCH DATA

This section starts by explaining how the research data was selected. We provide information about the choices made and the reasoning behind selecting industries and firms. Additionally, the statistics of the survey concerning the data collection process are discussed. In the final part of 3.4, the applied tests are briefly introduced, and the quality of the obtained data is analyzed by verifying normal distributions and outliers.

3.4.1 DATA SELECTION

The data selection of this study consisted of listing the various selection criteria, which drove us to exclude brands and industries from the study. These are described and discussed below.

REMOVING INDUSTRY BIAS

The companies within the sample group were only part of three industries. While this increased the challenge of finding sufficiently many well-enough-known firms, this step was essential in order to remove industry bias. If 20 companies from 20 different industries (in order to have more known brands) had been compared, there would have been no guarantee that the authenticity measured was above industry average. In other words, there had been a chance that, within their respective industry, firms just scored average in terms of brand authenticity even though they scored relatively high among our sample. Having nine-to-eleven companies from the same industry in the survey allowed learning whether they were appraised as more
authentic than some of their direct competitors. While this did not guarantee that the most authentic firms were part of the chosen sample group, it allowed comparing more authentic companies with less authentic ones from the same industry.

IGNORING FIRMS THAT ARE OWNED BY A LARGE PARENT COMPANY

As far as possible\textsuperscript{11}, all firms that were owned by a larger parent company or a holding company were ignored. The reason for this was that the performance data compared in this study could be biased by a parent company, either pushing the focal company by investing heavily in it - thus creating unnatural growth caused by the parent company’s investment -, or on the other end of the scale, cross-financing other companies part of the same conglomerate - thus artificially reducing profits and growth.

FOCUS ON ‘ONE-BRAND COMPANIES’

This additional selection criterion was required in order to avoid noise in the study. If a firm owned more than one brand, the financial data would have become unreliable to evaluate the brands’ influence on the firm’s performance. Given that firms only report their total earnings and total profits as well as total employees, a firm having different brands would need to be split up in order to evaluate how the authentic or inauthentic brand influences the firm’s performance. Hence, only firms with one major brand, or firms that effectively are the brand, were chosen.

WELL-KNOWN BRANDS FROM UNCONSOLIDATED INDUSTRIES

The brands were chosen on the basis of how well they were represented in the minds of consumers, and how far the consolidation process within their respective industry has advanced. Industries composed of only few global players acting in an oligopoly tend to own many brands, and only leave niche markets for smaller competitors.

The strictness of the aforementioned four criteria when selecting companies had the consequence of geographical restriction. In order to be able to identify a sufficient amount of small-sized firms to reflect the industry structure, it was necessary to choose companies present in our home countries, France and Germany (see Appendix 4). This decision had the upside that we knew many consumers to send this survey to, and places where to publish it.

\textsuperscript{11} Research was done on the companies’ websites, directly on Amadeus, and on Wikipedia, to reveal ownership structures.
3.4.2 DATA COLLECTION

In order to unravel the connection between authenticity and firm growth, it was important to first obtain data about the perception of consumers of the chosen brands. As a result, three different surveys (one per industry) were launched online asking participants general questions, such as their gender and age, but also using the 14 questions suggested by Napoli et al. (2013) to measure a brand’s authenticity. This assured that the same persons were evaluating the firms from the same industries, and thusly removed one possible source of bias. Additionally, respondents were asked if they have consumed the focal brand. This was done to see whether there was a (significant) difference concerning the perception of authenticity between people who just heard of the brands and consumers of these brands. The surveys were conducted between the 10th and the 25th of March 2014. A total of 873 participants took part in the surveys, spread between 247 respondents in the beer industry, 332 in the cosmetic industry, and 294 in the food-processing industry (see Appendix 5). This comparably large amount of participants was necessary, since some of the selected brands were relatively small and unknown, and since participants were only asked to evaluate brands they knew.

EXCLUSION OF DATA

Once the questionnaires were closed and sufficient data were gathered, some answers had to be partially removed from the survey. Two of the participants in the cosmetic survey did not inform on their age. They therefore had to be excluded in all the parts of the analysis aimed to explore the relationship between the perception of brand authenticity and the age of participants. Likewise, two respondents of the food-processing survey were excluded from the analysis connecting gender and brand authenticity after not conveying their gender. Lastly, five participants of the food-processing survey did not report their age, gender and occupation, and thus had to be removed from all the parts of the study linking any of these three factors with brand authenticity. Nevertheless, it is noteworthy that, even when any or all of these personal data were missing, the answers of those participants were still taken into account when testing the more general questions for which the entire population in the survey was used, such as determining the general perceived brand authenticity of the focal companies.

Regardless of the large sample size of participants, some brands had to be eliminated from the analysis after closing the survey since the amount of responses could not be considered as
sufficient. Those brands were: Darmstädter, Barre and Stralsunder from the beer industry; Le Châtelard, Florame and Distillerie Bleu Provence from the cosmetics industry; and Marie Morin from the food-processing industry. In addition, despite obtaining sufficiently many responses for Michel et Augustin, the brand also had to be eliminated because the firm chose not to publish annual data (which is possible in the French law system). A complete list of the focal brands, and of the respective respondents, may they be consumers or not, can be found in Figure 10.

<table>
<thead>
<tr>
<th>Survey</th>
<th>Brand</th>
<th>Participants</th>
<th>Consumers</th>
<th>Percentage of population</th>
<th>Consumer of participants</th>
<th>Used in Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beer</strong></td>
<td>Dittmarscher</td>
<td>59</td>
<td>46</td>
<td>25.60%</td>
<td>77.97%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Flensburger</td>
<td>118</td>
<td>99</td>
<td>47.57%</td>
<td>83.50%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Einbecker</td>
<td>56</td>
<td>38</td>
<td>22.76%</td>
<td>67.66%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Gaffel</td>
<td>63</td>
<td>51</td>
<td>25.61%</td>
<td>80.55%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Kochströer</td>
<td>87</td>
<td>60</td>
<td>35.37%</td>
<td>88.57%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Schneiderweisse</td>
<td>87</td>
<td>63</td>
<td>33.35%</td>
<td>75.85%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Darmstädter</td>
<td>7</td>
<td>4</td>
<td>2.85%</td>
<td>37.34%</td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>Barre</td>
<td>18</td>
<td>10</td>
<td>7.32%</td>
<td>55.56%</td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>Stralsunder</td>
<td>15</td>
<td>11</td>
<td>6.10%</td>
<td>80.00%</td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>Weitins</td>
<td>91</td>
<td>64</td>
<td>36.95%</td>
<td>70.33%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Erdinger</td>
<td>103</td>
<td>82</td>
<td>41.87%</td>
<td>79.61%</td>
<td>YES</td>
</tr>
<tr>
<td><strong>Cosmetics</strong></td>
<td>Welsh</td>
<td>66</td>
<td>47</td>
<td>25.51%</td>
<td>53.41%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Lush</td>
<td>86</td>
<td>59</td>
<td>25.00%</td>
<td>45.25%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Vivre Rocher</td>
<td>233</td>
<td>105</td>
<td>70.18%</td>
<td>45.08%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Fragonard</td>
<td>32</td>
<td>5</td>
<td>9.64%</td>
<td>18.75%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Sevan de Marseille</td>
<td>180</td>
<td>82</td>
<td>34.22%</td>
<td>45.56%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Le Châtelard</td>
<td>2</td>
<td>0</td>
<td>0.00%</td>
<td>0.00%</td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>Florame</td>
<td>2</td>
<td>1</td>
<td>0.60%</td>
<td>50.00%</td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>Distillerie Bleu Provence</td>
<td>2</td>
<td>1</td>
<td>0.60%</td>
<td>50.00%</td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>Le Petit Oliver</td>
<td>53</td>
<td>23</td>
<td>15.96%</td>
<td>43.40%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Clarins</td>
<td>139</td>
<td>60</td>
<td>41.67%</td>
<td>43.17%</td>
<td>YES</td>
</tr>
<tr>
<td><strong>Food</strong></td>
<td>St. Michel</td>
<td>191</td>
<td>159</td>
<td>64.07%</td>
<td>83.25%</td>
<td>YES</td>
</tr>
<tr>
<td>processing</td>
<td>Marie Morin</td>
<td>5</td>
<td>4</td>
<td>2.04%</td>
<td>56.67%</td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>L’Epicurien</td>
<td>24</td>
<td>10</td>
<td>8.16%</td>
<td>41.67%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Michel et Augustin</td>
<td>75</td>
<td>30</td>
<td>25.51%</td>
<td>40.00%</td>
<td>NO (no data published)</td>
</tr>
<tr>
<td></td>
<td>Pierre Hermé</td>
<td>80</td>
<td>32</td>
<td>27.21%</td>
<td>40.00%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Rians</td>
<td>124</td>
<td>72</td>
<td>42.18%</td>
<td>58.06%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Andressy Confitures</td>
<td>15</td>
<td>9</td>
<td>5.10%</td>
<td>50.00%</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Fervola</td>
<td>58</td>
<td>45</td>
<td>19.73%</td>
<td>77.58%</td>
<td>YES</td>
</tr>
</tbody>
</table>

**Figure 10 - Participation rate per firm and exclusion of data**

As the figure shows, the criteria for excluding or keeping a firm in the survey were adjusted to the results we gathered. While a sample size of at least 50 replies per brand would have been satisfactory, in the cosmetic industry we also kept Fragonard as a brand, because it was still significantly better known than the firms with only two replies each. Considering the food-processing industry, we allowed L’Epicurien and Andressy Confitures to remain in the study. Despite failing to receive 50 replies, we decided to keep them because we already had to delete Michel et Augustin from the sample due to inaccessible financial data, and because we wanted to at least keep six firms in the industry for interesting results and further studies. Excluding firms
can therefore be seen as a double-edged sword or a balancing act. On the one side, we strived to have as many participants as possible for each company, aiming to collect sound results from the first quantitative study. On the other side, we needed as many firms as possible to remain in the study to be able to draw valuable conclusions from the results.

Figure 10 depicts how many of the total participants of the survey evaluated which brand, and how many of them evaluating a brand informed that they have consumed products of that brand.

**NATURE OF DATA GATHERED**

In the beer survey, the respondents were also asked to express how often they consume beers. Since the survey was spread through network, social media and on forums, the population of the three different survey groups turned out to be significantly heterogeneous. While 206 (83.7%) of the participants in the beer survey were male, 220 (66.5%) of the respondents of the cosmetic survey were female. Likewise, 295 (89.4%) of the participants of the cosmetic survey stated they were 25 years old or younger, whereas only 112 (38.8%) of respondents of the food-processing survey were of the same age (see Appendix 5 for more details). It was therefore necessary to use SPSS in order to calculate if any of these factors strongly influenced the results of the survey. If, for example older people on average perceived brands as more authentic, this would have resulted in higher average scores of the survey compared with the other two. As all companies of one industry were evaluated by the same participants though, this influence can be neglected.

### 3.4.3 DATA ANALYSIS

**STATISTICAL TESTS AND MEASURES**

As this study combines primary and secondary data applying statistical tests, an introduction and description of the applied tests is in order. Before listing the used tests, it is important to note that, for all calculations, we decided to use the mean values from the survey rather than the mode or the median. We chose to do so because our scales were only seven point-scales, which did not allow for too much disruption from extreme outliers, and because we obtained normally-distributed data for almost all the firms in the surveys.

In the first step, the data was explored to check outliers and normal distribution. To do so, histograms and Q-Q Plots, permitting us to graphically inspect the value distribution, were adopted combined with tests to statistically calculate if a normal distribution was given, namely
the Kolmogorov-Smirnov or the Shapiro-Wilk (non-parametric alternative for small samples) tests. We applied Shapiro-Wilk whenever we had sub-samples of less than 50 answers, as recommended by Pallant (2011).

For calculating the correlations in the final step of the analysis, we relied on Spearman rho. This test, also being non-parametric, was chosen instead of Pearson’s parametric test because only comparably few companies were entered in the final step of the testing (total of 21).

The influences of control variables, such as the age of firms, were tested utilizing independent sample T-Tests. As in none of the cases we had to combine more than two groups (even for occupation, the vast majority of participants said that they were either students or working), ANOVA tests, which are employed when testing a categorical variable with more than two categories, were not applied.

After running the T-Tests, we first verified the results from Levene’s test, which examines equal variance and provides a value for significance. The respective t-value (if significance was found) was then selected to calculate eta-squared, which allowed understanding the strength of the effect of the chosen categorical variable (e.g. the influence of the occupation of the respondents on the perceived brand authenticity). Eta-squared test can produce results from 0 to 1; the higher the result, the stronger the magnitude of the intervention’s effect (Pallant, 2011).

NORMALITY AND HANDLING OUTLIERS

As previously mentioned, it is essential to start the data analysis with assessing the data collected in terms of normality and outliers before conducting further steps (Pallant, 2011). Since this evaluation of the data is independent from the main calculations of the analysis connecting growth and authenticity, it is separately presented in this section. If outliers exist (values in the data set far away from the mean value), it needs to be decided how these outliers are dealt with. According to Pallant (2011), there is a vivid discussion among scientists whether these values should be ignored, changed, or deleted from the sample. Since there is no clear agreement on what to do, we decided to keep them unchanged in our database. The main reason for this was that we were asking people about their personal opinion about brands. There is no guarantee that everyone thinks more or less the same about a brand, thus if someone hates a brand or is a big fan of it, the values from his or her answers can very well be far apart from the average values without being categorically wrong.
Additionally, there were two minor problems with changing or removing the data, which would have been the other option. Firstly, despite eliminating the brands with the least participants knowing the companies, still some of the smallest companies left in the sample group had only few evaluations, the lowest value ranging from 15 to 56 participants depending on the industry. Eliminating values that seemed to be outliers would have further reduced the already small sample size for these brands. Secondly, after trying to remove outliers from brands with sufficiently many people having evaluated the firms, new values started to be considered as outliers of the remaining sample, because of the removal of the most extreme values. This started to lead to a circle of excluding more and more replies from the sample, which was not in the best interest of this study. This tolerance for outliers meant however that we had to take additional care on identifying whether or not the data was normally distributed. For this step, and for all consecutive ones, all the calculations were conducted through SPSS Statistics 22.

The simplest way to check for normal distribution is to calculate the values of the Kolmogorov-Smirnov test (for sample sizes larger than 50), or these of the Shapiro-Wilk test (for sample sizes smaller than 50). If the values of those test are larger than 0.05, a normal distribution is assured (Pallant, 2011).

In a few cases, in which the Kolmogorov-Smirnov test or the Shapiro-Wilk test respectively produced results lower than 0.05, it is suggested to conduct additional tests and look for the graphs and histograms produced by SPSS (Pallant, 2011). These additional methods are required because no single test is sufficient for assessing normality. The reasons for a set of data not to be considered as normally distributed can stem from either an inverse bell shape rather than a normal bell shape of the curve, or from single values that are far outliers from the mean value. Figure 11 shows one data set that is normally distributed, one set of data not normally distributed because of single outliers, and one curve that is not normally distributed at all. The not-normally distributed curve is obtained from a group that knew the brand, but has never consumed it. Since we did not investigate in detail the opinions solely of respondents who never consumed a product but knew it, the not-normal distribution of these values was no reason for concern.
Since none of the histograms that displayed values lower than 0.05 in the Kolmogorov-Smirnov test or the Shapiro-Wilk test respectively produced histograms that looked like anything but a normal distribution with single outlying values, no actions were taken, and normality was assumed for the datasets. This was confirmed by inspecting the Q-Q plots produced by the data. Figure 12 illustrates one Q-Q Plot for a normally distributed dataset and one of a set that, while not producing a sufficiently low value in the initial test, can still be seen as sufficiently normally distributed because almost all values are close to the center line.

Through these three tests, we concluded that the datasets we obtained, despite not removing the single outliers, were sufficiently normally distributed to run the additional in-depths tests without any limitations.
4 ANALYSIS AND DISCUSSION

After methodologically preparing the empirical studies and after theoretically exploring the mystery lying at the crossroad of brand authenticity and firm growth, it is time to do so empirically. Chapter 4 reveals the findings of our two empirical studies, namely the survey on the perception of brand authenticity, and the firms’ growth data. Due to the quantitative nature of our study, the analysis and the discussion are presented jointly, to avoid jumping back and forth in the paper. The findings are analyzed, meaning that they are distinguished into different types of phenomena and interpreted. Meantime, the findings are discussed, implying that the interpretations of these phenomena are argued for. The aim of Chapter 4 is to empirically answer the thesis’ primary research question - can companies achieve both above-average growth rate and brand authenticity? - and its related questions - is there a connection between a firm’s brand authenticity and its profitability, age and size? To do so, this chapter starts with the control factor analysis, continues with the industry-specific analysis, and ends with the cross-industry analysis. Some graphs are exhibited to facilitate the visualization of the results.

4.1 CONTROL FACTOR ANALYSIS

Before jumping into the direct connection between brand authenticity and the financial data of the focal companies, the data obtained from the survey itself allow to draw the first conclusions. As already stated, rather than just asking the participants for their evaluation of the brands based on the survey developed by Napoli et al. (2013), respondents were asked to provide very basic data on their person, such as their age and gender. The influences of these factors are explained in this first part of Chapter 4 in order to identify possible influences on the quality of the results of the data in the second step.

4.1.1 CONFIRMATION OF NAPOLI ET AL. (2013)’S STUDY THROUGH CRONBACH ALPHA CALCULATIONS

The first calculation made with the data we collected was to see how reliable the model of Napoli et al. (2013) was. In the original article, the authors justify keeping the criteria they used because of the high Cronbach alpha values reached, comparing the results of the single questions. Since their study was very recent and untested, it made sense to confirm their findings before proceeding. In order to test their findings, we calculated the Cronbach alpha values from our
results for the first brand of each dataset for every of the three dimensions (heritage, sincerity and quality). The lowest of these nine values still was 0.782, which is significantly higher than the suggested minimum of 0.7 for a reliable scale. All other values exceeded 0.8, the highest one being even 0.957. According to Pavot et al. (1991), the scales used had a good internal consistency, as the Cronbach alpha coefficients reported ranged from 0.782 to 0.957. This confirmation of the findings by Napoli et al. (2013) also means that our assumption based on existing theory – authenticity being equally regarded in Australia as well as in France and Germany – was empirically substantiated. As the main focus of this study was not the confirmation of Napoli et al.’s model, we did not decide to run the same calculations for every single brand we had in our dataset.

4.1.2 INFLUENCE OF GENDER

Since some of the datasets were unevenly-distributed between male and female participants, it was necessary to verify whether the results of the study would be biased from this. In order to identify the influence of a categorical variable such as gender, independent sample T-Tests are recommended by Pallant (2011). This was done for all brands that were part of our study. Except for one brand (Flensburger, from the beer industry), the Sig. (2-tailed) value never came close to the value 0.05, at which significance could be expected. The value for Flensburger reached 0.12 and, consequently further calculations had to be conducted to unravel the strength of the influence. To measure the magnitude of an influence, eta-squared was calculated, as suggested by Pallant (2011). Since the value for eta-squared only reached 0.0534, the significance of the influence of having less many females than males in the sample group could be considered as small (Cohen, 1988). As in only one out of 21 brands a small influence of the gender of the participants was detected and 20 brands showed no influence at all, we deduced that brand authenticity is a phenomenon equally applicable to males and females, and that therefore it was no problem that the groups of respondents were not always equally distributed among gender.

4.1.3 INFLUENCE OF BEING A CONSUMER OF THE BRAND

The collected data also allowed to measure whether there was an effect of people having used products of a brand on their perceived authenticity of it. To do so, calculations of both mean values of the entire sample, and these of consumers of the product, were carried out.
Additionally, another set of *T-Tests* was done in order to measure the significance. The calculated *mean* values already disclose that, on average throughout all brands in the surveys, users of the brands evaluated the brand authenticity 0.11 points higher than the entire population in the sample did. **The T-Tests confirmed the already suspected findings.** Eight out of 21 brands in the study showed an effect on the perception of people, depending on whether or not they were consumers. For six of these (Dithmarscher and Einbecker from the beer industry; Savon de Marseille and Clarins from the cosmetic industry; Pierre Herme and Favols from the food-processing industry), the estimated effect was moderate, whereas for Erdinger (beer) and Fragonard (cosmetics) the effect was strong (Cohen, 1988), *eta-squared* values reaching 0.178 and 0.369 respectively. Obviously, these findings do not imply that the results of the study are biased. It was intended from the beginning of the study to have both consumers and non-consumers evaluating the phenomenon of authenticity.

Coming back to the mentioned causality matter of this study, the findings of this section can indicate one out of three opposing things. The first possible interpretation is that people buy products because they appraise them as authentic, thus leading to the increased perception of brand authenticity among customers. An alternative explanation is that, once owning a product, consumers tend to appreciate its authenticity more than they did before affording it. Lastly, an independent third factor could influence both the desire of an authentic product and whether someone could become a customer. A **customer who is more prone to buying authentic products for example could perceive the authenticity higher than the average customer, and at the same time, could become a frequent buyer.**

### 4.1.4 INFLUENCE OF AGE OF RESPONDENTS

Another factor that had to be checked whether it was influencing the results in any way, was the age of participants. Since respondents were not asked what their exact age was, but rather to select one of the seven age-groups, the data collected was not continuous. It was therefore collapsed into two categories - namely ‘participants younger than 25 years’ and ‘participants older than 25 years’ - of about the same size (457 cases fell in the first category while 408 were part of the second), in order to run further *T-Tests* on this factor. While none of the 21 companies produced any suggested unequal variance in running *Levene’s* test, in four of the cases an effect of the age of the participants on the scores of the rating was detected. The brands of Einbecker (beer), Weleda (cosmetics), Yves Rocher (cosmetics) and Clarins (cosmetics) all received
significantly higher values from older participants in the survey. Additional \textit{eta-squares} were calculated for all of these companies, and while Yves Rocher and Clarins only showed a small influence of the participants’ age (\textit{eta-square} scores of 0.039 and 0.034 respectively), a medium influence was revealed for Einbecker and Weleda (\textit{eta-square} scores of 0.078 and 0.072), according to Cohen (1988)’s method of measuring. These results mean that the value for brand authenticity for Einbecker would most likely be lower for a more balanced group of respondents (as most people evaluating it were part of the older group), while Weleda would have scored higher (as those evaluating it high from the older age group were the minority of the total evaluations). As all these findings indicate the same direction, we can deduce that \textbf{authenticity} as a concept is \textbf{more sensed by older people} than by younger ones. This trend is not unexpected since it is argued that the elderly is often experienced as ‘living in the past’, as being nostalgic about events of their youth (Butler, 1964). Older people are also experienced and masters at differentiating the real from the fake, and thus have the ability to sense authenticity more than young people (Chhabra, Healy and Sills, 2003).

\textbf{4.1.5 INFLUENCE OF OCCUPATION OF RESPONDENTS}

For measuring if there was an influence of the occupation of the respondents, only sample groups of at least ten persons were regarded. If there were only four retired respondents who evaluated one brand, it was not assumed to be statistically sufficient enough, and it was therefore ignored. We are however aware that even comparing two groups of ten persons each is anything but a large or even statistically relevant sample. The findings of this part of the study are thus relatively weak. More precisely, this led to having only comparisons between the two largest groups of participants - namely students and employed people - and their perceived authenticity of the focal brands. A difference in scoring was considered as significant if the difference in the final score of the independent \textit{T-Test} exceeded 0.5 (Pallant, 2011). This happened twice. Both the brands of Flensburger (beer) and Schneiderweisse (beer) were rated significantly higher among employed people than among students. Flensburger scored a \textit{mean} value of 4.61 among employed participants and only 3.66 among students, while Schneiderweisse scored 5.59 among employed respondents as compared to scoring 4.87 among students. While all the other brands did not display a significant difference, it is still noteworthy that, in almost all cases, the values from employed participants were higher than those assigned by students for the companies, with the only notable exception being Rians (food-processing). Hence, the values from
Schneiderweisse and Flensburger could be seen as outliers of a general trend rather than as an extreme phenomenon. The findings of this part overlap with, and thusly confirm, those obtained from comparing the two age groups.

### 4.1.6 Influence of Consumption of Beers

The last examination of the initial data was to assess whether there was a correlation between the frequency of consuming the product and the perceived authenticity. This test was only conducted for the beer industry because the brands of the other two surveys, while being part of the same industry, offered very different products that naturally had different cycles of consumption. In other words, two different beers are very similar products, whereas a jam and a cookie for children, while being in the same industry, are not as similar. Additionally, most of the brands from the cosmetic and the food-processing industries offered a product line rather than a single product. The data gathered can be evaluated as continuous, with 1 being ‘daily’ and 5 being ‘rarely’. The only firm that exhibited a correlation significant at the 0.05 level (2-tailed) was Schneiderweisse (beer). The negative correlation found with the value of -0.229 indicated a small influence of consumption towards the perception of authenticity of the brand. The influence is directed in the way that the people who consume beer more frequently perceive the brand they consume as more authentic. All other brands showed no significant influence of consumption towards the perception of authenticity by their customers.

### 4.2 Industry-Specific Analysis

This section of Chapter 4 scrutinizes the focal firms’ characteristics – **revenues, employment, profitability, size and age** – in their respective industries – beer, cosmetic and food-processing – (see Appendix 2), in relation to the perceived authenticity of the firms’ brand. In section 4.2, we also analyze whether the firms having an authentic brand feature a growth rate that is higher or lower than the **industry’s average**. Both SPSS and Excel were utilized to unveil the results: SPSS to respond to the needs of this analysis in terms of data processing, statistical significance and correlations, and Excel for its calculations and graphic tools. All the findings are to be exhibited, no matter how significant they may be.

Before delving into the actual presentation and analysis of our findings, we shall explicate how we categorized the obtained data and how we now present it. To begin with, **Spearman rho** was applied as a non-parametric alternative to **Pearson R** to measure the correlation between
variables, because Pearson $R$ tends to find too significant influences in databases with very few cases (Pallant, 2011). As in our study, only six, seven and eight companies were compared in each industry, the database can be considered as small enough to use Spearman rho.

Furthermore, in all three industries, the same categorization criteria were utilized in order to allow a consistent and unproblematic comparison of the findings. When studying the growth of the focal firms, we created two categories depending on whether the firm grew more or less than the industry’s growth average. While for the beer industry it was possible to find two different figures for growth (employment and revenues), for the food-processing and the cosmetic industries, only data for revenues could be found. In order to still have two categories, those values were applied also to distinguish if a firm grew more or less than the industry’s average. While we are aware that a 5% growth of revenues in one industry does not entail that 5% more people were employed, it was still the most relevant number available.

In order to have a standardized categorization criterion for the age groups as well, we decided to consider all firms up to 25 years as recent, all firms between 25 and 75 years of age as medium-aged, all firm between 75 and 150 as old, and all firms older than 150 years as very old. This grouping was done as the selected ages of 25, 75 and 150 were far away from all the actual ages of the firms in the study, the closest one being Lush, which is 20 years old. Therefore, this grouping is very clear. On the downside, there was no beer company in the recent or medium-aged group and no food-processing or cosmetic company in the very old group.

For grouping the focal firms by size, we applied the official criteria by the EU, which led us to distinguish between small (below 50 employees), medium (between 50 and 250 employees) and large firms (above 250 employees) (European Commission, 2005).

As for categorizing firms by profitability, we also made three groups – high, medium and low. In both cosmetic and food-processing industries, the profitability of the focal firms was considerably lower than the average of the industry. This might stem from applying a different growth figure than the sources for industry profitability. We consequently decided to group firms that still achieved a profitability higher than the industry’s average as high-profitability; firms marginally below the number were grouped as medium-profitability, and firms significantly less profitable as low-profitability. As the majority of the beer companies are privately owned, they are not obliged to publish data on their profitability.
4.2.1 BEER INDUSTRY

GROWTH IN REVENUE AND EMPLOYMENT

On the one hand, the beer industry’s annual growth in terms of revenue was -0.67% between 2004 and 2012. The brand authenticity average of firms featuring above-average growth rate (see Appendix 2) in terms of revenue is 4.57 whereas that of firms featuring below-average revenue growth rate in terms of revenue is 4.59 (see Figure 13). On the other hand, the industry’s average annual growth in terms of employment was -2.66% between 2004 and 2012. The brand authenticity average of firms featuring above-average growth rate in terms of employment is 4.61 while that of firms featuring below-average employment growth rate is 4.48 (see Figure 13).

The results thus suggest that the firms that are perceived as more authentic do not achieve above-average growth rate in terms of revenue. On the contrary, the firms perceived as more authentic do achieve above-average growth rate in terms of employment. In brief, a connection between the amount of employment created and the perceived authenticity of a firm in this industry does exist. This finding is in line with the quality commitment dimension of brand authenticity. A more authentic brand in general would require more employees to grow as it emphasizes more on craftsmanship.

Figure 13 - Beer industry: growth in revenue and employment
**AGE**

All the firms in the beer industry were founded a long time ago, the youngest being 106 years old (founded in 1908), and the oldest one being 471 years old (founded in 1543). In accordance with the criteria we utilized for grouping firms by age, all the beer producers were either old or very old (see Figure 14 and Appendix 2).

![Figure 14 - Beer industry: age](image)

Figure 14 unveils that the brands belonging to old firms are perceived as more authentic than the ones belonging to very old firms (respective brand authenticity average of 4.7 and 4.373). While it might seem surprising that relatively younger firms are appraised as more authentic, it could signify that at some point a company has enough history and heritage to build on, and whether that is 100 or 200 years does not matter as much as how well this heritage is emphasized.

**SIZE**

The sample of the beer industry was composed of medium-sized and large firms (see Appendix 2). Medium-sized firms count between 50 and 250 employees whereas large firms count over 250 employees (European Commission, 2005). The results inform that the brands of medium-sized firms are regarded as marginally more authentic than those of large firms (respective brand authenticity average of 4.621 and 4.445), thus suggesting that the perception of brand authenticity is slightly connected with firm size.
4.2.2 COSMETIC INDUSTRY

GROWTH IN REVENUE AND EMPLOYMENT

Considering growth in revenues, the decision to which firm belonged to which growth level was made in accordance to the French cosmetic industry, which grew in revenue on average by 1.8% between 2007 and 2012 (MarketLine, 2013b). Companies scoring higher than the industry’s average were grouped as above-average growth; firms featuring a lower growth rate were labeled below-average growth. As already stated, the rate for revenues was employed for both factors because the official numbers for the industry growth rate of employment is unknown.

Figure 15 - Cosmetic industry: growth in revenue and employment

Figure 15 shows that firms growing faster than the industry’s average in terms of revenue are perceived as more authentic than slower growing firms. As for employment, results reveal the exact opposite; firms with a slower growth in this category are considered as more authentic by the participants of our survey. It is worth mentioning that the value corresponding to the correlation between brand authenticity and growth in employment is statistically significant according to our SPSS data processing, since it is reaching a Spearman rho value of -0.786 (shared variance of 61.8%). This means that there is a very strong negative relationship between brand authenticity and growth in employment.

In brief, in the French cosmetic industry, firms having an authentic brand feature a growth rate (in revenue) that is higher than the industry’s average. Hence, cosmetic firms can achieve both above-average growth rate (in revenue) and brand authenticity.
**PROFITABILITY**

The cosmetic industry’s average profitability is 10.7% (Bidness, 2014). The companies from the sample that scored higher than 10.7% were grouped as highly profitable, those that scored just below the industry’s average were grouped as medium-profitable, and those that scored less than 4% were categorized as low profitability (see Appendix 2).

As indicated by Figure 16, the relationship between brand authenticity and profitability is clearly evidenced. The findings disclose that **the most authentic firms are also the most profitable ones**, whereas the least authentic ones are also the least profitable ones. The data processing from SPSS corroborated the existence of a high positive relationship between brand authenticity and profitability. The *rho*-value found was 0.536, which signifies that, with a *rho*-value of 0.287, there is a shared variance between profitability and brand authenticity of 28.7%. **These results thus prove that companies can achieve both above-average profitability and brand authenticity.**

**AGE**

The age of firms in the cosmetic industry ranges from 18 to 114 years old. Applying the established grouping criterion, we had recent, medium-aged and old companies in this part of our study (see Appendix 2). The results are relatively significant, like indicated in Figure 17. They display a *Spearman rho* value of 0.500, indicating a **strong positive relationship** (shared variance of 25%), or in other words, **old firms are perceived as more authentic than recent and medium-aged firms.**
In the cosmetic industry, the feature size was also divided into three sub-categories: small, medium and large firms (see Figure 18 and Appendix 2), following the European Commission’s definition of the size of firms (European Commission, 2005). Figure 18 reports a significant trend: the smallest firms are also the most authentic ones. As a result, the relationship between authenticity and firm size is clearly evidenced in the cosmetic industry.

Figure 18 - Cosmetic industry: size

**SIZE**

In the cosmetic industry, the feature size was also divided into three sub-categories: small, medium and large firms (see Figure 18 and Appendix 2), following the European Commission’s definition of the size of firms (European Commission, 2005). Figure 18 reports a significant trend: the smallest firms are also the most authentic ones. As a result, the relationship between authenticity and firm size is clearly evidenced in the cosmetic industry.
4.2.3 FOOD-PROCESSING INDUSTRY

GROWTH IN REVENUE AND EMPLOYMENT

The French food-processing industry’s grew on average by 2.96% in revenue between 2000 and 2011 (Insee, 2011; Momagri, 2012; Planetoscope, 2014). Firms were grouped accordingly as above- or below-average growth. Lacking official information about the industry’s average growth rate in terms of employees, we decided to group the focal firms by the same factor as we did by revenues, but utilizing the growth in employment figures instead of those in revenue. Interpreting these figures, we have to note that the firm Biscuits St Michel does not publish its employment data, thus we had to exclude it from this analysis.

As indicated in Figure 19, firms selling the most authentic products produce the highest growth both in revenue and employment. That said, it is worthwhile mentioning that it was the same firms that achieved above-average growth in terms of employment and revenue. Hence, food-processing firms can achieve both above-average growth rate - in revenue and employment - and brand authenticity.

PROFITABILITY

The industry’s average profitability being 7.9% (Food Drink Europe, 2011), firms scoring higher than 7.9% were considered as having a high profitability, firms scoring just below 7.9% were placed into the medium-profitable category, and firms scoring less than 4% were labeled as low profitability (see Appendix 2).
The results reveal that the relationship between brand authenticity and profitability is not firmly established. In fact, the results exhibit an inverted U-shaped curve, meaning that the **firms having the strongest brand authenticity are also the firms featuring a mediocre profit** (brand authenticity average of 4.795), **while the less authentic firms are also the ones featuring both high** (brand authenticity average of 4.29) and **low profits** (brand authenticity average of 4.59). These results match the correlation found by SPSS (a negative relationship of 0.371) between brand authenticity and profitability, which signifies that the lower the profitability, the more authentic.

**AGE**

The most recent company in the study was 16 years old (Pierre Herme), while the oldest one was 109 years old (St. Michel). This meant the study featured companies of the recent, the medium-aged and the old category by our own definition. As indicated in Figure 20, the results disclose that **recent firms are clearly perceived as more authentic than medium-aged and old firms**. Old firms showed a brand authenticity score slightly higher than medium-aged firms. These findings were substantiated since SPSS showed a **high negative relationship** (Spearman rho of -0.429) between age of firms and brand authenticity (shared variance of 18.4%).

**SIZE**

In the food-processing industry, just like in the cosmetic and beer industries, the feature ‘size’ was divided into three sub-categories: small, medium and large firms, following the definition of
the size of firms provided by the European Commission (2005) (see Appendix 2). The results show that the most authentically-perceived brands belong to medium-sized firms (average brand authenticity of 4.7), almost-equally followed by large and small-sized firms (respective average brand authenticity of 4.57 and 4.565). Hence, the link between brand authenticity and size is not firmly established.

4.3 CROSS-INDUSTRY ANALYSIS

The third and last section of Chapter 4 consists of a cross-industry analysis. We compare the results of the three industries in terms of their respective firms’ revenues, employment, profitability, size, and age.

GROWTH

The three focal industries show mostly similar trends concerning growth. As we can observe on Figure 21, while the beer industry illustrates no considerable distinction between firms that have a high growth in revenue and those having a low growth connected to brand authenticity, both the cosmetic and the food-processing industries display the same trend, firms having a more authentic brand also feature a higher growth in revenue. These results thus suggest that companies can achieve both above-average growth rate in revenue and brand authenticity.

Figure 21 - Cross-industry analysis: growth in revenue
Now inspecting the graphs for brand authenticity and growth in employment, a similar tendency appears (see Figure 22). This time though the cosmetic industry seems to counteract the trend of companies that are growing faster also being perceived to be more authentic.

![Figure 22 - Cross-industry analysis: growth in employment](image)

Summing up the findings, in the food-processing industry, companies that are perceived as more authentic feature a higher growth both rate in revenue and employment, while in the beer and cosmetic industries, it is only one of the two.

These results answer the research question of this thesis; **companies can achieve both above-average growth rate and brand authenticity. They accomplish this by taking different paths according to the industry.** Interpreting the findings, it can be deduced that authentic companies mostly need to create more jobs due to their emphasis on quality aspects. This higher effort pays off by allowing the companies a steeper growth curve.

Assessing the results of the study now allows two different interpretations of causality. As there seems to be an existing link between the brand authenticity of a firm and its growth, this can prove two opposing theories. On the one hand, the results can be understood in the way that, as stated in the literature on brand authenticity, the craving of consumers for authentic products makes them buy more of these, thus leading the firm that offers them to grow. Another valid interpretation of the findings however is that, the companies that manage to achieve above-average growth rate are perceived as more authentic. Despite theoretical evidence already existing in Napoli et al.’s (2013) study asserting that the perception of something authentic has a
positive influence on the buying behavior of a customer, this matter was not researched in the scope of this thesis. Before drawing conclusions on the direction of the causality between the two phenomena, further studies will have to be carried out, for which this thesis will present a good starting point.

PROFITABILITY

The trends of the financial measure ‘profitability’ unveil divergent results across industries (see Figure 23). While it is apparent that the least authentic companies in both the cosmetic and the food-processing industries are the least profitable ones, the results about the most authentic companies reveal a visible contradiction. As Figure 23 indicates, the trend proves that the most authentic cosmetic firms are also the most profitable ones, whereas the trend concerning the food-processing firms seems to evidence that the least authentic firms experience the highest profitability levels.

![Figure 23 - Cross-industry analysis: profitability](image)

What we can interpret from these findings is that profitability and brand authenticity are not linked (at least in the focal industries). The failure to prove a connection between the profitability of a company and its perceived brand authenticity can be explained looking back at Figure 5 in Section 2.4 ‘The Connection between Brand Authenticity and Firm Growth’ of the Theoretical Frame of Reference. Already when discussing how a firm can increase its earnings, two paths were demonstrated. While enhancing brand authenticity was one possible path, the other one
was to increase profitability through an increased efficiency. Since the food-processing industry can be considered as a mature industry (Grant, 2013), it makes sense that a less authentic, and thusly probably more efficient company, is the most profitable one.

**AGE**

The results of the firm’s characteristic ‘age’ show a notable discrepancy across the studied industries (see Figure 24). In the cosmetic industry, the most authentic firms are the oldest ones, whereas in the food-processing industry, the most authentic firms are the most recent ones. In the beer industry, in which every firm was at least old, the very old firms were still perceived as less authentic than the old ones. This is in line with the results of the food-processing industry.

![Figure 24 - Cross-industry analysis: age](image)

In brief, no tendency can be extracted from these results, which reveal that the age of firms and brand authenticity are not linked. These findings are surprising, because the perception of brand authenticity has been, until this day, related to the experience, the traditions, the connection with a past, and long-held values, thus making us assume that the age of a firm could be related to its perceived authenticity. Moreover and concerning the beer companies, it is unlikely to make a difference if a company is 100 or 200 years old. At some point being old enough seems to suffice, and a company’s authenticity depends therefore on other factors. Another interpretation of these findings is that, in the food-processing industry, during the last decade firms increasingly market themselves as organic or as fair-trade. This nascent consumer consciousness might be easier to be
followed by new market entrants than by old firms, who may struggle with weaving these values into their own history. While the obtained results are not revealing what was expected by us, they can be interpreted in the way that brand authenticity as a concept can be influenced by the company’s actions. The survey measured the authenticity perceived by the participants, and the results of our research prove that, by emphasizing the authentic values of a company, such as craftsmanship and sincerity, a company can establish a perception of authenticity of its brand despite not having a tradition of a few dozen or even hundreds years to look back on.

**SIZE**

The results of size are different for each industry. The only similarity found is that large firms are perceived as less authentic than medium-sized ones (brand authenticity of 4.4 vs. 4.6 in the beer industry; 4.47 vs. 4.97 in the cosmetic industry; 4.57 vs. 4.7 in the food-processing industry). Small firms, on the other hand, can be either very authentic (cosmetics) or very inauthentic (food processing) according to our results (brand authenticity of 5.41 in the cosmetic industry; 4.55 in the food-processing industry). Consequently, the feature size does not reveal any trend.
5 CONCLUSION

Too many firms find themselves at the fence between growing and remaining authentic. Only one academic research on the connection between authenticity and growth has ever been made (Eggers et al., 2013). Nevertheless, while growth, synonym of progress, innovation and change, is the driving force of modern economy, authenticity, synonym of perpetuity, sincerity and genuineness, is said to be the new anchor of marketing. The mystery of this thesis resided in the seemingly paradoxical and yet-unexplored relationship between the two phenomena. This thesis has risen to the challenge to shed light on these, and thus solve the mystery lying at their crossroad.

RESEARCH CONTRIBUTION, PURPOSE AND QUESTIONS

To do so, the thesis utilized two existing studies. On the first hand, it drew inspiration from the idea of Eggers et al. (2013) on an existing connection between brand authenticity and growth. On the other hand, it applied the untested model created by Napoli et al. (2013) on how to objectively measure brand authenticity. It then went beyond the scope of these studies by creating a theoretical framework as well as an empirical research, which directly connected brand authenticity and firm growth.

Creating such a research encompassed conducting two quantitative empirical studies: data collection and analysis of firms’ growth, and survey on the perception of brand authenticity of these firms. We sought to inspire the academic arena to dig deeper into the matter, and spur companies’ owners and managers to embrace authenticity.

This research aspired to discover whether the firms having an authentic brand feature a growth rate that is higher or lower than the industry’s average. The primary research question that was posed at the beginning of the work was: can companies achieve both above-average industry growth rate and brand authenticity? The related questions stemming from the primary research question were: is there a connection between a firm’s brand authenticity and its profitability, age and size?

SUMMARY OF FINDINGS

The central finding of the thesis certainly is that the assumed connection from the primary research question was verified. Companies that are perceived as more authentic also achieve
above-average growth rate. Even though not in all three industries, a strong relationship between both above-average growth rate in employment and in revenue could be found. In every industry, at least one of the two - in the food-processing industry even both - appeared to be correlated to brand authenticity. Furthermore, for the remaining cases only one inversed trend was found (growth in employment in the cosmetic industry). This study therefore demonstrated that brand authenticity and above-average growth are not mutually exclusive, but that one of the two seems to cause the other, or at least that they are caused simultaneously by a yet unknown third factor.

The additional correlation between an increased profitability and brand authenticity could not be supported by the findings of this empirical study. While a strong connection was discovered in the cosmetic industry, the food-processing industry revealed a reversed trend. This is not too surprising considering the fact that all industries in the study were at least in their maturity, or even in their decline phase, during which higher efficiency becomes a strong alternative for authentic products.

Furthermore, neither age nor size seemed pertinent for brand authenticity as they revealed inconsistent results in the three focal industries. These findings are surprising as smaller and older firms could have benefitted from the definition of authenticity, entailing heritage and quality commitments. A possible explanation can be found in the fact that only the perceived and not the actual brand authenticity was measured. This is good news for firms as it shows that they have means to influence the authenticity of their brand through goal-directed marketing campaigns.

Moreover, our findings corroborated the theoretical model and survey by Napoli et al. (2013) developed to assess brand authenticity. Yet, aside from confirming the suggested set of questions, we also proved that their model was equally applicable in other Western cultures, more precisely France and Germany.

LIMITATIONS

While the main assumption from our research question was substantiated by the empirical data, it is important to stress the limitations of the findings. Firstly, the number of firms per industry studied was small, counting from six to eight companies. While there were very good reasons to limit the amount of firms (e.g. keeping the surveys at an acceptable length, and having a cross-
industry study rather than a single case study), the findings were possibly influenced by other single-company-factors (such as change of management or restructuring), or by the ability of larger firms to spend more money on marketing. Consequently, independent factors need to be verified in a larger study that goes beyond the scope of a master thesis. Secondly and equally important, the study deliberately did not provide an answer to the causality between the two concepts. While most authors suggest that the craving of consumers for authentic products represents an opportunity for firms to deliver these products to benefit, the results of this study could just as well be interpreted in the other possible causal direction, implying that firms that are growing faster than the average will benefit from a higher perceived brand authenticity.

**IMPLICATIONS**

The aspiration of our thesis was twofold. On the one hand, we sought to inspire the academic arena to dig deeper into the connection between brand authenticity and firm growth. On the other hand, we endeavored to spur firms’ owners and managers to consider authenticity as a precious asset.

The results of the study clearly show a need for more scholarly attention to the interplay between brand authenticity and firm growth. Despite the difficulties this field of study brings, as it requires connecting ‘hard’ facts such as financial numbers with a ‘soft’ and subjective concept, the advantages of gaining a better understanding of their relationship would help firms set their priorities in many different areas. It might be particularly interesting to see if the same connection can be found in service industries, and in industries that are still in their growth phase. New avenues for research on this matter also exist in exploring the conditions during which the connection between brand authenticity and above-average growth is the strongest. Our findings suggested that the stage of the industry lifecycle plays an important role as the conditions in each of these stages may allow or prevent alternative paths for creating above-average growth or above-average profits.

In addition to the implications of the thesis to the academic arena, some hints to owners and managers can be drawn from our research. The empirical evidence allows to state that brand authenticity and above-average growth are not contradicting concepts, but instead are connected. Companies having an authentic brand do feature a growth rate that is higher than the industry’s average. Therefore, managers of firms that already possess an authentic brand can satisfy their inherent need to grow by building upon it, and regarding it as a precious asset and an
opportunity to grow. As for nascent business owners, they can increase their ability to grow by building an aura of authenticity around their brand, through committing to high-quality standards and through hiring personnel having the same values than the nascent firm.

The two words with which this thesis was opened seemed to be in contrast with one another, yet the findings suggest an intriguing juxtaposition connecting the two.
REFERENCES


APPENDICES

6.1 APPENDIX 1: INDUSTRY PROFILE

GERMAN BEER INDUSTRY

The German beer industry is the one with the most homogenous products among the three industries analyzed. The German ‘Reinheitsgebot’ demanding very strict regulations of ingredients a beer may contain, limits the amount of possible innovations. So the main products in the industry are light beers, dark beers and beer mix drinks. Standard larger beer accounts for the largest segment within the industry. The industry can be described as a declining industry – even though an albeit very slow and steady decline - as the amount of beer consumed in the past ten years was decreasing and even the entire revenues of the industry are shrinking (MarketLine, 2013a). Yet as beer has a strong position in the German culture it is doubtful if that the industry will cease to exist entirely in the near future. The current total market value of all companies with more than 20 employees accounts for €7,954 million (Brauer Bund, 2013). The German beer market is the largest in Europa representing a share of 17.5% followed by the British and the Spanish market.

The industry is moderately consolidated and the amount of market share held by the four largest players is approximately 50% (MarketLine, 2013a). The market leader is the Oetker Gruppe with a market share of 24.7% and a long list of brands owned of which the most known ones are Jever, Radeberger and Schöfferhofer.

FRENCH COSMETIC INDUSTRY

The French cosmetic industry entails personal care products such as haircare, skincare, personal hygiene, make-up, fragrances, and oral hygiene (MarketLine, 2013b). The industry has experienced a weak growth in the past years, reaching 1.8% between 2007 and 2011 (MarketLine, 2013b). It can therefore be considered as a mature industry (Grant, 2013). It had total revenues of $19.1 billion in 2011 (MarketLine, 2013b). The skincare segment of the industry was the most lucrative, representing 27.7% to the industry’s overall value with $5.3 billion (MarketLine, 2013b). The cosmetic industry is forecast to follow a similar pattern of growth for the next five years, remaining in a mature stage (MarketLine, 2013b).
FRENCH FOOD-PROCESSING INDUSTRY

The French food-processing industry includes the value chain from raw food to food for human consumption (Insee, 2011). Its total revenues were €119 billion in 2009 and its total employment was 495,000 employees (Insee, 2011). The growth rate of the food-processing industry reaches 2.96% a year (Insee, 2011; Momagri, 2012; Planetoscope, 2014), and can thus be considered as in the mature stage of an industry lifecycle (Grant, 2013). The consumption per household is the indicator of growth of the industry; it is still rising (of about 1.4% per year), despite a slight decrease in its progress after several years of constant dynamism (Insee, 2011).
### 6.2 APPENDIX 2: OVERVIEW OF INDUSTRIES WITH ANALYZED MEASURES

<table>
<thead>
<tr>
<th>AGE</th>
<th>SIZE</th>
<th>PROFITABILITY</th>
<th>GROWTH</th>
<th>INDUSTRY</th>
</tr>
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<tr>
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<td>High/Medium/Low</td>
<td>Employment</td>
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<tr>
<td>Medium</td>
<td>Large</td>
<td>Medium</td>
<td>Below</td>
<td>Fleinersbrauerei Emil Petzmann GmbH &amp; Co. KG</td>
</tr>
<tr>
<td>Old</td>
<td>Small</td>
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<td>Above</td>
<td>Eicher's Bräuergesellschaft Brauerei Mühlenberghof GmbH</td>
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<tr>
<td>Medium</td>
<td>NA</td>
<td>NA</td>
<td>Below</td>
<td>Privatbrauerei Gaffke Becker &amp; Co. OHG</td>
</tr>
<tr>
<td>Large</td>
<td>NA</td>
<td>NA</td>
<td>Above</td>
<td>kobrizek-Schweizerlager GmbH</td>
</tr>
<tr>
<td>Small</td>
<td>NA</td>
<td>NA</td>
<td>Below</td>
<td>G. Schneider &amp; Sohn GmbH</td>
</tr>
<tr>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Above</td>
<td>Privatbrauerei Enzinger-Trudel Werner-Bratting GmbH</td>
</tr>
<tr>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Below</td>
<td>Welesta AG</td>
</tr>
<tr>
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<td>NA</td>
<td>NA</td>
<td>Above</td>
<td>Lush Cosmetic Limited</td>
</tr>
<tr>
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<td>NA</td>
<td>NA</td>
<td>Below</td>
<td>Laboratories de Biologie Végétale Wes Rocher</td>
</tr>
<tr>
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<td>NA</td>
<td>NA</td>
<td>Above</td>
<td>Les Parfumeurs Frappaud</td>
</tr>
<tr>
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<td>NA</td>
<td>NA</td>
<td>Below</td>
<td>Etablissements Marius Fabre Jeune (Savon de Marseille)</td>
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</tr>
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<td>NA</td>
<td>NA</td>
<td>Below</td>
<td>Carins France</td>
</tr>
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<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Above</td>
<td>Biscoz Michel</td>
</tr>
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<td>NA</td>
<td>NA</td>
<td>Below</td>
<td>L’Escarouiller SA (Le Bocal)</td>
</tr>
<tr>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Above</td>
<td>Patisseries PARIS 53100 Pacy-sur-Eure P 532</td>
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<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Below</td>
<td>Confiserie H. Trolliat</td>
</tr>
<tr>
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<td>NA</td>
<td>NA</td>
<td>Above</td>
<td>Confiturerie et Confiserie d’Andresy</td>
</tr>
<tr>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Below</td>
<td>Favas</td>
</tr>
</tbody>
</table>
6.3 APPENDIX 3: QUESTIONNAIRES IN FRENCH AND GERMAN

QUESTIONNAIRE IN FRENCH

The questionnaire displayed below was the questionnaire on the cosmetic industry. The questionnaire on the food-processing is not shown as it contains the same content.

« Mesdames et Messieurs,

Merci de participer à ce sondage sur l'authenticité de marque de l'industrie cosmétique. Les données recueillies sont utilisées exclusivement dans le cadre de notre thèse de master et recueillies de manière anonyme. Tout d'abord, il vous sera demandé quelques détails personnels. Après cela, vous devrez répondre à quelques questions sur 10 marques de cosmétique si vous les connaissez. Vous serez ensuite guidés vers les mêmes questions si vous avez déjà consommé ces marques.

Selon le nombre de marques que vous connaissez, la durée de l'enquête dure de 5 à 15 minutes.

L’objectif de cette enquête est d’évaluer votre perception de l’authenticité de différentes marques cosmétiques pour ensuite analyser s’il existe une relation entre authenticité et croissance des entreprises.

Par conséquent, nous vous remercions de répondre aux questions de votre mieux.

Merci d’avance.

André and Camille

1. La qualité est un élément essentiel de la marque
2. Seuls les meilleurs matériaux et ingrédients sont utilisés dans la fabrication des produits de cette marque
3. La marque exige les meilleurs critères de qualité, et vise continuellement à l’améliorer
4. Les produits de la marque sont confectionnés suivant des critères de qualités exigeants
5. La marque est un puissant symbole de qualité permanente
6. C’est un maître-artisan qui confectionne, minutieusement, les produits de la marque et qui les suit tout au long de leur production
7. L’entreprise s’engage au long-terme à confectionner des produits suivant des critères de qualité exigeants
8. La marque possède une forte relation avec une époque, une culture ou un lieu particulier
9. La marque possède une forte relation avec son passé, ce-dernier étant encore perpétué et célébré aujourd’hui
10. La marque me fait penser à un âge d’or
11. La marque est symbole de tradition
12. La marque reflète un design intemporel
13. La marque refuse de compromettre les valeurs fondatrices de l’entreprise
14. La marque reste fidèle à ses principes »

QUESTIONNAIRE IN GERMAN

The questionnaire displayed below was the questionnaire on the beer industry.

« Sehr geehrte Damen und Herren,


Je nachdem, wie viele der Biersorten Ihnen bekannt sind, wird die Dauer der Umfrage zwischen 5 und 15 Minuten liegen.

Ziel der Umfrage ist es, verschiedene Biermarken in Ihrer wahrgenommenen Authentizität zu bewerten um im späteren Verlauf zu erforschen, ob es einen Zusammenhang zwischen Authentizität und Unternehmenswachstum gibt. Wir sind uns bewusst, dass einige der Fragen nur jeweils geschätzt und nicht gewusst werden können. Genau diese persönliche Einschätzung wollen wir haben!

Bitte beantworten Sie die Fragen daher nach bestem Wissen und Gewissen.

Camille & André

1. Qualität ist ein zentraler Aspekt der Marke
2. Nur die besten Zutaten / Materialien werden von dieser Marke verwendet
3. Die Marke erreicht höchste Standards und alles was das Unternehmen macht zielt darauf ab die Qualität zu verbessern
4. Produkte der Marke werden unter höchsten Qualitätsansprüchen hergestellt
5. Die Marke ist ein Symbol anhaltender Qualität
6. Die Produkte der Marke werden von einem Meister seines Faches hergestellt, welcher auf Details achtet und den gesamten Produktionsprozess begleitet
7. Das Unternehmen ist bestrebt lang gehegte Qualitätsstandards seiner Marke beizubehalten
8. Die Marke hat eine starke Verbindung zu einer historischen Periode, einer Kultur oder einer bestimmten Region
9. Die Marke hat eine starke Verbindung zur Vergangenheit, welche aktiv gelebt und gefeiert wird bis heute
10. Die Marke erinnert mich an ein goldenes Zeitalter
11. Die Marke verströmt ein Gefühl von Tradition
12. Die Marke spiegelt ein zeitloses Design wieder
13. Die Marke weigert sich mit den Werten auf denen sie gegründet wurde zu brechen
14. Die Marke ist ihren Prinzipien treu geblieben »
## 6.4 APPENDIX 4: COMPLEMENTARY COMPANY DATA

<table>
<thead>
<tr>
<th>Survey</th>
<th>Brand</th>
<th>Age</th>
<th>Profitability (most recent)</th>
<th>Region</th>
<th>Revenue Growth</th>
<th>Employment Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>Dithmarscher</td>
<td>130</td>
<td>-3.70%</td>
<td>North</td>
<td>-0.91%</td>
<td>5.09%</td>
</tr>
<tr>
<td></td>
<td>Flensburger</td>
<td>126</td>
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<td>North</td>
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<td>0.21%</td>
</tr>
<tr>
<td></td>
<td>Einbecker</td>
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<td>North</td>
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<tr>
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<td>North</td>
<td>2.99%</td>
<td>3.94%</td>
</tr>
<tr>
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<td>North</td>
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<td></td>
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<td>-0.28%</td>
<td>-0.66%</td>
</tr>
<tr>
<td></td>
<td>Veitnus</td>
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<td>North</td>
<td>4.88%</td>
<td>1.07%</td>
</tr>
<tr>
<td></td>
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<td>North</td>
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<td>Cosmetics</td>
<td>Weleda</td>
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<td>4.27%</td>
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<tr>
<td></td>
<td>Lush</td>
<td>20</td>
<td>4.20%</td>
<td>Abroad</td>
<td>20.82%</td>
<td>18.20%</td>
</tr>
<tr>
<td></td>
<td>Yves Rocher</td>
<td>56</td>
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</tr>
<tr>
<td></td>
<td>Fagonard</td>
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<td>Abroad</td>
<td>13.25%</td>
<td>-2.71%</td>
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<td>Savon de Marseille</td>
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</tr>
<tr>
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<td>Clarins</td>
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<td>Abroad</td>
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<td>Abroad</td>
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## 6.5 APPENDIX 5: POPULATION DETAILS

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<td>Age</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Under 20</td>
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<td>20 to 24</td>
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<td>96</td>
</tr>
<tr>
<td>25 to 29</td>
<td>35</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td>30 to 34</td>
<td>23</td>
<td>4</td>
<td>32</td>
</tr>
<tr>
<td>35 to 39</td>
<td>19</td>
<td>3</td>
<td>15</td>
</tr>
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<td>40 to 44</td>
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<td>4</td>
<td>27</td>
</tr>
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<td>45+</td>
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</tr>
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</tr>
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