BRAND VALUE CREATION THROUGH STAKEHOLDERS.

A Case Study of PSO: Energy Company in Pakistan.

(Master’s Thesis in Business Administration)
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ABSTRACT:

In this modern era of marketing, brand management is the widely discussed topic and has proved its importance in the 21st century. In the past, brand value was mainly associated with the customers only. However, recent researchers identified its importance into non-customer areas. Brand equity and brand value terms are discussed with special emphases on their relation with the relevant stakeholders. The main idea behind this research is to reflect stakeholders’ relations and their role in the brand value creation for the energy companies in Pakistan. For this purpose, we have used Richard Jones (2005) “Stakeholder model of brand value” which shows that brand value is not only created by the customers but also by the all other relevant stakeholders.
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1- INTRODUCTION

1.1- The issue of branding for energy companies in Pakistan:

The British Petroleum’s (BP) oil rig explosion on 21st April, 2010 in Gulf of Mexico has badly affected its brand image. The US government has treated this accident as a major concern and media has blamed BP over poor health, safety & environment (HSE) record. With in two weeks, the company has lost $32 billion in its market value and it will spend at least $3-$12 billion to clean oil spill (Monica, 2010). The side effects of this accident are not only limited to one country but spread through media all over the world where BP is operating which is not a good sign for its corporate brand image. BP declared that the company will cover oil spill cleaning cost and will pay damages to the fishermen and other people affected by the spill (Bergin, 2010). Even if this public relation is done well, the damage is rather massive in terms of the company’s image and brand value. Furthermore, the company’s repeated HSE violations to cut the cost in the developing countries like Pakistan are also being widely criticized by media and environmental agencies. The Greenpeace nominated BP for its "Green wash Award" and considered BP as the, greatest "corporate climate culprit" in the world (Sider, 2009).

In the 21st century, many companies are facing severe branding problems due to an increasing number of factors. For example, the surge of new brands, private labels, fragmentation of customers, fierce competition, financial market expectations and consumer backlash against high visible brand symbols (Kotler & Armstrong, 2009). Strong brands are losing their powerful image (Ramsay, 1996). The financial performance of the high revenue brands generating cash flow is effected (Doyle, 2000). The world’s top most companies like Shell, B.P, Caltex, ExxonMobil etc have used narrow approach of branding and they have paid the price for those mistakes (Haig, 2006). This situation clearly shows that even the giant multinational companies (MNCs) are struggling to maintain the position of their well established brands which is mainly due to the narrow approach of branding (Jones, 2005).

According to Jones (2005), at least in terms of brand value and equity, brands are no longer stronger as they were a few decades ago. Furthermore, this worsening of the situation motivated the companies to concentrate upon corporate branding (Ind, 1997). Gregory (2004) shows that when product differentiation is difficult, companies should try to show their own identity. This is a good way to build a strong brand image or in other words, the brand promise is like a company promise (Olins, 2000).

In this thesis, we have particularly focused on the brand value in the energy sector of Pakistan. The economic growth of Pakistan depends upon the energy sector and the energy sector mainly depends upon the performance of oil and gas companies. According to the Oil and Gas Journal (OGJ) and BP’s Statistical Energy Survey (2008), Pakistan has more than 300 million barrels of proven oil reserves and 0.85 trillion cubic meters of gas reserves. However the total output in the country is 30.8 billion cubic meters of gas and 65,000 barrels per day of oil in 2009 (Business Market Intelligence Report –BMI, 2010). These statistics clearly show that Pakistan has a huge potential of oil and gas reserves but unfortunately they are still not fully explored (Ahmed and Kumar, 2008).

There is a huge demand for petrochemical products in Pakistan. These encourage companies to concentrate upon the customers only. This situation particularly applies to the oil and gas companies in energy sector of Pakistan where product differentiation is difficult due to two reasons; first, the product (fuel) is the same with minor variation in the quality and second, packaging is normally not possible in oil and gas business. Hence corporate branding is
widely used by the companies in Pakistan. Under these circumstances, brand value creation is not easy as it is more directly associated to the reputation of the company. The narrow approach of branding or the customer focused approach is widely used in developing countries (Haig, 2006) and normally companies ignore the role of other stakeholders in Pakistan.

Petrilli’s World Bank Report (2003) on Pakistan Energy Sector explains that high government involvement and control in this sector till 1999 discourage foreign companies to invest. However in this decade, government has changed its policies in two ways: Firstly, privatization of state owned corporations and secondly, the introduction of new attractive petroleum policy to encourage MNCs in Pakistan (Petroleum Policy Report, 1997). In the present situation, government involvement is less as compared to the past which encourage MNCs. Most of the MNCs are working independently or in the form of joint venture and partnership with local companies in Pakistan (Pettrilli, 2003). In spite of all this, energy industry is still heavily influenced by the bureaucratic style of governance which is conservative rather than adaptive leaving less room for modern branding approaches. MNCs and local companies in Pakistan are struggling hard to retain and improve their brand value position. This is particularly more difficult for large local companies because now they are competing with the world’s best energy companies. Consider the example of Shell whose annual profit is much bigger than the GDP of many poor countries in the world (Murphy, 2005).

This situation has encouraged us to look at the brand value creation and we have decided to conduct our research on brand value creation in energy industry of Pakistan. The main purpose of our thesis is to know about the role of stakeholders in creating brand value for the energy companies in Pakistani environment. We will explore relevant concepts of brand value and equity with respect to stakeholders. We will also apply Jones’ Stakeholder brand value model on energy companies. In this way, we will observe that how the brand value can be created in Pakistani environment and what is the role of the stakeholders in this process. For our case study, we have selected one of the reputed Pakistani oil marketing companies (OMC) which is Pakistan State Oil (PSO).

1.2- Research questions:
In order to fulfill our research purpose, we have designed the following research questions:

1. What is the role of brand value and brand equity for the stakeholders in the energy companies?
2. How brand value can be created through stakeholders in the energy companies of Pakistan.

1.3- The problem in the energy companies of Pakistan:
By considering the fact that product differentiation is difficult, energy companies in Pakistan are using corporate branding techniques. Consider the reputed corporate brand name of Shell, TOTAL-PARCO, Caltex, Chevron and PSO etc in Pakistan. When companies choose corporate branding, the brand equity is not just about the consumer satisfaction only. In case of energy companies, the consumer involvement is not very high. It depends upon the whole performance of the relationships for the company and a range of external factors (Jones, 2005). The brand value and brand equity not only depend upon the customers but also on other indicators which can measure the overall performance of the company. This includes
corporate reputation which comes from the brand equity of all important stakeholders. Strong relations and networking with all stakeholders is very important to maintain a reputed corporate image. Gregory (2004) explains that companies are legally and ethically bound to maintain good relations with its stakeholders for a long term growth. Brand equity cannot be limited to one stakeholder and customer satisfaction cannot give a guarantee of success or a profitable business (Doyle, 2000). All relevant stakeholders are very important for the company and firm’s performance is directly linked to the stakeholders (Greenley & Foxall 1997). Consider the examples of fast moving consumer goods (FMCG) and oil marketing companies (OMC) which are highly dependent on distribution channel relations; services companies on employees; and energy companies on HSE agencies etc (Harris & Chernatony, 2001). Hence the key to a successful and profitable business is good relationships with all important stakeholders.

PSO, being the market leader in Pakistan and having the largest retail network in the country faced a huge loss of rupees 6.7 Billion in 2009 (PSO Annual Report, 2009). This loss is first ever in the company’s history since it started its operations in 1976. Surprisingly, the company’s annual report (2009) shows that sales increased from rupees 583.2 billion in 2008 to rupees 719.3 billion in 2009. Then what was the reason of the loss? Muhammad Asif an analyst at Invisor Securities explains that besides the unpredictable international oil prices, PSO’s relations with its main stakeholders (government, industrial suppliers and B2B customers) are the main reasons of the loss. This loss badly affected the brand value of the company in the eyes of other stakeholders like foreign investors, media, employees and suppliers (Reuters report, 2009). In result, foreign investors are hesitant to purchase the company’s shares; employees are trying to switch their jobs and suppliers are unwilling to supply on long duration credit terms.

In another case, The Royal Dutch Shell’s bad relationships with its distributors caused a strike call by tanker union in U.K which affected its corporate brand image (Grenon, 2008). Same happened in Pakistan when Shell private oil transporters went on strike in 1998. This caused a huge monetary and non monetary loss in the shape of brand image to the company (Chaudhry, 2007).

It is observed now-a-days that brand equity can be achieved through many external sources in energy sector. It is cleared from the above mentioned examples of PSO, Shell and BP that the brand value and equity was affected by other stakeholders i.e. media, government, distributors, environmental agencies etc. The stakeholders are in network and their interrelation makes the monopolistic condition almost impossible for energy companies. Here the strategic element in energy sector is that the stakeholders are in a chain. If distributors are on strike, then oil supply will be affected and customers will also be indirectly effected which could be a cause of poor brand equity (Ambler, Bhattacharya, Keller, Lemon & Mittal, 2002). This also proves the importance of brand equity for all stakeholders. The stakeholder’s relationship understanding can create high brand value for PSO, Shell and BP. Furthermore, it is also important to understand the nature of the relationships and how value can be created through these important relationships (Jones, 2005). In Keller (2003) words, it is the value based brand management which explains the sources and outcomes assessments of brand equity.

Recent research shows that branding concepts can not only be used in consumer marketing but also in business to business (B2B) marketing (Keller, 2003; Aaker, & Joachimsthaler, 2000). Webster & Keller (2004) research show that branding especially brand equity and
brand value has many applications in this area. Since energy companies normally have both B2B and individual customers, these concepts can be applied on energy companies. Business researchers are convince that branding concept is powerful in defining and examining relationships and value creation in all business relationships. These recent developments have introduced two important areas in the business and the brand management field; First, the importance of stake holders relationship and second, brand value and equity cannot be accomplished by the relationship between the brand and single stake holder (particularly consumer). Instead, it is accomplished by the relationship between the brand and the all important stakeholders (Mitchell, 2002).

Although financial profitability is the main criteria of success in energy companies like all other businesses. Shareholders want justification of the activities and investments in terms of value creation (Black, Wright, Bachman & Davies, 1998). This applies more in energy companies as they need to justify their activities and investments (i.e. HSE activities). It is so important that Royal Dutch Shell included another “S” in their corporate policy as health, safety, security and environment -HSSE (Shell Sustainability Report, 2009). This is the reason that marketing specialists insist on value based marketing and recognise 21st century as the century of value based marketing where all stakeholders have an important role to play (Doyle, 2000; Keller, 2003). Vargo and Lusch (2004) show the same view in their research and Jones explains it as:

“the marketing is principally concerned with the co-creation of value and relationships, and linking this to a stakeholder perspective on brand value”. (Jones, 2005, p. 11)

These new trends of brand management have put more burden of responsibility on the brand managers’ shoulders particularly in the energy industry worldwide including Pakistan. Energy companies’ managers have to broaden their brand relationship management view by considering all stakeholders who can create brand value in energy industry business. Moreover they also have to assess their relationships and evaluate the worth of the relationships with the stakeholders (Jones, 2005).

1.4- Research outline:

Chapter One: Introduction
Chapter Two: Literature Review
Chapter Three: Research Methodology
Chapter Four: Analysis
Chapter Five: Implication and Conclusion

In chapter one, we have discussed the issue of brand value in energy companies of Pakistan followed by the research objective and questions which will lead us to the problems in energy industry of Pakistan and finally, we have presented the outline of our thesis.
2- LITERATURE REVIEW:

In chapter two, firstly we have overviewed the concepts of brand value and brand equity. Brand value deals with how value is created and brand equity is concerned about the measurement of the brand value. These two concepts are discussed with respect to stakeholders followed by the stakeholder approach to measure brand equity. Thereafter, the identification of the stakeholders’ value relation is explained. Finally, we have defined the stakeholder brand value model which is used in our analysis part to find out the answers of our research questions.

2.1- Brand value and brand equity concepts and its relation with stakeholders:

Perhaps one of the most misunderstood concepts is branding itself. Each company should establish its brand identity before taking any other step. Without the identity, it might not be able to receive the return on its investments. Product or services are not the brand of the company but brand is a genuine characteristic of a company and brand is what a company is known and stands for (Klein 2008). Stephen King of WPP group says that:

“A product is something that is made in a factory; a brand is something that is bought by the customer. A product can be copied by the competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless”.

(Aaker, 1991, Managing brand equity, page 1)

In order to find the answers of our research questions through Jones’ Stakeholders brand value model, it is necessary to know about the concepts of brand value and brand equity particularly in the energy industry and with respect to the relevant stakeholders. Wood (2000) defines brand equity as company’s efforts to create a relationship between the customers and brands. Brand equity and brand value are intangible marketing assets which can provide a long term competitive advantage and a unique relationship between the company and its stakeholders (ibid). In Mitchell (2002) words, it is not based upon the relationship between consumer and the brand but it is based upon a range of relationships including consumer.

On one hand, brand value is important for defining the relationship in the creation of value. On the other hand, brand equity is important for assessing the value resulting from the relationship (Jones, 2005). The powerful and strong brands are considered valuable assets of the companies (Doyle, 2001). The Fortune 500 conducted a survey of the top 3500 organisations of United States and the results were shocking. The worth of intangible assets was 72 percent of the market value as compared to just 5 percent in 1978. Recent survey of Ang and Wight (2009) also conclude that those companies who perform better also have better brand/ corporate image. Furthermore, the companies which are consistent in their overall performance are better in brand/corporate image than those which are inconsistent. Therefore, Ang & Wight conclude that:

“These results suggest the sticky nature of reputation and have implications for firms attempting to build intangible resources for competitive advantage.”

(Ang & Wight, 2009. Pp .21)

The Fortune 500 world’s largest companies ranking in 2009 shows the strength of energy companies. This survey shows that out of top 10 companies in the world, five are energy companies which are given bellow in table 2.1:
Table 2.1: Global 500, Annual ranking of the world largest corporations

<table>
<thead>
<tr>
<th>Rank 2009</th>
<th>Company Name</th>
<th>Revenue in Million US Dollars</th>
<th>Profit in Million US Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Royal Dutch Shell</td>
<td>458,361</td>
<td>26,277</td>
</tr>
<tr>
<td>2</td>
<td>ExxonMobil</td>
<td>442,851</td>
<td>45,220</td>
</tr>
<tr>
<td>4</td>
<td>BP</td>
<td>367,053</td>
<td>21,157</td>
</tr>
<tr>
<td>5</td>
<td>Chevron</td>
<td>263,159</td>
<td>23,931</td>
</tr>
<tr>
<td>6</td>
<td>TOTAL</td>
<td>234,674</td>
<td>15,500</td>
</tr>
</tbody>
</table>

The Fortune 500 ranking clearly shows that most of the world’s largest corporations are energy companies. Surprisingly, in terms of the brand value, these companies are struggling. Businessweek’s 2009 ranking of the “100 best global brands” has only three energy companies in the top 100 ranking and their performance is given in the table 2.2:

<table>
<thead>
<tr>
<th>Rank 2009</th>
<th>Brand Name</th>
<th>Brand Value 2009 billion</th>
<th>Brand Value 2008 billion</th>
<th>Annual % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>General Electric (GE)</td>
<td>4.777</td>
<td>5.308</td>
<td>-10%</td>
</tr>
<tr>
<td>83</td>
<td>British Petroleum (BP)</td>
<td>3.716</td>
<td>3.911</td>
<td>-5%</td>
</tr>
<tr>
<td>92</td>
<td>Royal Dutch Shell</td>
<td>3.228</td>
<td>3.471</td>
<td>-7%</td>
</tr>
</tbody>
</table>

Table 2.2: 100 Best Global Brands

This ranking shows the strength of the powerful billion dollars brands and their brand value for energy companies. One can easily imagine that how powerful these multibillion brands are. However, these results are also an alarming sign for energy companies because all energy companies’ brand value is declining sharply i.e. GE at -10%, BP at -5% and Shell at -7% etc. This shows that energy companies’ branding strategies are not successfully achieving their aims.

PSO, being the largest retail network of having more than 3600 outlets in Pakistan was also market leader in lubricants for around two decades. However Shell International entered into Pakistani market in 1993 and they have crossed PSO through effective positioning of its brand image. According to 2006 figures, Shell market share in lubricants is 42% while PSO has 36% (“PSO Corporate leadership par excellence”, Economic Review Report, 2010). Shell has made it possible with the help of its strong brand image and its value in the mind of customers. Furthermore, Shell also introduced the Retail Visual Identity (RVI) look through renovation and convenience stores “Select Shop” at its fuel stations in Pakistan which has further enhanced its brand image (Abdullah and Zaiviji, 2007).

Now-a-days, it is the common practice for the U.K and Dutch companies to include the brand value in their financial statements (Jones, 2005). Besides the present value, future value is also important for the companies. However in current scenario, most of the managers are short-sighted and only see current financial value of the brand. They ignore to view the brand value in future or in long run. It is important that managers should know the main question that what create this brand value? Managers should think about this question so that they may plan for long term brand value. (Jones, 2005)
Ambler (2000) says that value creation is like a diffusion process which focuses on the brand through different stakeholders. Ambler also calls it “the total equity of the brand”. The focus on just the cash flows of the brand is just one thing but mangers should also focus on the identification of the brand value sources (Jones, 2005). Managers should view long term brand value and it is only possible if they also concentrate upon the sources of the brand value. The brand survival is linked to the value of the brand which it can create for its stakeholders. Sources of creation are very important for the brand value not only for the stakeholders but also for the company. If managers understand the brand value then they can also take specific measures to judge this value. Jones explains that brand value is defined by the brand equity and they are interrelated to each other.

Seddon (2010) explains that oil and gas companies’ business and brand value normally come from exploring, extracting, refining, trading, whole selling and retailing activities. Government of any country carefully considers the oil company’s reputation for the latest technology and its HSE record for sustainability promotion. Drilling rights or leasing rights are given on the bases of these factors. Companies having reputed and valuable brands do not necessarily mean that they are very big companies. Petro China has much larger market cap than BP, Shell or Petrobras but these companies’ brands contribute greater value than Petro China. This is the reason that government of any country prefers those companies which think about long term growth of themselves as well as of the respective countries’ economy. This situation shows the importance of brand and its value for the energy companies and companies should realize and recognize the long term growth of their brand value. Furthermore, strong long term brand value is not only important for sales growth in individual/ retail and B2B customers but also influence other stakeholders like investors, governments, NGOs, general public etc. (Seddon, 2010)

2.1.1- Brand equity categorization:

Most of the researchers explain brand equity as the measurement of the customer franchise which means that the value of the brand is from the customer point of view and the long term financial performance of the brand (Barwise, 1993). Researchers define brand equity literature in three main categories as Mental, Behavioral and Financial brand equity (Franzen, 1999).

- Mental brand equity: brand impact on the consciousness of the consumer.
- Behavioral brand equity: Consumer response/ behavior towards the brand.
- Financial brand equity: brand monetary impact in term of sales turnover, income, profit, returns on investment (ROI) etc.

Jones’ (2005) view is more organizational and therefore slightly different from some researchers. He is of the opinion that categorization of mental, behavioral and financial brand equity do not reflect the value of brand with respect to customer and long term financial performance of the brand. Managers should also consider other stakeholders. The long term brand impact on the consciousness of all stakeholders should be called mental brand equity; Stakeholder’s response/ behavior towards the brand should be called behavioral brand equity; and brand monetary impact in any form due to mental or behavioral brand equity should be called financial brand equity. For example; Pakistan Petroleum Ministry considers the importance of expertise and technology in oil exploration. BP and OMV being the reputation about its latest technology and experience have created mental brand equity for one of their major stakeholder (government). These companies’ brand impact on the consciousness of
petroleum ministry is good. Therefore, the response/ behavior of ministry towards BP and OMV are very positive and these companies have successfully created behavioral brand equity. Due to the positive response of the government, these companies have formed joint ventures, partnerships and preferred drilling rights in Pakistan. This mental and behavioral brand equity is also generating financial brand equity for those MNEs in terms of more sales turnover, profit, market share or ROI in Pakistan.

2.1.2- Brand equity in business to business (B2B) markets:
Lynch and Chernatony (2004) explain the importance of brand equity for both consumer and business to business (B2B) markets. According to them, brand equity describes the consumer’s beliefs and attitudes response towards the brand which means the association of brand in the mind of the customers. Keller’s (1993; 2001; 2003) model for the Customer-Based Brand Equity (CBBE) also confirms that brand equity concepts can be equally applied in B2B and industrial marketing. Jones (2005) is of the view that previous research in this field does not fulfil the current requirements due to two reasons; Firstly, brand equity is important for value of interaction and creation. Secondly, brand equity should not be restricted to the customers only. It is worthwhile to consider the research that look in the direction of the corporation’s value chain.

2.1.3- Brand equity in corporation value chain:
Recent researchers are trying to investigate the brand equity in the whole value chain of the firms (Haden et al, 2004). Managers should concentrate upon more important thing which is how to create brand value for the customers in long term. This is only possible if they concentrate upon the whole value chain not just one part of the chain (customers only). Old approaches of brand equity are obsolete because these approaches only cover end user/consumer and their knowledge and believe about the brand. Customer knowledge and believes are only prerequisites for a successful brand and cannot guarantee that it gives value or not. The loyalty measurement in term of repeated purchase appears good on paper for short term (Jones, 2005). This loyalty cannot show real commitment towards the brands and cannot guarantee the success in the future or long term (Keller, 2003).

2.1.4- Shell as a case of corporate brand value and equity:
Shell’s good credit rating can create brand awareness and ultimately more sales volume but this does not clearly define the brand value and equity. Managers should also see the future. In 2004, Shell officially announced to reduce its oil reserves by 20% or 4 billion barrels (Carry, 2004). This announcement caused investigations, enquiries, drop in company’s share prices and resignation of senior professionals (Larcker, Lawson and Tayan, 2009). Shell AAA credit rating soared to a dangerous level due this misleading overestimates about its oil and gas reserves (Carry, 2004; Fawcett, 2004). Consider how a news heading from the world’s reputed newspaper can affect Shell:

“Shell admits it misled investors”. (Terry Macalister, Guardian, April 20, 2004)

Brand value and equity of the Shell was ultimately down which shows that managers should realise the customers’ overall experience towards the brand (Keller, 2003; Campbell, 2002). However smart companies learn from their mistakes and Shell spent a huge amount to investigate that how company can restore public confidence and brand image (Larcker, Lawson and Tayan, 2009).
2.1.5- Relational aspects of brand equity:
Managers should not only concentrate upon the direct relations with the brand but also to the indirect relations. For example, customer service experience through retailer; communication experience through media; and supply experience through distributors/ suppliers (Duncan and Moriarty, 1997). Hence all channels have their own importance. These approaches lead researchers towards the relational aspects of the brand through different sources that can contribute a lot for the brand equity (Davis, Buchanan and Brodie, 2000). Today, consumer involvement in brands is low and brand equity sources are not the consumer –brand relationship but the other external factors relationship.

The different channels’ relationship is more important in energy companies due to the nature of their business and products. In Pakistan oil marketing companies (OMC) like Shell, PSO, TOTAL, Chevron and Caltex rely upon their suppliers (refineries and importers) and also retailers (fuel station owners). If these channel relationship affect then ultimately OMCs brand value is also affected. Recent researchers identify different relations which are important for the creation of brand value. Brodie et al (2002) and Grot’roos (2000) research explain the relational aspects of branding in different sectors of marketing. Recent research also shows the importance of the corporate brand value for suppliers, employees, media, investors etc (Balmer, 2001 and Ind, 1997). Furthermore, company’s reputation for the customers and other stakeholders can also not be ignored (Pruzan and Edelman, 2001). Brodie et al (2002) identifies three main research areas in brand equity. These are Consumer, financial and relational based equities. There is more room for other relations which may create value and equity. Like role of employees in IT and banking services; and external marketing communication role in building corporate brand image (Harris & Leslie, 2001).

2.1.6- Building better corporate image in energy sector:
If we consider oil and gas sector, ExxonMobil has its brand value and reputation in upstream business for good relations with society, governments, and shareholders (Sider, 2009). Due to this, ExxonMobil could be brand leader in upstream business. In downstream business, BP has its brand value due to global retail network. Its retail outlets are strongly branded with its “green Helios sun god” logo and company spend a huge amount on advertising and communication activities to support its activities (Ginsberg, 2004). Royal Dutch Shell has its long term brand value due to the expertise in local government and community relationship. Furthermore its 45,000 strong Shell logo branded retail outlets can be found in most of the countries. Shell is now considered as the largest branded retailer in the world after the acquisition of Texaco US and DEA Germany and it has more retail outlets in the world than food giant McDonald (Harisson, 2001; Sider, 2009).

Brand reputation and value can be positively used by the companies for market development. According to Market Watch Report (2007), Shell realized that its market share and profit margin in Europe is declining. The company used its powerful brand name by establishing relations with growing economies of Asia. Shell’s decision to establish partnership and joint venture agreements with the Chinese, Turkish, Malaysian, Indonesian, Indian and Pakistani companies proved a positive result for the company’s growth (Market Watch Report, 2007). Shell intentionally recognized the brand value as an asset. By using this asset, Shell entered into growing markets of Asia. This is the reason that the company is widely known and trusted for using its brand reputation and value. Shell is also expert in rebuilding brand value which is only possible because the company always tries to listen to its all stakeholders (Kleinman, 2002).
2.2- The stakeholder approach and its use for branding in energy industry:

Jones (2005) is of the view that managers still need better understanding of the brand performance and factors that affect brand performance. This is possible if the managers can apply stakeholder approach to their branding issues. Based upon the stakeholders approach, managers may rebuild or enhance brand value (Jones, 2005).

The stakeholder approach tells us that **company is not only bound to serve the shareholders’ needs but also bound to serve different people/ firms and responsible for having good relationships with them** (Jones, 2005). There are different ways to define these responsibilities such as legal, moral or fiduciary responsibilities towards stakeholders (Clarkson, 1995). The stakeholder theory validates the concept of corporate citizenship (Clarke and Clegg, 1998). Research proves that the weak or strong moral responsibility between the company and its stakeholders has immense effects on the company’s performance in a positive or negative way (Greenley and Foxall, 1997).

By following the stakeholder’s approach, energy companies can achieve sustainable growth and make their brand sustainable. According to the Economic Review Report (2008), Pakistan Petroleum Ltd (PPL) actively involved corporate social responsibility (CSR) in their main agenda by serving the communities living near the production and exploration sites. PPL provides education, healthcare facilities and developing infrastructure in remote areas of the country. By recognising these types of activities, PPL was declared the country’s top donor and contributor to the society in 2007. The company also strictly follow Quality Management Systems (QMS) and HSE procedures. Before starting each exploration and production project, PPL carries out the initial environmental examination and its impacts. Its continuous support to NGOs for environmental awareness is also widely praised by the United Nation and Greenpeace. In 2007, PPL received the runner-up award “Best practice in occupational safety and health” from the Employers’ Federation of Pakistan. Now the company has a reputation as a very good corporate citizen which showed positive signs on company’s growth (Economic Review, 2008).

2.2.1- Value creation through stakeholder’s approach:

The competitive advantage has roots in managing stakeholders. The companies that manage good bases for the trustful mutual relationships with their stakeholders can facilitate their value creation process (Whysall, 2000). Under this situation, stakeholders willingly share their utility function’s information with the companies. Organisations may allocate the resources accordingly to fulfil the stakeholders’ satisfaction (Harrison, Bosse & Phillips, 2010). According to Jones (2005), stakeholders approach leads to a clearer picture of the brand value and equity because this approach tells us to concentrate upon a range of stakeholders’ relationships with respect to the brand. For example, Shell introduced the concept of convenience stores “Select Shop” at its outlets in Pakistan. While introducing this concept, Shell received continuous feedback from different stakeholders i.e., customers, fuel station’s owners, shop owners, employees etc. These stakeholders willingly shared their utility functions and requirements. Shell attracted many customers because of multiple solutions under one roof. It is convenient for customers to refill, dine, massage, and buy food and other basic items from one place. Now days some of the Shell’s retail stations in Pakistan are just like crowded picnic points (Shell Annual Report, 2009).
The stakeholder approach can also be used as an important tool to manage, view and prioritize the relationships with different stakeholders according to their strategic importance (Jones, 2005). In general, the stakeholder theory can identify the relevant stakeholders which can be affected or which may affect the company’s corporate purposes (Freeman, 1984). Hence company’s performance has been directly linked to the stakeholders’ relations performance. Stakeholders may create or destruct the brand value and nature of relations because the brand value depends upon these relations (Jones, 2005). Normally these relations have synergy effects. It also confirms that the triangular approach to measure brand success is more helpful for a better understanding of the brand equity sources (ibid). This is the reason that brand managers have to identify, understand and create an overall picture of the sources of brand value (Chernatony et al, 2004). Shell identified a new source of brand value in the shape of technical partnership agreements with the world renowned top speed companies like Scuderia Ferrari, MotoGP, Ducati and NASCAR. Here Shell identified, understood and created new sources of brand value generation. The powerful and speedy vehicles and racing events can be a good source of brand value for Shell. The company showed its brand strength through expensive ads. People like these ads where Ferrari Formula 1 car with Shell logo running at the top speed in some of the world’s famous cities (Shell Annual Report, 2009).

2.3- The stakeholder model for brand equity:
Jones (2005) defines that the stakeholder model concentrates upon two main things:

a- Stakeholders’ relations as important sources of brand equity.
b- Relationship between the stakeholders.

a- Stakeholders relations as an important sources of brand equity
For the each stakeholder, a specific type of equity can be identified. Each stakeholder relation’s performance is important and companies should access the value of each relation and devote time/ resources accordingly.

b- Relationship between the stakeholders
Stakeholder model also suggests that each stakeholder has relations with other stakeholders. Also there is interconnectivity between the stakeholders and their equities. Their link with each other is explained by Jones (2005) through his Daisy- Wheel Model of Stakeholders Equity shown bellow in the figure:

![Daisy-wheel Model of Stakeholders Equity](Adopted from Richard Jones, 2005, page 18.)
2.3.1- Description of the model:
Like an old typewriter, every word character is linked to a center point which is the hub. Through the hub of the brand, stakeholders are all interconnected with each other in term of brand equity. Like other companies, this model can be applied in the energy companies in Pakistan. Sui Southern Gas Company (SSGC) brand has achieved very strong customer equity in Pakistan. But it has bad media and labor union relations. This can affect its overall brand equity in Pakistan. On the other hand, it is also possible that a brand has bad customer equity but it has strong channel relations. By using strong channel relations, it might achieve acceptable overall brand equity. PSO is a good example of this as its customer’s brand equity is less than its strong competitors like Shell, Total and Caltex in Pakistan. However PSO’s largest retail outlet network and distribution setup ensure product availability in almost all areas of Pakistan (PSO Annual Report, 2009). This is the reason that if a company has good relations with any of its major stakeholders, it can achieve more overall brand equity.

Every company should have a strong image so that it may retain market position, attract and retain quality of employees, customers, suppliers, distributors etc. It can also help to maintain good share price and to maintain good relations with government, media, competitors etc. (Jones, 2005). Non Governmental Organizations (NGOs) can attack and criticize the company’s labor, sourcing, importing, exporting, health, safety and environment policies which may cause a bad image of the company and ultimately bad brand equity. These secondary stakeholders like NGOs can be more dangerous if they have good relations with the company’s primary stakeholders like media, government, suppliers, distributors etc. The largest Indonesian palm oil producer Sinar Mas Agro has faced a huge loss in 2009. Company’s top management ignored the Green Peace’s report against its bad environmental record. The situation was worst when one of its biggest customers (Unilever) treated this report seriously. Unilever not only dropped Sinar from its supplier’s list but also used its name for better relations with other stakeholders (Wright, 2009; Unilever Sustainability Report, 2009).

2.4- The stakeholders value relation process:

Jones (2005) explains the stakeholder value relations process and according to him, there are three important stages of this process mentioned bellow:

a) Relevant stakeholders’ identification.
   b) Identification of the value of stakeholders’ relations.
   c) Nature of exchange identification.

a- Relevant stakeholders’ identification:
Stakeholders’ identification is very important. Through mapping, the managers can get better understanding of the stakeholders’ interests and needs. In this way, they may able to design new policies in a useful way. Moreover they may also manipulate the power, access and influence of the key stakeholders in a beneficial way (Walker et al. 2008). Clarkson (1995) explains that every organization not only has primary stakeholders but also the secondary stakeholders. Company’s image can not only be affected by the direct stakeholder’s relations but also with some indirect stakeholders’ relations. Those stakeholders who generally contribute to the brand value are primary stakeholders while those who contribute on some specific issue or problem are considered secondary stakeholders (Beaulieu and Pasquero, 2002).
If we apply this to the energy sector in Pakistan, the primary stakeholders are suppliers, customers, government, media, shareholders, and distributors. On the other hand NGOs and environmental agencies could be secondary stakeholders for energy companies in Pakistan. Secondary stakeholders are important in case of some important issues but they do not directly contribute to the brand value and the interaction is low. However managers cannot ignore them and they are very important especially when they are active. Here brand manager’s role is to have a good access to the secondary stakeholders through lobbying or stakeholders’ dialogue forums (Jones, 2005).

b- Identification of the value of stakeholders’ relations / prioritization:

The second step is to identify the value of the relationship. The basic aim of this is to prioritise the stakeholders according to their value of relations and their contribution towards the brand value. The stakeholders can be prioritized on three important bases which are their power, legitimacy and urgency (Mitchell, Agle and Wood, 1997). Jones (2005) view is that the value of stakeholder’s relations depends upon the four main variables which are dependency, strategic significance, actuality and attractiveness.

I. Dependency

Dependency relies upon the resources dependency approach of the organisation (Peteraf, 1993; Pfeffer and Salancik, 1978; Doyle, 2001). Organizations are dependent to the internal resources/ core competencies and external resources (Day, 1994). For example; energy companies’ external dependency is upon suppliers, partners, distributors, government and off course customers. While internally they are highly dependent on employees and shareholders. Here managers’ role is to identify how much company is depending upon the value of those stakeholders. Dependency could be of three main types:

- Dependency which means who depend upon whom.
- Independency which means no one depends on each other.
- Mutual dependency which means both depends upon each other. This is also called synergetic dependency (Jones, 2005).

Normally pure dependency and independency is rare since every company depends upon the stakeholders and stakeholders depend upon the companies. However, the value of this mutual dependency can be less of more. Hence dependency means mutual or synergetic dependency for our study. For example; state owned energy companies’ dependency on government is more in Pakistan. Government is the biggest customer of their products and it supports state owned energy companies through regulations. Private energy companies’ dependency on government is less because their target market is normally retail customers and private companies but government can influence them through regulations.

II. Strategic Significance

Dependency is also very much linked with the second variable strategic significance because it is determined by the strategic thrust of the organisation (Jones, 2005). Strategic stakeholders should be aligned with the core competencies of the organisation and value creation. However, only core competency is not sufficient. Therefore organisations should also concentrate upon the network of stakeholders which may create value (Day, 1994). Success of the company depends upon the identification of the opportunities and the special capabilities to produce/ deliver low cost/ high quality products than its competitors.
(Day, 1994). Jones (2005) view about the success is to retain important stakeholders as the key resources and align them for a strategic thrust.

PARCO and TOTAL recognised the strategic significance of each other in Pakistan. PARCO decided to sell 75 percent of its refined oil to Shell, PSO and Caltex. For the remaining 25 percent refined oil, the company signed an agreement of joint venture with reputed multinational company TOTAL of France. Under this joint venture agreement, TOTAL developed a distribution and marketing network in Pakistan with the brand name of TOTAL-PARCO (The Economic Review Report (2001). In another case, Shell recognized the importance of its strategic stakeholder PARCO. With the help of PARCO, Shell improved its transportation of oil through pipe line. Shell has now 26% share in white oil pipeline project and able to eliminate the huge transportation cost and HSE risk (Economic Review, 2002).

III. Actuality:
The third important variable is actuality which is concerned with secondary stakeholders. As discussed earlier, some secondary stakeholders are important on some specific issues and this is the responsibility of the brand managers to oversee that when these types of stakeholders can be active. Once they are active, the organisation needs to invest actively on them. Crable (1985) further sub divides secondary stakeholders under three conditions which are based upon their urgency i.e. latent, current and critical stakeholders. Hence secondary stakeholders’ importance may vary from time to time. For example, government or environmental agencies may active on some legislative issue; distributors or customers may active on some better competitors’ offering; and any change in micro or macro environment may also active some of the de- active stakeholders.

Energy companies normally face the actuality from the secondary stakeholders like NGOs, environmental agencies and other pressure groups like trade and workers’ unions. According to Bryant & Hunter (2008), two independent environmental agencies’ reports identified a deeply rooted cultural risk in BP which was caused by its bad HSE record. The reports show that the company’s main priority is financial growth rather than its employees and environment safety. These reports identify several serious HSE loopholes in BP’s operations including causes of 2005 Texas oil refinery explosion and Alaska pipe line leakage. The credibility of the BP was on risk and the company’s star chief executive-Lord John Browne realized the nature of the actuality caused by the secondary stakeholders (environmental agencies). The CEO and board spent a huge sum to restore the stakeholders’ confidence and company’s reputation in 2007 (Bryant & Hunter, 2008).

IV. Attractiveness:
The last variable, attractiveness is more concerned with managing brands rather than managing stakeholders. It needs a more qualitative approach of relations between the brand and the stakeholders. A distributor may improve its own brand image and can achieve preferred or high priority status if it is associated with a reputed company. Oil companies’ relationship building with the NGOs and environmental agencies may create a positive image of the company which may be passed on to the customers. TOTAL-PARCO was the winner of the “Emerging Brand of the Year Award 2009” in Pakistan. The company is the regular donor of funds to the Red Cross Society and UNESCO and this responsible image is appreciated by the customers in terms of more brand loyalty (Total-PARCO Annual Report, 2009).
c- Nature of exchange identification:
At the final stage of the process, brand managers should identify that how exchange process with stakeholders can create brand value for the organisation. Jones (2005) explains three types of exchanges as functional, symbolic and hedonic exchange. According to Vargo and Lusch (2004), exchange can be seen in term of relations between the organisation and stakeholders. The exchange could be in the form of product, service, financial, communication and information (Sternberg, 1999; Greenley and Foxall, 1997). Norman and Ramirez (1993) are of the view that the two way exchange between the organization and the customer is very important for the value creation. The outcome of the effective two way negotiated exchanges is that the organization can understand the expectations of each stakeholder (Jones, 2005). If the company exchanges products, it should know the expectations of each stakeholder including customers. At this stage, most important questions are:

- What are the expectations of the stakeholders about the accepted level of product?
- By keeping in mind these expectations, how can the product be produced/delivered?

The company’s main concern about the stakeholders is the effective communication. Every stakeholder has certain objectives, concerns and expectations about the brand. Here brand manager role is to make a list of all stakeholders’ major concerns which will help managers in sorting and grouping of stakeholders (Jones, 2005). Doyle’s (1992) view is that the organisations can not meet all the stakeholders’ concerns but they can negotiate those concerns within the limit of the stakeholders’ tolerance zone. During 1995, Shell conducted the largest multi-stakeholder consultation to know the different society groups’ expectations about the company (Lynn, 1999). Based upon the findings of the report about the expectations and tolerance zone of different stakeholders’ groups, Shell revised its business principles and changed its organisational culture to meet those expectations. The company also realised and decided to publicly disclose its environmental, social and financial performance record (Lynn, 1999).

As defined by Jones (2005), bellow mentioned table is showing the main possible expectations of some stakeholders which are also applicable in energy companies in Pakistan:

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Main Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers</td>
<td>High quality product, reputation, benefits, low cost.</td>
</tr>
<tr>
<td>Managers</td>
<td>Reputation of the company, market position.</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Market strength, brand strength, reputation.</td>
</tr>
<tr>
<td>Distributors</td>
<td>Brand’s strength, reputation.</td>
</tr>
<tr>
<td>Media</td>
<td>Responsible in social, environmental, ethical, legal, financial issues</td>
</tr>
<tr>
<td>NGOs</td>
<td>Good social and environmental behaviour.</td>
</tr>
<tr>
<td>Government</td>
<td>Job opportunities creation, legal operation, taxes, CSR.</td>
</tr>
<tr>
<td>Competitors</td>
<td>Brand/ market strength, reputation, positive competition.</td>
</tr>
<tr>
<td>G. Public</td>
<td>Responsible to society and environment.</td>
</tr>
<tr>
<td>Union</td>
<td>Follow employment rules, facilities to employees.</td>
</tr>
</tbody>
</table>

Table 2.3: Main stakeholders’ expectations identification.
Source: Jones, 2005 Page 23 and edited by authors
Jones (2005) also explains that the value can be created if the stakeholders’ expectations are fully or partially fulfilled by the company. The consequence of this good relational interaction with stakeholders is the value creation.

2.5- Brand value creation through stakeholder equities:
Brand value can be created through the relationship performance between the brand and the relevant stakeholders. According to Jones (2005), one should keep in mind two important points while accessing the stakeholders:

a) Network of relationship /dependency upon multiple stakeholders.

b) Value assessment on the basis of each individual relationship.

2.4.a- Network of relationship /dependency upon multiple stakeholders
One must keep in mind that brand value cannot be created through one or two stakeholders’ relation. In fact, it depends upon a network of relationship and multiple stakeholders which support the value creation process for the company and customers. The brand value created for customer through advertising is not possible if it is not supported by the other stakeholders in the network. For example; it is not possible without the help of distributors and retailers. What will happen if the customer has brand awareness through media advertising but retailer is not willing to allocate proper shelf space or if product is out of stock. In this case, brand value for the customers may be vanished. This network approach is more important in B2B and industrial markets (Achrol, 1997). The strong network of stakeholders is considered as one of the biggest competitive advantages for the firms (Porter, 1990).

2.4.b- Value assessment on the basis of each individual relationship
An important point concerned about the brand value creation through interaction between the brand and multiple stakeholders is that some form of interaction between the brand and individual stakeholder is necessary for the value creation. In consumers, the value comes from the communication and customer services. In corporate branding, brand relations with employees are important for value creation because it motivate employees and increase their productivity (Ind, 1997). Furthermore corporate brands give some purpose and identity to its employees which may motivate them to work for a certain cause (DuGay, 1996). Jones (2005) says that each relation has its own logic and brand managers should try to understand this logic so that they may know the following important questions:

- What is important for each relation?
- How each relation’s value can be measured?
- How each relation’s value can be communicated?

Different stakeholders have different expectations of relation with the brands. Therefore marketing messages should be designed according to each stakeholder’s needs. However it is very difficult because normally conflicts arise among stakeholders’ expectations. Shareholders’ expectation could be high dividend which may conflict with the policy of reinvestment by the board of directors or top management. These conflicting expectations should be assessed by the managers carefully. They can fulfil them through compromise or they can give a priority to some stakeholders’ relations over others (Jones, 2005). Marketing professionals should understand that when they may or may not invest for brand-building (Doyle, 2001).
2.6- The stakeholder brand value model:
Many marketing researchers have highlighted the marketing and branding role to create brand value. Doyle (2003) suggests shareholder assessment value model because it can remove the traditional accounting limitations. Doyle’s work in documented marketing can help shareholders to understand the value creation marketing activities of the organisation. Keller’s (2003) explains the importance of the brand value chain model which links the marketing inputs, consumer’s reaction, market’s performance, and shareholders’ value but it is not covering all relevant stakeholders. Kotler and Armstrong (2009) concentrate upon the consumer’s aspects of branding which is not valid for our case because we are concerned about all relevant stakeholders. Day (1999) suggest the cyclical model for the value creation. He explains that value can be created through self reinforcement process. This process cycle runs through the definition, development, delivery and maintenance of the values. Furthermore, Day also highlights the importance of interactive marketing which is about focusing on the “use of information from the customer”.

The traditional way of “information use about the customer” is outdated in the modern marketing (Jones, 2005; Keller, 2003). The narrow definition of stakeholders i.e. customers only and the linear nature i.e. cause and effect relation are the major drawbacks of the existing models (Jones, 2005). Based upon our research questions and by considering the drawbacks of existing models and theories, we have decided to use “The Stakeholders Brand Value Model” developed by Richard Jones in 2005. We are convinced with Jones’ view that all the relevant stakeholders including customers play their part for branding. In order to find out the answers of our research questions, we will apply this model to a Pakistani energy company which is Pakistan State Oil (PSO). The suggested “Stakeholder brand value model” of Jones is presented in the figure 2.1 given bellow:

![Stakeholder Brand Value Model Diagram]

Fig. 2.1: The stakeholder brand value model
(Source: Richard Jones, 2005, Page 26 modified by the authors)
2.5.1- Assumptions of the model:
- The value creation lies in the brand and its stakeholders’ interaction.
- If the stakeholders’ expectations (in the form of product, service, financial, communication, information exchange and outcomes) are meeting, value can be created and enhanced.
- Stakeholders’ perception about the brand can be affected by the managers’ branding actions. However the stakeholders’ actions also affect the overall brand’s perception.

2.5.2- Limitations of the Model:
Like every general model, it also has limitation. It cannot explain all relevant factors of the specific organisations and its stakeholders. However we have made necessary amendments according to our chosen field of energy companies.

2.5.3- Description of the model:
The model gives a comprehensive overview of different factors which might affect the brand value creation. The model is focusing on the brand value creation process with the managers’ perspectives. It can be applied on all type of organisations. The process in the model starts from the stakeholders’ identification process. Once the stakeholders are identified, they should be prioritized. Managers should keep in mind that it is a continuous circular process. Furthermore manager should continuously identify and assess the value of the stakeholders which might contribute to the brand value.

Relationship performance is influenced by the communication which is two way. Communication should be in total from all sources of communication which consists of the leadership’s behavior and firm’s performance; controlled communication and public relations; 3rd party communication and media coverage (Balmer and Gray, 1999). Here communication is very important because it portrays the overall evaluation (explicit or implicit) of the firm’s performance in the eyes of different stakeholders (Jones, 2005). The effective communication of the brand is a great source of trust, reputation and goodwill which contributes towards the brand value. An important step of the model is to view the outcomes of the performance. It should not be on the basis of a single measure like profitability but should be based upon multiple measures like loyalty, reputation, goodwill, political influence, synergy etc which are related to the brand. The result of this model is explained by Jones as:

“These relationship performance outcomes in turn, influence the overall brand value”. (Jones, 2005, Pp. 27)

However the effect on the overall brand value by these relationship performances also depends upon some environmental factors such as macroeconomic issues, political climate, new rules and regulations etc. A change in the exchange rates of local currency and Euro may negatively affect the exports which may affect the favorable investors’ relations. In that case it is also possible that the brand- stakeholders’ relationship is well but the overall brand value is definitely falling. Managers may minimize the effects of environmental factors through maintaining strong relationship and better planning/ forecasting.
2.6- Theoretical framework:

**Step 1: Stakeholders’ identification**
- Primary stakeholders
- Secondary stakeholders

**Step 2: Identification of the value of stakeholders’ relations**
- Dependency
- Actuality
- Strategic significance
  - Latent
  - Current
  - Critical

**Step 3: Nature of Exchange/ Value creation in stakeholder relations**
1. Stakeholders’ Expectations identification.
2. How & to what extent the expectations can be meet for each group?

**Step 4: Total two way communication support for stakeholder’s relations.**
- Leadership and performance
- Controlled
- 3rd party

**Step 5: Outcome of relations**
- Profitability
- Reputation
- Loyalty
- Synergy
- Political influence
- Others

**Step 6: Environmental Factors**
- Salient Issues
- Macro Economic
- Political climate
- Legislation

**Brand Value**

*Fig. 2.3: Theoretical Framework Diagram*
3- RESEARCH METHODOLOGY:

This section is regarding the methodology of our research. Here we have discussed and justified our methodological approach for our area of study. The figure below presents a formal step-by-step framework of our research which is further explained in the sub-sections:

![Research Methodology Overview](image)

(Source: Adapted from Foster, 1998, Pp.81)

3.1- Research Purpose:
Researchers explain three main purposes of research which are classified as; exploratory, descriptive and explanatory (Ghauri & Gronhaug, 2005; Yin, 2003). Our research purpose is mainly exploratory in nature because we want to explore the brand value creation by energy companies in Pakistani environment. There are many important stakeholders for the energy companies in Pakistan. These stakeholders are actively involved and the consumer involvement in this sector is very low. In the current scenario, brand value creation is not very easy and can not be created through customers only. This situation is especially worse for the local energy companies because most of the reputed MNEs have entered into the Pakistani market.

Firstly, we have explored the relevant brand value literature. Secondly, we have applied this literature on a Pakistani energy company. For this purpose, we have selected PSO which is one of the reputed Pakistani energy companies. Our research purpose is exploratory because we want to collect as much information as much possible about our particular problem of the brand value creation (Ghauri & Gronhaug, 2005). Moreover it is also giving us a deep and better understanding about our particular problem of brand value creation (Reynolds, 2006). Aaker et al (2007) also define that the main purpose of the exploratory study is to obtain more and more useful and rich information about a problem which is also the requirement of our area of study.

On the other hand, our study is also some what descriptive as we have collected empirical data for our exploratory study. Furthermore it is also explanatory because results of previous stages (exploratory and descriptive) have been used to draw the conclusions which answer our research questions.
3.2- Research Approach:
After the detailed review of the relevant branding literature, we have selected Jones (2005) Stakeholders Brand Value Model to use in our work. Bryman & Bell (2007) define the research approach as the way to treat and analyze the selected data into qualitative or quantitative way. Jones (2005) explains that his stakeholders brand value model can be proved more successful if it is applied in a qualitative way. This is because the qualitative approach is better to know about attitudes, perceptions, values, trends etc (Bryman, 2004). We are dealing with the perceptions, values and attitudes of the different stakeholders and it is more feasible to use qualitative approach. Furthermore, the quantitative approach can not be used in many steps of Jones’ model. For example; quantitative approach can not be used by the managers to identify the relevant stakeholders (step 1) or the environmental factors (step 6). The qualitative research approach is also providing us the opportunity of deeper understanding and investigating several variables with limited entities. Our area of study is mainly concerned with the behaviour and perception of different stakeholders and we are not dealing with the numerical data. Considering all the above reasons, we have applied qualitative research approach.

3.3- Research Strategy:
Out of the three different research strategies of experiment, survey and case study, the case study method is more appropriate and relevant for our work. Yin (2003) explains that case study is more feasible where a situation/problem is identified, solution is chosen for the problem and the results are drawn by testing the solution. Our work also requires the same sequence of problem identification, solution and application to check the effectiveness of the results. Our study has mainly three important parts; Firstly, we have identified the problem of brand value creation in Pakistani energy sector. Secondly, we have explored the relevant branding literature and find the solution of our problem in the shape of Jones’ stakeholders brand value model. Finally, we have applied this model on PSO and presented the results to check our solution’s (Jones’ model) effectiveness. Hence the case study method can better serve our study purpose.

Robert (2008) is of the view that a case study method is more suitable to investigate few entities with many variables. We have chosen single case study which has allowed us to investigate in-depth problem of one company that may be applied to the all energy industry in Pakistan. We have not applied multiple case studies due to two main reasons; Firstly, we are dealing with 14 important stakeholders groups and it is better if we go deeply in one case study. This can lead us towards an increased understanding and in depth analysis within a limited time. Secondly, one company’s in depth analysis can be easily applied on any other company or sector. Our literature review shows that stakeholders’ role for brand value creation varies from company to company and time to time. However, we are not mainly concerned that which stakeholder is more important and which is less but we are more concerned about the systematic approach to create brand value through stakeholders. This systematic approach in the shape of Jones’ stakeholder brand value model can be easily understood through a single case study. Managers can easily apply this according to their own company’s circumstances.
3.4- Sample Selection:
Population in research means the group of people, objects, companies etc who are the main subject of the research. The whole population study is not feasible due to the cost and time constraints (Goddard and Melville, 2007). Therefore researchers use a sub set/ sample of the population which can represent the whole population. The selection of sample plays a key role in any type of research. It is important because sample must be relevant to the case and research area (Aaker et al, 2007).

We have used PSO data as a sample which can represents the whole population of energy companies operating in Pakistan. PSO selection is based upon a numbers of important factors; Firstly, out of the main energy companies operating in Pakistan, PSO is the largest energy company having the major market share (MPNR Report, 2009). Due to this reason, it represents the majority of energy companies’ population. Secondly, MNEs data collection is not easy because they are reluctant to share their data in Pakistan. Furthermore, most of the MNEs have their branding departments outside the Pakistan and their branding strategies are normally controlled from the Asia Pacific region where access is difficult. On the other hand, PSO has a well established branding department inside the country and branding department has shown a very positive response for cooperation. Finaly, as compared to other energy companies, PSO also has almost all type of important stakeholders for our study.

3.5- Data Collection:
Most of the researchers are agree about the two main categories of data which are secondary and primary data.

a- Secondary Data: Secondary data is an important part of our thesis. We have collected it from the existing literature related to branding review particularly brand value and stakeholders. This is mainly based upon the Jones (2005) research work that identifies the stakeholders’ role for brand value. Sweeney et al (2006) explain the concept of triangulation or data collection from different sources which can enhance the reliability of the research. This is the reason that we have used multiple reliable sources of books, journal articles, reports, magazines and websites. We have not only used secondary data in our literature review part but we have also used it in our analysis part to explain Pakistan’s energy sector overview, PSO background and branding information.

b- Primary Data: Ghauri & Gronhaug (2005) say that research work should be started with the secondary data but if secondary data is exahusted, outdated or not available then researchers should try to collect primary data. Our secondary data can not fully answer our research questions due to two reasons; first our literature review is general in nature and we have not seen its operational aspects through its applications. Second, we are particularly concerned about the Pakistani energy sector environment for which secondary data is not available. It is better if we collect some sort of primary data from PSO so that we may test Jones’ model in Pakistani energy sector environment.

Sources of Primary Data: We have collected the primary data through a focused interview. Yen (2003) defines that focused interview is the better source of primary
data for the case study. Focused interview can directly concentrate upon our case study and can provide in depth information regarding our case. It is not feasible for us to arrange the face to face interview and we have arranged video conferencing interview through internet.

It is worthwhile to provide questionnaire/interview guidelines notes to the respondent before the focused interview (Yin, 2003). Therefore a semi structured questionnaire was emailed to the interviewee one week before the interview. This helped him to obtain all the relevant information which was required. The interview was conducted on 22 May, 2010 in a one long session. The official language of PSO is English and we faced no communication problem during conversation. The respondent was free to confirm, dismiss and explain certain facts in an informal video conversation. This helped us to collect all desired missing information regarding the brand value creation and stakeholders’ role in Pakistani energy sector environment.

3.6- Analysis and Conclusion:
Based upon our problem discussion of brand value creation through stakeholders, we have collected and presented the secondary data related to our problem. The missing information in the shape of primary data is collected mainly for the application and test of Jones’ stakeholders brand value model in energy sector of Pakistan.

Initially, we have started with the background of energy sector in Pakistan followed by the company’s (PSO) background. After this, we have presented the data collected through focused interview in a meaningful way. For better understanding, we have divided Jones’ model into six different steps and each step is applied and analysed on the PSO.

**Step 1** is regarding the identification of the different important primary and secondary stakeholders for PSO. Here we have identified all important stakeholders with the help of respondent. **Step 2** is about the value of relationship which is measured and analysed through the indicators of dependency, strategic significance and actuality. At **Step 3**, we have analysed the main expectations of each stakeholder’s group in PSO through the brand manager’s help. **Step 4** is about the analysis of total communication in PSO. **Step 5** is very important step. Here we have analysed the outcome of relationship performance for each stakeholder’s group. We have measured the outcome of performance through different indicators like sales/profit, reputation, loyalty, synergy and political influence. At the **final step**, we have identified the environmental factors for PSO.

Where possible, we have used graphs, tables and figures for better understanding. We have compared relevant data of the company with our theoretical framework and analysed the similarities and differences between them (Creswell, 1998; Palys, 1997; Silverman, 2000). For example; the only meaningful difference between the theoretical framework and PSO case is that NGOs’ role is limited in Pakistani environment. According to Miles & Huberman (1994), conclusion should be drawn on the basis of analysis and findings which can answer the key research questions. Therefore we have used the results of PSO’s case analysis to draw the implications and conclusion for energy companies in Pakistan. The result of the analysis,
implications and conclusion is clearly showing that how brand value can be created through stakeholders for the energy companies in Pakistan.

3.7- Validity and Reliability:
Our work is understandable and it is clearly answering our research questions. In our case study, the quality of the answers is more important than the number of respondents. By considering this fact, we need an expert’s opinion that is well qualified and experienced in the field of branding and stakeholders relations in the energy sector of Pakistan. Kirk & Miller (1985) say that in interview methods, the level of trustful ability of the answers for the further analysis deals with reliability while the validity deals with the asked questions accuracy. Therefore we have selected an experienced brand manager of PSO for the focused interview. The interviewee is well qualified (Engineering and MBA Marketing degree) and he has more than 16 years branding experience in different energy companies of Pakistan. We are not allowed to use the respondent’s name. However our work is traceable by writing to the company’s branding department address given in the questionnaire. The repeating interviews in different times may cause different answers due to different situation of the interviewee (Kirk & Miller, 1985). Therefore we have completed our interview in one long session and we ensured in advance that interviewee is fully free to cooperate during this time. We have ensured that our semi structure questionnaire is error free and understandable to obtain all the desired information. For this purpose, we have tested our questionnaire on two business graduates and modified it before sending the final draft to the interviewee.

3.8- Limitation:
Our case study is concentrating upon the stakeholders’ perspectives of the brand value. It is not possible to provide detailed analysis of every stakeholder group and sub group in a limited time. In our case, we have identified 14 main stakeholders’ groups for PSO and the detailed analysis of each group is not possible in the limited time. Each stakeholder’s group has many sub groups as well. Therefore we have concentrated upon the major groups and sub-groups. Furthermore, some stakeholder’s subgroup analysis is complicated and difficult to understand or measure. Especially, when one subgroup performance is good while other is worse. For example; media has sub groups of TV channels, print media etc. PSO has good relations with government owned channels and print media but bad relations with some of the private channels. In that case, it is complicated to measure the overall performance of relations with media.
4- ANALYSIS

4.1- Energy sector overview and market in Pakistan:
Pakistan is facing severe energy crises nowadays due to difference in demand and supply of energy sources. The main energy sources in Pakistan are oil, gas and hydro electricity. The country also uses coal, and nuclear resources but their share is minimum (Khan and Ahmed, 2009). The solar energy and biomass fuel is still under experimental stage and their contribution is negligible. According to Pakistan Energy- Year Book (2009), the dependence on oil 32% and gas 48% has maximum total share of more than 77% of all energy sources. The percentage share of each source is given in the figure 3.1 below:

![Figure 4.1: Sector wise energy share in Pakistan](image)

Source: Data obtained from Pakistan Energy-Yearbook 2009.

Due to this large share in energy sector, Pakistani economy depends upon the performance of the oil and gas companies. Till 1999, Pakistani government tightly controlled the oil and gas sector. However in early 2000, government has changed its strategies to attract more foreign direct investment (FDI) for the oil and gas market. Pakistan has good potential for these reserves which are still not fully explored. Ministry of Petroleum and Natural Resources (MPNR) Report (2010) explains that the low drilling and production cost is the main attraction for national and multinational companies along with a very good success ratio of drilling which is 1:3 as compared to the world success ratio of 1:10.

According to the World Bank Report (2003), the country has enough resources for gas to meet the domestic demand but the oil related products are the major portion of the country’s import bill. The main customers in the energy sector are the electricity production companies
followed by the transportation, fertilizers companies, other industries and individual or household users (Petrilli, 2003).

Oil and gas companies in Pakistan are engaged in the different operational activities ranging from exploring, producing, importing, refining, storing, transporting through tankers/pipe lines and retailing. Now-a-days there is a huge competition due to strong national and multinational companies. MNEs entry is a huge threat for the local state owned companies. According to the Oil Companies Advisory Committee (OCAC) website figures, around 25 large companies including 11 multinationals are operating in petroleum exploration and production. The major players are OGDC, BP, BHP Billiton, OMV, PPL, MOL, ENI, Petronas and Orient Petroleum. The oil refining business is dominated by the local companies and currently five oil refineries are operating in Pakistan. PARCO is the only company that provides the transportation of oil through pipe lines which is a joint venture between Pakistani and Abo Dhabi government. The oil marketing, distribution and storage business is dominated by PSO along with MNCs Shell, Caltex, Total-Parco, Chevron and some small local companies.

4.2- Pakistan State Oil (PSO) - Company Overview:

Company Logo.
Company full Name. Pakistan State Oil Company Limited
Nature of business Petroleum oil and lubricants marketing company
No of employees 3200 permanent employees
Head office Karachi, Pakistan
Total Customers more than 2.8 million (including 2000 B2B)
Sales turnover Rupees 719 billion in 2009

Source: PSO website

On 30th December, 1976, Government of Pakistan merged two state owned companies-Premiere Oil Company (POCL) and State Oil Company Limited (SOCL) and renamed it as Pakistan State Oil (PSO). The long term comprehensive renewal program was adopted by the company to change its corporate culture which was fully implemented in 2004. The major operations of the PSO were divided into independent activities backed by the supporting activities. Due to these effective corporate reforms, best industrial and business development practices, the company is now considered as the market leader in Pakistan. Especially in a very competitive environment where giant MNEs like Shell, Caltex, Chevron and TOTAL-PARCO are operating (PSO Annual Report, 2009). PSO is also the member of World Economic Forum with a market capitalisation of more than $1.1 billion (Research Index Report, 2009). In 1984, PSO received the honour of becoming the first ever Pakistani company whose name was included in the US Fortune 500 companies’ magazine (Sklair and Robbins, 2002).
The main operations of the company include import, storage, distribution and marketing of petroleum oil and lubricant (POL) related products which include petrol, Diesel, Furnace Oil, Jet oil, Kerosene oil, Liquid petroleum gas (LPG), Compressed natural gas (CNG), Lubricants etc. According to the company’s website, it has the largest distribution setup in the country. The details of its outlets are given below:

<table>
<thead>
<tr>
<th>Type of Outlet</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail customer's outlets</td>
<td>3384</td>
</tr>
<tr>
<td>Agricultural sector outlets</td>
<td>53</td>
</tr>
<tr>
<td>Industrial customers' outlets</td>
<td>183</td>
</tr>
<tr>
<td>Total outlets</td>
<td>3620</td>
</tr>
</tbody>
</table>

Besides the retail customers, the company has more than 2,000 B2B customers. There is a huge demand of High Speed Diesel (HSD) and furnace oil in the country which is mainly used by the power plants, other industries and transport sector. Due to the deficit in the supply side of these products, PSO along with other OMCs import these products from the other countries. As compared to other OMCs, PSO has a massive share of 85 percent in these imports of black oil. PSO storage infrastructure is also the biggest in the country including 9 installations and 13 depots which represents the 80 percent of the total capacity for all OMCs in Pakistan. The company also provides the storage facility to other oil companies like Chevron, Total PARCO and Hascombe.

4.3- PSO’s market share, financial and sales performance:

PSO mainly uses corporate branding for its retail and B2B customers. However for retail lubricant business, company uses nine different individual brand names. The company’s market share, financial and sales performance can be shown through the graphs given below:

![Figure 4.2: PSO market share in percentage](image)

Source: data obtained from PSO Annual report, 2009.
Figure 4.3: PSO financial performance (in Billion Rupees)

Source: data obtained from PSO Investors Report 2009

Figure 4.4: PSO sales performance (in billion Pak rupees).
Source: data obtained from PSO investors Report 2009
4.4- Analysis of PSO stakeholders’ role for its brand value:
Here we have applied Jones (2005) stakeholders brand value model on the PSO. Data was mainly collected from three sources; company’s reports, website and a video conference interview with one of the company’s brand manager. The interview was conducted on 22nd May, 2010 and we were not allowed to use the manager’s name. Therefore we will use the term respondent or manager for him. The different steps of Jones’ stakeholders brand value model which were applied on PSO are given below:

1- Relevant stakeholders’ identification in PSO.
2- Identify the value of stakeholders’ relationship in PSO.
3- PSO’s analysis of exchange for value creation.
4- Total Communication in PSO.
5- Performance (outcome) of relationship in PSO
6- Environmental Factors for PSO

4.4.1- Relevant stakeholder’s identification in PSO:

As defined by Jones (2005), we have identified all possible relevant stakeholders in PSO with the help of respondent and PSO website. These are the main stakeholders who can affect brand value or image of the company and then we have categorized them into primary and secondary stakeholders. We have identified 14 important stakeholders groups.

a- Customers: According to the company’s website and annual report, PSO’s customers can be mainly divided into two types; B2B and retail customers. The company serves more than 2.8 million customers per day including 2000 industrial or B2B customers. Most of its revenue is generated from the B2B customers because they purchase in bulk quantity. B2B customers mainly purchase all products including furnace oil, lubes, petrol, gas etc and the company has more than 85% share in furnace oil. Company also provides storage facility of these products to industrial customers. B2B customers can be further categorized into Government B2B and Private B2B customers who are mainly lying in the following categories shown in the table.

<table>
<thead>
<tr>
<th>Government B2B Customers</th>
<th>Private B2B Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• State owned power plants</td>
<td>• Independent Power Plants (IPPs)</td>
</tr>
<tr>
<td>• Pakistan International Airlines (PIA)</td>
<td>• Private industrial units</td>
</tr>
<tr>
<td>• Pakistan Railways</td>
<td>- Textile</td>
</tr>
<tr>
<td>• OGDC</td>
<td>- Fertilizers</td>
</tr>
<tr>
<td>• Pakistan Army</td>
<td>- Cement</td>
</tr>
<tr>
<td>• Pakistan Navy</td>
<td>- Agriculture</td>
</tr>
<tr>
<td>• Pakistan Air Force</td>
<td>- Others</td>
</tr>
<tr>
<td>• National Logistics company (NLC)</td>
<td>• Maritime</td>
</tr>
<tr>
<td>• Pakistan National Shipping Corporation.</td>
<td>• Road transport</td>
</tr>
<tr>
<td>• Ordinance and aviation factories</td>
<td>• Private international airlines</td>
</tr>
<tr>
<td>• Nuclear plants</td>
<td>• Others</td>
</tr>
<tr>
<td>• WAPDA and KESC (electricity distribution)</td>
<td></td>
</tr>
<tr>
<td>• Others</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.1: Main B2B Customers of PSO
Source: PSO website and respondent.
Retail Customers are the individuals and household users, who normally purchase petrol, CNG, LPG and lubricants for non commercial use. The company has the largest retail setup in the country having 3,384 retail outlets in almost all areas of the country. PSO also provide non fuel retail products and services in the shape of cash machines, vehicle’s repair & maintenance, convenience store and quick restaurant service.

b- **Board of directors (BOD) and top management:** The Company’s board of directors consists of nine influential individuals including chairman, managing director and seven directors. (Annual report, 2009 p26-27). PSO has divided its operations into 14 different departments which are controlled by the top management positions normally General Manager (G.M). Below is the table showing the key departments and top management positions:

<table>
<thead>
<tr>
<th>Departments</th>
<th>Departmental Head</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>Operations</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>Logistics</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>Aviation</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>Marine &amp; Exports</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>Marketing</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>Retail &amp; Gaseous fuel Business</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>Finance</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>Corporate Planning</td>
<td>Deputy General Manager (GM)</td>
</tr>
<tr>
<td>SAP</td>
<td>Deputy General Manager (GM)</td>
</tr>
<tr>
<td>Business Development</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>I.T</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>HR</td>
<td>General Manager (GM)</td>
</tr>
<tr>
<td>HSE</td>
<td>Deputy General Manager (GM)</td>
</tr>
<tr>
<td>Quality Assurance</td>
<td>Deputy General Manager (GM)</td>
</tr>
</tbody>
</table>

**Table 4.2: Top Management of PSO**  
Source: PSO Annual Report 2009 and website

c- **Employees:** According to the company’s website and annual report 2009, the company has more than 3,600 permanent employees and more than 55,000 contractual and temporary employees. Respondent explains that most of the employees are associated with the operations and supply departments.

d- **Suppliers:** PSO has more than 1,700 suppliers ranging from small to big companies. Its main supplies are POL products. Besides this, company also need supplies of machinery, equipments, manpower and other related products/ services which are necessary for the daily operation of business. The main suppliers are all five oil refineries of Pakistan and Middle Eastern oil supply companies.

e- **Distribution partners:** Manager explains that the main distribution partners of PSO are PARCO, Pakistan Railways, Petronass, private tanker contractors and fuel station
owners. For the transportation of oil, the company uses its fleet of more than 6,000 tankers, private tankers and Pakistan railways network. Petronass supplies only LPG to PSO fuel stations. PSO also uses white and black oil pipelines network of PARCO where it has 12 percent share in white oil line (Economic Review, April 2002). PSO heavily depends upon fuel stations’ owners for its retail sales. These fuel station owners act as retailers for PSO and out of total 3,620 retail outlets, company only owns 33 stations.

f- Competitors: Currently ten oil marketing companies are operating in Pakistan including four multinationals (OCAC website, 2010). PSO’s competitors are Shell, Caltex, TOTAL-PARCO and Chevron. However the market share of each competitor is far less than PSO as most of them are new entrants in Pakistani market. The company’s overall sales performance is better than its competitors except the lubricants business where Shell leads the market.

g- Government: Energy companies need to get approval to operate in Pakistan and they should prove through their operations that they are moving in the right way by providing important energy supplies, creating new jobs, responsible to environment, and paying taxes to the government. Government’s has a very influential role in energy sector and this sector is governed by three different government departments i.e. MPNR, OGRA and OCAC. Petroleum products’ prices are fixed by the government and all rules and regulations regarding the operations, commencement, HSE standards and license issuance are set by the government. Furthermore energy industry is the highest tax paying industry in Pakistan. PSO is the highest tax paying company in Pakistan. In 2009, PSO paid 161 billion rupees to the national exchequer in the form of different taxes.

h- Share holders & investors: Government has 54% share in PSO and it is an autonomous semi government organization. The company is also listed in all three stock exchanges of Pakistan and London Stock Exchange where rests of the shares are fluctuated in the open market.

i- Media: It is vital for PSO to receive a positive coverage through the media. Media can help the company to create good relations with all stakeholders who will in return attract new customers through positive image and reputation for PSO. The company tries to create good relations with all media companies like TV, internet and print media. Media also help company to launch its different campaigns.

j- NGOs: The nature of the business in oil and gas companies is not environmental friendly as this is the main cause of environmental pollution. Therefore NGOs related to HSE may affect the company’s brand value. PSO cannot ignore national and international NGOs and tries to maintain good relations with them.

k- General Public: The general public is also one of the important stakeholders of PSO as public view about the company may affect its brand value.
l- **Trade and workers unions:** PSO has very strong employees unions which are protected by the law. Other stakeholders’ unions like petrol station union, tankers union, industry unions may also affect the company.

m- **Banks:** PSO has banking relations with 17 banks including 7 multinational banks. The company needs to import and purchase a huge quantity of petroleum products and for this purpose it needs a huge amount of money. Banks can provide a good source of short and long term finance for this and their importance cannot be ignored in creating brand value.

n- **Business partners:** The main business partners of PSO are United Bank Ltd (UBL) and food chains like Dunken Donuts and Pizza Hut. With the help of UBL, the company introduced Fuel Credit Card scheme in Pakistan which is first ever of its nature in Pakistan.

### 4.4.1.1- Categorization of the Stakeholders

For the categorization of stakeholders, we have used the criteria given by Jones (2005) which is given in the table below.

<table>
<thead>
<tr>
<th>Categorization</th>
<th>Criteria for Categorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary stakeholders</td>
<td>Frequent interaction and or generally contribute more towards the brand value</td>
</tr>
<tr>
<td>Secondary stakeholders</td>
<td>Less interaction with company &amp; or active occasionally on some special issue.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No.</th>
<th>Stakeholders</th>
<th>Categorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customers</td>
<td>Primary</td>
</tr>
<tr>
<td>2</td>
<td>BOD &amp; Top Management</td>
<td>Primary</td>
</tr>
<tr>
<td>3</td>
<td>Employees</td>
<td>Primary</td>
</tr>
<tr>
<td>4</td>
<td>Suppliers</td>
<td>Primary</td>
</tr>
<tr>
<td>5</td>
<td>Distribution Partners</td>
<td>Primary</td>
</tr>
<tr>
<td>6</td>
<td>Competitors</td>
<td>Primary</td>
</tr>
<tr>
<td>7</td>
<td>Government</td>
<td>Primary</td>
</tr>
<tr>
<td>8</td>
<td>Shareholders &amp; Investors</td>
<td>Primary</td>
</tr>
<tr>
<td>9</td>
<td>Banks</td>
<td>Primary</td>
</tr>
<tr>
<td>10</td>
<td>Business Partners</td>
<td>Primary</td>
</tr>
<tr>
<td>11</td>
<td>Media</td>
<td>Secondary</td>
</tr>
<tr>
<td>12</td>
<td>NGOs</td>
<td>Secondary</td>
</tr>
<tr>
<td>13</td>
<td>General Public</td>
<td>Secondary</td>
</tr>
<tr>
<td>14</td>
<td>Trade &amp; Workers Unions</td>
<td>Secondary</td>
</tr>
</tbody>
</table>

Table 4.3: Categorization of PSO Stakeholders

Source: PSO Respondent
4.4.2- Identify the value of stakeholders’ relationship in PSO

After identifying the primary and secondary stakeholders in PSO, the next step is to identify the value of the stakeholders’ relations. Here managers should prioritise each stakeholder. In case of primary stakeholders, this can be done by identifying the dependency and strategic significance of each primary stakeholder’s group. In case of secondary stakeholders, the actuality should be identified. In the following part, we have proceeded to the analysis of PSO’s primary and secondary stakeholders.

a- Primary stakeholder’s analysis of PSO:

Below is the table showing the criteria given by Jones to identify the value of primary stakeholders’ relationship:

<table>
<thead>
<tr>
<th>Primary Stakeholders</th>
<th>Dependency</th>
<th>How much PSO depend upon each stakeholder group.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strategic</td>
<td>Strategic value and ability to create strategic thrust by each</td>
</tr>
<tr>
<td></td>
<td>Significance</td>
<td>stakeholder group.</td>
</tr>
</tbody>
</table>

![Figure 4.5: Primary Stakeholders Dependency and Strategic Significance Chart. Source: Based upon the PSO manager response](image)

The chart is based upon the response of the company’s brand manager. We have used the scale of 0-5 for this where 0 means no dependency and strategic significance and 5 means maximum dependency and strategic significance on stakeholder group. According to respondent, PSO is highly dependent upon customers, suppliers, distributors and government. Most of the key industries are owned by the government and the biggest B2B market for petroleum products is government itself. Furthermore government influence in energy sector is more. Therefore its regulatory role cannot be ignored. OMCs are highly
dependent upon their suppliers and distributors for successful operations of the business and customers cannot be ignored like every business. The least dependency is upon banks, business partners and competitors. The strategic significance of suppliers, distributing partners and government is high which may cause a thrust for the company’s business. The company is making its efforts to improve its supplies through the acquisition of National Refinery and better supply agreements with importers. This may also create a strategic thrust for the company.

b- Secondary stakeholder’s analysis of PSO:

The actuality is associated with the secondary stakeholders. These secondary stakeholders can be active on some specific issue and when they are active, they may affect the company’s reputation. In case of PSO, the secondary stake holders are media, NGOs, general public, trade and worker unions. Here our aim is to identify the actuality of each secondary stakeholder group. We have used the criteria of latent, current and critical actuality where latent means that the secondary stakeholder is not active in the present situation; current means active but urgency level is low; and critical means high active and need high attention and investment by the management.

<table>
<thead>
<tr>
<th>Secondary Stakeholders Actuality Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuality</td>
</tr>
</tbody>
</table>

We have used the scale of 1-3 for this purpose where 1 means latent actuality; 2 means current actuality; and 3 means critical actuality. The manager’s response towards the actuality of secondary stake holders can be shown by the graph given below.

![Secondary Stakeholders’ Actuality chart](image)

Figure 4.6: Secondary Stakeholders’ Actuality chart.
Source: Based upon the PSO manager response
The media has the highest rate of actuality which means critical. Media is always a vital factor for the company to receive a positive coverage. It can benefit PSO through attracting more new customers; keeping the loyalty of the existing customers; and portraying the positive image and reputation of the company. According to the respondent, the critical nature of media is due to the company’s first ever loss in its 33 years history during financial year 2008-2009. PSO has good relations with the majority of the media sources. However it has bad relations with some of the private media channels. The other 02 remaining stakeholders (general public and unions) can be considered as the current. Surprisingly, one of the important stakeholders (NGO) is latent. The respondent explains that as compared to developed countries, NGOs role is limited in developing countries and environmental awareness level is also low. This is the reason that NGOs are seldom active in Pakistan. Furthermore PSO also maintains good HSE practices in its operations. Respondent also says that media and union categories are normally considered more critical in PSO and they are frequently active 4-5 times a year.

4.4.3- PSO’s analysis of exchange for value creation:

Here we have answered two important questions. First, what are the main expectations of each stakeholder’s group in PSO? Second, to what extent PSO can meet those expectations. If PSO knows the expectations of each stakeholder’s group then it can try to meet them. Respondent identifies the main expectations of each group given below in the table 4.4:

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Main Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>High quality, accurate quantity, better mileage, low price, brand reputation</td>
</tr>
<tr>
<td>BOD &amp; Top Management</td>
<td>Company reputation, independency, expansion of business</td>
</tr>
<tr>
<td>Employees</td>
<td>Company reputation, high salary and Bonuses, job security, better working conditions</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Market growth, Brand strength, reputation.</td>
</tr>
<tr>
<td>Distribution Partners</td>
<td>Constant supplies, Brand’s strength, reputation of company, Better credit terms and conditions</td>
</tr>
<tr>
<td>Competitors</td>
<td>Positive competition, alliance on mutual issues and mutual growth</td>
</tr>
<tr>
<td>Government</td>
<td>More tax revenue, more profit, expansion of business, constant supply to power companies, better credit terms and conditions, maintain HSE standards, Job creation opportunities, responsible to society</td>
</tr>
<tr>
<td>Shareholders &amp; Investors</td>
<td>Increase in share price, more dividend, company’s growth and reputation</td>
</tr>
<tr>
<td>Media</td>
<td>Responsible behaviour in social, environmental, ethical, legal, financial issues</td>
</tr>
<tr>
<td>NGOs</td>
<td>Good social &amp; HSE behaviour, Funding for HSE friendly projects.</td>
</tr>
<tr>
<td>General Public</td>
<td>Responsible to society and environment</td>
</tr>
<tr>
<td>Trade &amp; Workers Unions</td>
<td>Job security, More facilities for employees, better working and HSE conditions, better terms and conditions</td>
</tr>
<tr>
<td>Banks</td>
<td>More deposits and borrowing</td>
</tr>
<tr>
<td>Business Partners</td>
<td>More business together for mutual growth.</td>
</tr>
</tbody>
</table>

**Table 4.4: Stakeholders Main Expectations in PSO**

Source: PSO manager’s response
After the identification of the main expectations of each stakeholder’s group in PSO, the second step is to know that to what extent PSO can meet those expectations. The manager’s response is shown in figure 4.7 given below:

![Figure 4.7: To What Extent PSO can meet Stakeholders’ Expectations.](image)

Source: PSO manager’s response.

Figure 4.7 is showing the response of the manager for this question. Here 0 means no expectations can be meet while 5 means maximum expectations can be meet. The expectations of BOD and top management, shareholders and investors need a considerable attention in PSO. Since government has the major share and influence in the company. Therefore BOD and top management need more independency in their decision especially investment and expansion decisions of the company. Shareholders and investors need more dividend and they are concerned about good reputation and share price of the company which is affected by the loss in the financial year 2008-2009. Workers’ unions are currently active because they need better pay and bonuses. Furthermore government is considering the option of privatisation of PSO which is a threat for unions in terms of job security of workers.

### 4.4.4- Total communication in PSO:

As explained by Jones (2005) no company can meet all the expectations. Therefore PSO should use two way communications with all its stakeholders so that it may effectively communicate its point of view about the expectations of each stakeholder. It also helps the company to minimise the bad effects of relationship. PSO should communicate its point of view and justification about why company is unable to meet the expectations. The feedback from stakeholders should be further used to improve communication. The communication should be from all the sources including leadership’s behavior and firm’s performance;
controlled communication and Public relations; and 3rd party communication. Communication portrays the overall evaluation of the PSO’s performance in the eyes of different stakeholders. The effective communication of the brand is a great source of trust, reputation and goodwill which contributes towards the brand value. PSO top management team is of the view that company’s performance is highly linked to the quality of leadership effectiveness. Respondent further says that PSO management always tries to meet the requirements in building good communication to all its stakeholders not only just in the regard of profitability but also in mutual understanding. The company has started to encourage the feedback loops and trying to have better access with every stakeholder. PSO is also using 3rd party communication to communicate with its stakeholders including potential investors. Company’s media and PR campaigns play important role to communicate it point view.

4.4.5- Performance (outcome) of the relationship in PSO:
Performance outcome is the most important step. Here PSO should judge the outcome of the relationship which will guide about the performance of each relationship. Each relationship should be judged separately. Since the expectations of each stakeholder is different. Therefore each stakeholder has its own criteria of judgement. We have identified five different possible criteria to measure the relationship performance which are also defined by Jones (2005). Each stakeholder group’s relationship performance can be measured through some or all of the criteria which are in terms of sales/profit, reputation, loyalty, synergy and political influence. The performance for each stakeholder’s group in PSO can be shown through graphs given below. These graphs are also based upon the manager’s response where 0 means no outcome/performance and 5 means maximum outcome/performance achieved in PSO.

a- Performance outcome of customers, BOD and top management:

According to the respondent, normally they treat the customer performance in terms of sales/profit growth, reputation and brand loyalty which is shown in figure 4.8a. Customer’s performance outcome in terms of sales is very good. However this is mainly due to wide retail and B2B network of the company. Marketing department is more concerned about the weak areas especially loyalty of the customers. He further explains that customers are more loyal to its competitor- Shell for which they still need to work hard. BOD and Top management’s performance outcome can be measured through all five variables. In 2009, sales of the
company were very high but the loss was mainly due to unpredictable international oil prices for which BOD or top management cannot be fully blamed. Higher command of PSO also shows acceptable record in terms of other variables like reputation, loyalty, synergy and political influence (figure 4.8b).

b- Performance outcome of employees and suppliers:

![Employees Performance](image1)

![Suppliers Performance](image2)

Employees’ performance outcome can be measured in PSO in terms of sales/profit, reputation and loyalty. Respondent explains that employees are feeling some in security due to government’s plans of privatization. Therefore job switching of employees is the weak area for the company now-a-days (4.8c). Suppliers’ performance can be measured through all five criteria. Here PSO has a strong position in most of the areas but loyalty and reputation is some what affected by some of the suppliers (Fig.4.8d).

c- Performance outcome of distribution partners and competitors:

![Distribution Partners Performance](image3)

![Competitors Performance](image4)

Distribution partners’ performance can also be measured by all factors. PSO has made major agreements with some of the big distributors like Petronas and National Refinery which will
cause strong synergetic effects on all companies (4.8e). Competitors’ relationship performance can be measured through three main criteria: political influence, synergy and reputation. Respondent explains that PSO has good relationship with its competitors and they are all uniting on mutual interest/cause and synergy. This is the reason that all OMCs share oil and gas supply pipe lines and use each other depots. There is a positive competition among all companies (4.8f).

**d- Performance outcome of government, shareholders and investors:**

According to the respondent, PSO is unable to maintain better synergetic relations with government. In 2009, most of the government owned companies defaulted and delayed PSO’s payments which badly affected the company’s account payable and receivable cycle (4.8g). Private shareholders and investors performance outcome is weaker. Here loyalty is badly affected by the no dividend policy in 2009. The company is also weak in synergetic relations with shareholders and investors during 2009 which is shown in figure 4.8h.

**e- Performance outcome of media and NGOs:**

Respondent explains that PSO has good relations with media and NGOs now-a-days. Figure 4.8-i is showing media performance outcome which is satisfactory. Respondent explains that media especially boosted the company’s point of view during the hard time of 2009 when
company was heavily criticised due to heavy loss. PSO also has very good relations with NGOs. This is due to its good HSE record and inactivity of NGOs in Pakistan (4.8j).

f- Performance outcome of general public, trade and workers union:

![Graphs showing performance outcomes](image)

General public relationship performance can be measured through reputation and loyalty in PSO. Manager explains that PSO need more efforts as there is still more room of improvement (4.8k). Trade and workers unions are very active now-a-days in PSO. Their loyalty and reputation towards the company is sharply declining which is dangerous and need thorough consideration in terms of time and investment (4.8l).

g- Performance outcome of banks and business partners:

![Graphs showing performance outcomes](image)

Banks relationship performance can be measured in terms of sales/ profit and synergy. PSO has very good relations with banks (4.8m). Business partner stakeholders’ relationship performance outcome is satisfactory. However manager says that it has more room of improvement especially in terms of synergetic relations and sales/profit. PSO has signed a major agreement with a bank through which it will sale fuel through fuel credit cards. These types of business partnership agreements can be further improved.
4.4.6- Environmental factors:
After measuring the outcome of relationship’s performance in all relevant stakeholders, managers should look at the environmental factors. The environmental factors like macro economic factors, salient issues, political climate and legislation which may also affect brand value. The respondent says that PSO is also facing some of the important environmental factors. Company is highly affected by the international oil prices which heavily influenced the brand value. The unpredictable international oil prices in 2009 influence its business and in fact one of the main causes of loss in the year 2009. The company suffered a huge loss on inventory due to wrong estimation of oil prices. The devaluation of Pakistani rupees against the major currencies is also the problem because PSO import huge quantity of oil products. The political instability and worse law and order situation in some areas of Pakistan should also be kept in mind and it also has bad impacts on the brand value of PSO.
5- IMPLICATION AND CONCLUSION

5.1- Implications for energy companies in Pakistan:
Energy companies in Pakistan cannot rely upon the customers’ perspectives of brand value only. Due to the nature of this business, customer involvement in this sector is very low. There are many stakeholders which are important for the brand value creation. Jones model can not only be applied on PSO but on the all energy companies of Pakistan. This step by step approach may help these companies to have good relations with the stakeholders and may create better brand value. Energy companies’ managers in Pakistan can use the step by step procedure for brand value creation.

Step1: Identification of brand stakeholders:
Here energy companies can find out the primary and secondary stakeholders for their respective companies. Those stakeholders who contribute more for brand value and who have frequent interaction with the company for its daily operations are primary stakeholders. However managers should not ignore any other stakeholders. The secondary stakeholders can be identified as those who are active on some specific issue and who have less interaction with the companies.

Step Two: Identification of the significantly contributing relations for the brand value:
In step two, energy companies should set a priority order for the stakeholders’ relations which should be based upon their impact on the brand-value creation. Among the all possible stakeholders, managers should identify those who are more important or who can strategically contribute towards the brand value and can create strategic thrust for the company. Each stakeholder’s relation prioritization could be based upon three main variables; dependency, strategic significance and actuality. The dependency and strategic significance on government, suppliers and distributors are more in the energy sector of Pakistan. Secondary stakeholders’ prioritization could be done on the basis of actuality which means their activeness level. If it is critical then energy companies must devote more time and resources to resolve their problems. In Pakistani energy sector environment, the most important secondary stakeholders are worker unions and media. NGOs have not very active role in energy sector of Pakistan. Energy companies’ managers should also not ignore current activeness of the secondary stakeholders as it could be critical if ignored.

Step Three: Value creation in the stakeholders’ relations:
At this stage, nature of the value- exchange relationship should be examined by the energy companies. The exchange could be products, services, financial / information flows, or communication. Here the main questions to be examined by the managers are following:

- How much stakeholders are involved in exchange?
- What are the expectations of each stakeholder’s group?
- How these expectations can be meet?

Managers should keep in mind that all stakeholders have different expectations in their minds. It is not possible to satisfy all the expectations but expectations identification can help managers to deal with the stakeholders in a better way.
Managers can tactfully bargain with stakeholders on their expectations within their tolerance zone.

**Step Four:**  **Total communication support for stakeholders’ relations:**
Pakistani energy companies must use two way communication channels with all relevant stakeholders. If company is unable to meet the expectations then it should communicate and justify it in a way that it may face minimum resistance from stakeholders. Energy companies’ managers should examine the total communication experience of every stakeholder. Main sources which can be used are leadership role and performance, controlled communication and third party communication. Managers should also ensure that this communication should be two way and they should regularly receive and use feedback.

**Step Five:**  **Outcome of the relations:**
This is the most important step where managers should see the successful or failed outcomes of every stakeholder’s relation which can help them to monitor the relationship performance. The criteria to measure the success or failure of outcome in energy companies may vary from company to company. It is also different for different stakeholders’ group. Managers should identify the most suitable criteria for each stake holders. The common criteria are sales growth, profit, services improvement, synergy effect, reputation, loyalty, market share etc. Managers should make a list of successful and failed outcomes and they should also set target outcomes for their planning.

**Step Six:**  **Environmental factors:**
Besides these stakeholders, energy companies in Pakistan should also consider the environmental factors because this sector is heavily influenced by the environmental factors especially international oil prices and devaluation of Pakistani currency against other major international currencies. Bad situation of security and Political instability is also important for energy companies in Pakistan

The outcome of this systematic approach can be more brand value creation with respect to each stakeholder for energy companies in Pakistan. This can improve the better image of any energy company in the eyes of every stakeholder group.
5.2- Conclusion:
Brand value and brand equity play very important role for stakeholders in energy companies of Pakistan. Brand value is important to define the relationship in creation of value whereas brand equity is important for the assessment of this value which is the outcome of the relationship. Energy companies in Pakistan should focus on more holistic approaches which may help them in identifying other sources which may create brand value for their companies. The traditional or customer focused approaches are not valid and become obsolete in the emerging world now-a-days. For this purpose, Jones’ Stakeholders Brand Value Model can be used which override consumer focus. It can be used to identify different sources of brand value. Energy companies can apply this model to assess brand value and link its different streams to their respective companies accordingly.

The energy companies in Pakistan should keep a number of important points in their mind regarding brand value creation. Firstly, the brand value in energy sector depends upon many stakeholders which are linked in a network with each others to affect brand value in a positive or negative way. For higher brand value, energy companies should achieve synergy between these relations which can be done by improving the value of positive relationship performance and by minimising the effects of negative relationships.

Secondly, as compared to the customers, other stakeholders are also important sources of brand value for petrochemical industry of Pakistan. The role of suppliers, distributers and government is very important source of brand value in Pakistani energy industry. These stakeholders role is of primary importance in Pakistani environment and this role is more than a supportive role. Therefore energy companies should not ignore any of the relevant stakeholders.

Thirdly, Pakistani energy companies should keep in mind that brand value is not equal to the sum of all stakeholders’ relationship value. Simultaneously, the brand equity is not the sum of all positive individual stakeholders’ equities and deducting the negative individual equity from it. Managers should treat and consider each stakeholder’s relationship on separate basis because value creation basis for each stakeholder is different. Every stakeholder has different expectations from the company which results in different outcome of relation for each stakeholder. Furthermore every relationship has its separate logic. This logic can determine the nature of the interaction and the measurement of the performance outcome. Managers in energy industry should find important variables which might be the requirement of each stakeholder’s group in their company. For example in Pakistan’s energy sector environment, more dividend and high share price are the main variables for shareholders; more tax revenue and constant supply of fuel to the power plants are the main variables for the government; good quality and low price are the main variables for customers. However these variables may change from time to time. Therefore managers should find those relevant variables so that they may be wholly or partially fulfil stakeholders’ expectations.

Finally, The brand value can be created/ co-created by relations between the brand and the relevant stakeholders in energy industry of Pakistan. The energy companies should prioritise the stakeholders on the basis of significantly contributing relations for the success of their respective brands. This prioritization of stakeholders may vary from company to company. Therefore brand managers should use their own judgement. However while prioritising the relations, managers should keep in mind that what really matters and who really matters. Furthermore, managers should also measure the outcome of the relations and for this purpose they should use multiple relevant criteria for each stakeholder’s group.
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APPENDIX:

Semi-structured questionnaire:

Attention: Brand Manager
Pakistan State Oil, Branding Department
PSO House
Khayaban-e-Iqbal, Clifton
P.O.Box 3983
Karachi 75600, Pakistan.

1. While making and implementing branding strategies, Do you consider all or some of the stakeholders?

2. To what extent, you think that these stakeholders are important for your company? Please rank them from 1-5

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Ranking</th>
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<tbody>
<tr>
<td>Consumers/ customers</td>
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<td>Managers</td>
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<td>Suppliers</td>
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<td>Distributors</td>
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<td>Media</td>
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<td>Non government organizations (NGOs)</td>
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<td>Government</td>
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<td>Competitors</td>
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<tr>
<td>General Public</td>
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<tr>
<td>Trade Unions</td>
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<tr>
<td>Worker’s unions</td>
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</tbody>
</table>

Any other/(s). Please write all other stakeholders names which may not fall in the above mentioned categories.
3- Please categorise the stakeholders into primary and secondary category by ticking the respective box.

Primary stakeholders: Directly contribute towards brand value of PSO or more and regular interaction?

Secondary Stakeholders: Indirectly contribute or only active on some specific issue and less interaction.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers/ customers</td>
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<td>Managers</td>
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<td>Suppliers</td>
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<td>NGOs</td>
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<td>Competitors</td>
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<td>Trade Unions</td>
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<td>Worker’s unions</td>
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<tr>
<td>Others</td>
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</table>

4- Please define the nature of relationships by ticking the any of three options for each stakeholder group and give a value from 0 to 5.

(Use a scale of 0-5 where 5 means maximum dependency/ strategic significance / Attractiveness.)

**Dependency**= How much your company depends upon a Stakeholder group.

**Strategic significance**= How much a stakeholder group can make a real strategic thrust for your company. (Potential or ability which may heavily influence your organization).

**Attractiveness**= secondary stakeholder activeness level. (whether stake holder is current, latent or critical issue)

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Dependency</th>
<th>Strategic Significance</th>
<th>Attractiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
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<tr>
<td>Managers</td>
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<td>Suppliers</td>
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<td>Distributors</td>
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<td>Gen. Public</td>
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<td>Trade Unions</td>
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<td>Worker union</td>
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<td>Others</td>
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</tbody>
</table>
5- What are the main expectations of each stake holder group in your company? (Example: customer expectation could be good quality of product, low price etc.)

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Main Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers/ customers</td>
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<td>Managers</td>
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<td>Suppliers</td>
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<td>Competitors</td>
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<td>General Public</td>
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<td>Trade Unions</td>
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<td>Worker’s unions</td>
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<td>Others stakeholders</td>
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</table>

6- As defined the main expectations of each stakeholder in previous question, Please define to what extent, your company can meet those expectations?

Please use Scale from 0-5.

Where 5= Maximum expectations  4= Majority of the expectations  3= 50% of all expectations  2= Can meet a few expectations  1= cannot meet any of the expectations  0= No expectations can be meet.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Value on a scale of 0-5 for main expectations</th>
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<tbody>
<tr>
<td>Consumers/ customers</td>
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<td>Worker’s unions</td>
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<td>Others stakeholders</td>
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</table>
7- How you give preference to one stakeholder over other?

8- How your company communicate with its stakeholders? (Tick the relevant box)

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Direct communication</th>
<th>Top mgmt behaviour / performance</th>
<th>3rd party paid</th>
<th>PR</th>
<th>Others</th>
</tr>
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<tbody>
<tr>
<td>customers</td>
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9- Please describe in detail about the modes of communication with different stakeholders:

- How you do direct communication.

- How you perform paid communication.

- How you use 3rd parties/ their name/importance etc.

- How you perform PR activities, main PR activities for each stakeholder, budget for PR etc.

- Details of others activities used for communication with stakeholders.
10- Can you measure your company’s performance in terms of each stake holder’s relationship outcome from one or more than one criteria given bellow? (Please tick all possible criteria for each stakeholder’s group)

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Profitability</th>
<th>Reputation</th>
<th>Loyalty</th>
<th>Synergy</th>
<th>Political influence</th>
<th>Other criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>customers</td>
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11- Please define the performance outcome for each stakeholder in terms of the above mentioned criteria. (Give a value from 0-5 where 0 means no outcome of relationship improvement and 5 means maximum outcome achieved.)

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<tr>
<th>Stakeholders</th>
<th>Profitability</th>
<th>Reputation</th>
<th>Loyalty</th>
<th>Synergy</th>
<th>Political influence</th>
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</table>

12- If possible, please define the failed outcome in term of stakeholders relationship performance criteria mentioned above.

Note: Please feel free to email us in case of any confusion
The stakeholder brand value model (original)
(Jones, 2005, Page 26)